

NYSE TEXAS, INC.
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2022073320201

TO: NYSE TEXAS, INC.

RE: Alpha Trading, LP, Respondent
CRD No. 289434

During the period between June 22, 2020, and September 2023, Alpha Trading, LP violated NYSE Texas Rules 6.6830, 6.6860, and 6.6893 by failing to report, or accurately report, billions of order events to the Consolidated Audit Trail Central Repository. From June 22, 2020, through October 2023, Alpha Trading, LP violated NYSE Texas Article 6, Rules 5(a) and 5(c) by failing to establish and maintain a supervisory system, including written supervisory procedures, reasonably designed to achieve compliance with CAT reporting rules. Consent to a censure and fine of \$200,000.

* * *

Pursuant to Rule 10.9216 of the NYSE Texas, Inc.¹ (“NYSE Texas” or the “Exchange”) Code of Procedure, Alpha Trading, LP (“Alpha Trading” 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, NYSE Texas will not bring any future actions against the Firm alleging violations based on the same factual findings described herein.

I. ACCEPTANCE AND CONSENT

- A. Alpha Trading hereby accepts and consents, without admitting or denying the findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of NYSE Texas, or to which NYSE Texas 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 NYSE Texas:

BACKGROUND AND JURISDICTION

1. Alpha Trading has been a member of NYSE Texas since September 2017. Alpha Trading’s headquarters is in Herzliya Pituach, Israel. It has approximately 20

¹ Effective March 28, 2025, NYSE Chicago, Inc. converted to a Texas corporation and changed its name to NYSE Texas, Inc. Thus, while the conduct referred to herein occurred prior to March 28, 2025, and thus the violations were of NYSE Chicago rules, for purposes of this document the violations cited herein will be referred to as NYSE Texas Rules.

registered representatives in one branch office. Alpha Trading engages exclusively in proprietary trading and market making. The Firm has no relevant disciplinary history.

VIOLATIONS

Consolidated Audit Trail Violations

1. The SEC adopted Rule 613 under the Securities Exchange Act of 1934 to create a consolidated audit trail (“CAT”) that would substantially enhance the ability of the self-regulatory organizations (“SROs”) and the SEC 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 the Exchange’s proposal to adopt a CAT Compliance Rule Series to implement the CAT NMS Plan.²
2. Beginning on June 22, 2020, large industry members,³ including Alpha Trading, that originated or received an order involving NMS or over-the-counter (“OTC”) equity securities were required to report data to the CAT Central Repository and comply with Rule 613 of Regulation NMS and NYSE Texas Rule 6.6800 series. 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.
3. CAT data is as 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.
4. NYSE Texas Rule 6.6830(a) requires each industry member to record and electronically report to the CAT 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.
5. NYSE Texas Rule 6.6860(a) requires that “each Industry Member shall record and report Industry Member Data to the Central Repository with time stamps in the milliseconds” except that any Industry Member with “order handling or execution

² At the time, the Exchange was known as the Chicago Stock Exchange, Inc. and the CAT Compliance Rule Series was in Article 23 of the Rules of the Exchange. In March 2019, the Exchange renumbered the CAT Compliance Rule Series to NYSE Chicago Rule 6.6800 Series.

³ 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).

systems [that] utilize time stamps in increments finer than milliseconds, such Industry Member shall record and report Industry Member Data to the Central Repository with time stamps in such finer increment up to nanoseconds.”

6. NYSE Texas Rule 6.6893 requires Industry Members to record and report data to the Central Depository as required by the Rule Series in a manner that ensures the timeliness, accuracy, integrity, and completeness of such data.
7. Between June 22, 2020, and November 2022, Alpha Trading reported 14.8 billion reportable events to the CAT Central Repository with inaccurate event time stamps. In particular, a coding error resulted in a “0” being inaccurately inserted in the column where tenths of a second are reported, thereby rendering those time stamps inaccurate. Additionally, during the same period, the Firm reported event time stamps to the CAT Central Repository in increments of milliseconds, even though its internal order handling system used time stamps in increments finer than milliseconds.
8. Further, the Firm failed to report 16.2 billion route cancellation events from December 13, 2021, the date on which these events were first reportable,⁴ through September 2023.
9. Accordingly, the Firm violated NYSE Texas Rules 6.6830, 6.6860, and 6.6893.

Supervisory Violations

10. NYSE Texas Article 6, Rule 5(a) provides, “No Participant shall engage in conduct in violation of the Securities Exchange Act of 1934, as amended, rules or regulations thereunder, the Bylaws or the Rules of the Exchange, or any written interpretation thereof. Every Participant is responsible for reasonably supervising its associated persons to prevent such violations.”
11. NYSE Texas Article 6, Rule 5(c) provides, “Each Participant Firm ... establish, maintain, and enforce written procedures to supervise the types of business in which it engages... Such written procedures must be reasonably designed to achieve compliance with applicable securities laws and regulations, and with the applicable rules of the Exchange. The Participant Firm’s written supervisory procedures shall set forth the supervisory system established by the Participant Firm[.]”
12. From June 22, 2020, through October 2023, the Firm failed to establish and maintain a supervisory system, including written supervisory procedures, that was reasonably designed to achieve compliance with NYSE Texas’s CAT reporting rules. Prior to March 2023, the Firm’s written supervisory procedures did not require, nor did the Firm conduct, any supervisory reviews of accepted

⁴ CAT reporting of Industry Member Data was phased in over time beginning in June 2020. As of December 13, 2021, Industry Members were required to report route cancelled events to the CAT Central Repository when an order route is cancelled.

CAT data to ensure that the data it was reporting was accurate and consistent with the Firm's internal order and trade records. From March 2023 through October 2023, Alpha Trading's supervisory reviews for compliance with CAT reporting requirements consisted of a manual comparison of three of the Firm's submitted CAT records each quarter to the Firm's internal order and trade records. The size of the sample was unreasonably small given the Firm's high volume of reported events, which averaged one billion events per quarter. Beginning in November 2023, Alpha Trading implemented an automated process that performs daily accuracy reviews of submitted CAT data and generates an alert if an exception is identified.

13. Accordingly, the Firm violated NYSE Texas Article 6, Rules 5(a) and 5(c).

SANCTIONS

B. The Firm also consents to the imposition of the following sanction:

Censure and fine in the amount of \$200,000.

The Firm agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment(s) are due and payable. The Firm has submitted a Method of Payment Confirmation form showing the method by which it will pay the fine imposed.

The Firm specifically and voluntarily waives any right to claim that it is unable to pay, now or at any time hereafter, the monetary sanction imposed in this matter.

The sanctions herein are imposed pursuant to NYSE Texas Rule 10.8310 and shall be effective on a date set by NYSE Regulation staff.

II. WAIVER OF PROCEDURAL RIGHTS

The Firm specifically and voluntarily waives the following rights granted under the NYSE Texas Code of Procedure:

- A. To have a Formal Complaint issued specifying the allegations against the Firm;
- B. To be notified of the Formal 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 Exchange's Board of Directors and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, the Firm specifically and voluntarily waives any right to claim bias or prejudgment of

the Chief Regulatory Officer of NYSE Texas; the Exchange's Board of Directors, Disciplinary Action Committee ("DAC"), and Committee for Review ("CFR"); any Director, DAC member, or CFR member; Counsel to the Exchange Board of Directors or CFR; any other NYSE Texas employee; or any Regulatory Staff as defined in Rule 10.9120 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.

The Firm further specifically and voluntarily waives any right to claim that a person violated the ex parte communication prohibitions of Rule 10.9143 or the separation of functions prohibitions of Rule 10.9144, 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

The Firm understands that:

- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed by NYSE Regulation, and accepted by the Chief Regulatory Officer of NYSE Texas pursuant to NYSE Texas Rule 10.9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against the Firm; and
- C. If accepted:
 1. The AWC shall be sent to each Director and each member of the Committee for Review via courier, express delivery or electronic means, and shall be deemed final and shall constitute the complaint, answer, and decision in the matter, 10 days after it is sent to each Director and each member of the Committee for Review, unless review by the Exchange Board of Directors is requested pursuant to NYSE Texas Rule 10.9310(a)(1)(B);
 2. This AWC will become part of the Firm's permanent disciplinary record and may be considered in any future actions brought by the Exchange, or any other regulator against the Firm;
 3. NYSE Texas shall publish a copy of the AWC on its website in accordance with NYSE Texas Rule 10.8313;
 4. NYSE Texas may make a public announcement concerning this agreement and the subject matter thereof in accordance with NYSE Texas Rule 10.8313; and
 5. The Firm 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. The Firm may not take any position in any proceeding

brought by or on behalf of the Exchange, or to which the Exchange is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects the Firm's (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which the Exchange is not a party.

- D. A signed copy of this AWC and the accompanying Method of Payment Confirmation form delivered by email, facsimile or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy.
- E. The Firm may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. The Firm understands that it may not deny the charges or make any statement that is inconsistent with the AWC in this statement. A Corrective Action Statement does not constitute factual or legal findings by the Exchange, nor does it reflect the views of NYSE Regulation or its staff.

The Firm certifies that, in connection with each of the Exchange's requests for information in connection with this matter, the Firm made a diligent inquiry of all persons and systems that reasonably had possession of responsive documents and that all responsive documents have been produced. In agreeing to the AWC, the Exchange has relied upon, among other things, the completeness of the document productions.

The undersigned, on behalf of the Firm, certifies that a person duly authorized to act on the Firm'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 the Firm 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 herein and the prospect of avoiding the issuance of a Complaint, has been made to induce the Firm to submit this AWC.

July 7, 2025

Date

Alpha Trading, LP,
Respondent

By: Shai Nathaniel
Shai Nathaniel
Chief Executive Officer

Reviewed by:

Kevin Harnisch

Kevin J. Harnisch
Norton Rose Fulbright US LLP
799 9th Street NW, Suite 1000
Washington, DC 20001
(202) 662-4520
Counsel for Respondent

Accepted by FINRA

July 7, 2025

Date

Cara McGourty

Cara McGourty
Counsel
FINRA, Department of Enforcement

Signed on behalf of NYSE Texas, Inc., by
delegated authority from its Chief
Regulatory Officer