

**THE NASDAQ STOCK MARKET LLC  
NOTICE OF ACCEPTANCE OF AWC**

**Certified, Return Receipt Requested**

**TO: G1 Execution Services, LLC  
Mr. Richard J. McDonald  
Chief Regulatory Counsel  
175 W. Jackson Blvd.  
Suite 1700  
Chicago, IL 60604**

**FROM: The NASDAQ Stock Market LLC ("Nasdaq")  
c/o Financial Industry Regulatory Authority ("FINRA")  
Department of Enforcement  
9509 Key West Avenue  
Rockville, MD 20850**

**DATE: December 11, 2017**

**RE: Notice of Acceptance of Letter of Acceptance, Waiver and Consent No. 20150442002-01**

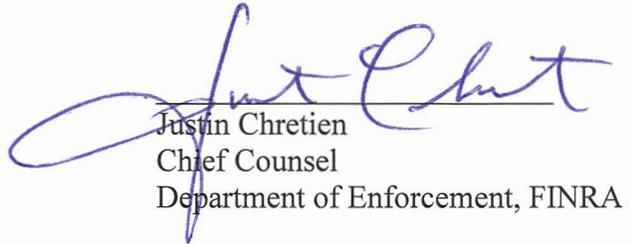
**Please be advised** that your above-referenced Letter of Acceptance, Waiver and Consent ("AWC") has been accepted on **December 11, 2017** by the Nasdaq Review Council's Review Subcommittee, or by the Office of Disciplinary Affairs on behalf of the Nasdaq Review Council, pursuant to Nasdaq Rule 9216. 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.

G1 Execution Services, LLC  
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If you have any questions concerning this matter, please contact Joaquin Gubb, Senior Counsel,  
at (240) 386-5102.



Justin Chretien  
Chief Counsel  
Department of Enforcement, FINRA  
Signed on behalf of NASDAQ

Enclosure

FINRA District 8 – Chicago  
Edward Wegener  
Senior Vice President and Regional Director  
(Via email)

**THE NASDAQ STOCK MARKET LLC**  
**LETTER OF ACCEPTANCE, WAIVER AND CONSENT**  
**NO. 20150442002-01**

TO: The NASDAQ Stock Market LLC  
c/o Department of Enforcement  
Financial Industry Regulatory Authority ("FINRA")

RE: G1 Execution Services, LLC, Respondent  
Broker-Dealer  
CRD No. 111528

Pursuant to Rule 9216 of The NASDAQ Stock Market LLC ("Nasdaq") Code of Procedure, G1 Execution Services, 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, Nasdaq 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 Nasdaq, or to which Nasdaq 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 Nasdaq:

**BACKGROUND**

The firm has been a FINRA member since June 5, 2001, and a Nasdaq member since July 12, 2006, and its registrations remain in effect. The firm has no relevant disciplinary history.

**SUMMARY**

In connection with Review No. 20150442002, the Market Analysis Team of the Department of Market Regulation (the "staff") reviewed the firm's compliance with Rule 15c3-5 of the Securities Exchange Act of 1934 ("SEC Rule 15c3-5") on January 27, 2015 (the "trade review date").

Based on the foregoing review, the Department of Enforcement found that the firm violated SEC Rule 15c3-5 and Nasdaq Rules 3010 and 2010A during the period of December 1, 2014 through April 28, 2015 (the "review period").

## FACTS AND VIOLATIVE CONDUCT

SEC Rule 15c3-5, among other things, requires a broker-dealer with market access to establish, document, and maintain a system of risk management controls and supervisory procedures reasonably designed to: (i) “[p]revent the entry of orders that exceed appropriate pre-set credit or capital thresholds in the aggregate for each customer and the broker or dealer . . . by rejecting orders if such orders would exceed the applicable credit or capital thresholds;” and (ii) “[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.”<sup>1</sup>

Nasdaq Rule 3010 requires a Nasdaq member to “establish and maintain a system to supervise the activities of each registered representative and associated person that is reasonably designed to achieve compliance with applicable securities laws and regulations and with applicable Nasdaq rules.”

Nasdaq Rule 2010A requires a Nasdaq member, “in the conduct of its business, [to] observe high standards of commercial honor and just and equitable principles of trade.”

At 16:00:01 on the trade review date, the firm entered a market order to sell 5,446 shares in a security that was trading at \$97.20 just prior to the entry of the order. The firm’s market order executed in full between 16:00:01 and 16:00:02 and caused the price of the security to fall from \$97.20 to \$75.26 on the trade review date. Shortly thereafter, the firm filed a clearly erroneous petition with Nasdaq, which stated that the order was intended to be for normal market hours and erroneously sent to the marketplace in the after-hours market. As a result of the above described activity, the staff reviewed the firm’s procedures in place during the review period and made the following findings:

1. During the review period, the firm failed to have risk management controls and supervisory procedures reasonably designed to prevent 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. Specifically, during the review period, the firm failed to have any risk management controls and supervisory procedures in place for directed orders to prevent the entry of orders that exceed appropriate price, notional, pre-set credit or capital thresholds in the aggregate for each customer and the broker-dealer, by rejecting orders if such orders would exceed such applicable credit and capital thresholds. The conduct described in this paragraph constitutes a violation of SEC Rule 15c3-5(c)(1) and Nasdaq Rules 3010 and 2010A.

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

A censure and a fine of \$25,000.

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<sup>1</sup> 17 C.F.R. § 240.15c3-5(c)(1).

The firm agrees to pay the monetary sanction(s) in accordance with its executed Election of Payment Form.

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(s) 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 Nasdaq'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 Nasdaq 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 Nasdaq Review Council, or any member of the Nasdaq 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 Nasdaq Review Council, the Review Subcommittee, or the Office of

Disciplinary Affairs (“ODA”), pursuant to Nasdaq 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 Nasdaq or any other regulator against the firm;
  - 2. Nasdaq may release this AWC or make a public announcement concerning this agreement and the subject matter thereof in accordance with Nasdaq 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 Nasdaq, or to which Nasdaq 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 Nasdaq 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 Nasdaq, nor does it reflect the views of Nasdaq 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.

11/9/17  
Date

G1 Execution Services, LLC

Respondent

By: Richard J. McDonald

Name: Richard J. McDonald

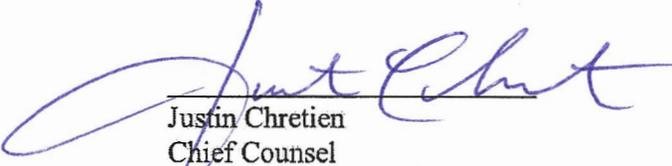
Title: Chief Regulatory Counsel

Reviewed by:

N/A  
Attorney Name  
Counsel for Respondent

Accepted by Nasdaq:

12-11-2017  
Date

  
Justin Chretien  
Chief Counsel  
Department of Enforcement

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

### ELECTION OF PAYMENT FORM

The firm intends to pay the fine proposed in the attached Letter of Acceptance, Waiver and Consent by the following method (check one):

- A firm check or bank check for the full amount  
 Wire transfer

Respectfully submitted,

Respondent

G1 Execution Services LLC

11/9/17

Date

By: Richard J. McDowell

Name: Richard J. McDowell

Title: Chief Regulatory Counsel

### Billing and Payment Contact

Please enter the billing contact information below. Nasdaq MarketWatch will contact you with billing options and payment instructions. *Please DO NOT submit payment until Nasdaq has sent you an invoice.*

Billing Contact Name: Janet Kotz

Billing Contact Address: 401 E City Ave Ste 220 Bala Cynwyd PA 19004

Billing Contact Email: janet.kotz@sig.com

Billing Contact Phone Number: 610 747 1662