

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2017054105501**

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

RE: Zhengquan Zhang, Respondent
Operations Professional
CRD No. 5775459

Pursuant to FINRA Rule 9216 of FINRA’s Code of Procedure, I, Zhengquan Zhang (“Zhang”), submit 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 me alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. I hereby accept and consent, without admitting or denying the findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of FINRA, or to which FINRA 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 FINRA:

BACKGROUND

Zhang entered the securities industry in March 2010, when he became employed by Knight Equity Markets, L.P., a predecessor to KCG Americas LLC (the “Firm”), a FINRA regulated broker-dealer. In April 2015, Zhang became registered as a Series 99 Operations Professional with the Firm.¹

On May 2, 2017, the Firm filed a Uniform Termination Notice for Securities Industry Registration (“Form U5”) for Zhang reporting that his association with the Firm had been terminated effective April 7, 2017 because he “violated the [Firm’s] confidentiality provisions by, without authorization, ... accessing, copying and exfiltrating the [Firm’s] confidential information.”

Zhang is not currently associated with a FINRA regulated broker-dealer. However, pursuant to Article V, Section 4 of the FINRA By-Laws, Zhang remains subject to FINRA’s jurisdiction.

¹ The Firm is now known as Virtu Americas LLC.

RELEVANT DISCIPLINARY HISTORY

Zhang has no relevant disciplinary history in the securities industry.

OVERVIEW

In September 2017, Zhang violated FINRA Rules 8210 and 2010 by failing to comply with a FINRA Rule 8210 request by FINRA's Department of Enforcement ("Enforcement") for him to appear and provide testimony. The FINRA Rule 8210 request was issued in connection with an investigation by Enforcement into allegations against Zhang, including that he downloaded to his personal computer proprietary and confidential information belonging to the Firm without its knowledge or approval.

FACTS AND VIOLATIVE CONDUCT

FINRA Rule 8210(a)(1) states, in relevant part, that FINRA staff have the right to "require a member, person associated with a member, or any other person subject to FINRA's jurisdiction to provide information orally, in writing, or electronically ... with respect to any matter involved in the investigation." FINRA Rule 8210(c) states that "[n]o member or person shall fail to provide information or testimony" pursuant to this Rule. A violation of FINRA Rule 8210 is also a violation of FINRA Rule 2010, which requires associated persons to observe "high standards of commercial honor and just and equitable principles of trade."

In July 2017, Enforcement began investigating allegations of misconduct by Zhang while associated with the Firm. These allegations included that Zhang downloaded to his personal computer proprietary and confidential information belonging to the Firm without its knowledge or approval and accessed other Firm employees' e-mails without their authorization.

In connection with its investigation, on August 17, 2017, Enforcement sent a letter to Zhang, through his counsel, pursuant to FINRA Rule 8210 requesting that Zhang appear and provide on-the-record testimony on September 27, 2017. Enforcement's Rule 8210 letter stated that Zhang's failure to comply with the request could subject him to sanctions, including a bar from the securities industry. Enforcement's Rule 8210 letter was sent to Zhang's counsel by electronic mail, U.S. certified mail, return receipt requested, and first-class mail, and was received by Zhang's counsel.

During a telephone call with Enforcement on September 13, 2017, Zhang's counsel informed Enforcement that Zhang would not appear and provide testimony as requested by Enforcement at any time. To date, Zhang has failed to provide testimony as requested.

By refusing to appear and provide on-the-record testimony as requested pursuant

to FINRA Rule 8210, Zhang violated FINRA Rules 8210 and 2010.

B. I also consent to the imposition of the following sanctions:

A bar from association with any FINRA member in any capacity.

I understand that if I am barred or suspended from associating with any FINRA member, I become subject to a statutory disqualification as that term is defined in Article III, Section 4 of FINRA's By-Laws, incorporating Section 3(a)(39) of the Securities Exchange Act of 1934. Accordingly, I may not be associated with any FINRA member in any capacity, including clerical or ministerial functions, during the period of the bar or suspension (see FINRA Rules 8310 and 8311).

The sanctions imposed herein shall be effective on a date set by FINRA staff. A bar or expulsion shall become effective upon approval or acceptance of this AWC.

II.

WAIVER OF PROCEDURAL RIGHTS

I specifically and voluntarily waive the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against me;
- 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, I specifically and voluntarily waive 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 acceptance or rejection of this AWC.

I further specifically and voluntarily waive 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.

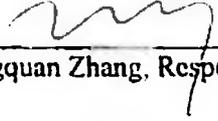
OTHER MATTERS

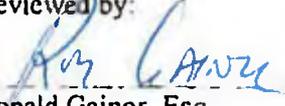
I understand that:

- 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 me; and
- C. If accepted:
 - 1. this AWC will become part of my permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against me;
 - 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 the subject matter thereof in accordance with FINRA Rule 8313; and
 - 4. I 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. I 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 my: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

I certify that I have read and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it; that I have agreed to its provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce me to submit it

11/21/2017
Date (mm/dd/yyyy)


Zhengquan Zhang, Respondent

Reviewed by:

Ronald Gainor, Esq
Counsel for Respondent
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Accepted by FINRA:
12/18/17
Date

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

Richard Chin
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FINRA Department of Enforcement
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