

**NASDAQ BX, INC.**  
**NOTICE OF ACCEPTANCE OF AWC**

**Certified, Return Receipt Requested**

**TO:       Jump Trading, LLC**  
**Mr. Jim Draddy**  
**Chief Compliance Officer**  
**600 West Chicago Avenue**  
**Suite 825**  
**Chicago, IL 60654**

**FROM:    The NASDAQ BX, Inc. (the "Exchange")**  
**c/o Financial Industry Regulatory Authority ("FINRA")**  
**Department of Market Regulation**  
**9509 Key West Avenue**  
**Rockville, MD 20850**

**DATE:    October 31, 2016**

**RE:       Notice of Acceptance of Letter of Acceptance, Waiver and Consent No. 20140430990-03**

**Please be advised** that your above-referenced Letter of Acceptance, Waiver and Consent ("AWC") has been accepted on **October 28, 2016** by the Exchange Review Council's Review Subcommittee, or by the Office of Disciplinary Affairs on behalf of the Exchange Review Council, pursuant to Nasdaq BX 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 the Exchange 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.

Jump Trading, LLC  
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If you have any questions concerning this matter, please contact Bryan C. Wallace, Principal Counsel, at (646) 430-7060.



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Kenneth R. Bozza  
Chief Counsel, Legal Section  
Department of Market Regulation

Signed on behalf of Nasdaq BX, Inc.

Enclosure

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

**NASDAQ BX INC.**  
**LETTER OF ACCEPTANCE, WAIVER AND CONSENT**  
**NO. 20140430990-03**

TO: NASDAQ BX, Inc.  
c/o Department of Market Regulation  
Financial Industry Regulatory Authority ("FINRA")

RE: Jump Trading, LLC, Respondent  
Broker-Dealer  
CRD No. 106124

Pursuant to Rule 9216 of the NASDAQ BX, Inc. ("BX") Code of Procedure, Jump Trading, 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, BX 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 BX, or to which BX 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 BX:

**BACKGROUND**

The firm has been a member of BX since November 19, 2009, and its registration remains in effect.

**RELEVANT DISCIPLINARY HISTORY**

On July 21, 2014, The NASDAQ Stock Market LLC accepted an AWC from the firm in which the firm consented to a censure and a \$25,000 fine for violations of Securities Exchange Act of 1934 Rule 611(c) of Regulation NMS ("Reg NMS Rule 611(c)"), Nasdaq Rules 4613(e) and 4755(a)(4) and Nasdaq Rules 2110 and 3010, in connection with conduct occurring during the periods between February 7, 2012 and April 4, 2013.

On July 21, 2014, BX (formerly NASDAQ OMX BX, Inc.) accepted an AWC from the firm in which the firm consented to a censure and a \$25,000 fine for violations of Reg NMS Rule 611(c), BX Rules 4613(c) and 4755(b), and BX Rules 2110 and 3010, in connection with conduct occurring during the periods between February 7, 2012 and April 4, 2013.

## SUMMARY

In connection with Matter Nos. 20140430990 and 20150452818, the Market Analysis Section of the Department of Market Regulation of FINRA reviewed the firm's compliance with Reg NMS Rule 611(c) and the rules related to the routing of intermarket sweep orders during the period between April 1, 2014 and June 30, 2014, and between October 1, 2014 and December 31, 2014, which was later expanded to encompass the period between February 11, 2014 and December 22, 2014 (the "relevant period").

## OVERVIEW

During the relevant period, due to various issues, the firm on numerous occasions routed intermarket sweep orders through protected quotations.

## FACTS AND VIOLATIVE CONDUCT

1. During the relevant period the firm failed to take reasonable steps to establish that intermarket sweep orders it routed met the definitional requirements set forth in Reg NMS Rule 600(b)(30). The conduct described in this paragraph constitutes separate and distinct violations of Reg NMS Rule 611(c).
2. During the relevant period, the firm failed to establish and maintain a supervisory system that was reasonably designed to achieve compliance with the applicable securities laws and regulations, and BX Rules, concerning compliance with Reg NMS Rule 611(c). In addition, the firm's supervisory system did not include sufficient written supervisory procedures to ensure compliance with Reg NMS Rule 611(c), specifically: (i) the identification of the person(s) responsible for supervision with respect to the applicable rules; (ii) a statement of the supervisory step(s) to be taken by the identified person(s); (iii) a statement as to how often such person(s) should take such step(s); (iv) a statement as to how the completion of the step(s) included in the written supervisory procedures should be documented. The conduct described in this paragraph constitutes a violation of BX Rules 3010 and 2110.

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

1. A censure;
2. A total fine in the amount of \$110,000, of which \$12,500 is payable to BX<sup>1</sup> (consisting of \$7,500 for the violations of Reg NMS Rule 611(c); and \$5,000 for supervisory violations of BX Rules 3010 and 2110); and
3. An undertaking requiring the firm to address the Reg NMS 611(c) deficiencies described above to ensure that the firm has implemented procedures that are reasonably designed to achieve compliance with the rules and regulations cited herein.
  - a. The firm shall submit to the COMPLIANCE ASSISTANT, LEGAL SECTION, MARKET REGULATION DEPARTMENT, 9509 KEY WEST AVENUE, ROCKVILLE, MD 20850, no later than 30 days after

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<sup>1</sup> The balance of the sanction will be paid to the self-regulatory organizations listed in Paragraph B.4.

the AWC becomes final, 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 representation that the firm has revised its supervisory systems and procedures to address the deficiencies described above; and (3) the dates that this was completed.

4. Acceptance of this AWC is conditioned upon acceptance of similar settlement agreements in related matters between the firm and each of the following self-regulatory organizations: Bats EDGA Exchange, Inc.; Bats EDGX Exchange, Inc.; Bats BZX Exchange, Inc.; Bats BYX Exchange, Inc.; The NASDAQ Stock Market LLC; and NYSE Arca Equities Inc.

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 BX'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

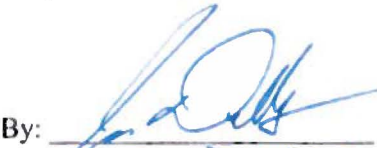
The firm understands that:

- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by FINRA's Department of Market Regulation and the Exchange Review Council, the Review Subcommittee, or the Office of Disciplinary Affairs ("ODA"), pursuant to BX 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 BX or any other regulator against the firm;
  - 2. BX may release this AWC or make a public announcement concerning this agreement and the subject matter thereof in accordance with BX 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 BX, or to which BX 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 BX 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 BX, nor does it reflect the views of the Exchange 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.

10/6/2016  
Date

Jump Trading, LLC  
Respondent

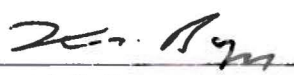
By:   
Name: JIM DRADDY  
Title: CCO

Reviewed by:

\_\_\_\_\_  
Counsel for Respondent  
Firm Name  
Address  
City/State/Zip  
Phone Number

Accepted by BX:

10/28/16  
Date

  
Kenneth R. Bozza  
Chief Counsel, Legal Section  
Department of Market Regulation

Signed on behalf of BX, 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;
- The installment payment plan.<sup>1</sup>
  - Monthly
  - Quarterly


Respectfully submitted,

Respondent

Jump Trading, LLC

10/6/2016

Date

By:   
Name: Jim Dattidoy  
Title: CCO

### 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: LAURA LAERA

Billing Contact Address: 600 W CHICAGO AVE SUITE 825 CHICAGO, IL 60654

Billing Contact Email: LLAERA@JUMPTRADING.COM

Billing Contact Phone Number: 312 205 8238

<sup>1</sup> The installment payment plan is only available for a fine of \$50,000 or more. Certain requirements apply.