

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20140416329-01**

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

RE: Potamus Trading, LLC ("HPPO" or the "Firm"), Respondent
Broker-Dealer
CRD No. 142867

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Potamus Trading, LLC (the "Firm" or "Respondent") 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 Respondent alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. Respondent 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 June 7, 2007, and its registration remains in effect. The Firm does not have a relevant disciplinary history.

SUMMARY

In connection with Matter No. 20140416329, the Market Analysis Section of the Department of Market Regulation at FINRA ("staff") reviewed the Firm's compliance with Reg NMS Rule 611(a) ("Rule 611(a)") between January 1, 2014 and March 31, 2014 (the "1Q14 review period").

In connection with Matter No. 20150450110, staff reviewed the Firm's compliance with Rule 611(a) between October 1, 2014 and March 31, 2015 (the "4Q15-1Q15 review period").

Based on its reviews, staff found that the firm violated Rule 611(a), NASD Rule 3010 (for conduct occurring before December 1, 2014) and FINRA Rules 3110 (for conduct occurring on and after December 1, 2014) and 2010.

FACTS AND VIOLATIVE CONDUCT

Matter No. 20140416329 and 20150450110

1. During the review periods, the Firm, while acting as a trading center, failed to establish, maintain, and enforce written policies and procedures that were reasonably designed to prevent trade-throughs of protected quotations in NMS stocks that do not fall within any applicable exceptions, and if relying on an exception, are reasonably designed to assure compliance with the terms of the exception. The conduct described in this paragraph constitutes a violation of Rule 611(a), NASD Rule 3010 (for conduct occurring before December 1, 2014) and FINRA Rules 3110 (for conduct occurring on and after December 1, 2014) and 2010.
2. During the review periods, 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 FINRA Rules, concerning Rule 611(a). Specifically, the Firm failed to ensure that the data that it used to compile the National Best Bid or Offer was reliable and also failed to ensure that had procedures in place to ensure that it was appropriately claiming an exception to Rule 611(a). The conduct described in this paragraph constitutes a violation of NASD Rule 3010 (for conduct prior to December 1, 2014), FINRA Rules 3110 (for conduct on and after December 1, 2014) and 2010.

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

1. A censure;
2. A fine in the amount of \$27,500;
3. An undertaking requiring the Firm to address the Rule 611(a) and 611(b) 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 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.

Respondent 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.

Respondent 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

Respondent 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, Respondent 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.

Respondent 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

Respondent 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 Respondent; 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. Respondent 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. Respondent 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: (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. Respondent 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.

10/27/2017

Date

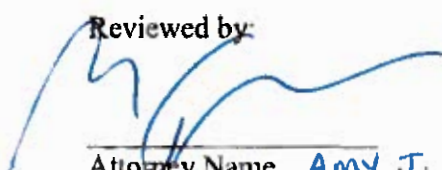
Respondent
Potamus Trading, LLC

By: 

Name: KRISTIN LINNE

Title: CEO/CCO

Reviewed by:


Attorney Name AMY J. GREER
Counsel for Respondent
Firm Name Morgan Lewis & Bockius LLP
Address 101 Park Avenue
City/State/Zip New York, NY 10178
Phone Number 212 309 6860

Accepted by FINRA:

11/15/2017
Date

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



Lara M. Posner, Chief Counsel
FINRA Department of Enforcement