

NASDAQ PHLX LLC
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2018057277204

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

RE: Virtu Americas LLC, Respondent
Broker-Dealer
CRD No. 149823

Pursuant to Rule 9216 of Nasdaq Phlx LLC (“Phlx”) Code of Procedure,¹ Virtu Americas 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, 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

Virtu became a member of Phlx in October 2009, and its registration remains in effect. Virtu is based in New York, New York, and has approximately 330 registered representatives. Virtu is a broker-dealer that engages in market making and provides execution services, including algorithmic trading and order routing. The Firm has no relevant disciplinary history.

SUMMARY

From at least November 2017 through May 2022 (the “Relevant Period”), the Firm violated Section 15(c)(3) of the Securities Exchange Act of 1934 (the “Exchange Act”) and Exchange Act Rules 15c3-5(b) and (c)(1)(ii) by failing to establish, document, and maintain its system of risk management controls to demonstrate that it was reasonably designed to prevent the entry of erroneous orders. Virtu also violated Section 15(c)(3) of the Exchange Act and Exchange Act Rule 15c3-5(e)(1) by failing to establish, document,

¹ The Nasdaq Stock Market LLC 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.

and maintain a system for regularly reviewing the effectiveness of its risk management controls and supervisory procedures. Specifically, Virtu did not reasonably document its system of risk management controls to demonstrate that certain controls were reasonably designed. As a result, the Firm was not able to reasonably evaluate the effectiveness of its risk management controls. The Firm also violated PSX Rule 3503 and Phlx Rules 748, 707, and General 9, Sections 1(c) and 20(h) by failing to establish and maintain a supervisory system, including written supervisory procedures (“WSPs”), reasonably designed to achieve compliance with Section 15(c)(3) of the Exchange Act.

FACTS AND VIOLATIVE CONDUCT

1. Exchange Act Rule 15c3-5(b) requires broker-dealers with market access, or that provide a customer or any other person with access to an exchange or alternative trading system through use of its market participant identifier or otherwise, to “establish, document, and maintain a system of risk management controls and supervisory procedures reasonably designed to manage the financial, regulatory, and other risks of this business activity.”
2. Exchange Act Rule 15c3-5(c)(1)(ii) requires that a broker-dealer with market access have a system of risk management controls and supervisory procedures that are reasonably designed to “[p]revent the entry of erroneous orders, by rejecting orders that exceed appropriate price or size parameters, on an order-by-order basis or over a short period of time, or that indicate duplicative orders.”
3. Exchange Act Rule 15c3-5(e) requires broker-dealers with market access to “establish, document, and maintain a system for regularly reviewing the effectiveness of the risk management controls and supervisory procedures.” Rule 15c3-5(e)(1) requires broker-dealers to “review, no less frequently than annually, the business activity of the broker or dealer in connection with market access to assure the overall effectiveness of such risk management controls and supervisory procedures.” Moreover, this rule requires that the review be conducted in accordance with written procedures and be documented.
4. These provisions are intended to ensure that a broker or dealer “implements supervisory review mechanisms to support the effectiveness of its risk management controls and supervisory procedures on an ongoing basis.”²
5. Rule 15c3-5 requires, among other things, that a broker-dealer with market access document its system of risk management controls and supervisory procedures that are designed to manage the financial, regulatory, and other risks of market access. The broker-dealer must preserve a copy of its supervisory procedures and “a written description of its risk management controls” as part of its books and records for the period required by Exchange Act Rule 17a-4(e)(7). The required written description is intended, among other things, to assist staff of the Securities and Exchange Commission and of self-regulatory organizations in assessing the broker-dealer’s

² Exchange Act Release No. 34-63241, 75 Fed. Reg. 69792, 69811 (Nov. 15, 2010).

compliance with the rule.³

6. Phlx Rule General 9, Section 20(h) and its predecessor, Phlx Rule 748, state “[e]ach member or member organization shall 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.”⁴
7. Phlx Rule General 9, Section 1(c) and its predecessors, PSX Rule 3503 and Phlx Rule 707, state “[a] member, member organization, or person associated with or employed by a member or member organization shall not engage in conduct inconsistent with just and equitable principles of trade.”⁵ Violations of Phlx Rule General 9, Section 20(h) and Phlx Rule 748 constitute violations of Phlx Rule General 9, Section 1(c), PSX Rule 3503, and Phlx Rule 707, respectively.

Virtu failed to reasonably document certain risk management controls designed to prevent the entry of erroneous orders.

8. During the Relevant Period, Virtu sent orders that it received from broker-dealer and institutional clients through various interconnected internal systems before they reached the market. These orders first passed through an inbound gateway, then passed through various order management systems, and ended at a router, which sent the orders to the market for execution. Virtu maintained certain risk management controls and procedures in connection with its market access. Within each layer of its interconnected systems, Virtu maintained certain risk management controls to prevent the entry of erroneous orders.
9. Virtu, however, did not reasonably document its system of risk management controls to demonstrate that certain controls were reasonably designed. For example, the Firm had (i) a percentage away control that rejected orders priced outside the Exchange’s clearly erroneous bands; (ii) a single-order quantity control that rejected direct market access orders larger than one million shares and algorithmic orders larger than five million shares; and (iii) a control that limited the number of messages sent during the life of a parent order to 100,000.
10. Neither the Firm’s WSPs, nor other documentation, however, reasonably described the Firm’s process of determining thresholds for the controls or the rationale for the

³ 75 Fed. Reg. at 69812.

⁴ Phlx Rule General 9, Section 20 superseded Phlx Rule 748 on February 3, 2020.

⁵ PSX Rule 3503 superseded Phlx Rule 707 on February 3, 2020. Then, effective January 22, 2021, Phlx Rule General 9, Section 1(c) superseded PSX Rule 3503.

specific thresholds chosen. In addition, the Firm largely did not have records of rationales for such thresholds. Absent such accompanying documentation demonstrating that the thresholds were reasonable, the threshold limits for many of the above-described controls appeared too high to be effective.

11. Certain of Virtu's risk management controls triggered soft blocks, which paused an order until the Firm reviewed the block. Virtu did not have written procedures concerning how the Firm's reviewers were to review soft block alerts or the circumstances under which a soft block should be overridden or confirmed. Virtu's written procedures also did not require reviewers to contemporaneously document their review or their rationale for overriding a soft block and releasing the subject orders into the market. Accordingly, the risk management controls to which these soft blocks applied were not reasonably designed. By January 2020, the Firm had decommissioned the two platforms that housed these controls.

Virtu failed to establish, document, and maintain a system reasonably designed to regularly review the effectiveness of its risk management controls and supervisory procedures.

12. During the Relevant Period, Virtu failed to establish, document, and maintain a system, including written procedures, reasonably designed for regularly reviewing the effectiveness of its risk management controls and supervisory procedures. While Virtu maintained written procedures to review control thresholds and to assess the overall operation of its controls, the procedures did not reasonably describe what the Firm was required to review or how the review was to be conducted. Additionally, Virtu failed to reasonably document how certain thresholds were determined or why those thresholds were reasonable, which resulted in an unreasonable annual evaluation of its market access controls.
13. As a result of the above, Virtu violated Section 15(c)(3) of the Exchange Act, Exchange Act Rules 15c3-5(b), 15c3-5(c)(1)(ii), and 15c3-5(e)(1), and PSX Rule 3503, and Phlx Rules 748, 707, and General 9, Sections 20(h) and 1(c).⁶

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

- A censure and
- A \$84,375 fine (resolved simultaneously with similar matters for a total fine of \$675,000).⁷

⁶ The Firm remediated the issues described above by May 2022.

⁷ Those matters were brought by FINRA, Investors Exchange, LLC, The Nasdaq Stock Market LLC, Nasdaq BX, Inc., New York Stock Exchange LLC, NYSE Arca, Inc., and NYSE National, Inc.

The Firm agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. The Firm 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 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 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

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 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 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 Phlx or any other regulator against the Firm;
 - 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;⁸ 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. 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 Phlx, nor does it reflect the views of Phlx or its staff.

⁸ 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 14, 2025

Date

Matthew Levine
Virtu Americas LLC
Respondent

By: Matthew Levine, Chief Regulatory Counsel

Reviewed by:

Elizabeth J. Hogan
Elizabeth J. Hogan
Counsel for Respondent
McGuireWoods LLP
888 16th Street N.W., Suite 500
Washington, DC 20006

Accepted by Phlx:

November 21, 2025

Date

Carly M. Kostakos
Carly M. Kostakos
Senior Counsel
Department of Enforcement

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