

NASDAQ PHLX LLC
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2023.03.0427

TO: Nasdaq PHLX LLC
Phlx Enforcement Department

RE: TP ICAP Global Markets, LLC, Respondent
Member Firm
CRD No. 2762

Pursuant to Rule 9216 of the Nasdaq PHLX LLC (“Phlx”) Code of Procedure,¹ TP ICAP Global Markets, LLC (the “Firm” or “Respondent”) 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. 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 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

The Firm has been a Phlx member since April 1, 2013, and its registration remains in effect. The Firm, headquartered in New York, NY, operates primarily in the interdealer market in, among other things, equities, equity options, and fixed income securities.

RELEVANT DISCIPLINARY HISTORY

On October 4, 2023, the Firm consented to a censure and a \$15,0000 fine for violating Phlx Rules Options 8, Section 30(e), Options 3, Section 12(a)(3)(F), and General 9, Section 1(c) when it executed an order improperly designated as a qualified contingent cross (“QCC”), which did not qualify as a QCC because the options and equity components were not fully hedged in relation to each other. The Firm also consented to findings that it violated Phlx General 9, Sections 20(h) and 1(c) by failing to establish, maintain, and enforce WSPs, and the system for applying such procedures, that were reasonably designed to prevent and detect, insofar as practicable, violations of the Phlx rules concerning QCC order

¹ The Nasdaq Stock Market LLC Rules General 5 Section 9000 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.

designation.²

SUMMARY

On October 24, 2022, the Firm failed to adhere to the requirements of the Phlx rules when utilizing the QCC order designation by executing an order improperly designated as a QCC, which did not qualify as a QCC because the options and equity components were not fully hedged in relation to each other. As a result of the foregoing conduct, the Firm violated Phlx Options 8, Section 30(e), Options 3, Section 12(a)(3)(F), and General 9, Section 1(c). In addition, the Firm failed to establish, maintain, and enforce WSPs, and the system for applying such procedures, that were reasonably designed to prevent and detect, insofar as practicable, violations of the Phlx rules concerning QCC order designation. As a result of the foregoing conduct, the Firm violated Phlx Rule General 9, Sections 20(h) and 1(c).

FACTS AND VIOLATIVE CONDUCT

1. Phlx Rules Options 8, Section 30(e) and Options 3, Section 12(a)(3) provide that QCCs may be entered electronically into, and be immediately executed in, the Exchange's Floor Based Management System ("FBMS") without first being exposed to a trading crowd.
2. Options 8, Section 30(e) provides that a "Floor Contingent Cross Order is comprised of an originating order to buy or sell at least 1,000 contracts . . . that is identified as being part of a qualified contingent trade . . . coupled with a contra-side order or orders totaling an equal number of contracts."
3. Options 3, Section 12(a) sets forth the requirements for a Qualified Contingent Cross Order which, consistent with a Floor Qualified Contingent Cross Order, is comprised of an originating order to buy or sell at least 1,000 contracts that is identified as being part of a "qualified contingent trade" coupled with a contra-side order or orders totaling an equal number of contracts.
4. Options 3, Section 12(a)(3) defines "qualified contingent trade" ("QCT") as, among other things, a transaction consisting of two or more component orders, executed as agent or principal, where at least one component is an NMS Stock, all components are effected with a product or price contingency arranged for by a broker-dealer, the execution of one component is contingent upon the execution of all other components at or near the same time, and "*the transaction is fully hedged (without regard to any prior existing position) as a result of other components of the contingent trade.*" (emphasis added).
5. General 9, Section 20(h) provides that "Each 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

² Nasdaq Case No. 2020.08.0235.

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.”

6. General 9, Section 1(c) provides that “[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.”

Qualified Contingent Cross Violation

7. On October 24, 2022, the Firm executed an order as a QCC that did not qualify as a QCC because the options and equity components of each transaction were not fully hedged in relation to each other. Specifically, the Firm executed an order for 14,000 puts at \$6.70 as a QCC against 1,500,000 shares at \$0.8027, equating to a delta of 107. The conduct described in this paragraph constitutes a violation of Phlx Rules Options 8, Section 30(e), Options 3, Section 12(a)(3)(F), and General 9, Section 1(c).

Supervisory Violation

8. During the Review Period, the Firm’s written supervisory procedures (“WSPs”) were not reasonably designed to prevent and detect, insofar as practicable, violations of the Phlx rules relating to QCC order designation. Specifically, the Firm did not follow the supervisory system that it had in place.
9. The Firm’s WSPs required that (1) as part of general order memorandum review, the Desk Head or their qualified designee review for adherence to the QCC requirements, including that the NMS Stock Transaction is fully hedged (without regard to any prior existing position) as a result of the other components of the contingent trade; and (2) the Desk Supervisor or designee, on a daily basis, select a random sample of at least five QCT order tickets, confirm that the delta is within ten as seen on the Bloomberg screen, and if it is not, escalate to the Equity Chief Operating Officer for further review and remediation. The Firm was unable to provide evidence that either review occurred. Failure to follow these procedures impacts the Firm’s ability to properly surveil for compliance with Phlx rules relating to QCC order designation. The conduct described in this paragraph constitutes a violation of Phlx Rule General 9, Sections 20 and General 9, Section 1(c).

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

1. A censure; and
2. A fine in the amount of \$19,000.

Respondent agrees to pay the monetary sanction(s) in accordance with its executed Payment Information Form.

Respondent 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 Phlx Enforcement Department 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 prejudgment 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 the Phlx Enforcement Department 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; 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.

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.

12/5/2025
Date

TP ICAP Global Markets, LLC
Respondent

By: Brian Halligan

Name: Brian Halligan

Title: INTERIM CCO, AMERICAS

Accepted by Phlx:

December 17, 2025

Date

Emily Shea

Emily Shea
Senior Enforcement Counsel
Phlx Enforcement Department

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