

**NASDAQ ISE, LLC
NOTICE OF ACCEPTANCE OF AWC**

Certified, Return Receipt Requested

**TO: GFI Securities LLC
Mr. Colin Heffron
Chief Executive Officer
55 Water Street
10th Floor
New York, NY 10041**

**FROM: NASDAQ ISE, LLC ("ISE")
c/o Financial Industry Regulatory Authority ("FINRA")
Department of Market Regulation
9509 Key West Avenue
Rockville, MD 20850**

DATE: July 17, 2017

RE: Notice of Acceptance of Letter of Acceptance, Waiver and Consent No. 20140399285-01

Please be advised that your above-referenced Letter of Acceptance, Waiver and Consent ("AWC") has been accepted on **July 14, 2017** by ISE's Business Conduct Committee. A copy of the AWC is enclosed herewith.

You are again reminded of your obligation, if currently registered, immediately to update your Uniform Application for Broker-Dealer Registration ("Form BD") to reflect the conclusion of this disciplinary action. Additionally, you must also notify FINRA (or NASDAQ if you are not a member of FINRA) in writing of any change of address or other changes required to be made to your Form BD.

You are reminded that Section I of the attached AWC includes an undertaking. In accordance with the terms of the AWC, a registered principal of the firm is required to notify the Compliance Assistant, Legal Section, Market Regulation Department, 9509 Key West Avenue, Rockville, MD 20850, of completion of the undertaking.

You will be notified by the Registration and Disclosure Department regarding sanctions if a suspension has been imposed and by NASDAQ's Finance Department regarding the payment of any fine if a fine has been imposed.

GFI Securities LLC
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If you have any questions concerning this matter, please contact Theresa Clarkson, Senior Counsel,
at (212) 858-4326.



Eric S. Brown
Chief Counsel, Legal Section
Department of Market Regulation, FINRA

Signed on behalf of NASDAQ
and ISE

Enclosure

FINRA District 10 – New York
Michael Solomon
Senior Vice President and Regional Director
(Via email)

International Securities Exchange, LLC
Attn: John Zecca, Chief Regulatory Officer
60 Broad Street, 26th Floor
New York, NY 10004

Re: LETTER OF ACCEPTANCE, WAIVER AND CONSENT
ISE File Nos. 2014-131, 2014-224, 2014-317, 2014-045, 2014-143, 2014-236, 2014-329, 2015-265, 2015-033, 2015-109, 2015-180, 2015-255, 2015-229, 2016-026, 2016-102, and 2016-322
GFI Securities LLC (CRD No. 19982)

Chief Regulatory Officer and Business Conduct Committee Members:

Pursuant to ISE Rule 1603, GFI Securities LLC ("GFIG" or the "firm") submits this Letter of Acceptance, Waiver, and Consent ("AWC") to the International Securities Exchange, LLC ("ISE" or "Exchange") to propose a settlement of the alleged rule violations described in Section II below. This AWC is submitted to resolve this proceeding and on the condition that, if accepted, ISE will not bring any future actions against GFIG based on the same alleged violations.

GFIG understands that signing this AWC is a voluntary action on its part and that the AWC will not resolve this matter unless and until it has been reviewed and accepted by both the Chief Regulatory Officer ("CRO") and then the Business Conduct Committee ("BCC"), who must decide if it is appropriate in view of the facts and allegations involved. GFIG also understands that if either the CRO or the BCC decides to decline this AWC, it will not be used against GFIG to prove that any violations occurred.

GFIG understands that if this AWC is accepted by both the CRO and the BCC, it will become a part of its permanent disciplinary records and may be considered in any future actions brought by the ISE. GFIG also understands that its experience in the securities industry and any disciplinary history may be factors which the CRO and BCC will consider in deciding whether to accept this AWC. That experience and disciplinary history includes the following:

- GFIG became a member of ISE on December 4, 2003, and its registration remains in effect. At all relevant times, GFIG was approved to perform in the capacity of an Electronic Access Member ("EAM").
- GFIG has no relevant disciplinary history.

I. Waiver of Procedural Rights

GFIG is advised of, and specifically and voluntarily waives, the following rights which are granted by the ISE's disciplinary rules:

1. to have a Statement of Charges filed identifying the violations alleged in this matter;
2. to be notified of the Statement of Charges and have the opportunity to answer the allegations in writing;

3. to defend against the allegations in a hearing before a Panel consisting of a professional hearing officer and two members of the BCC and to be represented by an attorney at the hearing;
4. to have a written record of the hearing made and a written decision issued by the Panel; and
5. to appeal any such decision to the ISE's Board of Directors, then to the U.S. Securities and Exchange Commission and to a U.S. Court of Appeals.

GFIG further waives any provision of the ISE's disciplinary and other rules that may be interpreted as prohibiting any ISE staff member from advising the CRO and BCC in their decision as to whether to accept this AWC.

II. Acceptance and Consent

Overview

On behalf of the Exchange, FINRA's Trading and Financial Compliance Examinations ("TFCE") staff ("the Staff") conducted examinations of GFIG's U.S. Equity Derivatives Desk (the "Desk") for the period of February 2014 and May 2016. Additionally, FINRA, on behalf of ISE, conducted reviews of the firm's order entry activities in its capacity as an EAM for periods between the fourth quarter of 2013 and the third quarter of 2016. As a result of these investigations, Staff concluded that between April 2013 and September 2016 (the "Review Period"), GFIG had improperly used the ISE's Solicited Order Mechanism ("SOM"), improperly designated orders as Qualified Contingent Crosses ("QCCs"), and had deficient books and records and related supervisory deficiencies, in violation of Rule 17a-4 of the Securities and Exchange Act of 1934 (the "Exchange Act"), and ISE Rules 401, 715(j), 715 Supplementary Material .01(f), 716(e), and 1400.

GFIG hereby accepts and consents, without admitting or denying the allegations, to the entry of findings by the ISE of the following acts and violations:

Desk Supervision and Books and Records Violations

1. On behalf of the Exchange, the Staff initially conducted a TFCE examination to review the firm's compliance with various Exchange rules and federal securities laws during the period of February 2014. As a result of this investigation, the period of review ultimately was expanded.
2. On behalf of the Exchange, the Staff also conducted a TFCE examination to review the firm's compliance with various Exchange rules and federal securities laws during the period of May 2016.
3. During the Review Period, despite prior notice from FINRA on June 25, 2013 that the Firm's written supervisory procedures ("WSPs") reviewed during the course of a 2012 cycle examination conducted of the Firm did not address the Firm's facilitation business, GFIG failed to have adequate supervisory systems, including adequate systems of follow-up and review, and reasonable WSPs, with respect to the following: (i) the Desk's placement of trades in its proprietary and error accounts, which were used interchangeably, activity not detected by the firm; (ii) until

September 2013, GFIG's WSPs failed to adequately distinguish between trades that should be placed in the firm's facilitation and error accounts; (iii) GFIG's failure to follow its own WSPs regarding documentation of certain errors, in that on multiple occasions the firm failed to complete Error Reports despite an explicit requirement to do so referenced in the firm's WSPs; and (iv) GFIG's failure to timely evidence the firm's Monthly Supervisory Review Log in February 2014 and May 2016.

4. The conduct described in paragraph three constitutes separate and distinct violations of Rule 17a-4 of the Exchange Act, and ISE Rules 401 and 1400.

SOM and Related Supervision Violations

5. According to ISE Rule 716(e), the SOM is "a process by which an Electronic Access Member ["EAM"] can attempt to execute orders of 500 or more contracts it represents as agent (the 'Agency Order') against contra orders that it solicited." EAMs are required to enter orders into the correct crossing mechanism.
6. Under ISE Rule 716.05, the SOM can be used for solicited contra orders, and the rule states, "[T]he Solicited Order Mechanism provides a facility for Members that locate liquidity for their customer orders. Members may not use the Solicited Order Mechanism to circumvent Exchange Rule 717(d) limiting principal transactions. This may include, but is not limited to, Members entering contra orders that are solicited from (1) affiliated broker-dealers, or (2) broker-dealers with which the Member has an arrangement that allows the Member to realize similar economic benefits from the solicited transaction as it would achieve by executing the customer order in whole or in part as principal."
7. During the Review Period, ISE Market Surveillance staff's SOM reviews identified numerous situations in which GFIG had failed to adhere to the requirements of ISE rules when utilizing the SOM. Specifically, despite prior notice to GFIG from ISE on January 30, 2014 that during the third quarter of 2013 it improperly had used the SOM in connection with three crossing orders that did not include solicited contra orders, GFIG improperly used the SOM to cross orders that did not involve solicited contra orders on 30 occasions from the fourth quarter of 2013 through the third quarter of 2014, and on six occasions during the third quarter of 2015.
8. The conduct described in paragraph seven constitutes separate and distinct violations of ISE Rule 716(e).
9. During the Review Period until July 2014, GFIG failed to have adequate supervisory systems and controls in place, including WSPs and separate systems of follow-up and review, which were reasonably designed to ensure compliance with ISE rules related to the proper use of the SOM. Additionally, during the Review Period, GFIG failed to adequately supervise persons associated with the firm to ensure compliance with ISE rules related to the proper use of the SOM.
10. The conduct described in paragraph nine constitutes separate and distinct violations of ISE Rule 401.

QCC and Related Supervision Violations

11. On February 28, 2011, the ISE launched the QCC order type. ISE Rule 715 defined a QCC Order as an order to buy or sell at least 1,000 contracts that is identified as being part of a qualified contingent trade, as defined in Supplementary Material .01 to ISE Rule 715(j), coupled with a contra-side order to buy or sell an equal number of contracts.
12. On November 25, 2013, the ISE issued Regulatory Information Circular 2013-022, which stated, among other things, that: "a QCC order will now be interpreted as an unsolicited order to buy or sell at least 1,000 contracts that is identified as being part of a Qualified Contingent Trade ("QCT"), coupled with a contra-side order to buy or sell which can be made up of multiple orders, each of which must be at least 1,000 contracts" (emphasis in original).
13. Thereafter, on April 7, 2014, ISE issued Regulatory Information Circular 2014-005 with an update to ISE Rule 715(j). As of April 7, 2014, the contra-side order could be comprised of one or more orders, each of which could be for less than 1,000 contracts (emphasis added). However, ISE rules still required the initiating side of a QCC to be comprised of a single order to buy or sell at least 1,000 contracts.
14. During the Review Period, ISE Market Surveillance staff's QCC reviews identified numerous situations in which GFIG had failed to adhere to the requirements of ISE rules when utilizing the QCC order designation. Specifically, between January 1, 2014 and April 6, 2014, GFIG executed six trades in which the initiating side of the trade and/or the contra-side of the trade consisted of one or more orders for less than 1,000 contracts. Additionally, during the Review Period, GFIG executed: (i) 22 trades between April 8, 2014 and the fourth quarter of 2015 in which one or more orders on the initiating side of the trade was for less than 1,000 contracts; (ii) one trade during the fourth quarter of 2014 in which both the buy and sell portions of the transaction were marked as solicited and included an order for less than 1,000 contracts; (iii) one trade during the third quarter of 2015 in which both the initiating side of the trade and an additional solicited party's order on the initiating side were for less than 1,000 contracts; and (iv) one trade during the third quarter of 2016 included several solicited orders on the initiating side, one of which did not meet the 1,000 contract minimum.
15. The conduct described in paragraph 14 constitutes separate and distinct violations of ISE Rule 715(j).
16. During the Review Period, GFIG also executed six trades in which the QCC trade had not been properly hedged, and one trade in which the QCC order had been executed without a corresponding stock print.
17. The conduct described in paragraph 16 constitutes separate and distinct violations of ISE Rule 715, Supplementary Material .01(f).
18. During the Review Period until October 2014, GFIG failed to have adequate supervisory systems and controls in place, including WSPs and separate systems of follow-up and review, which were reasonably designed to achieve compliance with the ISE's QCC requirements. Additionally, during the Review Period, GFIG failed to

adequately supervise persons associated with the firm as to ensure compliance with the ISE's QCC requirements.

19. The conduct described in paragraph 18 constitutes separate and distinct violations of ISE Rule 401.

GFIG hereby consents to the ISE imposing on it, at a maximum, the following sanction:

- (i) a censure;
- (ii) a fine of \$125,000; and
- (iii) an undertaking to review the firm's supervisory systems with respect to the areas described in paragraphs 3 and 18. Within 90 days after the date of the Notice of Acceptance of this AWC by the Chief Regulatory Officer, the Chief Executive Officer, a registered principal of the Respondent, shall submit to the COMPLIANCE ASSISTANT, LEGAL SECTION, MARKET REGULATION DEPARTMENT, 9509 KEY WEST AVENUE, ROCKVILLE, MD 20850, a signed, dated letter, or an e-mail from a work-related account of the registered principal to MarketRegulationComp@finra.org, providing the following information: (1) a reference to this matter; (2) a detailed representation, including the steps taken, that the firm has reviewed and revised its supervisory systems and processes to address the above-described deficiencies, and to ensure that the firm is in fact taking all actions outlined in its processes and procedures; and (3) the date any revised systems were implemented.

III. Corrective Action and Other Matters

1. If this AWC is accepted by the BCC, ISE will take no further action against GFIG respecting the matters that are the subject of this AWC. If this AWC is rejected by the BCC, the matter shall proceed as though the letter had not been submitted. The BCC's decision to accept or reject this AWC shall be final, and GFIG may not seek review thereof.
2. GFIG may attach to this AWC any statement it wishes to have the CRO and BCC consider in deciding whether to accept it, although it may not deny the existence of the violations or make any other statements inconsistent with the AWC.
3. GFIG agrees to pay the monetary sanctions imposed on it upon notice that this AWC has been accepted and that such payment is due and payable, and has attached the election form showing the method by which it proposes to pay any fine imposed.
4. GFIG understands that ISE will make such public announcement concerning this agreement and the subject matter thereof as ISE may deem appropriate.

GFIG certifies that it has read and understands all of the provisions of this AWC and has been given full opportunity to ask questions about it; and that no offer, threat, inducement, or promise of any kind has been made to induce GFIG to submit it.

GFI Securities LLC

By:  _____

Name: COLIN HEFFRON

Title: CEO

Date: 5/8/17

THIS SECTION RESERVED FOR EXCHANGE USE ONLY

Decision of the ISE Chief Regulatory Officer:

Accept Decline

Date 7/14/17

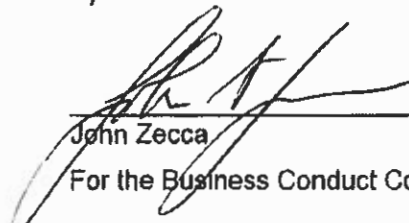


John Zecca
Chief Regulatory Officer

Decision of the ISE Business Conduct Committee:

Accept Decline

Date 7/14/17



John Zecca
For the Business Conduct Committee

LETTER OF ACCEPTANCE, WAIVER AND CONSENT
ISE Investigation Nos. 2014-131, 2014-224, 2014-317, 2014-045, 2014-143, 2014-236, 2014-329, 2015-265, 2015-033, 2015-109, 2015-180, 2015-255, 2015-229, 2016-026, 2016-102, and 2016-322

Schedule A
Election of Payment Method

GFI Securities LLC proposes to pay the fine as described in Part II, *Acceptance and Consent*, of the AWC by:

- Automatic Deduction from the firm's Options Clearing Corporation account;
- A firm check or bank check for the full amount;
- Wire transfer;
- The installment payment plan¹ (if agreed between GFI and the Exchange staff, and approved by the BCC).

If the firm proposes to pay the fine by a firm check or a bank check for the full amount, or by wire transfer for the full amount, the Exchange must receive payment of the fine within 30 days of the AWC becoming final.

If the Exchange does not receive the firm check or a bank check for the full amount, or by wire transfer for the full amount, within 30 days of the AWC becoming final, the Exchange will deduct the fine from the firm's OCC account.

The Exchange will notify the firm by separate letter when the AWC is accepted and becomes final.

Respectfully submitted,

GFI Securities LLC

By:  _____

Name: Colin Hoffman

Title: CEO

Date: 5/8/17

¹ The installment payment plan is only available for a fine of \$50,000 or more. Certain interest payments, minimum monthly payments and other requirements may apply. The firm should discuss this fully with counsel before requesting this method of payment.