

**ISE GEMINI, LLC  
NOTICE OF ACCEPTANCE OF AWC**

**Certified, Return Receipt Requested**

**TO: KCG Americas LLC  
Mr. Matthew Levine  
Deputy General Counsel  
545 Washington Blvd.  
Jersey City, NJ 07310**

**FROM: ISE Gemini, LLC ("ISE Gemini")  
c/o Financial Industry Regulatory Authority ("FINRA")  
Department of Market Regulation  
9509 Key West Avenue  
Rockville, MD 20850**

**DATE: August 23, 2016**

**RE: Notice of Acceptance of Letter of Acceptance, Waiver and Consent No. 20150481528**

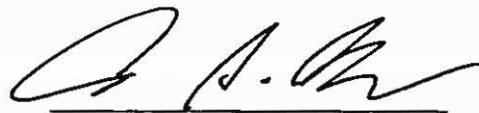
**Please be advised** that your above-referenced Letter of Acceptance, Waiver and Consent ("AWC") has been accepted on **August 18, 2016** by ISE Gemini's Business Conduct Committee. A copy of the AWC is enclosed herewith.

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.

KCG Americas LLC  
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If you have any questions concerning this matter, please contact Elyse D. Kovar, Senior Counsel,  
at (646) 430-7050.

A handwritten signature in black ink, appearing to read "E. S. Brown", written over a horizontal line.

Eric S. Brown  
Chief Counsel, Legal Section  
Department of Market Regulation

Signed on behalf of NASDAQ  
and ISE Gemini

Enclosure

FINRA District 9 – New Jersey  
Michael Solomon  
Senior Vice President and Regional Director  
(Via email)

ISE Gemini, LLC  
Attn: John Zecca, Chief Regulatory Officer  
60 Broad Street, 26th Floor  
New York, NY 10004

Re: LETTER OF ACCEPTANCE, WAIVER AND CONSENT  
ISE File No. 2015-286  
KCG Americas LLC (CRD No. 149823)

Chief Regulatory Officer and Business Conduct Committee Members:

Pursuant to ISE Gemini Rule 1603, KCG Americas LLC ("NITE" or the "firm") submits this Letter of Acceptance, Waiver, and Consent ("AWC") to ISE Gemini, LLC ("ISE Gemini" or "Exchange") to propose a settlement of the alleged rule violations described in Section II below. This AWC is submitted to resolve this proceeding and on the condition that, if accepted, ISE Gemini will not bring any future actions against NITE based on the same alleged violations.

NITE understands that signing this AWC is a voluntary action on its part and that the AWC will not resolve this matter unless and until it has been reviewed and accepted by both the Chief Regulatory Officer ("CRO") and then the Business Conduct Committee ("BCC"), who must decide if it is appropriate in view of the facts and allegations involved. NITE also understands that if either the CRO or the BCC decides to decline this AWC, it will not be used against NITE to prove that any violations occurred.

NITE understands that if this AWC is accepted by both the CRO and the BCC, it will become a part of its permanent disciplinary records and may be considered in any future actions brought by ISE Gemini. NITE also understands that its experience in the securities industry and any disciplinary history may be factors which the CRO and BCC will consider in deciding whether to accept this AWC. That experience and disciplinary history includes the following:

- NITE has been a member of ISE Gemini since July 29, 2013, and its registration remains in effect. At all relevant times, NITE was approved to conduct business on ISE Gemini as a Primary Market Maker ("PMM") and Competitive Market Maker ("CMM"). NITE ceased market making on ISE Gemini in March 2016.
- NITE has no relevant formal disciplinary history at ISE Gemini.

#### I. Waiver of Procedural Rights

NITE is advised of, and specifically and voluntarily waives, the following rights which are granted by ISE Gemini's disciplinary rules:

1. to have a Statement of Charges filed identifying the violations alleged in this matter;
2. to be notified of the Statement of Charges and have the opportunity to answer the allegations in writing;

3. to defend against the allegations in a hearing before a Panel consisting of a professional hearing officer and two members of the BCC and to be represented by an attorney at the hearing;
4. to have a written record of the hearing made and a written decision issued by the Panel; and
5. to appeal any such decision to ISE Gemini's Board of Directors, then to the U.S. Securities and Exchange Commission and to a U.S. Court of Appeals.

NITE further waives any provision of ISE Gemini's disciplinary and other rules that may be interpreted as prohibiting any ISE staff member from advising the CRO and BCC in their decision as to whether to accept this AWC.

## II. Acceptance and Consent

### Overview

In ISE Investigation No. 2015-286, on behalf of the Exchange, FINRA's Department of Market Regulation's Options Regulation staff (the "Staff") conducted a review of NITE's PMM quoting activities on ISE Gemini during the period between October 12, 2015 and November 9, 2015 (the "Relevant Period") and NITE's supervision thereof for compliance with ISE Gemini rules regarding PMM continuous quoting obligations.

ISE Gemini Rule 804(e)(1) states that PMMs must enter continuous quotations and enter into any resulting transactions in all of the series listed on the Exchange of the options classes to which they are appointed on a daily basis. Pursuant to ISE Gemini Rule 804, Supplementary Material .01, PMMs must provide two-sided quotes for 90% of the time the option class is open for trading on the Exchange in order to meet the continuous quoting obligation.

ISE Gemini Rule 401, Adherence to Law, states, in relevant part, that: ". . . Every Member shall so supervise persons associated with the Member as to assure compliance therewith."

As a result of Staff's review, it was determined that during the Relevant Period, NITE violated ISE Gemini Rules 804(e)(1) and 401.

NITE hereby accepts and consents, without admitting or denying the allegations, to the entry of findings by ISE Gemini of the following acts and violations:

1. During the Relevant Period, while acting as a PMM on the Exchange, NITE failed to satisfy its continuous quoting obligations as a result of its failure to disseminate quotes in Long-Term Equity Anticipation Securities ("LEAPs") in four of its assigned options on 15 trade dates in October 2015 and six trade dates in November 2015.
2. The conduct described in paragraph one violated ISE Gemini Rule 804(e)(1).
3. During the Relevant Period, NITE failed to adequately supervise its PMM quoting activities on the Exchange to ensure compliance with ISE Gemini Rule 804(e)(1).

Specifically, NITE had been put on notice of its PMM quoting violations by the Exchange at the start of the Relevant Period; however, NITE failed to take timely and adequate steps to address its quoting deficiencies, resulting in continuous additional quoting violations over the Relevant Period.

4. The conduct described in paragraph three violated ISE Gemini Rule 401.

NITE hereby consents to the ISE imposing on it, at a maximum, the following sanction:

**A censure and a fine in the amount of \$17,500.**

### III. Corrective Action and Other Matters

1. If this AWC is accepted by the BCC, ISE Gemini will take no further action against NITE respecting the matters that are the subject of this AWC. If this AWC is rejected by the BCC, the matter shall proceed as though the letter had not been submitted. The BCC's decision to accept or reject this AWC shall be final, and NITE may not seek review thereof.
2. NITE may attach to this AWC any statement it wishes to have the CRO and BCC consider in deciding whether to accept it, although it may not deny the existence of the violations or make any other statements inconsistent with the AWC.
3. NITE agrees to pay the monetary sanctions imposed on it upon notice that this AWC has been accepted and that such payment is due and payable, and has attached the election form showing the method by which it proposes to pay any fine imposed.
4. NITE understands that ISE Gemini will make such public announcement concerning this agreement and the subject matter thereof as ISE Gemini may deem appropriate.

NITE certifies that it has read and understands all of the provisions of this AWC and has been given full opportunity to ask questions about it, and that no offer, threat, inducement, or promise of any kind has been made to induce NITE to submit it.

KCG Americas LLC

By: Matthew Levine

Name: Matthew Levine

Title: Deputy General Counsel

Date: August 4, 2016

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THIS SECTION RESERVED FOR EXCHANGE USE ONLY

Decision of ISE Gemini Chief Regulatory Officer:  Accept  Decline

8-10-16  
Date

  
John Zecca  
Chief Regulatory Officer

Decision of ISE Gemini Business Conduct Committee:  Accept  Decline

8-10-16  
Date

  
By John Zecca  
For the Business Conduct Committee

**LETTER OF ACCEPTANCE, WAIVER AND CONSENT**  
**ISE Investigation No. 2015-286**

**Schedule A**  
**Election of Payment Method**

KCG Americas, LLC proposes to pay the fine as described in Part II, *Acceptance and Consent*, of the AWC by:

- Automatic Deduction from the Firm's Options Clearing Corporation account;
- A firm check or bank check for the full amount;
- Wire transfer;
- The installment payment plan<sup>1</sup> (if agreed between NITE and the Exchange staff, and approved by the BCC).

If the firm proposes to pay the fine by a firm check or a bank check for the full amount, or by wire transfer for the full amount, the Exchange must receive payment of the fine within 30 days of the AWC becoming final.

If the Exchange does not receive the firm check or a bank check for the full amount, or by wire transfer for the full amount, within 30 days of the AWC becoming final, the Exchange will deduct the fine from the firm's OCC account.

The Exchange will notify the firm by separate letter when the AWC is accepted and becomes final.

Respectfully submitted,

KCG Americas LLC

By: Matthew Levine

Name: Matthew Levine

Title: Deputy General Counsel

Date: August 4, 2016

<sup>1</sup> The installment payment plan is only available for a fine of \$50,000 or more. Certain interest payments, minimum monthly payments and other requirements may apply. The Firm should discuss this fully with counsel before requesting this method of payment.