

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

**Certified, Return Receipt Requested**

TO: **Citadel Securities LLC  
Mr. Christopher L. Ramsay  
General Counsel  
131 South Dearborn Street  
32<sup>nd</sup> Floor  
Chicago, IL 60603**

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

DATE: June 4, 2015

RE: Notice of Acceptance of Letter of Acceptance, Waiver and Consent No. 20120348379-01

**Please be advised** that your above-referenced Letter of Acceptance, Waiver and Consent ("AWC") has been accepted on **June 4, 2015** 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.

Citadel Securities LLC

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If you have any questions concerning this matter, please contact Laurie Doherty, Senior Counsel, at (240) 386-5006.



Robert A. Marchman  
Executive Vice President, Legal Section  
Department of Market Regulation, FINRA

Signed on behalf of NASDAQ

*\* with permission by*  
  
Justin Chute  
Chief Counsel

Enclosure

FINRA District 8 – Chicago  
Edward Wegener  
Vice President and Regional Director  
(Via email)

**THE NASDAQ STOCK MARKET LLC**  
**LETTER OF ACCEPTANCE, WAIVER AND CONSENT**  
**NO. 20120348379-01**

TO: The NASDAQ Stock Market LLC  
c/o Department of Market Regulation (“Market Regulation”)  
Financial Industry Regulatory Authority (“FINRA”)

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

Pursuant to Rule 9216 of The NASDAQ Stock Market LLC (“Nasdaq”) Code of Procedure, Citadel Securities LLC (“CDRG” or 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**

CDRG has been a member of FINRA since 2005 and a member of Nasdaq since 2006, and both registrations remain in effect.

**RELEVANT PRIOR DISCIPLINARY HISTORY**

The firm has no relevant disciplinary history.

**SUMMARY**

In connection with Matter No. 20120348379, the Market Making Analysis Section of the Department of Market Regulation conducted a review of the firm’s compliance with Nasdaq Rule 4613(a) during the review period September 17, 2012 through November 19, 2012 (the “review period”). As a result of this review, the staff identified 52,530 instances in which CDRG failed to enter and maintain two-sided quotations within designated percentages, in contravention of the provisions of Nasdaq Rule 4613(a).

## FACTS AND VIOLATIVE CONDUCT

1. Nasdaq Rule 4613 requires that, for each security in which a Nasdaq member is a registered market maker, the member must enter and maintain a continuous two-sided trading interest during regular market hours at prices within parameters set forth in subsection (a)(2)(D) of the rule. These parameters are expressed as a percentage reference from the National Best Bid or Offer (“NBBO”) (the “designated percentages”).
2. In 14,328 instances on September 17, 2012 and 38,202 instances between November 14, 2012 and November 19, 2012, CDRG failed to enter and maintain continuous two-sided trading interest within the designated percentages away from the NBBO in securities in which the firm was registered as a market maker. The conduct described in this paragraph constitutes separate and distinct violations of Nasdaq Rule 4613(a).

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

A censure and fine of \$32,500.

The firm agrees to pay the monetary sanction(s) upon notice that this AWC 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 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 Market Regulation 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.

May 20, 2015  
\_\_\_\_\_  
Date

Citadel Securities LLC  
Respondent

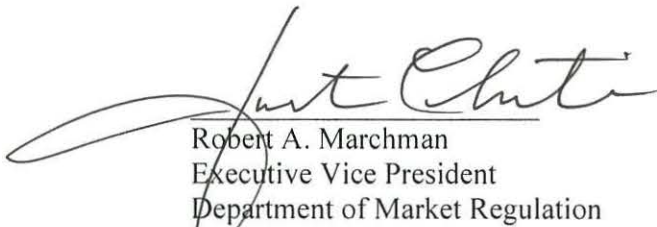
By:   
Name: \_\_\_\_\_  
Title: CHRISTOPHER L. RAMSAY  
Authorized Signatory

Reviewed by:

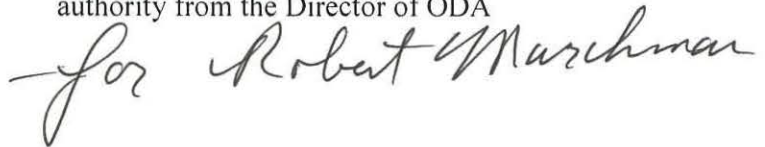
  
Name: \_\_\_\_\_  
Counsel for Respondent

Accepted by Nasdaq:

6-4-15  
\_\_\_\_\_  
Date

  
Robert A. Marchman  
Executive Vice President  
Department of Market Regulation

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

  
for Robert Marchman



**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;
- The installment payment plan.<sup>1</sup>
  - Monthly
  - Quarterly

Respectfully submitted,

Respondent  
Citadel Securities LLC

May 20, 2015  
Date

By: 

Name: CHRISTOPHER L. RAMSAY  
Title: Authorized Signatory

<sup>1</sup> The installment payment plan is only available for a fine of \$50,000 or more. Certain requirements apply.

