



DISCIPLINARY DECISION
Cboe EDGA Exchange, Inc.
File No. URE-291-08/Star No. 20230777266
DRW Securities, L.L.C.

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

Applicable Rule(s)

- Cboe EDGA Rules 4.7 – Consolidated Audit Trail – Industry Member Data Reporting and 4.15 – Consolidated Audit Trail – Timely, Accurate and Complete Data.

Sanction

A censure and a monetary fine in the amount of \$275,000.

Effective Date

June 26, 2025

/s/ Greg Hoogasian

Greg Hoogasian, CRO, EVP

Cboe EDGA Exchange, Inc.
LETTER OF CONSENT
File No. URE-291-08/Star No. 20230777266

In the Matter of:

DRW Securities, L.L.C.
540 West Madison Street
Suite 2500
Chicago, IL 60661

Subject

Pursuant to the provisions of Cboe EDGA Exchange, Inc. ("Cboe EDGA" or the "Exchange") Rule 8.3 – Expedited Proceeding, DRW Securities, L.L.C. ("DRW" 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 an admission.

BACKGROUND

1. During all relevant periods herein, DRW was acting as a registered Broker-Dealer and was an Exchange Member registered to conduct business on the Exchange. The Firm's registrations remain in effect.
2. This matter arose from FINRA Member Supervision's Trading & Execution 2022 cycle examination of DRW.

VIOLATIVE CONDUCT

Applicable Rules

3. During all relevant periods herein, the following rules were in full force and effect: Cboe EDGA Rules 4.7 – Consolidated Audit Trail – Industry Member Data Reporting and 4.15 – Consolidated Audit Trail – Timely, Accurate and Complete Data.
4. The SEC adopted Rule 613 under the Securities Exchange Act of 1934 to create a comprehensive audit trail that would allow regulators to track all activity more efficiently and accurately throughout the U.S. markets in national market system (NMS) securities. In November 2016, the SEC approved a Consolidated Audit Trail (CAT) NMS Plan. In March 2017, the

SEC approved Cboe EDGA's proposal to adopt the Cboe EDGA CAT Rule Series (Cboe EDGA Rules 4.5 to 4.17) to implement the CAT NMS Plan.

5. Beginning on June 22, 2020, large industry members that originated or received an order involving NMS or over-the-counter equity securities were required to report data to the CAT Central Repository and comply with Rule 613 of Regulation NMS and the Cboe EDGA CAT Rule Series.¹ On July 20, 2020, large industry members were required to report data for options orders to the CAT Central Repository. As of December 2021, all industry members, regardless of size, were required to comply with these requirements. All proprietary trading activity, including market-making activity, is subject to CAT reporting.
6. During all relevant periods herein, Cboe EDGA Rule 4.7 provided, in relevant part, that each Industry Member shall record and electronically report to the Central Repository the type of account holder for which the order is submitted (the `accountHolderType` field) for original receipt or origination of an order.
7. During all relevant periods herein, Cboe EDGA Rule 4.15 provided, in relevant part: "Industry Members are required to record and report data to the Central Repository as required by Rules 4.5 through 4.16 in a manner that ensures the timeliness, accuracy, integrity and completeness of such data."

Inaccurate Reporting of `accountHolderType`

8. Regulators use CAT data to potentially detect manipulative activity and other potential violations of federal securities laws and exchange rules. Inaccurate, incomplete, or untimely transaction and order reporting can negatively affect the regulatory audit trail and the quality of a regulator's surveillance patterns, as well as a regulator's ability to accurately reconstruct market events.
9. From July 2020 through January 2024, although this matter did not reveal evidence that DRW failed to report or failed to timely report data to the CAT Central Repository for any order event, a code malfunction caused the Firm to report certain new order events with the incorrect value for the `accountHolderType` field. Specifically, on July 10, 2020, DRW deployed code to automatically default the `accountHolderType` field to "O" (Market Making) for all order origination events made by its market making accounts, which was the correct `accountHolderType` value for the Firm's market making activity. However, the code malfunctioned and defaulted the

¹ A large industry member is a member that does not qualify as a small broker-dealer under the definition in 17 CFR 240.0-10(c). Small broker-dealers are defined as those with "total capital of less than \$500,000 in total capital (net worth plus subordinated liabilities)."

accountHolderType field to “P” (Other Proprietary) for all originating order events from one of the Firm’s market making accounts. In December 2021, the Firm split the impacted market making account into two market making trading desks but did not update its code. As a result, all originating order events from the newly created market making trading desk were also reported with the incorrect value “P” in the accountHolderType field.

10. As a result of the code malfunction, from in or about July 2020 through in or about January 2024, DRW reported approximately 11.1 billion new order events with the incorrect accountHolderType value,² including 10,513,340,576 MENO events, 565,258,952 MONO events, and 78,002,094 MLNO events.³
11. The acts, practices, and conduct described in Paragraphs 9 and 10 constitute violations of Exchange Rules 4.7 and 4.15 by the Firm, in that the Firm failed to accurately report the accountHolderType for new order events to the CAT Central Repository.

SANCTIONS

12. 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 \$275,000.

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 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

² During all relevant periods herein, the CAT Reporting Portal did not provide feedback specifically associated with whether industry members reported accurate values in the accountHolderType field.

³ MENOs are new order events for equity orders, MONOs are new order events for option orders, and MLNOs are new order events for multi-leg option orders.

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.

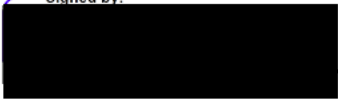
The Firm understands and acknowledges that acceptance of this Letter of Consent will become part of its disciplinary record and may be considered in any future actions brought by the Exchange or any other regulator against the Firm. The Letter of Consent will be published on a website maintained by the 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 not take any position in any proceeding brought by or on 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: 18-Jun-2025

DRW Securities, L.L.C.

By:  _____

Name: Adam Garchik

Title: CEO