

NASDAQ PHLX LLC
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2022076059701

TO: Nasdaq Phlx LLC
c/o Department of Enforcement
Financial Industry Regulatory Authority (“FINRA”)

RE: Bluefin Capital Management, LLC, Respondent
Broker-Dealer
CRD No. 113892

Pursuant to Rule 9216 of Nasdaq Phlx LLC (“Phlx”) Code of Procedure,¹ Bluefin Capital Management, LLC (“Bluefin” 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, Phlx will not bring any future actions against the firm alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

A. Respondent 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 Phlx, or to which Phlx 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 Phlx:

BACKGROUND

Bluefin became a Phlx member in April 2008 and a FINRA member in August 2024. The firm is headquartered in New York, New York, and has approximately 30 registered representatives and four branch offices. Bluefin conducts a proprietary and market making business. The firm has no relevant disciplinary history.

SUMMARY

From June 2020 to August 2022, Bluefin failed to timely and accurately report data for approximately 3.2 billion order events to the CAT Central Repository, in violation of Phlx Rules General 7, Sections 3 and 11.²

¹ The Nasdaq Stock Market LLC (“Nasdaq”) Rules General 5 Section 9000 et al. are incorporated by reference into Phlx Rule General 5, Section 3, and are thus Phlx Rules and thereby applicable to Phlx members, member organizations, persons associated with member organizations, and other persons subject to Phlx’s jurisdiction.

² Nasdaq Rules General 7, Section 1 et al., including Sections 3 and 11, are incorporated by reference into Phlx Rule General 7.

From June 2020 to November 2022, Bluefin failed to establish, maintain, and enforce written supervisory procedures (“WSPs”), and a system for applying such procedures, reasonably designed to prevent and detect, insofar as practicable, violations of CAT reporting rules, in violation of Phlx Rules General 9, Sections 1(c) and 20 and Options 9, Section 1, and PSX Rule 3503.³

For these violations, Bluefin consents to a censure and a \$125,000 fine.

FACTS AND VIOLATIVE CONDUCT

1. This matter originated from FINRA’s review of the firm’s CAT reporting compliance on behalf of Phlx.

Bluefin failed to timely and accurately report data to CAT.

2. The SEC adopted Rule 613 under the Securities Exchange Act of 1934 to create a consolidated audit trail that would substantially enhance the ability of the self-regulatory organizations (SROs) and the Commission to oversee the national securities markets and fulfill their responsibilities under the federal securities laws. In November 2016, the SEC approved a CAT national market system (NMS) Plan. In March 2017, the SEC approved Phlx’s proposal to adopt the Rule 900A Series (Consolidated Audit Trail Compliance) to implement the CAT NMS Plan. In 2018, Phlx Rule General 7 superseded the Rule 900A Series and incorporated by reference Nasdaq Rule General 7.⁴
3. Beginning on June 22, 2020, Phlx members qualifying as large industry members⁵ that originated or received an order involving NMS or over-the-counter (OTC) equity securities were required to report data to the Central Repository and comply with Rule 613 of Regulation NMS and Phlx Rule General 7. In July 2020, large industry members were required to report data for options orders to the Central Repository. As of December 2021, all Phlx members, regardless of size, were required to comply with these requirements. All proprietary trading activity, including market-making activity, is subject to CAT reporting. There are no exclusions or exemptions of any kind for type of firm or type of trading activity.
4. CAT data is an integral part of SROs’ automated market surveillance programs. SROs use CAT data to conduct cross-market surveillance in support of their statutory obligations. Inaccurate, incomplete, or untimely transaction and order reporting can negatively affect the regulatory audit trail and the quality of SROs’ surveillance patterns as well as their ability to accurately reconstruct market events.

³ Phlx Rule General 9, Section 1(c) superseded Phlx Rule Options 9, Section 1 and PSX Rule 3503 on January 22, 2021.

⁴ Phlx Rule General 7 superseded the Rule 900A Series on January 24, 2018. Effective May 10, 2018, Nasdaq Rule General 7, Section 1 et al. was incorporated by reference into Phlx Rule General 7.

⁵ A large industry member is a member that does not qualify as a small broker-dealer as defined under 17 CFR 240.0-10(c).

5. Phlx Rule General 7, Section 3 requires each member to “record and electronically report to the Central Repository” specific details for each order and each Reportable Event, as applicable. Reportable Event is defined to include, but is not limited to, the original receipt or origination, modification, cancellation, routing, execution (in whole or in part) and allocation of an order, and receipt of a routed order.
6. Phlx Rule General 7, Section 11(a) requires members to “record and report data to the Central Repository as required by this General 7 in a manner that ensures the timeliness, accuracy, integrity and completeness of such data.”
7. As a large industry member, Bluefin was required to begin reporting its order event data to the CAT Central Repository on June 22, 2020. From June 2020 to August 2022, Bluefin failed to accurately and timely report billions of order events to the CAT Central Repository.⁶
8. First, from June 22, 2020, through July 20, 2022, Bluefin reported over 1.4 billion equity and option events to CAT that contained inaccurate data in the Firm Designated ID (FDID) field. In the FDID field, members must report a unique and persistent identifier for each trading account.⁷ Due to a configuration error at the firm’s reporting agent, Bluefin reported the same identifier for all trading accounts during this period. As a result of a FINRA exam on behalf of Phlx, Bluefin learned of the error in March 2022 and resolved it by replacing its CAT reporting agent in July 2022.
9. Second, from December 2021 to August 2022, Bluefin failed to timely report over 1.8 billion events to CAT. These violations occurred because, from December 13, 2021, to April 22, 2022, Bluefin failed to report over 1.8 billion option route cancellation (MOCR) and option route modification (MOMR) events to CAT. Beginning in December 2021, these failures caused a significant spike in linkage errors for Bluefin.⁸ However, it took Bluefin until April 2022 to identify that the root cause of the linkage errors was its reporting agent’s failure to report any MOCR and MOMR events. On or about April 22, 2022, Bluefin’s reporting agent updated its code to begin reporting MOMR and MOCR events to CAT. In June and August 2022, the firm submitted corrections and reported over 1.8 billion MOMR and MOCR events to CAT late.
10. Therefore, Respondent violated Phlx Rules General 7, Sections 3 and 11.

⁶ Bluefin used a third-party vendor as its CAT reporting agent. A member may enter into an agreement with a CAT reporting agent to fulfill its CAT reporting obligations. The reporting member, however, remains primarily responsible for complying with all CAT reporting rules. *See* Phlx Rule General 7, Section 8(c).

⁷ *See* Phlx Rule General 7, Section 1(t). FDIDs must be included for only certain new order and allocation events, such as MENOs (Member Equity New Order events), MONOs (Member Option New Order events), MEPAs (Member Equity Post-Trade Allocation events), and MOPAs (Member Option Post-Trade Allocation events).

⁸ The linkage errors represent feedback from the CAT Reporter Portal that is provided to firms named on unlinked events among the Routing/Receiving/Reporting parties.

Bluefin failed to reasonably supervise its CAT reporting.

11. Phlx Rule General 9, Section 20 requires members to “establish, maintain, and enforce written supervisory procedures, and a system for applying such procedures, to supervise the types of business(es) in which the member or member organization engages in and to supervise the activities of all registered representatives, employees, and associated persons. The written supervisory procedures and the system for applying such procedures shall reasonably be designed to prevent and detect, insofar as practicable, violations of the applicable securities laws and regulations, including the By-Laws and Rules of the Exchange.”
12. Phlx Rule General 9, Section 1(c), and its predecessors Phlx Rule Options 9, Section 1 and PSX Rule 3503, provide that members shall not engage in conduct inconsistent with just and equitable principles of trade.⁹ A violation of Phlx Rule General 9, Section 20 also constitutes a violation of Phlx Rule General 9, Section 1(c), Phlx Rule Options 9, Section 1, or PSX Rule 3503, as applicable.
13. From June 2020 to November 2022, Bluefin had no WSPs to prevent or detect violations of CAT reporting rules and conducted no reviews of its accepted CAT data against its internal order records for accuracy. In practice, the firm only reviewed the CAT Reporter Portal on a daily basis, which was not reasonable to identify inaccurate reporting issues, like the FDID issue described above, that did not cause late reports, linkage errors, submission or ingestion errors, or rejections to appear on the CAT Reporter Portal. Because Bluefin failed to conduct any such review, it did not identify that it was reporting inaccurate FDIDs to CAT for over two years.
14. As a result, Bluefin violated Phlx Rules General 9, Section 20, General 9, Section 1(c) (on and after January 22, 2021), and Options 9, Section 1 (for options conduct before January 22, 2021), and PSX Rule 3503 (for equities conduct before January 22, 2021).

B. Respondent also consents to the imposition of the following sanctions:

- a censure; and
- a \$125,000 fine.

Respondent agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. Respondent has submitted a Payment Information form showing the method by which it proposes to pay the fine imposed.

Respondent specifically and voluntarily waives any right to claim that it is unable to pay, now or at any time hereafter, the monetary sanction imposed in this matter.

The sanctions imposed herein shall be effective on a date set by FINRA staff.

⁹ Phlx Rule General 9, Section 1(c) superseded Phlx Rule Options 9, Section 1 and PSX Rule 3503 on January 22, 2021.

II.

WAIVER OF PROCEDURAL RIGHTS

Respondent specifically and voluntarily waives the following rights granted under Phlx'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 Exchange 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 pre-judgment of the Chief Regulatory Officer, the Exchange Review Council, or any member of the Exchange 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

Respondent 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 Exchange Review Council, the Review Subcommittee, or the Office of Disciplinary Affairs ("ODA"), pursuant to Phlx Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against Respondent; and

C. If accepted:

1. This AWC will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by Phlx or any other regulator against Respondent;
2. Phlx may release this AWC or make a public announcement concerning this agreement and the subject matter thereof in accordance with Phlx Rule 8310 and IM-8310-3;¹⁰ 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 Phlx, or to which Phlx 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 Phlx is not a party.

D. Respondent may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondent 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 Phlx, nor does it reflect the views of Phlx or its staff.

¹⁰ Series 8000 of Nasdaq Rules are incorporated by reference into Phlx General 5, Section 2, and are thus Phlx Rules and thereby applicable to Phlx members, member organizations, persons associated with member organizations, and other persons subject to Phlx's jurisdiction.

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 the firm 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.

November 7, 2025

Date

Jeffrey Jacobus

Bluefin Capital Management, LLC
Respondent

By: Jeffrey Jacobus
Jeffrey Jacobus, CCO

Reviewed by:

Andrew Hurni

Andrew E. Hurni, Esq.
Counsel for Respondent
285 Grand Avenue, Bldg. One
Englewood, NJ 07631

Accepted by Phlx:

November 13, 2025

Date

Chris Rivet

Christopher Rivet
Counsel
Department of Enforcement

Signed on behalf of Phlx, by delegated
Authority from the Director of ODA