

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2023077506401**

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

RE: Susquehanna Financial Group, LLLP (Respondent)
Member Firm
CRD No. 35865

Pursuant to FINRA Rule 9216, Respondent Susquehanna Financial Group, LLLP 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

Susquehanna has been a FINRA member since 1994 and is headquartered in Bala Cynwyd, Pennsylvania. The firm has approximately 230 registered representatives in six branch offices.¹

OVERVIEW

From February 2021 to May 2023, Susquehanna inaccurately reported to the Trade Reporting and Compliance Engine (TRACE) approximately 74,000 transactions in TRACE-Eligible Securities without the required “No Remuneration” (NR) indicator, in violation of FINRA Rules 6730(d) and 2010. From at least February 2021 to May 2023, Susquehanna also failed to establish and maintain a supervisory system, including written supervisory procedures (WSPs), reasonably designed to achieve compliance with FINRA Rule 6730(d), in violation of FINRA Rules 3110 and 2010. For these violations, Susquehanna is censured and fined \$100,000.

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 a review conducted by FINRA's Department of Market Regulation of Susquehanna's compliance with FINRA Rules applicable to TRACE reporting.

Susquehanna inaccurately reported transactions in TRACE-Eligible Securities without the required NR indicator.

TRACE facilitates the mandatory reporting of over-the-counter transactions in certain fixed income securities and provides increased price transparency to market participants and investors. FINRA Rule 6730(a) provides, in relevant part, that "[e]ach member that is a Party to a Transaction in a TRACE-Eligible Security must report the transaction." Rule 6730 also identifies the specific types of information required to be included in reports submitted to TRACE, including information about price and the use of modifiers and indicators. FINRA Rule 6730(d)(1) and 6730(d)(4)(F) require member firms to include the NR indicator where a trade report does not reflect either a commission, mark-up, or mark-down. The NR indicator is part of publicly disseminated TRACE transaction data that identifies those trades where no commission, mark-up, or mark-down was charged or known when reported. A failure to accurately report the NR indicator affects the audit trail and regulatory surveillance patterns.

A violation of FINRA Rule 6730 also constitutes 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.

Between February 2021 and May 2023, due to an error during the firm's transition to a new TRACE reporting system, Susquehanna failed to include the NR indicator in TRACE reports for approximately 74,000 transactions executed without a mark-up, mark-down, or commission. The firm remediated the error after FINRA made the firm aware of it.

By reporting transactions without the required NR indicator, Susquehanna violated FINRA Rules 6730(d) and 2010.

Susquehanna failed to establish, maintain, and enforce a supervisory system, including WSPs, reasonably designed to achieve compliance with FINRA Rule 6730(d).

FINRA Rule 3110(a) requires a member firm 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 firm 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.

From at least February 2021 to May 2023, Susquehanna failed to establish, maintain, and enforce a supervisory system, including WSPs, reasonably designed to achieve compliance with FINRA Rule 6730(d). Susquehanna lacked any supervisory system or WSPs to supervise the use of the NR indicator when reporting trades to TRACE, and the firm did not perform any review of its use of the NR indicator in its TRACE reports.

The firm subsequently amended its WSPs to require a supervisory review for the accuracy of the NR indicator when reporting trades to TRACE. The firm also retroactively performed this review to May 2023.

By failing to establish, maintain, and enforce a supervisory system reasonably designed to achieve compliance with FINRA Rule 6730(d), Susquehanna violated FINRA Rules 3110(a) and (b) and 2010.

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

- a censure and
- a \$100,000 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 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.

June 4, 2025

Date

Richard McDonald

Susquehanna Financial Group, LLLP
Respondent

Print Name: Richard McDonald

Title: Chief Regulatory Officer

Reviewed by:

Lara C. Thyagarajan

Lara C. Thyagarajan, Esq.
Counsel for Respondent
Sidley Austin LLP
787 Seventh Avenue
New York, NY 10019

Accepted by FINRA:

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

June 9, 2025

Date

Alfred B. Jensen

Alfred B. Jensen
Senior Counsel
FINRA, Department of Enforcement
200 Liberty Street
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