

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2022076268801**

TO: Department of Enforcement
Financial Industry Regulatory Authority (FINRA)

RE: Tradeweb Direct LLC (Respondent)
Member Firm
CRD No. 103787

Pursuant to FINRA Rule 9216, Respondent Tradeweb Direct LLC (Tradeweb or 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, FINRA will not bring any future actions against Respondent alleging violations based on the same factual findings described in this AWC.

I.

ACCEPTANCE AND CONSENT

- A. Respondent accepts and consents to the following findings by FINRA without admitting or denying them:

BACKGROUND

Tradeweb became a FINRA member in June 2000 and a Municipal Securities Rulemaking Board (MSRB) registrant in March 2001. Headquartered in New York, New York, the firm has more than 100 registered representatives and three branch offices. Among other things, Tradeweb operates an alternative trading system for the trading of fixed income securities and executes orders in a riskless principal capacity on behalf of its institutional customers with other dealers.¹

OVERVIEW

From April 11, 2022 through January 19, 2023, Tradeweb violated MSRB Rule G-14 by failing to include the Non-Transaction-Based Compensation (NTBC) indicator when reporting 145,898 municipal securities transactions to the MSRB's Real-Time Transaction Reporting System (RTRS). For this violation, Tradeweb is censured and fined \$65,000.

¹ For more information about the firm, including prior regulatory events, visit BrokerCheck® at www.finra.org/brokercheck.

FACTS AND VIOLATIVE CONDUCT

This matter originated from FINRA’s review of the firm’s compliance with MSRB Rule G-14.

Tradeweb failed to report the NTBC indicator for certain transactions in municipal securities.

MSRB Rule G-14 sets forth transaction reporting requirements for municipal securities. MSRB Rule G-14(b)(i) requires each broker, dealer, or municipal securities dealer to report “information about each purchase and sale transaction effected in municipal securities to the [RTRS] in the manner prescribed by Rule G-14 RTRS Procedures and the RTRS Users Manual.” Under MSRB Rule G-14(b)(ii), all brokers, dealers and municipal securities dealers have an ongoing obligation to report the information specified in the Rule G-14 RTRS Procedures “promptly, accurately and completely.”

Rule G-14 RTRS Procedures (b)(iv) requires firms to report the applicable “special condition indicators” for “transactions affected by the special conditions described in the RTRS Users Manual in Section 4.3.2 of the Specifications for Real-Time Reporting of Municipal Securities Transactions.” One special condition indicator described in Section 4.3.2 is the NTBC indicator. This indicator is mandatory for customer trades that do not include a mark-up, mark-down, or commission. The NTBC indicator improves price transparency by distinguishing between transaction prices that include some form of transaction-based dealer compensation and those that do not.

From April 11, 2022 through January 19, 2023, Tradeweb failed to include the NTBC indicator when reporting 145,898 municipal securities transactions with customers that did not include a mark-up, mark-down, or commission. The failure to report the special condition indicator resulted from a technical error associated with Tradeweb’s transition to a new clearing firm in April 2022.²

Therefore, Tradeweb violated MSRB Rule G-14(b).

² On January 19, 2023, Tradeweb remediated the technical error and began properly including the NTBC indicator on reported trades affected by this special condition.

B. Respondent also consents to the imposition of the following sanctions:

- a censure and
- a \$65,000 fine.

Respondent agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. Respondent has submitted an Election of Payment form showing the method by which it proposes to pay the fine imposed.

Respondent specifically and voluntarily waives any right to claim an inability to pay, now or at any time after the execution of this AWC, the monetary sanction imposed in this matter.

The sanctions imposed in this AWC shall be effective on a date set by FINRA.

II.

WAIVER OF PROCEDURAL RIGHTS

Respondent specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a complaint issued specifying the allegations against it;
- B. To be notified of the complaint 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 the National Adjudicatory Council (NAC) and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, Respondent specifically and voluntarily waives any right to claim bias or prejudgment of the Chief Legal Officer, the NAC, or any member of the NAC, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

Respondent further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of FINRA Rule 9143 or the separation of functions prohibitions of FINRA Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

III.

OTHER MATTERS

Respondent understands that:

- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs (ODA), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against Respondent; and
- C. If accepted:
 - 1. this AWC will become part of Respondent's permanent disciplinary record and may be considered in any future action brought by FINRA or any other regulator against Respondent;
 - 2. this AWC will be made available through FINRA's public disclosure program in accordance with FINRA Rule 8313;
 - 3. FINRA may make a public announcement concerning this agreement and its subject matter in accordance with FINRA Rule 8313; and
 - 4. Respondent 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 AWC or create the impression that the AWC is without factual basis. Respondent may not take any position in any proceeding brought by or on behalf of FINRA, or to which FINRA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects Respondent's right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party. Nothing in this provision affects Respondent's testimonial obligations in any litigation or other legal proceedings.
- D. Respondent may attach a corrective action statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondent understands that it may not deny the charges or make any statement that is inconsistent with the AWC in this statement. This statement does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA.

The undersigned, on behalf of Respondent, certifies that a person duly authorized to act on Respondent's behalf has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that Respondent has agreed to the AWC's

provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth in this AWC and the prospect of avoiding the issuance of a complaint, has been made to induce Respondent to submit this AWC.

February 27, 2025

Date

Scott Zucker

Tradeweb Direct LLC
Respondent

Print Name: Scott Zucker

Title: Chief Risk Officer

Accepted by FINRA:

March 4, 2025

Date

Signed on behalf of the
Director of ODA, by delegated authority

Mariuegenia Cardenas

Mariuegenia Cardenas
Counsel
FINRA
Department of Enforcement
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