

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2016049362701**

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

RE: Susquehanna Financial Group, LLLP, Respondent
CRD No. 35865

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, 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

Susquehanna Financial Group LLLP ("Respondent" or the "Firm") has been a FINRA regulated broker-dealer since 1994. The Firm's principal place of business is in Bala Cynwyd, Pennsylvania. The Firm conducts a general securities business on a fully disclosed basis, and has approximately 250 registered individuals working from six branch offices. The Firm is currently a FINRA member, and is therefore subject to FINRA jurisdiction.

RELEVANT DISCIPLINARY HISTORY

The Firm has no relevant disciplinary history.

OVERVIEW

From January 2011 through November 2011 (the "Relevant Period"), the Firm improperly made payments for order flow totaling approximately \$30,439 to XYZ, an unregistered entity, in violation of NASD Rule 2420 and FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

During the Relevant Period, SF was a registered principal of ABC, a FINRA registered broker-dealer. SF was also the sole owner and president of XYZ, a limited liability corporation engaged in trading and research on exchange traded funds for institutional customers. XYZ has never been a FINRA member or a registered broker-dealer.

XYZ had three employees, including SF, who were also registered representatives of ABC. ABC had approved their participation in XYZ as an outside business activity, and all securities transactions effected by these individuals were required to be processed through ABC.

SF entered into an agreement with the Firm whereby the Firm agreed to make payments for order flow for the routing of certain XYZ customer orders to the Firm for execution (the "Agreement"). Prior to entering into the Agreement, the Firm ascertained that ABC was a registered broker-dealer, and that SF was registered with ABC.

During the Relevant Period, the Firm executed at least 32 trades on behalf of XYZ customers in connection with orders routed by XYZ to the Firm for execution, pursuant to the Agreement.

On a monthly basis during the Relevant Period, SF sent invoices to the Firm that detailed the trades executed by the Firm as a result of orders sent by XYZ employees (the "XYZ Invoices"). The XYZ Invoices directed that the Firm's payments for order flow be wired to XYZ's bank account.

Pursuant to the Agreement, the Firm paid XYZ, a non-FINRA registered broker-dealer, a total of approximately \$30,439 as payment for order flow in connection the trades detailed in the XYZ Invoices.

NASD Rule 2420 prohibits FINRA members from dealing with non-members except at the same prices, for the same commissions or fees, and on the same terms and conditions accorded by such member to the general public. This rule prohibits payments of fees and commissions to unregistered broker-dealers. A violation of NASD Rule 2420 is also a violation of FINRA Rule 2010.

By making payments for order flow of approximately \$30,439 to XYZ, a non-FINRA regulated entity, the Firm violated NASD Rule 2420 and FINRA Rule 2010.

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

A censure and a \$15,000 fine.

Respondent agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. Respondent 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 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 it;
- 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 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 me;
 - 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 my: (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. Respondent 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 have been given a full opportunity to ask questions about it; that the Firm has agreed to its 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.

8/11/16
Date

Richard J. McDonald
Susquehanna Financial Group, LLLP, Respondent

By: Richard J. McDonald

Reviewed by:

Jane Marsteller
Jane Marsteller, Esq.
Regulatory Counsel
Susquehanna Financial Group, LLLP
401 City Avenue
Bala Cynwyd, Pennsylvania 19004
(610) 617-3088

Accepted by FINRA:

8/29/16
Date

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

Richard Chin
Richard Chin
Chief Counsel
FINRA Department of Enforcement
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