DISCIPLINARY DECISION
Cboe C2 Exchange, Inc.
File No. URE-333-02/Matter No. 20220756829
Apex Clearing Corporation

Pursuant to Exchange Rule 13.3, attached to and incorporated as part of this Decision is a Letter of Consent.

Applicable Rule(s)

- Cboe C2 Rules 8.43 and 4.13 – Reports Related to Position Limits and 8.16 and 4.24 – Supervision.

Sanction

A censure, a monetary fine in the amount of $850,000, and a certification that the Firm has remediated the issues identified the Letter of Consent and implemented a supervisory system reasonably designed to achieve compliance with the applicable rules.

Effective Date

July 21, 2026

[redacted]

Greg Hoogasian, EVP, CRO

Cboe C2 Exchange, Inc.
LETTER OF CONSENT
FILE NO. URE- 333-02/MATTER NO. 2022075682901

In the Matter of:

Apex Clearing
Corporation One
Dallas Center
350 N. St. Paul, Suite 1300
Dallas, TX

75201, Subject

Pursuant to the provisions of Cboe C2 Exchange, Inc. ("C2" or the "Exchange") Rule 13.3 – Expedited Proceeding, Apex Clearing Corporation ("Apex" or the "Firm") submits this Letter of Consent for the purpose of proposing a settlement of the alleged rule violations described below.

The Firm neither admits nor denies that violations of Exchange Rules have been committed, and the stipulations described herein do not constitute such admissions.

BACKGROUND

1. During all relevant periods herein, Apex was acting as a registered Broker-Dealer and was an Exchange Trading Permit Holder. The Firm's registrations remain in effect.

VIOLATIVE CONDUCT

Applicable Rules

2. During all relevant periods herein, the following rules were in full force and effect: Cboe C2 Rules 4.13(a) and Rule 8.43(a) – Reports Related to Position Limits[1] and Cboe C2 Rules 4.24(e) and 8.16(e) – Supervision.[2]

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[1] Cboe C2 Rules incorporate by reference Cboe Exchange, Inc. ("Cboe Options") Rule 8.43, which was renumbered from Cboe Options Rule 4.13 effective October 7, 2019. Effective November 20, 2019, the relevant provisions of Chapter 4 of Cboe C2's Rulebook (which incorporated by reference Chapter 4 of Cboe Options' Rulebook, including Rule 4.13) were incorporated into Chapter 5 of Cboe C2's Rulebook (which incorporated by reference Chapter 8 of Cboe Options' Rulebook, including Rule 8.43). Effective May 19, 2021, the relevant provisions of Chapter 5 of Cboe C2's Rulebook were incorporated into Chapter 8 of Cboe C2's Rulebook. The Firm therefore violated Cboe C2 Rule 4.13 from January 1, 2012 through November 19, 2019, and Cboe C2 Rule 8.43 after November 19, 2019.

[2] Cboe C2 Rules incorporate by reference Cboe Options Rule 8.16, which was renumbered from Cboe Options Rule 4.24 effective October 7, 2019. Effective November 20, 2019, the relevant provisions of Chapter 4 of Cboe C2's Rulebook (which incorporated by reference Chapter 4 of Cboe Options' Rulebook, including Rule 4.24) were incorporated into Chapter 5 of Cboe C2's Rulebook (which incorporated by reference Chapter 8 of Cboe Options' Rulebook, including Rule 8.16). Effective May 19, 2021, the relevant provisions of Chapter 5 of Cboe C2's Rulebook

3. During all relevant periods, Cboe C2 Rule 4.13(a) subsequently renumbered as Cboe C2 Rule 8.43(a) provided, in relevant part:

> "In a manner and form prescribed by the Exchange, each Trading Permit Holder shall report to the Exchange, the name, address, and social security or tax identification number of any customer who, acting alone, or in concert with others, on the previous business day maintained aggregate long or short positions on the same side of the market of 200 or more contracts of any single class of option contracts dealt in on the Exchange. The report shall indicate for each such class of options, the number of option contracts comprising each such position and, in the case of short positions, whether covered or uncovered."

4. Regulators use the information required by Exchange Rules 4.13 and 8.43 (Large Options Positions Reporting system ("LOPR") information) to surveil for potentially manipulative behavior, including, but not limited to, attempts to corner the market in the underlying security, leveraging option positions to affect the price, volatility, and/or trading of the option, or moving underlying equities to change the value of large options positions. The accuracy of LOPR information, therefore, is essential to regulators' reviews.

5. During all relevant periods herein Cboe C2 Rule 4.24(e) subsequently renumbered as Cboe C2 Rule 8.16(e) provided, in relevant part:

> "Each Trading Permit Holder shall establish, maintain, and enforce written supervisory procedures, and a system for applying such procedures, to supervise the types of business in which the Trading Permit Holder engages and to supervise the activities of all associated persons. The written supervisory procedures and the system for applying such procedures shall reasonably be designed to prevent and detect violations of applicable securities laws and regulations, and applicable Exchange rules."

<u>Inaccurate LOPR Reporting</u>

Apex Reported an Incorrect Clearing Member ("CM") Number on Its Acting In Concert Files ("AIC") Files, Which Resulted in Positions Being Reported to the LOPR Without AIC IDs.

6. The Options Clearing Corporation ("OCC") hosts the LOPR system and collects and disseminates all LOPR data for the U.S. options exchanges and FINRA. Firms are required to report an AIC file to the OCC that includes, among other items, the account number, AIC ID, and Clearing Member (CM) number. The OCC then appends the AIC ID onto any LOPR record submitted for any account where an AIC record was created for that firm's CM number.

7. In the fourth quarter of 2018, Apex began moving portfolio margin accounts reported

were incorporated into Chapter 8 of Cboe C2's Rulebook. Therefore, the Firm violated C2 Rule 4.24 from October 3, 2017 through November 19, 2019, and Cboe Rule 8.16 after November 19, 2019.

under CM number 158 to a new CM number, 111. Apex, however, failed to update the default CM number on its AIC files, which caused the AIC information to be reported under the former CM number. The OCC only appends an AIC ID to LOPR records where the CM number on the AIC file reported by the firm matches the CM number on the firm's LOPR file. If the numbers do not match, then it causes accounts to be reported without an AIC ID.

8. Because Apex reported different CM numbers on the Firm's AIC and LOPR files, the OCC did not append an AIC ID to those reports. As a result, regulators were surveilling positions in 162 Apex accounts without AIC relationship information.

9. From June 19, 2020 through June 30, 2023, Apex's failure to report the correct CM number on its AIC files resulted in at least 2,684,533 instances reported to the LOPR without AIC IDs.[3]

Apex Over-Reported Positions to the LOPR that Should Have Been Netted

10. From September 4, 2014 through January 24, 2024, Apex over-reported positions to the LOPR on both sides of the market that should have been netted. This occurred when Apex customers mismarked certain trade orders as opening rather than closing on option expiration dates. As a result, Apex over-reported positions on both sides of the market in at least 58,684 instances during the relevant period.

Apex Reported Incorrect Effective Dates When Processing Automated Customer Account Transfers ("ACATs")

11. When Apex had option positions transferred either into or out of the Firm via ACATs, the Firm reported the position changes to the LOPR with incorrect effective dates. Specifically, due to a technological issue at Apex's third-party LOPR vendor, when the Firm's third-party provider processed the transfer of the option positions, it would amend the effective date of the positions to the initiation date of the ACAT, rather than the date when the ACAT was completed. As a result, incoming option positions were reported with effective dates that were two to three days prior to the date the Firm received the positions, causing an over-reporting, and outgoing option positions were deleted two days earlier than the correct effective dates, causing a failure to report.

12. From June 6, 2012 through January 2, 2024, the Firm reported an estimated 3,576 positions in at least 7,152 instances with incorrect effective dates.

Apex Reported Positions to the LOPR with Foreign Postal Codes That Were Incorrect or Reported in an Incorrect Data Field

13. From July 1, 2014 through June 2026, the Firm reported positions to the LOPR with certain foreign postal codes. reported either in the "City" data field or, in some instances, reported incorrectly. During a portion of this time period, specifically

[3] An "instance" is a single failure to report or to accurately report a reportable option position. The number of instances is determined by multiplying a reportable position by the number of trade dates the position was not reported or not reported accurately.

between April 19, 2024 and December 4, 2024, Apex reported 10,670 positions to the LOPR with foreign postal codes that were incorrect or reported in an incorrect data field.

14. The acts, practices, and conduct described in Paragraphs 7 through 13 constitute violations of Exchange Rules 4.13 and 8.43, during their respective dates of applicability by the Firm, in that the Firm failed to report or inaccurately reported positions to the LOPR in at least 2,761,000 instances.

Supervisory Violations

15. From October 3, 2017 through present, Apex failed to establish, maintain, and enforce written supervisory procedures ("WSPs") reasonably designed to prevent and detect violations of its LOPR reporting obligations.

16. Apex's WSPs, effective October 3, 2017, required the Firm's CCO or designee to download LOPR reports and review the Firm's reconciliation through the Apex LOPR Reconciliation Application for any discrepancies. The reviewer was required to document evidence of review and send those discrepancies to the "appropriate department for resolution." Apex's WSPs, however, did not provide instructions to reviewers on how to identify discrepancies, identify department(s) responsible for resolving the discrepancies, explain how discrepancies should be evaluated or resolved by those department(s), or detail how the Firm would supervise and document the resolution of discrepancies.

17. Apex's WSPs, effective September 2024, provided that designated principals should review daily the accuracy of LOPR records through various exception reports referenced in the WSPs, such as the "LOPR Reject Report", the "In Concert Change Report", FINRA Exception Reports, and OCC Snapshots. Although the WSPs stated that the reports should be reviewed to determine the accuracy of Apex's LOPR reporting, they did not explain how that review should be conducted and how any issues identified during the review should be resolved. Further, the Firm's WSPs did not provide guidance for an AIC review beyond instructing designated principals to review in concert linkages submitted by the Firm's introducing broker dealers for whom Apex provides clearing and other services.

18. The acts, practices and conduct described in Paragraphs 15 through 18 constitute violations of Exchange Rules 4.24 and 8.16, during their respective dates of applicability, by the Firm, in that the Firm failed to establish, maintain and enforce supervisory systems, including WSPs, that were reasonably designed to detect and prevent violations of Cboe C2's LOPR reporting rules.

SANCTIONS

19. The Firm has no relevant disciplinary history on Cboe C2. In December 2018, the MIAX and BOX Exchanges accepted Letters of Consent in which Apex was censured and fined $125,000 for failing to report or inaccurately reporting certain option positions to the LOPR in at least 356,056 instances during various periods from June 2012 through September 2017, and for related supervisory violations.

20. In light of the alleged rule violations described above, and prior relevant disciplinary

history, the Firm consents to the imposition of the following sanctions:

a. A censure;

b. A monetary fine in the amount of $850,000; and

c. Within ninety (90) days of the notice of acceptance of this Letter of Consent, a member of Apex's senior management who is a registered principal of the Firm shall certify in writing that, as of the date of the certification, the Firm has remediated the issues identified in this Letter of Consent and implemented a supervisory system, including WSPs, reasonably designed to achieve compliance with the applicable rules. The certification shall include a narrative description and supporting exhibits sufficient to demonstrate Apex's remediation and implementation. Cboe C2 staff may request further evidence of Apex's remediation and implementation, and Apex agrees to provide such evidence. Apex shall submit the certification to Seema Chawla, Senior Counsel, seema.chawla@finra.org, with a copy to EnforcementNotice@finra.org. Upon written request showing good cause, Cboe C2 staff may extend this deadline.

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 13.3, 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 prejudgment 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 agrees to pay the monetary sanction upon notice that this Letter of Consent has been accepted and that such payment is 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 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 13.3. 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 Cboe or any other regulator against the Firm. The Letter of Consent will be published on a website maintained by the Exchange.

The Firm understands that it may not deny the charges or make any public statement that is inconsistent with the Letter of Consent. The Firm may not take any position in any proceeding brought on or behalf of the Exchange, or to which the Exchange is a party, that is inconsistent with any part of this Letter of Consent. Nothing in this provision affects the Firm's (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which the Exchange is not a party. 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 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: 7/20/2026

Apex Clearing Corporation

[redacted]

By [redacted]

Name: William Brennan

Title: Authorized Officer