

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

Certified, Return Receipt Requested

**TO: Virtu Financial BD LLC
Mr. Matthew Levine
Deputy General Counsel
900 Third Avenue
29th Floor
New York, NY 10022**

**FROM: The NASDAQ Stock Market LLC ("Nasdaq")
c/o Financial Industry Regulatory Authority ("FINRA")
Department of Enforcement
15200 Omega Drive, Suite 300
Rockville, MD 20850**

DATE: July 8, 2019

RE: Notice of Acceptance of Letter of Acceptance, Waiver and Consent No. 2016051145401

Please be advised that your above-referenced Letter of Acceptance, Waiver and Consent ("AWC") has been accepted on **July 8, 2019** 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.

Virtu Financial BD LLC
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If you have any questions concerning this matter, please contact me at (240) 386-5059.


Carly M. Kostakos
Senior Counsel
Department of Enforcement, FINRA

Signed on behalf of NASDAQ

Enclosure

FINRA District 6 – Dallas
Tom Nelli
Senior Vice President and Regional Director
(Via email)

THE NASDAQ STOCK MARKET LLC
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2016051145401

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

RE: Virtu Financial BD LLC, Respondent
Broker-Dealer
CRD No. 148390

Pursuant to Rule 9216 of The NASDAQ Stock Market LLC (“Nasdaq”) Code of Procedure, Virtu Financial BD 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 & RELEVANT DISCIPLINARY HISTORY

The firm became a member of Nasdaq on March 20, 2009 and its registration remains 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”) reviewed the firm’s compliance with Nasdaq Rule 4613(a) during the periods January 1, 2015 through March 31, 2016 (the “first review period”) and February 23, 2016 through September 24, 2018 (the “second review period”).

Based on the aforementioned reviews, Enforcement determined that the firm violated Nasdaq Rule 4613(a), as set forth below.

FACTS AND VIOLATIVE CONDUCT

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 first review period, the firm, in 36 instances,¹ failed to maintain a continuous two-sided trading interest during regular market hours at prices within certain percentages away from the NBBO. This conduct occurred due to brief interruptions in network activity or the firm being unaware of its registration in four security symbols.
3. During the second review period, the firm, in 20,879 instances,² failed to maintain a continuous two-sided trading interest during regular market hours at prices within certain percentages away from the NBBO. This conduct began on February 23, 2016 and occurred due to a system issue that caused the firm to stop quoting in certain securities approximately three seconds prior to market close.³ Despite conducting real-time surveillance of its quoting activity, the firm would have had great difficulty in identifying this conduct given the timing of the activity relative to market close. At market close, the firm would properly stop publishing quotes, but its real-time surveillance system would generate a number of failure to quote alerts as it processed that the market had closed for the day. These end-of-day alerts were false positives, as the firm was no longer required to publish quotes after 16:00:00. However, because the underlying system issue resulted in the firm not quoting at or around 15:59:57, the alerts sent for each violation were swept up with the false positive end-of-day alerts, preventing the firm from identifying the violative conduct.⁴ After being contacted by the staff, the firm resolved the system issue on September 24, 2018.
4. The 20,915 violations described above constitute separate and distinct violations of Nasdaq Rule 4613(a).

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

1. A censure, and
2. A fine of \$25,000.

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

² The firm acknowledged each of these violations and stated that they occurred due to a system issue, which was corrected subsequent to the second review period.

³ Or, approximately .01% of the time period the firm was obligated to maintain quotes.

⁴ The 20,879 violations, which were legitimate alerts, constitute approximately 0.4904% of all end-of-day alerts that were generated during the first and second review periods. The remaining 99.5096% of end-of-day alerts were false positives.

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 a Payment Information 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 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.

July 2, 2019
Date

Virtu Financial BD LLC
Respondent

By: Matt Levine

Name: Matt Levine

Title: Deputy General Counsel

Reviewed by:

Matt Levine

Matthew Levine
Counsel for Respondent
Virtu Financial BD LLC
900 Third Avenue
29th Floor
New York, NY 10022
(646) 682-6455

Accepted by Nasdaq:

7/8/19
Date

Carly Kostakos
Carly M. Kostakos
Senior Counsel
Department of Enforcement

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

PAYMENT INFORMATION

For firms, the fine and/or disgorgement amount will be reflected on an upcoming invoice and will be direct debited from the account for your firm that the Exchange currently has on file. **Please DO NOT submit payment at this time.**

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

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

Billing Contact Name: _____

Billing Contact Address: _____

Billing Contact Email: _____

Billing Contact Phone Number: _____

Respectfully submitted,

Respondent

Virtu Financial BD LLC

6/19/19
Date

By: 

Name: Matthew Leira

Title: Deputy General Counsel