



DISCIPLINARY DECISION
Cboe BZX Exchange, Inc.
Matter No. USRI-8969-05
Virtu Americas LLC

Pursuant to Exchange Rule 8.3, attached to and incorporated as part of this Decision is a Letter of Consent.

Applicable Rule(s)

- BZX Rule 5.1 – Supervision, and
- BZX Rule 11.8 – Obligations of Market Makers

Sanction

A censure to Virtu Americas LLC and a fine of \$1,875.

Effective Date

July 23, 2021

/s/ Greg Hoogasian

Greg Hoogasian, CRO, SVP

Cboe BZX Exchange, Inc.
LETTER OF CONSENT
File No. USRI-8969-05

In the Matter of:

Virtu Americas LLC
One Liberty Plaza
165 Broadway
New York, NY 10006

Subject

Pursuant to the provisions of Cboe BZX Exchange, Inc. (“BZX” or the “Exchange”) Rule 8.3 – Expedited Proceeding, Virtu Americas LLC (the “Firm”) submits this Letter of Consent for the purposes of proposing a settlement of the alleged rule violations described below.

The Firm neither admits nor denies that violations of Exchange Rules 11.8 and 5.1 have been committed, and the stipulation of facts and findings described herein do not constitute such an admission.

BACKGROUND

1. During all relevant periods herein, the Firm was a U.S. broker-dealer registered with multiple equity exchanges, including BZX. The Firm became a member of BZX on September 15, 2009, and its registration remains in effect.
2. This case originated from Exchange Staff’s review of the Firm’s quoting activities on BZX from December 27, 2019 to June 10, 2020 (“Review Period”). --

VIOLATIVE CONDUCT

Applicable Rules

3. During all relevant periods herein, the following rules were in full force and effect: BZX Rules 11.8 – Obligations of Market Makers and 5.1 – Written Procedures.
4. BZX Rule 11.8 provides, in relevant part, that:

“[f]or each security in which a Member is registered as a Market Maker, the Member shall be willing to buy and sell such security for its own account on a continuous basis during Regular Trading Hours and shall enter and maintain a two-sided trading interest (“Two-Sided Obligation”) that is identified to the Exchange as the interest meeting the obligation and is displayed in the Exchange’s System at all times. . . . For NMS stocks (as defined in Rule 600 of Regulation NMS) a Market Maker shall adhere to the pricing obligations established by this Rule during Regular Trading Hours; . . . For purposes of this Rule, the “Designated Percentage” shall be 8% for Tier 1 NMS Stocks under the Limit Up-Limit Down Plan, 28% for Tier 2 NMS Stocks under the Limit Up-Limit Down Plan with a price equal to or greater than \$1.00, and 30% for Tier 2 NMS Stocks under the Limit Up-Limit Down Plan with a price less than \$1.00, except that between 9:30 a.m. and 9:45 a.m. and between 3:35 p.m. and the close of trading, when Exchange Rule 11.18(b) is not in effect, the Designated Percentage shall be 20% for Tier 1 NMS Stocks under the Limit Up-Limit Down Plan, 28% for Tier 2 NMS Stocks under the Limit Up-Limit Down Plan with a price equal to or greater than \$1.00, and 30% for Tier 2 NMS Stocks under the Limit Up-Limit Down Plan with a price less than \$1.00 . . .”

5. BZX Rule 5.1 provides that: “[e]ach Member shall establish, maintain and enforce written procedures which will enable it to supervise properly the activities of associated persons of the Member and to assure their compliance with applicable securities laws, rules, regulations and statements of policy promulgated thereunder, with the rules of the designated self-regulatory organization, where appropriate, and with Exchange Rules.”

Failure to Maintain Continuous, Two-Sided Quotations in Registered Securities

6. During the Review Period the Firm was a registered market maker in FLLCR and TGEN securities.
7. On or about March 4, 2020, Virtu failed to maintain continuous two-sided quoting obligations for more than 50% of the trading day in in registered symbol FLLCR.

8. On or about June 10, 2020, Virtu failed to maintain continuous two-sided quoting obligations for more than 50% of the trading day in registered symbol TGEN.
9. The acts, practices, and conduct described in Paragraphs 6 through 8 constitute violations of Exchange Rule 11.8 by the Firm, in that the Firm failed to maintain its continuous two-sided quoting obligations as a registered market maker in symbols FLLCR and TGEN.

Written Supervisory Procedures

10. The Firm provided Staff with its Written Supervisory Procedures (WSPs) related to its review of market maker continuous quoting obligations and identified market maker outages that the Firm detected as part of its review process. The outages described in Paragraphs 7 and 8 were not detected by the Firm.
11. While the Firm had WSPs in place during the Review Period, the Firm's WSPs did not contain procedures to ensure the list of symbols it had to submitted to the Exchange had been reconciled against its own internal list of registered symbols and it did not detect certain outages that resulted from Virtu maintaining quotes outside the defined price limits for its registered symbols.
12. The acts, practices and conduct described in Paragraph 11 constitute violations of Exchange Rule 5.1 by the Firm, in that the Firm failed to implement, maintain and enforce WSPs that would enable it to supervise properly in regard to its continuous two-sided quoting obligations as a registered market maker.

SANCTIONS

13. The Firm has prior relevant disciplinary history related to failures to maintain market maker quoting obligations and supervision violations related to those failures. Specifically, in July 2017, KCG Americas, LLC "KCG" (k/n/a Virtu) signed a Letter of Acceptance, Waiver and Consent ("AWC") and paid a \$15,000 fine for violating EDGX Rules 11.20, 3.1, and 5.1, for having substantial and continued failures to maintain two-sided quotation obligations in a security in which it was registered as a market maker on 87 occasions. Further, KCG lacked adequate systems and procedures to address market making activity on EDGX and to properly surveil for its quoting of securities on EDGX.
14. In light of the alleged rule violations described above, and the Firm's prior disciplinary history, the Firm consents to the imposition of the following sanctions:

- a. A censure; and
- b. A monetary fine in the amount of \$1,875.

If this Letter of Consent is accepted, the Firm acknowledges that it shall be bound by all terms, conditions, representations, and acknowledgements of this Letter of Consent, and, in accordance with the provisions of Exchange Rule 8.3, waives the right to review or to defend against any of these allegations in a disciplinary hearing before a Hearing Panel. The Firm further waives the right to appeal any such decision to the Board of Directors, the U.S. Securities and Exchange Commission, a U.S. Federal District Court, or a U.S. Court of Appeals.

The Firm waives any right to claim bias or prejudice of the Chief Regulatory Officer (“CRO”) in connection with the CRO’s participation in discussions regarding the terms and conditions of this Letter of Consent, or other consideration of this Letter of Consent, including acceptance or rejection of this Letter of Consent. The Firm further waives any claim that a person violated the ex parte prohibitions of Exchange Rule 8.16, in connection with such person’s participation in discussions regarding the terms and conditions of this Letter of Consent, or other consideration of this Letter of Consent, including its acceptance or rejection.

The Firm agrees to pay the monetary sanction(s) upon notice that this Letter of Consent has been accepted and that such payment(s) are due and payable. The Firm specifically and voluntarily waives any right to claim that it is unable to pay, now or at any time hereafter, the monetary sanction(s) imposed in this matter.

The Firm understands that submission of this Letter of Consent is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the CRO, pursuant to Exchange Rule 8.3. If the Letter of Consent is not accepted, it will not be used as evidence to prove any of the allegations against the Firm.

The Firm understands and acknowledges that acceptance of this Letter of Consent will become part of its disciplinary record and may be considered in any future actions brought by the Exchange or any other regulator against the Firm. The Letter of Consent will be published on a website maintained by the Exchange in accordance with Exchange Rule 8.18.

The Firm understands that it may not deny the charges or make any statement that is inconsistent with the Letter of Consent. The Firm may attach a Corrective Action Statement to this Letter of Consent that is a statement of demonstrable corrective steps taken to prevent future misconduct. Any such statement does not constitute factual or legal findings by the Exchange, nor does it reflect the views of the Exchange or its staff.

The undersigned, on behalf of the Firm, certifies that a person duly authorized to act on its behalf has read and understands all of the provisions of this Letter of Consent and has been given a full opportunity to ask questions about it; that it has agreed to the Letter of Consent's provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein, has been made to induce the Firm to submit it.

Date: July 16, 2021

Virtu Americas LLC

By: 

Name: Matthew Levine

Title: Deputy General Counsel