

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2022074103601**

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

RE: Goldman Sachs & Co. LLC (Respondent)
Member Firm
CRD No. 361

Pursuant to FINRA Rule 9216, Respondent Goldman Sachs & Co. LLC (Goldman 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

Goldman has been a FINRA member since October 1936. The firm is a full-service broker-dealer engaged in market making, execution services, and underwriting, with headquarters in New York, New York. It has approximately 8,000 registered individuals among its 34 branches.¹

OVERVIEW

Between June 2020 and June 2023, Goldman failed to accurately report data for 36.6 billion equity order events to the CAT Central Repository in violation of FINRA Rules 6830, 6893, and 2010, and had related supervisory failures in violation of FINRA Rules 3110 and 2010.

Between October and November 2021, Goldman made over 90 million inaccurate order memoranda, inaccurately reported over 6.8 million trades and overreported over 98,000 trades to a trade reporting facility, and issued over 372,000 inaccurate trade confirmations, in violation of the Exchange Act § 17(a), Exchange Act Rule 17a-3, and

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

FINRA Rules 4511, 6380A, 6380B, 6622, 7230A, 7230B, 7330 and 2010, and had related supervisory failures in violation of FINRA Rules 3110 and 2010.

For these violations, Goldman is censured and fined \$1,450,000, of which \$1,355,000 shall be paid to FINRA.

FACTS AND VIOLATIVE CONDUCT

This matter originated from a FINRA Rule 4530(b) report submitted by the firm and from a FINRA examination.

Goldman's CAT Violations

CAT reporting requirements

The SEC adopted Rule 613 under the Exchange Act to create a consolidated audit trail (CAT) that would substantially enhance the ability of the self-regulatory organizations (SROs) and the Commission to oversee the national securities markets and fulfill their responsibilities under the federal securities laws. In November 2016, the SEC approved a CAT national market system (NMS) Plan. In March 2017, the SEC approved FINRA's proposal to adopt the FINRA Rule 6800 Series to implement the CAT NMS Plan.

Beginning on June 22, 2020, large industry members² that originated or received an order involving NMS or over-the-counter (OTC) equity securities were required to report data to the Central Repository and comply with Rule 613 of Regulation NMS and the FINRA Rule 6800 Series. In July 2020, large industry members were required to report data for options orders to the Central Repository. As of December 2021, all FINRA members, regardless of size, were required to comply with these requirements. All proprietary trading activity, including market-making activity, is subject to CAT reporting. There are no exclusions or exemptions of any kind for type of firm or type of trading activity.

CAT data is an integral part of FINRA's automated market surveillance program. FINRA uses CAT data to conduct cross-market surveillance in support of FINRA's and registered equities and options exchanges' statutory obligations. Inaccurate, incomplete, or untimely transaction and order reporting can negatively affect the regulatory audit trail and the quality of FINRA's surveillance patterns as well as FINRA's ability to accurately reconstruct market events.

FINRA Rule 6830(a) requires each member to "record and electronically report to the Central Repository" specific details for each order and each Reportable Event, as applicable. Reportable Event is defined to include, but is not limited to, the original receipt or origination, modification, cancellation, routing, execution (in whole or in part) and allocation of an order, and receipt of a routed order.

² A large industry member is a member that does not qualify as a small broker-dealer as defined under 17 CFR 240.0-10(c).

FINRA Rule 6893(a) requires members to “record and report data to the Central Repository as required by this Rule Series in a manner that ensures the timeliness, accuracy, integrity and completeness of such data.”

A violation of FINRA Rules 6830 and 6893 also is a violation of FINRA Rule 2010 which requires members, in the conduct of their business, to observe high standards of commercial honor and just and equitable principles of trade.

Goldman failed to accurately report data to the CAT Central Repository for 36.6 billion order events.

As a large industry member, Goldman was required to begin reporting its order event data to the CAT Central Repository on June 22, 2020. Goldman developed a system to comply with the firm’s CAT reporting obligations. From the start of its CAT reporting obligations through June 2023, Goldman reported approximately 36.6 billion equity order events with an inaccurate data field to CAT due to inadvertent coding errors in the firm’s CAT reporting logic. The Firm had six unique CAT reporting error types, two of which accounted for almost all (*i.e.*, approximately 36 billion) of the inaccurately reported events. With respect to those issues, which both began in June 2020, the firm:

- For over 33 billion reportable events, Goldman did not submit the counterparty restriction handling instruction to CAT. Goldman detected this issue on June 9, 2021 during its FINRA examination, and the firm remediated the issue by June 30, 2021.
- Reported over 2.9 billion equity order events with an inaccurate customer display instruction flag (CDIF) of “True.” Goldman detected the CDIF issue in March 2023 while responding to a FINRA inquiry, and the firm remediated the issue by June 2023.

By failing to accurately report order event data to the CAT Central Repository, Goldman violated FINRA Rules 6830, 6893, and 2010.

Goldman failed to reasonably supervise its compliance with its CAT reporting obligations.

FINRA Rule 3110(a) requires a member to establish and maintain a system to supervise the activities of each associated person that is reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable FINRA rules. FINRA Rule 3110(b) requires a member to establish, maintain, and enforce written procedures to supervise the types of business in which it engages and the activities of its associated persons that are reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable FINRA rules. A violation of FINRA Rule 3110 also is a violation of FINRA Rule 2010.

In Regulatory Notice 20-31, FINRA explained that, among other things, “[r]easonably designed written supervisory procedures should address the CAT Rules ... should incorporate frequent reviews by the firm of the data posted on the CAT Reporter Portal” and should include “[p]eriodic comparative reviews of accepted CAT data against order and trade records ... to ensure ... data fields contain accurate information.”

Beginning in June 2020, Goldman implemented a supervisory system, including written supervisory procedures (WSPs), concerning CAT reporting requirements. From June 22, 2020 to March 2022, the firm’s supervisory system did not include a periodic comparative review of accepted CAT data against its order and trade records to verify data fields contained accurate information. In March 2022, Goldman implemented such an accuracy review.

By failing to establish and maintain a supervisory system, including WSPs, reasonably designed to achieve compliance with CAT reporting rules, Goldman violated FINRA Rule 3110 and 2010.

Goldman’s Trade Reporting Violations

Trade reporting requirements

FINRA Rule 7230A(d)(7) requires firms to accurately report transactions to the FINRA/Nasdaq Trade Reporting Facility (TRF), including “whether the trade is as principal, riskless principal, or agent.” FINRA Rule 7230B(d)(7) similarly requires firms to accurately report the order capacity for transactions reported to the FINRA/NYSE TRF. FINRA Rule 7330(d)(7) requires the same for transactions reported to the OTC Trade Reporting Facility (ORF).

FINRA Rules 6380A(b), 6380B(b), and 6622(b) set forth the requirements for which party to a transaction is responsible for reporting the transaction to a TRF and the ORF. Specifically, for purposes of the trade reporting rules, a “trade” or “transaction” entails a change of beneficial ownership of securities between parties (*e.g.*, a purchase or sale of securities) in which a member participates (*e.g.*, as a dealer or an agent). Inaccurate information affects the audit trail and can result in either false alerts or the inability to detect problematic transactions.

A violation of these trade reporting rules also constitutes a violation of FINRA Rule 2010.

Inaccurate capacity codes on orders and associated books and records can potentially impact regulatory surveillance and regulators’ ability to detect conduct that may violate federal securities law or other applicable laws and rules.

Goldman implemented a technology update that converted certain principal orders to agency orders.

Goldman operates a gateway that provides market access to certain clients and firm traders who trade on an agency and a principal basis, respectively. Historically, the gateway only accepted orders from the clients if the orders were designated as agency orders and rejected orders marked principal. On October 22, 2021, Goldman reconfigured the gateway to automatically designate all client orders routed through the gateway as agency orders to accurately reflect Goldman's role as agent on orders it received from clients that were marked principal, rather than to reject them. However, because certain firm traders used the gateway to enter principal orders, the reconfiguration also inadvertently caused these firm orders to be incorrectly designated as agency orders, rather than principal orders. This resulted in trade reporting, recordkeeping, and customer confirmation violations. On November 16, 2021, the firm corrected the configuration in its gateway and resumed designating firm orders as principal orders. On February 11, 2022, the firm submitted a FINRA Rule 4530(b) report to FINRA.

Goldman's reconfiguration caused trade reporting violations.

The reconfiguration caused the firm's trade reports to be inaccurate. Specifically, from October 22, 2021, through November 16, 2021, Goldman reported 6,892,138 trades to a TRF and the ORF with an inaccurate capacity.

During the same period, Goldman also reported 98,322 principal trades to a TRF and the ORF that should not have been reported because the trades did not involve a change in beneficial ownership.

Therefore, Goldman violated FINRA Rules 7230A(d)(7), 7230B(d)(7), 7330(d)(7), 6380A(b), 6380B(b), 6622(b), and 2010.

Goldman's Recordkeeping and Customer Confirmation Violations

Recordkeeping and confirmation requirements

Exchange Act Rule 10b-10, promulgated under § 10(b) of the Exchange Act, requires broker-dealers that effect securities transactions for customers to provide customers a confirmation, at or before completion of each transaction, disclosing certain basic terms of the transaction, such as the identity, price, number of shares of the security bought or sold, and the execution capacity of the broker-dealer. In addition to being a material term of any transaction, the broker-dealer's capacity determines what additional disclosures are required under Rule 10b-10(a)(2). For example, under Rule 10b-10(a)(2)(i)(B), if the broker-dealer is acting as an agent for the customer, it must disclose the amount of any remuneration it received for the transaction. For principal transactions, under Rule 10b-10(a)(2)(ii), a broker-dealer must disclose the difference between the price to the customer and either the reported trade price or its contemporaneous purchase or sale price.

Trade confirmations protect investors who buy or sell securities through broker-dealers by, among other things, alerting them to potential conflicts of interest with their broker-dealers and providing them the means to verify the terms of their transactions and evaluate transaction costs and the quality of their broker-dealers' executions.

FINRA Rule 2232(a) requires members, at or before the completion of any transaction in any security effected for or with an account of a customer, to provide such customer with written confirmations that conform with the requirements of Exchange Act Rule 10b-10.

Exchange Act § 17(a) and Exchange Act Rule 17a-3(a) require brokers and dealers to make and keep current certain books and records relating to its business. Specifically, under Exchange Act Rule 17a-3(a)(6), a broker-dealer is required to make and keep current a memorandum of each brokerage order, and of any other instruction, given or received for the purchase or sale of a security. Further, under Exchange Act Rule 17a-3(a)(7), a broker-dealer must make and keep current a memorandum of each purchase and sale for its own account. Lastly, under Exchange Act Rule 17a-3(a)(8), a broker-dealer is required to make and keep current confirmations of all purchases and sales of securities.

FINRA Rule 4511(a) requires member firms to make and preserve books and records as required under the FINRA rules, Exchange Act §17(a), and Exchange Act Rule 17a-3. Confirmation records and order memoranda must be accurate to comply with these requirements.

A violation of the Exchange Act, an Exchange Act Rule, or any FINRA rule also is a violation of FINRA Rule 2010.

From October 22, 2021, to November 16, 2021, as a result of the reconfiguration of the firm's gateway, Goldman made and kept 90,766,943 inaccurate order memoranda for orders the firm routed to the OTC executing venues. The order memoranda reflected the orders as agency orders, rather than principal orders.

During the same period, as a result of the reconfiguration, Goldman provided to customers at least 372,260 confirmations with an inaccurate capacity. The confirmations reflected principal instead of agency.

Therefore, Goldman violated Exchange Act § 17(a), Exchange Act Rule 17a-3, Exchange Act Rule 10b-10, and FINRA Rules 2232(a), 4511(a), and 2010.

Goldman failed to establish and maintain a supervisory system reasonably designed to achieve order capacity accuracy.

From at least October 2021 through the present, Goldman failed to establish and maintain a supervisory system, including WSPs, reasonably designed to achieve accurate books and records, trades reports, or trade confirmations. Specifically, the firm did not have a

process to review the accuracy of the capacity reflected in the firm's books and records, trade reports, or trade confirmations.³

By failing to establish and maintain a supervisory system reasonably designed to achieve accurate books and records, trade reports, or trade confirmations, Respondent violated FINRA Rules 3110 and 2010.

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

- a censure, and
- a \$1,450,000 total fine, of which \$1,355,000 is apportioned to FINRA.⁴

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.

³ Beginning in November 2022, Goldman implemented several reviews to detect potential capacity errors at certain points in the order lifecycle.

⁴ The remainder of the fine will be paid to the Investors Exchange LLC.

Further, Respondent specifically and voluntarily waives any right to claim bias or prejudice 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.


4-29-25
Date


Goldman Sachs & Co. LLC
Respondent

Print Name: David A. Markowitz

Title: Global Co-Head of Litigation and Regulatory Proceedings

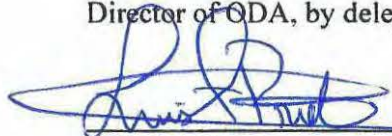
Reviewed by:


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Accepted by FINRA:

May 12, 2025
Date

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



Luis A. Prieto
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