



## Notice of Disciplinary Action against 8, Member Organization

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

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

**DATE:** December 19, 2016

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**Enforcement No. 2016-18**  
**FINRA No. 20140399115**

On December 19, 2016, the Business Conduct Committee (the "Committee") of the NASDAQ PHLX LLC ("PHLX" or the "Exchange") issued a disciplinary decision against Walleye Trading LLC ("Walleye" or the "Firm"), a member organization of the Exchange. In response to a Statement of Charges issued in this action, Walleye submitted an Offer of Settlement. Solely to settle this proceeding, and without admitting or denying the charges, Walleye consented to findings that during the period between August 1, 2014 and August 31, 2014 (the "Review Period"), it violated Rules 17a-3(a)(6)(i) and 17a-4(b) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Exchange Rules 748(h) and 760. Specifically, Walleye consented to findings that during the Review Period, its financial risk management controls and supervisory procedures did not adequately provide for a formal process to document adjustments to its capital thresholds, and analysis, time-stamping and approval of changes in its capital thresholds. Additionally, Walleye consented to findings that it did not retain, and its financial risk management controls and supervisory procedures did not provide for retention of, records evidencing breaches of the Firm's hard limit capital thresholds.

Finally, Walleye consented to findings that during the Review Period, it had failed to establish, document and maintain an adequate system of risk management controls and supervisory procedures that: (i) included a formal process for evidencing its supervisory review for wash sales and marking the close activity; and (ii) identify the individual responsible for conducting market access-related reviews or include a statement as to how such supervisory reviews were to be documented.

The Committee found that Walleye had violated Rules 17a-3(a)(6)(i) and 17a-4(b) promulgated under the Exchange Act, and Exchange Rules 748(h) and 760, and ordered the imposition of the following sanctions against Walleye: (i) a censure; and (ii) a fine in the amount of \$20,000.

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For more information, contact:

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