

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20070104656-01**

TO: Department of Market Regulation
Financial Industry Regulatory Authority ("FINRA")

RE: Interactive Brokers LLC, Respondent
Broker-Dealer
CRD No. 36418

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Interactive Brokers 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, FINRA 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 FINRA, or to which FINRA 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 FINRA:

BACKGROUND

The firm has been a member of FINRA since January 6, 1995, and its registration remains in effect.

RELEVANT DISCIPLINARY HISTORY

The firm has no prior relevant disciplinary history.

FACTS AND VIOLATIVE CONDUCT

In Matter No. 20070104656, the staff reviewed the firm's compliance with SEC Rule 203(b)(3) of Regulation SHO during the period April 1, 2007 through June 30, 2007.

In Matter No. 20080125060, the staff reviewed the firm's compliance with SEC Rule 203(b)(3) of Regulation SHO during the period October 1, 2007 through December 31, 2007.

In Matter No. 20080161343, the staff conducted a Trading and Market Making Surveillance ("TMMS") examination in which the staff reviewed the trading activity of the firm as set forth in Exhibit 1, which is attached hereto and incorporated by reference, for trade dates December 3 and 4, 2008, unless otherwise noted.

In connection with Matter No. 20070104656:

1. During the period reviewed, the firm had a fail-to-deliver position at a registered clearing agency in three threshold securities for 13 consecutive settlement days and failed to immediately thereafter close out the fail-to-deliver positions by purchasing securities of like kind and quantity. The securities and relevant time periods are identified on Exhibit 2. The conduct described in this paragraph constitutes separate and distinct violations of SEC Rule 203(b)(3) of Regulation SHO.

In connection with Matter Nos. 20070104656 and 20080125060:

2. During the periods reviewed, the firm had a fail-to-deliver position at a registered clearing agency in one threshold security for 13 consecutive settlement days and failed to immediately thereafter close out the fail-to-deliver position by purchasing securities of like kind and quantity. The security and relevant time period are identified on Exhibit 3. The conduct described in this paragraph constitutes separate and distinct violations of SEC Rule 203(b)(3) of Regulation SHO.

In connection with Matter No. 20080161343:

3. During the review period, the firm transmitted to OATS 13 reports that contained inaccurate, incomplete, or improperly formatted data. Specifically, the reports contained an inaccurate Account Type Code, inaccurate special handling codes and/or incorrectly marked an order as long. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 6955(a).

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

A censure and a fine of \$57,500 (consisting of a fine of \$50,000 for the violations of SEC Rule 203(b)(3) of Regulation SHO and \$7,500 for the violations of NASD Rule 6955(a)).

The firm agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. It has submitted an Election of

Payment 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 monetary sanction 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 FINRA'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 National Adjudicatory Council ("NAC") 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 General Counsel, the NAC, or any member of the NAC, 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 FINRA Rule 9143 or the separation of functions prohibitions of FINRA 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

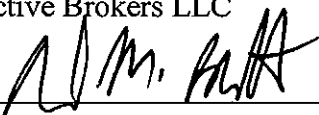
The firm understands that:

- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs (“ODA”), pursuant to FINRA 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 FINRA or any other regulator against the firm;
 - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about the firm’s disciplinary record;
 - 3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 8313; and
 - 4. 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 FINRA, or to which FINRA 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 FINRA 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 FINRA, nor does it reflect the views of FINRA 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.

12/6/2011
Date

Respondent
Interactive Brokers LLC

By: 

Name: DAVID M. BATTAN

Title: Executive V.P. + General Counsel

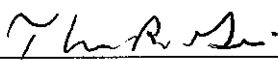
Reviewed by:

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

Accepted by FINRA:

12/22/11
Date

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


Thomas R. Gira
Executive Vice President
Department of Market Regulation

2009 Market Regulation Examination Samples

Exhibit 1

Interactive Brokers LLC ("IBKR")

Exam No. 20080161343

Sample Source/Period*:

December 3 and 4, 2008

<u>Sample Size</u>	<u>Sample Description</u>
49	Sales reviewed for compliance with SEC Rule 200(g) long/short sale recording requirements
25	Short Sales reviewed for compliance with SEC Rule 203(b) security location requirements
0	Sales reviewed for compliance with SEC Rule 204T fail-to-deliver requirements
8	Trades reported to a TRF or OTCTRF for compliance with FINRA Rules 7230A, 7330, 6182, 6380A, 6380C, 6622 and 6624 <u>8</u> for general trade reporting requirements <u>0</u> for Cancellation of reported trade requirements <u>8</u> for Principal, Riskless Principal, or Agency executions effected otherwise than on an exchange <u>0</u> for compliance with the use of the .PRP (Prior Reference Price) trade modifier <u>0</u> for compliance with the requirements of odd-lot trade reporting <u>0</u> for compliance with the use of the .RA trade modifier (prices away from the market) <u>0</u> for compliance with the use of the .RX trade modifier (exercise OTC options contract) <u>0</u> for compliance with SEC '34 Act Section 28(e) guidelines relating to Soft Dollar Agreements
<u>5</u>	for Sale Indicator requirements
1	Disclosure to customers relating to trading in the Extended Hours session for compliance with FINRA Rule 2265 and Nasdaq Rule 4631
33	Orders entered into Nasdaq Exchange execution systems for compliance with Nasdaq Rule 4755 long/short reporting requirements
0	Orders entered into BATS Exchange execution systems for compliance with BATS Rule 11.19 long/short reporting requirements
0	Limit orders for NMS securities in which the member acts as an exchange market maker for compliance with the display requirements of SEC Rules 602 and 604 and Nasdaq Rule 3390
0	Orders for compliance with best execution requirements of NASD Rule 2320 <u>0</u> Orders executed as principal for compliance NASD Rule 2320 and with the order protection requirements of FINRA Rule 2010, NASD Rules IM 2110-2, and 2111 and Nasdaq Rules 2110, IM-2110-2, and 2111 <u>0</u> 'Not Held' orders for compliance with NASD Rule 2320 and Nasdaq Rule 2320 best execution requirements <u>0</u> Customer market orders in CQS securities for compliance with NASD Rule 2320 and Nasdaq Rule 2320 best execution requirements <u>25</u> Customer orders in OTC equity securities for compliance with NASD Rules 2320 and 3110(b) requirements to ascertain and document best interdealer market related to execution of orders
0	Open Limit orders to buy and/or open Stop orders to sell securities that traded ex-dividend for compliance with NASD Rule 3220 and Nasdaq Rule 4761

2009 Market Regulation Examination Samples
Interactive Brokers LLC ("IBKR")
Exam No. 20080161343
Sample Source/Period*:
December 3 and 4, 2008

Exhibit 1

<u>Sample Size</u>	<u>Sample Description</u>
0	Order memoranda and Net Trading agreements for compliance with NASD Rule 2441 requirements
50	Orders in securities required to be submitted to OATS for compliance with FINRA Rules 7440 and 7450 and Nasdaq Rules 6954 and 6955 requirements
47	Customer confirmations prepared and maintained in connection with select samples 47 for compliance with SEC Rule 10b-10 disclosure requirements 0 for compliance with SEC '34 Act Section 28(e) guidelines relating to Soft Dollar Agreements
0	
0	Data sets published for monthly order execution report for compliance with SEC Rule 605 requirement to publish accurate data (a 'data set' encompasses all required statistical data for single security and order type/size category as described in SEC Rule 605)
0	Orders underlying data sets reviewed for NMS securities in which the Firm acts as a market center for compliance with SEC Rule 605 order classification requirements
N/A	Quarterly Routing Report for compliance with SEC Rule 606 requirements
12	CRD registration records for persons conducting and/or supervising Firm's trading and/or market making activities for compliance with NASD Rule Series 1020, 1030, 1040 and Nasdaq Rule Series 1020, 1030, 1040
All Provided	Member's "Regular & Rigorous" review procedures regarding order execution quality for compliance with NASD Rules 2320 and 3010
All Provided	Member's supervisory system, written supervisory procedures ("WSPs") and documentation evidencing execution of the WSPs for compliance with NASD Rule 3010 and BATS Rule 5.1 requirements
All Provided	Member's supervisory and operational policies and procedures and documentation evidencing execution of the policies and procedures for compliance with SEC Regulation NMS Rules 610, 611, and 612
74	Records prepared and maintained in connection with the above samples for compliance with SEC Rules 17a-3 and 17a-4 and NASD Rule 3110

Exhibit 2
Interactive Brokers LLC
Matter No. 20070104656

Security	Close-Out Obligation Began	Close-Out Obligation Ended	Duration (Days)
CUBA	June 1, 2007	June 22, 2007	16
CUBA	July 2, 2007	July 9, 2007	7
NRMX	June 26, 2007	June 29, 2007	3
GSAT	May 4, 2007	May 11, 2007	6

Exhibit 3
Interactive Brokers LLC
Matter Nos. 20070104656 and 20080125060

Security	Close-Out Obligation Began	Close-Out Obligation Ended	Duration (Days)
TEXG	June 7, 2007	November 5, 2007	104