

**THE NASDAQ STOCK MARKET LLC
NOTICE OF ACCEPTANCE OF AWC**

Certified, Return Receipt Requested

**TO: GTS Securities LLC
Mr. Ari M. Rubenstein
Chief Executive Officer
545 Madison Avenue
15th Floor
New York, NY 10022**

**FROM: The NASDAQ Stock Market LLC (“Nasdaq”)
c/o Financial Industry Regulatory Authority (“FINRA”)
Department of Enforcement
9509 Key West Avenue
Rockville, MD 20850**

DATE: October 26, 2017

RE: Notice of Acceptance of Letter of Acceptance, Waiver and Consent No. 20150457981-04

Please be advised that your above-referenced Letter of Acceptance, Waiver and Consent (“AWC”) has been accepted on **October 26, 2017** by the Nasdaq Review Council’s Review Subcommittee, or by the Office of Disciplinary Affairs on behalf of the Nasdaq Review Council, pursuant to Nasdaq Rule 9216. A copy of the AWC is enclosed herewith.

You are again reminded of your obligation, if currently registered, immediately to update your Uniform Application for Broker-Dealer Registration ("Form BD") to reflect the conclusion of this disciplinary action. Additionally, you must also notify FINRA (or NASDAQ if you are not a member of FINRA) in writing of any change of address or other changes required to be made to your Form BD.

You will be notified by the Registration and Disclosure Department regarding sanctions if a suspension has been imposed and by NASDAQ’s Finance Department regarding the payment of any fine if a fine has been imposed.

GTS Securities LLC
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If you have any questions concerning this matter, please contact Shawn R. Mallon, Senior Counsel, at (646) 430-7053.



Kenneth R. Bozza
Chief Counsel
Department of Enforcement, FINRA

Signed on behalf of NASDAQ

Enclosure

FINRA District 10 – New York
Michael Solomon
Senior Vice President and Regional Director
(Via email)

THE NASDAQ STOCK MARKET LLC
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20150457981-04

TO: The NASDAQ Stock Market LLC
c/o Department of Enforcement
Financial Industry Regulatory Authority ("FINRA")

RE: GTS Securities LLC, Respondent
Broker-Dealer
CRD No. 149224

Pursuant to Rule 9216 of The NASDAQ Stock Market LLC ("Nasdaq") Code of Procedure, GTS Securities LLC ("GTSX", the "Firm" or "Respondent") submits this Letter of Acceptance, Waiver and Consent ("AWC") for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, Nasdaq will not bring any future actions against the firm alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. The Firm hereby accepts and consents, without admitting or denying the findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of Nasdaq, or to which Nasdaq is a party, prior to a hearing and without an adjudication of any issue of law or fact, to the entry of the following findings by Nasdaq:

BACKGROUND

The Firm has been registered with Nasdaq since May 22, 2014, and with FINRA since April 23, 2014, and its registrations remain in effect. The Firm does not have a relevant disciplinary history.

SUMMARY

1. In connection with this matter, the FINRA Department of Market Regulation's Trade Reporting Team (the "Staff") reviewed the Firm's compliance with inputting the correct capacity with respect to orders entered on Nasdaq, as well as on several equity exchanges and the FINRA/Nasdaq Trade Reporting Facility ("FNTRF"), during the period between July 15, 2015 and May 12, 2016 (the "Review Period").
2. Capacity codes are important because, among other things, their inaccuracy could impact certain cross-market surveillances (*i.e.*, wash trading and intra-day manipulation).

3. Based on its review, Staff found that the Firm failed to comply with order marking requirements as set forth in Nasdaq Rule 4611(a)(6) and related supervision rules during the Review Period.

FACTS AND VIOLATIVE CONDUCT

4. During the Review Period, as a result of a coding error, the Firm submitted inaccurate information to Nasdaq, as well as to multiple equity exchanges and the FNTRF, by entering “Principal” orders as “Agency” orders in a total of approximately 22 million instances, of which approximately 5,142,306 orders were entered on Nasdaq from the beginning of the Review Period through August 21, 2015.¹ The conduct described in this paragraph constitutes separate and distinct violations of Nasdaq Rule 4611(a)(6).
5. During the Review Period, the Firm failed to establish and maintain a supervisory system that was reasonably designed to achieve compliance with certain applicable securities laws and regulations, and Nasdaq rules, with respect to submission of accurate capacity codes on orders submitted to Nasdaq. In addition, the Firm’s supervisory system did not include sufficient written supervisory procedures (“WSPs”) to ensure submission of accurate capacity codes. Specifically, the Firm’s supervisory system did not include WSPs that provided for: (i) the identification of the person(s) responsible for supervision with respect to the applicable rules; (ii) a statement of the supervisory step(s) to be taken by the identified person(s); (iii) a statement as to how often such person(s) should take such step(s); and (iv) a statement as to how the completion of the step(s) included in the written supervisory procedures should be documented. The foregoing conduct constitutes a violation of Nasdaq Rules 3010 and 2010A.

OTHER FACTORS

6. In determining to resolve this matter on the basis set forth herein, Nasdaq took into consideration the following: (i) the Firm self-reported a significant number of the capacity code violations; (ii) the Firm provided substantial assistance to Market Regulation staff, including providing the staff with data quantifying the number of violations; and (iii) the subsequent remedial measures implemented by the Firm.

B. The firm also consents to the imposition of the following sanctions:

1. A censure; and
2. A fine in the amount of \$75,000, of which \$17,500 is payable to Nasdaq.²
3. Acceptance of this AWC is conditioned upon acceptance of similar settlement agreements in related matters between GTSX and each of the following self-

¹ These inaccuracies impacted certain cross-market surveillances but there was no identified market impact or harm to market participants.

² The balance of the sanction will be paid to the self-regulatory organizations listed in Paragraph B.3.

regulatory organizations: Bats BZX Exchange, Inc., Bats BYX Exchange, Inc., the New York Stock Exchange LLC, NYSE Arca, Inc., and FINRA.

The Firm agrees to pay the monetary sanction(s) in accordance with its executed Election of Payment Form.

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 sanctions imposed herein shall be effective on a date set by FINRA staff.

II.

WAIVER OF PROCEDURAL RIGHTS

The Firm specifically and voluntarily waives the following rights granted under Nasdaq's Code of Procedure:

- A. To have a Formal Complaint issued specifying the allegations against the Firm;
- B. To be notified of the Formal Complaint and have the opportunity to answer the allegations in writing;
- C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made and to have a written decision issued; and
- D. To appeal any such decision to the Nasdaq Review Council and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, the Firm specifically and voluntarily waives any right to claim bias or prejudgment of the Chief Regulatory Officer, the Nasdaq Review Council, or any member of the Nasdaq Review Council, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including acceptance or rejection of this AWC.

The Firm further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of Rule 9143 or the separation of functions prohibitions of Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

III.

OTHER MATTERS

The firm understands that:

- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by FINRA's Department of Enforcement and the Nasdaq Review Council, the Review Subcommittee, or the Office of Disciplinary Affairs ("ODA"), pursuant to Nasdaq Rule 9216:**
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against the Firm; and**
- C. If accepted:**
 - 1. this AWC will become part of the Firm's permanent disciplinary record and may be considered in any future actions brought by Nasdaq or any other regulator against the Firm;**
 - 2. Nasdaq may release this AWC or make a public announcement concerning this agreement and the subject matter thereof in accordance with Nasdaq Rule 8310 and IM-8310-3; and**
 - 3. the Firm may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. The Firm may not take any position in any proceeding brought by or on behalf of Nasdaq, or to which Nasdaq is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects the Firm's right to take legal or factual positions in litigation or other legal proceedings in which Nasdaq is not a party.**
- D. The Firm may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. The Firm understands that it may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute factual or legal findings by Nasdaq, nor does it reflect the views of Nasdaq 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 AWC and has been given a full opportunity to ask questions about it; that it has agreed to the AWC's provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce the firm to submit it.

10/4/2017

Date

GTS Securities LLC

Respondent

By: 
Ari M. Rubenstein
Chief Executive Officer

Reviewed by:

Counsel for Respondent
Firm Name
Address
City/State/Zip
Phone Number

Accepted by Nasdaq:

10/26/17
Date


Kenneth R. Bozza, Chief Counsel
Department of Enforcement

Signed on behalf of Nasdaq, by delegated authority from the Director of ODA

ELECTION OF PAYMENT FORM

The Firm intends to pay the fine proposed in the attached Letter of Acceptance, Waiver and Consent by the following method (check one):

- A firm check or bank check for the full amount
- Wire transfer

Respectfully submitted,

Respondent

GTS Securities LLC

10/4/2017

Date

By: 

Ari M. Rubenstein
Chief Executive Officer

Billing and Payment Contact

Please enter the billing contact information below. Nasdaq Market Watch will contact you with billing options and payment instructions. *Please DO NOT submit payment until Nasdaq has sent you an invoice.*

Billing Contact Name: Christian Tiriolo

Billing Contact Address: 545 Madison Ave, 15th Floor, New York, NY 10022

Billing Contact Email: ctiriolo@gtsx.com

Billing Contact Phone Number: 212-715-5910