



Nicole Waksmundzki

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FINRA | Department of Enforcement

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Via Certified Mail, Return Receipt Requested (7015 0640 0005 9258 6220), First Class Mail and Email (Brian.Sopinsky@sig.com)

April 19, 2023

Susquehanna Securities, LLC

Attn: Brian Sopinsky

Secretary

401 City Avenue, Suite 220

Bala Cynwyd, PA 19004

RE: Payment of Fine in Connection with Executed Letter of Consent

FINRA Matter No. 2021069249708

Dear Mr. Sopinsky:

Enclosed is an executed copy of the Letter of Consent (“LOC”), signed by Brian Sopinsky, Secretary at Susquehanna Securities, LLC (the “Firm”), and countersigned by Edward Deitzel, Executive Vice President and Chief Regulatory Officer, for the Business Conduct Committee, at the MIAX PEARL, LLC (“PEARL”) on **April 19, 2023**. 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 MIAX PEARL, LLC.

By Mail:

Make a Firm check or bank check payable to “MIAX PEARL, LLC” and return your payment to the following address:

MIAX PEARL

Attn: Tia Toms

7 Roszel Road, Suite 1A

Princeton, NJ 08540

Reference Number: MIAX PEARL, LLC Matter No. 2021069249708

By Wire:

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

Susquehanna Securities, LLC

April 19, 2023

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Pursuant to MIAX PEARL 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.

If you have any questions regarding this matter, please contact me at 312-230-5209.

Sincerely,



Nicole Waksmundzki
Counsel

Enclosure

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

This letter is issued on behalf of the MIAX PEARL, LLC, by FINRA's Department of Enforcement pursuant to a grant of authority to FINRA. Accordingly, this constitutes a letter by the MIAX PEARL, LLC.

**MIAX PEARL, LLC
LETTER OF CONSENT
NO. 2021069249708**

TO: MIAX PEARL, 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 MIAX PEARL, LLC (“MIAX PEARL”), 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 PEARL 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 PEARL, or to which MIAX PEARL 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 PEARL:

BACKGROUND

The firm has been a member of MIAX PEARL since March 2019. Its registration remains in effect.

RELEVANT DISCIPLINARY HISTORY

In January 2021, Susquehanna was censured and fined a total of \$60,000 by BOX Exchange LLC, Cboe BZX Exchange, Inc., Cboe C2 Exchange, Inc., Cboe EDGX Exchange, Inc., Cboe Exchange, Inc., MIAX Emerald, LLC, Miami International Securities Exchange, LLC, MIAX PEARL, LLC, NYSE American LLC, and NYSE Arca, Inc. (\$6,000 was allocated to each exchange) for failing to comply with listed position limits on six occasions between June 2019 and September 2020.¹

Additionally, between November 2018 and January 2019, 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.

¹ See FINRA Matter No. 20190629791.

(\$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.²

SUMMARY

This matter arose from a review conducted by FINRA's Department of Market Regulation concerning Susquehanna's adherence to listed position limits. The investigation revealed that on four occasions between January 2021 and August 2022, the firm exceeded the applicable position limits in violation of MIAX PEARL Rules 307 and 308.³

FACTS AND VIOLATIVE CONDUCT

1. MIAX PEARL Rule 307 provides, 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, MIAX PEARL Rule 308(a)(7)(ii) provides:

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

² See FINRA Matter No. 20150475058.

³ Chapter III of MIAX PEARL's Rulebook incorporates the rules contained in Chapter III of the Miami International Securities Exchange, LLC's Rulebook, including Rules 307 and 308.

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 availed itself of 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.⁴
4. Between January 25, 2021 and January 27, 2021, the applicable position limit in “ABC”⁵ options was 250,000 options contracts on the same side of the market.
5. During the trading days on January 25, 2021 through January 27, 2021, the Firm maintained a position that was not delta neutral in “ABC” and exceeded the applicable position limit in “ABC” options by 83,230 contracts on January 25, 2021, 76,261 contracts on January 26, 2021, and 178,608 contracts on January 27, 2021. The Firm identified the position limit overage and redressed it on January 28, 2021.
6. On August 3, 2022, 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 August 3, 2022, the Firm maintained a position that was not delta neutral in “DEF” and exceeded the applicable position limit in “DEF” options by 3,493 contracts. The Firm corrected the position limit overage the following business day.
8. The acts, practices, and conduct described in Paragraphs 3 through 7 constitute violations of MIAX Emerald Rules 307 and 308 by the firm, in that the firm 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 \$80,000, of which \$8,000 shall be payable to MIAX PEARL.⁶

Acceptance of this Letter of Consent is conditioned upon acceptance of similar settlement agreements in this matter between the firm and each of the following self-regulatory organizations: Cboe BZX Exchange, Inc., Cboe C2 Exchange, Inc., Cboe EDGX

⁴ 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.

⁵ Generic identifiers have been used in place of the names of the securities referenced throughout this document.

⁶ The remainder of the fine total shall be allocated equally among BOX Exchange LLC, Cboe BZX Exchange, Inc., Cboe C2 Exchange, Inc., Cboe EDGX Exchange, Inc., Cboe Exchange, Inc., Miami International Securities Exchange, LLC, MIAX Emerald, LLC, NYSE American LLC, and NYSE Arca, Inc.

Exchange, Inc., Cboe Exchange, Inc., BOX Exchange, LLC, Miami International Securities Exchange, LLC, MIAX Emerald, LLC, NYSE American LLC, and NYSE Arca, LLC.

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 PEARL.

II.

WAIVER OF PROCEDURAL RIGHTS

The firm specifically and voluntarily waives the following rights granted under MIAX PEARL 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 PEARL'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 PEARL 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 PEARL 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 PEARL or any other regulator against the firm;
 - 2. This LOC will be published on a website maintained by MIAX PEARL; 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 PEARL, or to which MIAX PEARL 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 PEARL 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 PEARL, nor does it reflect the views of MIAX PEARL 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 Complaint, has been made to induce the firm to submit it.

March 14, 2023

Date

Respondent

By: Brian Sopinsky

Name: Brian Sopinsky

Title: Secretary

Accepted by MIAX PEARL, LLC:

April 19, 2023

Date

Ed Deitzel

Edward Deitzel
Executive Vice President and
Chief Regulatory Officer
MIAX PEARL, LLC

Decision of the Business Conduct Committee:

Accept Decline

April 19, 2023

Date

Ed Deitzel

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
Susquehanna Securities, LLC

March 14, 2023

Date

By: Brian Sopinsky
Name: Brian Sopinsky
Title: Secretary