



Financial Industry Regulatory Authority

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**By: Certified Mail, Return Receipt Requested and Email Michael.Felty@citadel.com**

June 21, 2016

Citadel Securities LLC  
131 Dearborn Street – 32<sup>nd</sup> Floor  
Chicago, IL 60603

Attn: Michael G. Felty, Chief Compliance Officer

**RE: Payment of Fine in Connection with Executed Letter of Consent  
FINRA Matter No. 20140438264**

Dear Mr. Felty:

Enclosed is an executed copy of the Letter of Consent (“LOC”), signed by Christopher L. Ramsay at Citadel Securities LLC (the “Firm”), and countersigned by Edward Deitzel, Executive Vice President and Chief Regulatory Officer, for the Business Conduct Committee, at the Miami International Securities Exchange, LLC (“MIAX” or the “Exchange”) on June 20, 2016. Please consider this correspondence as notice to the Firm that this LOC has been accepted, and as a result, the Firm must promptly remit payment of the agreed upon sanction. Please make the payment to Miami International Securities Exchange, LLC.

The payment should be sent to the below address if payment is by check:

MIAX Options  
Attn: Tia Toms  
7 Roszel Road, Suite 5A  
Princeton, NJ 08540  
Reference Number: Matter No. 20140438264

If payment is by wire, wiring instructions are as follows:

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Pursuant to MIAX Rule 1011, after seven calendar days' notice in writing, the Exchange may summarily suspend a Member that fails to pay promptly a fine when such fine becomes finally due and payable.

If you have any questions, please do not hesitate to telephone me.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Felix M. Hester', with a long horizontal flourish extending to the right.

Felix M. Hester

Enclosure

cc: Larry O'Leary, VP Regulation, Miami International Securities Exchange, LLC  
(via e-mail to [lolarey@miaxoptions.com](mailto:lolarey@miaxoptions.com))

*This letter is issued on behalf of the Miami International Securities Exchange, LLC, by FINRA Market Regulation pursuant to a grant of authority to FINRA. Accordingly, this constitutes a letter by the Miami International Securities Exchange, LLC*

**MIAMI INTERNATIONAL SECURITIES EXCHANGE, LLC**  
**LETTER OF CONSENT**  
**NO. 20140438264-01**

**TO: Miami International Securities Exchange, LLC**  
**e/o Department of Market Regulation**  
**Financial Industry Regulatory Authority ("FINRA")**

**RE: Citadel Securities LLC, Respondent**  
**Broker-Dealer**  
**CRD No. 116797**

Pursuant to Rule 1003 of the Rules of the Miami International Securities Exchange, LLC ("MIAX"), Citadel Securities LLC (the "firm" or "CDRG") submits this Letter of Consent ("LOC") for the purpose of proposing a settlement of the alleged rule violations described below. This LOC is submitted on the condition that, if accepted, MIAX 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 MIAX, or to which MIAX 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 MIAX:**

**BACKGROUND**

CDRG has been a member of MIAX since December 7, 2012; its registration remains in effect. At all times, CDRG was approved to conduct business as Primary Lead Market Maker ("PLMM") on MIAX. CDRG has no prior relevant discipline on the MIAX.

**SUMMARY**

FINRA's Market Regulation Options Regulation staff ("staff") conducted an investigation on behalf of MIAX concerning the firm's compliance with quoting obligations in the opening rotation on MIAX during the period February 2013 through October 2014 (the "relevant period").

**FACTS AND VIOLATIVE CONDUCT**

- 1. During the relevant period, MIAX Rules 503(e) and 603(c) required, among other things, the PLMM assigned in a particular equity option class to enter valid width quotes not later than one minute following the dissemination of a quote or trade by the market for the underlying security.**



2. During the relevant period, on 148 out of 442 trade dates (33.48%), CDRG, a PLMM, failed to disseminate quotes at the opening or during a re-opening within one minute of the dissemination of a quote or a trade by the primary market for the underlying security, or failed to open or re-open series in various appointed classes. On nine of those violative trade dates, the firm had opening quoting non-compliance rates in excess of 10%, including three trade dates on which the firm failed to meet its opening quoting obligation in a range from 45% to 96% of its assigned options series. Overall, the average daily non-compliance rate on the 148 trade dates was 4.19%.
  3. The foregoing conduct constituted separate and distinct violations of MIAX Rules 503(e) and 603(c).
- B. The firm also consents to the imposition of the following sanctions:
- a censure, and
  - a fine of \$27,500

The firm agrees to pay the monetary sanction(s) upon notice that this LOC has been accepted and that such payment(s) are due and payable. It has submitted an Election of Payment form showing the method by which it proposes to pay the fine imposed.

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 MIAX.

## II.

### WAIVER OF PROCEDURAL RIGHTS

The firm specifically and voluntarily waives the following rights granted under MIAX Rules:

- A. To have a Statement of Charges issued specifying the allegations against the firm;
- B. To be notified of the Statement of Charges 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 MIAX's Board of Directors 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 ("CRO"), as well as the Business Conduct Committee ("BCC"), in connection with participation in discussions regarding the terms and conditions of this LOC, or other consideration of this LOC, including acceptance or rejection of this LOC.

**The firm further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of MIAX Rule 1006, in connection with such person's or body's participation in discussions regarding the terms and conditions of this LOC, or other consideration of this LOC, including its acceptance or rejection.**

### **III.**

#### **OTHER MATTERS**

**The firm understands that:**

- A. Submission of this LOC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the CRO and the BCC, pursuant to MIAX Rule 1003;**
- B. If this LOC 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 LOC will become part of the firm's permanent disciplinary record and may be considered in any future actions brought by MIAX or any other regulator against the firm;**
  - 2. This AWC will be published on a website maintained by MIAX; 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 LOC or create the impression that the LOC is without factual basis. The firm may not take any position in any proceeding brought by or on behalf of MIAX, or to which MIAX is a party, that is inconsistent with any part of this LOC. 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 MIAX is not a party.**
- D. The firm may attach a Corrective Action Statement to this LOC 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 LOC in this Statement. This Statement does not constitute factual or legal findings by MIAX, nor does it reflect the views of MIAX or its staff.**



**ELECTION OF PAYMENT FORM**

The firm intends to pay the fine proposed in the attached Letter of Consent by the following method (check one):

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

Respectfully submitted,  
Respondent  
Citadel Securities LLC

May 25, 2016

Date

By: 

Name: **CHRISTOPHER L. RAMSAY**  
Authorized Signatory

Title: \_\_\_\_\_

