



## Notice of Disciplinary Action against Volant Liquidity, LLC, Member Organization

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**To:** Members, Member Organizations, Participants and Participant Organizations

**From:** John C. Pickford, Assistant General Counsel, NASDAQ PHLX<sup>SM</sup>

**DATE:** July 18, 2016

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**Enforcement No. 2016-04**

**FINRA No. 20140432591**

**FINRA No. 20150452302**

On July 15, 2016, the Business Conduct Committee (the "Committee") of the NASDAQ PHLX LLC ("PHLX" or the "Exchange") issued a disciplinary decision against Volant Liquidity, LLC ("Volant" or the "Firm"), a member organization of the Exchange. In response to a Statement of Charges issued in this action, Volant submitted an Offer of Settlement. Solely to settle this proceeding, and without admitting or denying the charges, Volant consented to findings that during the periods between August 1, 2014 and January 31, 2015 ("Review Period I"), and March 1, 2015 and July 31, 2015 ("Review Period II"), Volant violated Exchange Rules 1014(b)(ii)(D)(1) and 748(h). Specifically, on 35 separate trade dates during Review Period I, and on 19 separate trade dates during Review Period II, Volant, while acting as a Directed Remote Streaming Quote Trader ("DRSQT"), had failed to quote: (i) continuous, two-sided markets in at least 99% of the options series listed on the Exchange in at least 60% of its assigned options series for at least 90% of the trading day (Scenario 1); and/or (ii) at least 99% of the series in an option for at least 90% of the trading day as measured from the time it had commenced quoting in the option to the end of the trading day (Scenario 2).

Volant also consented to findings that during Review Periods I and II, it violated Exchange Rule 748(h), in that it had failed to establish, maintain and enforce written supervisory procedures ("WSPs"), and a system of supervision, that was reasonably designed to detect and prevent violations of, and achieve compliance with, the Exchange's continuous quoting rules. Specifically, the Firm's WSPs and supervisory review failed to specify: (i) the specific identification of the individual(s) responsible for supervision; (ii) the supervisory steps and reviews to be taken by the appropriate supervisor; (iii) the frequency of such reviews; and (iv) how such reviews are to be documented. Additionally, the Firm's WSPs did not address, and were not specifically tailored to, the Firm's trading activities on the Exchange.

The Committee found that Volant had violated Exchange Rules 1014(b)(ii)(D)(1) and 748(h), and ordered the imposition of the following sanctions against Volant: (i) a censure; (ii) a fine in the amount of \$55,000; and (iii) an undertaking by Respondent, within 60 days of the issuance of a Decision by the Committee, to: (a) correct the supervisory deficiencies identified above; (b) revise its WSPs to address such deficiencies;

and (c) submit a signed, dated letter detailing the action taken to remediate the supervisory deficiency, and enclosing a copy of the relevant excerpts of the revised WSPs.

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For more information, contact:

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