

FINANCIAL INDUSTRY REGULATORY AUTHORITY

In the Matter of the
Continued Membership
of
Interactive Brokers, LLC
(CRD No. 36418)

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

SD-2288

February 10, 2022

I. Introduction

On November 2, 2020, Interactive Brokers, LLC (“IB LLC” or “Firm”) submitted a Membership Continuance Application (“Application”) to FINRA’s Department of Credentialing, Registration, Education, and Disclosure (“CRED”).¹ The Application seeks to permit the Firm, a FINRA member subject to statutory disqualification, to continue its membership with FINRA notwithstanding its disqualification. A hearing was not held in this matter; rather, pursuant to FINRA Rule 9523(b), FINRA’s Department of Member Supervision (“FINRA” or “Member Supervision”) 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

IB LLC is subject to statutory disqualification, as that term is defined in Section 3(a)(39)(F) of the Exchange Act, incorporating by reference Section 15(b)(4)(E), as the result of an order issued by the Commodity Futures Trading Commission (“CFTC”) on August 10, 2020 (“CFTC Order”),² finding that the Firm failed to adequately supervise its officers, employees and agents in violation of Regulation 166.3, 17 C.F.R. § 166.3 (2019) and failed to file Suspicious Activity Reports (“SARs”) when it had a duty to do so in violation of Regulation 42.2, 17 C.F.R. § 42.2 (2019).³ Specifically, the Firm failed to diligently supervise employees handling several commodity trading accounts from June 2014 through November 2018; the account holders used their accounts to

¹ See MC-400A Application and related attachments compiled by CRED, with a cover memorandum dated November 16, 2020, attached as Exhibit 1.

² See CFTC Order, *In re Interactive Brokers, LLC*, CFTC Docket No 20-25 (Aug. 10, 2020), attached as Exhibit 2.

³ *Id.* at p. 12.

defraud investors of millions of dollars.⁴ In addition, the Firm failed to adopt and implement reasonably designated policies and procedures to detect and report suspicious transactions, which resulted in failures to file SARs.⁵ Further, the Firm did not commit adequate resources to its Anti-Money Laundering (“AML”) Program to ensure it was equipped to monitor, detect, escalate and report suspicious activity as required by the Bank Secrecy Act.⁶

The Firm was ordered to cease and desist from violating Regulations 42.2 and 166.3, 17 C.F.R. §§ 42.2, 166.3 (2019), pay a civil monetary penalty of \$11.5 million, pay a disgorgement of \$706,214.67, and comply with certain undertakings, including hiring an independent consultant to review and evaluate its AML Program.⁷

III. Background Information

IB LLC is based in Greenwich, Connecticut, and has been registered as a broker-dealer since 1995.⁸ According to the Firm’s Central Registration Depository (“CRD”) record, the Firm has seven (7) branch offices, six (6) of which are Offices of Supervisory Jurisdiction (“OSJ”). IB LLC employs 297 registered representatives, 85 of which are registered principals, 776 non-registered fingerprint individuals, and 39 operations professionals.⁹ IB LLC currently does not employ anyone subject to a statutory disqualification.¹⁰

IB LLC engages in the following lines of business: exchange member engaged in exchange commission business other than floor activities; exchange member engaged in floor activities; broker or dealer retailing corporate equity 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; private placements of securities; and effects transactions in commodity futures, commodities, commodity options as broker for others or dealer for own account.¹¹ The Firm also engages in other securities business – acting as agency broker for security futures products; and other non-securities business – foreign exchange trading as a broker for customers.¹²

⁴ *Id.* at p. 2.

⁵ *Id.* at pp. 3-4.

⁶ *Id.*

⁷ *Id.* at pp. 14-18. *See also* evidence of payment of fine and disgorgement, attached as Exhibit 3. The fine and disgorgement payments were made in full to the CFTC on August 12, 2020.

⁸ FINRA confirmed this through an analysis of the Firm’s information contained in CRD last performed November 30, 2021.

⁹ *Id.*

¹⁰ *Id.*

¹¹ *See* CRD Excerpt: Types of Business and CRD Excerpt: Other Business Descriptions attached collectively as Exhibit 4.

¹² *See* CRD Excerpt: Other Business Descriptions at Exhibit 4.

IB LLC is a member of the following self-regulatory organizations (“SROs”):¹³ BOX Exchange LLC (“BOX”); Cboe BYX Exchange, Inc. (“CBOE BYX”); Cboe BZX Exchange, Inc. (“CBOE BZX”); Cboe EDGA Exchange, Inc. (“CBOE EDGA”); Cboe EDGX Exchange, Inc. (“CBOE EDGX”); Investors' Exchange LLC (“IEX”); Long-Term Stock Exchange, Inc. (“LTSE”); MIAX Emerald, LLC (“MIAX Emerald”); MIAX Pearl, LLC (“MIAX Pearl”); Miami International Securities Exchange, LLC (“MIAX Options”); NYSE American LLC (“NYSE-AMER”); NYSE Arca, Inc. (“NYSE-ARCA”); NYSE Chicago, Inc. (“NYSE-CHI”); NYSE National, Inc. (“NYSE-NAT”); Nasdaq BX, Inc. (“BX”); Nasdaq GEMX, LLC (“ISE GEMX”); Nasdaq ISE, LLC (“ISE”); Nasdaq MRX, LLC (“ISE MRX”); Nasdaq PHLX LLC (“PHLX”); Nasdaq Stock Market (“NQX”); and New York Stock Exchange (“NYSE”). Further, the Firm is a member of the Depository Trust Company (“DTC”), the National Securities Clearing Corp. (“NSCC”), and the Fixed Income Clearing Corporation Government Securities Division (“FICC-GSD”);¹⁴ and also a member of the Municipal Securities Rulemaking Board (“MSRB”).

Recent FINRA Examinations

In the past two years, FINRA completed three (3) routine examinations and six (6) non-routine examinations of the Firm, all of which resulted in a Cautionary Action.

A. Routine Examinations

The examination completed in June 2021 resulted in a Cautionary Action for the only exception.¹⁵ This exception pertained to the Firm’s failure to document evidence of supervisory review for Consolidated Audit Trail (“CAT”) reviews.¹⁶ In response to this exception, the Firm updated its procedures related to CAT.¹⁷

The examination completed in July 2020 resulted in a Cautionary Action for two exceptions.¹⁸ These exceptions pertained to the Firm’s failure to obtain an updated no lien letter that referenced a new custody account and a deficiency created by entering in a certain stock loan contract.¹⁹ In response to these exceptions, the Firm made policy and procedural updates.²⁰ In addition, one

¹³ See CRD: Organization Registration Status attached as Exhibit 5.

¹⁴ Membership in these organizations was verified by FINRA staff through a search of public MSRB, DTC, and NSCC member directories, last performed December 16, 2021.

¹⁵ See Disposition Letter for Examination No. 20200651045 dated June 14, 2021, Examination Report dated March 31, 2021, and Firm Response dated April 23, 2021, collectively attached as Exhibit 6.

¹⁶ See Examination Report at Exhibit 6.

¹⁷ See Firm Response at Exhibit 6.

¹⁸ See Disposition for Examination No. 20190607431 dated July 20, 2020, Examination Report dated April 6, 2020, and Firm Responses dated January 22, 2019, collectively attached as Exhibit 7.

¹⁹ See Examination Report at Exhibit 7.

²⁰ See Firm Response at Exhibit 7. During the examination, an updated no lien letter was subsequently obtained.

exception related to the Firm's retention of Books and Records pursuant to SEA Rule 19a-4 was referred to FINRA's Department of Enforcement for further review; this matter is currently pending.²¹

The examination completed in February 2019 resulted in a Cautionary Action for the one exception noted.²² This exception related to the Firm's publication of an online video wherein exaggerated claims were made about execution quality, interest rates and client expectations.²³ Further, another video was published without prior approval by FINRA, and contained "options-specific statements that failed to adequately reflect the risks attendant to options transactions and the complexities of certain options investment strategies," among other things.²⁴ The Firm disagreed with the exception; however, in response to the exception, the Firm updated its disclosures accompanying the video on its website to provide a link to the Firm's main website that contains substantiating information.²⁵

The examination completed in June 2019 resulted in a Cautionary Action for two exceptions.²⁶ These exceptions pertained to failure to maintain written supervisory procedures ("WSPs") and supporting evidence of a supervisory review to ensure correct capacity into Exchanges and failure to have adequate WSPs to ensure properly maintained records of customer options orders.²⁷ In response to these exceptions, the Firm made procedural updates.²⁸

B. Non-Routine Examinations²⁹

The Firm was subject to six (6) non-routine examinations that resulted in Cautionary Action in connection with the following: failure to adequately supervise municipal factor bonds and deal fairly with nine customers who purchased municipal factor bonds, failure to provide customers with information regarding municipal factor bond prepayment of principal and the amount of unpaid principal, and failure to include information regarding the terms of the transaction of

²¹ See Examination Report at Exhibit 7. Matter is currently pending under Matter No. 20190607431.

²² See Disposition for Examination No. 20180564113 dated February 25, 2019, Examination Report dated December 18, 2019, and Firm Response dated January 22, 2019, collectively attached as Exhibit 8.

²³ See Examination Report at Exhibit 8.

²⁴ *Id.*

²⁵ See Firm Response at Exhibit 8.

²⁶ See Disposition for Examination Nos. 20180571614 (Equities) & 20180571694 (Options) dated June 17, 2019, Examination Report dated April 11, 2019, and Firm Response April 30, 2019, collectively attached as Exhibit 9.

²⁷ See Examination Report at Exhibit 9.

²⁸ See Firm Response at Exhibit 9.

²⁹ See Cautionary Action Disposition Letters ("CALs") and Firm Responses (where provided) in connection with Matter Nos. 20180572961, 20200650333; 20200662257; 20180608890; 20190622033; and 20190628676, collectively attached as Exhibit 10.

municipal factor bonds;³⁰ failure to use reasonable diligence to ascertain the best market for the subject security and buy or sell in such market so that the resultant price to the customer was as favorable as possible under prevailing market conditions;³¹ lending out fully-paid-for securities of customers that unenrolled from its Stock-Yield Enhancement Program, resulting in possession or control deficits in multiple securities during from September 2018 to March 2020 and an inaccurate excess/deficient report;³² failure to implement risk management controls and supervisory procedures reasonably designed to systematically limit financial exposure that could arise as a result of market access;³³ failure to have procedures in connection with an extension of credit to customers on shares that were delivered without ensuring these securities were not restricted shares;³⁴ and, late Order Audit Trail System (“OATS”) reporting.³⁵

Recent Regulatory Actions

In the past two years, IB LLC has been the subject of eight (8) disciplinary matters resulting in two Letters of Acceptance, Waiver and Consent (“AWCs”). In addition, the Firm was subject to disciplinary matters brought by NYSE Arca, Inc., Chicago Mercantile Exchange (“CME”), Chicago Board of Trade (“CBOT”), Commodity Exchange (“COMEX”), New York Mercantile Exchange (“NYMEX”), as well as the SEC and the CFTC.

A. CFTC Action³⁶

On September 28, 2021, the CFTC issued an Order finding that the Firm violated Regulation 166.3, 17 C.F.R. § 166.3 (2020).³⁷ Specifically, the Firm failed to supervise its futures commission merchant (“FCM”) activities with respect to its electronic trading system’s ability to handle negative crude oil futures prices, which resulted in customer losses exceeding \$82.57 million.³⁸ The Firm was ordered to cease and desist from violating Regulation 166.3, 17 C.F.R. § 166.3

³⁰ See CAL for Matter No. 20180572961 dated July 29, 2021, Examination Report dated January 31, 2019 and Firm Response dated February 22, 2019 at Exhibit 10.

³¹ See CAL for Matter No. 20200650333 dated February 11, 2021 and Firm response dated March 3, 2021 at Exhibit 10.

³² See CAL for Matter No. 20200662257 dated December 10, 2020 at Exhibit 10.

³³ See Compliance Conference Letter for Matter No. 20180608890 dated October 16, 2020, Compliance Conference Certification dated October 28, 2020 and Firm response dated November 27, 2020 at Exhibit 10. The Compliance Conference Letter is a CAL issued by FINRA on behalf of the Cboe BZX Exchange, and Cboe EDGX Exchange, Inc., pursuant to regulatory service agreements.

³⁴ See Examination Disposition Letter for Cause Examination No. 20190622033 dated April 7, 2020, Examination Report dated February 18, 2020 and Firm Response dated March 10, 2020 at Exhibit 10.

³⁵ See CAL for Matter No. 20190628676 dated February 11, 2020 at Exhibit 10.

³⁶ See CFTC Order, *In re Interactive Brokers LLC*, CFTC Docket No 21-19 (Sept. 28, 2021), attached as Exhibit 11.

³⁷ *Id.* at pp. 6-7.

³⁸ *Id.* at p. 2.

(2020), pay restitution of \$82.57 million, which it was credited the full amount as it previously proactively compensated customers, pay a civil monetary penalty of \$1.75 million, and comply with certain conditions and undertakings, involving public statements, cooperation, and partial satisfaction.³⁹

B. NYSE ARCA Action⁴⁰

On October 23, 2020, the Firm entered into an AWC with NYSE Arca, Inc. in connection with failure to accurately report order origin codes to the Exchange in violation of NYSE Arca Rule 6.69 (Reporting Duties).⁴¹ The Firm consented to a censure and a fine in the amount of \$237,500.⁴²

C. CME, CBOT, COMEX, and NYMEX Actions⁴³

On September 25, 2020, IB LLC settled several parallel disciplinary actions brought by CME, CBOT, COMEX and NYMEX for violations of analogous rules. Each disciplinary panel of the various Exchanges found that IB LLC “implemented customer order routing functionality that bypassed CME Group market integrity controls” and “failed to adequately take into consideration market conditions when it used certain order routing [functionalities] to automatically liquidate under-margined customer accounts,” causing various Equity and Agricultural markets, the Rough Rice Futures markets, the Metals markets, and the Agricultural and Energy markets ... to experience price, liquidity and trade volume aberrations and Velocity Logic events.⁴⁴

Consequently, IB LLC was ordered to pay a total fine of \$375,000.⁴⁵

D. SEC Action⁴⁶

³⁹ *Id.* at pp. 2, 8-10. *See also* evidence of payment of fine, attached as Exhibit 12.

⁴⁰ *See* NYSE Arca, Inc. AWC No. 2020-06-00085, dated October 23, 2020, attached as Exhibit 13.

⁴¹ *Id.* Staff notes that “upon recognizing the error, the Firm promptly remediated the issue ... and implemented additional, enhanced supervisory controls. *Id.* at p. 2 ¶¶ 12 and 13.

⁴² *Id.* at p. 3. *See also* evidence of payment of fine, attached as Exhibit 14.

⁴³ *See* Notice of Disciplinary Action, CME 15-0303-BC, effective date September 25, 2020; Notice of Disciplinary Action, CBOT 15-0303-BC, effective date September 25, 2020; Notice of Disciplinary Action, COMEX 15-0303-BC, effective date September 25, 2020; and, Notice of Disciplinary Action, NYMEX 15-0303-BC, effective date September 25, 2020, collectively attached as Exhibit 15.

⁴⁴ *Id.* at p. 1.

⁴⁵ *Id.* at pp. 1-4. *See also* evidence of payment of fine, attached as Exhibit 16. The Firm made one payment in full to CME Inc. on October 1, 2020 in the amount of \$375,000, which was apportioned to the Exchanges as outlined in the Notices, in connection with the following Notices of Disciplinary Action effect September 25, 2020: CME 15-0303-BC, CBOT 15-0303-BC, COMEX 15-0303-BC, and NYMEX 15-0303-BC.

⁴⁶ *See* SEC Order, *In re Matter of Interactive Broker, LLC*, Exchange Act Release No. 89510 (Aug. 10, 2020), attached as Exhibit 17.

On August 10, 2020 the SEC issued an Order finding the Firm violated the BSA and willfully violated Section 17(a) of the Exchange Act and Rule 17a-8 thereunder.⁴⁷ Specifically, from at least July 2016 to June 2017, the Firm failed to file SARs relating to suspicious activity involving certain U.S. microcap securities transactions it executed on behalf of its customers; and, ignored or failed to recognize numerous red flags in connection with violations of its WSPs.⁴⁸ The Firm was ordered to cease and desist from committing any future violations of the aforementioned statutes, censured, and ordered to pay civil penalties of \$11,500,000 fine.⁴⁹

E. FINRA Action⁵⁰

On August 10, 2020, the Firm entered into an AWC with FINRA, for violative conduct similar to the actions outlined in the SEC Order dated August 10, 2020.⁵¹ Specifically, from January 2013 to September 2018 the Firm failed to develop and implement an AML Program designed to match the growth of its business with foreign financial institutions (“FFIs”) in violation of FINRA Rules 3310(a), (b), and (c) and FINRA Rule 2010.⁵² The Firm’s conduct included, but was not limited to, failures to implement and develop surveillance tools for certain transactions; failures to investigate potentially suspicious activity; failure to file SARs; and inadequate AML testing.⁵³ The Firm was censured, fined \$15,000,000, and required to hire a third-party consultant to conduct a review of the Firm’s AML Program.⁵⁴

IV. Prior SEA Rule 19h-1 Notice

On December 17, 2019, FINRA filed a Rule 19h-1 Notice approving IB LLC’s continued membership notwithstanding its statutory disqualification.⁵⁵ The Firm is subject to statutory

⁴⁷ *Id.* at p. 2. The Firm is also subject to statutory disqualification, as that term is defined in Section 3(a)(39)(F) of the Exchange Act, incorporating by reference Section 15(b)(4)(D), for willful violation of Section 17(a) of the Exchange Act and Rule 17a-8 thereunder. CRD Records confirm the Firm paid the monetary sanctions on August 12, 2020. A Membership Continuance Application was not required under FINRA Rules as there are no sanctions in effect for statutory disqualification purposes. *See* FINRA Regulatory Notice 09-19, Amendments to FINRA Rule 9520 Series to Establish Procedures Applicable to Firms and Associated Persons Subject to Certain Statutory Disqualification (June 15, 2009), available at <https://www.finra.org/sites/default/files/NoticeDocument/p118466.pdf>.

⁴⁸ *See* Exhibit 17 at p. 2.

⁴⁹ *Id.* at p. 6. *See also* evidence of fine payment on August 12, 2020 at Exhibit 18.

⁵⁰ *See* AWC Matter No. 2015047770301 accepted by FINRA on August 10, 2020, attached as Exhibit 19.

⁵¹ *Id.*

⁵² *Id.* at p. 2.

⁵³ *Id.* at pp. 2-3.

⁵⁴ *Id.* at pp. 13-15. The Firm paid the fine in full to FINRA on August 18, 2020. FINRA’s Department of Enforcement confirmed the Firm is in compliance with its undertakings.

⁵⁵ *See In re: the Continued Membership of Interactive Brokers, LLC* (FINRA SD-2121) dated December 17, 2019, available at https://www.finra.org/sites/default/files/2020-02/NAC_SD-2121_Interactive-Brokers_121719.pdf, and attached as Exhibit 20.

disqualification as a result of a December 15, 2014 Enforceable Undertaking issued by the Australian Securities and Investments Commission (“ASIC”) (“Undertaking”).⁵⁶ According to the Undertaking, IB LLC admitted to offering margin-lending facilities without obtaining the requisite amendment to its license in violation of Section 911A of the Corporations Act 2001 (“Act”) and engaged in margin lending activities without making assessments of unsuitability pursuant to section 985F of the Act or reasonable inquiries to verify the financial situation of retail clients seeking to trade on margin in contravention of Sections 985E and G of the Act.⁵⁷ The Commission acknowledged FINRA’s Notice on February 13, 2020.⁵⁸

V. The Firm’s Proposed Continued Membership with FINRA

IB LLC 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 as a condition of its continued membership with FINRA:⁵⁹

1. The Firm must comply with the undertakings specified in the Order Instituting Proceedings Pursuant to Section 6(c) and (d) of The Commodity Exchange Act, Making Findings, and Imposing Remedial Sanctions, *In the Matter of Interactive Brokers LLC*, CFTC Docket No 20-25 (Aug. 10, 2020).
2. The Firm will provide FINRA’s Department of Risk Monitoring with copies of correspondence between the Firm and CFTC staff regarding requests to extend the procedural dates relating to the undertakings.
3. The Firm will provide FINRA’s Statutory Disqualification Program with a copy of the certification and all supporting documentation provided to the CFTC upon completion of the undertakings as specified in the CFTC Order or other documentation that the undertakings have been either modified or stricken by order of the CFTC. All requested documents and certifications under this Plan of Supervision shall be sent directly to FINRA’s Statutory Disqualification Group at SDMailbox@FINRA.org.
4. For the duration of the Firm’s statutory disqualification, the Firm must obtain written approval from Member Supervision prior to changing any provision of the Plan. The Firm will submit any proposed changes or other requested information under this Plan to FINRA’s Statutory Disqualification Group at SDMailbox@FINRA.org.

VI. Discussion

After carefully reviewing the 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 the

⁵⁶ *Id.* at pp. 1-2.

⁵⁷ *Id.*

⁵⁸ See SEC’s Letter of Acknowledgement, dated February 13, 2020, attached as Exhibit 20.

⁵⁹ See Executed Plan of Heightened Supervision, dated January 4, 2022, attached as Exhibit 21.

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 Member Supervision’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. While the CFTC Order identified serious violations of securities laws, the Firm was not expelled or suspended, nor were any limitations placed on IB LLC’s securities activities. Further, the undertakings set forth in the CFTC Order requires the Firm to engage an outside consultant to access the Firm’s AML compliance program and ensure the Firm takes appropriate actions to monitor and deter future misconduct.

As part of the remediation efforts, the Firm retained a consultant, Green River Hollow Consulting LLC (“GRHC”), to complete a review of the Firm’s AML compliance program.⁶⁰ GRHC, with the assistance of Compliance Strategy Group LLC and T&M Resources, provided the Firm with a Targeted AML Program Assessment dated November 22, 2019, which included recommendations that the Firm develop a more holistic compliance risk management framework.⁶¹ Compliance Strategy Group accessed the Firm’s implementation of the recommendations and issued three assurance reports, covering Q1 2020 and Q2 2020 dated July 15, 2020, Q3 2020 dated November 15, 2020 and Q4 2020 dated February 15, 2021, indicating the Firm is in the process of completing the recommendations.⁶² On November 10, 2021, the Firm provided an update regarding the remediation efforts.⁶³ The Firm has received an extension from CFTC staff to complete the undertakings in the CFTC Order.⁶⁴ As of November 10, 2021, the Firm had submitted 103 of 104 remediations for assurance testing to Compliance Strategy Group LLC and anticipates implementing all 104 recommendations by the end of 2021.⁶⁵ In addition, the Firm has paid all fines and disgorgements in full to the CFTC.⁶⁶

⁶⁰ *See* Letter from Firm dated March 22, 2021, attached as Exhibit 22.

⁶¹ *See* Interactive Brokers LLC Targeted AML Program Assessment, dated November 22, 2019, at pp. 7-14, attached as Exhibit 23.

⁶² Due to the assurance reports being marked as Bank Secrecy Act (BSA) Confidential, the reports were not attached to this Notice.

⁶³ *See* Correspondence from Firm, dated November 10, 2021, attached as Exhibit 24.

⁶⁴ *Id.*

⁶⁵ *Id.*

⁶⁶ *See* Exhibit 3.

An extensive regulatory history of a firm bears upon the assessment of the firm's 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 its evaluation of IB LLC's Application, FINRA acknowledges the Firm's regulatory history and recent disciplinary actions, including its additional statutory disqualifying event.⁶⁷ As of the date of this Notice, the Firm has paid all fines and is in compliance with undertakings ordered by regulators, including, exiting the margin lending business in Australia, which was the cause of the statutory disqualifying event that precipitated the previous Rule 19h-1 Notice filed by FINRA on December 17, 2019. The Firm also proactively paid all fines and restitutions associated with the recent CFTC Order dated September 29, 2021. Furthermore, FINRA notes that the Firm is in compliance with the August 2020 SEC Order and FINRA AWC that involved failures to file SARs and failures to develop and implement a proper AML program. The Firm has taken significant steps to return to compliance by submitting 103 of 104 remediations of its AML compliance program for assurance testing to Compliance Strategy Group LLC.

The undertakings set forth in the CFTC Order coupled with the Firm's Plan of Supervision, will continue to provide oversight of the Firm and compliance with its remaining undertakings. 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. FINRA is satisfied, based on the foregoing and the Firm's representations made pursuant to the Plan of Heightened Supervision that the Firm's continued membership in FINRA does not create an unreasonable risk of harm to the market or investors. Accordingly, FINRA approves IB LLC's 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; CBOE BZX; CBOE EDGA; CBOE EDGX; IEX; LTSE; MIAX Emerald; MIAX Pearl; MIAX Options; NYSE-AMER; NYSE-ARCA; NYSE-CHI; NYSE-NAT; BX; ISE GEMX; ISE; ISE MRX; PHLX; NQX; and NYSE. IB LLC is also a member of the DTC, FICC-GSD, and the NSCC. FINRA has sought and obtained a concurrence from each of these organizations.

⁶⁷ The Firm promptly paid its monetary sanctions in connection with the SEC Order dated August 10, 2020 and a Membership Continuance Application was not required under FINRA Rules as there are no sanctions in effect for statutory disqualification purposes. *See* Exhibit 18 and *supra* n. 47.

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,

A handwritten signature in black ink, appearing to read "Marcia Asquith", with a horizontal line extending to the right from the end of the signature.

Marcia E. Asquith
Executive Vice President & Corporate Secretary

Exhibit List

SD-2288

1. MC-400A Application and related attachments compiled by FINRA's Credentialing, Registration, Education, and Disclosure Department, with a cover memorandum dated November 16, 2020.
2. CFTC Order, *In re Interactive Brokers, LLC*, CFTC Docket No 20-25 (Aug. 10, 2020).
3. Evidence of payment of fine and disgorgement pursuant to CFTC Docket No 20-25 (Aug. 10, 2020).
4. CRD Excerpts: Types of Business and Other Business Descriptions.
5. CRD: Organization Registration Status.
6. Disposition Letter for Examination No. 20200651045 dated June 14, 2021, Examination Report dated March 31, 2021, and Firm Response dated April 23, 2021.
7. Disposition for Examination No. 20190607431 dated July 20, 2020, Examination Report dated April 6, 2020, and Firm Responses dated January 22, 2019.
8. Disposition for Examination No. 20180564113 dated February 25, 2019, Examination Report dated December 18, 2019, and Firm Response dated January 22, 2019.
9. Disposition for Examination Nos. 20180571614 (Equities) & 20180571694 (Options) dated June 17, 2019, Examination Report dated April 11, 2019, and Firm Response April 30, 2019.
10. Cautionary Action Disposition Letters and Firm Responses (where provided) in connection with Matter Nos. 20180572961, 20200650333; 20200662257; 20180608890; 20190622033; and 20190628676.
11. CFTC Order, *In re Interactive Brokers LLC*, CFTC Docket No 21-19 (Sept. 28, 2021).
12. Evidence of payment of fine and disgorgement pursuant to CFTC Docket No 21-19 (Sept. 28, 2021).
13. NYSE Arca, Inc. AWC No. 2020-06-00085, dated October 23, 2020.
14. Evidence of payment of fine pursuant to AWC No. 2020-06-00085.
15. Notice of Disciplinary Action, CME 15-0303-BC, effective date September 25, 2020; Notice of Disciplinary Action, CBOT 15-0303-BC, effective date September 25, 2020; Notice of Disciplinary Action, COMEX 15-0303-BC, effective date September 25, 2020;

and, Notice of Disciplinary Action, NYMEX 15-0303-BC, effective date September 25, 2020.

16. Evidence of payment of fine in connection with the following Notices of Disciplinary Action effect September 25, 2020: CME 15-0303-BC, CBOT 15-0303-BC, COMEX 15-0303-BC, and NYMEX 15-0303-BC.
17. SEC Order, *In re Matter of Interactive Broker, LLC*, Exchange Act Release No. 89510 (Aug. 10, 2020).
18. Evidence of payment of fine pursuant to Exchange Act Release No. 89510 (Aug. 10, 2020).
19. AWC Matter No. 2015047770301 accepted by FINRA on August 10, 2020.
20. *In re: The Continued Membership of Interactive Brokers, LLC* (FINRA SD-2121) dated December 17, 2019, and SEC's Letter of Acknowledgement, dated February 13, 2020.
21. Executed Consent to Plan of Heightened Supervision dated January 4, 2022.
22. Letter from Firm dated March 22, 2021.
23. Interactive Brokers LLC Targeted AML Program Assessment dated November 22, 2019.
24. Correspondence from Firm dated November 10, 2021.