

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20150440573-01**

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

RE: ING Financial Markets LLC, Respondent
Broker-Dealer
CRD No. 28872

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, ING Financial Markets LLC (the "Firm", "ING" 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

ING became a FINRA member on January 13, 1992, and its registration remains in effect. The Firm does not have any relevant prior disciplinary history.

SUMMARY

In Review No. 20150440573, the Department of Market Regulation's Options Regulation staff (the "Staff") conducted a review of the Firm's compliance with the rules related to the reporting of over-the-counter ("OTC") options to the Large Options Position Reporting ("LOPR") system for the period between July 2, 2012 and March 22, 2016 (the "Review Period").

LOPR data is used extensively by FINRA and self-regulatory organizations ("SROs") to identify holders of large options positions who may be, among other things, attempting to manipulate the market or otherwise violate securities rules and regulations. The accuracy of LOPR data is essential for the analysis of potential violations related to, among other things, insider trading, position limits, exercise limits, front-running, capping and pegging, mini-manipulation, and marking-the-close.

As a result of its review, the Staff determined that during the Review Period, ING had inaccurately reported OTC options positions to the LOPR in approximately 75,692 instances.¹ In addition, the Firm failed to establish, maintain, and enforce an adequate supervisory system and written supervisory procedures (“WSPs”) that were reasonably designed to ensure compliance with its compliance with applicable LOPR reporting requirements.

FACTS AND VIOLATIVE CONDUCT

1. From July 2, 2012 to March 10, 2016, in approximately 47,974 instances, the Firm reported OTC options positions to the LOPR with an incorrect multiplier of “1” or “0” for options that had been exercised. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 2360(b)(5).
2. From July 2, 2012 to April 10, 2016, in approximately 2,811 instances, the Firm inaccurately reported OTC options positions to the LOPR by incorrectly populating with a “zero” the Tax Identification Number (“Tax ID”) field for domestic accounts. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 2360(b)(5).
3. From July 13, 2012 to March 22, 2016, in approximately 24,225 instances, the Firm inaccurately reported OTC options positions to the LOPR by improperly abbreviating or incorrectly reporting the “city” field for account addresses. This conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 2360(b)(5).
4. From February 12, 2014 to January 8, 2015, in approximately 142 instances, the Firm inaccurately reported OTC options positions to the LOPR by incorrectly populating the Tax ID field for domestic accounts as “999-99-9999”. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 2360(b)(5).
5. From October 10, 2014 to March 22, 2016, in approximately 540 instances, the Firm inaccurately reported options positions to the LOPR with a zero strike price. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 2360(b)(5).

Supervision

6. Pursuant to former NASD Rule 3010, now FINRA Rule 3110, broker-dealers must establish, maintain and enforce appropriate WSPs and controls that are reasonably designed to achieve compliance with applicable FINRA and NASD rules. FINRA Rule 2010 requires broker-dealers to observe high standards of commercial honor and just and equitable principles of trade in the conduct of their business.
7. During the Review Period and through November 10, 2017, ING failed to establish,

¹ An “instance” is a single failure to report, or of inaccurately reporting, a given reportable option position. The number of instances is determined by multiplying a given reportable position by the number of trade dates the position was not reported or was reported inaccurately.

maintain and enforce adequate WSPs that were reasonably designed to ensure compliance with its LOPR reporting obligations under applicable FINRA rules. Specifically, the Firm's WSPs did not adequately provide for reviews: (i) to ensure the accuracy of its LOPR reports; (ii) of rejected LOPR submissions; and (iii) to identify potential acting-in-concert activity. The conduct described in this paragraph constitutes a violation of NASD Rule 3010 (for the period on or prior to November 30, 2014), FINRA Rule 3110 (for the conduct on and after December 1, 2014), and FINRA Rule 2010.

B. Respondent also consents to the imposition of the following sanctions:

1. a censure; and
2. a fine of \$40,000 (\$25,000 for LOPR violations and \$15,000 for supervision violations).

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 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'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. 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.

Date

11/17/2017

Respondent

ING Financial Markets LLC

By:

Name:

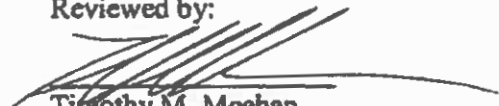
Title:

Graeme N. Dehak

GRAEME N. DEHAK

CHIEF OPERATING OFFICER

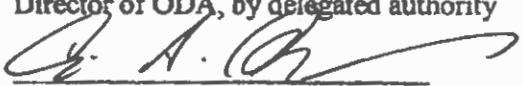
Reviewed by:


Timothy M. Mochan
Senior Deputy General Counsel
Counsel for Respondent
ING Financial Markets LLC
1133 Avenue of the Americas
New York, New York 10036
(646) 424-6243

Accepted by FINRA:

11/27/2017
Date

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


Eric S. Brown
Chief Counsel
FINRA Department of Enforcement