

**FINANCIAL INDUSTRY REGULATORY AUTHORITY  
LETTER OF ACCEPTANCE, WAIVER AND CONSENT  
No. 2014043143401**

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

RE: Interactive Brokers LLC, Respondent  
CRD No. 36418

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Interactive Brokers LLC ("Interactive" 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 the Firm alleging violations based on the same factual findings described herein.

**I.**

**ACCEPTANCE AND CONSENT**

- A. Interactive 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**

Interactive has been a FINRA-regulated broker-dealer since January 1995. Interactive is an online global broker specializing in electronic order routing to execute and process transactions in securities, futures, and options to more than 80 electronic exchanges and trading venues around the world. The Firm does not conduct any proprietary trading and acts in an agency capacity for its customers.

Interactive has six branch offices, including its headquarters in Greenwich, Connecticut, and approximately 258 registered representatives. As of May 31, 2018, the Firm reported net capital of approximately \$4.4 billion, with required net capital of approximately \$493 million.

**RELEVANT DISCIPLINARY HISTORY**

On December 22, 2011, the Firm executed AWC No. 2007010465601 consenting to a censure and \$50,000 fine in connection with FINRA's findings that the Firm violated Rule 203(b)(3) of Regulation SHO when it failed to close-out fail-to-deliver ("FTD") positions in certain threshold securities during the second and fourth quarters of 2007.

On July 2012, the Firm executed AWC No. 20100225820 consenting to a censure, \$550,000 fine and disgorgement of \$6,000 in commissions, in connection with FINRA's findings that the Firm: (i) executed 4,998 short sales of financial institution securities in

violation of the Security and Exchange Commission's ("SEC") September 18, 2008 Emergency Order; (ii) violated Rules 204T(a) and 204(a) of Regulation SHO by failing to timely effect buy-ins with respect to approximately 34,000 short sale positions during the period of October 2008 through December 2011; and (iii) violated NASD Rules 3010(a) and 2110, and FINRA Rule 2010, by failing to implement a supervisory system reasonably designed to achieve compliance with Rules 204T and 204 of Regulation SHO.

On January 15, 2013, the Firm executed AWC No. 20080141953-01 consenting to a censure and \$15,000 fine in connection with FINRA's findings that the Firm violated Rule 203(b)(3) of Regulation SHO when it failed to close-out a FTD position in a threshold security for a period of 30 settlement days.

On March 6, 2015, the Firm executed AWC No. 20110276554-01 consenting to a censure and \$17,500 fine in connection with FINRA's findings that the Firm violated Rule 203(b)(1) of Regulation SHO by accepting or effecting short sales without having effected the necessary borrows on 130 occasions during the period of January 1, 2011 through August 2, 2011.

### **OVERVIEW**

The Securities and Exchange Commission adopted Regulation SHO to address concerns regarding persistent failures to deliver and potentially abusive "naked" short selling, *e.g.*, the sale of securities that an investor does not own or has borrowed. Regulation SHO imposes certain requirements with respect to short sales of equity securities in order to promote market stability, preserve investor confidence, and increase short sale transparency, including Rule 201's short sale price test circuit breaker and Rule 204(a)'s close-out requirement. When the close-out requirement is not satisfied, Rule 204(b) -- the "penalty box" provision -- restricts short selling unless additional requirements are met.

From July 2012 through June 2015 (the "Relevant Period"), Interactive failed to establish, maintain, and enforce a supervisory system, including written supervisory procedures, reasonably designed to achieve compliance with the requirements of Regulation SHO. Interactive also repeatedly ignored red flags -- including internal audit findings and recommendations, multiple internal warnings from members of the Firm's clearing and compliance departments, and its own annual risk assessments -- indicating to the Firm that its Regulation SHO supervisory systems and procedures were unreasonable. Even when the Firm learned of deficiencies in its systems, the Firm failed to act timely to remediate those issues, resulting in short selling activity that violated Rules 201 and 204 of Regulation SHO ("SEC Rule 201" and "SEC Rule 204").

For example, in 2011 and 2012, the Firm's Compliance Technology Department advised senior management that the Firm's systems should be amended to implement supervision for SEC Rule 201's short sale price restrictions. Similarly, in 2012, 2013 and 2014, the Firm's Clearing and Compliance Technology Departments observed and communicated that the Firm's systems failed to account for existing segregation deficits when determining whether the Firm needed to make additional borrows or purchases for purposes of SEC Rule 204(a). In 2013, the Firm's Compliance Technology Department noted to senior management that its systems had no automated procedures designed to enforce SEC Rule 204(b)'s penalty box provision. In 2014, Interactive's Internal Audit Department reported

that the Firm had no systems or procedures specifically relating to SEC Rule 204(b) and (c), and no supervision over SEC Rule 201.

In 2014, the Internal Audit Department also advised senior management that the WSPs may not reflect the Firm's actual supervisory processes and controls for Regulation SHO. In fact, during the Relevant Period, Interactive's WSPs did not accurately reflect the supervisory reviews conducted by Firm personnel, or the tools used to conduct those reviews. The WSPs also did not specify when issues with the Firm's systems or open FTDs should be escalated for further review, or how and by whom those issues should be resolved. During the Relevant Period, the WSPs also contained no supervisory tasks, reviews or reports that tested the Firm's compliance with SEC Rule 204(b) and SEC Rule 204(c).

Although the Firm was aware of these supervisory deficiencies, Interactive did not revise its supervisory systems and WSPs relating to SEC Rule 201 and SEC Rule 204 until the middle of 2015. As a result of its failure to establish and maintain reasonable supervisory systems and procedures, Interactive: (i) did not timely close-out FTDs on at least 2,329 occasions in violation of SEC Rule 204(a); (ii) routed and/or executed short sales in securities for which they had open FTDs approximately 28,000 times in violation of SEC Rule 204(b); and (iii) did not issue notice to clients placing short sale orders in a security with an existing open FTD that a pre-borrow was required, as required by SEC Rule 204(c). Additionally, the Firm permitted the execution or display of short sale orders of a security subject to a price restriction, at a price less than or equal to the current national best bid, on at least 4,709 occasions, in violation of SEC Rule 201.

By virtue of the foregoing, during the Relevant Period, Interactive violated Rules 201, 204(a), 204(b) and 204(c) of Regulation SHO, NASD Rule 3010(a) and (b) (for conduct from July 1, 2012 through November 30, 2014), FINRA Rule 3110(a) and (b) (for conduct from December 1, 2014 through June 30, 2015) and FINRA Rule 2010.

## **FACTS AND VIOLATIVE CONDUCT**

### ***I. Interactive Failed to Close Out FTDs as Required by SEC Rule 204(a)***

SEC Rule 204(a) requires brokers-dealers to take action to close out FTD positions resulting from short sales by either borrowing or purchasing securities of like kind and quantity by the beginning of regular trading hours on the settlement day following the settlement date.<sup>1</sup> SEC Rule 204 also requires a broker-dealer to be able to demonstrate on its books and records that it purchased or borrowed shares in the full quantity of any

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<sup>1</sup> When the broker-dealer can demonstrate that the FTD resulted from a long sale, or bona fide market making activities, SEC Rule 204(a) permits the broker-dealer to close out the FTD by no later than the beginning of regular trading hours on the third consecutive settlement day following the settlement date. During the Relevant Period, securities generally settled on a T+3 basis; accordingly, broker-dealers were required to close-out FTDs resulting from short sales by T+4 and to close-out FTDs resulting from long sales by T+6.

unaddressed FTD position, and that it had a net flat or net long position in that security (known as the “net purchaser” requirement), on the applicable close-out date.<sup>2</sup>

The Firm failed to timely and properly close out open FTDs on at least 2,329 occasions. Approximately half of the Firm’s violations of SEC Rule 204(a) occurred when the Firm borrowed or recalled shares to cure an open FTD, but the shares were not delivered to CNS due to a corresponding segregation deficit in the security.

In addition, because the Firm took close-out credit for borrowed shares that were not delivered prior to market open, and did not track or otherwise confirm delivery, the Firm did not identify continuing fails. Similarly, because the Firm’s customers often sold shares in a security on the same day the Firm borrowed or purchased shares to close FTDs, the Firm was not a net purchaser on the close-out date and thus did not close the open fail. The Firm also effected purchases or borrows after the market open; and took late close-out actions to address earlier closeouts that were not completed, such as borrows that were subsequently cancelled or dropped by the counter-party.

By virtue of the foregoing conduct, Interactive violated Rule 204(a) of Regulation SHO and FINRA Rule 2010.

## ***II. Interactive Routed and Executed Short Sale Orders Prohibited by SEC Rule 204(b)***

When a FTD is not closed out as required by SEC Rule 204(a), SEC Rule 204(b) prohibits the broker-dealer (and any broker-dealer from which it receives trades for clearance and settlement) from engaging in short sales in the security without first borrowing or arranging to borrow the security. The security remains in the “penalty box” and subject to the pre-borrow requirement until the broker-dealer purchases shares to close out the position and the purchase clears and settles.

Interactive engaged in short sales in equity securities in which it had an open FTD without first borrowing or arranging to borrow the security as required by SEC Rule 204(b). The Firm’s failure to comply with SEC Rule 204(b) resulted, in part, from the Firm’s automated system taking credit for invalid close-out actions, like borrows that were not delivered and thus did not cure the open FTD. Because the Firm’s automated system did not identify that it had an open fail in these instances, it did not restrict trading in the securities or enforce the pre-borrow requirement.

In addition, because the automated system did not restrict short sales in the subject security until the close-out transaction cleared and settled as SEC Rule 204(b) requires, the Firm engaged in short sales that violated SEC Rule 204(b) even where it properly identified open fails. As a result, Interactive routed and/or executed short sales in securities for which it had an open FTD approximately 28,000 times during the Relevant Period.

By virtue of the foregoing conduct, Interactive violated Rule 204(b) of Regulation SHO and FINRA Rule 2010.

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<sup>2</sup> A violation of SEC Rule 204 also constitutes a violation of FINRA Rule 2010, which requires member firms in the conduct of their business to “observe high standards of commercial honor and just and equitable principles of trade.”

**III. *Interactive Failed to Provide Notice as Required by SEC Rule 204(c)***

SEC Rule 204(c) requires a firm to notify any broker-dealer from which it receives trades for clearance and settlement when any security is in the penalty box, and again when the pre-borrow restriction is lifted on such security.

Although the Firm generally did not receive trades “for clearance and settlement” as stated in SEC Rule 204(c), during the Relevant Period, there were occasions when the Firm cleared trades executed at another broker-dealer and thus was required to provide notice of the Firm’s penalty box status. In those instances, because the Firm had no systems or procedures designed to ensure its compliance with SEC Rule 204(c), Interactive did not provide notice to those customers for whom Interactive cleared and settled trades that their short sale orders were subject to the pre-borrow requirement because Interactive had an open FTD in the security. As a result, Interactive executed short sales for which it had an open FTD without the customer or broker-dealer having first been apprised that Interactive had an open fail in the security, or having effected a pre-borrow as required by SEC Rule 204(b).

By virtue of the foregoing conduct, Interactive violated Rule 204(c) of Regulation SHO and FINRA Rule 2010.

**IV. *Interactive Violated SEC Rule 201 of Regulation SHO***

SEC Rule 201 requires broker-dealers to establish supervisory systems and WSPs reasonably designed to prevent the execution or display of a short sale at a price that is less than or equal to the current national best bid when the security triggers a “circuit breaker” by experiencing a price decline of at least 10 percent in one day. Once the circuit breaker is triggered, the price restriction applies to short sale orders in that security for the remainder of the day and the following day, unless an exception applies.<sup>3</sup>

When the SEC adopted SEC Rule 201 in February 2011, the Firm programmed its automated system to monitor for securities that triggered the circuit breaker and adjust the price of any order received in a covered security to one above the current national best bid. Even so, during the Relevant Period, the Firm’s systems permitted the execution or display of short sale orders of a covered security at a price less than or equal to the national best bid on at least 4,709 occasions.

The Firm’s failure to identify that its automated system was not enforcing SEC Rule 201’s price restriction resulted, in part, from the fact that the individual tasked with supervising the Firm’s compliance with SEC Rule 201 was not completing the reviews for short sale orders filled at or below the national best bid as required by the Firms’ WSPs. Although the Firm was aware that the individual was not performing the assigned supervision, the Firm did not reasonably address the issue until January 2014 when it reassigned responsibility for the surveillance task to a new analyst.

By virtue of the foregoing, Interactive violated Rule 201 of Regulation SHO, NASD Rule 3010(b) (for conduct from July 1, 2012 through November 30, 2014), FINRA Rule 3110(b) (for conduct from December 1, 2014 through June 30, 2015) and FINRA Rule 2010.

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<sup>3</sup> A violation of SEC Rule 201 also constitutes a violation of FINRA Rule 2010.

**V. *Interactive Failed to Reasonably Supervise Short Sales***

NASD Rule 3010(a)<sup>4</sup> and FINRA Rule 3110(a) require member firms to establish and maintain a system, including written procedures, reasonably designed to supervise the activities of its associated persons and to achieve compliance with applicable securities laws and regulations, including applicable NASD and FINRA Rules.

NASD Rule 3010(b) and FINRA Rule 3110(b) requires member firms to 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 NASD and FINRA Rules.

A violation of NASD Rule 3010 and FINRA Rule 3110 also constitutes a violation of FINRA Rule 2010.

**A. *Interactive's Automated Short Sale System Was Not Reasonably Designed to Ensure Compliance with SEC Rule 204 and SEC Rule 201***

Interactive uses an automated system to achieve compliance with the requirements of Regulation SHO, including SEC Rules 201 and 204. The automated system monitors the Firm's short selling activity and instructs the Firm's trading systems to borrow or purchase securities within SEC Rule 204(a)'s mandated time frames when needed to close out open FTDs. The automated system also restricts short sales of securities in which the Firm has an open FTD, and monitors for securities that trigger SEC Rule 201's circuit breaker.

During the Relevant Period, the Firm's automated system was not programmed to comply with the requirements of SEC Rules 204 and 201. First, as to SEC Rule 204(a), the automated system improperly credited actions, such as borrows, that did not result in delivery of the shares to CNS, as valid close-out actions that resolved open FTDs. The Firm's system also did not identify issues, like segregation deficits, that prevented the delivery of borrowed or recalled shares to CNS and rendered a close-out action ineffective. When calculating whether and how many shares were needed to close-out an open FTD, the automated system also failed to consider whether the Firm was a net purchaser in the security.

Because the automated system did not restrict short sales in the subject security until the close-out transaction cleared and settled as SEC Rule 204(b) required, the automated system did not restrict short sales as required by SEC Rule 204(b). Because the automated system did not properly apply the penalty box, it also did not identify when the Firm was required to issue notice of a security's penalty box status pursuant to SEC Rule 204(c). The automated system also did not always restrict short sales as required by SEC Rule 201. Finally, the automated system did not track or otherwise document when a supervisory review was (or was not) performed.

Because the Firm's automated system was not reasonably designed to ensure that short sales complied with SEC Rules 201 and 204, the Firm's automated system was not a reasonable means of supervising the Firm's compliance with SEC Rules 204 and 201.

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<sup>4</sup>NASD Rule 3010 was in effect from March 5, 2007 through November 30, 2014; FINRA Rule 3110 replaced NASD Rule 3010 effective December 1, 2014.

***B. Interactive's Supervisory Systems, Including its WSPs, Were Not Reasonably Designed to Ensure Compliance with SEC Rules 204 and 201***

For nearly three years, the Firm did not establish and maintain a supervisory system, including WSPs, reasonably designed to achieve compliance with SEC Rules 204 and 201.

Significantly, during that time, the Firm had no supervisory tasks, reviews, or reports that tested the Firm's compliance with SEC Rules 204(b) and (c). The Firm's supervisory system was also unreasonable because it did not task any individual or department with monitoring the effectiveness of the close-out actions directed by the automated system, and did not contain a clear delegation of supervisory responsibility for the Firm's compliance with Regulation SHO.

The Firm's WSPs were also unreasonable in that they failed to address certain components of SEC Rule 204, or to describe the actual supervision conducted by the Firm. For example, although the Firm used two supervisory reviews to monitor its compliance with SEC Rules 201 and 204(a), the WSPs did not describe how the reviews should be conducted, when issues with the automated system and/or completion of the Firm's close-out obligations should be escalated for further review, and how those issues should be resolved.

In addition, Firm personnel stopped using the supervisory reports identified in the WSPs for SEC Rules 201 and 204(a) in favor of other available information after the Firm's personnel recognized that the reports did not detect ineffective close-out actions or continuing FTDs. Although the Firm revised the WSPs at least three times during the Relevant Period, the WSPs did not accurately reflect the supervisory reviews conducted by Firm personnel, or the tools used to conduct those reviews. Because the Firm did not reasonably supervise the Firm's compliance with SEC Rules 204(b) and (c), the Firm's WSPs did not address how the Firm supervised this aspect of the rule or delegate supervisory responsibility to any individual.

Lastly, for nearly two years during the Relevant Period, the Firm's WSPs delegated supervision over SEC Rule 201 to an individual who was not properly trained or qualified to perform the reviews. Moreover, when the Firm discovered that the individual was not, in fact, completing the reviews, it did not reassign the supervisory tasks to other personnel or take steps to ensure that the supervisory reviews occurred as required by the WSPs.

***C. Interactive Did Not Reasonably Respond to Red Flags Identified by Firm Personnel***

Although personnel in the Firm's Clearing, Compliance Technology, and Programming departments identified numerous red flags indicating that the Firm had systemic issues with Reg SHO compliance and that its supervisory system was unreasonable, the Firm did not revise its automated system, supervisory system or WSPs until the middle of 2015.

For example, in 2011, Firm personnel noted that borrowing arrangements that were timely initiated but not completed were resulting in open FTDs because the Firm's automated system took credit for the borrow regardless of its outcome, and did not monitor whether the borrowed shares were actually delivered. In 2011 and 2014, the Firm's Director of Compliance Technology reported that the Firm had no supervision for monitoring compliance with SEC Rule 201's price restrictions. In early 2012, 2013, and 2014, Firm

personnel observed and communicated that the automated system did not account for existing segregation deficits when determining whether the Firm needed to make additional borrows or purchases for purposes of SEC Rule 204(a). In early 2013, the Firm's Director of Compliance Technology reported that the automated system did not detect actual close-out issues or continuing FTDs because it assumed that all actions initiated by the system in fact occurred. In 2014, the Firm's Compliance Technology and Internal Audit departments identified the automated system's failure to enforce SEC Rule 204(b)'s penalty box and that the Firm had no supervision to test the Firm's compliance with SEC Rule 201.

The Firm did not act to resolve these issues when identified, even though the red flags identified by Firm personnel were not the only indications the Firm had of its problems with Regulation SHO compliance. Each year during the Relevant Period, the Firm conducted an analysis that identified "gaps" between the Firm's systems and procedures and the securities rules' requirements that the Firm needed to address to bring the Firm and/or its supervision into compliance with the rules. The Firm's annual GAP reports for the Relevant Period assigned Regulation SHO the highest internal risk ranking, and reflected many of the red flags identified by Firm personnel, with many of the flagged issues repeating in certain years. In March 2014, the Firm's Internal Audit department confirmed that the automated system did not comply with SEC Rule 204(b) and that the Firm had no supervision to test the Firm's compliance with SEC Rule 201. The Firm tested various means to reduce the impact of existing segregation deficits on close-out actions during the latter half of 2014. However, the problem persisted.

FINRA's Office of Risk Oversight and Operational Regulation also found that the Firm violated SEC Rule 204 in three consecutive examinations from 2012 through 2014. Again, the exam findings reflected many of the issues identified by Firm personnel. For example, in 2013, FINRA's examination staff found that, because of an error in the Firm's automated system programming and the Firm's failure to review dropped borrows at the end of day, Interactive failed to timely close out short sales as required by SEC Rule 204(a). In 2014, FINRA's examination staff informed the Firm that existing segregation deficits caused the Firm to violate SEC Rule 204(a)'s close-out requirement.

The Firm ultimately revised its automated systems, its supervisory systems, and its WSPs to address the majority of its SEC Rule 204 issues in mid-2015.

By virtue of the foregoing conduct, Interactive violated NASD Rule 3010(a) and (b) (for conduct from July 1, 2012 through November 30, 2014), FINRA Rule 3110(a) and (b) (for conduct from December 1, 2014 through June 30, 2015) and FINRA Rule 2010.

Enforcement considered the Firm's prior disciplinary history relating to Regulation SHO, that the misconduct occurred over a three-year period, and the Firm's failure to address the red flags in a timely manner in determining the sanctions imposed.

- B. The Firm also consents to the imposition of the following sanctions:
1. a censure;
  2. a fine in the amount of \$5,500,000.

Interactive agrees to pay the monetary sanction(s) upon notice that this AWC has been accepted and that such payment(s) are due and payable. Interactive has submitted an Election of Payment form showing the method by which it proposes to pay the fine imposed.

Interactive specifically and voluntarily waives any right to claim that the Firm 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 FINRA staff.

## **II.**

### **WAIVER OF PROCEDURAL RIGHTS**

Interactive 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, Interactive 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.

The Firm 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**

Interactive 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:**

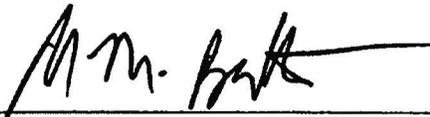
1. this AWC will become part of the Firm's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against the Firm;
2. this AWC will be made available through FINRA's public disclosure program in accordance with FINRA Rule 8313;
3. FINRA may 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 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.

7/27/18

Date (mm/dd/yyyy)



Interactive Brokers LLC, Respondent

By: David M. Battan

Executive Vice President & General Counsel  
Interactive Brokers LLC  
One Pickwick Place, 2nd Floor  
Greenwich, CT 06830

Reviewed by:



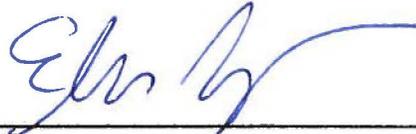
Bruce Newman, Esq.  
*Counsel for Interactive Brokers LLC*  
Wilmer Hale  
7 World Trade Center  
250 Greenwich Street  
New York, NY 10007

Accepted by FINRA:

8/16/2018

Date

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



Elizabeth Virga  
Senior Counsel  
FINRA Department of Enforcement  
One Brookfield Place  
200 Liberty Street, Floor 11  
New York, NY 10281  
Phone: (646) 315-7360

## ELECTION OF PAYMENT FORM

The Firm intends to pay the fine set forth in the attached Letter of Acceptance, Waiver and Consent by the following method (check one):

- A personal, business or bank check for the full amount;
- Wire transfer;
- Credit card authorization for the full amount;<sup>1</sup> or
- The installment payment plan (only if approved by FINRA staff and the Office of Disciplinary Affairs).<sup>2</sup>

Respectfully submitted,

7/27/18  
Date

David M. Battan  
Interactive Brokers LLC, Respondent

By: David M. Battan  
Executive Vice President & General Counsel  
Interactive Brokers LLC  
One Pickwick Place, 2nd Floor  
Greenwich, CT 06830

<sup>1</sup> The Firm may pay a fine of \$50,000.00 or less using a credit card. Only Mastercard, Visa and American Express are accepted for payment by credit card. If this option is chosen, the appropriate forms will be mailed to the Firm, with an invoice, by FINRA's Finance Department. Do not include the credit card number on this form.

<sup>2</sup> The installment payment plan is only available for fines of \$5,000 or more. Certain interest payments, minimum initial and monthly payments, and other requirements apply. The Firm must discuss these terms with FINRA staff prior to requesting this method of payment.