



**DISCIPLINARY DECISION**  
**Cboe C2 Exchange, Inc.**  
**File No. URE 228-02/Star No. 20220733055**  
**Instinet, LLC**

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

**Applicable Rules**

Exchange Rules 3.30 – Registration Requirements and 3.31 – Registration Categories.

**Sanction**

A censure and a monetary fine in the amount of \$7,500.

**Effective Date**

October 30, 2023

/s/ Greg Hoogasian

Greg Hoogasian, CRO, EVP

**Cboe C2 Exchange, Inc.**  
**LETTER OF CONSENT**  
**File No. URE-228-02/Star No. 2022073305502**

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In the Matter of:

Instinet, LLC  
Worldwide Plaza  
309 West 49th Street  
New York, NY 10019

Subject

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Pursuant to the provisions of Cboe C2 Exchange, Inc. (“C2” or the “Exchange”) Rule 13.3 – Expedited Proceeding,<sup>1</sup> Instinet, LLC (“Instinet” 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 stipulation of facts and findings described herein do not constitute such an admission.

**BACKGROUND**

1. From February 2022 through March 27, 2023, (the “Review Period”), Instinet was acting as a registered Broker-Dealer and was an Exchange Trading Permit Holder (TPH). The Firm’s registrations remain in effect.
2. This matter originated from an examination conducted by FINRA’s Department of Market Regulation (Trading & Execution).

**VIOLATIVE CONDUCT**

**Applicable Rules**

3. During the Review Period, the following rules were in full force and effect: C2 Rules 3.30 – Registration Requirements and 3.31 – Registration Categories.<sup>2</sup>
4. During the Review Period, C2 Rules 3.30 and 3.31(b)(3) required each person associated with a TPH who is primarily responsible for the design, development or significant modification of an algorithmic trading strategy relating to equity,

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<sup>1</sup> Chapter 13 of the Rules of Cboe C2 Exchange, Inc. incorporates by reference the rules contained in Chapter 13 of the Rules of Cboe Exchange, Inc., including Rule 13.3.

<sup>2</sup> Chapter 3, Section B of the Rules of Cboe C2 Exchange, Inc. incorporates by reference the rules contained in Chapter 3, Section B of the Rules of Cboe Exchange, Inc., including Rules 3.30 and 3.31.

preferred or convertible debt securities to pass the Securities Industry Essentials examination and Securities Trader (Series 57) qualification examination and register with the Exchange as a Securities Trader.

### **Failure to Qualify and Register**

5. During the Review Period, the Firm failed to qualify and register as Securities Traders with C2 three Associated Persons who were primarily responsible for the design, development or significant modification of algorithmic trading strategies relating to equity or preferred or convertible debt securities. Specifically, one Associated Person was not qualified and registered with the Exchange as a Securities Trader from June 6, 2022 to October 17, 2022, the second Associated Person from in or about March 2022 to March 27, 2023, and the third Associated Person from in or about February 2022 to March 17, 2023.
6. The acts, practices, and conduct described in Paragraph 5 constitute a violation of C2 Rules 3.30 and 3.31 by the Firm, in that the Firm failed to qualify and register three Associated Persons as a Securities Trader with C2.

### **SANCTIONS**

7. The Firm does not have any prior relevant disciplinary history specifically related to qualification and registration of its Associated Persons.
8. In light of the alleged rule violations described above, the Firm consents to the imposition of the following sanctions:
  - a. A censure; and
  - b. A monetary fine in the amount of \$7,500.

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(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 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 C2 or any other regulator against the Firm.

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: 10/24/23

Instinet, LLC

By: 

Name: David Sieracki

Title: General Counsel - Americas