



**Kerry Adler**  
Senior Counsel

*Department of Enforcement*

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**Via Certified Mail, Return Receipt Requested (9314 8699 0430 0078 9475 91), First Class Mail and Email (Michael.Doherty@sig.com)**

January 28, 2021

Michael Doherty, Chief Compliance Officer  
Susquehanna Securities LLC  
175 W. Jackson Blvd Suite 1700  
Chicago, IL 60604

**RE: Payment of Fine in Connection with Executed Letter of Consent**  
**FINRA Matter No. 20190629791**

Dear Mr. Doherty:

Enclosed is an executed copy of the Letter of Consent (“LOC”), signed by you (Michael Doherty), on behalf of Susquehanna Securities LLC (the “Firm”), and countersigned by Edward Deitzel, Executive Vice President and Chief Regulatory Officer, for the Business Conduct Committee, at the Miami International Securities Exchange, LLC (“MIAX”) on **December 21, 2020**. Please consider this correspondence as notice to the Firm that this LOC has been accepted, and as a result, the Firm must promptly remit payment of the agreed upon sanction. Please make the payment to Miami International Securities Exchange, LLC.

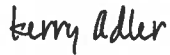
If payment is by wire, wiring instructions are as follows:

Pursuant to MIAX Rule 1011, after seven calendar days’ notice in writing, the Exchange may summarily suspend a Member that fails to pay promptly a fine when such fine becomes finally due and payable.

Michael Doherty  
January 28, 2021  
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If you have any questions regarding this matter, please contact me at 312-230-5095.

Sincerely,



Kerry Adler  
Senior Counsel

Enclosure

cc: Larry O'Leary, VP Regulation, Miami International Securities Exchange, LLC  
(via e-mail to [lolarey@miaxoptions.com](mailto:lolarey@miaxoptions.com))

*This letter is issued on behalf of the Miami International Securities Exchange, LLC, by FINRA Department of Enforcement pursuant to a grant of authority to FINRA. Accordingly, this constitutes a letter by the Miami International Securities Exchange, LLC.*

**MIAMI INTERNATIONAL SECURITIES EXCHANGE, LLC  
LETTER OF CONSENT  
NO. 2019062979110**

**TO: Miami International Securities Exchange, LLC  
c/o Department of Enforcement  
Financial Industry Regulatory Authority (“FINRA”)**

**RE: Susquehanna Securities, LLC, Respondent  
Broker-Dealer  
CRD No. 35874**

Pursuant to Rule 1003 of the Rules of the Miami International Securities Exchange, LLC (“MIAX”), Susquehanna Securities, LLC (“Susquehanna” or the “Firm”) submits this Letter of Consent (“LOC”) for the purpose of proposing a settlement of the alleged rule violations described below. This LOC is submitted on the condition that, if accepted, MIAX will not bring any future actions against the Firm alleging violations based on the same factual findings described herein.

**I.**

**ACCEPTANCE AND CONSENT**

- A. The Firm 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 MIAX, or to which MIAX 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 MIAX:

**BACKGROUND**

The Firm has been a member of MIAX since December 2012. Its registration remains in effect.

**RELEVANT DISCIPLINARY HISTORY**

Susquehanna was censured and fined a total of \$25,000 by BOX Exchange, LLC, Cboe BZX Exchange, Inc., Cboe Exchange, Inc., Cboe C2 Exchange, Inc., Cboe EDGX Exchange, Inc., Miami International Securities Exchange, LLC, NYSE American LLC, and NYSE Arca, Inc. (\$3,125 was allocated to each exchange) for failing to comply with listed position limits on six occasions between October 2015 through April 2017, as well as related supervisory deficiencies (the latest decision among the aforementioned exchanges was issued on January 31, 2019).<sup>1</sup>

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<sup>1</sup> See FINRA Matter No. 20150475058.

## **SUMMARY**

On six occasions between June 2019 and September 2020, the Firm exceeded the applicable position limits in violation of MIAX Rules 307 and 308.

## **FACTS AND VIOLATIVE CONDUCT**

This matter resulted from a review conducted by FINRA's Department of Market Regulation concerning Susquehanna's adherence to listed position limits.

1. During all relevant periods, MIAX Rule 307 – Position Limits provided, in relevant part:

(a) Except in accordance with Rule 308 or with the prior permission of the President or his designee, to be confirmed in writing, no Member shall make, for any account in which it has an interest or for the account of any customer, an opening transaction on any exchange if the Member has reason to believe that as a result of such transaction the Member or its customer would, acting alone or in concert with others, directly or indirectly:

(1) control (as defined in paragraph (f) below) an aggregate position in an option contract traded on the Exchange in excess of 25,000 or 50,000 or 75,000 or 200,000 or 250,000 option contracts (whether long or short) of the put type and the call type on the same side of the market respecting the same underlying security, combining for purposes of this position limit long positions in put options with short positions in call options, and short positions in put options with long positions in call options, or such other number of option contracts as may be fixed from time to time by the Exchange as the position limit for one or more classes or series of options[.]

...

2. Further, during all relevant periods, MIAX Rule 308(a)(7)(ii) provided:

An equity options position of a Member or non-Member affiliate of a Member that is delta neutral shall be exempt from established position limits. An equity options position that is not delta neutral shall be subject to position limits in accordance with Rule 307 (subject to the availability of other position limit exemptions). Only the option contract equivalent of the net delta of such position shall be subject to the appropriate position limit. The "option contract equivalent of the net delta" is the net delta divided by the number of shares underlying the option contract. The term "net delta" means, at any time, the number of shares (either long or short)

required to offset the risk that the value of an equity option position will change with incremental changes in the price of the security underlying the option position, as determined in accordance with a permitted pricing model.

3. Susquehanna has been approved to utilize the Delta Hedge Exemption since March 19, 2008. For a firm using the Delta Hedge Exemption, any options position that is not delta hedged remains subject to position and exercise limits.<sup>2</sup>
4. On June 20, 2019, the applicable position limit in “ABC”<sup>3</sup> was 250,000 options contracts on the same side of the market.
5. During the trading day on June 20, 2019, the Firm maintained a position that was not delta neutral in “ABC” and exceeded the applicable position limit in “ABC” options by 23,476 contracts. The Firm did not correct the position limit overage until the next business day.
6. On March 16, 2020, the applicable position limit in “DEF” options was 250,000 options contracts on the same side of the market.
7. During the trading day on March 16, 2020, the Firm maintained a position that was not delta neutral in “DEF” and exceeded the applicable position limit in “DEF” options by 4,190 contracts. The Firm did not correct the position limit overage until the next business day.
8. On March 18, 2020 and April 7, 2020, the applicable position limit in “GHI” options was 250,000 options contracts on the same side of the market.
9. During the trading day on March 18, 2020, the Firm maintained a position that was not delta neutral in “GHI” and exceeded the applicable position limit in “GHI” options by 13,206 contracts. The Firm did not correct the position limit overage until the next business day.
10. During the trading day on April 7, 2020, the Firm maintained a position that was not delta neutral in “GHI” and exceeded the applicable position limit in “GHI” options by 3,565 contracts. The Firm did not correct the position limit overage until the next business day.
11. On April 9, 2020, the applicable position limit in “JKL” options was 250,000 options contracts on the same side of the market.

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<sup>2</sup> A firm that is not delta neutral must be hedged to the extent that the Options Contract Equivalent of the Net Delta (“OCEND”) stays within the applicable position limit. The Firm calculated the OCEND by using the OCC Permitted Pricing Model. Once calculated, the OCEND must still be below the applicable position limit.

<sup>3</sup> Generic identifiers have been used in place of the names of the securities throughout this document.

12. During the trading day on April 9, 2020, the Firm maintained a position that was not delta neutral in "JKL" and exceeded the applicable position limit in "JKL" options by 3,686 contracts. The Firm did not correct the position limit overage until the next business day.
13. On September 11, 2020, the applicable position limit in "MNO" options was 250,000 options contracts on the same side of the market.
14. During the trading day on September 11, 2020, the Firm maintained a position that was not delta neutral in "MNO" and exceeded the applicable position limit in "MNO" options by 13,121 contracts. The Firm did not correct the position limit overage until the next business day.
15. The acts, practices, and conduct described in Paragraphs 5, 7, 9, 10, 12, and 14 constitute separate and distinct violations of MIAX Rules 307 and 308 by the Firm, in that it exceeded the applicable position limits in the referenced securities.

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

1. A censure; and
2. A total fine of \$60,000, of which \$6,000 shall be allocated to MIAX.<sup>4</sup>

Acceptance of this LOC is conditioned upon acceptance of similar settlement agreements in this matter between the Firm and each of the following self-regulatory organizations: MIAX Emerald, LLC, MIAX PEARL, LLC, BOX Options Exchange, LLC, Cboe BZX Exchange, Inc., Cboe C2 Exchange, Inc., Cboe EDGX Exchange, Inc., Cboe Exchange, Inc., NYSE American LLC, and NYSE Arca, Inc.

The Firm agrees to pay the monetary sanction upon notice that this LOC has been accepted and that such payments are 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 MIAX.

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<sup>4</sup> The remainder of the fine shall be allocated evenly among BOX Options Exchange, LLC, Cboe BZX Exchange, Inc., Cboe C2 Exchange, Inc., Cboe EDGX Exchange, Inc., Cboe Exchange, Inc., MIAX Emerald, LLC, MIAX PEARL, LLC, NYSE American LLC, and NYSE Arca, Inc.

## **II.**

### **WAIVER OF PROCEDURAL RIGHTS**

The Firm specifically and voluntarily waives the following rights granted under MIAX Rules:

- A. To have a Statement of Charges issued specifying the allegations against the Firm;
- B. To be notified of the Statement of Charges 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 MIAX's Board of Directors and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, the Firm specifically and voluntarily waives any right to claim bias or prejudgment of the Chief Regulatory Officer ("CRO"), as well as the Business Conduct Committee ("BCC"), in connection with participation in discussions regarding the terms and conditions of this LOC, or other consideration of this LOC, including acceptance or rejection of this LOC.

The Firm further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of MIAX Rule 1006, in connection with such person's or body's participation in discussions regarding the terms and conditions of this LOC, or other consideration of this LOC, including its acceptance or rejection.

## **III.**

### **OTHER MATTERS**

The Firm understands that:

- A. Submission of this LOC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the CRO and the BCC, pursuant to MIAX Rule 1003;
- B. If this LOC 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 LOC will become part of the Firm's permanent disciplinary record and may be considered in any future actions brought by MIAX or any other regulator against the Firm;
  - 2. This AWC will be published on a website maintained by MIAX; and
  - 3. 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 LOC or create the impression that the LOC is without factual basis. The Firm may not take any position in any proceeding brought by or on behalf of MIAX, or to which MIAX is a party, that is inconsistent with any part of this LOC. 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 MIAX is not a party.

- D. The Firm may attach a Corrective Action Statement to this LOC 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 LOC in this Statement. This Statement does not constitute factual or legal findings by MIAX, nor does it reflect the views of MIAX or its staff.





