

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20150466145-01**

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

RE: Jane Street Capital, LLC, Respondent
Broker-Dealer
CRD No. 103782

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondent Jane Street Capital, LLC ("JSCA," "JSC" or 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 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 AND RELEVANT DISCIPLINARY HISTORY

The firm has been a member of FINRA since November 18, 2014, and its registration remains in effect. The firm has no relevant disciplinary history.

FACTS AND VIOLATIVE CONDUCT

In 20150466145, the staff in the Order Audit Trail System ("OATS") Compliance Section of FINRA's Department of Market Regulation ("Market Regulation") conducted a review to determine whether JSCA was in compliance with its OATS reporting obligations during the period November 19, 2014 through October 22, 2015 (the "review period").

The review period began on the second day of the firm's membership in FINRA and principally concerned the firm's failure to submit combined New Order/Route Reports to OATS with respect to orders in NMS securities it routed to another broker-dealer ("BD A") for execution in Canada. As a result of this review, Market Regulation found that the

firm violated FINRA Rules 7450, 3110 (for conduct on or after December 1, 2014) and 2010 and NASD Rule 3010.

More specifically, during the review period:

1. The firm failed to transmit approximately 106.7 million Reportable Order Events ("ROEs") to OATS. These ROEs were combined New Order/Route Reports related to orders in NMS securities that the firm routed to BD A for execution in Canada. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 7450.
2. The firm transmitted to OATS approximately 5.6 million ROEs that contained inaccurate, incomplete, or improperly formatted data. Specifically, the ROEs contained an inaccurate Destination Code. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 7450.
3. The firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and the Rules of FINRA, concerning the completeness and accuracy of ROEs submitted to OATS. Specifically, the firm's written supervisory procedures ("WSPs") did not identify the person responsible for conducting the supervisory reviews and did not specify the supervisory steps to be taken to ensure that all ROEs are accepted. Moreover, the firm's supervisory system, including its WSPs, did not specify that the firm review: (1) ROE rejections; (2) late reports; (3) out of sequence events; (4) unmatched executions; (5) unmatched exchange routes; and (6) unmatched inter-firm routes. The conduct described in this paragraph constitutes a violation of NASD Rule 3010 (or FINRA Rule 3110 for conduct on or after December 1, 2014) and FINRA Rule 2010.

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

- A censure;
- A fine of \$85,000 (\$60,000 for the OATS violations and \$25,000 for the supervision violation); and
- An undertaking to 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 e-mail from a work-related account of the registered principal to MarketRegulationComp@finra.org, acknowledging that the firm revised its WSPs to address the deficiencies described in paragraphs I.A.3, above, and the date the revised procedures were implemented.

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

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

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.

MAY 3, 2017
Date

Respondent
Jane Street Capital, LLC

By: 

Name: TIEN-FU (FRANK) LIU

Title: CHIEF COMPLIANCE OFFICER

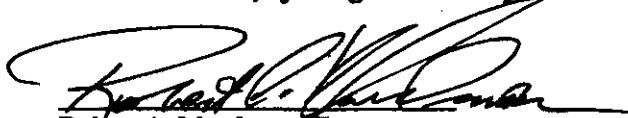
Reviewed by:


Counsel for Respondent

Accepted by FINRA:

5/23/17
Date

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


Robert A. Marchman, Esq.
Executive Vice President
Department of Market Regulation