

THE NASDAQ STOCK MARKET LLC
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2016051141801

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

RE: OTA LLC, Respondent
Broker-Dealer
CRD No. 25816

Pursuant to Rule 9216 of The NASDAQ Stock Market LLC ("Nasdaq") Code of Procedure, OTA LLC, (the "firm") 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 became a member of FINRA on January 18, 1990 and of Nasdaq on July 12, 2006. The firm's registrations remain in effect. The firm has no relevant disciplinary history.

SUMMARY

The staff of the Market Analysis Section of the Department of Market Regulation at FINRA (the "staff") conducted a review of the firm's compliance with Nasdaq Rule 4613(a) during the period from January 1, 2015 through March 31, 2015 (the "review period") in Matter No. 20160511418. Based on this review, the staff determined that the firm violated Nasdaq Rules 4613(a), 2010A and 3010(a).

FACTS AND VIOLATIVE CONDUCT

Market Maker Quoting Obligations

1. Pursuant to Nasdaq Rule 4613(a), for each National Market System ("NMS") security in which a Nasdaq member is registered as a market maker, the member is required to maintain a continuous two-sided trading interest, during regular market hours, at prices within certain parameters expressed as a percentage referenced from the National Best Bid or Offer ("NBBO").
2. During the review period, the firm, in 69 instances,¹ failed to maintain a continuous two-sided trading interest during regular market hours at prices within certain percentages away from the NBBO. These violations occurred because the firm failed to continuously quote in the security due to an internal system error that shut down the firm's quoting. The conduct described in this paragraph constitutes separate and distinct violations of Nasdaq Rule 4613(a).

Supervision

3. Nasdaq Rule 3010(a) provides, "Each member shall establish and maintain a system to supervise the activities of each registered representative and associated person that is reasonably designed to achieve compliance with applicable securities laws and regulations with applicable" Nasdaq rules.
 4. Nasdaq Rule 2010A provides, "A member, in the conduct of its business, shall observe high standards of commercial honor and just and equitable principles of trade."
 5. During the review period, the firm's supervisory system was not reasonably designed to achieve compliance with Nasdaq quoting obligations. Specifically, the firm's written supervisory procedures identified a designated supervisor responsible for conducting supervisory reviews, but the procedures did not indicate: (1) the supervisory steps to be taken by the designated supervisor, (2) the frequency of such supervisory reviews, and (3) how the reviews were to be documented. The conduct described in this paragraph constitutes a violation of Nasdaq Rules 2010A and 3010(a).
- B. The firm also consents to the imposition of the following sanctions:
1. A censure,

¹ This is the number of validated violations based on a sample.

2. A fine of \$12,500 (comprised of \$7,500 for the market maker quoting obligation violations and \$5,000 for the supervision violation), and
3. The firm also agrees to an undertaking to revise the firm's written supervisory procedures with respect to the areas described above in paragraph 5. Within 30 business days of acceptance of this AWC by the NAC, a registered principal of the Respondent shall submit to the **COMPLIANCE ASSISTANT, LEGAL SECTION, MARKET REGULATION DEPARTMENT, 9509 KEY WEST AVENUE, ROCKVILLE, MD 20850**, a signed, dated letter, or an e-mail from a work-related account of the registered principal to MarketRegulationComp@finra.org, providing the following information: (1) a reference to this matter; (2) a representation that the firm has revised its written supervisory procedures to address the deficiencies described in this paragraph; and, (3) the date the revised procedures were implemented.

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 prejudice 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.

2/5/2019
Date

OTA LLC
Respondent

By: James W. Santori
Name: JAMES W. SANTORI
Title: CEO

Reviewed by:

[Signature]
Counsel for Respondent
OTA LLC

Accepted by Nasdaq:

2/8/2019
Date

[Signature]
Joaquin Gubb
Senior Counsel
Department of Enforcement

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

PAYMENT INFORMATION

The fine amount will be reflected on an upcoming invoice and will be direct debited from the account for your firm that Nasdaq currently has on file. *Please DO NOT submit payment at this time.*

Please inform your finance or applicable department of this forthcoming debit.

If you would like to arrange for an alternative method of payment, please enter the billing contact information below and Nasdaq's Billing Department will contact you. *Otherwise, please leave the following information blank.*

Billing Contact Name: Dory Hayes

Billing Contact Address: OTA, 1 MANHATTANVILLE ROAD PURCHASE NY 10577

Billing Contact Email: ACCOUNTSPAYABLE@OX.COM

Billing Contact Phone Number: 914-460-4011

Respectfully submitted,

Respondent

OTA LLC

2/5/2019

Date

By: James N. Santac

Name: JAMES N. SANTAC

Title: CFD