

**INTERNATIONAL SECURITIES EXCHANGE, LLC
NOTICE OF ACCEPTANCE OF AWC**

Certified, Return Receipt Requested

**TO: Lime Brokerage LLC
Mr. William St. Laurent
Chief Compliance Officer
625 Broadway
12th Floor
New York, NY 10012**

**FROM: International Securities Exchange, LLC ("ISE")
c/o Financial Industry Regulatory Authority ("FINRA")
Department of Market Regulation
9509 Key West Avenue
Rockville, MD 20850**

DATE: December 20, 2016

RE: Notice of Acceptance of Letter of Acceptance, Waiver and Consent No. 20130362578-02

Please be advised that your above-referenced Letter of Acceptance, Waiver and Consent ("AWC") has been accepted on **December 20, 2016** by ISE's Business Conduct Committee. 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 are reminded that Section I of the attached Letter of Acceptance, Waiver, and Consent includes an undertaking. In accordance with the terms of the AWC, a registered principal of the firm is required to notify the Compliance Assistant, Legal Section, Market Regulation Department, 9509 Key West Avenue, Rockville, MD 20850, of completion of the undertaking.

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.

Lime Brokerage LLC
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If you have any questions concerning this matter, please contact Steven Tanner, Senior Counsel, at 646-430-7059.



Eric S. Brown
Chief Counsel, Legal Section
Department of Market Regulation

Signed on behalf of NASDAQ
and ISE

Enclosure

FINRA District 10 – New York
Michael Solomon
Senior Vice President and Regional Director
(Via email)

Lime Brokerage LLC
Mr. Andrew Koslow, Counsel
625 Broadway
12th Floor
New York, NY 10012

International Securities Exchange, LLC
Attn: John Zecca, Chief Regulatory Officer
60 Broad Street, 26th Floor
New York, NY 10004

Re: LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
Matter No. 20130362578
Lime Brokerage LLC (CRD No. 104369)

Chief Regulatory Officer & Business Conduct Committee Members:

Pursuant to ISE Rule 1603, Lime Brokerage LLC ("Lime" or the "firm") submits this Letter of Acceptance, Waiver, and Consent ("AWC") to the International Securities Exchange, LLC ("ISE" or "Exchange") to propose a settlement of the alleged rule violations described in Section II below. This AWC is submitted to resolve this proceeding and on the condition that, if accepted, ISE will not bring any future actions against Lime based on the same alleged violations.

Lime understands that signing this AWC is a voluntary action on its part and that the AWC will not resolve this matter unless and until it has been reviewed and accepted by both the Chief Regulatory Officer ("CRO") and then the Business Conduct Committee ("BCC"), who must decide if it is appropriate in view of the facts and allegations involved. Lime also understands that if either the CRO or the BCC decides to decline this AWC, it will not be used against Lime to prove that any violations occurred.

Lime understands that if this AWC is accepted by both the CRO and the BCC, it will become a part of its permanent disciplinary records and may be considered in any future actions brought by the ISE or any other regulator against the firm. Lime also understands that its experience in the securities industry and any disciplinary history may be factors that the CRO and BCC will consider in deciding whether to accept this AWC. That experience and disciplinary history includes:

- Lime has been a member of ISE since April 7, 2010. During the review period, Lime was approved to perform in the capacity of an Electronic Access Member ("EAM").
- In December 2014, The NASDAQ Stock Market LLC, BATS Exchange, Inc., and BATS Y-Exchange accepted AWCs in which the firm was censured and fined a total of \$130,000 for, during the period between April 2010 and July 2012, failing to maintain a supervisory system reasonably designed to achieve compliance with respect to the applicable securities laws and exchange rules concerning potential marking-the-close or marking-the-open activity by its Direct Market Access customers.

I. Waiver of Procedural Rights

Lime is advised of, and specifically and voluntarily waives, the following rights which are granted by the ISE's disciplinary rules:

1. to have a Statement of Charges filed identifying the violations alleged in this matter;
2. to be notified of the Statement of Charges and have the opportunity to answer the allegations in writing;
3. to defend against the allegations in a hearing before a Panel consisting of a professional hearing officer and two members of the BCC and to be represented by an attorney at the hearing;
4. to have a written record of the hearing made and a written decision issued by the Panel; and
5. to appeal any such decision to the ISE's Board of Directors, then to the U.S. Securities and Exchange Commission and to a U.S. Court of Appeals.

Lime further waives any provision of the ISE's disciplinary and other rules that may be interpreted as prohibiting any ISE staff member from advising the CRO and BCC in their decision as to whether to accept this AWC.

II. Acceptance and Consent

Overview

FINRA's Department of Market Regulation Options Regulation staff, on behalf of multiple options exchanges, including ISE, conducted a review of potentially manipulative trading by a customer of the firm during the period between March 13, 2013 and April 12, 2013 (the "Relevant Period"), in equities and the overlying options. Based on the review, the firm violated Rule 15c3-5 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and ISE Rules 400, 401, and 609.

Lime hereby accepts and consents, without admitting or denying the allegations, to the entry of findings by the ISE of the following acts and violations:

1. This matter involves trading activity conducted during the Relevant Period within subaccounts of a domestic customer of the firm engaged in day trading.
2. During the Relevant Period, this customer of the firm, on multiple occasions and on multiple trade dates, appeared to have engaged in trading whereby it effected purchases or sales of equity securities to create a false, misleading, or artificial appearance in the price of the securities and options overlying those securities. Those transactions triggered activity and price movement in the equity securities, which in turn impacted the price of the overlying equity options, and enabled the firm's customer to purchase or sell the overlying equity options at more favorable prices. Depending on the economic rationale for effecting these transactions, some of which were executed on the Exchange, they could have constituted a cross-product or mini-manipulation.
3. In addition, during the Relevant Period, the same customer, on multiple occasions and on multiple trade dates, engaged in potential spoofing activity in

equity options. In those instances, the customer entered, and quickly cancelled, non-bona fide options orders for one options contract, which in many instances narrowed the national best bid and offer ("NBBO"). Thereafter, the customer entered, and had executed, larger orders on the opposite side of the market; these transactions were apparently effected at an advantageous price, benefiting from the change in the NBBO that had occurred as a result of the customer's entry of the one-lot orders.

4. Shortly after being contacted by staff to inquire about the aforementioned trading activity, the firm contacted its customer in an effort to secure the requested information. Soon thereafter, on May 31, 2013, the customer closed its account at the firm.
5. During the Relevant Period and through December 2014, the firm failed to establish, maintain and enforce written supervisory procedures that addressed manipulative cross-product trading or options spoofing activity such as that described in Paragraphs 2 and 3.
6. During the Relevant Period and through the present, the firm did not have an adequate electronic surveillance to detect cross-product trading or options spoofing activity such as that described in Paragraphs 2 and 3.
7. Although subsequent to the Relevant Period the firm added surveillances in an effort to detect cross-product manipulation and options spoofing activity, such surveillances were not adequate. Specifically, the surveillance to detect cross-product manipulation was not adequate to detect instances where the relevant positions were not closed out within a short period of time, and the surveillance to detect spoofing was not adequate to detect instances where the non-bona fide option order was entered within the NBBO.
8. The conduct described in paragraphs 5, 6 and 7 constitutes violations of Rule 15c3-5 under the Exchange Act, and ISE Rules 400, 401, and 609.

Lime hereby consents to the ISE imposing on it, at a maximum, the following sanctions:

- (i) a censure.
- (ii) a total fine of \$90,000, of which \$15,000 shall be paid to ISE,¹ and
- (iii) an undertaking to revise the firm's supervisory systems with respect to the areas described in paragraphs 2, 3 and 7. Within 60 days after the date of the Notice of Acceptance of this AWC by the Chief Regulatory Officer, the Chief Executive Officer, a registered principal of the Respondent, shall submit to the COMPLIANCE ASSISTANT, LEGAL SECTION, MARKET REGULATION DEPARTMENT, 9509 KEY WEST AVENUE, ROCKVILLE, MD 20850, a signed, dated letter, or an e-mail from a work-related account of the registered principal to MarketRegulationComp@finra.org, providing the following information: (1) a reference to this matter; (2) a detailed representation that the Firm

¹ The balance of the sanction shall be paid to the self-regulatory organizations referenced in the following paragraph.

has revised its supervisory systems to address the above-described deficiencies, and the steps taken to address such deficiencies; and (3) the date the revised systems were implemented.

Additionally, acceptance of this AWC is conditioned upon acceptance of parallel settlement agreements in related matters between the firm and the following exchanges: (i) BOX Options Exchange LLC; (ii) NASDAQ PHLX LLC; (iii) The NASDAQ Options Market LLC; (iv) NYSE MKT LLC; and (v) Chicago Board Options Exchange, Incorporated.

III. Corrective Action and Other Matters

1. If this AWC is accepted by the BCC, ISE will take no further action against Lime respecting the matters that are the subject of this AWC. If this AWC is rejected by the BCC, the matter shall proceed as though the letter had not been submitted. The BCC's decision to accept or reject this AWC shall be final, and Lime may not seek review thereof.
2. Lime may attach to this AWC any statement it wishes to have the CRO and BCC consider in deciding whether to accept it, although it may not deny the existence of the violations or make any other statements inconsistent with the AWC.
3. Lime agrees to pay the monetary sanctions imposed on it upon notice that this AWC has been accepted and that such payment is due and payable, and has attached the election form showing the method by which it proposes to pay any fine imposed.
4. Lime understands that ISE will make such public announcement concerning this agreement and the subject matter thereof as ISE may deem appropriate.

Lime certifies that it has read and understands all of the provisions of this AWC and has been given full opportunity to ask questions about it, and that no offer, threat, inducement, or promise of any kind has been made to induce Lime to submit it.

Lime Brokerage LLC

By:

Name:

Title:

Date:

Mark A. G.
William St. Laurent
CEO
9/26/2016

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THIS SECTION RESERVED FOR EXCHANGE-USE ONLY

Decision of the ISE Chief Regulatory Officer: Accept Decline

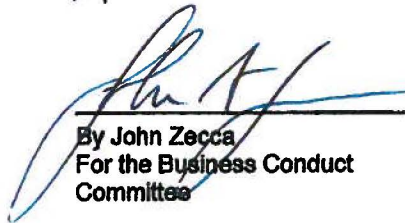
December 20, 2016
Date



John Zecca
Chief Regulatory Officer

Decision of the ISE Business Conduct Committee: Accept Decline

December 20, 2016
Date



By John Zecca
For the Business Conduct
Committee

LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
Matter No. 20130362578

Schedule A
Election of Payment Method

Lime Brokerage LLC proposes to pay the fine as detailed in Part II, *Acceptance and Consent*, of the AWC by:

- Automatic deduction from the firm's Options Clearing Corporation ("OCC") account;
- A firm check or a bank check for the full amount;
- Wire transfer for the full amount; or
- The installment payment plan* (if agreed between the firm and Exchange staff, and approved by the BCC)

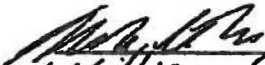
If the firm proposes to pay the fine by a firm check or a bank check for the full amount, or by wire transfer for the full amount, the Exchange must receive payment of the fine within 30 days of the AWC becoming final.

If the Exchange does not receive the firm check or a bank check for the full amount, or the wire transfer for the full amount, within 30 days of the AWC becoming final, the Exchange will deduct the fine from the firm's OCC account.

The Exchange will notify the firm by separate letter when the AWC is accepted and becomes final.

Respectfully submitted,

Lime Brokerage LLC

By: 
Name: William St. Laurent
Title: CEO
Date: 9/26/2019

* The installment payment plan is only available for a fine of \$50,000 or more. Certain interest payments, minimum monthly payments and other requirements may apply. The firm should discuss this fully with counsel before requesting this method of payment.