

**THE NASDAQ OPTIONS MARKET LLC
NOTICE OF ACCEPTANCE OF AWC**

Certified, Return Receipt Requested

**TO: Susquehanna Securities
Mr. Richard J. McDonald
Chief Regulatory Counsel
401 City Avenue
Suite 220
Bala Cynwyd, PA 19004-1122**

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

DATE: June 27, 2017

RE: Notice of Acceptance of Letter of Acceptance, Waiver and Consent No. 20140419133-02

Please be advised that your above-referenced Letter of Acceptance, Waiver and Consent ("AWC") has been accepted on **June 27, 2017** by the Nasdaq Review Council's Review Subcommittee, or by the Office of Disciplinary Affairs on behalf of the Nasdaq Review Council, pursuant to Nasdaq Rule 9216. A copy of the AWC is enclosed herewith.

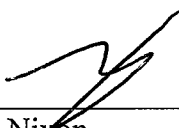
You are again reminded of your obligation, if currently registered, immediately to update your Uniform Application for Broker-Dealer Registration ("Form BD") to reflect the conclusion of this disciplinary action. Additionally, you must also notify FINRA (or Nasdaq if you are not a member of FINRA) in 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 Letter of Acceptance, Waiver, and Consent 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, and Nasdaq's Finance Department will send you an invoice regarding the payment of any fine.

Susquehanna Securities
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If you have any questions concerning this matter, please contact Dawn E. Faris, Senior Counsel,
at (240) 386-6219.



James J. Nixon
Chief Litigation Counsel, Legal Section
Department of Market Regulation

Signed on behalf of Nasdaq

Enclosure

FINRA District 9 – Philadelphia
Michael Solomon
Senior Vice President and Regional Director
(Via email)

Jane Marsteller
Regulatory Counsel
Susquehanna Securities
401 City Avenue
Bala Cynwyd, PA 19004

THE NASDAQ OPTIONS MARKET LLC
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20140419133-02

TO: The NASDAQ Options Market LLC
c/o Department of Market Regulation
Financial Industry Regulatory Authority ("FINRA")

RE: Susquehanna Securities, Respondent
Broker-Dealer
CRD No. 35874

Pursuant to Rule 9216 of The NASDAQ Stock Market LLC ("Nasdaq")¹ Code of Procedure, Susquehanna Securities (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, Nasdaq 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 Nasdaq, or to which Nasdaq 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 Nasdaq:

BACKGROUND

The firm has been a member of The NASDAQ Options Market LLC ("NOM") since August 31, 2011, and its registration remains in effect. The firm has no relevant disciplinary history.

SUMMARY

In Review Nos. 20140419133, 20150474966 and 20160506269, FINRA's Department of Market Regulation ("Market Regulation") reviewed the firm's compliance with Rule 15c3-5 of the Securities Exchange Act of 1934 ("Rule 15c3-5") and related requirements with respect to supervision and just and equitable conduct/adherence to good business practice in connection with the firm's risk management controls and supervisory system, including supervisory procedures, as it pertained to market access for preventing and detecting potentially excessive order message activity, including its quoting, during the period from January 1, 2014 through October 1, 2015 (the "Review Period"). The reviews variously were conducted on behalf of NOM, Bats BZX Exchange, Inc.

¹ All NASDAQ Options Market LLC disciplinary matters are governed by the Nasdaq Code of Procedure.

("BZX"), NASDAQ PHLX LLC ("PHLX") and NYSE MKT LLC ("NYSE MKT") (collectively, the "Exchanges").²

The reviews were prompted by various regulatory alerts of potentially excessive messaging activity by the firm during the Review Period on the above markets. As detailed below, during the Review Period, the firm had inadequate risk management controls and supervisory procedures pertaining to market access with respect to detecting and preventing certain potentially excessive messaging activity on NOM and elsewhere, contrary to the requirements of Rule 15c3-5(b) and (c), Chapter III, Section 2(a)(i) and 2(a)(v) of the NOM Rules and Nasdaq Rules 3010 and 2010A, and related requirements of the above other Exchanges concerning supervision and just and equitable conduct/adherence to good business practice.

FACTS AND VIOLATIVE CONDUCT

1. Rule 15c3-5 is designed to reduce the risks faced by broker-dealers, as well as the markets and the financial system as a whole, as a result of various market access arrangements, by requiring effective financial and regulatory risk management controls reasonably designed to limit financial exposure and ensure compliance with applicable regulatory requirements to be implemented on a market-wide basis.
2. Rule 15c3-5(b) requires, among other things, a broker-dealer with market access, as defined by that rule, to "establish, document, and maintain a system of risk management controls and supervisory procedures reasonably designed to manage the financial, regulatory, and other risks" of its market access activity and to preserve a copy of such supervisory procedures and a written description of its risk management controls as part of its books and records.
3. Rule 15c3-5(c) further provides that the risk management controls and supervisory procedures required by Rule 15c3-5(b) must be reasonably designed to prevent "the entry of erroneous orders" and to "ensure compliance with all regulatory requirements...."
4. During the Review Period, the firm's risk management controls and supervisory procedures were not reasonably designed to manage the financial, regulatory and other risks associated with its business activity involving market access, as required by Rule 15c3-5. In particular, the firm had inadequate controls and supervisory procedures to timely detect and prevent certain potentially excessive quote message activity.
5. On NOM, regulatory surveillance alerts showed that the firm entered more than 500 messages per second in seven options securities on NOM on 150 occasions over eight days in September 2015. The number of firm messages per second ranged from a low count of 510 messages per second to a high count of 1,502 messages per second in the above instances.

² Related disciplinary actions on behalf of BZX, PHLX and NYSE MKT concurrently are being taken in conjunction with this matter.

