

NASDAQ PHLX LLC
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
Case No. 2025.11.0478

TO: Nasdaq PHLX LLC
Phlx Enforcement Department

RE: Instinet, LLC
Respondent Member Firm
CRD No. 7897

Pursuant to Rule 9216 of the Nasdaq PHLX LLC (“Phlx”) Code of Procedure¹, Respondent Instinet, LLC (“Instinet” 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. 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 adjudication of any issue of law or fact, to the entry of the following findings by Phlx.

BACKGROUND AND RELEVANT DISCIPLINARY HISTORY

Instinet is a broker-dealer that provides market access, trading support, and execution services to institutional clients. Headquartered in New York, NY, the Firm employs over 150 registered representatives across ten branch offices. The Firm became a Phlx member organization in April 1979. Its registration remains in effect.

In August 2021, Instinet consented to a censure and a fine of \$14,000 in connection with the resolution of Nasdaq Regulation Matter No. 2019.10.0065. There, Phlx Enforcement found that Instinet violated Phlx Rule Options 3, Section 13(b)(1)(K) and Phlx Rule General 9, Sections 1(c) and 20(h) because the Firm inadvertently submitted more than one order in response to a PIXL Auction Notification (“PAN”) at a particular price point that exceeded, in the aggregate, the size of the PIXL Order.² As a result, the Firm entered orders for 8,952 more contracts than it should have, resulting in 1,834 executions, in connection with 1,065 auctions. Phlx Enforcement also found that Instinet failed to establish, maintain, and enforce a system of supervision to detect and prevent the submission of multiple PAN responses at the same price that in the aggregate exceeded the size of the PIXL order.

¹ Series 9000 of The Nasdaq Stock Market, LLC (“Nasdaq”) Rules are incorporated by reference into Phlx Rule General 5, Section 3, and are thus Phlx Rules and thereby applicable to Phlx Members, Associated Person, and other persons subject to Phlx’s jurisdiction.

² The Firm also violated Phlx Rules 1087(b)(1)(K), 707, and 748(h), the predecessors to Phlx Rule Options 3, Section 13(b)(1)(K) and Phlx Rule General 9, Sections 1(c) and 20(h), for conduct that occurred prior to February 3, 2020.

SUMMARY

During the period June 30, 2025, through November 14, 2025 (the “Review Period”), Instinet violated Phlx Rule Options 3, Section 13(b)(1)(K) in connection with 48 PIXL auctions across 29 trading dates. Instinet also violated Phlx Rule General 9, Sections 20(h) and 1(c)(1), because it failed to establish and maintain written supervisory procedures (“WSPs”), and a system for applying such procedures, that was reasonably designed to detect and prevent violations of Phlx Rule Options 3, Section 13(b)(1)(K).

FACTS AND VIOLATIVE CONDUCT

PIXL Auction Violations

1. Prive Improvement XL (“PIXL”) is the Phlx electronic price improvement mechanism whereby an initiating member submits a two-sided order into an auction process soliciting price improvement. PIXL permits a Phlx member to electronically submit for execution an order it represents as agent on behalf of a Public Customer, broker-dealer, or any other entity against principal interest or against certain other orders it represents as agent provided it submits the PIXL Order for electronic execution into the PIXL Auction pursuant to Phlx Rule Options 3, Section 13.
2. Phlx Rule Options 3, Section 13(b)(1)(K) provides that, “Multiple PAN responses from the same member may be submitted during the Auction.” However, “Multiple orders at a particular price point submitted by a member in response to a PAN may not exceed, in the aggregate, the size of the PIXL Order.”
3. Phlx Rule Options 3, Section 13(d) provides that, “A pattern or practice of submitting multiple orders in response to a PAN at a particular price point that exceeds, in the aggregate, the size of the PIXL Order, will be deemed conduct inconsistent with just and equitable principles of trade and a violation of General 9, Section 1(c).”
4. During the Review Period, Instinet, in connection with 48 PIXL Auctions, submitted more than one order in response to a PAN at a particular price point that exceeded, in the aggregate, the size of the PIXL Order. As a result, the Firm entered orders for 282 more contracts than it should have, resulting in at least 209 executions.
5. The conduct described in paragraph five constitutes a violation of Phlx Rule Options 3, Section 13(b)(1)(K) and Phlx Rule General 9, Section 1(c).

Supervision

6. Phlx Rule General 9, Section 20(h) requires member organizations to establish, maintain, and enforce WSPs, and a system for applying such procedures, that are reasonably designed to detect and prevent, insofar as practicable, violations of the securities laws and Phlx’s rules.
7. Pursuant to Phlx Rule General 9, Section 1(c)(1), “A 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.” A violation of Phlx Rule General 9, Section 20(h) constitutes a violation of Phlx Rule General 9, Section 1(c)(1).

8. During the Review Period, the Firm's WSPs were not reasonably designed to detect and prevent violations of Phlx Rule Options 3, Section 13(b)(1)(K). Although the Firm's WSPs instructed Firm personnel to review a surveillance report that was designed to identify PIXL Auctions to which Instinet had sent multiple responses, the WSPs did not inform reviewers that they should review for instances where multiple PAN responses were submitted at the same price point that, in the aggregate, exceeded the size of the PIXL Order.
9. Relatedly, the Firm's surveillance system was not reasonably designed to detect and prevent violations of Phlx Rule Options 3, Section 13(b)(1)(K). Specifically, while the Firm's surveillance report was designed to generate an exception when a Firm client or clients submit more than one order to a PIXL Auction, it was not designed to consider whether the aggregate size of the responses was greater than the PIXL Order. As a result, the Firm failed to identify the violations at issue in this matter.
10. Finally, while Instinet was aware as early as August 2025 that two of its clients were responsible for the majority of the violative orders at issue, Instinet failed to introduce any mechanism to prevent those clients from submitting responses to PANs, even though the Firm had previously implemented such a block in the past.
11. The conduct described in paragraphs eight through ten constitutes a violation of Phlx Rule General 9, Sections 20(h) and 1(c)(1).

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

1. A censure; and
2. A fine in the amount of \$25,000.

The Firm agrees to pay the fine 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 fine imposed in this matter.

The sanctions imposed herein shall be effective on a date set by Phlx 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 Complaint issued specifying the allegations against the Firm;
- B. To be notified of the 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 prejudice 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 Phlx Rule 9143 or the separation of functions prohibitions of Phlx 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, 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 it;
 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 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.

April 21, 2026

Date



Instinet, LLC
Respondent

David Sieradzki

Name

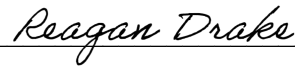
General Counsel – Americas

Title

Accepted by Phlx:

April 28, 2026

Date



Reagan Drake

Enforcement Counsel
Phlx Enforcement Department

On behalf of Phlx, by delegated
authority from the Director of ODA