

FINANCIAL INDUSTRY REGULATORY AUTHORITY

In the Matter of the  
Continued Membership  
of

SG Americas Securities, LLC  
(CRD No. 128351)

Notice Pursuant to  
Rule 19h-1  
Securities Exchange Act  
of 1934

SD-2367

**April 12, 2024**

**I. Introduction**

On September 15, 2023, SG Americas Securities, LLC (“SGAS” or “Firm”) submitted a Membership Continuance Application (“MC-400A” or “Application”) to FINRA’s Credentialing, Registration, Education, and Disclosure (“CRED”) Department.<sup>1</sup> The Application seeks to permit the Firm, a FINRA member, to continue its membership with FINRA notwithstanding its statutory disqualification. A hearing was not held in this matter; rather, pursuant to FINRA Rule 9523(b), FINRA’s Department of Member Supervision (“FINRA,” “Member Supervision,” or “Department”) approves the Application and is filing this Notice pursuant to Rule 19h-1 of the Securities Exchange Act of 1934 (“Exchange Act” or “SEA”).

**II. The Statutorily Disqualifying Event**

The Firm is subject to statutory disqualification, as that term is defined in Section 3(a)(39)(F) of the Exchange Act, incorporating by reference Sections 15(b)(4)(D) and (E), as a result of an August 2023 Order issued by the Securities and Exchange Commission (“SEC” or “Commission”) finding that SGAS willfully violated Section 17(a) of the Exchange Act and Rule 17a-4(b)(4) and failed reasonably to supervise its employees with a view to preventing or detecting certain of its employees’ aiding and abetting violations of Section 17(a) of the Exchange Act and Rule 17a-4(b)(4) thereunder (“SEC Order”).<sup>2</sup>

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<sup>1</sup> See MC-400A Application and related attachments compiled by CRED, with a cover memorandum dated September 18, 2023, attached as Exhibit 1.

<sup>2</sup> See SEC Order, *In re SG Americas Securities, LLC*, Exchange Act Release No. 98082 (Aug. 8, 2023), attached as Exhibit 2.

The SEC Order also triggered disqualification under Rules 262(a)(4), 506(d)(1)(iv), and 602(c)(3) of the Securities Act of 1933 and Rule 503(a)(4)(ii) of Regulation Crowdfunding. On August 8, 2023, the SEC granted a waiver from the application of the disqualification provisions of these Rules. See *In re Certain Broker-Dealer Practices*, Securities Act Release No. 11221 (Aug. 8, 2023), attached as Exhibit 3.

According to the SEC Order, from at least January 2019, SGAS' employees sent and received off-channel communications that related to the Firm's business, and a majority of these written communications were not maintained or preserved by the Firm.<sup>3</sup> Further, supervisors who were responsible for preventing this misconduct among junior employees routinely communicated off-channel using their personal devices, and, in so doing, failed to comply with Firm policies by communicating using non-Firm approved methods on their personal devices about the Firm's broker-dealer business.<sup>4</sup>

The Firm was censured, ordered to cease and desist from committing or causing any future violations, ordered to pay a civil money penalty of \$35 million, and ordered to comply with undertakings.<sup>5</sup> The Firm represented that it paid the penalty on August 15, 2023<sup>6</sup> and is in compliance with the undertakings.<sup>7</sup>

### **III. Remedial Measures**

In its Application, the Firm represented that it undertook remedial measures prior to the issuance of the SEC Order, including revising its policies and procedures concerning the use of approved communications methods, enhancing its training on that topic, implementing annual employee certifications related to the use of authorized platforms for business communications, and implementing new technology to capture and retain text and WhatsApp messages as well as detect policy breaches.<sup>8</sup> The Firm is also taking additional remedial measures in accordance with the SEC Order, including retaining an independent compliance consultant to conduct a comprehensive review of its policies and procedures related to electronic communications.<sup>9</sup> According to the SEC Order, the Commission considered the Firm's prompt remedial actions and cooperation with the SEC when determining to accept the Offer of Settlement, including the Firm's efforts to revise its policies and procedures and the repeated reminders it issued to broker-dealer staff.<sup>10</sup>

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<sup>3</sup> See Exhibit 2 at p. 2 ¶ 3.

<sup>4</sup> *Id.* at p. 2 ¶ 4.

<sup>5</sup> *Id.* at p. 9.

<sup>6</sup> See Exhibit 1 at FINRA000559 Response to Item 4 and at FINRA000575.

<sup>7</sup> *Id.* at FINRA000572-573. See also Firm's Discovery Responses dated February 14, 2024, attached as Exhibit 4, at FINRA pp. 1-2 Response 1.

<sup>8</sup> See Exhibit 1 at FINRA000577.

<sup>9</sup> *Id.* at FINRA000577-578.

<sup>10</sup> See Exhibit 2 at p. 5.

#### IV. Firm Background

The Firm has been a FINRA member since February 2004.<sup>11</sup> It is headquartered in New York, New York, with three branches (two of which are Offices of Supervisory Jurisdiction).<sup>12</sup> The Firm employs approximately 784 registered representatives (206 of which are registered principals), 39 operations professionals, and 1,759 non-registered fingerprint employees.<sup>13</sup> The Firm does not presently employ any individuals who are subject to statutory disqualification.<sup>14</sup>

SGAS is approved to engage in the following lines of business: exchange member engaged in exchange commission business other than floor activities; broker or dealer making inter-dealer markets in corporate securities over-the-counter; broker or dealer selling corporate debt securities; underwriter or selling group participant (corporate securities other than mutual funds); mutual fund retailer; U.S. government securities broker; put and call broker or dealer or option writer; broker or dealer selling securities of only one issuer or associate issuers (other than mutual funds); trading securities for own account; private placements of securities; broker or dealer selling interests in mortgages or other receivables; effects transactions in commodity futures, commodities, commodity options as broker for others or dealer for own account; engages in other securities business including investment banking, corporate financing services, research, securities lending, prime brokerage, customer portfolio margining, market making activities, custody clearing services, order execution services, prime clearing services, FCM activities, brokering and trading a variety of derivatives, engaging in basket trading, structuring complex debt and equity offerings; engages in other non-securities business including the structuring and sale of derivative products (such as interest rate derivatives), money market activities (to assist in funding), and foreign exchange transactions.<sup>15</sup>

SGAS is a member of the following self-regulatory organizations (“SROs”): BOX Exchange LLC (“BOX”); Cboe Exchange, Inc. (“Cboe”); Cboe BYX Exchange, Inc. (“BYX”); Cboe BZX Exchange, Inc. (“BZX”); Cboe C2 Exchange, Inc. (“C2”); Cboe EDGA Exchange, Inc. (“EDGA”); Cboe EDGX Exchange, Inc. (“EDGX”); Investors Exchange LLC (“IEX”); The Long-Term Stock Exchange (“LTSE”); MEMX LLC (“MEMX”); MIAX PEARL, LLC (“MIAX PEARL”); NYSE American LLC (“NYSE American”); NYSE Arca, Inc. (“NYSE Arca”); NYSE Chicago, Inc. (“NYSE Chicago”); NYSE National, Inc. (“NYSE National”); Nasdaq BX, Inc. (“BX”); Nasdaq GEMX, LLC

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<sup>11</sup> See Central Registration Depository (“CRD”) Excerpt – Organization Registration Status, attached as Exhibit 5.

<sup>12</sup> Verified by FINRA staff through a review of information contained in CRD, last performed on March 11, 2024.

<sup>13</sup> *Id.*

<sup>14</sup> *Id.*

<sup>15</sup> See CRD Excerpts – Types of Business and Other Business Descriptions, collectively attached as Exhibit 6.

(“GEMX”); Nasdaq ISE, LLC (“ISE”); Nasdaq MRX, LLC (“MRX”); Nasdaq PHLX LLC (“PHLX”); The Nasdaq Stock Market LLC (“Nasdaq”); New York Stock Exchange LLC (“NYSE”);<sup>16</sup> The Depository Trust Company (“DTC”); The Fixed Income Clearing Corporation – Mortgage-Backed Securities Division (“FICC-MBS”); The Fixed Income Clearing Corporation – Government Securities Division (“FICC-GOV”); and The National Securities Clearing Corporation (“NSCC”).<sup>17</sup>

### **Recent Examinations**

In the past two years, FINRA completed two routine examinations of the Firm (one of which was conducted on behalf of various SROs listed above) that both resulted in Cautionary Action Letters (“CALs”), as well as four non-routine examinations of the Firm that resulted in CALs. The SEC completed one examination in 2022 and did not identify any deficiencies or provide any further comments to the Firm.

#### **A. FINRA Routine Examinations**

In May 2023, FINRA completed a routine examination on behalf of various SROs that resulted in a CAL to the Firm from NYSE Arca for one exception.<sup>18</sup> The exception pertained to the Firm’s failure to adequately implement its supervisory system and controls relating to the review and approval of Outside Business Activities (“OBAs”).<sup>19</sup> The Firm responded in writing that it is updating its OBA program to include more regular OBA reviews and is revising its OBA review procedures.<sup>20</sup>

In February 2023, FINRA completed a routine examination that resulted in a CAL to the Firm for four exceptions.<sup>21</sup> The exceptions pertained to the Firm’s failure to keep accurate records related to transactions of its parent company, make accurate customer reserve computations, and adequately implement its supervisory system and controls pertaining to its OBA review and approval process.<sup>22</sup> The Firm responded in writing that it implemented additional controls related to its record keeping, enhanced its methodology for making

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<sup>16</sup> See Exhibit 5.

<sup>17</sup> The Firm’s Membership was verified by FINRA staff through a search of public member directories, last performed on February 5, 2024.

<sup>18</sup> See Disposition Letter for Examination No. 20220734159 dated May 18, 2023, Examination Report dated May 18, 2023 (amended from the original Examination Report dated January 18, 2023), and the Firm Response dated February 8, 2023, collectively attached as Exhibit 7.

<sup>19</sup> *Id.* at FINRA p. 7.

<sup>20</sup> *Id.* at FINRA p. 10.

<sup>21</sup> See Disposition Letter for Examination No. 20220734158 dated February 23, 2023, Examination Report dated January 18, 2023, and Firm Response dated February 8, 2023, collectively attached as Exhibit 8.

<sup>22</sup> *Id.* at FINRA pp. 5-8.

customer reserve computations, and is updating its OBA program and OBA procedures.<sup>23</sup>

#### B. FINRA Non-Routine Examinations

On November 1, 2023, FINRA issued a CAL to the Firm for incorrectly reporting short interest positions and failing to maintain written supervisory procedures (“WSPs”) reasonably designed to ensure the Firm’s short interest reports were accurate and complete.<sup>24</sup> The Firm responded in writing that it implemented an additional step in its short interest reporting process and updated its WSPs to include this additional review.<sup>25</sup>

On April 24, 2023, FINRA issued two separate CALs to the Firm for failing to route ISOs to Nasdaq for symbols starting with certain letters, resulting in the Firm routing ISOs to other exchanges priced through Nasdaq’s protected quotation, in violation of SEA Rules as well as the rules of EDGA, EDGX, BZX, BYX, and IEX.<sup>26</sup> The Firm responded in writing that it enhanced its reporting and monitoring tools to resolve the problem.<sup>27</sup>

On January 30, 2023, FINRA issued a CAL to the Firm for failing to include the appropriate short sale indicator when reporting short sale transactions to the Trade Reporting Facility.<sup>28</sup> The Firm responded in writing that it corrected the coding error that caused the incorrect reporting and implemented an additional tool to help improve its reporting.<sup>29</sup>

On June 6, 2022, FINRA issued a CAL to the Firm for failing to transmit the names of customers in connection with funds transmittals of \$3000 or more in violation of U.S. Department of Treasury requirements.<sup>30</sup>

#### C. SEC Examinations

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<sup>23</sup> *Id.* at FINRA pp. 10-12.

<sup>24</sup> *See* CAL for Examination No. 20220771453 dated November 1, 2023 and Firm Response dated December 4, 2023, collectively attached as Exhibit 9.

<sup>25</sup> *Id.* at FINRA p. 4.

<sup>26</sup> *See* CALs for Examination No. 20200683814 dated April 24, 2023 and Firm Response dated May 1, 2023, collectively attached as Exhibit 10.

<sup>27</sup> *Id.* at FINRA p. 6.

<sup>28</sup> *See* CAL for Examination No. 20210703854 dated January 30, 2023 and Firm Response dated February 13, 2023, collectively attached as Exhibit 11.

<sup>29</sup> *Id.* at FINRA p. 4.

<sup>30</sup> *See* Disposition Letter for Examination No. 20210709899 dated June 6, 2022, attached as Exhibit 12. A response was not required.

In April 2022, the SEC concluded an examination of the Firm that did not identify any deficiencies.<sup>31</sup>

### **Regulatory Actions**

In the past two years, SGAS has been the subject of four disciplinary actions including one Letter of Acceptance, Waiver, and Consent (“AWC”) with FINRA, one order from the Commodity Futures Trading Commission (“CFTC”), one order from ICE Futures U.S., and one minor rule violation notice from BZX, in addition to the SEC Order that resulted in the Application.

#### **A. FINRA Action**

On August 10, 2022, the Firm entered into an AWC with FINRA related to the Firm’s failure to report over-the-counter options positions to the LOPR in approximately 219,000 instances, and reporting inaccurate information in approximately 1.4 million instances.<sup>32</sup> The Firm also failed to establish and maintain a supervisory system reasonably designed to achieve compliance with its LOPR reporting obligations.<sup>33</sup> The Firm consented to a censure and a \$325,000 fine.<sup>34</sup> The Firm paid the fine on August 19, 2022.<sup>35</sup>

#### **B. CFTC Action**

On August 8, 2022, the CFTC issued an order finding that the Firm violated Section 4g of the Commodity Exchange Act (7 U.S.C. § 6g), and Regulations 1.31, 1.35, and 166.3 (17 C.F.R. §§ 1.31, 1.35, 166.3 (2022)).<sup>36</sup> The violations are based on the same misconduct underlying the SEC Order that is the subject of the Firm’s Application. SGAS was ordered to cease and desist from violating the above cited sections and regulations, to pay (jointly and severally) a \$75 million civil penalty, and to comply with various undertakings concerning the Firm’s preservation of records pertaining to electronic communications.<sup>37</sup> The Firm represented that the civil penalty was paid on August 15, 2023 and that it is in compliance with the undertakings.<sup>38</sup>

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<sup>31</sup> See SEC Examination Letter for File No. 8-66125 dated April 4, 2022, attached as Exhibit 13.

<sup>32</sup> See FINRA AWC No. 2019063480501 dated August 10, 2022, attached as Exhibit 14.

<sup>33</sup> *Id.* at p. 2.

<sup>34</sup> *Id.* at p. 4.

<sup>35</sup> See Form U6 for AWC No. 2019063480501, attached as Exhibit 15 at p. 3.

<sup>36</sup> See CFTC Order, *In re SG Americas Securities, LLC et al.*, CFTC Docket No. 23-35 (Aug. 8, 2023), attached as Exhibit 16. FINRA has determined that this is not a disqualifying event.

<sup>37</sup> *Id.* at pp. 9-13.

<sup>38</sup> See Exhibit 4 at FINRA p. 2 Response 2 and FINRA p. 5.

### C. ICE Futures U.S. Action

On February 8, 2023, ICE Futures U.S. issued a Summary Fine Notice finding that the Firm failed to follow Clearing Organization procedures for an adjustment it made to the open interest it reported for a date in November 2022.<sup>39</sup> The Firm was ordered to pay a \$10,000 fine.<sup>40</sup> The Firm paid the fine on February 14, 2023.<sup>41</sup>

### D. BZX Action

On May 17, 2022, BZX issued a Minor Rule Violation Notice to the Firm for failing to maintain a continuous quote in KNG while registered as a market maker in April 2022.<sup>42</sup> The Firm was fined \$100.<sup>43</sup> SGAS paid the fine on May 31, 2022.<sup>44</sup>

### E. Other Statutory Disqualification Matters

In the recent past, SGAS was the subject of one SEC order, which also subjected the Firm to statutory disqualification but did not require the filing of a SEA Rule 19h-1 Notice with the Commission.

On June 24, 2020, the SEC issued an order finding that the Firm willfully violated Exchange Act Section 17(a)(1) and Rule 17a-4(j) thereunder by failing to promptly furnish true and complete trading information to the Commission staff over a period of almost five years, and violated Exchange Act Rule 17a-25 by failing to submit electronically certain securities transaction information to the Commission through the electronic blue sheet system in response to Commission requests.<sup>45</sup> The Firm was censured, ordered to cease and desist from committing further violations, and ordered to pay a civil money penalty of \$1,550,000.<sup>46</sup>

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<sup>39</sup> See ICE Futures U.S. Summary Fine Notice, Case No. 2022-031 (Feb. 8, 2023), attached as Exhibit 17.

<sup>40</sup> *Id.*

<sup>41</sup> See Exhibit 4 at FINRA p. 2 Response 3 and FINRA p. 6.

<sup>42</sup> See BZX Disciplinary Notice Minor Rule Violation Plan, Case No. URE-71-05 (May 17, 2022), attached as Exhibit 18.

<sup>43</sup> *Id.*

<sup>44</sup> See Exhibit 4 at FINRA p. 3 Response 4 and FINRA p. 7.

<sup>45</sup> See *In re SG Americas Securities, LLC*, Exchange Act Release No. 89143 (June 24, 2020), attached as Exhibit 19. This order subjects the Firm to statutory disqualification as defined in Exchange Act Section 3(a)(39)(F), incorporating by reference Section 15(b)(4)(D).

<sup>46</sup> *Id.* at p. 5. On July 15, 2020, the Firm submitted an affirmation to FINRA confirming that sanctions were no longer in effect. Since there are no sanctions in effect for statutory disqualification purposes, an application to continue in membership is no longer required under FINRA rules. See also [FINRA Regulatory Notice 09-19](#) (June 15, 2009). As such, a 19h-1 Notice was not filed in connection with this matter.

## **V. Prior SEA Rule 19h-1 Notices**

SGAS has not been subject to any prior SEA Rule 19h-1 or 19d-1 Notices.

## **VI. The Firm's Proposed Continued Membership with FINRA Plan of Heightened Supervision**

The Firm seeks to continue its membership with FINRA notwithstanding its status as a disqualified member. The Firm has agreed to the following Plan of Heightened Supervision ("Supervision Plan" or "Plan") as a condition of its continued membership with FINRA:<sup>47</sup>

SG Americas Securities, LLC (the "Firm") is subject to statutory disqualification pursuant to 3(a)(39)(F) of the Securities Exchange Act of 1934, which incorporates by reference Sections 15(b)(4)(D) & (E), as a result of an order issued by the U.S. Securities and Exchange Commission dated August 8, 2023, which found that the Firm willfully violated Section 17(a) of the Securities Exchange Act of 1934 and Rule 17a-4(b)(4) thereunder. The order also found that the Firm failed to reasonably supervise its employees within the meaning of Section 15(b)(4)(E).

For the purpose of this Supervision Plan, the term "Digital Communication Channels" means all written electronic methods of communication used to conduct Firm business, including but not limited to, text message platforms, whether via SMS messaging, iMessage, or other messaging services such as WhatsApp; direct messaging platforms including X f/k/a "Twitter," Instagram, LinkedIn, Slack, or Bloomberg Messaging; non-firm domain email accounts; and any other written electronic business-related correspondence. "Digital Communication Channels" encompass platforms used to exchange messages with internal or external stakeholders using either a personal or Firm-provided device.

For the purpose of this Supervision Plan, the term "Off-Channel Communications" means all business-related written electronic messages required to be maintained under Rule 17a-4 sent on Digital Communication Channels that are not captured by Firm surveillance and record-keeping systems.

In consenting to this Supervision Plan, the Firm agrees to the following:

1. The Firm shall comply with all of the undertakings outlined in the Securities and Exchange Commission ("SEC" or "Commission") Order Instituting Administrative and Cease-and-Desist Proceedings, Pursuant to Sections 15(b) and 21(C) of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order, *In the Matter of SG Americas Securities*,

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<sup>47</sup> See Executed Consent to Plan of Heightened Supervision dated February 28, 2024, attached as Exhibit 20.



LLC, Securities Exchange Act of 1934 Release No. 98082 (August 8, 2023) (“SEC Order”).

2. The Firm shall maintain copies of all correspondence between the Firm and Commission staff relating to the SEC Order, including documenting when Commission staff grants extensions to the deadlines set forth in the SEC Order. The Firm shall maintain copies of all such correspondence in a readily accessible place for ease of review by FINRA staff.
3. The Firm shall provide FINRA’s Statutory Disqualification Group with copies of all certifications submitted to the SEC upon completion of the undertakings as specified in the SEC Order. The Firm shall maintain copies of all certifications in a readily accessible place for ease of review by FINRA staff.
4. The Firm shall maintain copies of all reports and supporting documentation submitted to SEC staff in accordance with the SEC Order, as well as any other documentation needed to evidence the status and completion of each of the undertakings outlined in the SEC Order. The Firm shall maintain copies of such documentation in a readily accessible place for ease of review by FINRA staff.
5. Within six months of the SEC’s Letter of Acknowledgement (“LOA”) in this matter, to the extent that it has not already done so within the past six months, and on at least an annual basis thereafter, for a term of six years from the date of the LOA, the Firm shall conduct training for all associated persons regarding the Digital Communication Channels that the Firm has approved for business communication, along with the Firm’s current policies regarding retention of business-related electronic communications. The Firm shall maintain a record of individual completion of said training and a copy of said training materials in a readily accessible place for ease of review by FINRA staff.
6. The Firm shall conduct the training described in item number 5 above for all new hires, within 65 days from the date of commencement of new hire training, for a term of six years from the date of the LOA. The Firm shall retain a record of all new hire training, including a copy of all written training materials, and keep said record(s) in a readily accessible place for ease of review by FINRA staff.
7. Within 90 days of the LOA, the Firm shall, to the extent that it has not already done so, establish and maintain a written list(s) of all Digital Communication Channels that its associated persons are permitted to use to communicate about Firm business. The list(s) shall be circulated to all of the Firm’s associated persons at least on a semi-annual basis, for a term of six years from the date of the LOA. The Firm shall require that all associated persons obtain written approval for use of any Digital Communication Channels to communicate about Firm business that are not already on the approved list(s) maintained by the Firm. The Firm shall maintain a record of all requests and approvals or rejections of each request, including the date of the requests and the Firm’s decision. The Firm shall maintain copies of such requests and decisions in a readily accessible place for ease of review by FINRA staff.

8. The Firm shall require all associated persons to disclose on at least a semi-annual basis, for a term of six years from the date of the LOA, any unapproved Digital Communication Channels he/she is using to communicate about Firm business. The Firm shall retain records of such disclosures in a readily accessible place for ease of review by FINRA staff.
9. Subject to Paragraph 7 above, the Firm shall prohibit associated persons from using Off-Channel Communications.
10. Within 90 days of the LOA, the Firm shall, to the extent that it has not already done so, develop a process whereby, in the event that an associated person sends or receives an Off-Channel Communication, the Off-Channel Communication is submitted to the Firm and retained in compliance with relevant securities laws and regulations. For a term of six years from the date of the LOA, the Firm shall maintain a record of all such Off-Channel Communications, including a record of the Firm's receipt of the communication, in a readily accessible place for ease of review by FINRA staff.
11. Within 90 days of the LOA, the Firm shall, to the extent that it has not already done so, develop and maintain written policies and procedures detailing the Firm's processes for disciplining associated persons who utilize Off-Channel Communications to communicate about Firm business. When the Firm utilizes the disciplinary process, the Firm shall document each instance. The Firm shall retain records of such written policies and procedures and records of the disciplinary processes and each outcome.
12. All requested documents and certifications under this Supervision Plan shall be sent directly to FINRA's Statutory Disqualification Group at [SDMailbox@FINRA.org](mailto:SDMailbox@FINRA.org).
13. The Firm shall obtain written approval from FINRA's Statutory Disqualification Group prior to changing any provision of the Supervision Plan.
14. The Firm shall submit any proposed changes or other requested information under this Supervision Plan to FINRA's Statutory Disqualification Group at [SDMailbox@FINRA.org](mailto:SDMailbox@FINRA.org).

## **VII. Discussion**

After carefully reviewing the entire record in this matter, FINRA approves the Firm's request to continue its membership with FINRA, subject to the terms and conditions set forth herein. In evaluating SGAS' Application, FINRA assessed whether the Firm has demonstrated that its continued membership is consistent with the public interest and does not create an unreasonable risk of harm to investors or the markets. *See* FINRA By-Laws, Art. III, Sec. 3(d); *cf. Frank Kufrovich*, 55 S.E.C. 616, 624 (2002) (holding that FINRA "may deny an application by a firm for association with a statutorily disqualified individual if it determines that employment under the proposed plan would not be consistent with the

public interest and the protection of investors”). Typically, factors that bear on FINRA’s assessment include, among other things, the nature and gravity of the statutorily disqualifying misconduct, the time elapsed since its occurrence, the restrictions imposed, the Firm’s regulatory history, and whether there has been any intervening misconduct.

As of the date of this Notice, FINRA has determined that the Firm’s continued membership is consistent with the public interest and does not create an unreasonable risk of harm to investors or the markets. While the SEC Order identified serious violations of securities laws, the Firm was not expelled or suspended, nor were any limitations placed on SGAS’ securities activities. Although the SEC Order triggered certain disqualifications from exemptions from registration available under the Securities Act of 1933 (“Securities Act”), specifically Regulations A, D and E of the Securities Act and Regulation Crowdfunding, the SEC granted the Firm a waiver from the application of the disqualification provisions of Rules 262(a)(4)(ii), 506(d)(1)(iv)(B), and 602(c)(3) of the Securities Act and Rule 503(a)(4)(ii) of Regulation Crowdfunding. Moreover, the full amount of the civil monetary penalty was promptly paid, and the Firm promptly paid the sums owed to the CFTC based on an order with similar findings as the disqualifying one. Additionally, the Firm represented that it is in compliance with the ordered undertakings.

Member Supervision also acknowledges that within the SEC Order the Commission considered the Firm’s prompt remedial actions and cooperation with the Commission when determining to accept the Offer of Settlement. Specifically, the Commission acknowledged that SGAS revised its policies and procedures and issued repeated reminders about its policies to Firm staff.<sup>48</sup> The Firm has represented that it has taken even more remedial measures including enhancing its training, implementing annual employee certifications, and using new technology to capture text messages related to Firm business.

It is well settled that a firm’s regulatory history bears upon the assessment of its ability to comply with securities law and regulations. *See In the Matter of the Continued Association of Craig Scott Taddonio with Meyers Associate, L.P.*, SD-2117, slip op. at 24-25 (FINRA NAC March 8, 2017). However, the corrective measures taken by firms to address deficiencies are weighed in determining whether to approve applications. *See In the Matter of the Association of X with the Sponsoring Firm*, SD11007 (FINRA NAC 2011) (where a firm’s corrective actions negated Member Regulation’s assertion that the firm failed to appreciate or respect securities rules and regulations). FINRA has also previously approved applications for continued membership where the firms had extensive regulatory history, including disqualifying events. *See In the Matter of the Continued Membership of Deutsche Bank Securities, Inc.*, SD-2190 (FINRA Jan. 14, 2020) and *In the Matter of the Continued Membership of Citigroup Global Markets, Inc.*, SD-2082 (FINRA May 2, 2017) (approving continued membership where the firms had extensive regulatory history, including recent disqualifying events).

In evaluating the Firm’s Application, FINRA acknowledges its recent regulatory and disciplinary history, as well as its additional statutory disqualifying event. Member Supervision also notes that, as of the date of this Notice, the Firm has paid all fines and

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<sup>48</sup> See Exhibit 2 at p. 5.

complied with all undertakings ordered by regulators. None of these matters would prevent the continuance of the Firm as a FINRA member. With respect to the Firm's recent examination exceptions, the Firm acted to resolve the deficiencies by updating its policies and procedures, enhancing its reporting and monitoring tools, and correcting coding errors that led to reporting mistakes.

FINRA is further reassured by the controls set in place by the Firm's Supervision Plan, which bolster the undertakings outlined in the SEC Order and will continue to provide oversight of the Firm and compliance with its remaining undertakings. In accordance with the Plan, the Firm agreed to conduct annual training for all associated persons, including new hires, regarding the Firm's approved digital communication methods and record retention policies for electronic communications. Further, the Plan calls for the Firm to maintain a list of approved digital communication methods that associated persons are permitted to use for Firm business and to circulate that list to its associated persons semi-annually. The Plan requires the Firm's associated persons to obtain written approval to use digital communication channels not already approved. The Plan prohibits the use of off-channel communications and requires associated persons to semi-annually disclose any unapproved digital communication methods they are using for Firm business; they must also forward any off-channel communications that may have taken place to the Firm for retention purposes. These provisions will help to ensure that the Firm is aware of the communication methods being used by associated persons so that it can appropriately monitor, capture, and retain those communications. Additionally, the Plan mandates that the Firm develop policies and procedures for disciplining associated persons who use unapproved communication methods for Firm business and segregate all certifications, reports, and supporting documentation submitted to the SEC regarding compliance with the undertakings, for ease of review by FINRA staff to ensure ongoing compliance.

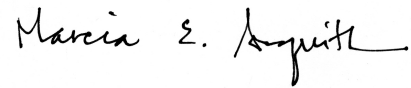
Following the approval of the Firm's continued membership in FINRA, FINRA intends to utilize its examination and surveillance processes to monitor the Firm's continued compliance with the standards prescribed by Exchange Act Rule 19h-1 and FINRA Rule 9523.

Thus, FINRA is satisfied, based on the foregoing and on the Firm's representations made pursuant to the Supervision Plan, that the Firm's continued membership in FINRA is consistent with the public interest and does not create an unreasonable risk of harm to the market or investors. Accordingly, FINRA approves SGAS' Application to continue its membership with FINRA.

FINRA certifies that the Firm meets all qualification requirements and represents that the Firm is registered with several other SROs including BOX; Cboe; BYX; BZX; C2; EDGA; EDGX; IEX; LTSE; MEMX; MIAX PEARL; NYSE; NYSE American; NYSE Arca; NYSE Chicago; NYSE National; BX; GEMX; ISE; MRX; PHLX; Nasdaq; DTC; FICC-GOV; FICC-MBS; and NSCC. The SROs have been provided with the terms and conditions of SGAS' proposed continued membership, and they concur with FINRA.

In conformity with the provisions of Rule 19h-1 of the Exchange Act, the continued membership of the Firm will become effective within 30 days of the receipt of this notice by the Commission, unless otherwise notified by the SEC.

On Behalf of FINRA,



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Marcia E. Asquith  
Executive Vice President & Corporate Secretary

EXHIBITS  
SD-2367

1. MC-400A Application and related attachments compiled by CRED, with a cover memorandum dated September 18, 2023.
2. SEC Order, *In re SG Americas Securities, LLC*, Exchange Act Release No. 98082 (Aug. 8, 2023).
3. *In re Certain Broker-Dealer Practices*, Securities Act Release No. 11221 (Aug. 8, 2023).
4. Firm's Discovery Responses dated February 14, 2024.
5. CRD Excerpt – Organization Registration Status.
6. CRD Excerpts – Types of Business and Other Business Descriptions.
7. Disposition Letter for Examination No. 20220734159 dated May 18, 2023, Examination Report dated May 18, 2023 (amended from the original Examination Report dated January 18, 2023), and the Firm Response dated February 8, 2023.
8. Disposition Letter for Examination No. 20220734158 dated February 23, 2023, Examination Report dated January 18, 2023, and Firm Response dated February 8, 2023.
9. CAL for Examination No. 20220771453 dated November 1, 2023 and Firm Response dated December 4, 2023.
10. CALs for Examination No. 20200683814 dated April 24, 2023 and Firm Response dated May 1, 2023.
11. CAL for Examination No. 20210703854 dated January 30, 2023 and Firm Response dated February 13, 2023.
12. Disposition Letter for Examination No. 20210709899 dated June 6, 2022.
13. SEC Examination Letter for File No. 8-66125 dated April 4, 2022.
14. FINRA AWC No. 2019063480501 dated August 10, 2022.
15. Form U6 for AWC No. 2019063480501.
16. CFTC Order, *In re SG Americas Securities, LLC et al.*, CFTC Docket No. 23-35 (Aug. 8, 2023).

17. ICE Futures U.S. Summary Fine Notice, Case No. 2022-031 (Feb. 8, 2023).
18. BZX Disciplinary Notice Minor Rule Violation Plan, Case No. URE-71-05 (May 17, 2022).
19. *In re SG Americas Securities, LLC*, Exchange Act Release No. 89143 (June 24, 2020).
20. Executed Consent to Plan of Heightened Supervision dated February 28, 2024.