

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20130363000 - 01**

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

RE: Interactive Brokers LLC
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 relevant disciplinary history.

SUMMARY

In connection with 20130363000, the Short Interest staff of FINRA's Department of Market Regulation ("Market Regulation") reviewed the firm's short interest reporting during the period November 30, 2007 through December 31, 2012. The staff's review focused on its reporting of short interest positions for securities that trade on a foreign exchange and for which a United States trading symbol also exists ("Foreign Listed Securities"). The staff found that during the entire review period through November 15, 2012, the firm failed to include Foreign Listed Securities in its short interest reports. Additionally, from November 30, 2012 through December 31, 2012, when the firm began including Foreign Listed Securities in its short interest reporting, the firm failed to submit accurate short interest reports due to a technological issue related to its reporting of Foreign Listed Securities.

In connection with 20140418825, the Short Interest staff reviewed the firm's short interest reporting during the period October 31, 2013 through May 30, 2014.

Based on the foregoing reviews, the staff determined that the firm violated FINRA Rules 4560 and 2010, and NASD Rules 3360 and 3010.

FACTS AND VIOLATIVE CONDUCT

Matter No. 20130363000

1. During the period November 30, 2007 through November 15, 2012, the firm submitted its short interest reports to FINRA but failed to include Foreign Listed Securities in the reports, resulting in the submission of numerous inaccurate reports, which either over-stated or under-stated the firm's actual short interest positions. For example, on sample settlement date November 15, 2012, the firm failed to report 60 short interest positions totaling 541,012 shares; and the firm reported 93 short interest positions totaling 4,119,005 shares, when the firm should have reported 89 short interest positions totaling 5,419,147 shares. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 3360 (for conduct prior to December 15, 2008), and FINRA Rule 4560 (for conduct on or after December 15, 2008).
2. For settlement dates November 30, 2012 through December 31, 2012, the firm submitted to FINRA its short interest reports. Because of a technological issue related to its reporting of Foreign Listed Securities, the firm failed to report 241 short interest positions totaling 6,746,553 shares; and the firm reported 14 short interest positions totaling 383,214 shares, when the firm should have reported 11 short interest positions totaling 706,652 shares. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 4560.

Matter No. 20140418825

3. For settlement dates October 31, 2013 through May 30, 2014, the firm submitted to FINRA its short interest position reports. The firm over-reported its short interest by including 103 short interest positions totaling 194,207,120 shares, when the firm should have reported 47 short interest positions totaling 24,448,903 shares. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 4560.

Matter Nos. 20130363000 and 20140418825

4. The firm's supervisory system, including the firm's written supervisory procedures ("WSPs"), did not provide for supervision reasonably designed to achieve compliance with applicable securities laws and regulations, and/or FINRA Rules, concerning short interest reporting. Specifically, the supervisory steps set forth in the WSPs were not reasonably designed to detect and prevent potential short interest reporting violations. As a result, the firm failed to detect and prevent the short interest reporting violations described above. This constitutes a violation of NASD Rule 3010 and FINRA Rule 2010.

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

- A censure;
- A fine of \$190,000 (\$100,000 for the short interest reporting violations in 20130363000, \$50,000 for the short interest reporting violations in 20140418825; and \$40,000 for the supervision violation); and
- An undertaking to revise the firm's WSPs with respect to the areas described in paragraph A.4 above. Within 30 days of acceptance of this AWC by the National Adjudicatory Council ("NAC"), an Executive Officer of the firm shall submit to the **COMPLIANCE ASSISTANT, LEGAL SECTION, MARKET REGULATION DEPARTMENT, 9509 KEY WEST AVENUE, ROCKVILLE, MD 20850**, a signed, dated letter, or an email from a work-related account of the Executive Officer to MarketRegulationComp@finra.org, providing the following information: (1) a reference to this matter; (2) a representation that the firm has addressed and corrected the deficiencies described in Section A above and a detailed description of all changes made to the firm's supervisory system and WSPs, as well as any changes the firm intends to make as a result of the issues identified above; and (3) the date the deficient procedures were addressed and corrected by the firm.

For good cause shown and upon receipt of a timely application from the firm, FINRA staff may extend the deadlines set forth in the undertakings described above.

The firm agrees to pay the monetary sanction(s) upon notice that this AWC has been accepted and that such payment(s) are 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(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 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 Chief Legal Officer, 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 accordance with FINRA Rule 8313;
 - 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 (i) testimonial obligations, or (ii) 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.

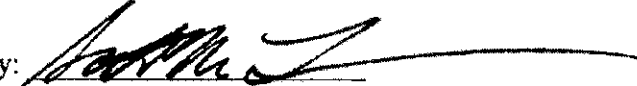
The undersigned, on behalf of the firm, certifies that a person duly authorized to act on its behalf has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that it has agreed to the AWC's provisions voluntarily; and that no offer, threat, 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.

December 12, 2016

Date

Respondent

Interactive Brokers LLC

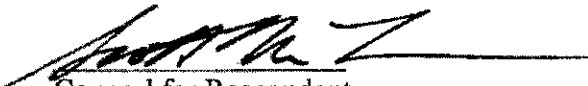
By: 

Name: SCOTT M. LITVINOFF

Title: Associate General Counsel

Reviewed by:

SCOTT M. LITVINOFF



Counsel for Respondent

Accepted by FINRA:

January 11, 2017

Date

Signed on behalf of the

Director of ODA, by delegated authority



Robert A. Marchman
Executive Vice President

Department of Market Regulation