

Via Certified Mail, Return Receipt Requested (7015 0640 0000 2850 3425), First Class Mail and Email (lthyagarajan@sidley.com)

September 30, 2025

Interactive Brokers LLC
c/o Lara Thyagarajan
Sidley Austin LLP
787 Seventh Avenue
New York, NY 10019

RE: Payment of Fine in Connection with Executed Letter of Consent
FINRA Matter No. 2022075164209

Dear Ms. Thyagarajan:

Enclosed is an executed copy of the Letter of Consent (“LOC”), signed by Elaine Mandelbaum, General Counsel at Interactive Brokers LLC (the “Firm”), and countersigned by Edward Deitzel, Executive Vice President and Chief Regulatory Officer, for the Business Conduct Committee, at the MIAX Emerald, LLC (“MIAX Emerald”) on **September 29, 2025**. 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 MIAX Emerald, LLC.

Pursuant to MIAX Rule 1011, made applicable to MIAX Emerald in Chapter X of the MIAX Emerald Rulebook, 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 regarding this matter, please contact me at (312) 230-5209.

Sincerely,



Nicole Waksmundzki
Principal Counsel

Enclosure

cc: Larry O'Leary, VP Regulation, MIAX Emerald, LLC
(via e-mail to loleary@miaxoptions.com)

This letter is issued on behalf of the MIAX Emerald, LLC, by FINRA Department of Enforcement pursuant to a grant of authority to FINRA. Accordingly, this constitutes a letter by the MIAX Emerald, LLC.

**MIAX EMERALD, LLC
LETTER OF CONSENT
NO. 2022075164209**

TO: MIAX Emerald, LLC
c/o Department of Enforcement
Financial Industry Regulatory Authority (“FINRA”)

RE: Interactive Brokers LLC, Respondent
Broker-Dealer
CRD No. 36418

Pursuant to Rule 1003 of the Rules of the MIAX Emerald, LLC (“MIAX Emerald”), Interactive Brokers LLC (“Interactive” or the “firm”) submits this Letter of Consent (“LOC”) for the purpose of proposing a settlement of the alleged rule violations described below.¹ This LOC is submitted on the condition that, if accepted, MIAX Emerald 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 Emerald, or to which MIAX Emerald 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 Emerald:

BACKGROUND

The firm has been a member of MIAX Emerald since March 1, 2019. Its registration remains in effect.

RELEVANT DISCIPLINARY HISTORY

The firm does not have any relevant disciplinary history on MIAX Emerald. In October 2020, Interactive consented to a censure and a fine of \$237,500 to NYSE Arca in connection with its reporting of more than 525,000 options orders (comprised of approximately 2.1 million contracts) with the incorrect origin code of Customer instead of Professional Customer between January 2015 and November 2019 (NYSE Arca Matter No. 2020-06-00085).

¹ Chapter X of MIAX Emerald’s Rulebook incorporates the rules contained in Chapter X of the Miami International Securities Exchange, LLC’s Rulebook, including Rule 1003.

SUMMARY

On behalf of MIAX Emerald and other exchanges, FINRA’s Department of Market Regulation reviewed Interactive’s compliance with rules governing the use of Professional Customer origin codes on options orders from October 2009 through August 7, 2022.² The review revealed that Interactive mismarked approximately 2.4 million transactions, totaling approximately 15.3 million contracts, which were erroneously executed as Customer instead of Professional Customer, of which approximately 1.5 million contracts traded on MIAX Emerald between March 2019 and August 7, 2022 (the “review period”). As a result, Interactive violated MIAX Emerald Rules 300, 513, and 800(a)³ and Section 17(a) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and Rule 17a-3 thereunder.

Also during the review period, Interactive’s supervisory system was not reasonably designed to achieve compliance with the recordkeeping provisions of the federal securities laws and the rules of MIAX Emerald that govern the accuracy of options order origin codes, in violation of MIAX Emerald Rule 300.

FACTS AND VIOLATIVE CONDUCT

Inaccurate Origin Codes

1. Applicable MIAX Emerald rules require that, when accepting an order, a member must obtain and record an appropriate code to identify the origin of the order. During the review period, MIAX Emerald had multiple origin codes, including codes to indicate that an order originated from a Customer or Professional Customer. Origin codes are important because, among other things, they may determine an order’s execution priority and are part of the audit trail data for every transaction.
2. During the review period, Interactive used an automated order counting algorithm to determine whether a customer’s account should be coded as Professional Customer. However, Interactive failed to include complex orders and certain cancel/replace orders in the order counting logic. As a result, Interactive failed to identify certain customer accounts that should have been designated Professional Customer and incorrectly marked orders for those accounts with an origin code of Customer. These orders were routed to and executed on 12 exchanges, resulting in the firm mismarking approximately 2.4 million transactions, totaling approximately 15.3 million contracts, which were erroneously executed as Customer instead of Professional Customer, of which approximately 1.5 million contracts traded on MIAX Emerald.
3. Instances in which the firm routed an order with an incorrect origin code potentially had adverse consequences, such as inadvertently impacting the priority of order

² FINRA initiated its review based upon a self-report by Interactive pursuant to FINRA Rule 4530.

³ Chapter III of MIAX Emerald’s Rulebook incorporates the rules contained in Chapter III of the Miami International Securities Exchange, LLC’s Rulebook, including Rule 300. Chapter VIII of MIAX Emerald’s Rulebook incorporates the rules contained in Chapter VIII of the Miami International Securities Exchange, LLC’s Rulebook, including Rule 800.

execution, creating inaccurate records of purchases and sales, creating an inaccurate audit trail, and reporting trades to the Options Clearing Corporation (“OCC”) with inaccurate trade details.

4. By marking orders with incorrect origin codes during the review period, the firm violated:
 - a. Section 17(a) of the Exchange Act and Rule 17a-3(a)(6)(i) thereunder, which requires broker-dealers to create a memorandum of each order, and any other instruction, showing the terms and conditions of the order;
 - b. MIAX Emerald Rule 800(a), which requires each Member to make, keep current, and preserve such books and records as MIAX Emerald may prescribe and as may be prescribed by the Exchange Act and the rules and regulations thereunder;
 - c. MIAX Emerald Rule 513, which requires each Member to submit trade information in such form as may be prescribed by MIAX Emerald in order to allow MIAX Emerald to properly prioritize and match orders and quotations and report resulting transactions to the OCC; and
 - d. MIAX Emerald Rule 300, which prohibits conduct in violation of the Exchange Act or rules thereunder, MIAX Emerald rules, or OCC rules as they relate to reporting or clearing any MIAX Emerald transactions.

Supervisory Violations

5. During the review period, Interactive failed to establish and maintain a supervisory system reasonably designed to achieve compliance with origin code requirements. Interactive had written supervisory procedures addressing Professional Customer order capacity marking requirements, and it tested and reviewed certain automated reports designed to identify customers that should be classified as Professional Customers based on their U.S. option order activity levels. However, when the relevant logic to count customer orders for purposes of Professional Customer designations was released in 2009 and updated in 2012, Interactive did not test the logic for inclusion of complex orders and certain cancel/replace orders, nor did the firm test the order counting logic for the inclusion of such orders until early 2022. In addition, the firm failed to respond to several communications from firm personnel that could have alerted the firm to certain mismarked orders.
6. By failing to establish and maintain a supervisory system reasonably designed to achieve compliance with the recordkeeping provisions of the federal securities laws and the rules of MIAX Emerald that govern the accuracy of options order origin codes, Interactive violated MIAX Emerald Rule 300, which prohibits conduct in violation of the Exchange Act or rules thereunder, MIAX Emerald rules, or OCC rules as they relate to reporting or clearing any MIAX Emerald transaction, and

requires every member to “supervise persons associated with the [m]ember as to assure compliance therewith.”

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

1. a censure; and
2. a fine of \$7,750,000, of which \$744,816 shall be payable to MIAX Emerald.⁴

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 Emerald.

II.

WAIVER OF PROCEDURAL RIGHTS

The firm specifically and voluntarily waives the following rights granted under MIAX Emerald 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 Emerald’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 Emerald Rule 1006, in connection with such person’s or body’s

⁴ The remainder of the total fine shall be allocated to BOX Exchange LLC, MIAX PEARL, LLC, Miami International Securities Exchange, LLC, Nasdaq BX, Inc., Nasdaq ISE, LLC, Nasdaq GEMX, LLC, Nasdaq MRX, LLC, Nasdaq Options Market LLC, Nasdaq PHLX LLC, NYSE American LLC, and NYSE Arca, Inc. for similar violations.

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 Emerald 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 Emerald or any other regulator against the firm;
 - 2. This LOC will be published on a website maintained by MIAX Emerald; 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 Emerald, or to which MIAX Emerald 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 Emerald 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 Emerald, nor does it reflect the views of MIAX Emerald 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 LOC and has been given a full opportunity to ask questions about it; that it has agreed to the LOC'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.

September 15, 2025

Date

Respondent
Interactive Brokers LLC

By: Elaine Mandelbaum

Name: Elaine Mandelbaum

Title: General Counsel

Reviewed by:

Lara Thyagarajan

Lara C. Thyagarajan
Sidley Austin LLP
787 Seventh Avenue
New York, New York 10019
(212) 839-5858
Counsel for Respondent

Accepted by MIAx Emerald, LLC:

September 29, 2025

Date

Ed Deitzel

Edward Deitzel
Executive Vice President and
Chief Regulatory Officer
MIAx Emerald, LLC

Decision of the Business Conduct Committee: x Accept Decline

September 29, 2025

Date

Ed Deitzel

By: Edward Deitzel
For the Business Conduct Committee