

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2018059519001**

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

RE: Virtu Americas LLC (Respondent)
Member Firm
CRD No. 149823

Pursuant to FINRA Rule 9216, Respondent Virtu Americas LLC 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 in this AWC.

I.

ACCEPTANCE AND CONSENT

- A. Respondent accepts and consents to the following findings by FINRA without admitting or denying them:

BACKGROUND

Virtu has been a FINRA member since July 2009. Headquartered in New York, New York, the firm has approximately 340 registered representatives across seven branch offices. The firm acts as a market maker and offers trade execution and direct market access services to institutional clients.¹

OVERVIEW

Between May 2017 and February 2022, Virtu violated FINRA Rules 5210 and 2010 by overstating its advertised trade volume on two subscription-based providers of market data in approximately 110,500 instances by approximately 17.1 billion shares.

During the same period, the firm violated FINRA Rules 3110 and 2010 by failing to maintain a supervisory system, including written supervisory procedures (WSPs), reasonably designed to achieve compliance with FINRA Rule 5210.

¹ For more information about the firm, including prior regulatory events, visit BrokerCheck® at www.finra.org/brokercheck.

FACTS AND VIOLATIVE CONDUCT

This matter originated from a review by FINRA of the firm's advertised trade volume.

Virtu overstated its advertised trade volume.

FINRA Rule 5210 provides, in relevant part, that "[n]o member shall publish or circulate, or cause to be published or circulated, any notice, circular, advertisement, newspaper article, investment service, or communication of any kind which purports to report any transactions as a purchase or sale of any security unless such member believes that such transaction was a bona fide purchase or sale of such security."

A violation of FINRA Rule 5210 also is a violation of FINRA Rule 2010, which requires FINRA members, in the conduct of their business, to observe high standards of commercial honor and just and equitable principles of trade.

Broker-dealers may, on a discretionary basis, advertise their trading volume in certain securities through third-party providers that disseminate such information.

To the extent that firms choose to advertise their trading volume, such information must be truthful, accurate, and not misleading.

From May 2017 to February 2022, Virtu configured its systems to automatically, throughout the day, advertise the firm's trading volume in numerous securities on two subscription-based providers of market data, Bloomberg and Thomson Reuters. The firm relied on an end-of-day process to reconcile any differences between its intra-day advertised volume and its end-of-day executed volume resulting from order modifications or cancellations. This reconciliation process was designed to identify securities requiring trade volume correction and to instruct Bloomberg and Thomson Reuters to cancel and replace the firm's previously advertised trade volume with the corrected trade volume.

From May 2017 to January 2020, however, due to changes implemented by the firm to its Bloomberg messaging format, the firm's trade volume cancellation messages could not be processed by Bloomberg. Accordingly, in instances where the firm attempted to cancel and replace its previously advertised volume with volume updates identified through its end of day reconciliation process, the volume that the firm intended to cancel was still advertised, and the additional volume with which the firm intended to replace the cancelled volume was also advertised. As a result, the firm inadvertently overstated its executed trade volume on Bloomberg in approximately 4,500 instances, by approximately 5.8 billion shares. The firm remediated its messaging format in January 2020.

Additionally, from December 2021 to February 2022, an error in the firm's transaction coding process, prompted by a system migration, caused the firm to erroneously advertise certain journaled transactions that were not eligible for advertisement. As a result, the firm inadvertently overstated its executed trade volume on Bloomberg and Thomson Reuters in approximately 106,000 instances, by approximately 11.3 billion shares. The firm remediated the coding error in February 2022.

Overall, during the relevant period, the firm overstated its advertised trade volume on Bloomberg and Thomson Reuters in approximately 110,500 instances, by approximately 17.1 billion shares.²

By overstating its advertised trade volume on two subscription-based providers of market data, Respondent violated FINRA Rules 5210 and 2010.

Virtu's supervisory system was not reasonably designed to achieve compliance with FINRA Rule 5210.

FINRA Rule 3110(a) requires members to establish and maintain a supervisory system, including WSPs, reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable FINRA Rules.

FINRA Rule 3110(b) provides that “[e]ach member shall establish, maintain, and enforce written procedures to supervise the types of business in which it engages and the activities of its associated persons that are reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable FINRA rules.”

A violation of FINRA Rule 3110 also is a violation of FINRA Rule 2010.

From May 2017 to February 2022, Virtu failed to establish, maintain and enforce a supervisory system, including WSPs, reasonably designed to achieve compliance with FINRA Rule 5210. When the firm changed its trade advertisement messaging format in May 2017, the firm did not reasonably test whether its end-of-day trade volume data was accurately communicated to Bloomberg. Additionally, the firm failed to conduct reasonable reviews to ensure that it accurately communicated its trade volume data. From May 2017 to May 2019, although the firm had a system that performed a daily reconciliation process intended to correct any errors in its intraday advertisements as reported to Bloomberg and Thomson Reuters, the firm had no supervisory reviews in effect to monitor the accuracy of its trade volume as actually advertised by Bloomberg and Thomson Reuters. In June 2019, the firm implemented supervisory reviews, with related WSPs, but the reviews were not reasonably designed. They did not address the possibility of discrepancies between the trade volumes the firm communicated to Bloomberg and Thomson Reuters and the trade volumes those providers published. The reviews also failed to monitor for anomalous advertising activity suggestive of over-advertising, such as advertising in a security that appeared inconsistent with the security's overall trading volume.

In January 2020, the firm revised its supervisory procedures to incorporate regular reviews of the firm's trade volume as published by Bloomberg and Thomson Reuters. Subsequently, in March 2022, the firm implemented daily reports that compared the firm's advertised trading volumes against, among other things, each advertised security's

² The overstatement represented approximately 0.5% of the approximately 3.4 trillion shares eligible for advertisement by the firm during the relevant period.

20-day average daily trading volume to detect potential anomalies in the firm's advertised trade volume.

Because Virtu failed to establish, maintain and enforce a supervisory system, including WSPs, reasonably designed to achieve compliance with FINRA Rule 5210, the firm violated FINRA Rules 3110 and 2010.

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

- a censure and
- a \$750,000 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 an inability to pay, now or at any time after the execution of this AWC, the monetary sanction imposed in this matter.

The sanctions imposed in this AWC shall be effective on a date set by FINRA.

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 its acceptance or rejection.

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 Respondent's permanent disciplinary record and may be considered in any future action brought by FINRA or any other regulator against Respondent;
 - 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 its subject matter 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 Respondent's right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party. Nothing in this provision affects Respondent's testimonial obligations in any litigation or other legal proceedings.
- 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.

The undersigned, on behalf of Respondent, certifies that a person duly authorized to act on Respondent's 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 Respondent 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 in this AWC and the prospect of avoiding the issuance of a complaint, has been made to induce Respondent to submit this AWC.

December 20, 2024

Date

Matthew Levine

Virtu Americas LLC

Respondent

Print Name: Matthew Levine

Title: Deputy General Counsel

Reviewed by:

James Dombach

James Dombach

Counsel for Respondent

Davis Wright Tremaine LLP

1301 K Street NW, Suite 500 East

Washington D.C., 20005

Accepted by FINRA:

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

December 23, 2024

Date

Kimberly Koziara

Kimberly Koziara

Principal Counsel

FINRA

Department of Enforcement

1601 Market Street, Suite 2700

Philadelphia PA 19103