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**Via First Class Mail and Electronic Mail**

March 8, 2016

Mr. Patrick D. Burns  
Compliance Director  
Merrill Lynch Professional Clearing Corp.  
One Bryant Park, 17<sup>th</sup> floor  
New York, NY 10036  
[patrick.d.burns@bankofamerica.com](mailto:patrick.d.burns@bankofamerica.com)

**Re: Payment of Fine in Connection with Executed Letter of Consent  
FINRA Matter No. 20140438269**

Dear Mr. Burns:

Enclosed is an executed copy of the Letter of Consent ("LOC"), signed by Saroj Mahapatra, Managing Director at Merrill Lynch Professional Clearing Corp. (the "Firm"), and countersigned by Edward Deitzel, Executive Vice President and Chief Regulatory Officer, Business Conduct Committee, at the Miami International Securities Exchange, LLC. 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.<sup>1</sup>

Please make the Firm's payment to Miami International Securities Exchange, LLC, and send the check to: MIAX Options, Attn: Tia Toms, 7 Roszel Road, Suite 5A, Princeton, NJ 08540.

If you have any questions, please call me at 646.430.7050.

Very truly yours,

Enclosure

cc: Larry O'Leary, VP Regulation, Miami International Securities Exchange, LLC  
(by electronic mail to [lolarity@miaxoptions.com](mailto:lolarity@miaxoptions.com))

Lisa A. Ingrassia, Director (by electronic mail to [lisa.ingrassia@bankofamerica.com](mailto:lisa.ingrassia@bankofamerica.com))

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

<sup>1</sup> See MIAX Rule 1011(c)(2) for additional penalties in the event the Firm fails to pay the fine after seven calendar days written notice.

**MIAMI INTERNATIONAL SECURITIES EXCHANGE, LLC**

**LETTER OF CONSENT**

NO. 20140438269

**TO: Miami International Securities Exchange, LLC  
c/o Department of Market Regulation  
Financial Industry Regulatory Authority ("FINRA")**

**RE: Merrill Lynch Professional Clearing Corp., Respondent  
Broker-Dealer  
CRD No. 16139**

Pursuant to Rule 1003 of the Rules of the Miami International Securities Exchange, LLC ("MIAX"), Merrill Lynch Professional Clearing Corp. (the "firm" or "MLPRO") 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. MLPRO 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**

MLPRO has been a member of MIAX since December 7, 2012; its registration remains in effect. At all relevant times, MLPRO was approved to conduct business as a Primary Lead Market Maker ("PLMM") on MIAX.

**SUMMARY**

FINRA's Market Regulation Options Regulation staff ("staff") conducted an investigation on behalf of MIAX concerning the firm's compliance with quoting obligations in the opening rotation on MIAX during the period between November 1, 2013 and May 31, 2014 (the "review period").

**FACTS AND VIOLATIVE CONDUCT**

1. During the review period, MIAX Rules 503(e) and 603(c) required, among other things, the PLMM assigned in a particular equity option class to enter valid width quotes not later than one minute following the dissemination of a quote or trade by the market for the underlying security.

2. During the review period, on 62 out of 144 trade dates (43.05%), MLPRO, at the time a PLMM, failed to disseminate quotes at the opening or during a re-opening within one minute of the dissemination of a quote or trade by the primary market for the underlying security, or failed to open or re-open series in various appointed classes. On 14 of the 62 of those violative trade dates, the firm had opening quoting non-compliance rates in excess of 10%, including one trade date on which the firm failed to meet its opening quoting obligation in approximately 48% of its assigned options series.
  3. The foregoing conduct constituted separate and distinct violations of MIAX Rules 503(e) and 603(c).
- B. The firm also consents to the imposition of the following sanctions:
- a censure, and
  - a fine of \$15,000

The firm agrees to pay the monetary sanction(s) upon notice that this LOC 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.

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(s) imposed in this matter.

The sanctions imposed herein shall be effective on a date set by MIAX.

## 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 LOC 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.**

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 LOC and has been given a full opportunity to ask questions about it; that it has agreed to the LOC'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 Statement of Charges, has been made to induce the firm to submit it.

10/19/2015  
Date

Respondent  
Merrill Lynch Professional Clearing Corp.

By: [Signature]

Name: SAROT MATHIAS MITL

Title: MANAGING DIRECTOR

Reviewed by:

\_\_\_\_\_  
Attorney Name  
Counsel for Respondent  
Firm Name  
Address  
City/State/Zip  
Phone Number

Accepted by Miami International Securities Exchange, LLC:

3/7/16  
Date

[Signature]

Edward Deitzel  
Executive Vice President and  
Chief Regulatory Officer  
Miami International Securities Exchange, LLC

Decision of the Business Conduct Committee:

Accept       Decline

3/7/16  
Date

[Signature]

By: Edward Deitzel  
For the Business Conduct Committee

**ELECTION OF PAYMENT FORM**

The firm intends to pay the fine proposed in the attached Letter of Consent by the following method (check one):

- A firm check or bank check for the full amount;
- Wire transfer;

Respectfully submitted,  
Respondent  
Merrill Lynch Professional Clearing Corp.

10/19/2015  
Date

By: 

Name: PATRICK D. BURNS

Title: DIRECTOR