

## BrokerCheck Report

# CANACCORD GENUITY LLC

CRD# 1020

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Please be aware that fraudsters may link to BrokerCheck from phishing and similar scam websites, trying to steal your personal information or your money. Make sure you know who you're dealing with when investing, and contact FINRA with any concerns.

For more information read our [investor alert](#) on imposters.

## About BrokerCheck®



BrokerCheck offers information on all current, and many former, registered securities brokers, and all current and former registered securities firms. FINRA strongly encourages investors to use BrokerCheck to check the background of securities brokers and brokerage firms before deciding to conduct, or continue to conduct, business with them.

- **What is included in a BrokerCheck report?**

- BrokerCheck reports for individual brokers include information such as employment history, professional qualifications, disciplinary actions, criminal convictions, civil judgments and arbitration awards. BrokerCheck reports for brokerage firms include information on a firm's profile, history, and operations, as well as many of the same disclosure events mentioned above.

- Please note that the information contained in a BrokerCheck report may include pending actions or allegations that may be contested, unresolved or unproven. In the end, these actions or allegations may be resolved in favor of the broker or brokerage firm, or concluded through a negotiated settlement with no admission or finding of wrongdoing.

- **Where did this information come from?**

- The information contained in BrokerCheck comes from FINRA's Central Registration Depository, or CRD® and is a combination of:

- o information FINRA and/or the Securities and Exchange Commission (SEC) require brokers and brokerage firms to submit as part of the registration and licensing process, and
- o information that regulators report regarding disciplinary actions or allegations against firms or brokers.

- **How current is this information?**

- Generally, active brokerage firms and brokers are required to update their professional and disciplinary information in CRD within 30 days. Under most circumstances, information reported by brokerage firms, brokers and regulators is available in BrokerCheck the next business day.

- **What if I want to check the background of an investment adviser firm or investment adviser representative?**

- To check the background of an investment adviser firm or representative, you can search for the firm or individual in BrokerCheck. If your search is successful, click on the link provided to view the available licensing and registration information in the SEC's Investment Adviser Public Disclosure (IAPD) website at <https://www.adviserinfo.sec.gov>. In the alternative, you may search the IAPD website directly or contact your state securities regulator at <http://www.finra.org/Investors/ToolsCalculators/BrokerCheck/P455414>.

- **Are there other resources I can use to check the background of investment professionals?**

- FINRA recommends that you learn as much as possible about an investment professional before deciding to work with them. Your state securities regulator can help you research brokers and investment adviser representatives doing business in your state.

**Thank you for using FINRA BrokerCheck.**



Using this site/information means that you accept the FINRA BrokerCheck Terms and Conditions. A complete list of Terms and Conditions can be found at

[brokercheck.finra.org](http://brokercheck.finra.org)



For additional information about the contents of this report, please refer to the User Guidance or [www.finra.org/brokercheck](http://www.finra.org/brokercheck). It provides a glossary of terms and a list of frequently asked questions, as well as additional resources.

[For more information about FINRA, visit www.finra.org.](http://www.finra.org)



## CANACCORD GENUITY LLC

CRD# 1020

SEC# 8-3271

### Main Office Location

535 MADISON AVENUE  
NEW YORK, NY 10022  
Regulated by FINRA New York Office

### Mailing Address

99 HIGH STREET  
BOSTON, MA 02110

### Business Telephone Number

212-389-8000

## Report Summary for this Firm

This report summary provides an overview of the brokerage firm. Additional information for this firm can be found in the detailed report.

### Firm Profile

This firm is classified as a limited liability company.

This firm was formed in Delaware on 02/26/2004.

Its fiscal year ends in March.

### Firm History

Information relating to the brokerage firm's history such as other business names and successions (e.g., mergers, acquisitions) can be found in the detailed report.

### Firm Operations

**This firm is registered with:**

- the SEC
- 9 Self-Regulatory Organizations
- 52 U.S. states and territories

Is this brokerage firm currently suspended with any regulator? **No**

This firm conducts 10 types of businesses.

This firm is affiliated with financial or investment institutions.

This firm has referral or financial arrangements with other brokers or dealers.

### Disclosure Events

Brokerage firms are required to disclose certain criminal matters, regulatory actions, civil judicial proceedings and financial matters in which the firm or one of its control affiliates has been involved.

Are there events disclosed about this firm? **Yes**

**The following types of disclosures have been reported:**

Type	Count
Regulatory Event	44
Bond	1



## **Firm Profile**

This firm is classified as a limited liability company.

This firm was formed in Delaware on 02/26/2004.

Its fiscal year ends in March.

## **Firm Names and Locations**

This section provides the brokerage firm's full legal name, "Doing Business As" name, business and mailing addresses, telephone number, and any alternate name by which the firm conducts business and where such name is used.

### **CANACCORD GENUITY LLC**

**Doing business as CANACCORD GENUITY LLC**

**CRD#** 1020

**SEC#** 8-3271

### **Main Office Location**

535 MADISON AVENUE  
NEW YORK, NY 10022

**Regulated by FINRA New York Office**

### **Mailing Address**

99 HIGH STREET  
BOSTON, MA 02110

### **Business Telephone Number**

212-389-8000



## Firm Profile

This section provides information relating to all direct owners and executive officers of the brokerage firm.

### Direct Owners and Executive Officers

<b>Legal Name &amp; CRD# (if any):</b>	CANACCORD ADAMS (DELAWARE) INC.
<b>Is this a domestic or foreign entity or an individual?</b>	Domestic Entity
<b>Position</b>	PARENT
<b>Position Start Date</b>	01/2006
<b>Percentage of Ownership</b>	75% or more
<b>Does this owner direct the management or policies of the firm?</b>	Yes
<b>Is this a public reporting company?</b>	No

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<b>Legal Name &amp; CRD# (if any):</b>	BARLOW, JEFFREY GRIFFIN 2277052
<b>Is this a domestic or foreign entity or an individual?</b>	Individual
<b>Position</b>	PRESIDENT, EXECUTIVE DIRECTOR
<b>Position Start Date</b>	10/2015
<b>Percentage of Ownership</b>	Less than 5%
<b>Does this owner direct the management or policies of the firm?</b>	Yes
<b>Is this a public reporting company?</b>	No

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<b>Legal Name &amp; CRD# (if any):</b>	DALY, DIANE MOTTOLA 2372551
<b>Is this a domestic or foreign entity or an individual?</b>	Individual
<b>Position</b>	CHIEF COMPLIANCE OFFICER
<b>Position Start Date</b>	09/2013

## Firm Profile



### Direct Owners and Executive Officers (continued)

**Percentage of Ownership** Less than 5%

**Does this owner direct the management or policies of the firm?** Yes

**Is this a public reporting company?** No

**Legal Name & CRD# (if any):** DAVIAU, DANIEL JOSEPH  
6096472

**Is this a domestic or foreign entity or an individual?** Individual

**Position** NON- EXECUTIVE DIRECTOR

**Position Start Date** 10/2015

**Percentage of Ownership** Less than 5%

**Does this owner direct the management or policies of the firm?** Yes

**Is this a public reporting company?** No

**Legal Name & CRD# (if any):** MACFAYDEN, DONALD DUNCAN  
5390198

**Is this a domestic or foreign entity or an individual?** Individual

**Position** EXECUTIVE DIRECTOR, CFO & FINANCIAL & OPERATIONS PRINCIPAL

**Position Start Date** 02/2017

**Percentage of Ownership** Less than 5%

**Does this owner direct the management or policies of the firm?** Yes

**Is this a public reporting company?** No

**Legal Name & CRD# (if any):** TOTH, STEPHEN MICHAEL

**Firm Profile****Direct Owners and Executive Officers (continued)**

2867919

**Is this a domestic or foreign entity or an individual?** Individual

**Position** CHIEF OPERATING OFFICER

**Position Start Date** 07/2012

**Percentage of Ownership** Less than 5%

**Does this owner direct the management or policies of the firm?** Yes

**Is this a public reporting company?** No

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**Legal Name & CRD# (if any):** VILES, ANDREW FOSTER  
4716460

**Is this a domestic or foreign entity or an individual?** Individual

**Position** GENERAL COUNSEL, EXECUTIVE DIRECTOR

**Position Start Date** 01/2019

**Percentage of Ownership** Less than 5%

**Does this owner direct the management or policies of the firm?** Yes

**Is this a public reporting company?** No

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**Legal Name & CRD# (if any):** WHALING, MARK DRISCOLL  
3100523

**Is this a domestic or foreign entity or an individual?** Individual

**Position** EXECUTIVE DIRECTOR

**Position Start Date** 06/2012

**Percentage of Ownership** Less than 5%

## Firm Profile



### Direct Owners and Executive Officers (continued)

Does this owner direct the management or policies of the firm? Yes

Is this a public reporting company? No

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## Firm Profile

This section provides information relating to any indirect owners of the brokerage firm.

### Indirect Owners

<b>Legal Name &amp; CRD# (if any):</b>	CANACCORD ADAMS FINANCIAL GROUP INC.
<b>Is this a domestic or foreign entity or an individual?</b>	Domestic Entity
<b>Company through which indirect ownership is established</b>	COLLINS STEWART INC.
<b>Relationship to Direct Owner</b>	PARENT
<b>Relationship Established</b>	01/2006
<b>Percentage of Ownership</b>	75% or more
<b>Does this owner direct the management or policies of the firm?</b>	Yes
<b>Is this a public reporting company?</b>	No

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<b>Legal Name &amp; CRD# (if any):</b>	CANACCORD GENUITY GROUP INC.
<b>Is this a domestic or foreign entity or an individual?</b>	Foreign Entity
<b>Company through which indirect ownership is established</b>	CANACCORD ADAMS FINANCIAL GROUP INC.
<b>Relationship to Direct Owner</b>	PARENT
<b>Relationship Established</b>	01/2006
<b>Percentage of Ownership</b>	75% or more
<b>Does this owner direct the management or policies of the firm?</b>	Yes
<b>Is this a public reporting company?</b>	No

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<b>Legal Name &amp; CRD# (if any):</b>	COLLINS STEWART INC.
<b>Is this a domestic or foreign entity or an individual?</b>	Domestic Entity

## Firm Profile



### Indirect Owners (continued)

<b>Company through which indirect ownership is established</b>	CANACCORD ADAMS (DELAWARE) INC.
<b>Relationship to Direct Owner</b>	PARENT
<b>Relationship Established</b>	01/2006
<b>Percentage of Ownership</b>	75% or more
<b>Does this owner direct the management or policies of the firm?</b>	Yes
<b>Is this a public reporting company?</b>	No

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## Firm History

This section provides information relating to any successions (e.g., mergers, acquisitions) involving the firm.



<b>This firm was previously:</b>	CANACCORD GENUITY INC.
<b>Date of Succession:</b>	03/18/2018
<b>Predecessor CRD#:</b>	1020
<b>Description</b>	EFFECTIVE MARCH 16, 2018 CANACCORD CONVERTED THE CORPORATE STRUCTURE OF CANACCORD GENUITY INC. TO A DELAWARE LIMITED LIABILITY COMPANY. THE CORPORATE ENTITY IS NOW, CANACCORD GENUITY LLC". THE SUCCESSOR FIRM IS ASSUMING ALL ASSETS AND LIABILITIES OF THE PREDECESSOR FIRM. THERE IS NO CHANGE OF OWNERSHIP OR CONTROL.

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## Firm Operations

### Registrations

This section provides information about the regulators (Securities and Exchange Commission (SEC), self-regulatory organizations (SROs), and U.S. states and territories) with which the brokerage firm is currently registered and licensed, the date the license became effective, and certain information about the firm's SEC registration.

**This firm is currently registered with the SEC, 9 SROs and 52 U.S. states and territories.**

Federal Regulator	Status	Date Effective
SEC	Approved	01/16/1953

### SEC Registration Questions

This firm is registered with the SEC as:

A broker-dealer: Yes

A broker-dealer and government securities broker or dealer: Yes

A government securities broker or dealer only: No

This firm has ceased activity as a government securities broker or dealer: No

Self-Regulatory Organization	Status	Date Effective
FINRA	Approved	04/03/1946
Cboe BYX Exchange, Inc.	Approved	10/01/2013
Cboe BZX Exchange, Inc.	Approved	10/01/2013
Cboe EDGA Exchange, Inc.	Approved	06/10/2010
Cboe EDGX Exchange, Inc.	Approved	06/10/2010
Investors' Exchange LLC	Approved	08/15/2016
NYSE Arca, Inc.	Approved	03/14/2013
Nasdaq ISE, LLC	Approved	08/30/2012
Nasdaq Stock Market	Approved	07/12/2006



## Firm Operations

### Registrations (continued)

U.S. States & Territories	Status	Date Effective	U.S. States & Territories	Status	Date Effective
Alabama	Approved	01/02/1997	North Carolina	Approved	10/31/1996
Alaska	Approved	10/29/1996	North Dakota	Approved	12/09/1996
Arizona	Approved	01/01/1997	Ohio	Approved	10/30/1996
Arkansas	Approved	02/13/1990	Oklahoma	Approved	10/22/1996
California	Approved	09/20/1996	Oregon	Approved	10/11/1996
Colorado	Approved	08/23/1988	Pennsylvania	Approved	10/25/1996
Connecticut	Approved	02/17/1953	Puerto Rico	Approved	03/19/2020
Delaware	Approved	09/25/1996	Rhode Island	Approved	02/01/1983
District of Columbia	Approved	10/17/1996	South Carolina	Approved	10/24/1996
Florida	Approved	09/18/1997	South Dakota	Approved	09/23/1996
Georgia	Approved	09/18/1996	Tennessee	Approved	01/01/1997
Hawaii	Approved	03/06/1997	Texas	Approved	12/09/1997
Idaho	Approved	10/23/1996	Utah	Approved	10/15/1996
Illinois	Approved	10/29/1996	Vermont	Approved	10/08/1987
Indiana	Approved	11/12/1996	Virginia	Approved	08/26/1991
Iowa	Approved	10/29/1996	Washington	Approved	09/24/1996
Kansas	Approved	11/21/1996	West Virginia	Approved	09/20/1996
Kentucky	Approved	10/10/1996	Wisconsin	Approved	08/16/1990
Louisiana	Approved	11/22/1996	Wyoming	Approved	10/23/1996
Maine	Approved	02/08/1984			
Maryland	Approved	10/04/1996			
Massachusetts	Approved	07/31/1981			
Michigan	Approved	04/16/1996			
Minnesota	Approved	03/10/1997			
Mississippi	Approved	11/26/1996			
Missouri	Approved	06/20/1997			
Montana	Approved	09/26/1996			
Nebraska	Approved	10/29/1996			
Nevada	Approved	09/24/1996			
New Hampshire	Approved	02/01/1983			
New Jersey	Approved	12/09/1988			
New Mexico	Approved	11/08/1996			
New York	Approved	03/30/1984			



## Firm Operations

### Types of Business

This section provides the types of business, including non-securities business, the brokerage firm is engaged in or expects to be engaged in.

**This firm currently conducts 10 types of businesses.**

#### Types of Business

Broker or dealer making inter-dealer markets in corporation securities over-the-counter

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)

U S. government securities dealer

U S. government securities broker

Put and call broker or dealer or option writer

Trading securities for own account

Private placements of securities

Other - CANACCORD GENUITY LLC ("CANACCORD") OFFERS INVESTMENT BANKING SERVICES INCLUDING MERGER AND AQUISITION FEES, AS WELL AS RESEARCH ACTIVITIES TO INSTITUTIONAL CLIENTS.

#### Other Types of Business

This firm does effect transactions in commodities, commodity futures, or commodity options.

This firm does not engage in other non-securities business.

Non-Securities Business Description:



## Firm Operations

### Clearing Arrangements

This firm does not hold or maintain funds or securities or provide clearing services for other broker-dealer(s).

### Introducing Arrangements

This firm does refer or introduce customers to other brokers and dealers.

**Name:** BOFA SECURITIES, INC.  
**CRD #:** 283942  
**Business Address:** ONE BRYANT PARK  
 6TH FLOOR  
 NEW YORK, NY 10036  
**Effective Date:** 05/13/2019  
**Description:** CANACCORD GENUITY LLC. ("CANACCORD") HAS A CLEARING AGREEMENT WITH BOFA SECURITIES, INC. ("BOFAS") UNDER WHICH BOFAS PROVIDES SERVICES TO CANACCORD AS A FULLY-DISCLOSED CLEARING BROKER.

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**Name:** PERSHING LLC  
**CRD #:** 7560  
**Business Address:** ONE PERSHING PLAZA  
 JERSEY CITY, NJ 07399  
**Effective Date:** 06/24/2009  
**Description:** CANACCORD GENUITY LLC. ("CANACCORD") CLEARS ON A FULLY DISCLOSED BASIS THROUGH PERSHING LLC. CANACCORD ALSO UTILIZES PERSHING TO ELECTRONICALLY STORE CUSTOMER AND FIRM INFORMATION.

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**Name:** CANACCORD GENUITY CORP.  
**Business Address:** BCE PLACE, 161 BAY STREET  
 SUITE 3000  
 TORONTO, CANADA M5J 2S1  
**Effective Date:** 05/01/2006  
**Description:** CANACCORD GENUITY LLC("CANACCORD") ROUTES ORDERS IN CANADIAN EQUITIES FOR MAJOR U.S. INSTITUTIONAL ACCOUNTS TO ITS CANADIAN AFFILIATE, CANACCORD GENUITY CORP. ("CGC") FOR PURPOSES OF ITS CANADIAN TRADES SETTLING IN CANADIAN DOLLARS CANACCORD OPERATES IN ACCORDANCE WITH 15C3-



## Introducing Arrangements

**This firm does refer or introduce customers to other brokers and dealers.**

3(K)(2)(I) PURSUANT TO AN OPERATING AGREEMENT WITH CGS.,  
WHEREBY THESE TRADES ARE SETTLED ON A DVP/RVP BASIS.

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## Firm Operations

### Industry Arrangements



**This firm does have books or records maintained by a third party.**

**Name:** BLUEMATRIX  
**Business Address:** 853 BROADWAY  
 19TH FLOOR  
 NEW YORK, NY 10003  
**Effective Date:** 12/15/2014  
**Description:** CANACCORD GENUITY LLC UTILIZES BLUE MATRIX FOR THE AUTHORIZING, DISTRIBUTION, AND ELECTRONIC STORAGE OF CANACCORD GENUITY LLC AUTHORED RESEARCH REPORTS.

**Name:** BOFA SECURITIES, INC.  
**CRD #:** 283942  
**Business Address:** ONE BRYANT PARK  
 6TH FLOOR  
 NEW YORK, NY 10036  
**Effective Date:** 05/13/2019  
**Description:** CANACCORD GENUITY LLC. ("CANACCORD") CONTRACTS WITH BOFA SECURITIES, INC. ("BOFAS") FOR CLEARING AND SETTLEMENT SERVICES. IN ACCORDANCE WITH THIS ARRANGEMENT, BOFAS MAINTAINS CERTAIN BOOKS AND RECORDS OF CANACCORD.

**Name:** ACCESS CORPORATION  
**Business Address:** 4 FIRST AVENUE  
 PEABODY, MA 01960  
**Effective Date:** 09/17/2008  
**Description:** CANACCORD GENUITY LLC ("CANACCORD") CONTRACTS WITH ACCESS CORPORATION (FORMALLY KNOWN AS RETRIEVEX, FORMERLY KNOWN AS ACCESS INFORMATION MANAGEMENT) FOR INFORMATION MANAGEMENT SERVICES. IN ACCORDANCE WITH THIS ARRANGEMENT, ACCESS INFORMATION MANAGEMENT MAINTAINS CERTAIN BOOKS AND RECORDS OF CANACCORD.

**Name:** AUTOMATIC DATA PROCESSING INC.  
**Business Address:** ADP BLVD. #1  
 ROSELAND, NJ 07068  
**Effective Date:** 09/01/2012

## Firm Operations



### Industry Arrangements (continued)

**Description:** CANACCORD GENUITY LLC ("CANACCORD") CONTRACTS WITH AUTOMATIC DATA PROCESSING ("ADP") FOR CERTAIN HUMAN RESOURCES AND RECORDKEEPING SERVICES. IN ACCORDANCE WITH THIS ARRANGEMENT, ADP MAINTAINS CERTAIN BOOKS AND RECORDS ON BEHALF OF CANACCORD.

**Name:** DBCOM CONSULTING INC.

**Business Address:** 666 PLAINSBORO ROAD  
PLAINSBORO, MA 08536

**Effective Date:** 09/01/2012

**Description:** CANACCORD GENUITY LLC ("CANACCORD") CONTRACTS WITH DBCOM CONSULTING INC. (FORMALLY KNOWN AS, D.B. COMMUNICATIONS) FOR ELECTRONIC ARCHIVAL SERVICES. AS PART OF THIS ARRANGEMENT, DBCOM CONSULTING MAINTAINS CERTAIN BOOKS AND RECORDS OF CANACCORD.

**Name:** SCHWAB COMPLIANCE TECHNOLOGIES

**Business Address:** 125 SOUTH WACKER DRIVE  
SUITE 1150  
CHICAGO, IL 60606

**Effective Date:** 04/01/2010

**Description:** CANACCORD GENUITY LLC. ("CANACCORD") UTILIZES SCHWAB COMPLIANCE TECHNOLOGIES (SCT) TO ELECTRONICALLY STORE CERTAIN EMPLOYEE RELATED BOOKS AND RECORDS.

**Name:** ALBRIDGE SOLUTIONS, INC.

**Business Address:** 1800 AMERICAN BOULEVARD  
SUITE 300  
PENNINGTON, NJ 08534

**Effective Date:** 06/24/2009

**Description:** CANACCORD GENUITY LLC(CANACCORD) UTILIZES ALBRIDGE SOULUTIONS INC.(AN AFFILIATE OF PERSHING, LLC) TO ELECTRONICALLY STORE CERTAIN CUSTOMER ACCOUNT DOCUMENTS. PRIOR, CANACCORD UTILIZED INAUTIX (USA) LLC. (AN AFFILIATE OF PERSHING, LLC) WHICH WAS INTEGRATED INTO ALBRIDGE ON OCTOBER 25, 2011.

**Name:** PERSHING LLC

**CRD #:** 7560

**Business Address:** ONE PERSHING PLAZA

## Firm Operations



### Industry Arrangements (continued)

JERSEY CITY, NJ 07399

**Effective Date:**

06/24/2009

**Description:**

CANACCORD GENUITY LLC. ("CANACCORD") CLEARS ON A FULLY DISCLOSED BASIS THROUGH PERSHING LLC. CANACCORD ALSO UTILIZES PERSHING TO ELECTRONICALLY STORE CUSTOMER AND FIRM INFORMATION.

**Name:**

GLOBAL RELAY COMMUNICATIONS INC.

**Business Address:**

270-220 CAMBIE STREET  
VANCOUVER BC, CANADA V6B-2M9

**Effective Date:**

02/03/2009

**Description:**

CANACCORD GENUITY LLC. UTILIZES GLOBAL RELAY COMMUNICATIONS INC. TO STORE AND REVIEW EMAIL AND INSTANT MESSAGES.

**Name:**

FIDESSA

**Business Address:**

17 STATE STREET  
NEW YORK, NY 10004-1501

**Effective Date:**

02/15/2000

**Description:**

CANACCORD GENUITY LLC. ("CANACCORD") UTILIZES ROYAL BLUE BY FIDESSA TO ELECTRONICALLY STORE CANACCORD TRADING RECORDS.

**Name:**

CANACCORD GENUITY CORP.

**Business Address:**

BCE PLACE, 161 BAY STREET  
SUITE 3000  
TORONTO, CANADA M5J 2S1

**Effective Date:**

05/01/2006

**Description:**

CANACCORD GENUITY LLC ("CANACCORD") ROUTES ORDERS IN CANADIAN EQUITIES FOR MAJOR U.S. INSTITUTIONAL ACCOUNTS TO ITS CANADIAN AFFILIATE, CANACCORD GENUITY CORP. ("CGC") FOR PURPOSES OF ITS CANADIAN TRADES SETTLING IN CANADIAN DOLLARS CANACCORD OPERATES IN ACCORDANCE WITH 15C3-3(K)(2)(I) PURSUANT TO AN OPERATING AGREEMENT WITH CGS., WHEREBY THESE TRADES ARE SETTLED ON A DVP/RVP BASIS. CERTAIN BOOKS AND RECORDS ASSOCIATED WITH THESE SERVICES ARE MAINTAINED BY CGC.

**This firm does have accounts, funds, or securities maintained by a third party.**

**Name:**

BOFA SECURITIES, INC.

## Firm Operations



### Industry Arrangements (continued)

**CRD #:** 283942

**Business Address:** ONE BRYANT PARK  
6TH FLOOR  
NEW YORK, MA 10036

**Effective Date:** 05/13/2019

**Description:** CANACCORD GENUITY LLC. ("CANACCORD") HAS A CLEARING AGREEMENT WITH BOFA SECURITIES, INC. ("BOFAS") UNDER WHICH BOFAS PROVIDES SERVICES TO CANACCORD AS A FULLY-DISCLOSED CLEARING BROKER.

EFFECTIVE MAY 13, 2019, THE INSTITUTIONAL BUSINESS WITHIN MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED WHICH INCLUDES THE CORRESPONDENT CLEARING BUSINESS, MOVED TO A NEW, AFFILIATED ENTITY, BOFA SECURITIES, INC. ("BOFAS").

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**Name:** PERSHING LLC

**CRD #:** 7560

**Business Address:** ONE PERSHING PLAZA  
JERSEY CITY, NJ 07399

**Effective Date:** 06/24/2009

**Description:** CANACCORD GENUITY LLC. ("CANACCORD") CLEARS ON A FULLY DISCLOSED BASIS THROUGH PERSHING LLC. CANACCORD ALSO UTILIZES PERSHING TO ELECTRONICALLY STORE CUSTOMER AND FIRM INFORMATION.

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#### This firm does have customer accounts, funds, or securities maintained by a third party.

**Name:** BOFA SECURITIES, INC.

**CRD #:** 283942

**Business Address:** ONE BRYANT PARK  
6TH FLOOR  
NEW YORK, NY 10036

**Effective Date:** 05/13/2019

**Description:** CANACCORD GENUITY LLC. ("CANACCORD") HAS A CLEARING AGREEMENT WITH BOFA SECURITIES, INC. ("BOFAS") UNDER WHICH BOFAS PROVIDES SERVICES TO CANACCORD AS A FULLY-DISCLOSED CLEARING BROKER.

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**Name:** PERSHING LLC

**CRD #:** 7560



## Firm Operations

### Industry Arrangements (continued)

**Business Address:** ONE PERSHING PLAZA  
JERSEY CITY, NJ 07399

**Effective Date:** 06/24/2009

**Description:** CANACCORD GENUITY LLC. ("CANACCORD") CLEARS ON A FULLY DISCLOSED BASIS THROUGH PERSHING LLC. CANACCORD ALSO UTILIZES PERSHING TO ELECTRONICALLY STORE CUSTOMER AND FIRM INFORMATION.

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**Name:** CANACCORD GENUITY CORP.

**Business Address:** BCE PLACE, 161 BAY STREET  
SUITE 3000  
TORONTO, CANADA M5J 2S1

**Effective Date:** 05/01/2006

**Description:** CANACCORD GENUITY LLC ("CANACCORD") ROUTES ORDERS IN CANADIAN EQUITIES FOR MAJOR U.S. INSTITUTIONAL ACCOUNTS TO ITS CANADIAN AFFILIATE, CANACCORD GENUITY CORP. ("CGC") FOR PURPOSES OF ITS CANADIAN TRADES SETTLING IN CANADIAN DOLLARS CANACCORD OPERATES IN ACCORDANCE WITH 15C3-3(K)(2)(I) PURSUANT TO AN OPERATING AGREEMENT WITH CGS., WHEREBY THESE TRADES ARE SETTLED ON A DVP/RVP BASIS.

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### Control Persons/Financing

**This firm does not have individuals who control its management or policies through agreement.**

**This firm does not have individuals who wholly or partly finance the firm's business.**



## Firm Operations

### Organization Affiliates

This section provides information on control relationships the firm has with other firms in the securities, investment advisory, or banking business.

**This firm is, directly or indirectly:**

- in control of
  - controlled by
  - or under common control with
- the following partnerships, corporations, or other organizations engaged in the securities or investment advisory business.

**CANACCORD GENUITY MANAGEMENT COMPANY LIMITED is under common control with the firm.**

<b>Business Address:</b>	25-28 NORTH WALL QUAY DUBLIN, IRELAND IFSC
<b>Effective Date:</b>	07/29/2017
<b>Foreign Entity:</b>	Yes
<b>Country:</b>	IRELAND
<b>Securities Activities:</b>	Yes
<b>Investment Advisory Activities:</b>	No
<b>Description:</b>	CANACCORD GENUITY MANAGEMENT COMPANY LIMITED AND CANACCORD GENUITY LLC SHARE THE SAME ULTIMATE PARENT IN CANACCORD GENUITY GROUP INC.

**CANACCORD GENUITY WEALTH PLANNING LIMITED is under common control with the firm.**

<b>Business Address:</b>	41 LOTHBURY LONDON, UK EC2R 7AE
<b>Effective Date:</b>	03/20/2019
<b>Foreign Entity:</b>	Yes
<b>Country:</b>	UK
<b>Securities Activities:</b>	Yes
<b>Investment Advisory Activities:</b>	Yes
<b>Description:</b>	CANACCORD GENUITY WEALTH PLANNING LIMITED AND CANACCORD GENUITY LLC SHARE THE SAME ULTIMATE PARENT IN CANACCORD GENUITY GROUP INC.

## Firm Operations



### Organization Affiliates (continued)

**CANACCORD GENUITY FINANCIAL PLANNING LIMITED is under common control with the firm.**

**Business Address:** 41 LOTHBURY  
LONDON, UK EC2R 7AE

**Effective Date:** 09/06/2012

**Foreign Entity:** Yes

**Country:** UK

**Securities Activities:** Yes

**Investment Advisory Activities:** Yes

**Description:** CANACCORD GENUITY FINANCIAL PLANNING LIMITED AND CANACCORD GENUITY LLC SHARE THE SAME ULTIMATE PARENT IN CANACCORD GENUITY GROUP INC.

**CANACCORD GENUITY WEALTH (INTERNATIONAL) LIMITED is under common control with the firm.**

**Business Address:** TRAFALGAR COURT  
ADMIRAL PARK  
ST. PETER PORT, GUERNSEY GY1 2JA

**Effective Date:** 03/22/2012

**Foreign Entity:** Yes

**Country:** GUERNSEY

**Securities Activities:** Yes

**Investment Advisory Activities:** Yes

**Description:** CANACCORD GENUITY WEALTH (INTERNATIONAL) LIMITED AND CANACCORD GENUITY LLC SHARE THE SAME ULTIMATE PARENT IN CANACCORD GENUITY GROUP INC.

**CANACCORD GENUITY WEALTH LIMITED is under common control with the firm.**

**Business Address:** 41 LOTHBURY  
LONDON, UK EC2R 7AE

**Effective Date:** 09/06/2012

**Foreign Entity:** Yes

**Country:** UK

## Firm Operations



### Organization Affiliates (continued)

<b>Securities Activities:</b>	Yes
<b>Investment Advisory Activities:</b>	Yes
<b>Description:</b>	CANACCORD GENUITY WEALTH LIMITED AND CANACCORD GENUITY LLC SHARE THE SAME ULTIMATE PARENT IN CANACCORD GENUITY GROUP INC.

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#### **HARGREAVE HALE LIMITED is under common control with the firm.**

<b>Business Address:</b>	41 LOTHBURY LONDON, UK EC2R 7AE
<b>Effective Date:</b>	07/04/2017
<b>Foreign Entity:</b>	Yes
<b>Country:</b>	UNITED KINGDOM
<b>Securities Activities:</b>	Yes
<b>Investment Advisory Activities:</b>	Yes
<b>Description:</b>	HARGREAVE HALE LIMITED AND CANACCORD GENUITY LLC SHARE THE SAME ULTIMATE PARENT IN CANACCORD GENUITY GROUP INC.

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#### **CANACCORD GENUITY (AUSTRALIA) LIMITED is under common control with the firm.**

<b>Business Address:</b>	LEVEL 4, 60 COLLINS STREET MELBOURNE, AUSTRALIA
<b>Effective Date:</b>	08/10/2018
<b>Foreign Entity:</b>	Yes
<b>Country:</b>	AUSTRALIA
<b>Securities Activities:</b>	Yes
<b>Investment Advisory Activities:</b>	No
<b>Description:</b>	CANACCORD GENUITY LLC AND CANACCORD GENUITY (AUSTRALIA) LIMITED SHARED THE SAME ULTIMATE PARENT IN CANACCORD GENUITY GROUP INC.

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#### **CANACCORD GENUITY WEALTH MANAGEMENT (USA) INC. is under common control with the firm.**

<b>CRD #:</b>	7449
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**Firm Operations****Organization Affiliates (continued)**

**Business Address:** 609 GRANVILLE STREET  
SUITE 2200  
VANCOUVER, CANADA V7Y1H2

**Effective Date:** 01/03/2006

**Foreign Entity:** No

**Country:**

**Securities Activities:** Yes

**Investment Advisory Activities:** No

**Description:** CANACCORD GENUITY WEALTH MANAGEMENT (USA) INC. AND CANACCORD GENUITY LLC SHARE THE SAME ULTIMATE PARENT IN CANACCORD GENUITY GROUP INC.

**CANACCORD GENUITY CORP. is under common control with the firm.**

**Business Address:** 609 GRANVILLE STREET  
SUITE 2200  
VANCOUVER, CANADA V7Y 1H2

**Effective Date:** 01/03/2006

**Foreign Entity:** Yes

**Country:** CANADA

**Securities Activities:** Yes

**Investment Advisory Activities:** Yes

**Description:** CANACCORD GENUITY CORP. AND CANACCORD GENUITY LLC. SHARE THE SAME ULTIMATE PARENT IN CANACCORD GENUITY GROUP INC.

**CANACCORD GENUITY LTD is under common control with the firm.**

**Business Address:** 88 WOOD STREET  
LONDON, UK EC2V 7QQ

**Effective Date:** 01/03/2006

**Foreign Entity:** Yes

**Country:** UK

**Securities Activities:** Yes

**Investment Advisory** No

## Firm Operations



### Organization Affiliates (continued)

**Activities:**

**Description:** CANACCORD GENUITY LTD AND CANACCORD GENUITY LLC SHARE THE SAME ULTIMATE PARENT IN CANACCORD GENUITY GROUP INC.

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**This firm is not directly or indirectly, controlled by the following:**

- bank holding company
- national bank
- state member bank of the Federal Reserve System
- state non-member bank
- savings bank or association
- credit union
- or foreign bank



## Disclosure Events

All firms registered to sell securities or provide investment advice are required to disclose regulatory actions, criminal or civil judicial proceedings, and certain financial matters in which the firm or one of its control affiliates has been involved. For your convenience, below is a matrix of the number and status of disclosure events involving this brokerage firm or one of its control affiliates. Further information regarding these events can be found in the subsequent pages of this report.

	<b>Pending</b>	<b>Final</b>	<b>On Appeal</b>
Regulatory Event	0	44	0
Bond	N/A	1	N/A

## Disclosure Event Details

### What you should know about reported disclosure events:

1. **BrokerCheck provides details for any disclosure event that was reported in CRD. It also includes summary information regarding FINRA arbitration awards in cases where the brokerage firm was named as a respondent.**
2. **Certain thresholds must be met before an event is reported to CRD, for example:**
  - o A law enforcement agency must file formal charges before a brokerage firm is required to disclose a particular criminal event.
3. **Disclosure events in BrokerCheck reports come from different sources:**
  - o Disclosure events for this brokerage firm were reported by the firm and/or regulators. When the firm and a regulator report information for the same event, both versions of the event will appear in the BrokerCheck report. The different versions will be separated by a solid line with the reporting source labeled.
4. **There are different statuses and dispositions for disclosure events:**
  - o A disclosure event may have a status of *pending*, *on appeal*, or *final*.
    - § A "pending" event involves allegations that have not been proven or formally adjudicated.
    - § An event that is "on appeal" involves allegations that have been adjudicated but are currently being appealed.
    - § A "final" event has been concluded and its resolution is not subject to change.
  - o A final event generally has a disposition of *adjudicated*, *settled* or *otherwise resolved*.
    - § An "adjudicated" matter includes a disposition by (1) a court of law in a criminal or civil matter, or (2) an administrative panel in an action brought by a regulator that is contested by the party charged with some alleged wrongdoing.
    - § A "settled" matter generally involves an agreement by the parties to resolve the matter. Please note that firms may choose to settle customer disputes or regulatory matters for business or other reasons.
    - § A "resolved" matter usually involves no payment to the customer and no finding of wrongdoing on the part of the individual broker. Such matters generally involve customer disputes.
5. **You may wish to contact the brokerage firm to obtain further information regarding any of the disclosure events contained in this BrokerCheck report.**

### Regulatory - Final

This type of disclosure event involves (1) a final, formal proceeding initiated by a regulatory authority (e.g., a state securities agency, self-regulatory organization, federal regulator such as the U.S. Securities and Exchange Commission, foreign financial regulatory body) for a violation of investment-related rules or regulations; or (2) a revocation or suspension of the authority of a brokerage firm or its control affiliate to act as an attorney, accountant or federal contractor.

### Disclosure 1 of 44

**Reporting Source:** Regulator  
**Current Status:** Final



<b>Allegations:</b>	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT EFFECTED OPENING TRANSACTIONS IN A STOCK OPTION CONTRACT ON BEHALF OF A CUSTOMER THAT EXCEEDED THE APPLICABLE POSITION LIMIT FOR A PARTICULAR OPTIONS POSITION. THE FINDINGS STATED THAT THE FIRM FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM, INCLUDING WSPS, THAT WAS REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH OPTION POSITION LIMITS REQUIREMENTS. CANACCORD'S WSPS PROVIDED THAT THE HEAD OF OPERATIONS WAS THE DESIGNATED SUPERVISOR RESPONSIBLE FOR IDENTIFYING POSITIONS THAT EXCEED ALLOWABLE LIMITS, BUT THE WSPS FAILED TO DESCRIBE HOW TO PERFORM A REVIEW OR THE FREQUENCY OF SUCH REVIEW. IN ADDITION, THE FIRM HAD NO REPORT THAT IDENTIFIED POSITION LIMIT OVERAGES. INSTEAD, CANACCORD RELIED ON ITS CLEARING FIRM TO INFORM IT OF POSITION LIMIT VIOLATIONS WITHOUT REASONABLE OVERSIGHT. CANACCORD TOOK STEPS TO UPDATE ITS WSPS TO ADDRESS THE DEFICIENCIES NOTED HEREIN.
<b>Initiated By:</b>	FINRA
<b>Date Initiated:</b>	10/08/2020
<b>Docket/Case Number:</b>	<a href="#">2018060153902</a>
<b>Principal Product Type:</b>	Options
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	10/08/2020
<b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b>	No
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$27,500.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	THE FIRM WAS CENSURED AND FINED \$27,500. FINES PAID IN FULL ON



OCTOBER 22, 2020.

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT EFFECTED OPENING TRANSACTIONS IN A STOCK OPTION CONTRACT ON BEHALF OF A CUSTOMER THAT EXCEEDED THE APPLICABLE POSITION LIMIT FOR A PARTICULAR OPTIONS POSITION. THE FINDINGS STATED THAT THE FIRM FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM, INCLUDING WSPS, THAT WAS REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH OPTION POSITION LIMITS REQUIREMENTS. CANACCORD'S WSPS PROVIDED THAT THE HEAD OF OPERATIONS WAS THE DESIGNATED SUPERVISOR RESPONSIBLE FOR IDENTIFYING POSITIONS THAT EXCEED ALLOWABLE LIMITS, BUT THE WSPS FAILED TO DESCRIBE HOW TO PERFORM A REVIEW OR THE FREQUENCY OF SUCH REVIEW. IN ADDITION, THE FIRM HAD NO REPORT THAT IDENTIFIED POSITION LIMIT OVERAGES. INSTEAD, CANACCORD RELIED ON ITS CLEARING FIRM TO INFORM IT OF POSITION LIMIT VIOLATIONS WITHOUT REASONABLE OVERSIGHT. CANACCORD TOOK STEPS TO UPDATE ITS WSPS TO ADDRESS THE DEFICIENCIES NOTED HEREIN.

**Initiated By:** FINRA

**Date Initiated:** 10/08/2020

**Docket/Case Number:** [2018060153902](#)

**Principal Product Type:** Options

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:** Censure

**Other Sanction(s)/Relief Sought:** MONETARY FINE.

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 10/08/2020

**Sanctions Ordered:** Censure  
Monetary/Fine \$27,500.00

**Other Sanctions Ordered:**

**Sanction Details:** THE FIRM WAS CENSURED AND FINED \$27,500.



## Firm Statement

WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT EFFECTED OPENING TRANSACTIONS IN A STOCK OPTION CONTRACT ON BEHALF OF A CUSTOMER THAT EXCEEDED THE APPLICABLE POSITION LIMIT FOR A PARTICULAR OPTIONS POSITION. THE FINDINGS STATED THAT THE FIRM FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM, INCLUDING WSPS, THAT WAS REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH OPTION POSITION LIMITS REQUIREMENTS. CANACCORD'S WSPS PROVIDED THAT THE HEAD OF OPERATIONS WAS THE DESIGNATED SUPERVISOR RESPONSIBLE FOR IDENTIFYING POSITIONS THAT EXCEED ALLOWABLE LIMITS, BUT THE WSPS FAILED TO DESCRIBE HOW TO PERFORM A REVIEW OR THE FREQUENCY OF SUCH REVIEW. IN ADDITION, THE FIRM HAD NO REPORT THAT IDENTIFIED POSITION LIMIT OVERAGES. INSTEAD, CANACCORD RELIED ON ITS CLEARING FIRM TO INFORM IT OF POSITION LIMIT VIOLATIONS WITHOUT REASONABLE OVERSIGHT. CANACCORD TOOK STEPS TO UPDATE ITS WSPS TO ADDRESS THE DEFICIENCIES NOTED HEREIN.

## Disclosure 2 of 44

### Reporting Source:

Regulator

### Current Status:

Final

### Allegations:

WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO SUBMIT ACCURATE AND COMPLETE OATS REPORTS TO FINRA. THE FINDINGS STATED THAT THE FIRM FAILED TO TRANSMIT TO OATS ROES, INCLUDING ROUTE REPORTS, NEW ORDER REPORTS, AND EXECUTION REPORTS. THE FIRM TRANSMITTED TO OATS ROES THAT CONTAINED INACCURATE, INCOMPLETE, OR IMPROPERLY FORMATTED DATA, INCLUDING ROES WITH AN INACCURATE RECEIVING DEPARTMENT ID, EXECUTION REPORTS THAT WERE NOT REQUIRED TO BE REPORTED, AND ROUTE REPORTS WITH AN INACCURATE ROUTED METHOD CODE. THE FIRM SUBMITTED INACCURATE ORDER INFORMATION TO OATS ON ORDERS SELECTED FOR FURTHER REVIEW BY FINRA. THE FINDINGS ALSO STATED THAT THE FIRM SENT TRADE CONFIRMATIONS TO CUSTOMERS CONTAINING INACCURATE AND MISLEADING INFORMATION. THE FINDINGS ALSO INCLUDED THAT THE FIRM MISUSED THE PRIOR REFERENCE PRICE MODIFIER ON TRADE REPORTS. THE FIRM USED THE MODIFIER WHEN IT DID NOT HAVE A VALID REASON TO DO SO DUE TO A PROGRAMMING ERROR IN ITS ORDER MANAGEMENT SYSTEM. FINRA FOUND THAT THE FIRM CREATED AND MAINTAINED INACCURATE BOOKS AND RECORDS. IN 13 OUT OF 25 PRIOR REFERENCE PRICE TRADES, THE FIRM FAILED TO DENOTE AN ACCURATE EXECUTION TIME ON CUSTOMERS' ORDER TICKETS. FINRA ALSO FOUND THAT THE FIRM'S



SUPERVISORY SYSTEM WAS NOT REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH ITS OATS REPORTING OBLIGATIONS, NOR DID THE FIRM REASONABLY ENFORCE ITS WSPS. WHILE THE FIRM'S WSPS SET FORTH A MONTHLY PROCESS OF SAMPLING REPORTABLE ORDER EVENTS AND COMPARING THE SAMPLED TRADES TO ITS AUDIT TRAIL REPORT FOR ACCURACY, COMPLETENESS, AND TIMELINESS, IT DID NOT CONDUCT THIS SAMPLING PROCESS. THIS FAILURE CONTRIBUTED TO THE FIRM'S USE OF AN INACCURATE RECEIVING DEPARTMENT ID, AND THEREFORE INACCURATE SUBMISSIONS, IN OATS SUBMISSIONS. ADDITIONALLY, THE FIRM'S SUPERVISORY SYSTEM DID NOT INCLUDE A REQUIREMENT THAT ITS PERSONNEL REASONABLY MONITOR ISSUES OF NON-REPORTING OF REQUIRED OATS SUBMISSIONS.

**Initiated By:** FINRA

**Date Initiated:** 07/23/2020

**Docket/Case Number:** [2016048607401](#)

**Principal Product Type:** No Product

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:**

**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 07/23/2020

**Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?** No

**Sanctions Ordered:** Censure  
Monetary/Fine \$150,000.00

**Other Sanctions Ordered:**

**Sanction Details:** THE FIRM WAS CENSURED AND FINED \$150,000. FINES PAID IN FULL ON SEPTEMBER 10, 2020.

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**Reporting Source:** Firm





**Current Status:** Final

**Allegations:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO SUBMIT ACCURATE AND COMPLETE OATS REPORTS TO FINRA. THE FINDINGS STATED THAT THE FIRM FAILED TO TRANSMIT TO OATS ROES, INCLUDING ROUTE REPORTS, NEW ORDER REPORTS, AND EXECUTION REPORTS. THE FIRM TRANSMITTED TO OATS ROES THAT CONTAINED INACCURATE, INCOMPLETE, OR IMPROPERLY FORMATTED DATA, INCLUDING ROES WITH AN INACCURATE RECEIVING DEPARTMENT ID, EXECUTION REPORTS THAT WERE NOT REQUIRED TO BE REPORTED, AND ROUTE REPORTS WITH AN INACCURATE ROUTED METHOD CODE. THE FIRM SUBMITTED INACCURATE ORDER INFORMATION TO OATS ON ORDERS SELECTED FOR FURTHER REVIEW BY FINRA. THE FINDINGS ALSO STATED THAT THE FIRM SENT TRADE CONFIRMATIONS TO CUSTOMERS CONTAINING INACCURATE AND MISLEADING INFORMATION. THE FINDINGS ALSO INCLUDED THAT THE FIRM MISUSED THE PRIOR REFERENCE PRICE MODIFIER ON TRADE REPORTS. THE FIRM USED THE MODIFIER WHEN IT DID NOT HAVE A VALID REASON TO DO SO DUE TO A PROGRAMMING ERROR IN ITS ORDER MANAGEMENT SYSTEM. FINRA FOUND THAT THE FIRM CREATED AND MAINTAINED INACCURATE BOOKS AND RECORDS. IN 13 OUT OF 25 PRIOR REFERENCE PRICE TRADES, THE FIRM FAILED TO DENOTE AN ACCURATE EXECUTION TIME ON CUSTOMERS' ORDER TICKETS. FINRA ALSO FOUND THAT THE FIRM'S SUPERVISORY SYSTEM WAS NOT REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH ITS OATS REPORTING OBLIGATIONS, NOR DID THE FIRM REASONABLY ENFORCE ITS WSPS. WHILE THE FIRM'S WSPS SET FORTH A MONTHLY PROCESS OF SAMPLING REPORTABLE ORDER EVENTS AND COMPARING THE SAMPLED TRADES TO ITS AUDIT TRAIL REPORT FOR ACCURACY, COMPLETENESS, AND TIMELINESS, IT DID NOT CONDUCT THIS SAMPLING PROCESS. THIS FAILURE CONTRIBUTED TO THE FIRM'S USE OF AN INACCURATE RECEIVING DEPARTMENT ID, AND THEREFORE INACCURATE SUBMISSIONS, IN OATS SUBMISSIONS. ADDITIONALLY, THE FIRM'S SUPERVISORY SYSTEM DID NOT INCLUDE A REQUIREMENT THAT ITS PERSONNEL REASONABLY MONITOR ISSUES OF NON-REPORTING OF REQUIRED OATS SUBMISSIONS.

**Initiated By:** FINRA

**Date Initiated:** 07/23/2020

**Docket/Case Number:** [2016048607401](#)

**Principal Product Type:** No Product

**Other Product Type(s):**



<b>Principal Sanction(s)/Relief Sought:</b>	Censure
<b>Other Sanction(s)/Relief Sought:</b>	MONETARY FINE.
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	07/23/2020
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$150,000.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	THE FIRM WAS CENSURED AND FINED \$150,000.
<b>Firm Statement</b>	<p>WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO SUBMIT ACCURATE AND COMPLETE OATS REPORTS TO FINRA. THE FINDINGS STATED THAT THE FIRM FAILED TO TRANSMIT TO OATS ROES, INCLUDING ROUTE REPORTS, NEW ORDER REPORTS, AND EXECUTION REPORTS. THE FIRM TRANSMITTED TO OATS ROES THAT CONTAINED INACCURATE, INCOMPLETE, OR IMPROPERLY FORMATTED DATA, INCLUDING ROES WITH AN INACCURATE RECEIVING DEPARTMENT ID, EXECUTION REPORTS THAT WERE NOT REQUIRED TO BE REPORTED, AND ROUTE REPORTS WITH AN INACCURATE ROUTED METHOD CODE. THE FIRM SUBMITTED INACCURATE ORDER INFORMATION TO OATS ON ORDERS SELECTED FOR FURTHER REVIEW BY FINRA. THE FINDINGS ALSO STATED THAT THE FIRM SENT TRADE CONFIRMATIONS TO CUSTOMERS CONTAINING INACCURATE AND MISLEADING INFORMATION. THE FINDINGS ALSO INCLUDED THAT THE FIRM MISUSED THE PRIOR REFERENCE PRICE MODIFIER ON TRADE REPORTS. THE FIRM USED THE MODIFIER WHEN IT DID NOT HAVE A VALID REASON TO DO SO DUE TO A PROGRAMMING ERROR IN ITS ORDER MANAGEMENT SYSTEM. FINRA FOUND THAT THE FIRM CREATED AND MAINTAINED INACCURATE BOOKS AND RECORDS. IN 13 OUT OF 25 PRIOR REFERENCE PRICE TRADES, THE FIRM FAILED TO DENOTE AN ACCURATE EXECUTION TIME ON CUSTOMERS' ORDER TICKETS. FINRA ALSO FOUND THAT THE FIRM'S SUPERVISORY SYSTEM WAS NOT REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH ITS OATS REPORTING OBLIGATIONS, NOR DID THE FIRM REASONABLY ENFORCE ITS WSPS. WHILE THE FIRM'S WSPS SET FORTH A MONTHLY PROCESS OF SAMPLING REPORTABLE ORDER EVENTS AND COMPARING THE SAMPLED TRADES TO ITS AUDIT TRAIL REPORT FOR ACCURACY, COMPLETENESS, AND TIMELINESS, IT DID NOT CONDUCT THIS SAMPLING PROCESS. THIS FAILURE CONTRIBUTED TO THE FIRM'S USE OF AN INACCURATE RECEIVING DEPARTMENT ID, AND THEREFORE INACCURATE SUBMISSIONS, IN OATS SUBMISSIONS. ADDITIONALLY, THE</p>



FIRM'S SUPERVISORY SYSTEM DID NOT INCLUDE A REQUIREMENT THAT ITS PERSONNEL REASONABLY MONITOR ISSUES OF NON-REPORTING OF REQUIRED OATS SUBMISSIONS.

### Disclosure 3 of 44

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO TIMELY CLOSE OUT FAIL TO DELIVER POSITIONS IN VIOLATION OF SEC RULE 204(A)(3), AND EXECUTED SHORT SALE ORDERS WHILE IN THE PENALTY BOX IN VIOLATION OF SEC RULE 204(B). THE FINDINGS STATED THAT THE FIRM, RATHER THAN PURCHASE OR BORROW SECURITIES OF LIKE KIND AND QUANTITY BY MARKET OPEN ON THE CLOSE OUT DATE, GENERALLY DISPLAYED AT MARKET OPEN A BID-ONLY QUOTE TO THE OTC MARKETS AT FINRA RULE 6433'S MINIMUM QUOTE SIZE, WHICH, ON SOME OCCASIONS, WAS LESS THAN THE NUMBER OF SHARES NECESSARY TO CLOSE OUT THE FAIL TO DELIVER POSITION. THE FIRM EXECUTED A SHORT SALE ORDER IN AN EQUITY SECURITY FOR WHICH IT HAD A FAIL TO DELIVER POSITION THAT IT HAD NOT YET CLOSED OUT WITHOUT HAVING FIRST BORROWED OR ENTERED INTO A BONA FIDE ARRANGEMENT TO BORROW THE SECURITY. THE FINDINGS ALSO STATED THAT WITH RESPECT TO CERTAIN LESS LIQUID OTC EQUITY SECURITIES, THE FIRM ADOPTED A PRACTICE OF DISPLAYING A BID-ONLY QUOTE, TYPICALLY AT THE MINIMUM QUOTE SIZE, TO CLOSE OUT CERTAIN FAIL TO DELIVER POSITIONS ATTRIBUTABLE TO ITS MARKET MAKING ACTIVITIES. THIS PRACTICE WAS INCONSISTENT WITH THE CLOSE OUT REQUIREMENTS OF SEC RULE 204(A)(3) AND LED TO THE VIOLATIONS OF RULE 204(A)(3) DISCUSSED ABOVE. THE FIRM'S 2016 WSPS DID NOT PROVIDE GUIDANCE AS TO THE FIRM'S ACTUAL PRACTICE, WHILE THE ITS 2017 WSPS WERE VAGUE AND DID NOT DESCRIBE ANY STEPS TO BE TAKEN BY THE FIRM TO SUPERVISE THE CLOSE OUT ACTIVITY. AS A RESULT, BOTH THE FIRM'S SUPERVISORY SYSTEM AND ITS WSPS WERE NOT REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH SEC RULE 204(A)(3).

**Initiated By:** FINRA

**Date Initiated:** 10/21/2019

**Docket/Case Number:** [2018057116501](#)

**Principal Product Type:** Other

**Other Product Type(s):** FAIL TO DELIVER POSITIONS AND SHORT SALE ORDERS



**Principal Sanction(s)/Relief Sought:**

**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 10/21/2019

**Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?** No

**Sanctions Ordered:** Censure  
Monetary/Fine \$80,000.00

**Other Sanctions Ordered:**

**Sanction Details:** THE FIRM WAS CENSURED AND FINED \$80,000. FINES PAID IN FULL ON OCTOBER 29, 2019.

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO TIMELY CLOSE OUT FAIL TO DELIVER POSITIONS IN VIOLATION OF SEC RULE 204(A)(3), AND EXECUTED SHORT SALE ORDERS WHILE IN THE PENALTY BOX IN VIOLATION OF SEC RULE 204(B). THE FINDINGS STATED THAT THE FIRM, RATHER THAN PURCHASE OR BORROW SECURITIES OF LIKE KIND AND QUANTITY BY MARKET OPEN ON THE CLOSE OUT DATE, GENERALLY DISPLAYED AT MARKET OPEN A BID-ONLY QUOTE TO THE OTC MARKETS AT FINRA RULE 6433'S MINIMUM QUOTE SIZE, WHICH, ON SOME OCCASIONS, WAS LESS THAN THE NUMBER OF SHARES NECESSARY TO CLOSE OUT THE FAIL TO DELIVER POSITION. THE FIRM EXECUTED A SHORT SALE ORDER IN AN EQUITY SECURITY FOR WHICH IT HAD A FAIL TO DELIVER POSITION THAT IT HAD NOT YET CLOSED OUT WITHOUT HAVING FIRST BORROWED OR ENTERED INTO A BONA FIDE ARRANGEMENT TO BORROW THE SECURITY. THE FINDINGS ALSO STATED THAT WITH RESPECT TO CERTAIN LESS LIQUID OTC EQUITY SECURITIES, THE FIRM ADOPTED A PRACTICE OF DISPLAYING A BID-ONLY QUOTE, TYPICALLY AT THE MINIMUM QUOTE SIZE, TO CLOSE OUT CERTAIN FAIL TO DELIVER POSITIONS ATTRIBUTABLE TO ITS MARKET MAKING ACTIVITIES.



THIS PRACTICE WAS INCONSISTENT WITH THE CLOSE OUT REQUIREMENTS OF SEC RULE 204(A)(3) AND LED TO THE VIOLATIONS OF RULE 204(A)(3) DISCUSSED ABOVE. THE FIRM'S 2016 WSPS DID NOT PROVIDE GUIDANCE AS TO THE FIRM'S ACTUAL PRACTICE, WHILE THE ITS 2017 WSPS WERE VAGUE AND DID NOT DESCRIBE ANY STEPS TO BE TAKEN BY THE FIRM TO SUPERVISE THE CLOSE OUT ACTIVITY. AS A RESULT, BOTH THE FIRM'S SUPERVISORY SYSTEM AND ITS WSPS WERE NOT REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH SEC RULE 204(A)(3).

**Initiated By:** FINRA

**Date Initiated:** 10/19/2019

**Docket/Case Number:** [2018057116501](#)

**Principal Product Type:** Other

**Other Product Type(s):** FAIL TO DELIVER POSITIONS AND SHORT SALE ORDERS

**Principal Sanction(s)/Relief Sought:** Censure

**Other Sanction(s)/Relief Sought:** MONETARY FINE

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 10/21/2019

**Sanctions Ordered:** Censure  
Monetary/Fine \$80,000.00

**Other Sanctions Ordered:**

**Sanction Details:** THE FIRM WAS CENSURED AND FINED \$80,000.

**Firm Statement** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO TIMELY CLOSE OUT FAIL TO DELIVER POSITIONS IN VIOLATION OF SEC RULE 204(A)(3), AND EXECUTED SHORT SALE ORDERS WHILE IN THE PENALTY BOX IN VIOLATION OF SEC RULE 204(B). THE FINDINGS STATED THAT THE FIRM, RATHER THAN PURCHASE OR BORROW SECURITIES OF LIKE KIND AND QUANTITY BY MARKET OPEN ON THE CLOSE OUT DATE, GENERALLY DISPLAYED AT MARKET OPEN A BID-ONLY QUOTE TO THE OTC MARKETS AT FINRA RULE 6433'S MINIMUM QUOTE SIZE, WHICH, ON SOME OCCASIONS, WAS LESS THAN THE NUMBER OF SHARES NECESSARY TO CLOSE OUT THE FAIL TO DELIVER POSITION. THE FIRM EXECUTED A SHORT SALE ORDER IN AN EQUITY SECURITY FOR WHICH IT HAD A FAIL TO DELIVER POSITION THAT IT HAD NOT YET CLOSED OUT WITHOUT HAVING FIRST BORROWED OR ENTERED INTO A BONA FIDE



ARRANGEMENT TO BORROW THE SECURITY. THE FINDINGS ALSO STATED THAT WITH RESPECT TO CERTAIN LESS LIQUID OTC EQUITY SECURITIES, THE FIRM ADOPTED A PRACTICE OF DISPLAYING A BID-ONLY QUOTE, TYPICALLY AT THE MINIMUM QUOTE SIZE, TO CLOSE OUT CERTAIN FAIL TO DELIVER POSITIONS ATTRIBUTABLE TO ITS MARKET MAKING ACTIVITIES. THIS PRACTICE WAS INCONSISTENT WITH THE CLOSE OUT REQUIREMENTS OF SEC RULE 204(A)(3) AND LED TO THE VIOLATIONS OF RULE 204(A)(3) DISCUSSED ABOVE. THE FIRM'S 2016 WSPS DID NOT PROVIDE GUIDANCE AS TO THE FIRM'S ACTUAL PRACTICE, WHILE THE ITS 2017 WSPS WERE VAGUE AND DID NOT DESCRIBE ANY STEPS TO BE TAKEN BY THE FIRM TO SUPERVISE THE CLOSE OUT ACTIVITY. AS A RESULT, BOTH THE FIRM'S SUPERVISORY SYSTEM AND ITS WSPS WERE NOT REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH SEC RULE 204(A)(3).

#### Disclosure 4 of 44

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** SEC ADMIN RELEASE 34-86658, AUGUST 14, 2019: THE SEC DEEMS IT APPROPRIATE AND IN THE PUBLIC INTEREST THAT PUBLIC ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS BE, AND HEREBY ARE, INSTITUTED PURSUANT TO SECTIONS 15(B) AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934 AGAINST CANACCORD GENUITY LLC. IN ANTICIPATION OF THE INSTITUTION OF THESE PROCEEDINGS, CANACCORD HAS SUBMITTED AN OFFER OF SETTLEMENT WHICH THE COMMISSION HAS DETERMINED TO ACCEPT. SOLELY FOR THE PURPOSE OF THESE PROCEEDINGS AND ANY OTHER PROCEEDINGS BROUGHT BY OR ON BEHALF OF THE COMMISSION, OR TO WHICH THE COMMISSION IS A PARTY, AND WITHOUT ADMITTING OR DENYING THE FINDINGS HEREIN, EXCEPT AS TO THE COMMISSION'S JURISDICTION OVER IT AND THE SUBJECT MATTER OF THESE PROCEEDINGS, WHICH ARE ADMITTED, CANACCORD CONSENTS TO THE ENTRY OF THIS ORDER INSTITUTING ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS PURSUANT TO SECTIONS 15(B) AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934, MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS AND A CEASE-AND-DESIST ORDER. ON THE BASIS OF THIS ORDER AND CANACCORD'S OFFER, THE COMMISSION FINDS THAT THESE PROCEEDINGS CONCERN CANACCORD'S FAILURE TO COMPLY WITH ITS OBLIGATIONS UNDER RULE 15C2-11 OF THE EXCHANGE ACT TO COLLECT, REVIEW AND RETAIN ISSUER INFORMATION. FROM AT LEAST OCTOBER 2017 THROUGH SEPTEMBER 2018, CANACCORD WILLFULLY VIOLATED SECTION 15(C)(2) OF THE EXCHANGE ACT AND RULE 15C2-11 THEREUNDER BY PUBLISHING QUOTATIONS FOR DOZENS OF OVER-THE-COUNTER AND NON-



EXCHANGE-LISTED SECURITIES WITHOUT A REASONABLE BASIS FOR BELIEVING THAT THE ISSUER INFORMATION WAS ACCURATE IN ALL MATERIAL RESPECTS AND WAS OBTAINED FROM A RELIABLE SOURCE. CANACCORD HAS SINCE REVISED AND IMPROVED ITS POLICIES AND PROCEDURES WITH RESPECT TO RULE 15C2-11.

**Initiated By:** UNITED STATES SECURITIES AND EXCHANGE COMMISSION

**Date Initiated:** 08/14/2019

**Docket/Case Number:** 3-19346

**Principal Product Type:** Other

**Other Product Type(s):** OVER-THE-COUNTER AND NON-EXCHANGE-LISTED SECURITIES

**Principal Sanction(s)/Relief Sought:** Cease and Desist

**Other Sanction(s)/Relief Sought:**

**Resolution:** Order

**Resolution Date:** 08/14/2019

**Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?** No

**Sanctions Ordered:** Censure  
Monetary/Fine \$250,000.00  
Cease and Desist/Injunction

**Other Sanctions Ordered:**

**Sanction Details:** THE FIRM IS CENSURED, ORDERED TO CEASE AND DESIST, AND SHALL PAY A CIVIL MONEY PENALTY IN THE AMOUNT OF \$250,000.

**Regulator Statement** IN DETERMINING WHETHER TO ACCEPT THE OFFER, THE COMMISSION CONSIDERED REMEDIAL MEASURES UNDERTAKEN BY CANACCORD AND THE COOPERATION AFFORDED THE STAFF. IN VIEW OF THE FOREGOING, THE COMMISSION DEEMS IT APPROPRIATE TO IMPOSE THE SANCTIONS AGREED TO IN CANACCORD'S OFFER. ACCORDINGLY, PURSUANT TO SECTIONS 15(B) AND 21C OF THE EXCHANGE ACT, IT IS HEREBY ORDERED THAT CANACCORD CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF SECTION 15(C)(2) OF THE EXCHANGE ACT AND RULE 15C2-11 THEREUNDER; CANACCORD IS CENSURED; AND CANACCORD SHALL, WITHIN 14 DAYS OF THE ENTRY OF



THIS ORDER, PAY A CIVIL MONEY PENALTY IN THE AMOUNT OF \$250,000 TO THE SEC.

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	WITHOUT ADMITTING OR DENYING THE FINDINGS THEREIN, EXCEPT AS TO THE JURISDICTION OF THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE "COMMISSION") OVER IT AND THE SUBJECT MATTER OF THE PROCEEDINGS, WHICH ARE ADMITTED, CANACCORD GENUITY LLC ("CG") CONSENTED TO THE ENTRY OF AN ORDER INSTITUTING ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS PURSUANT TO SECTIONS 15(B) AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934 (THE "EXCHANGE ACT"), MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS AND A CEASE-AND-DESIST ORDER (THE "ORDER"), AS SET FORTH THEREIN. THE ORDER FINDS THAT FOR THE PERIOD OF OCTOBER 2017 THROUGH SEPTEMBER 2018, CG WILLFULLY VIOLATED SECTION 15(C)(2) OF THE EXCHANGE ACT AND RULE 15C2-11 THEREUNDER BY PUBLISHING QUOTATIONS FOR OVER-THE-COUNTER AND NON-EXCHANGE-LISTED SECURITIES WITHOUT A REASONABLE BASIS FOR BELIEVING THAT THE ISSUER INFORMATION WAS ACCURATE IN ALL MATERIAL RESPECTS AND WAS OBTAINED FROM A RELIABLE SOURCE. IN THE ORDER, IT WAS ORDERED THAT CG (1) CEASE AND DESIST FROM FURTHER VIOLATIONS OF SECTION 15(C)(2) OF THE EXCHANGE ACT AND RULE 15C2-11, (2) BE CENSURED, AND (3) PAY A CIVIL MONEY PENALTY OF \$250,000.
<b>Initiated By:</b>	UNITED STATES SECURITIES AND EXCHANGE COMMISSION
<b>Date Initiated:</b>	08/14/2019
<b>Docket/Case Number:</b>	3-19346
<b>Principal Product Type:</b>	Equity - OTC
<b>Other Product Type(s):</b>	EQUITY AND DEBT OTC PRODUCTS.
<b>Principal Sanction(s)/Relief Sought:</b>	Cease and Desist
<b>Other Sanction(s)/Relief Sought:</b>	CENSURE; AND CIVIL MONEY PENALTY IN THE AMOUNT OF \$250,000.00.
<b>Resolution:</b>	Order
<b>Resolution Date:</b>	08/14/2019
<b>Sanctions Ordered:</b>	Censure





Monetary/Fine \$250,000.00  
Cease and Desist/Injunction

#### Other Sanctions Ordered:

#### Sanction Details:

CG WAS CENSURED AND ORDERED TO PAY A CIVIL MONEY PENALTY IN THE AMOUNT OF \$250,000.00.

#### Firm Statement

WITHOUT ADMITTING OR DENYING THE FINDINGS THEREIN, EXCEPT AS TO THE JURISDICTION OF THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE "COMMISSION") OVER IT AND THE SUBJECT MATTER OF THE PROCEEDINGS, WHICH ARE ADMITTED, CANACCORD GENUITY LLC ("CG") CONSENTED TO THE ENTRY OF AN ORDER INSTITUTING ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS PURSUANT TO SECTIONS 15(B) AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934 (THE "EXCHANGE ACT"), MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS AND A CEASE-AND-DESIST ORDER (THE "ORDER"), AS SET FORTH THEREIN. THE ORDER FINDS THAT FOR THE PERIOD OF OCTOBER 2017 THROUGH SEPTEMBER 2018, CG WILLFULLY VIOLATED SECTION 15(C)(2) OF THE EXCHANGE ACT AND RULE 15C2-11 THEREUNDER BY PUBLISHING QUOTATIONS FOR OVER-THE-COUNTER AND NON-EXCHANGE-LISTED SECURITIES WITHOUT A REASONABLE BASIS FOR BELIEVING THAT THE ISSUER INFORMATION WAS ACCURATE IN ALL MATERIAL RESPECTS AND WAS OBTAINED FROM A RELIABLE SOURCE. IN THE ORDER, IT WAS ORDERED THAT CG (1) CEASE AND DESIST FROM FURTHER VIOLATIONS OF SECTION 15(C)(2) OF THE EXCHANGE ACT AND RULE 15C2-11, (2) BE CENSURED, AND (3) PAY A CIVIL MONEY PENALTY OF \$250,000.

#### Disclosure 5 of 44

#### Reporting Source:

Regulator

#### Current Status:

Final

#### Allegations:

WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO IMPLEMENT POLICIES AND PROCEDURES THAT REASONABLY AVOID DISPLAYING, OR ENGAGING IN A PATTERN OR PRACTICE OF DISPLAYING, LOCKING OR CROSSING QUOTATIONS IN ANY OVER THE COUNTER (OTC) EQUITY SECURITY.

#### Initiated By:

FINRA

#### Date Initiated:

10/13/2017

#### Docket/Case Number:

[2016048855201](#)

#### Principal Product Type:

Equity - OTC

**Other Product Type(s):****Principal Sanction(s)/Relief Sought:****Other Sanction(s)/Relief Sought:****Resolution:** Acceptance, Waiver & Consent(AWC)**Resolution Date:** 10/13/2017**Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?** No**Sanctions Ordered:** Censure  
Monetary/Fine \$15,000.00**Other Sanctions Ordered:****Sanction Details:** THE FIRM WAS CENSURED AND FINED \$15,000. FINES PAID IN FULL ON NOVEMBER 7, 2017.**Reporting Source:** Firm**Current Status:** Final**Allegations:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO IMPLEMENT POLICIES AND PROCEDURES THAT REASONABLY AVOID DISPLAYING, OR ENGAGING IN A PATTERN OR PRACTICE OF DISPLAYING, LOCKING OR CROSSING QUOTATIONS IN ANY OVER THE COUNTER (OTC) EQUITY SECURITY.**Initiated By:** FINRA**Date Initiated:** 10/13/2017**Docket/Case Number:** 20160488552-01**Principal Product Type:** Equity - OTC**Other Product Type(s):****Principal Sanction(s)/Relief Sought:** Censure


**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 10/13/2017

**Sanctions Ordered:** Censure  
Monetary/Fine \$15,000.00

**Other Sanctions Ordered:**

**Sanction Details:** THE FIRM WAS CENSURED AND FINED \$15,000.

**Disclosure 6 of 44**

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO TRANSMIT 3,931,235 REPORTABLE ORDER EVENTS (ROES) TO THE ORDER AUDIT TRAIL SYSTEM (OATS). THE FINDINGS STATED THAT THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH FINRA RULE 7450. THE FIRM'S WRITTEN SUPERVISORY PROCEDURES (WSPS) FAILED TO PROVIDE FOR ONE OR MORE OF THE MINIMUM REQUIREMENTS FOR ADEQUATE WSPS FOR OATS REPORTING. SPECIFICALLY, THE FIRM'S WSPS DID NOT ADEQUATELY IDENTIFY WHICH TRADING DESKS' SUPERVISORY PRINCIPALS WERE RESPONSIBLE FOR OATS REVIEWS, DID NOT PROVIDE FOR STEPS TO REVIEW FOR OUT OF SEQUENCE EVENTS OR EXCHANGE ROUTE MATCHING, AND DID NOT PROVIDE FOR STEPS TO REVIEW EACH AND EVERY ENTITY REPORTING ROES ON THE FIRM'S BEHALF. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO PUBLISH IMMEDIATELY A BID OR OFFER THAT REFLECTED THE PRICE AND THE FULL SIZE OF 28 CUSTOMER LIMIT ORDERS FOR OVER-THE-COUNTY (OTC) EQUITY SECURITIES HELD BY THE FIRM THAT WERE AT A PRICE THAT WOULD HAVE IMPROVED THE BID OR OFFER OF THE FIRM IN SUCH SECURITIES. THE FINDINGS ALSO INCLUDED THAT THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH FINRA RULE 6460. THE FIRM'S WSPS FAILED TO PROVIDE FOR ONE OF THE MINIMUM REQUIREMENTS FOR ADEQUATE WSPS RELATING TO COMPLIANCE WITH FINRA RULE 6460. SPECIFICALLY, THE FIRM'S PROCEDURES DID NOT SET FORTH SUPERVISORY STEPS REASONABLY DESIGNED TO DETECT, REVIEW, AND ADDRESS INSTANCES IN WHICH THE FIRM FAILED TO TAKE TIMELY ACTION AND/OR FOLLOW-UP ACTION WITH RESPECT TO



CUSTOMER LIMIT ORDERS.

**Initiated By:** FINRA

**Date Initiated:** 05/25/2017

**Docket/Case Number:** [2015046600801](#)

**Principal Product Type:** Equity - OTC

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:**

**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 05/25/2017

**Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?** No

**Sanctions Ordered:** Censure  
Monetary/Fine \$75,000.00

**Other Sanctions Ordered:** UNDERTAKING: REQUIRED TO REVISE THE FIRM'S WRITTEN SUPERVISORY PROCEDURES

**Sanction Details:** THE FIRM WAS CENSURED, FINED \$75,000 AND UNDERTAKES TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES. FINES PAID IN FULL ON JULY 3, 2017.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO TRANSMIT 3,931,235 REPORTABLE ORDER EVENTS (ROES) TO THE ORDER AUDIT TRAIL SYSTEM (OATS). THE FINDINGS STATED THAT THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH FINRA RULE 7450. THE FIRM'S WRITTEN SUPERVISORY PROCEDURES (WSPS) FAILED TO PROVIDE FOR ONE OR MORE OF THE MINIMUM REQUIREMENTS FOR



ADEQUATE WSPS FOR OATS REPORTING. SPECIFICALLY, THE FIRM'S WSPS DID NOT DID NOT ADEQUATELY IDENTIFY WHICH TRADING DESKS' SUPERVISORY PRINCIPALS WERE RESPONSIBLE FOR OATS REVIEWS, DID NOT PROVIDE FOR STEPS TO REVIEW FOR OUT OF SEQUENCE EVENTS OR EXCHANGE ROUTE MATCHING, AND DID NOT PROVIDE FOR STEPS TO REVIEW EACH AND EVERY ENTITY REPORTING ROES ON THE FIRM'S BEHALF. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO PUBLISH IMMEDIATELY A BID OR OFFER THAT REFLECTED THE PRICE AND THE FULL SIZE OF 28 CUSTOMER LIMIT ORDERS FOR OVER-THE-COUNTY (OTC) EQUITY SECURITIES HELD BY THE FIRM THAT WERE AT A PRICE THAT WOULD HAVE IMPROVED THE BID OR OFFER OF THE FIRM IN SUCH SECURITIES. THE FINDINGS ALSO INCLUDED THAT THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH FINRA RULE 6460. THE FIRM'S WSPS FAILED TO PROVIDE FOR ONE OF THE MINIMUM REQUIREMENTS FOR ADEQUATE WSPS RELATING TO COMPLIANCE WITH FINRA RULE 6460. SPECIFICALLY, THE FIRM'S PROCEDURES DID NOT SET FORTH SUPERVISORY STEPS REASONABLY DESIGNED TO DETECT, REVIEW, AND ADDRESS INSTANCES IN WHICH THE FIRM FAILED TO TAKE TIMELY ACTION AND/OR FOLLOW-UP ACTION WITH RESPECT TO CUSTOMER LIMIT ORDERS.

**Initiated By:** FINRA

**Date Initiated:** 05/25/2017

**Docket/Case Number:** [2015046600801](#)

**Principal Product Type:** Equity - OTC

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:** Censure

**Other Sanction(s)/Relief Sought:** MONETARY FINE AND REVISE THE FIRM'S WRITTEN SUPERVISORY PROCEDURES.

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 05/25/2017

**Sanctions Ordered:** Censure  
Monetary/Fine \$75,000.00

**Other Sanctions Ordered:** UNDERTAKING: REQUIRED TO REVISE THE FIRM'S WRITTEN SUPERVISORY PROCEDURES.

**Sanction Details:** THE FIRM WAS CENSURED, FINED \$75,000 AND UNDERTAKES TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES.



## Disclosure 7 of 44

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT THE FAILED TO EXECUTE CUSTOMER MARKET ORDERS FULLY AND PROMPTLY. THE FINDINGS STATED THAT THE FIRM FAILED TO USE REASONABLE DILIGENCE TO ASCERTAIN THE BEST INTER-DEALER MARKET AND FAILED TO BUY OR SELL IN SUCH MARKET SO THAT THE RESULTANT PRICE TO ITS CUSTOMER WAS AS FAVORABLE AS POSSIBLE UNDER PREVAILING MARKET CONDITIONS.
<b>Initiated By:</b>	FINRA
<b>Date Initiated:</b>	09/22/2016
<b>Docket/Case Number:</b>	<a href="#">2015046558501</a>
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	UNSPECIFIED SECURITIES
<b>Principal Sanction(s)/Relief Sought:</b>	
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	09/22/2016
<b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b>	No
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$12,500.00 Disgorgement/Restitution
<b>Other Sanctions Ordered:</b>	INTEREST
<b>Sanction Details:</b>	THE FIRM WAS CENSURED, FINED \$12,500, AND REQUIRED TO PAY \$889.84, PLUS INTEREST, IN RESTITUTION TO CUSTOMERS. FINE PAID IN FULL ON OCTOBER 7, 2016.



<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT THE FAILED TO EXECUTE CUSTOMER MARKET ORDERS FULLY AND PROMPTLY. THE FINDINGS STATED THAT THE FIRM FAILED TO USE REASONABLE DILIGENCE TO ASCERTAIN THE BEST INTER-DEALER MARKET AND FAILED TO BUY OR SELL IN SUCH MARKET SO THAT THE RESULTANT PRICE TO ITS CUSTOMER WAS AS FAVORABLE AS POSSIBLE UNDER PREVAILING MARKET CONDITIONS.
<b>Initiated By:</b>	FINRA
<b>Date Initiated:</b>	09/22/2016
<b>Docket/Case Number:</b>	<a href="#">2015046558501</a>
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	UNSPECIFIED SECURITIES
<b>Principal Sanction(s)/Relief Sought:</b>	Censure
<b>Other Sanction(s)/Relief Sought:</b>	MONETARY FINE & RESTITUTION
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	09/22/2016
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$12,500.00 Disgorgement/Restitution
<b>Other Sanctions Ordered:</b>	INTEREST
<b>Sanction Details:</b>	THE FIRM WAS CENSURED, FINED \$12,500, AND REQUIRED TO PAY \$889.84, PLUS INTEREST, IN RESTITUTION TO CUSTOMERS.

#### Disclosure 8 of 44

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO



PUBLISH IMMEDIATELY A BID OR OFFER THAT REFLECTED THE PRICE AND THE FULL SIZE OF CUSTOMER LIMIT ORDERS FOR OVER-THE-COUNTER (OTC) EQUITY SECURITIES HELD BY THE FIRM THAT WERE AT A PRICE THAT WOULD HAVE IMPROVED THE BID OR OFFER OF THE FIRM IN SUCH SECURITIES.

**Initiated By:** FINRA

**Date Initiated:** 09/22/2016

**Docket/Case Number:** [2015044269901](#)

**Principal Product Type:** Equity - OTC

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:**

**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 09/22/2016

**Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?** No

**Sanctions Ordered:** Censure  
Monetary/Fine \$30,000.00

**Other Sanctions Ordered:**

**Sanction Details:** THE FIRM WAS CENSURED AND FINED \$30,000.  
FINE PAID IN FULL ON OCTOBER 7, 2016.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO PUBLISH IMMEDIATELY A BID OR OFFER THAT REFLECTED THE PRICE AND THE FULL SIZE OF CUSTOMER LIMIT ORDERS FOR OVER-THE-COUNTER (OTC) EQUITY SECURITIES HELD BY THE FIRM THAT WERE AT A PRICE THAT WOULD HAVE IMPROVED THE BID OR OFFER OF THE FIRM IN SUCH





SECURITIES.

**Initiated By:** FINRA

**Date Initiated:** 09/22/2016

**Docket/Case Number:** [2015044269901](#)

**Principal Product Type:** Equity - OTC

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:** Censure

**Other Sanction(s)/Relief Sought:** MONETARY FINE

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 09/22/2016

**Sanctions Ordered:** Censure  
Monetary/Fine \$30,000.00

**Other Sanctions Ordered:**

**Sanction Details:** THE FIRM WAS CENSURED AND FINED \$30,000.

#### Disclosure 9 of 44

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IN SEVERAL INSTANCES, IT PUBLISHED A QUOTATION FOR AN OVER-THE-COUNTER (OTC) EQUITY SECURITY OR NON-EXCHANGE-LISTED SECURITY, OR, DIRECTLY OR INDIRECTLY, SUBMITTED SUCH QUOTATION FOR PUBLICATION, IN A QUOTATION MEDIUM, OTC LINK, AND DID NOT HAVE IN ITS RECORDS THE REQUIRED DOCUMENTATION AND INFORMATION. THE FINDINGS STATED THAT THE FIRM DID NOT HAVE A REASONABLE BASIS UNDER THE CIRCUMSTANCES FOR BELIEVING THAT THE INFORMATION WAS ACCURATE IN ALL MATERIAL RESPECTS, AND THAT THE SOURCES OF THE INFORMATION WERE RELIABLE. THE QUOTATIONS DID NOT REPRESENT A CUSTOMER'S INDICATION OF UNSOLICITED INTEREST. THE FINDINGS ALSO STATED THAT FOR EACH QUOTATION, THE FIRM FAILED TO FILE A FORM 211 WITH FINRA AT LEAST THREE BUSINESS DAYS BEFORE THE QUOTATION WAS PUBLISHED OR DISPLAYED IN A QUOTATION MEDIUM. ADDITIONALLY, THE FIRM FAILED TO MAINTAIN ADEQUATE



DOCUMENTATION THAT ONE OTHER ORDER REPRESENTED AN UNSOLICITED ORDER OR INDICATION OF INTEREST.

**Initiated By:** FINRA

**Date Initiated:** 09/15/2016

**Docket/Case Number:** [2014040120101](#)

**Principal Product Type:** Equity - OTC

**Other Product Type(s):** NON-EXCHANGED-LISTED SECURITY

**Principal Sanction(s)/Relief Sought:**

**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 09/15/2016

**Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?** No

**Sanctions Ordered:** Monetary/Fine \$5,000.00

**Other Sanctions Ordered:**

**Sanction Details:** THE FIRM WAS FINED \$5,000. FINE PAID IN FULL ON SEPTEMBER 27, 2016.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IN SEVERAL INSTANCES, IT PUBLISHED A QUOTATION FOR AN OVER-THE-COUNTER (OTC) EQUITY SECURITY OR NON-EXCHANGE-LISTED SECURITY, OR, DIRECTLY OR INDIRECTLY, SUBMITTED SUCH QUOTATION FOR PUBLICATION, IN A QUOTATION MEDIUM, OTC LINK, AND DID NOT HAVE IN ITS RECORDS THE REQUIRED DOCUMENTATION AND INFORMATION. THE FINDINGS STATED THAT THE FIRM DID NOT HAVE A REASONABLE BASIS UNDER THE CIRCUMSTANCES FOR BELIEVING THAT THE INFORMATION WAS ACCURATE IN ALL MATERIAL RESPECTS, AND THAT THE SOURCES OF THE INFORMATION WERE RELIABLE. THE QUOTATIONS DID NOT



REPRESENT A CUSTOMER'S INDICATION OF UNSOLICITED INTEREST. THE FINDINGS ALSO STATED THAT FOR EACH QUOTATION, THE FIRM FAILED TO FILE A FORM 211 WITH FINRA AT LEAST THREE BUSINESS DAYS BEFORE THE QUOTATION WAS PUBLISHED OR DISPLAYED IN A QUOTATION MEDIUM. ADDITIONALLY, THE FIRM FAILED TO MAINTAIN ADEQUATE DOCUMENTATION THAT ONE OTHER ORDER REPRESENTED AN UNSOLICITED ORDER OR INDICATION OF INTEREST.

**Initiated By:** FINRA

**Date Initiated:** 09/15/2016

**Docket/Case Number:** [2014040120101](#)

**Principal Product Type:** Equity - OTC

**Other Product Type(s):** NON-EXCHANGE LISTED SECURITY

**Principal Sanction(s)/Relief Sought:** Censure

**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 09/15/2016

**Sanctions Ordered:** Monetary/Fine \$5,000.00

**Other Sanctions Ordered:**

**Sanction Details:** THE FIRM WAS FINED \$5,000.

#### Disclosure 10 of 44

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED, WITHIN 10 SECONDS AFTER EXECUTION, TO TRANSMIT TO THE FINRA/NASDAQ TRADE REPORTING FACILITY (FNTRF) LAST SALE REPORTS OF TRANSACTIONS IN DESIGNATED SECURITIES.

**Initiated By:** FINRA

**Date Initiated:** 06/20/2016

**Docket/Case Number:** [2015044116001](#)



**Principal Product Type:** Other  
**Other Product Type(s):** UNSPECIFIED SECURITIES  
**Principal Sanction(s)/Relief Sought:**  
**Other Sanction(s)/Relief Sought:**  
**Resolution:** Acceptance, Waiver & Consent(AWC)  
**Resolution Date:** 06/20/2016  
**Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?** No  
**Sanctions Ordered:** Censure  
 Monetary/Fine \$10,000.00  
**Other Sanctions Ordered:**  
**Sanction Details:** THE FIRM WAS CENSURED AND FINED \$10,000.  
 FINE PAID IN FULL ON JUNE 30, 2016.

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**Reporting Source:** Firm  
**Current Status:** Final  
**Allegations:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED, WITHIN 10 SECONDS AFTER EXECUTION, TO TRANSMIT TO THE FINRA/NASDAQ TRADE REPORTING FACILITY (FNTRF) LAST SALE REPORTS OF TRANSACTIONS IN DESIGNATED SECURITIES.  
**Initiated By:** FINRA  
**Date Initiated:** 06/20/2016  
**Docket/Case Number:** [2015044116001](#)  
**Principal Product Type:** Other  
**Other Product Type(s):** UNSPECIFIED SECURITIES.  
**Principal Sanction(s)/Relief Sought:** Censure


**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 06/20/2016

**Sanctions Ordered:** Censure  
Monetary/Fine \$10,000.00

**Other Sanctions Ordered:**

**Sanction Details:** THE FIRM WAS CENSURED AND FINED \$10,000.

**Disclosure 11 of 44**

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT OMITTED FROM ITS RESEARCH REPORTS REQUIRED CONFLICT OF INTEREST DISCLOSURES CONCERNING THE EXPECTATION OF RECEIVING OR INTENT TO SEEK COMPENSATION FOR INVESTMENT BANKING SERVICES. THE FINDINGS STATED THAT THE FIRM ALSO OMITTED FROM ITS RESEARCH REPORTS REQUIRED DISCLOSURES RELATED TO AN ANALYST'S FINANCIAL INTEREST IN A SUBJECT COMPANY. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO DISCLOSE REQUIRED INFORMATION IN A CLEAR, COMPREHENSIVE AND PROMINENT MANNER. THE FINDINGS ALSO INCLUDED THAT THE FIRM FAILED TO IMPLEMENT REASONABLY DESIGNED WSPS CONCERNING ITS COMPLIANCE WITH NASD RULE 2711. FINRA FOUND THAT THE FIRM FAILED TO IMPLEMENT REASONABLY DESIGNED WSPS TO PROHIBIT TRADING AHEAD OF RESEARCH REPORTS. IN ADDITION, THE FIRM DID NOT HAVE APPROPRIATE CONTROLS TO RESTRICT THE FLOW OF INFORMATION BETWEEN ITS RESEARCH AND TRADING DEPARTMENT PERSONNEL.

**Initiated By:** FINRA

**Date Initiated:** 05/24/2016

**Docket/Case Number:** [2014040242501](#)

**Principal Product Type:** No Product

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:** Other



**Other Sanction(s)/Relief Sought:** N/A

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 05/24/2016

**Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?** No

**Sanctions Ordered:** Censure  
Monetary/Fine \$200,000.00

**Other Sanctions Ordered:**

**Sanction Details:** THE FIRM WAS CENSURED AND FINED \$200,000.  
  
FINE PAID IN FULL ON JUNE 15, 2016.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT OMITTED FROM ITS RESEARCH REPORTS REQUIRED CONFLICT OF INTEREST DISCLOSURES CONCERNING THE EXPECTATION OF RECEIVING OR INTENT TO SEEK COMPENSATION FOR INVESTMENT BANKING SERVICES. THE FINDINGS STATED THAT THE FIRM ALSO OMITTED FROM ITS RESEARCH REPORTS REQUIRED DISCLOSURES RELATED TO AN ANALYST'S FINANCIAL INTEREST IN A SUBJECT COMPANY. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO DISCLOSE REQUIRED INFORMATION IN A CLEAR, COMPREHENSIVE AND PROMINENT MANNER. THE FINDINGS ALSO INCLUDED THAT THE FIRM FAILED TO IMPLEMENT REASONABLY DESIGNED WSPS CONCERNING ITS COMPLIANCE WITH NASD RULE 2711. FINRA FOUND THAT THE FIRM FAILED TO IMPLEMENT REASONABLY DESIGNED WSPS TO PROHIBIT TRADING AHEAD OF RESEARCH REPORTS. IN ADDITION, THE FIRM DID NOT HAVE APPROPRIATE CONTROLS TO RESTRICT THE FLOW OF INFORMATION BETWEEN ITS RESEARCH AND TRADING DEPARTMENT PERSONNEL.

**Initiated By:** FINRA

**Date Initiated:** 05/24/2016



**Docket/Case Number:** [2014040242501](#)

**Principal Product Type:** No Product

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:** Censure

**Other Sanction(s)/Relief Sought:** MONETARY FINE

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 05/24/2016

**Sanctions Ordered:** Censure  
Monetary/Fine \$200,000.00

**Other Sanctions Ordered:**

**Sanction Details:** THE FIRM WAS CENSURED AND FINED \$200,000.

#### Disclosure 12 of 44

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** SEC ADMIN RELEASE 33-10059, 34-77436, MARCH 24, 2016:  
THE SECURITIES AND EXCHANGE COMMISSION (THE "COMMISSION" OR "SEC") DEEMS IT APPROPRIATE AND IN THE PUBLIC INTEREST THAT PUBLIC ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS BE, AND HEREBY ARE, INSTITUTED PURSUANT TO SECTION 8A OF THE SECURITIES ACT OF 1933 ("SECURITIES ACT") AND SECTION 15(B) OF THE SECURITIES EXCHANGE ACT OF 1934 ("EXCHANGE ACT") AGAINST CANACCORD GENUITY INC. ("RESPONDENT" OR "CANACCORD").  
CANACCORD VIOLATED SECTION 5(B)(1) OF THE SECURITIES ACT WHEN IT INITIATED RESEARCH COVERAGE OF AN ISSUER (THE "ISSUER" OR THE "COMPANY") ON APRIL 18, 2012, DAYS AFTER THE ISSUER INVITED CANACCORD TO PARTICIPATE AS AN UNDERWRITER FOR A SECONDARY STOCK OFFERING LED BY ANOTHER BROKER-DEALER THAT THE ISSUER WAS PLANNING FOR MID-MAY. THE INITIATION REPORT CONSTITUTED A WRITTEN "OFFER" TO SELL THE ISSUER'S SECURITIES, BUT CANACCORD VIOLATED SECTION 5(B)(1) BECAUSE THE REPORT DID NOT MEET THE REQUIREMENTS FOR A PROSPECTUS UNDER SECURITIES ACT SECTION 10 OR QUALIFY FOR ANY OF THE SAFE HARBORS GOVERNING THE PUBLICATION OR DISTRIBUTION OF RESEARCH REPORTS.  
ON APRIL 19, 2012, AFTER CANACCORD HAD INITIATED COVERAGE, THE ISSUER CHANGED ITS PLANS AND DECIDED TO CONDUCT AN



ACCELERATED OFFERING LATER IN APRIL. THE ISSUER ASKED CANACCORD TO ACT AS THE LEAD UNDERWRITER FOR THIS REVISED DEAL, AND ON APRIL 24, 2012, CANACCORD ACTED AS THE MANAGING UNDERWRITER FOR THE U.S. PORTION OF A \$40 MILLION STOCK OFFERING THAT THE ISSUER CONDUCTED IN THE U.S. AND ISRAEL. WHEN CANACCORD INITIATED COVERAGE OF THE ISSUER ON APRIL 18, 2012, IT WAS SEEKING TO PARTICIPATE IN THE OFFERING THAT THE ISSUER WAS PLANNING FOR MID-MAY, AND HAD BEEN INVITED BY THE COMPANY TO PARTICIPATE AS A SENIOR CO-MANAGER OF THE DEAL. CANACCORD'S INITIATION OF RESEARCH COVERAGE CONSTITUTED AN "OFFER" TO SELL THE ISSUER'S SECURITIES UNDER SECTION 2(A)(3) OF THE SECURITIES ACT BECAUSE, AMONG OTHER THINGS, THE RESEARCH REPORT INCLUDED A "BUY" RATING AND A PRICE TARGET THAT WAS MORE THAN 60% HIGHER THAN THE COMPANY'S THEN-CURRENT STOCK PRICE. BECAUSE THE INITIATION REPORT WAS A WRITTEN OFFER TO SELL THE ISSUER'S SECURITIES, IT WAS A "PROSPECTUS" UNDER SECTION 2(A)(10) OF THE SECURITIES ACT. HOWEVER, THE RESEARCH REPORT DID NOT MEET THE REQUIREMENTS OF A "PROSPECTUS" ARTICULATED IN SECTION 10 OF THE SECURITIES ACT. THE RESEARCH REPORT ALSO DID NOT FALL WITHIN THE RULE 139 SAFE HARBOR BECAUSE IT WAS AN INITIATION OF RESEARCH COVERAGE. CANACCORD, THEREFORE, WILLFULLY VIOLATED SECTION 5(B)(1) OF THE SECURITIES ACT WHEN IT PUBLISHED THE APRIL 18 RESEARCH REPORT.

**Initiated By:** UNITED STATES SECURITIES AND EXCHANGE COMMISSION

**Date Initiated:** 03/24/2016

**Docket/Case Number:** 3-17178

**Principal Product Type:** Other

**Other Product Type(s):** UNSPECIFIED SECURITIES

**Principal Sanction(s)/Relief Sought:** Cease and Desist

**Other Sanction(s)/Relief Sought:**

**Resolution:** Order

**Resolution Date:** 03/24/2016

**Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?** No





<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$100,000.00 Disgorgement/Restitution Cease and Desist/Injunction
<b>Other Sanctions Ordered:</b>	PREJUDGMENT INTEREST ON DISGORGEMENT
<b>Sanction Details:</b>	CANACCORD WAS ORDERED TO PAY TO THE COMMISSION \$550,198 COMPRISED OF \$407,481 IN DISGORGEMENT; \$42,717 IN PREJUDGMENT INTEREST; AND \$100,000 IN CIVIL MONEY PENALTIES.
<b>Regulator Statement</b>	<p>CANACCORD HAS SUBMITTED AN OFFER OF SETTLEMENT (THE "OFFER"), WHICH THE COMMISSION HAS DETERMINED TO ACCEPT. SOLELY FOR THE PURPOSE OF THESE PROCEEDINGS AND ANY OTHER PROCEEDINGS BROUGHT BY OR ON BEHALF OF THE COMMISSION, OR TO WHICH THE COMMISSION IS A PARTY, AND WITHOUT ADMITTING OR DENYING THE FINDINGS HEREIN, EXCEPT AS TO THE COMMISSION'S JURISDICTION OVER IT AND THE SUBJECT MATTER OF THESE PROCEEDINGS, WHICH ARE ADMITTED, RESPONDENT CONSENTS TO THE ENTRY OF THIS ORDER INSTITUTING ADMINISTRATIVE AND CEASE-AND DESIST PROCEEDINGS, PURSUANT TO SECTION 8A OF THE SECURITIES ACT AND SECTION 15(B) OF THE EXCHANGE ACT, MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS AND A CEASE-AND-DESIST ORDER ("ORDER").</p> <p>CANACCORD WILLFULLY VIOLATED SECTION 5(B)(1) OF THE SECURITIES ACT.</p> <p>PURSUANT TO SECTION 8A OF THE SECURITIES ACT AND SECTION 15(B) OF THE EXCHANGE ACT, IT IS HEREBY ORDERED THAT CANACCORD IS CENSURED AND ORDERED TO CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF SECTION 5 OF THE SECURITIES ACT.</p> <p>CANACCORD SHALL PAY TO THE COMMISSION \$550,198 COMPRISED OF \$407,481 IN DISGORGEMENT; \$42,717 IN PREJUDGMENT INTEREST; AND \$100,000 IN CIVIL MONEY PENALTIES.</p>
<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	WITHOUT ADMITTING OR DENYING THE FINDINGS THEREIN, EXCEPT AS TO THE JURISDICTION OF THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE "COMMISSION") OVER IT AND THE SUBJECT MATTER OF THE PROCEEDINGS, WHICH ARE ADMITTED, CANACCORD GENUITY INC. ("CGI") CONSENTED TO THE ENTRY OF AN ORDER (THE "ORDER")



INSTITUTING ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS, PURSUANT TO SECTION 8A OF THE SECURITIES ACT OF 1933 (THE "SECURITIES ACT") AND SECTION 15(B) OF THE SECURITIES EXCHANGE ACT OF 1934 (THE "EXCHANGE ACT"), MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS AND A CEASE-AND-DESIST ORDER, AS SET FORTH THEREIN. THE ORDER FINDS THAT CGI VIOLATED SECTION 5(B)(1) OF THE SECURITIES ACT WHEN IT INITIATED RESEARCH COVERAGE OF AN ISSUER (THE "ISSUER") ON APRIL 18, 2012, DAYS AFTER THE ISSUER INVITED CGI TO PARTICIPATE AS AN UNDERWRITER FOR A SECONDARY STOCK OFFERING LED BY ANOTHER BROKER-DEALER THAT THE ISSUER WAS PLANNING FOR MID-MAY. THE ORDER FINDS THAT THE INITIATION REPORT CONSTITUTED A WRITTEN "OFFER" TO SELL THE ISSUER'S SECURITIES, BUT CGI VIOLATED SECTION 5(B)(1) BECAUSE THE REPORT DID NOT MEET THE REQUIREMENTS FOR A PROSPECTUS UNDER SECURITIES ACT SECTION 10 OR QUALIFY FOR ANY OF THE SAFE HARBORS GOVERNING THE PUBLICATION OR DISTRIBUTION OF RESEARCH REPORTS. IN THE ORDER, IT WAS ORDERED THAT CGI: (1) SHALL CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF SECTION 5 OF THE SECURITIES ACT; (2) BE CENSURED; AND (3) PAY \$550,198, COMPRISED OF \$407,481 IN DISGORGEMENT, \$42,717 IN PREJUDGMENT INTEREST AND \$100,000 IN CIVIL MONEY PENALTIES.

**Initiated By:** UNITED STATES SECURITIES AND EXCHANGE COMMISSION

**Date Initiated:** 03/24/2016

**Docket/Case Number:** 3-17178

**Principal Product Type:** Other

**Other Product Type(s):** UNSPECIFIED SECURITIES.

**Principal Sanction(s)/Relief Sought:** Cease and Desist

**Other Sanction(s)/Relief Sought:**

**Resolution:** Order

**Resolution Date:** 03/24/2016

**Sanctions Ordered:** Censure  
Monetary/Fine \$100,000.00  
Disgorgement/Restitution  
Cease and Desist/Injunction

**Other Sanctions Ordered:** PREJUDGMENT INTEREST ON DISGORGEMENT

**Sanction Details:**

CANACCORD WAS ORDERED TO PAY TO THE COMMISSION \$550,198 COMPRISED OF \$407,481 IN DISGORGEMENT; \$42,717 IN PREJUDGMENT INTEREST; AND \$100,000 IN CIVIL MONEY PENALTIES.

**Firm Statement**

CANACCORD HAS SUBMITTED AN OFFER OF SETTLEMENT (THE "OFFER"), WHICH THE COMMISSION HAS DETERMINED TO ACCEPT. SOLELY FOR THE PURPOSE OF THESE PROCEEDINGS AND ANY OTHER PROCEEDINGS BROUGHT BY OR ON BEHALF OF THE COMMISSION, OR TO WHICH THE COMMISSION IS A PARTY, AND WITHOUT ADMITTING OR DENYING THE FINDINGS HEREIN, EXCEPT AS TO THE COMMISSION'S JURISDICTION OVER IT AND THE SUBJECT MATTER OF THESE PROCEEDINGS, WHICH ARE ADMITTED, RESPONDENT CONSENTS TO THE ENTRY OF THIS ORDER INSTITUTING ADMINISTRATIVE AND CEASE-AND DESIST PROCEEDINGS, PURSUANT TO SECTION 8A OF THE SECURITIES ACT AND SECTION 15(B) OF THE EXCHANGE ACT, MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS AND A CEASE-AND-DESIST ORDER ("ORDER"). CANACCORD WILLFULLY VIOLATED SECTION 5(B)(1) OF THE SECURITIES ACT. PURSUANT TO SECTION 8A OF THE SECURITIES ACT AND SECTION 15(B) OF THE EXCHANGE ACT, IT IS HEREBY ORDERED THAT CANACCORD IS CENSURED AND ORDERED TO CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF SECTION 5 OF THE SECURITIES ACT. CANACCORD SHALL PAY TO THE COMMISSION \$550,198 COMPRISED OF \$407,481 IN DISGORGEMENT; \$42,717 IN PREJUDGMENT INTEREST; AND \$100,000 IN CIVIL MONEY PENALTIES.

**Disclosure 13 of 44****Reporting Source:**

Regulator

**Current Status:**

Final

**Allegations:**

WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT WAS A DISTRIBUTION PARTICIPANT IN THE OFFERING OF COMMON STOCK FOR A COMPANY, WHICH TRADED ON THE NASDAQ STOCK MARKET LLC. THE FINDINGS STATED THAT DURING THE RESTRICTED PERIOD, THE FIRM PURCHASED SHARES OF THE STOCK IN A SERIES OF TRANSACTIONS ON A PRINCIPAL BASIS. THE FINDINGS ALSO STATED THAT DURING RESTRICTED PERIODS, THE FIRM WAS A DISTRIBUTION PARTICIPANT IN THE DISTRIBUTION OF SECURITIES IN OFFERINGS OF COMMON STOCK THAT TRADED ON THE NASDAQ, AND PUBLISHED AND MAINTAINED BIDS IN THE COMMON STOCK. THE FINDINGS ALSO INCLUDED THAT THE FIRM WAS A DISTRIBUTION PARTICIPANT PARTICIPATING IN A DISTRIBUTION OF SECURITIES ON BEHALF OF THE ISSUER WHICH TRADED ON THE OVER-THE-COUNTER BULLETIN BOARD (OTCBB). THE FIRM PURCHASED SHARES OF THE ISSUER, IN CONNECTION WITH SYNDICATE COVERING



TRANSACTIONS ASSOCIATED WITH THE DISTRIBUTION, WITHOUT PROVIDING COMPLETE AND ACCURATE WRITTEN NOTICE TO FINRA, PRIOR TO ENGAGING IN THE FIRST SYNDICATE COVERING TRANSACTION. FINRA FOUND THAT THE FIRM WAS NOT ONLY A DISTRIBUTION PARTICIPANT, BUT ALSO ACTED AS A MANAGER (OR IN A SIMILAR CAPACITY) IN THE DISTRIBUTION OF THE COMMON STOCK OF A COMPANY. BECAUSE THE FIRM ACTED AS A MANAGER (OR IN A SIMILAR CAPACITY) IN THE DISTRIBUTION OF THE STOCK, IT WAS REQUIRED TO SUBMIT TO FINRA, IN TIMELY FASHION, NOTIFICATION PURSUANT TO FINRA RULE 5190(C)(1)(A). SPECIFICALLY, PURSUANT TO RULE 5190(C)(1)(A), THE FIRM WAS REQUIRED TO FILE ITS NOTICE WITH FINRA "NO LATER THAN THE BUSINESS DAY PRIOR TO THE FIRST COMPLETE TRADING SESSION OF THE APPLICABLE RESTRICTED PERIOD, UNLESS LATER NOTIFICATION IS NECESSARY UNDER SPECIFIC CIRCUMSTANCES." THE FIRM, HOWEVER, FAILED TO TIMELY FILE THE REGULATION M RESTRICTED PERIOD NOTIFICATION WITH FINRA. FINRA ALSO FOUND THAT THE FIRM WAS A DISTRIBUTION PARTICIPANT IN AN OFFERING OF COMMON STOCK FOR ANOTHER COMPANY, WHICH ALSO TRADED ON THE OTCBB. DURING THE RESTRICTED PERIOD, THE FIRM PUBLISHED AND MAINTAINED BIDS IN THE COMMON STOCK, AND THE FIRM PURCHASED SHARES OF THE STOCK IN A SERIES OF FOUR TRANSACTIONS, ON A PRINCIPAL BASIS. THE FIRM WAS NOT ONLY A DISTRIBUTION PARTICIPANT, BUT ALSO ACTED AS A MANAGER (OR IN A SIMILAR CAPACITY) IN THE DISTRIBUTION OF THE COMMON STOCK OF THE COMPANY. ALTHOUGH THE FIRM ACTED AS A MANAGER (OR IN A SIMILAR CAPACITY) IN THE DISTRIBUTION OF THE STOCK, THE FIRM FAILED TO TIMELY FILE A REGULATION M RESTRICTED PERIOD NOTIFICATION WITH FINRA. IN ADDITION, FINRA DETERMINED THAT THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO THE APPLICABLE SECURITIES LAWS AND REGULATIONS AND FINRA RULES WHEN ACTING AS A DISTRIBUTION PARTICIPANT OR MANAGER IN THE OFFERING OF SECURITIES FOR COMPLIANCE WITH REGULATION M RULES 101 AND 104, AND THE TIMELY SUBMISSION OF REQUIRED NOTIFICATIONS TO SELF-REGULATORY ORGANIZATIONS.

**Initiated By:** FINRA  
**Date Initiated:** 11/13/2015  
**Docket/Case Number:** [2011028891801](#)  
**Principal Product Type:** Equity Listed (Common & Preferred Stock)  
**Other Product Type(s):**  
**Principal Sanction(s)/Relief Sought:**



**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 11/13/2015

**Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?** No

**Sanctions Ordered:** Censure  
Monetary/Fine \$49,500.00

**Other Sanctions Ordered:** UNDERTAKING: REQUIRED TO REVISE THE FIRM'S WRITTEN SUPERVISORY PROCEDURES

**Sanction Details:** THE FIRM WAS CENSURED, FINED \$49,500 AND UNDERTAKES TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES.

FINE PAID IN FULL ON NOVEMBER 23, 2015.

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT WAS A DISTRIBUTION PARTICIPANT IN THE OFFERING OF COMMON STOCK FOR A COMPANY, WHICH TRADED ON THE NASDAQ STOCK MARKET LLC. THE FINDINGS STATED THAT DURING THE RESTRICTED PERIOD, THE FIRM PURCHASED SHARES OF THE STOCK IN A SERIES OF TRANSACTIONS ON A PRINCIPAL BASIS. THE FINDINGS ALSO STATED THAT DURING RESTRICTED PERIODS, THE FIRM WAS A DISTRIBUTION PARTICIPANT IN THE DISTRIBUTION OF SECURITIES IN OFFERINGS OF COMMON STOCK THAT TRADED ON THE NASDAQ, AND PUBLISHED AND MAINTAINED BIDS IN THE COMMON STOCK. THE FINDINGS ALSO INCLUDED THAT THE FIRM WAS A DISTRIBUTION PARTICIPANT PARTICIPATING IN A DISTRIBUTION OF SECURITIES ON BEHALF OF THE ISSUER WHICH TRADED ON THE OVER-THE-COUNTER BULLETIN BOARD (OTCBB). THE FIRM PURCHASED SHARES OF THE ISSUER, IN CONNECTION WITH SYNDICATE COVERING TRANSACTIONS ASSOCIATED WITH THE DISTRIBUTION, WITHOUT PROVIDING COMPLETE AND ACCURATE WRITTEN NOTICE TO FINRA, PRIOR TO ENGAGING IN THE FIRST SYNDICATE COVERING TRANSACTION. FINRA FOUND THAT THE FIRM WAS NOT ONLY A DISTRIBUTION



PARTICIPANT, BUT ALSO ACTED AS A MANAGER (OR IN A SIMILAR CAPACITY) IN THE DISTRIBUTION OF THE COMMON STOCK OF A COMPANY. BECAUSE THE FIRM ACTED AS A MANAGER (OR IN A SIMILAR CAPACITY) IN THE DISTRIBUTION OF THE STOCK, IT WAS REQUIRED TO SUBMIT TO FINRA, IN TIMELY FASHION, NOTIFICATION PURSUANT TO FINRA RULE 5190(C)(1)(A). SPECIFICALLY, PURSUANT TO RULE 5190(C)(1)(A), THE FIRM WAS REQUIRED TO FILE ITS NOTICE WITH FINRA "NO LATER THAN THE BUSINESS DAY PRIOR TO THE FIRST COMPLETE TRADING SESSION OF THE APPLICABLE RESTRICTED PERIOD, UNLESS LATER NOTIFICATION IS NECESSARY UNDER SPECIFIC CIRCUMSTANCES." THE FIRM, HOWEVER, FAILED TO TIMELY FILE THE REGULATION M RESTRICTED PERIOD NOTIFICATION WITH FINRA. FINRA ALSO FOUND THAT THE FIRM WAS A DISTRIBUTION PARTICIPANT IN AN OFFERING OF COMMON STOCK FOR ANOTHER COMPANY, WHICH ALSO TRADED ON THE OTCBB. DURING THE RESTRICTED PERIOD, THE FIRM PUBLISHED AND MAINTAINED BIDS IN THE COMMON STOCK, AND THE FIRM PURCHASED SHARES OF THE STOCK IN A SERIES OF FOUR TRANSACTIONS, ON A PRINCIPAL BASIS. THE FIRM WAS NOT ONLY A DISTRIBUTION PARTICIPANT, BUT ALSO ACTED AS A MANAGER (OR IN A SIMILAR CAPACITY) IN THE DISTRIBUTION OF THE COMMON STOCK OF THE COMPANY. ALTHOUGH THE FIRM ACTED AS A MANAGER (OR IN A SIMILAR CAPACITY) IN THE DISTRIBUTION OF THE STOCK, THE FIRM FAILED TO TIMELY FILE A REGULATION M RESTRICTED PERIOD NOTIFICATION WITH FINRA. IN ADDITION, FINRA DETERMINED THAT THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO THE APPLICABLE SECURITIES LAWS AND REGULATIONS AND FINRA RULES WHEN ACTING AS A DISTRIBUTION PARTICIPANT OR MANAGER IN THE OFFERING OF SECURITIES FOR COMPLIANCE WITH REGULATION M RULES 101 AND 104, AND THE TIMELY SUBMISSION OF REQUIRED NOTIFICATIONS TO SELF-REGULATORY ORGANIZATIONS.

**Initiated By:** FINRA

**Date Initiated:** 11/13/2015

**Docket/Case Number:** [2011028891801](#)

**Principal Product Type:** Equity Listed (Common & Preferred Stock)

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:** Censure

**Other Sanction(s)/Relief Sought:** FINED \$49,500

**Resolution:** Acceptance, Waiver & Consent(AWC)



<b>Resolution Date:</b>	11/13/2015
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$49,500.00
<b>Other Sanctions Ordered:</b>	UNDERTAKING: REQUIRED TO REVISE THE FIRM'S WRITTEN SUPERVISORY PROCEDURES
<b>Sanction Details:</b>	THE FIRM WAS CENSURED, FINED \$49,500 AND UNDERTAKES TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES.

#### Disclosure 14 of 44

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT DURING THE PERIOD FROM JANUARY 11, 2010 THROUGH JANUARY 14, 2010, THE FIRM WAS A DISTRIBUTION PARTICIPANT IN THE OFFERING OF COMMON STOCK FOR A COMPANY, WHICH TRADED ON THE NASDAQ. THE FINDINGS STATED THAT DURING THE RESTRICTED PERIOD OF JANUARY 11, 2010 THROUGH JANUARY 14, 2010, THE FIRM PURCHASED 39,100 SHARES OF THE STOCK IN A SERIES OF 82 TRANSACTIONS ON A PRINCIPAL BASIS. THE FINDINGS ALSO STATED THAT DURING RESTRICTED PERIODS, THE FIRM WAS A DISTRIBUTION PARTICIPANT IN THE DISTRIBUTION OF SECURITIES IN OFFERINGS OF COMMON STOCK THAT TRADED ON THE NASDAQ, AND PUBLISHED AND MAINTAINED BIDS IN THE COMMON STOCK. THE FINDINGS ALSO INCLUDED THAT ON FEBRUARY 8, 2012, THE FIRM WAS NOT ONLY A DISTRIBUTION PARTICIPANT, BUT ALSO ACTED AS A MANAGER (OR IN A SIMILAR CAPACITY) IN THE DISTRIBUTION OF THE COMMON STOCK OF A COMPANY. BECAUSE THE FIRM ACTED AS A MANAGER (OR IN A SIMILAR CAPACITY) IN THE DISTRIBUTION OF THE COMPANY'S STOCK, IT WAS REQUIRED TO SUBMIT TO NASDAQ MARKETWATCH AND FINRA'S MARKET REGULATION DEPARTMENT, IN TIMELY FASHION, NOTIFICATION PURSUANT TO NASDAQ RULE 4619(E)(1)(A). SPECIFICALLY, THE FIRM WAS REQUIRED TO FILE ITS RULE 4619(E)(1)(A) NOTICE "NO LATER THAN THE BUSINESS DAY PRIOR TO THE FIRST ENTIRE TRADING SESSION OF THE ONE-DAY OR FIVE-DAY RESTRICTED PERIOD UNDER SEC RULE 101, UNLESS LATER NOTIFICATION IS NECESSARY UNDER THE SPECIFIC CIRCUMSTANCES." THE FIRM, HOWEVER, FAILED TO TIMELY FILE THE REGULATION M RESTRICTED PERIOD NOTIFICATION WITH NASDAQ MARKETWATCH AND FINRA. FINRA FOUND THAT THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO THE APPLICABLE SECURITIES LAWS AND REGULATIONS AND NASDAQ



RULES WHEN ACTING AS A DISTRIBUTION PARTICIPANT OR MANAGER IN THE OFFERING OF SECURITIES FOR COMPLIANCE WITH REGULATION M RULE 101, AND THE TIMELY SUBMISSION OF REQUIRED NOTIFICATIONS TO SELF-REGULATORY ORGANIZATIONS.

**Initiated By:** NASDAQ STOCK MARKET

**Date Initiated:** 11/13/2015

**Docket/Case Number:** 2011028891802

**Principal Product Type:** Equity Listed (Common & Preferred Stock)

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:**

**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 11/13/2015

**Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?** No

**Sanctions Ordered:** Censure  
Monetary/Fine \$38,000.00

**Other Sanctions Ordered:** UNDERTAKING: REVISE ITS WRITTEN SUPERVISORY PROCEDURES

**Sanction Details:** THE FIRM WAS CENSURED, FINED \$38,000 AND REQUIRED TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT DURING THE PERIOD FROM JANUARY 11, 2010 THROUGH JANUARY 14, 2010, THE FIRM WAS A DISTRIBUTION PARTICIPANT IN THE OFFERING OF COMMON STOCK FOR A COMPANY, WHICH TRADED ON THE NASDAQ. THE FINDINGS STATED THAT DURING THE RESTRICTED PERIOD OF JANUARY 11, 2010 THROUGH JANUARY 14, 2010, THE FIRM PURCHASED 39,100 SHARES OF THE STOCK





IN A SERIES OF 82 TRANSACTIONS ON A PRINCIPAL BASIS. THE FINDINGS ALSO STATED THAT DURING RESTRICTED PERIODS, THE FIRM WAS A DISTRIBUTION PARTICIPANT IN THE DISTRIBUTION OF SECURITIES IN OFFERINGS OF COMMON STOCK THAT TRADED ON THE NASDAQ, AND PUBLISHED AND MAINTAINED BIDS IN THE COMMON STOCK. THE FINDINGS ALSO INCLUDED THAT ON FEBRUARY 8, 2012, THE FIRM WAS NOT ONLY A DISTRIBUTION PARTICIPANT, BUT ALSO ACTED AS A MANAGER (OR IN A SIMILAR CAPACITY) IN THE DISTRIBUTION OF THE COMMON STOCK OF A COMPANY. BECAUSE THE FIRM ACTED AS A MANAGER (OR IN A SIMILAR CAPACITY) IN THE DISTRIBUTION OF THE COMPANY'S STOCK, IT WAS REQUIRED TO SUBMIT TO NASDAQ MARKETWATCH AND FINRA'S MARKET REGULATION DEPARTMENT, IN TIMELY FASHION, NOTIFICATION PURSUANT TO NASDAQ RULE 4619(E)(1)(A). SPECIFICALLY, THE FIRM WAS REQUIRED TO FILE ITS RULE 4619(E)(1)(A) NOTICE "NO LATER THAN THE BUSINESS DAY PRIOR TO THE FIRST ENTIRE TRADING SESSION OF THE ONE-DAY OR FIVE-DAY RESTRICTED PERIOD UNDER SEC RULE 101, UNLESS LATER NOTIFICATION IS NECESSARY UNDER THE SPECIFIC CIRCUMSTANCES." THE FIRM, HOWEVER, FAILED TO TIMELY FILE THE REGULATION M RESTRICTED PERIOD NOTIFICATION WITH NASDAQ MARKETWATCH AND FINRA. FINRA FOUND THAT THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO THE APPLICABLE SECURITIES LAWS AND REGULATIONS AND NASDAQ RULES WHEN ACTING AS A DISTRIBUTION PARTICIPANT OR MANAGER IN THE OFFERING OF SECURITIES FOR COMPLIANCE WITH REGULATION M RULE 101, AND THE TIMELY SUBMISSION OF REQUIRED NOTIFICATIONS TO SELF-REGULATORY ORGANIZATIONS.

**Initiated By:** NASDAQ STOCK MARKET

**Date Initiated:** 11/13/2015

**Docket/Case Number:** 2011028891802

**Principal Product Type:** Equity Listed (Common & Preferred Stock)

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:** Censure

**Other Sanction(s)/Relief Sought:** FINED \$38,000

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 11/13/2015

**Sanctions Ordered:** Censure  
Monetary/Fine \$38,000.00



**Other Sanctions Ordered:** UNDERTAKING: REVISE THE FIRM'S WRITTEN SUPERVISORY PROCEDURES

**Sanction Details:** THE FIRM WAS CENSURED, FINED \$38,000 AND REQUIRED TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES.

#### Disclosure 15 of 44

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO EXECUTE 29 CUSTOMER MARKET ORDERS FULLY AND PROMPTLY. THE FINDINGS STATED THAT FOR 15 OF THE 29 ORDERS, THE FIRM FAILED TO USE REASONABLE DILIGENCE TO ASCERTAIN THE BEST INTER-DEALER MARKET AND FAILED TO BUY OR SELL IN SUCH MARKET SO THAT THE RESULTANT PRICE TO ITS CUSTOMER WAS AS FAVORABLE AS POSSIBLE UNDER PREVAILING MARKET CONDITIONS.

**Initiated By:** FINRA

**Date Initiated:** 10/05/2015

**Docket/Case Number:** [2013037932301](#)

**Principal Product Type:** Other

**Other Product Type(s):** UNSPECIFIED SECURITIES

**Principal Sanction(s)/Relief Sought:**

**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 10/05/2015

**Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?** No

**Sanctions Ordered:** Censure  
Monetary/Fine \$7,500.00

**Other Sanctions Ordered:**

**Sanction Details:** THE FIRM WAS CENSURED AND FINED \$7,500. THE FIRM HAS ALREADY MADE RESTITUTION TO AFFECTED CUSTOMERS VOLUNTARILY. FINE PAID IN FULL OCTOBER 22, 2015.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO EXECUTE 29 CUSTOMER MARKET ORDERS FULLY AND PROMPTLY. THE FINDINGS STATED THAT FOR 15 OF THE 29 ORDERS, THE FIRM FAILED TO USE REASONABLE DILIGENCE TO ASCERTAIN THE BEST INTER-DEALER MARKET AND FAILED TO BUY OR SELL IN SUCH MARKET SO THAT THE RESULTANT PRICE TO ITS CUSTOMER WAS AS FAVORABLE AS POSSIBLE UNDER PREVAILING MARKET CONDITIONS.

**Initiated By:** FINRA

**Date Initiated:** 10/05/2015

**Docket/Case Number:** [2013037932301](#)

**Principal Product Type:** Other

**Other Product Type(s):** UNSPECIFIED SECURITIES

**Principal Sanction(s)/Relief Sought:** Censure

**Other Sanction(s)/Relief Sought:** FINED \$7,500

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 10/05/2015

**Sanctions Ordered:** Censure  
Monetary/Fine \$7,500.00

**Other Sanctions Ordered:**

**Sanction Details:** THE FIRM WAS CENSURED AND FINED \$7,500. THE FIRM HAS ALREADY MADE RESTITUTION TO AFFECTED CUSTOMERS VOLUNTARILY.

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**Disclosure 16 of 44**

**Reporting Source:** Regulator



<b>Current Status:</b>	Final
<b>Allegations:</b>	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO IMPLEMENT POLICIES AND PROCEDURES THAT REASONABLY AVOID DISPLAYING, OR ENGAGING IN A PATTERN OR PRACTICE OF DISPLAYING, LOCKING OR CROSSING QUOTATIONS IN ANY OVER-THE-COUNTER (OTC) EQUITY SECURITY. THE FINDINGS STATED THAT THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO CERTAIN APPLICABLE SECURITIES LAWS AND REGULATIONS, AND/OR FINRA RULES. THE FIRM'S WRITTEN SUPERVISORY PROCEDURES (WSPS) FAILED TO PROVIDE FOR THE MINIMUM REQUIREMENTS FOR ADEQUATE WSPS REGARDING LOCKING OR CROSSING QUOTATIONS IN OTC EQUITY SECURITIES.
<b>Initiated By:</b>	FINRA
<b>Date Initiated:</b>	09/30/2015
<b>Docket/Case Number:</b>	<a href="#">2013037049501</a>
<b>Principal Product Type:</b>	No Product
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	09/30/2015
<b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b>	No
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$30,000.00
<b>Other Sanctions Ordered:</b>	UNDERTAKING: REQUIRED TO REVISE THE FIRM'S WRITTEN SUPERVISORY PROCEDURES
<b>Sanction Details:</b>	THE FIRM WAS CENSURED, FINED \$30,000 AND UNDERTAKES TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES. FINE PAID IN FULL OCTOBER 22, 2015.



<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO IMPLEMENT POLICIES AND PROCEDURES THAT REASONABLY AVOID DISPLAYING, OR ENGAGING IN A PATTERN OR PRACTICE OF DISPLAYING, LOCKING OR CROSSING QUOTATIONS IN ANY OVER-THE-COUNTER (OTC) EQUITY SECURITY. THE FINDINGS STATED THAT THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO CERTAIN APPLICABLE SECURITIES LAWS AND REGULATIONS, AND/OR FINRA RULES. THE FIRM'S WRITTEN SUPERVISORY PROCEDURES (WSPS) FAILED TO PROVIDE FOR THE MINIMUM REQUIREMENTS FOR ADEQUATE WSPS REGARDING LOCKING OR CROSSING QUOTATIONS IN OTC EQUITY SECURITIES.
<b>Initiated By:</b>	FINRA
<b>Date Initiated:</b>	09/30/2015
<b>Docket/Case Number:</b>	<a href="#">2013037049501</a>
<b>Principal Product Type:</b>	No Product
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Censure
<b>Other Sanction(s)/Relief Sought:</b>	FINED \$30,000
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	09/30/2015
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$30,000.00
<b>Other Sanctions Ordered:</b>	UNDERTAKING: REQUIRED TO REVISE THE FIRM'S WRITTEN SUPERVISORY PROCEDURES.
<b>Sanction Details:</b>	THE FIRM WAS CENSURED, FINED \$30,000 AND UNDERTAKES TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES.

#### Disclosure 17 of 44

**Reporting Source:** Regulator



**Current Status:** Final

**Allegations:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT TRANSMITTED REPORTS THAT CONTAINED INACCURATE, INCOMPLETE, OR IMPROPERLY FORMATTED DATA TO THE ORDER AUDIT TRAIL SYSTEM (OATS). THE FINDINGS STATED THAT THE FIRM EXECUTED SALE TRANSACTIONS AND FAILED TO REPORT EACH OF THESE TRANSACTIONS TO THE FINRA/NASDAQ TRADE REPORTING FACILITY (TRF) AS SHORT. THE FIRM PROVIDED WRITTEN NOTIFICATION TO CUSTOMERS THAT FAILED TO DISCLOSE INFORMATION OR DISCLOSED INACCURATE INFORMATION. SPECIFICALLY, THE FIRM FAILED TO DISCLOSE ITS CORRECT CAPACITY, FAILED TO DISCLOSE THAT IT WAS A MARKET MAKER IN A SECURITY, INCORRECTLY DISCLOSED COMPENSATION TYPE, FAILED TO DISCLOSE THAT A TRANSACTION WAS EXECUTED AT AN AVERAGE PRICE, AND/OR INCORRECTLY DISCLOSED THAT A TRANSACTION WAS EXECUTED AT AN AVERAGE PRICE. THE FIRM FAILED TO ACCURATELY DESCRIBE SALE TRANSACTIONS AS LONG OR SHORT ON ITS TRADING LEDGER. THE FINDINGS ALSO STATED THAT THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO CERTAIN APPLICABLE SECURITIES LAWS AND REGULATIONS, AND/OR FINRA RULES. THE FIRM'S WRITTEN SUPERVISORY PROCEDURES (WSPS) FAILED TO PROVIDE FOR ONE OR MORE OF THE MINIMUM REQUIREMENTS FOR ADEQUATE WSPS REGARDING SUPERVISORY SYSTEM PROCEDURES & QUALIFICATIONS; OATS; AND ACCURATE BOOKS AND RECORDS.

**Initiated By:** FINRA

**Date Initiated:** 08/12/2015

**Docket/Case Number:** [2013035826201](#)

**Principal Product Type:** Other

**Other Product Type(s):** UNSPECIFIED TRANSACTIONS

**Principal Sanction(s)/Relief Sought:**

**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 08/12/2015



**Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?** No

**Sanctions Ordered:** Censure  
Monetary/Fine \$57,500.00

**Other Sanctions Ordered:** UNDERTAKING: REQUIRED TO REVISE THE FIRM'S WRITTEN SUPERVISORY PROCEDURES

**Sanction Details:** THE FIRM WAS CENSURED, FINED \$57,500 AND UNDERTAKES TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES.  
FINE PAID IN FULL ON AUGUST 31, 2015.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT TRANSMITTED REPORTS THAT CONTAINED INACCURATE, INCOMPLETE, OR IMPROPERLY FORMATTED DATA TO THE ORDER AUDIT TRAIL SYSTEM (OATS). THE FINDINGS STATED THAT THE FIRM EXECUTED SALE TRANSACTIONS AND FAILED TO REPORT EACH OF THESE TRANSACTIONS TO THE FINRA/NASDAQ TRADE REPORTING FACILITY (TRF) AS SHORT. THE FIRM PROVIDED WRITTEN NOTIFICATION TO CUSTOMERS THAT FAILED TO DISCLOSE INFORMATION OR DISCLOSED INACCURATE INFORMATION. SPECIFICALLY, THE FIRM FAILED TO DISCLOSE ITS CORRECT CAPACITY, FAILED TO DISCLOSE THAT IT WAS A MARKET MAKER IN A SECURITY, INCORRECTLY DISCLOSED COMPENSATION TYPE, FAILED TO DISCLOSE THAT A TRANSACTION WAS EXECUTED AT AN AVERAGE PRICE, AND/OR INCORRECTLY DISCLOSED THAT A TRANSACTION WAS EXECUTED AT AN AVERAGE PRICE. THE FIRM FAILED TO ACCURATELY DESCRIBE SALE TRANSACTIONS AS LONG OR SHORT ON ITS TRADING LEDGER. THE FINDINGS ALSO STATED THAT THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO CERTAIN APPLICABLE SECURITIES LAWS AND REGULATIONS, AND/OR FINRA RULES. THE FIRM'S WRITTEN SUPERVISORY PROCEDURES (WSPS) FAILED TO PROVIDE FOR ONE OR MORE OF THE MINIMUM REQUIREMENTS FOR ADEQUATE WSPS REGARDING SUPERVISORY SYSTEM PROCEDURES & QUALIFICATIONS; OATS; AND ACCURATE BOOKS AND RECORDS.

**Initiated By:** FINRA



**Date Initiated:** 08/15/2015  
**Docket/Case Number:** [2013035826201](#)  
**Principal Product Type:** Other  
**Other Product Type(s):**  
**Principal Sanction(s)/Relief Sought:** Censure  
**Other Sanction(s)/Relief Sought:** FINED \$57,500  
**Resolution:** Acceptance, Waiver & Consent(AWC)  
**Resolution Date:** 08/15/2015  
**Sanctions Ordered:** Censure  
 Monetary/Fine \$57,500.00  
**Other Sanctions Ordered:** UNDERTAKING: REQUIRED TO REVISE THE FIRM'S WRITTEN SUPERVISORY PROCEDURES.  
**Sanction Details:** THE FIRM WAS CENSURED, FINED \$57,500 AND UNDERTAKES TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES.

#### Disclosure 18 of 44

**Reporting Source:** Regulator  
**Current Status:** Final  
**Allegations:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT ENTERED SEPARATE QUOTATIONS INTO AN INTER-DEALER QUOTATION SYSTEM, WHICH REPRESENTED CUSTOMER TRADING INTEREST THAT WAS UNSOLICITED BY THE FIRM, WITHOUT MEETING THE MINIMUM SIZE REQUIREMENTS IN FINRA RULE 6433.  
**Initiated By:** FINRA  
**Date Initiated:** 07/07/2015  
**Docket/Case Number:** [2013035767901](#)  
**Principal Product Type:** Equity - OTC  
**Other Product Type(s):**  
**Principal Sanction(s)/Relief Sought:**





**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 07/07/2015

**Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?** No

**Sanctions Ordered:** Censure  
Monetary/Fine \$8,000.00

**Other Sanctions Ordered:**

**Sanction Details:** THE FIRM WAS CENSURED AND FINED \$8,000. FINE PAID IN FULL JULY 20, 2015.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT ENTERED SEPARATE QUOTATIONS INTO AN INTER-DEALER QUOTATION SYSTEM, WHICH REPRESENTED CUSTOMER TRADING INTEREST THAT WAS UNSOLICITED BY THE FIRM, WITHOUT MEETING THE MINIMUM SIZE REQUIREMENTS IN FINRA RULE 6433.

**Initiated By:** FINRA

**Date Initiated:** 07/07/2015

**Docket/Case Number:** [2013035767901](#)

**Principal Product Type:** Equity - OTC

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:** Censure

**Other Sanction(s)/Relief Sought:** FINED \$8,000

**Resolution:** Acceptance, Waiver & Consent(AWC)



**Resolution Date:** 07/07/2015

**Sanctions Ordered:** Censure  
Monetary/Fine \$8,000.00

**Other Sanctions Ordered:**

**Sanction Details:** THE FIRM WAS CENSURED AND FINED \$8,000.

#### Disclosure 19 of 44

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO PUBLISH IMMEDIATELY A BID OR OFFER THAT REFLECTED THE PRICE AND THE FULL SIZE OF CUSTOMER LIMIT ORDERS FOR OVER-THE-COUNTER (OTC) EQUITY SECURITIES HELD BY COLLINS STEWART LLC THAT WERE AT A PRICE THAT WOULD HAVE IMPROVED THE BID OR OFFER OF COLLINS STEWART IN SUCH SECURITIES. THE FIRM AND COLLINS STEWART CAME UNDER COMMON OWNERSHIP AND COLLINS STEWART'S OPERATIONS SUBSEQUENTLY WERE MERGED WITH THE FIRM. THE FINDINGS STATED THAT THE FIRM FAILED TO ESTABLISH, MAINTAIN, AND ENFORCE WRITTEN POLICIES AND PROCEDURES THAT WERE REASONABLY DESIGNED TO PREVENT TRADE-THROUGHS OF PROTECTED QUOTATIONS IN NMS STOCKS THAT DO NOT FALL WITHIN ANY APPLICABLE EXCEPTION, AND IF RELYING ON AN EXCEPTION, WERE REASONABLY DESIGNED TO ASSURE COMPLIANCE WITH THE TERMS OF THE EXCEPTION. THE FIRM INACCURATELY APPENDED MODIFIERS TO TRANSACTION REPORTS SUBMITTED TO THE FINRA/NASDAQ TRADE REPORTING FACILITY IDENTIFYING SUCH TRANSACTIONS AS QUALIFYING FOR AN EXCEPTION OR EXEMPTION FROM RULE 611 OF REGULATION NMS. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO PUBLISH IMMEDIATELY A BID OR OFFER THAT REFLECTED THE PRICE AND THE FULL SIZE OF CUSTOMER LIMIT ORDERS FOR OTC EQUITY SECURITIES HELD BY THE FIRM THAT WERE AT A PRICE THAT WOULD HAVE IMPROVED THE BID OR OFFER OF THE FIRM IN SUCH SECURITIES. THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH FINRA RULE 6460 AND ITS WRITTEN SUPERVISORY PROCEDURES FAILED TO PROVIDE FOR THE FOUR MINIMUM REQUIREMENTS FOR ADEQUATE WRITTEN SUPERVISORY PROCEDURES CONCERNING FINRA RULE 6460.

**Initiated By:** FINRA

**Date Initiated:** 01/06/2015



<b>Docket/Case Number:</b>	<a href="#">2012033477401</a>
<b>Principal Product Type:</b>	Equity - OTC
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	01/06/2015
<b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b>	No
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$50,000.00
<b>Other Sanctions Ordered:</b>	UNDERTAKING: REVISE THE FIRM'S WRITTEN SUPERVISORY PROCEDURES
<b>Sanction Details:</b>	THE FIRM WAS CENSURED, FINED \$50,000 AND UNDERTAKES TO REVISE THE FIRM'S WRITTEN SUPERVISORY PROCEDURES.
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<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO PUBLISH IMMEDIATELY A BID OR OFFER THAT REFLECTED THE PRICE AND THE FULL SIZE OF CUSTOMER LIMIT ORDERS FOR OVER-THE-COUNTER (OTC) EQUITY SECURITIES HELD BY COLLINS STEWART LLC THAT WERE AT A PRICE THAT WOULD HAVE IMPROVED THE BID OR OFFER OF COLLINS STEWART IN SUCH SECURITIES. THE FIRM AND COLLINS STEWART CAME UNDER COMMON OWNERSHIP AND COLLINS STEWART'S OPERATIONS SUBSEQUENTLY WERE MERGED WITH THE FIRM. THE FINDINGS STATED THAT THE FIRM FAILED TO ESTABLISH, MAINTAIN, AND ENFORCE WRITTEN POLICIES AND PROCEDURES THAT WERE REASONABLY DESIGNED TO PREVENT TRADE-THROUGHS OF PROTECTED QUOTATIONS IN NMS STOCKS THAT DO NOT FALL WITHIN ANY APPLICABLE EXCEPTION, AND IF



RELYING ON AN EXCEPTION, WERE REASONABLY DESIGNED TO ASSURE COMPLIANCE WITH THE TERMS OF THE EXCEPTION. THE FIRM INACCURATELY APPENDED MODIFIERS TO TRANSACTION REPORTS SUBMITTED TO THE FINRA/NASDAQ TRADE REPORTING FACILITY IDENTIFYING SUCH TRANSACTIONS AS QUALIFYING FOR AN EXCEPTION OR EXEMPTION FROM RULE 611 OF REGULATION NMS. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO PUBLISH IMMEDIATELY A BID OR OFFER THAT REFLECTED THE PRICE AND THE FULL SIZE OF CUSTOMER LIMIT ORDERS FOR OTC EQUITY SECURITIES HELD BY THE FIRM THAT WERE AT A PRICE THAT WOULD HAVE IMPROVED THE BID OR OFFER OF THE FIRM IN SUCH SECURITIES. THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH FINRA RULE 6460 AND ITS WRITTEN SUPERVISORY PROCEDURES FAILED TO PROVIDE FOR THE FOUR MINIMUM REQUIREMENTS FOR ADEQUATE WRITTEN SUPERVISORY PROCEDURES CONCERNING FINRA RULE 6460.

**Initiated By:** FINRA

**Date Initiated:** 01/06/2015

**Docket/Case Number:** [2012033477401](#)

**Principal Product Type:** Equity - OTC

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:** Censure

**Other Sanction(s)/Relief Sought:** FINED \$50,000

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 01/06/2015

**Sanctions Ordered:** Censure  
Monetary/Fine \$50,000.00

**Other Sanctions Ordered:** UNDERTAKING: REVISE THE FIRM'S WRITTEN SUPERVISORY PROCEDURES

**Sanction Details:** THE FIRM WAS CENSURED, FINED \$50,000 AND UNDERTAKES TO REVISE THE FIRM'S WRITTEN SUPERVISORY PROCEDURES.

#### Disclosure 20 of 44

**Reporting Source:** Regulator

**Current Status:** Final



**Allegations:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT ON 24 OCCASIONS, IT EFFECTED A SHORT SALE IN AN EQUITY SECURITY FOR ITS OWN ACCOUNT WITHOUT BORROWING THE SECURITY, OR ENTERING INTO A BONA-FIDE ARRANGEMENT TO BORROW THE SECURITY, OR HAVING REASONABLE GROUNDS TO BELIEVE THAT THE SECURITY COULD BE BORROWED SO THAT IT COULD BE DELIVERED ON THE DATE DELIVERY IS DUE, AND DOCUMENTING COMPLIANCE WITH RULE 203(B)(1) OF REGULATION SHO. THE FINDINGS STATED THAT THE FIRM ACCEPTED ORDERS FROM CUSTOMERS FOR EXECUTION IN THE PRE-MARKET SESSION OR POST-MARKET SESSION WITHOUT DISCLOSING TO SUCH CUSTOMERS THAT EXTENDED HOURS TRADING INVOLVES MATERIAL TRADING RISKS, INCLUDING THE POSSIBILITY OF LOWER LIQUIDITY, HIGH VOLATILITY, CHANGING PRICES, UNLINKED MARKETS, AN EXAGGERATED EFFECT FROM NEWS ANNOUNCEMENTS, WIDER SPREADS AND ANY OTHER RELEVANT RISK. THE FINDINGS ALSO STATED THAT THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO CERTAIN APPLICABLE SECURITIES LAWS AND REGULATIONS, AND/OR FINRA RULES. THE FIRM'S WRITTEN SUPERVISORY PROCEDURES (WSPS) FAILED TO PROVIDE FOR ONE OR MORE OF THE FOUR MINIMUM REQUIREMENTS FOR ADEQUATE WSPS, IN THE FOLLOWING SUBJECT AREAS: BEST EXECUTION, SALES TRANSACTIONS, OTHER TRADING RULES, AND THE ORDER AUDIT TRAIL SYSTEM (OATS). THE FIRM FAILED TO PROVIDE DOCUMENTARY EVIDENCE THAT ON THE TRADE DATES REVIEWED, IT PERFORMED THE SUPERVISORY REVIEWS SET FORTH IN ITS WSPS CONCERNING: ORDER HANDLING, SALES TRANSACTIONS, SOFT DOLLAR ACCOUNTS AND TRADING, AND OATS.

**Initiated By:** FINRA

**Date Initiated:** 09/02/2014

**Docket/Case Number:** [2012031643701](#)

**Principal Product Type:** Equity Listed (Common & Preferred Stock)

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:**

**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 09/02/2014



**Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?** No

**Sanctions Ordered:** Censure  
Monetary/Fine \$20,000.00

**Other Sanctions Ordered:** UNDERTAKING: REVISE THE FIRM'S WSPS

**Sanction Details:** SEE ABOVE-  
FINE PAID IN FULL ON OCTOBER 19, 2014.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT ON 24 OCCASIONS, IT EFFECTED A SHORT SALE IN AN EQUITY SECURITY FOR ITS OWN ACCOUNT WITHOUT BORROWING THE SECURITY, OR ENTERING INTO A BONA-FIDE ARRANGEMENT TO BORROW THE SECURITY, OR HAVING REASONABLE GROUNDS TO BELIEVE THAT THE SECURITY COULD BE BORROWED SO THAT IT COULD BE DELIVERED ON THE DATE DELIVERY IS DUE, AND DOCUMENTING COMPLIANCE WITH RULE 203(B)(1) OF REGULATION SHO. THE FINDINGS STATED THAT THE FIRM ACCEPTED ORDERS FROM CUSTOMERS FOR EXECUTION IN THE PRE-MARKET SESSION OR POST-MARKET SESSION WITHOUT DISCLOSING TO SUCH CUSTOMERS THAT EXTENDED HOURS TRADING INVOLVES MATERIAL TRADING RISKS, INCLUDING THE POSSIBILITY OF LOWER LIQUIDITY, HIGH VOLATILITY, CHANGING PRICES, UNLINKED MARKETS, AN EXAGGERATED EFFECT FROM NEWS ANNOUNCEMENTS, WIDER SPREADS AND ANY OTHER RELEVANT RISK. THE FINDINGS ALSO STATED THAT THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO CERTAIN APPLICABLE SECURITIES LAWS AND REGULATIONS, AND/OR FINRA RULES. THE FIRM'S WRITTEN SUPERVISORY PROCEDURES (WSPS) FAILED TO PROVIDE FOR ONE OR MORE OF THE FOUR MINIMUM REQUIREMENTS FOR ADEQUATE WSPS, IN THE FOLLOWING SUBJECT AREAS: BEST EXECUTION, SALES TRANSACTIONS, OTHER TRADING RULES, AND THE ORDER AUDIT TRAIL SYSTEM (OATS). THE FIRM FAILED TO PROVIDE DOCUMENTARY EVIDENCE THAT ON THE TRADE DATES REVIEWED, IT PERFORMED THE SUPERVISORY REVIEWS SET FORTH IN ITS WSPS CONCERNING: ORDER HANDLING, SALES TRANSACTIONS, SOFT DOLLAR ACCOUNTS AND TRADING, AND OATS.



**Initiated By:** FINRA  
**Date Initiated:** 09/02/2014  
**Docket/Case Number:** [2012031643701](#)  
**Principal Product Type:** Equity Listed (Common & Preferred Stock)  
**Other Product Type(s):**  
**Principal Sanction(s)/Relief Sought:** Censure  
**Other Sanction(s)/Relief Sought:** FINE: \$20,000  
**Resolution:** Acceptance, Waiver & Consent(AWC)  
**Resolution Date:** 09/02/2014  
**Sanctions Ordered:** Censure  
 Monetary/Fine \$20,000.00  
**Other Sanctions Ordered:** UNDERTAKING: REVISE THE FIRM'S WRITTEN SUPERVISORY PROCEDURES.  
**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; IT IS CENSURED, FINED \$20,000.00, AND UNDERTOOK TO REVISE THE FIRM'S WRITTEN SUPERVISORY PROCEDURES WITH RESPECT TO THE AREAS DESCRIBED IN QUESTION NUMBER 7 ABOVE.

#### Disclosure 21 of 44

**Reporting Source:** Regulator  
**Current Status:** Final  
**Allegations:** SEC RULE 10B-10, SEC RULE 200(G) OF REGULATION SHO, FINRA RULES 2265, 7450 - CANACCORD GENUITY INC. TRANSMITTED TO THE ORDER AUDIT TRAIL SYSTEM (OATS) REPORTS THAT CONTAINED INACCURATE, INCOMPLETE, OR IMPROPERLY FORMATTED DATA. THE REPORTS CONTAINED INACCURATE DESTINATION CODES, INACCURATE ORDER RECEIPT TIMES, INACCURATE REPORT TYPES, AND/OR REPORTS THAT SHOULD NOT HAVE BEEN SUBMITTED TO OATS. THE FIRM FAILED TO TRANSMIT REPORTABLE ORDER EVENTS (ROES) TO OATS FOR ONE OF ITS MARKET PARTICIPANT IDS (MPID). THE FIRM EXECUTED SHORT SALE ORDERS AND FAILED TO PROPERLY MARK THE ORDERS AS SHORT. THE FIRM ACCEPTED ORDERS FROM CUSTOMERS FOR EXECUTION IN THE PREMARKET SESSION OR POST-MARKET SESSION WITHOUT DISCLOSING



TO SUCH CUSTOMERS THAT EXTENDED HOURS TRADING INVOLVES MATERIAL TRADING RISKS, INCLUDING THE POSSIBILITY OF LOWER LIQUIDITY, HIGH VOLATILITY, CHANGING PRICES, UNLINKED MARKETS, AN EXAGGERATED EFFECT FROM NEWS ANNOUNCEMENTS, WIDER SPREADS AND ANY OTHER RELEVANT RISK. THE FIRM PROVIDED WRITTEN NOTIFICATION TO CUSTOMERS THAT FAILED TO DISCLOSE INFORMATION OR DISCLOSED INACCURATE INFORMATION. THE FIRM FAILED TO: 1) DISCLOSE THAT THE FIRM ACTED AS A MARKET MAKER; AND/OR 2) PROVIDED INACCURATE INFORMATION REGARDING ITS CAPACITY IN TRANSACTIONS.

**Initiated By:** FINRA

**Date Initiated:** 11/25/2013

**Docket/Case Number:** [2010021587501](#)

**Principal Product Type:** No Product

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:**

**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 11/25/2013

**Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?** No

**Sanctions Ordered:** Censure  
Monetary/Fine \$27,500.00

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED AND FINED \$27,500. FINE PAID IN FULL ON JANUARY 10, 2014.

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**Reporting Source:** Firm





<b>Current Status:</b>	Final
<b>Allegations:</b>	<p>MATTER NO. 20100215875 - FINRA RULE 7450: THE FIRM ON 37 OCCASIONS TRANSMITTED TO OATS REPORTS THAT CONTAINED INACCURATE, INCOMPLETE, OR IMPROPERLY FORMATTED DATA. IN ADDITION, ON 17 OCCASIONS, THE FIRM FAILED TO TRANSMIT REPORTABLE ORDER EVENTS TO OATS FOR ONE OF ITS MPID. SEC RULE 200(G) OF REGULATION SHO: THE FIRM EXECUTED 19 SHORT SALE ORDERS AND FAILED TO PROPERLY MARK THE ORDERS AS SHORT. FINRA RULE 2265: ON 9 OCCASIONS, THE FIRM ACCEPTED ORDERS FROM CUSTOMERS FOR EXECUTION IN THE PRE-MARKET SESSION OR POST-MARKET SESSION WITHOUT DISCLOSING TO SUCH CUSTOMERS THAT EXTENDED HOURS TRADING INVOLVES MATERIAL TRADING RISKS.</p> <p>MATTER NO. 20110261533 - SEC RULE 10B-10: ON 72 OCCASIONS THE FIRM PROVIDED WRITTEN NOTIFICATION TO CUSTOMERS THAT FAILED TO DISCLOSE INFORMATION OR DISCLOSED INACCURATE INFORMATION. SPECIFICALLY, THE FIRM FAILED TO: DISCLOSE THAT THE FIRM ACTED AS A MARKET MAKER; AND/OR PROVIDED INACCURATE INFORMATION REGARDING ITS CAPACITY IN TRANSACTIONS.</p>
<b>Initiated By:</b>	FINRA
<b>Date Initiated:</b>	11/25/2013
<b>Docket/Case Number:</b>	20100215875
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	UNSPECIFIED SECURITIES
<b>Principal Sanction(s)/Relief Sought:</b>	Censure
<b>Other Sanction(s)/Relief Sought:</b>	FINE: \$27,500
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	11/25/2013
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$27,500.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; IT IS CENSURED, FINED \$27,500.00.



## Disclosure 22 of 44

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	SEC RULE 604 OF REGULATION NMS - CANACCORD GENUITY INC. FAILED TO DISPLAY IMMEDIATELY CUSTOMER LIMIT ORDERS IN NASDAQ SECURITIES (INCLUDING THE ORDERS' FULL SIZE AND PRICE) IN ITS PUBLIC QUOTATION, WHEN EACH SUCH ORDER WAS AT A PRICE THAT WOULD HAVE IMPROVED THE FIRM'S BID OR OFFER IN EACH SUCH SECURITY; OR WHEN THE ORDER WAS PRICED EQUAL TO THE FIRM'S BID OR OFFER AND THE NATIONAL BEST BID OR OFFER FOR EACH SUCH SECURITY, AND THE SIZE OF THE ORDER REPRESENTED MORE THAN A DE MINIMIS CHANGE IN RELATION TO THE SIZE ASSOCIATED WITH THE FIRM'S BID OR OFFER IN EACH SUCH SECURITY.
<b>Initiated By:</b>	NASDAQ STOCK MARKET
<b>Date Initiated:</b>	07/31/2013
<b>Docket/Case Number:</b>	2011029479101
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	NASDAQ SECURITIES
<b>Principal Sanction(s)/Relief Sought:</b>	
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	07/31/2013
<b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b>	No
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$7,500.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED AND FINED \$7,500.



**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** SEC RULE 604 OF REGULATION NMS: THE FIRM FAILED TO DISPLAY IMMEDIATELY CUSTOMER LIMIT ORDERS IN NASDAQ SECURITIES (INCLUDING THE ORDER'S FULL SIZE AND PRICE) IN ITS PUBLIC QUOTATION, WHEN EACH SUCH ORDER WAS AT A PRICE THAT WOULD HAVE IMPROVED THE FIRM'S BID OR OFFER IN EACH SUCH SECURITY; OR WHEN THE ORDER WAS PRICED EQUAL TO THE FIRM'S BID OR OFFER AND THE NATIONAL BEST BID OR OFFER FOR EACH SUCH SECURITY, AND THE SIZE OF THE ORDER REPRESENTED MORE THAN A DE MINIMIS CHANGE IN RELATION TO THE SIZE ASSOCIATED WITH THE FIRM'S BID OR OFFER IN EACH SUCH SECURITY.

**Initiated By:** NASDAQ STOCK MARKET

**Date Initiated:** 07/31/2013

**Docket/Case Number:** 2011029479101

**Principal Product Type:** Other

**Other Product Type(s):** NASDAQ SECURITIES

**Principal Sanction(s)/Relief Sought:** Censure

**Other Sanction(s)/Relief Sought:** MONETARY FINE OF \$7,500.00

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 07/31/2013

**Sanctions Ordered:** Censure  
Monetary/Fine \$7,500.00

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS. THEREFORE, THE FIRM IS CENSURED AND FINED \$7,500.00.

#### Disclosure 23 of 44

**Reporting Source:** Regulator

**Current Status:** Final



**Allegations:** FINRA RULE 2010, NASD RULES 2711(C), 2711(I): THE FIRM'S WRITTEN SUPERVISORY PROCEDURES (WSPS) PERMITTED ITS RESEARCH DEPARTMENT TO SEND PORTIONS OF A RESEARCH REPORT (REDACTED REPORT) TO THE SUBJECT COMPANY BEFORE PUBLICATION, SOLELY TO VERIFY THE ACCURACY OF INFORMATION IN THOSE SECTIONS. THE FIRM'S WSPS REQUIRED THE FIRM'S RESEARCH ANALYSTS TO SEND BOTH THE REDACTED REPORT AND THE ENTIRE DRAFT REPORT TO THE COMPLIANCE DEPARTMENT. THE COMPLIANCE STAFF WOULD THEN REVIEW THE REDACTED REPORT FOR NON-FACTUAL INFORMATION (SUCH AS ESTIMATES AND ANALYST'S OPINIONS) AND RETURN IT TO THE ANALYST WITH INSTRUCTIONS ON WHAT, IF ANY, LANGUAGE NEEDED TO BE REMOVED PRIOR TO TRANSMITTAL TO THE COVERED COMPANY. WHEN THE RESEARCH ANALYST TRANSMITTED THE FINAL REDACTED REPORT TO THE SUBJECT COMPANY, THE FIRM'S PROCEDURES REQUIRED THE COMPLIANCE DEPARTMENT TO BE COPIED ON THIS COMMUNICATION. THE WSP'S, HOWEVER, DID NOT REQUIRE THE COMPLIANCE DEPARTMENT TO FOLLOW UP, EVEN ON A SPOT CHECK BASIS, TO DETERMINE IF THE RESEARCH ANALYST REMOVED THE NON-FACTUAL INFORMATION IDENTIFIED BY COMPLIANCE. FURTHER, THE FIRM'S WSPS AND SUPERVISORY SYSTEM DID NOT PROVIDE FORMAL TRAINING PROCEDURES OR SPECIFIC GUIDANCE TO ASSIST THE FIRM'S RESEARCH ANALYSTS AND COMPLIANCE STAFF IN DETERMINING WHAT LANGUAGE WAS PERMISSIBLE TO SEND TO SUBJECT COMPANIES IN THE REDACTED REPORTS. THE FIRM'S RESEARCH ANALYSTS SENT 27 REDACTED REPORTS TO COVERED COMPANIES FOR VERIFICATION OF FACTUAL ACCURACY. IN 26 OF THOSE INSTANCES, HOWEVER, THE FIRM SENT REDACTED REPORTS CONTAINING FROM 2 TO 20 PIECES OF NON-FACTUAL INFORMATION TO THE SUBJECT COMPANIES. IN SEVEN OF THE REDACTED REPORTS, THE FIRM'S RESEARCH ANALYSTS FAILED TO REMOVE OR EDIT SOME OF THE NON-FACTUAL STATEMENTS THAT WERE IDENTIFIED BY THE FIRM'S COMPLIANCE DEPARTMENT. MOREOVER, IN ALL 26 OF THE REDACTED REPORTS, THE FIRM'S COMPLIANCE DEPARTMENT FAILED TO IDENTIFY EVERY NON-FACTUAL STATEMENT.

**Initiated By:** FINRA  
**Date Initiated:** 12/31/2012  
**Docket/Case Number:** [2011025431701](#)  
**Principal Product Type:** No Product  
**Other Product Type(s):**  
**Principal Sanction(s)/Relief Sought:** Other



**Other Sanction(s)/Relief Sought:** N/A

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 12/31/2012

**Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?** No

**Sanctions Ordered:** Censure  
Monetary/Fine \$100,000.00

**Other Sanctions Ordered:** UNDERTAKING

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE IT IS CENSURED, FINED \$100,000 AND UNDERTAKES TO REVIEW ITS SUPERVISORY SYSTEM AND PROCEDURES CONCERNING RESEARCH REPORTS AND THE SUPERVISION OF RESEARCH ANALYSTS FOR COMPLIANCE WITH FINRA RULES AND THE FEDERAL SECURITIES LAWS AND REGULATIONS. WITHIN 90 DAYS OF THE ISSUANCE OF THIS AWC, THE FIRM'S CHIEF COMPLIANCE OFFICER WILL CERTIFY TO FINRA IN WRITING THAT THAT THE FIRM HAS COMPLETED ITS REVIEW AND THAT IT CURRENTLY HAS IN PLACE SYSTEMS AND PROCEDURES REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THOSE RULES, LAWS AND REGULATIONS. FINE PAID IN FULL ON 1/11/2013.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** NASD CONDUCT RULE 2711, FINRA RULE 2010: FROM AT LEAST JULY 2009 - MARCH 2011, CANACCORD'S RESEARCH ANALYSTS SENT PRE-PUBLICATION EXCERPTS OF RESEARCH REPORTS CONTAINING FACTS INTERSPERSED WITH OPINIONS, ESTIMATES, CONCLUSIONS AND OTHER NON-FACTUAL INFORMATION TO THE COMPANIES COVERED BY THE REPORTS. CANACCORD ALSO FAILED TO ADOPT AND IMPLEMENT WRITTEN SUPERVISORY PROCEDURES REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RULES RELATING TO THE ISSUANCE OF RESEARCH REPORTS.

**Initiated By:** FINRA



**Date Initiated:** 12/31/2012  
**Docket/Case Number:** [2011025431701](#)  
**Principal Product Type:** No Product  
**Other Product Type(s):**  
**Principal Sanction(s)/Relief Sought:** Censure  
**Other Sanction(s)/Relief Sought:** FINED \$100,000  
**Resolution:** Acceptance, Waiver & Consent(AWC)  
**Resolution Date:** 12/31/2012  
**Sanctions Ordered:** Censure  
 Monetary/Fine \$100,000.00  
**Other Sanctions Ordered:** UNDERTAKINGS  
**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; IT IS CENSURED, FINED \$100,000 AND UNDERTOOK TO REVIEW ITS SUPERVISORY SYSTEM AND PROCEDURES CONCERNING RESEARCH REPORTS AND THE SUPERVISION OF RESEARCH ANALYSTS WITHIN 90 DAYS OF THE ISSUANCE OF THE AWC.

#### Disclosure 24 of 44

**Reporting Source:** Regulator  
**Current Status:** Final  
**Allegations:** SEC RULE 203(B)(1) OF REGULATION SHO - CANACCORD GENUITY INC. ACCEPTED SHORT SALE ORDERS IN AN EQUITY SECURITY FROM ANOTHER PERSON, OR EFFECTED SHORT SALES IN AN EQUITY SECURITY FOR ITS OWN ACCOUNT, WITHOUT BORROWING THE SECURITY, OR ENTERING INTO A BONA FIDE ARRANGEMENT TO BORROW THE SECURITY; OR HAVING REASONABLE GROUNDS TO BELIEVE THAT THE SECURITY COULD BE BORROWED SO THAT IT COULD BE DELIVERED ON THE DATE DELIVERY IS DUE; AND DOCUMENTING COMPLIANCE WITH SEC RULE 203(B)(1) OF REGULATION SHO.  
**Initiated By:** FINRA  
**Date Initiated:** 05/09/2012  
**Docket/Case Number:** 2009020627301



**Principal Product Type:** Other  
**Other Product Type(s):** EQUITY SECURITY  
**Principal Sanction(s)/Relief Sought:**  
**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)  
**Resolution Date:** 05/09/2012  
**Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?** No  
**Sanctions Ordered:** Censure  
 Monetary/Fine \$7,500.00  
**Other Sanctions Ordered:**  
**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED AND FINED \$7,500. FINE PAID IN FULL ON JUNE 18, 2012.

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**Reporting Source:** Firm  
**Current Status:** Final  
**Allegations:** SEC RULE 203(B)(1) OF REGULATION SHO: ON 12 OCCASIONS DURING THE REVIEW PERIOD OF JULY 1, 2009 - SEPTEMBER 30, 2009, THE FIRM ACCEPTED A SHORT SALE ORDER IN AN EQUITY SECURITY FROM ITS CANADIAN AFFILIATE (NON-FINRA MEMBER CANADIAN BROKER/DEALER, OR EFFECTED A SHORT SALE IN AN EQUITY SECURITY FOR ITS OWN ACCOUNT, WITHOUT BORROWING THE SECURITY, OR ENTERING INTO A BONA-FIDE ARRANGEMENT TO BORROW THE SECURITY; OR HAVING REASONABLE GROUNDS TO BELIEVE THAT THE SECURITY COULD BE BORROWED SO IT COULD BE DELIVERED ON THE DELIVERY DATE; AND DOCUMENTING COMPLAINT WITH SEC RULE 203(B)(1) OF REGULATION SHO.  
**Initiated By:** FINRA  
**Date Initiated:** 05/09/2012



<b>Docket/Case Number:</b>	20090206273
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	EQUITIES - LISTED & OTC
<b>Principal Sanction(s)/Relief Sought:</b>	Censure
<b>Other Sanction(s)/Relief Sought:</b>	FINE OF \$7.500.
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	05/09/2012
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$7,500.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; IT IS CENSURED, FINED \$7,500.00.

#### Disclosure 25 of 44

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	FINRA RULES 2010, 6380(A)(A), 7450, NASD RULES 2110, 4632(A), 6955(A) - CANACCORD GENUITY INC. TRANSMITTED REPORTS TO THE ORDER AUDIT TRAIL SYSTEM (OATS) THAT CONTAINED ERRONEOUS ROUTE REPORTS, INCORRECT OATS REPORT TYPES, AN INCORRECT EXPIRATION TIMESTAMP, INCORRECT DESTINATION CODES, AND INCORRECT MEMBER TYPE CODES. THE FIRM FAILED TO TRANSMIT ALMOST ALL OF ITS REPORTABLE ORDER EVENTS (ROES) TO OATS FOR ONE OF ITS MARKET PARTICIPANT IDS (MPID) ON NUMEROUS BUSINESS DAYS THAT IT WAS REQUIRED TO TRANSMIT DURING THAT REVIEW PERIOD. THE FIRM FAILED, WITHIN 90 SECONDS AFTER EXECUTION, TO TRANSMIT TO THE FINRA/NASDAQ TRADE REPORTING FACILITY (FNTRF) LAST SALE REPORTS OF TRANSACTIONS IN DESIGNATED SECURITIES. THIS CONDUCT CONSTITUTES A PATTERN OR PRACTICE OF LATE REPORTING WITHOUT EXCEPTIONAL CIRCUMSTANCES IN VIOLATION OF NASD RULE 2110 AND FINRA RULE 2010.
<b>Initiated By:</b>	FINRA
<b>Date Initiated:</b>	03/22/2012





**Docket/Case Number:** [2009017004501](#)

**Principal Product Type:** Other

**Other Product Type(s):** DESIGNATED SECURITIES

**Principal Sanction(s)/Relief Sought:**

**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 03/22/2012

**Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?** No

**Sanctions Ordered:** Censure  
Monetary/Fine \$40,000.00

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED AND FINED \$40,000. FINE PAID IN FULL APRIL 5, 2012.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** MATTER NO. 20090170045 - FINRA RULE 7450: IN 19 INSTANCES THE FIRM TRANSMITTED REPORTS TO OATS THAT CONTAINED INACCURATE, INCOMPLETE, OR IMPROPERLY FORMATTED DATA. MATTER NO. 20090173675 - NASD RULE 6955(A) & FINRA RULE 7450: THE FIRM FAILED TO TRANSMIT 12,889 REPORTABLE ORDER EVENTS TO OATS FOR ONE OF ITS MARKET PARTICIPANT IDS ON 628 BUSINESS DAYS. MATTER NO. 20090170351 - NASD RULE 4632(A), FINRA RULE 6380A(A), NASD RULE 2110 & FINRA RULE 2010: THE FIRM FAILED WITHIN 90 SECONDS AFTER EXECUTION TO TRANSMIT TO THE FINRA/NASDAQ TRADE REPORTING FACILITY 113 LAST SALE REPORTS OF TRANSACTIONS IN DESIGNATED SECURITIES. THIS CONDUCT ALSO CONSTITUTES A PATTERN OR PRACTICE OF LATE REPORTING WITHOUT EXCEPTIONS CIRCUMSTANCES.



<b>Initiated By:</b>	FINRA
<b>Date Initiated:</b>	03/22/2012
<b>Docket/Case Number:</b>	20090170045
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	UNSPECIFIED SECURITIES
<b>Principal Sanction(s)/Relief Sought:</b>	Censure
<b>Other Sanction(s)/Relief Sought:</b>	FINE OF \$40,000: \$7,500 FOR OATS VIOLATIONS IN MATTER 20090170045; \$17,500 FOR OATS VIOLATIONS IN MATTER NO. 20090170351; AND \$7,500 FOR TRADE REPORTING VIOLATIONS IN MATTER NO. 20100231669.
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	03/22/2012
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$40,000.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; IT IS CENSURED, FINED \$40,000.

#### Disclosure 26 of 44

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	FINRA RULE 2010, NASD RULES 2110, 2711(C), 2711(H)(12), 2711(I), 3010: THE FIRM FAILED TO ADOPT AND IMPLEMENT WRITTEN SUPERVISORY PROCEDURES (WSPS) REASONABLY DESIGNED TO SUPERVISE ITS RESEARCH ANALYSTS AND ENSURE THAT ITS RESEARCH REPORTS COMPLIED WITH NASD RULE 2711. SPECIFICALLY, ALTHOUGH THE FIRM MAINTAINED SOME RELEVANT WSPS, THOSE PROCEDURES DID NOT PROVIDE ANY REAL GUIDANCE TO ITS EMPLOYEES ABOUT THE SPECIFIC STEPS THAT THEY NEEDED TO TAKE TO ACHIEVE COMPLIANCE WITH NASD RULE 2711. FOR EXAMPLE, THE WSPS REQUIRED THAT ALL PUBLIC APPEARANCES MADE BY FIRM ANALYSTS BE APPROVED BY THE DIRECTOR OF RESEARCH, THAT THE APPROPRIATE DISCLOSURES BE MADE TO THE MEDIA OUTLET, THAT A RECORD DOCUMENTING THE DISCLOSURES PROVIDED TO THE MEDIA BE MAINTAINED AND THAT THE FIRM'S MARKETING DEPARTMENT RECEIVE A COPY OF SUCH



DISCLOSURE. THE WSPS MADE THE RESEARCH ANALYST RESPONSIBLE FOR MEETING THESE OBLIGATIONS BUT PROVIDED LITTLE OR NO GUIDANCE ON HOW THESE TASKS COULD BE SUCCESSFULLY CARRIED OUT OR SUPERVISED. THE WSPS ALSO CONTAINED PROVISIONS BROADLY DESCRIBING WHAT PORTIONS OF DRAFT RESEARCH REPORTS COULD AND COULD NOT BE PROVIDED TO COVERED COMPANIES. THEY FAILED, HOWEVER, TO PROVIDE SPECIFIC GUIDANCE TO FIRM EMPLOYEES REGARDING THE MANNER IN WHICH THESE REQUIREMENTS WERE TO BE FULFILLED. THE FIRM'S WSPS PERMITTED THE RESEARCH DEPARTMENT TO SEND SECTIONS OF A RESEARCH REPORT TO THE SUBJECT COMPANY BEFORE PUBLICATION TO VERIFY THE ACCURACY OF INFORMATION IN THOSE SECTIONS PROVIDED THAT A COMPLETE DRAFT OF THE RESEARCH REPORT WAS FIRST PROVIDED TO THE COMPLIANCE DEPARTMENT. HOWEVER, THE FIRM SENT RESEARCH REPORT EXCERPTS TO A SUBJECT COMPANY BEFORE THE FIRM'S COMPLIANCE DEPARTMENT HAD RECEIVED A COMPLETE DRAFT OF THE REPORT. FURTHER, IN ONE OF THOSE INSTANCES, THE COMPLETE DRAFT WAS NOT SENT TO THE COMPLIANCE DEPARTMENT. IN CONNECTION WITH 29 PUBLIC APPEARANCES BY ITS RESEARCH ANALYSTS, THE FIRM FAILED TO RETAIN RECORDS SUFFICIENT TO DEMONSTRATE COMPLIANCE BY THOSE ANALYSTS WITH THE DISCLOSURE REQUIREMENTS OF NASD RULE 2711(H).

<b>Initiated By:</b>	FINRA
<b>Date Initiated:</b>	04/18/2011
<b>Docket/Case Number:</b>	<a href="#">2009016251601</a>
<b>Principal Product Type:</b>	No Product
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Other
<b>Other Sanction(s)/Relief Sought:</b>	N/A
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	04/18/2011
<b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b>	No



**Sanctions Ordered:** Censure  
Monetary/Fine \$22,500.00

**Other Sanctions Ordered:** UNDERTAKINGS

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE IT IS CENSURED, FINED \$22,500 AND WILL COMPLY WITH THE FOLLOWING UNDERTAKINGS: THE FIRM SHALL UNDERTAKE TO REVIEW ITS SUPERVISORY SYSTEM AND PROCEDURES CONCERNING RESEARCH REPORTS AND THE SUPERVISION OF RESEARCH ANALYSTS FOR COMPLIANCE WITH FINRA RULES AND THE FEDERAL SECURITIES LAWS AND REGULATIONS. WITHIN 90 DAYS OF THE ISSUANCE OF THIS AWC, THE FIRM'S CHIEF COMPLIANCE OFFICER WILL CERTIFY TO FINRA IN WRITING THAT THE FIRM HAS COMPLETED ITS REVIEW AND THAT IT CURRENTLY HAS IN PLACE SYSTEMS AND PROCEDURES REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THOSE RULES, LAWS AND REGULATIONS. THE CERTIFICATION, ALONG WITH THE CURRENT PROCEDURES, MUST BE SUBMITTED TO FINRA. ALTHOUGH FINRA STAFF MAY REVIEW THE REVISED PROCEDURES, SAID REVIEW SHALL IN NO WAY CONSTITUTE AN APPROVAL OF THE REVISED PROCEDURES. THE FAILURE OF FINRA STAFF TO ALERT THE FIRM TO ANY DEFICIENCIES IN THE REVISED PROCEDURES SHALL NOT PRECLUDE FINRA FROM INSTITUTING A SUBSEQUENT DISCIPLINARY ACTION AS A RESULT OF DEFICIENCIES IN THE REVISED PROCEDURES.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** FINRA RULE 2010, NASD RULE 2110, 2711,3010: THE FIRM FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM AND ESTABLISH, MAINTAIN, AND ENFORCE WRITTEN SUPERVISORY PROCEDURES ("WSPS") REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH NASD CONDUCT RULE 2711. THE FIRM ALSO FAILED IN CERTAIN INSTANCES TO MAINTAIN RECORDS OF PUBLIC APPEARANCES BY ANALYSTS EVIDENCING THAT REQUIRED DISCLOSURES WERE MADE. FURTHER, IN CERTAIN INSTANCES, THE CANACCORD'S RESEARCH ANALYSTS FAILED TO DELIVER DRAFT RESEARCH REPORTS TO THE FIRM'S COMPLIANCE DEPARTMENT BEFORE SENDING EXCERPTS FROM THOSE REPORTS TO SUBJECT COMPANIES.

**Initiated By:** FINRA

**Date Initiated:** 04/18/2011

**Docket/Case Number:** [2009016251601](#)



<b>Principal Product Type:</b>	No Product
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Censure
<b>Other Sanction(s)/Relief Sought:</b>	FINE OF \$22,500
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	04/18/2011
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$22,500.00
<b>Other Sanctions Ordered:</b>	UNDERTAKINGS
<b>Sanction Details:</b>	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; IT IS CENSURED, FINED \$22,500 AND UNDERTOOK TO REVIEW ITS SUPERVISORY SYSTEM AND PROCEDURES CONCERNING RESEARCH REPORTS AND THE SUPERVISION OF RESEARCH ANALYSTS WITHIN 90 DAYS OF THE ISSUANCE OF THE AWC.

#### Disclosure 27 of 44

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	FINRA RULE 2010, NASD RULES 2110, 3010: THE FIRM WAS AN ACTIVE PARTICIPANT IN THE U.S. PIPE MARKET YET FAILED TO HAVE IN PLACE REASONABLE INFORMATION BARRIERS PROCEDURES WITH RESPECT TO THE FIRM'S PIPE BUSINESS. THE FIRM FAILED TO HAVE A REASONABLE SYSTEM IN PLACE TO TRACK EMPLOYEES WHO WERE BROUGHT "OVER THE WALL" ON SPECIFIC PIPE TRANSACTIONS. WHILE THE FIRM HAD A PROCEDURE IN PLACE REQUIRING THE MAINTENANCE OF A "WALL CROSSING LOG," DURING THE REVIEW PERIOD, IT DID NOT MAINTAIN SUCH A LOG. INSTEAD, THE FIRM STORED INFORMATION ABOUT "OVER THE WALL" EMPLOYEES IN A COMPUTER FILE THAT WAS NOT READILY ACCESSIBLE TO PERSONS IN COMPLIANCE WITH RESPONSIBILITIES TO, FOR EXAMPLE, MONITOR TRADING AND REVIEW EMAILS OF EMPLOYEES BROUGHT OVER THE WALL ON INVESTMENT BANKING MATTERS. IN ADDITION, THE FIRM FAILED TO MAINTAIN A SPECIFIC LOG OF EMPLOYEE TRANSACTIONS IN SECURITIES ON THE FIRM'S GREY LIST AND/OR RESTRICTED LIST. FURTHER, DURING THE SAME TIME PERIOD, THE FIRM WAS UNABLE TO PROVIDE DOCUMENTATION EVIDENCING THAT IT HAD



INVESTIGATED EMPLOYEE TRADING IN GREY LIST SECURITIES TO DETERMINE WHETHER EMPLOYEES HAD MISUSED MATERIAL, NON-PUBLIC INFORMATION. THE FIRM FAILED TO HAVE A REASONABLE SYSTEM IN PLACE TO MONITOR THE FLOW OF INFORMATION CONCERNING PIPE TRANSACTIONS TO POTENTIAL INVESTORS. SPECIFICALLY, WHILE THE FIRM'S PROCEDURES REQUIRED SALES PERSONS TO OBTAIN VERBAL AGREEMENTS FROM POTENTIAL INVESTORS TO KEEP INFORMATION CONCERNING PIPE TRANSACTIONS CONFIDENTIAL AND REFRAIN FROM TRADING ON SUCH INFORMATION, THE FIRM DID NOT REASONABLY ENSURE THAT THE PROCEDURE WAS FOLLOWED OR DOCUMENT THAT SUCH VERBAL AGREEMENTS WERE OBTAINED. MOREOVER, THE INFORMATION THAT WAS MAINTAINED CONCERNING THE DISCLOSURE OF INFORMATION ON PIPE TRANSACTIONS WAS NOT USED FOR SUPERVISORY OR COMPLIANCE PURPOSES. IN ADDITION TO THE DEFICIENCIES IN THE FIRM'S INFORMATION BARRIERS PROCEDURES, THE FIRM'S SYSTEM FOR REVIEW OF EMAIL CORRESPONDENCE WAS UNREASONABLE. WHILE THE FIRM'S PROCEDURES REQUIRED THE REVIEW OF A SAMPLE OF EMAIL COMMUNICATIONS, THE SAMPLE INCLUDED MAIL BOXES FOR USERS NO LONGER EMPLOYED AT THE FIRM AND PERMITTED COMPLIANCE DEPARTMENT EMPLOYEES, AT THEIR DISCRETION, TO MARK EMAILS AS REVIEWED BASED SOLELY ON A REVIEW OF THE SENDER'S NAME, RECIPIENT'S NAME, AND SUBJECT LINE OF AN EMAIL. STATED DIFFERENTLY, THE FIRM PERMITTED "BULK REVIEW" OF EMAILS WITHOUT ANY WRITTEN GUIDELINES INFORMING COMPLIANCE STAFF OF THE PARAMETERS FOR SUCH REVIEW. DURING THE REVIEW PERIOD, THE FIRM ALSO UTILIZED AN INTERNET CHAT ROOM SYSTEM THAT ALLOWED MEMBERS OF THE FIRM'S BUSINESS UNITS, INCLUDING BUT NOT LIMITED TO, THE INVESTMENT BANKING AND RESEARCH DEPARTMENTS TO COMMUNICATE AND/OR REVIEW EACH OTHER'S COMMUNICATIONS. THE FIRM DID NOT HAVE ANY WRITTEN PROCEDURES IN PLACE RELEVANT TO MONITORING INTERNAL COMMUNICATIONS BETWEEN THE FIRM'S BUSINESS UNITS ON THE INTERNAL CHAT ROOM SYSTEM AND COULD NOT DOCUMENT THAT IT ACTIVELY MONITORED SUCH COMMUNICATION.

**Initiated By:** FINRA  
**Date Initiated:** 01/24/2011  
**Docket/Case Number:** [2008012243901](#)  
**Principal Product Type:** Other  
**Other Product Type(s):** PIPE TRANSACTIONS  
**Principal Sanction(s)/Relief Sought:** Other  
**Other Sanction(s)/Relief** N/A

**Sought:****Resolution:** Acceptance, Waiver & Consent(AWC)**Resolution Date:** 01/24/2011**Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?** No**Sanctions Ordered:** Censure  
Monetary/Fine \$40,000.00**Other Sanctions Ordered:****Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE IT IS CENSURED AND FINED \$40,000.**Reporting Source:** Firm**Current Status:** Final**Allegations:** NASD RULE 3010, 2110, FINRA RULE 2010: THE FIRM FAILED TO HAVE REASONABLE SUPERVISORY SYSTEMS AND PROCEDURES CONCERNING THE INTERNAL FLOW OF INFORMATION AS IT RELATED TO THE FIRM'S PIPE BUSINESS. THE FIRM FAILED TO HAVE A REASONABLE SYSTEM IN PLACE FOR THE REVIEW OF ITS EMAIL CORRESPONDENCE AND COMMUNICATIONS ON ITS INTERNAL CHAT ROOM SYSTEM.**Initiated By:** FINRA**Date Initiated:** 01/24/2011**Docket/Case Number:** 20080122439-01**Principal Product Type:** No Product**Other Product Type(s):****Principal Sanction(s)/Relief Sought:** Censure**Other Sanction(s)/Relief Sought:** FINE OF \$40,000.**Resolution:** Acceptance, Waiver & Consent(AWC)



**Resolution Date:** 01/24/2011

**Sanctions Ordered:** Censure  
Monetary/Fine \$40,000.00

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED AND FINED \$40,000.

#### Disclosure 28 of 44

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** SEC RULES 10B-10, 203(B)(1) OF REGULATION SHO - CANACCORD ADAMS INC. FAILED TO PROVIDE WRITTEN NOTIFICATION DISCLOSING TO ITS CUSTOMERS ITS CORRECT CAPACITY IN TRANSACTIONS; AND WHEN IT ACTED AS PRINCIPAL FOR ITS OWN ACCOUNT, FAILED TO PROVIDE WRITTEN NOTIFICATION DISCLOSING TO ITS CUSTOMERS THAT IT WAS A MARKET MAKER IN EACH SUCH SECURITY. THE FIRM ACCEPTED SHORT SALE ORDERS IN EQUITY SECURITIES FROM ANOTHER PERSON, OR EFFECTED SHORT SALES IN EQUITY SECURITIES FOR ITS OWN ACCOUNT WITHOUT BORROWING THE SECURITY, OR ENTERING INTO A BONA FIDE ARRANGEMENT TO BORROW THE SECURITY; OR HAVING REASONABLE GROUNDS TO BELIEVE THAT THE SECURITY COULD BE BORROWED SO THAT IT COULD BE DELIVERED ON THE DATE DELIVERY IS DUE; AND DOCUMENTING COMPLIANCE WITH SEC RULE 203(B)(1) OF REGULATION SHO.

**Initiated By:** FINRA

**Date Initiated:** 09/28/2009

**Docket/Case Number:** [2008013221101](#)

**Principal Product Type:** Other

**Other Product Type(s):** UNSPECIFIED SECURITIES

**Principal Sanction(s)/Relief Sought:**

**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 09/28/2009





**Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?** No

**Sanctions Ordered:** Censure  
Monetary/Fine \$12,500.00

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED AND FINED \$12,500.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** SEC RULES 10B-10, 203(B)(1) OF REGULATION SHO - THE FIRM FAILED TO PROVIDE WRITTEN NOTIFICATION DISCLOSING TO ITS CUSTOMERS ITS CORRECT CAPACITY IN TRANSACTIONS; AND WHEN IT ACTED AS PRINCIPAL FOR ITS OWN ACCOUNT, FAILED TO PROVIDE WRITTEN NOTIFICATION DISCLOSING TO ITS CUSTOMERS THAT IT WAS A MARKET MAKER IN EACH SUCH SECURITY. THE FIRM ACCCEPTED SHORT SALE ORDERS IN EQUITY SECURITIES FROM ANOTHER PERSON, OR EFFECTED SHORT SALES IN EQUITY SECURITIES FOR ITS OWN ACCOUNT WITHOUT BORROWING THE SECURITY, OR ENTERING INTO A BONA FIDE ARRANGEMENT TO BORROW THE SECURITY; OR HAVING REASONABLE GROUNDS TO BELIEVE THAT THE SECURITY COULD BE BORROWED SO THAT IT COULD BE DELIVERED ON THE DATE DELIVERY IS DUE; AND DOCUMENTING COMPLIANCE WITH SEC RULE 203(B)(1) OF REGULATION SHO.

**Initiated By:** FINRA

**Date Initiated:** 09/28/2009

**Docket/Case Number:** 20080132211-01

**Principal Product Type:** Other

**Other Product Type(s):** UNSPECIFIED SECURITIES.

**Principal Sanction(s)/Relief Sought:** Censure

**Other Sanction(s)/Relief Sought:** FINE OF \$12,500.



**Resolution:** Acceptance, Waiver & Consent(AWC)  
**Resolution Date:** 09/28/2009  
**Sanctions Ordered:** Censure  
 Monetary/Fine \$12,500.00  
**Other Sanctions Ordered:**  
**Sanction Details:** WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED AND FINED \$12,500.  
**Firm Statement** SATISFIED 10/13/2009.

#### Disclosure 29 of 44

**Reporting Source:** Regulator  
**Current Status:** Final  
**Allegations:** SEC RULE 10B-10 AND NASD RULE 6420(E):  
 THE FIRM REPORTED TO NASDAQ MARKET CENTER 123 LAST SALE REPORTS OF TRANSACTIONS IN ELIGIBLE SECURITIES IT WAS NOT REQUIRED TO REPORT; IT FAILED TO PROVIDE WRITTEN NOTIFICATION DISCLOSING TO ITS CUSTOMER ITS CORRECT CAPACITY IN THE TRANSACTION, ERRONEOUSLY PROVIDED WRITTEN NOTIFICATION DISCLOSING TO ITS CUSTOMER THAT THE TRANSACTION WAS EXECUTED AT AN AVERAGE PRICE, AND ERRONEOUSLY PROVIDED WRITTEN NOTIFICATION DISCLOSING TO ITS CUSTOMER THAT THE FIRM WAS A MARKET MAKER.  
**Initiated By:** FINRA  
**Date Initiated:** 10/13/2008  
**Docket/Case Number:** 2006005557102  
**Principal Product Type:** Other  
**Other Product Type(s):** UNSPECIFIED SECURITIES  
**Principal Sanction(s)/Relief Sought:**  
**Other Sanction(s)/Relief Sought:**  
**Resolution:** Acceptance, Waiver & Consent(AWC)  
**Resolution Date:** 10/13/2008



<b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b>	No
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$7,000.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, RESPONDENT MEMBER FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, FIRM IS CENSURED AND FINED \$7,000.
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<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	EXCEPTIONS TO SEC RULE 10B-10 AND NASD RULE 6420(E): THE FIRM REPORTED TO NASDAQ MARKET CENTER 123 LAST SALE REPORTS OF TRANSACTIONS IN ELIGIBLE SECURITIES IT WAS NOT REQUIRED TO REPORT; IT FAILED TO PROVIDE WRITTEN NOTIFICATION DISCLOSING TO ITS CUSTOMER ITS CORRECT CAPACITY IN THE TRANSACTION, ERRONEOUSLY PROVIDED WRITTEN NOTIFICATION DISCLOSING TO ITS CUSTOMER THAT THE TRANSACTION WAS EXECUTED AT AN AVERAGE PRICE, AND ERRONEOUSLY PROVIDED WRITTEN NOTIFICATION DISCLOSING TO ITS CUSTOMER THAT THE FIRM WAS A MARKET MAKER.
<b>Initiated By:</b>	FINRA
<b>Date Initiated:</b>	10/13/2008
<b>Docket/Case Number:</b>	2006005557102
<b>Principal Product Type:</b>	Equity - OTC
<b>Other Product Type(s):</b>	EQUITY - LISTED
<b>Principal Sanction(s)/Relief Sought:</b>	Civil and Administrative Penalt(ies) /Fine(s)
<b>Other Sanction(s)/Relief Sought:</b>	CENSURE
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	10/13/2008
<b>Sanctions Ordered:</b>	Censure



Monetary/Fine \$7,000.00

**Other Sanctions Ordered:**

**Sanction Details:**

WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED AND FINED \$7,000.

**Firm Statement**

SATISFIED 10/24/2008

**Disclosure 30 of 44**

**Reporting Source:**

Regulator

**Current Status:**

Final

**Allegations:**

NASDAQ RULE 4755: THE FIRM ENTERED TRANSACTION ORDERS INTO NASDAQ MARKET CENTER THAT FAILED TO CORRECTLY INDICATE WHETHER THE ORDERS WERE A BUY, SHORT SALE OR LONG SALE.

**Initiated By:**

NASDAQ STOCK MARKET

**Date Initiated:**

10/13/2008

**Docket/Case Number:**

2006005557101

**Principal Product Type:**

No Product

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:**

**Other Sanction(s)/Relief Sought:**

**Resolution:**

Acceptance, Waiver & Consent(AWC)

**Resolution Date:**

10/14/2008

**Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?**

No

**Sanctions Ordered:**

Monetary/Fine \$5,000.00

**Other Sanctions Ordered:**

**Sanction Details:**

WITHOUT ADMITTING OR DENYING THE FINDINGS THE FIRM CONSENTED TO THE DESCRIBED SANCTION AND TO THE ENTRY OF FINDINGS:



THEREFORE, THE FIRM IS FINED \$5000.

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** EXCEPTIONS TO NASDAQ RULE 4755: THE FIRM ENTERED TRANSACTION ORDERS INTO NASDAQ MARKET CENTER THAT FAILED TO CORRECTLY INDICATE WHETHER THE ORDERS WERE A BUY, SHORT SALE OR LONG SALE.

**Initiated By:** NASDAQ STOCK MARKET

**Date Initiated:** 10/13/2008

**Docket/Case Number:** 2006005557101

**Principal Product Type:** Equity - OTC

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:** Civil and Administrative Penalt(ies) /Fine(s)

**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 10/14/2008

**Sanctions Ordered:** Monetary/Fine \$5,000.00

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS THE FIRM CONSENTED TO THE DESCRIBED SANCTION AND TO THE ENTRY OF FINDINGS: THEREFORE, THE FIRM IS FINED \$5000.

**Firm Statement** SATISFIED 10/24/2008

#### Disclosure 31 of 44

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** SEC RULES 10B-10, 605, NASD RULES 2110, 3010, 3360, 8211, 8213 - CANACCORD ADAMS INC. SUBMITTED TO NASD MONTHLY SHORT INTEREST POSITION REPORTS THAT WERE INACCURATE; THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION



REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATIONS AND NASD RULES CONCERNING SHORT INTEREST REPORTING AND SUBMISSION OF ELECTRONIC BLUE SHEET DATA AS REQUIRED BY NASD RULES 8211 AND 8213; ERRONEOUSLY PROVIDED WRITTEN NOTIFICATION DISCLOSING TO ITS CUSTOMERS THAT TRANSACTIONS WERE EXECUTED AT AN AVERAGE PRICE; WHEN IT ACTED AS PRINCIPAL FOR ITS OWN ACCOUNT, FAILED TO PROVIDE WRITTEN NOTIFICATION DISCLOSING TO ITS CUSTOMERS THAT IT WAS A MARKET MAKER IN EACH SUCH SECURITY; FAILED TO PROVIDE WRITTEN NOTIFICATION DISCLOSING TO ITS CUSTOMERS ITS CORRECT CAPACITY IN TRANSACTIONS; THE FIRM MADE AVAILABLE A REPORT ON THE COVERED ORDERS IN NATIONAL MARKET SYSTEM SECURITIES THAT IT RECEIVED FOR EXECUTION FROM ANY PERSON THAT INCLUDED INCORRECT INFORMATION AS TO ORDER CLASSIFICATION AND ORDER EXECUTION; FAILED TO SUBMIT ACCURATE TRADING INFORMATION THROUGH THE SUBMISSION OF ELECTRONIC BLUE SHEETS IN RESPONSE TO ONE OR MORE REQUESTS FOR SUCH INFORMATION BY NASD; THE INACCURACIES CONSISTED OF THE REPORTING OF SHORT SALES AS LONG SALES.

**Initiated By:** NASD

**Date Initiated:** 02/20/2007

**Docket/Case Number:** [2004100025301](#)

**Principal Product Type:** Other

**Other Product Type(s):** NATIONAL MARKET SYSTEM SECURITIES, UNKNOWN TYPES OF SECURITIES

**Principal Sanction(s)/Relief Sought:**

**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 02/20/2007

**Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?** No

**Sanctions Ordered:** Censure  
Monetary/Fine \$85,000.00

**Other Sanctions Ordered:****Sanction Details:**

WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED AND FINED \$85,000.

**Reporting Source:**

Firm

**Current Status:**

Final

**Allegations:**

SEC RULES 10B-10, 605, NASD RULES 2110, 3010, 3360, 8211, & 8213-CANACCORD ADAMS INC. SUBMITTED TO NASD MONTHLY SHORT INTEREST POSITION REPORTS THAT WERE INACCURATE; THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATIONS AND NASD RULES CONCERNING SHORT INTEREST REPORTING AND SUBMISSION OF ELECTRONIC BLUE SHEET DATA AS REQUIRED BY NASD RULES 8211 AND 8213; ERRONEOUSLY PROVIDED WRITTEN NOTIFICATION DISCLOSING TO ITS CUSTOMERS THAT TRANSACTIONS WERE EXECUTED AT AN AVERAGE PRICE WHEN IT ACTED AS PRINCIPAL FOR ITS OWN ACCOUNT; FAILED TO PROVIDE WRITTEN NOTIFICATION DISCLOSING TO ITS CUSTOMERS THAT IT WAS A MARKET MAKER IN EACH SUCH SECURITY; FAILED TO PROVIDE WRITTEN NOTIFICATION DISCLOSING TO ITS CUSTOMERS ITS CORRECT CAPACITY IN TRANSACTIONS; THE FIRM MADE AVAILABLE A REPORT ON THE COVERED ORDERS IN NATIONAL MARKET SYSTEM SECURITIES THAT IT RECEIVED FOR EXECUTION FROM ANY PERSON THAT INCLUDED INCORRECT INFORMATION AS TO ORDER CLASSIFICATION AND ORDER EXECUTION; FAILED TO SUBMIT ACCURATE TRADING INFORMATION THROUGH THE SUBMISSION OF ELECTRONIC BLUE SHEETS IN REESPONSE TO ONE OR MORE REQUESTS FOR SUCH INFORMATION BY NASD; THE INACCURACIES CONSISTED OF THE REPORTING OF SHORT SALES AS LONG SALES.

**Initiated By:**

NATIONAL ASSOCIATION OF SECURITIES DEALERS

**Date Initiated:**

02/20/2007

**Docket/Case Number:**

20041000253-01

**Principal Product Type:**

Other

**Other Product Type(s):**

NATIONAL MARKET SYSTEM SECURITIES; UNKNOWN TYPES OF SECURITIES.

**Principal Sanction(s)/Relief Sought:**

Censure

**Other Sanction(s)/Relief**

\$85,000 MONETARY FINE.

**Sought:****Resolution:** Acceptance, Waiver & Consent(AWC)**Resolution Date:** 02/20/2007**Sanctions Ordered:** Censure  
Monetary/Fine \$85,000.00**Other Sanctions Ordered:****Sanction Details:** CANACCORD ADAMS INC. PAID THE MONETARY FINE ON MARCH 1, 2007. THE FIRM HAS TAKEN CORRECTIVE MEASURES TO PREVENT FURTHER INFRACTIONS.**Disclosure 32 of 44****Reporting Source:** Regulator**Current Status:** Final

**Allegations:** \*\*11/01/2005\*\*STIPULATION AND CONSENT TO PENALTY FILED BY NYSE DIVISION OF ENFORCEMENT AND PENDING. CONSENTED TO FINDINGS: A FINDING BY THE HEARING PANEL THAT THE FIRM:

- 1.VIOLATED SECTION 15(C) OF THE SECURITIES EXCHANGE ACT OF 1934 AND RULE 15C-3-3(E)(1) THEREUNDER IN THAT IT DID NOT MAINTAIN THE AMOUNT REQUIRED TO BE ON DEPOSIT IN ITS SPECIAL RESERVE BANK ACCOUNT FOR THE EXCLUSIVE BENEFIT OF CUSTOMERS AND DID NOT PROPERLY COMPUTE THE AMOUNT REQUIRED TO BE ON DEPOSIT IN THAT ACCOUNT.
- 2.VIOLATED SECTION 15(C) OF THE SECURITIES EXCHANGE ACT OF 1934 AND RULE 15C3-3(B) THEREUNDER IN THAT IT DELIVERED SECURITIES CREATING OR INCREASING DEFICITS IN THE PHYSICAL POSSESSION OR CONTROL OF ALL FULLY-PAID AND EXCESS MARGIN SECURITIES HELD FOR THE ACCOUNTS OF CUSTOMERS.
- 3.VIOLATED SECTION 15(C) OF THE SECURITIES EXCHANGE ACT OF 1934 AND RULE 15C3-3(D)(4) THEREUNDER IN THAT ITS WRITTEN PROCEDURES FOR THE PHYSICAL POSSESSION OR CONTROL OF ALL FULLY-PAID AND EXCESS MARGIN SECURITIES HELD FOR THE ACCOUNTS OF ITS CUSTOMERS WERE INADEQUATE.
- 4.VIOLATED SECTION 17(A) OF THE SECURITIES EXCHANGE ACT OF 1934 AND RULE 17A-3(A)(6) THEREUNDER AND EXCHANGE RULE 440 IN THAT IT DID NOT MAKE AND KEEP CURRENT MEMORANDA OF BROKERAGE ORDERS AND DID NOT STAMP ITS FLOOR ORDERS WITH THE TIME OF THEIR RECEIPT AND DID NOT PROPERLY DATE ITS FLOOR ORDERS.
- 5.VIOLATED SECTION 17(A) OF THE SECURITIES EXCHANGE ACT OF 1934 AND RULE 17A-4(B) 4 THEREUNDER AND EXCHANGE RULE 440 BY FAILING TO PRESERVE FOR A PERIOD OF THREE YEARS, THE FIRST TWO OF WHICH IN AN ACCESSIBLE PLACE, ELECTRONIC COMMUNICATIONS RELATING TO ITS





BUSINESS.6.VIOLATED EXCHANGE RULE 134(D) IN THAT IT DID NOT MAINTAIN AN ERROR ACCOUNT AND DID NOT MAINTAIN RECORDS OF ITS ERRORS AND DID NOT MAINTAIN REQUIRED AUDIT TRAIL DATA ELEMENTS.7.VIOLATED EXCHANGE RULE 440.20 IN THAT IT DID NOT MAINTAIN PROPER RECORDS IDENTIFYING SUSPENSE ACCOUNTS AND IT DID NOT HAVE PROCEDURES IN PLACE FOR THE SUPERVISORY REVIEW OF ITS SUSPENSE ACCOUNTS.\*\* CONTINUED AT # 13C\*\*

**Initiated By:** NEW YORK STOCK EXCHANGE DIVISION OF ENFORCEMENT

**Date Initiated:** 11/01/2005

**Docket/Case Number:** HPD #05-183

**Principal Product Type:** Other

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:**

**Other Sanction(s)/Relief Sought:**

**Resolution:** Decision

**Resolution Date:** 04/04/2006

**Sanctions Ordered:** Censure  
Monetary/Fine \$200,000.00

**Other Sanctions Ordered:**

**Sanction Details:** \*\*2/15/06\*\*DECISION 05-183 ISSUED BY NYSE HEARING PANEL  
DECISION: VIOLATED SECTION 15(C) OF THE SECURITIES EXCHANGE ACT OF 1934 AND RULE 15C3-3(E)(1) THEREUNDER BY NOT MAINTAINING OR PROPERLY COMPOSING AMOUNT REQUIRED TO BE ON DEPOSIT IN SPECIAL RESERVE BANK ACCOUNT FOR THE EXCLUSIVE BENEFIT OF CUSTOMERS; VIOLATED SECTION 15(C) OF THE SECURITIES EXCHANGE ACT OF 1934 AND RULE 15C3-3(B) THEREUNDER BY DELIVERING SECURITIES THAT CREATED OR INCREASED DEFICITS IN PHYSICAL POSSESSION OR CONTROL OF ALL FULLY-PAID AND EXCESS MARGIN SECURITIES; VIOLATED SECTION 15(C) OF THE SECURITIES EXCHANGE ACT OF 1934 AND RULE 15C3-3(D)(4) THEREUNDER INsofar AS WRITTEN PROCEDURES FOR PHYSICAL POSSESSION OR CONTROL OF ALL FULLY-PAID AND EXCESS MARGIN SECURITIES HELD FOR ACCOUNTS OF ITS CUSTOMERS WERE INADEQUATE; VIOLATED SECTION 17(A) OF SECURITIES EXCHANGE ACT OF 1934 AND RULE 17A-3(A)(6) THEREUNDER AND NYSE RULE 440 BY NOT MAKING AND KEEPING CURRENT MEMORANDA OF BROKERAGE ORDERS, NOT STAMPING FLOOR ORDERS



WITH TIME OF RECEIPT, AND NOT PROPERLY DATING FLOOR ORDERS; VIOLATED SECTION 17(A) OF SECURITIES EXCHANGE ACT OF 1934 AND RULE 17A-4(B)(4) THEREUNDER AND NYSE RULE 440 BY FAILING TO PRESERVE BUSINESS-RELATED ELECTRONIC COMMUNICATIONS FOR A PERIOD OF THREE YEARS; VIOLATED NYSE RULE 134(D) BY NOT MAINTAINING ERROR ACCOUNT, RECORDS OF ERRORS, AND REQUIRED AUDIT TRAIL DATE ELEMENTS; VIOLATED NYSE RULE 440.20 BY NOT MAINTAINING PROPER RECORDS IDENTIFYING SUSPENSE ACCOUNTS AND NOT HAVING PROCEDURES IN PLACE FOR SUPERVISORY REVIEW OF SUSPENSE ACCOUNTS; VIOLATED NYSE RULE 342.17 BY NOT HAVING WRITTEN POLICES AND PROCEDURES IN CONNECTION WITH REVIEW OF CERTAIN TYPES OF ELECTRONIC COMMUNICATIONS WITH PUBLIC; VIOLATED NYSE RULE 342 BY FAILING TO REASONABLY SUPERVISE OR CONTROL BUSINESS ACTIVITIES AND TO ESTABLISH SEPARATE SYSTEM OF FOLLOW-UP AND REVIEW TO PREVENT FOREGOING VIOLATIONS CONSENT TO CENSURE AND \$200,000 FINE.

#### Regulator Statement

**\*\*4/4/06\*\***THE DECISION IS NOW FINAL AND EFFECTIVE IMMEDIATELY.  
CONTACT: PEGGY GERMINO 212-656-8450

#### Reporting Source:

Firm

#### Current Status:

Final

#### Allegations:

**\*11/01/2005\*** STIPULATION AND CONSENT TO PENALTY FILED BY NYSE DIVISION OF ENFORCEMENT AND PENDING. CONSENTED TO FINDINGS: A FINDING BY THE HEARING PANEL THAT THE FIRM: 1.VIOLATED SECTION 15(C) OF THE SECURITIES EXCHANGE ACT OF 1934 AND RULE 15C-3-3(E)(1)THEREUNDER IN THAT IT DID NOT MAINTAIN THE AMOUNT REQUIRED TO BE ON DEPOSIT IN ITS SPECIAL RESERVE BANK FOR THE EXCLUSIVE BENEFIT OF CUSTOMERS AND DID NOT PROPERLY COMPUTE THE AMOUNT REQUIRED TO BE ON DEPOSIT IN THAT ACCOUNT. 2.VIOLATED SECTION 15(C) OF THE SECURITIES EXCHANGE ACT OF 1934 AND RULE 15C3-3(B) THEREUNDER IN THAT IT DELIVERED SECURITIES CREATING OR INCREASING DEFICITS IN THE PHYSICAL POSSESSION OR CONTROL OF ALL FULLY-PAID AND EXCESS MARGIN SECURITIES HELD FOR THE ACCOUNTS OF CUSOTMERS. 3.VIOLATED SECTION 15(C) OF THE SECURITIES EXCHANGE ACT OF 1934 AND RULE 15C3-3(D)(4) THEREUNDER IN THAT ITS WRITTEN PROCEDURES FOR THE PHYSICAL POSSESSION OR CONTROL OF ALL FULLY-PAID AND EXCESS MARGIN SECURITIES HELD FOR THE ACCOUNTS OF ITS CUSTOMERS WERE INADEQUATE. 4.VIOLATED SECTION 17(A) OF THE SECURITIES EXCHANGE ACT OF 1934 AND RULE 17A-3(A)(6) THEREUNDER AND EXCHANGE RULE 440 IN THAT IT DID NOT MAKE AND KEEP CURRENT MEMORANDA OF BROKERAGE ORDERS AND DID NOT STAMP ITS FLOOR ORDERS WITH THE



TIME OF THEIR RECEIPT AND DID NOT PROPERLY DATE ITS FLOOR ORDERS. 5.VIOLATED SECTION 17(A) OF THE SECURITIES EXCHANGE ACT OF 1934 AND RULE 17A-4(B)(4) THEREUNDER AND EXCHANGE RULE 440 BY FAILING TO PRESERVE FOR A PERIOD OF THREE YEARS, THE FIRST TWO OF WHICH IN AN ACCESSIBLE PLACE, ELECTRONIC COMMUNICATIONS RELATING TO ITS BUSINESS. 6.VIOLATED EXCHANGE RULE 134(D) IN THAT IT DID NOT MAINTAIN AN ERROR ACCOUNT AND DID NOT MAINTAIN RECORDS OF ITS ERRORS AND DID NOT MAINTAIN REQUIRED AUDIT TRAIL DATA ELEMENTS. 7.VIOLATED EXCHANGE RULE 440.20 IN THAT IT DID NOT MAINTAIN PROPER RECORDS IDENTIFYING SUSPENSE ACCOUNTS AND IT DID NOT HAVE PROCEDURES IN PLACE FOR THE SUPERVISORY REVIEW OF ITS SUSPENSE ACCOUNTS.

\*\*CONTINUED AT #13C\*\*

**Initiated By:** NYSE

**Date Initiated:** 11/01/2005

**Docket/Case Number:** HPD #05-183

**Principal Product Type:** No Product

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:** Civil and Administrative Penalt(ies) /Fine(s)

**Other Sanction(s)/Relief Sought:** CENSURE.

**Resolution:** Decision

**Resolution Date:** 04/04/2006

**Sanctions Ordered:** Censure  
Monetary/Fine \$200,000.00

**Other Sanctions Ordered:**

**Sanction Details:** CANACCORD ADAM INC. PAID THE MONETARY FINE ON MAY 11, 2006. THE FIRM HAS TAKEN APPROPRIATE MEASURES TO PREVENT FURTHER INFRACTIONS.

**Firm Statement** \*\*CONTINUED FROM #7\*\* 8. VIOLATED EXCHANGE RULE 342.17 IN THAT IT DID NOT HAVE WRITTEN POLICIES AND PROCEDURES IN CONNECTION WITH REVIEW OF CERTAIN TYPES OF ELECTRONIC COMMUNICATIONS WITH THE PUBLIC. 9. VIOLATED EXCHANGE RULE 342 IN THAT IT FAILED TO REASONABLY SUPERVISE OR CONTROL ITS BUSIENSS ACTIVITIES AND TO EXSTABLISH A SEPARATE SYSTEM OF FOLLOW-UP AND REVIEW TO PREVENT THE FOREGOING VIOLATIONS. B. THE IMPOSITION BY THE EXCHANGE OF THE PENALTY OF: 1. A CENSURE AND 2. A FINE OF \$200,000.



## Disclosure 33 of 44

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	FAILURE TO DISCLOSE 3 PAYMENTS RECEIVED FOR THE ISSUANCE OF RESEARCH REPORTS IN VIOLATION OF SECTION 17(B) OF THE SECURITIES ACT; FAILURE TO PRESERVE BUSINESS-RELATED INTERNAL E-MAIL COMMUNICATIONS IN VIOLATION OF SECTION 17(A) OF THE EXCHANGE ACT AND EXCHANGE ACT RULE 17A-4.
<b>Initiated By:</b>	U. S. SECURITIES AND EXCHANGE COMMISSION
<b>Date Initiated:</b>	08/25/2004
<b>Docket/Case Number:</b>	ADMIN PROCEEDING FILE NO. 3-11598
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	EQUITY RESEARCH INVESTMENT BANKING SERVICES
<b>Principal Sanction(s)/Relief Sought:</b>	Civil and Administrative Penalt(ies) /Fine(s)
<b>Other Sanction(s)/Relief Sought:</b>	CENSURE AND CEASE AND DESIST ORDER FROM VIOLATING SECTION 17(B) OF SECURITIES ACT, SECTION 17(A) OF EXCHANGE ACT AND RULE 17A-4.
<b>Resolution:</b>	Decision & Order of Offer of Settlement
<b>Resolution Date:</b>	08/25/2004
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$575,000.00 Cease and Desist/Injunction
<b>Other Sanctions Ordered:</b>	CENSURE AND CEASE AND DESIST ORDER
<b>Sanction Details:</b>	AH PAID THE MONETARY FINE ON OR ABOUT AUGUST 30, 2004. AH CONSENTED TO THE SEC'S ORDER TO CEASE-AND-DESIST FROM FUTURE VIOLATIONS OF SECTION 17(B) OF THE SECURITIES ACT AND SECTION 17(A) OF THE EXCHANGE ACT AND RULE 17A-4 THEREUNDER. AH WAS CENSURED UNDER SECTION 15(B)(4) OF THE EXCHANGE ACT. AH AGREED TO COMPLY WITH CERTAIN UNDERTAKINGS RELATED TO THE PRESERVATION OF E-MAIL.
<b>Firm Statement</b>	PROCEEDINGS ARE CONCLUDED. UNDERTAKINGS WILL BE COMPLETED WITHIN 90 DAYS OF ENTRY OF THE ORDER, IN COMPLIANCE WITH ITS TERMS.



## Disclosure 34 of 44

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	NASD MARKETPLACE RULE 4613(E)(1)(C) - WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, THE RESPONDENT MEMBER FIRM CONSENTED TO THE ENTRY OF FINDINGS THAT IT, AS A MARKET MAKER IN SECURITIES, LOCKED/CROSSED THE MARKET DURING THE PRE-OPENING PERIOD AND FAILED TO IMMEDIATELY THEREAFTER SEND A TRADE-OR-MOVE MESSAGE THROUGH SELECTNET TO THE MARKET PARTICIPANT WHOSE QUOTE IT LOCKED OR CROSSED THAT WAS PRICED AT THE RECEIVING MARKET PARTICIPANT'S QUOTED PRICE AND FAILED TO SEND A TRADE-OR-MOVE MESSAGE THROUGH SELECTNET WHEN AN AGGREGATE SIZE OF AT LEAST 5,000 SHARES TO ALL MARKET PARTICIPANTS WHOSE QUOTES IT LOCKED/CROSSED. THE RESPONDENT MEMBER, A MARKET MAKER IN SECURITIES, WAS A PARTY TO A LOCKED OR CROSSED MARKET CONDITION PRIOR TO THE MARKET OPENING AND RECEIVED A TRADE-OR-MOVE MESSAGE IN EACH INSTANCE THROUGH SELECTNET AND WITHIN 30 SECONDS OF RECEIVING SUCH MESSAGES, FAILED TO FILL THE INCOMING TRADE-OR-MOVE MESSAGE FOR THE FULL SIZE OF THE MESSAGE OR MOVE ITS BID DOWN (OFFER UP) BY A QUOTATION INCREMENT THAT WOULD HAVE UNLOCKED/UNCROSSED THE MARKET.
<b>Initiated By:</b>	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
<b>Date Initiated:</b>	01/02/2003
<b>Docket/Case Number:</b>	CMS020267
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	UNKNOWN TYPE OF SECURITIES
<b>Principal Sanction(s)/Relief Sought:</b>	
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	01/02/2003
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$25,000.00
<b>Other Sanctions Ordered:</b>	



**Sanction Details:** A CENSURE AND A FINE OF \$25,000.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** ALLEGATIONS WERE NON-COMPLIANCE WITH NASD MARKETPLACE RULE 4613(E)(1)(C)

**Initiated By:** NASD

**Date Initiated:** 10/10/2002

**Docket/Case Number:** CMS 020267 AWC

**Principal Product Type:** Equity - OTC

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:** Censure

**Other Sanction(s)/Relief Sought:** ACCEPTANCE, WAIVER & CONSENT

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 01/02/2003

**Sanctions Ordered:** Censure  
Monetary/Fine \$25,000.00

**Other Sanctions Ordered:**

**Sanction Details:** \$25,000 FINE AGAINST APPLICANT, PAID 01/28/2003.

**Firm Statement** SATISFIED.

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#### Disclosure 35 of 44

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** \*\*08/14/2002\*\* STIPULATION EXECUTED WITHOUT ADMITTING OR DENYING GUILT, ADAMS HARKNESS & HILL CONSENTS TO: A FINDING BY THE HEARING PANEL THAT IT: 1) VIOLATED EXCHANGE RULES 410 AND 440 AND SECTION 17(A) OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, AND SEC RULES 17A-3 AND 17A-4 PROMULGATED THEREUNDER, IN THAT IT FAILED TO RETAIN ALL FLOOR BROKER ORDER TICKETS FOR REVIEW; 2) VIOLATED THE PRINCIPLES OF GOOD BUSINESS

PRACTICE REQUIRED BY EXCHANGE RULE 401 WHEN IT FAILED TO COMPLY WITH THE CONDITIONS APPROVED BY THE SEC AND SET FORTH IN INFORMATION MEMO 94-6 IN THAT IT FAILED TO OBTAIN PROPER CUSTOMER AGREEMENTS IN ITS CAPACITY AS EXECUTING BROKER IN PRIME BROKER ARRANGEMENTS; AND 3) VIOLATED EXCHANGE RULE 342 IN THAT IT FAILED TO REASONABLY SUPERVISE AND IMPLEMENT ADEQUATE SUPERVISORY CONTROLS OVER CERTAIN BUSINESS ACTIVITIES, INCLUDING A SEPARATE SYSTEM OF FOLLOW-UP AND REVIEW, WITH RESPECT TO THE REQUIRED SUPERVISORY REVIEW OF FLOOR BROKER ORDER TICKETS AND OBTAINING PROPER CUSTOMER AGREEMENTS IN ITS CAPACITY AS EXECUTING BROKER IN PRIME BROKER ARRANGEMENTS. THE IMPOSITION BY THE EXCHANGE OF THE PENALTY OF: 1) A CENSURE; AND 2) A \$20,000 FINE.

**Initiated By:** NEW YORK STOCK EXCHANGE DIVISION OF ENFORCEMENT

**Date Initiated:** 08/14/2002

**Docket/Case Number:** HPD#: 02-198

**Principal Product Type:** Other

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:**

**Other Sanction(s)/Relief Sought:**

**Resolution:** Decision

**Resolution Date:** 11/08/2002

**Sanctions Ordered:** Censure  
Monetary/Fine \$20,000.00

**Other Sanctions Ordered:**

**Sanction Details:** \*\*10/2/2002\*\*DECISION 02-198 ISSUED BY NYSE HEARING PANEL  
DECISION:IN ACCEPTING THE STIPULATION OF FACTS AND CONSENT TO PENALTY, THE HEARING PANEL FOUND ADAMS, HARKNESS & HILL GUILTY OF VIOLATING EXCHANGE RULES 410 AND 440 AND SECTION 17(A) OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, AND SEC RULES 17A-3 AND 17A-4 PROMULGATED THEREUNDER, IN THAT IT FAILED TO RETAIN ALL FLOOR BROKER ORDER TICKETS FOR REVIEW; VIOLATING THE PRINCIPLES OF GOOD BUSINESS PRACTICE REQUIRED BY EXCHANGE RULE 401 WHEN IT FAILED TO COMPLY WITH THE CONDITIONS APPROVED BY THE SEC AND SET FORTH IN INFORMATION MEMO 94-6 IN THAT IT



FAILED TO OBTAIN PROPER CUSTOMER AGREEMENTS IN ITS CAPACITY AS EXECUTING BROKER IN PRIME BROKER ARRANGEMENTS; AND VIOLATING EXCHANGE RULE 342 IN THAT IT FAILED TO REASONABLY SUPERVISE AND IMPLEMENT ADEQUATE SUPERVISORY CONTROLS OVER CERTAIN BUSINESS ACTIVITIES, INCLUDING A SEPARATE SYSTEM OF FOLLOW-UP AND REVIEW, WITH RESPECT TO: 1) THE REQUIRED SUPERVISORY REVIEW OF FLOOR BROKER ORDER TICKETS AND 2) OBTAINING PROPER CUSTOMER AGREEMENTS IN ITS CAPACITY AS EXECUTING BROKER IN PRIME BROKER ARRANGEMENTS. THE HEARING PANEL IMPOSED THE PENALTY CONSENTED TO BY ADAMS, HARKNESS & HILL OF A CENSURE AND \$20,000 FINE.

### Regulator Statement

**\*\*11/8/2002\*\*** THE DECISION IS NOW FINAL AND IS EFFECTIVE IMMEDIATELY. CONTACT: PEGGY GERMINO (212) 656-8450.

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** ALLEGATIONS OF AN INFRACTION OF NYSE RULES 410 & 440, SEC RULE 17A-3 AND 17A-4 FOR FAILURE TO RETAIN ALL FLOOR BROKER ORDER TICKETS FOR REVIEW, INFRACTION OF NYSE RULE 401 FOR FAILURE TO OBTAIN PROPER CUSTOMER AGREEMENTS AS EXECUTING BROKER IN PRIME BROKERAGE ARRANGEMENTS, INFRACTION OF NYSE RULE 342 FOR FAILURE TO IMPLEMENT ADEQUATE SUPERVISORY CONTROLS WITH RESPECT TO REVIEW OF FLOOR BROKER ORDER TICKETS AND OBTAINING PROPER CUSTOMER AGREEMENTS IN PRIME BROKERAGE ARRANGEMENTS.

**Initiated By:** NYSE

**Date Initiated:** 08/14/2002

**Docket/Case Number:**

**Principal Product Type:** Equity Listed (Common & Preferred Stock)

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:** Censure

**Other Sanction(s)/Relief Sought:** \$20,000.00 FINE

**Resolution:** Stipulation and Consent

**Resolution Date:** 11/08/2002

**Sanctions Ordered:** Censure





Monetary/Fine \$20,000.00

**Other Sanctions Ordered:**

**Sanction Details:** \$20,000 FINE AGAINST APPLICANT, PAID 12/03/2002

**Firm Statement** SATISFIED.

**Disclosure 36 of 44**

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** NASD RULES 2110, 2320, 4613, 6130 - WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO USE REASONABLE DILIGENCE TO ASCERTAIN THE BEST INTER-DEALER MARKET AND FAILED TO BUY OR SELL IN SUCH MARKET SO THAT THE RESULTANT PRICE TO ITS CUSTOMERS WAS AS FAVORABLE AS POSSIBLE UNDER PREVAILING MARKET CONDITIONS. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO EXECUTE ORDERS FULLY AND PROMPTLY AND EXECUTED SHORT SALE TRANSACTIONS AND FAILED TO REPORT EACH OF THESE TRANSACTIONS TO ACT WITH A SHORT SALE MODIFIER. THE NASD FOUND THAT THE FIRM FAILED TO DISPLAY IMMEDIATELY CUSTOMER LIMIT ORDERS IN NASDAQ SECURITIES IN ITS PUBLIC QUOTATION, WHEN EACH SUCH ORDER WAS AT A PRICE THAT WOULD HAVE IMPROVED THE FIRM'S BID OR OFFER FOR EACH SUCH SECURITY, OR WHEN THE ORDER WAS PRICED EQUAL TO THE FIRM'S BID OR OFFER AND THE NATIONAL BEST BID OR OFFER FOR EACH SUCH SECURITY, AND THE SIZE OF THE ORDER REPRESENTED MORE THAN A DE MINIMIS AMOUNT IN RELATION TO THE SIZE ASSOCIATED WITH THE FIRM'S BID OR OFFER IN EACH SUCH SECURITY. IN ADDITION, THE NASD FOUND THAT THE FIRM, A MARKET MAKER IN SECURITIES, WITHOUT MAKING REASONABLE EFFORTS TO AVOID A LOCKED OR CROSSED MARKET BY EXECUTING TRANSACTIONS WITH ALL MARKET MAKERS WHOSE QUOTATIONS WOULD BE LOCKED OR CROSSED, ENTERED BID OR ASK QUOTATIONS IN THE NASDAQ STOCK MARKET WHICH CAUSED A LOCKED OR CROSSED MARKET CONDITION TO OCCUR IN EACH INSTANCE. THE NASD ALSO DETERMINED THAT AN ORDER WAS PRESENTED TO THE FIRM AT THE FIRM'S PUBLISHED BID OR PUBLISHED OFFER IN AN AMOUNT UP TO ITS PUBLISHED QUOTATION SIZE AND THE FIRM FAILED TO EXECUTE THE ORDERS UPON PRESENTMENT AND THEREBY FAILED TO HONOR ITS PUBLISHED QUOTATION. IN ADDITION, THE FINDINGS STATED THAT THE FIRM, AS MARKET MAKER IN SECURITIES, LOCKED/CROSSED THE MARKET DURING THE PRE-OPENING PERIOD AND FAILED TO IMMEDIATELY THEREAFTER SEND A TRADE-OR-MOVE MESSAGE THROUGH SELECTNET



(CONT.)

**Initiated By:** NATIONAL ASSOCIATION OF SECURITIES DEALERS**Date Initiated:** 01/02/2002**Docket/Case Number:** CMS010208**Principal Product Type:** Equity - OTC**Other Product Type(s):****Principal Sanction(s)/Relief Sought:****Other Sanction(s)/Relief Sought:****Resolution:** Acceptance, Waiver & Consent(AWC)**Resolution Date:** 01/02/2002**Sanctions Ordered:** Censure  
Monetary/Fine \$60,000.00  
Disgorgement/Restitution**Other Sanctions Ordered:****Sanction Details:** REQUIRED TO PAY \$59.38, PLUS INTEREST, IN RESTITUTION TO PUBLIC CUSTOMERS**Regulator Statement**  
TO THE MARKET PARTICIPANT WHOSE QUOTE IT LOCKED OR CROSSED THAT WAS PRICED AT THE RECEIVING MARKET PARTICIPANT'S QUOTED PRICE, AND FAILED TO SEND A TRADE-OR- MOVE MESSAGE THROUGH SELECTNET WHEN AN AGGREGATE SIZE OF AT LEAST 5,000 SHARES TO ALL MARKET PARTICIPANTS WHOSE QUOTES IT LOCKED/CROSSED. FURTHERMORE, THE FINDINGS STATED THAT THE FIRM WAS A PARTY TO A LOCKED OR CROSSED MARKET CONDITION PRIOR TO THE MARKET OPENING AND RECEIVED A TRADE-OR-MOVE MESSAGE IN EACH INSTANCE THROUGH SELECTNET AND WITHIN 30 SECONDS OF RECEIVING SUCH MESSAGES, FAILED TO FILL THE INCOMING TRADE-OR-MOVE MESSAGE FOR THE FULL SIZE OF THE MESSAGE OR MOVE ITS BID DOWN (OFFER UP) BY A QUOTATION INCREMENT THAT WOULD HAVE UNLOCKED/UNCROSSED THE MARKET.**Reporting Source:** Firm**Current Status:** Final**Allegations:** ALLEGATIONS WERE NON-COMPLIANCE WITH NASD CONDUCT RULES 2110 & 2320, NASD MARKETPLACE RULE 6130(D), SEC RULE 11AC1-4,



NASD MARKETPLACE RULE 4613(E), SEC ACT RULE 11AC1-1, NASD CONDUCT RULE 3320, NASD MARKETPLACE RULE 4613(B), NASD MARKETPLACE RULE 4613(E)(1)(C).

**Initiated By:** NASD REGULATION, INC.

**Date Initiated:** 11/16/2001

**Docket/Case Number:** CMS010208 AWC

**Principal Product Type:** Equity - OTC

**Other Product Type(s):** N/A

**Principal Sanction(s)/Relief Sought:** Other

**Other Sanction(s)/Relief Sought:** AWC

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 01/02/2002

**Sanctions Ordered:** Censure  
Monetary/Fine \$60,000.00  
Disgorgement/Restitution

**Other Sanctions Ordered:**

**Sanction Details:** \$60,000 FINE AGAINST APPLICANT, \$59.38 RESTITUTION PLUS INTEREST TO CUSTOMERS. PAID

**Firm Statement** SATISFIED

#### Disclosure 37 of 44

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** 11/14/00GS: NASD RULES 2110, 3010, 3320 AND 4613(B) - RESPONDENT A REGISTERED MARKET MAKER, FAILED TO EXECUTE ORDERS PRESENTED TO IT AT ITS PUBLISHED BID OR PUBLISHED OFFER IN AN AMOUNT UP TO ITS PUBLISHED QUOTATION; AND, ITS SUPERVISORY SYSTEM CONCERNING THE SEC AND NASD FIRM QUOTE RULES DID NOT INCLUDE ADEQUATE WRITTEN SUPERVISORY PROCEDURES.

**Initiated By:** NATIONAL ASSOCIATION OF SECURITIES DEALERS

**Date Initiated:** 10/27/2000

**Docket/Case Number:** CMS000222



**Principal Product Type:** Equity - OTC  
**Other Product Type(s):**  
**Principal Sanction(s)/Relief Sought:**  
**Other Sanction(s)/Relief Sought:**  
**Resolution:** Acceptance, Waiver & Consent(AWC)  
**Resolution Date:** 10/27/2000  
**Sanctions Ordered:** Censure  
 Monetary/Fine \$6,000.00  
**Other Sanctions Ordered:**  
**Sanction Details:** REVISE ITS WRITTEN SUPERVISORY PROCEDURES RELATING TO THE SEC AND NASD FIRM QUOTE RULES WITHIN 30 BUSINESS DAYS.

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**Reporting Source:** Firm  
**Current Status:** Final  
**Allegations:** NON-COMPLIANCE WITH FIRM QUOTATION OBLIGATIONS IDENTIFIED IN SEC RULE 11AC1-1, NASD CONDUCT RULE 3320 AND NASD MARKETPLACE RULE 4613(B). INADEQUATE WRITTEN SUPERVISORY PROCEDURES IDENTIFIED IN NASD CONDUCT RULES 2110 AND 3010.  
**Initiated By:** NASD REGULATION, INC.  
**Date Initiated:** 10/07/1999  
**Docket/Case Number:** CMS 000222  
**Principal Product Type:** Equity - OTC  
**Other Product Type(s):**  
**Principal Sanction(s)/Relief Sought:** Civil and Administrative Penalt(ies) /Fine(s)  
**Other Sanction(s)/Relief Sought:**  
**Resolution:** Acceptance, Waiver & Consent(AWC)  
**Resolution Date:** 10/30/2000



<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$6,000.00
<b>Other Sanctions Ordered:</b>	REVISE SUPERVISORY PROCEDURES
<b>Sanction Details:</b>	\$6000 PAID 11/20/2000.
<b>Firm Statement</b>	SATISFIED

#### Disclosure 38 of 44

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	FAILED TO NOTIFY THE DIRECTOR OF PENDING NASD COMPLAINT N-VS-836, CONSTITUTING A VIOLATION OF SECTION 203(C) OF MGLC 110A. RESPONDENT, ACTING THROUGH REPRESENTATIVE, TRANSACTED SECURITIES BUSINESS IN STATES WITHOUT BEING REGISTERED.
<b>Initiated By:</b>	MASSACHUSETTS
<b>Date Initiated:</b>	07/26/1988
<b>Docket/Case Number:</b>	E-87-118
<b>URL for Regulatory Action:</b>	
<b>Principal Product Type:</b>	No Product
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Decision
<b>Resolution Date:</b>	07/08/1988
<b>Sanctions Ordered:</b>	
<b>Other Sanctions Ordered:</b>	REPRIMANDED AND ORDERED TO REVIEW ITS ADMINISTRATIVE PROCEDURES AND TO PAY ADMINISTRATIVE COSTS.
<b>Sanction Details:</b>	ADAMS HARKNESS & HILL HAS BEEN REPRIMANDED AND ORDERED TO REVIEW ITS ADMINISTRATIVE PROCEDURES AND TO PAY ADMINISTRATIVE COSTS TO THE SECURITIES DIVISION FOR ITS FAILURE TO PROPERLY SUPERVISE EMPLOYEES.
<b>Regulator Statement</b>	ALL OTHER VIOLATIONS DISMISSED WITH PREJUDICE AS TO ADAMS HARKNESS & HILL, INC.



**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** ON JULY 8, 1988, THE SECURITIES DIVISION OF THE COMMONWEALTH OF MASSACHUSETTS REPRIMANDED A SALESPERSON FOR TRANSACTING BUSINESS IN A STATE IN WHICH ADAMS, HARKNESS & HILL, INC. WAS REGISTERED, BUT THE INDIVIDUAL WAS NOT. THE DIVISION ALSO REPRIMANDED ADAMS, HARKNESS & HILL, INC. FOR ALLOWING THE SALESPERSON TO DO SO.

**Initiated By:** THE SECURITIES DIVISION OF THE COMMONWEALTH OF MASSACHUSETTS

**Date Initiated:** 11/20/1986

**Docket/Case Number:** E-87-118

**Principal Product Type:** Equity - OTC

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:** Reprimand

**Other Sanction(s)/Relief Sought:**

**Resolution:** Consent

**Resolution Date:** 07/08/1988

**Sanctions Ordered:** Monetary/Fine \$2,000.00

**Other Sanctions Ordered:** REVIEW SUPERVISORY POLICIES & PROCEDURES. PROVIDE TRAINING TO SUPERVISORS FOR COMPLIANCE PROCEDURES.

**Sanction Details:** \$2000.00 JULY 8, 1988 FOR ADMINISTRATIVE COSTS.

**Firm Statement** SATISFIED.

#### Disclosure 39 of 44

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:**

**Initiated By:** NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.



**Date Initiated:** 10/28/1997

**Docket/Case Number:** CMS970050 AWC

**Principal Product Type:**

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:**

**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 10/28/1997

**Sanctions Ordered:** Censure  
Monetary/Fine \$9,500.00

**Other Sanctions Ordered:**

**Sanction Details:**

**Regulator Statement** LETTER OF ACCEPTANCE, WAIVER AND CONSENT NO. CMS970050 AWC.

ON OCTOBER 28, 1997, ADAMS, HARKNESS & HILL, INC. (ADAM) WAS NOTIFIED THAT THE LETTER OF ACCEPTANCE, WAIVER AND CONSENT (AWC) IT SUBMITTED WAS ACCEPTED BY THE MARKET REGULATION AND THE NATIONAL BUSINESS CONDUCT COMMITTEES. THE AWC ALLEGES THAT THE FOLLOWING VIOLATIONS OCCURRED:

ADAM FAILED TO CONTEMPORANEOUSLY EXECUTE A CUSTOMER LIMIT ORDER AFTER IT SOLD SHARES OF ONE NASDAQ SECURITY FOR ITS OWN MARKET-MAKING ACCOUNT. THIS CONSTITUTES A VIOLATION OF NASD CONDUCT RULE 2110 AND IM-2110-2.

ADAM FAILED TO PROVIDE, IN CONNECTION WITH 65 TRANSACTIONS IN WHICH IT ACTED AS PRINCIPAL, WRITTEN NOTIFICATION DISCLOSING TO ITS CUSTOMER THE REPORTED TRADE PRICE FOR EACH SUCH TRANSACTION. THIS CONSTITUTES SEPARATE AND DISTINCT VIOLATIONS OF SEC RULE 10b-10(a)(2).

FROM ON OR ABOUT JANUARY 1996 THROUGH AUGUST 1996, JOSEPH RANIERI ("RANIERI") ENGAGED IN THE INVESTMENT BANKING OR SECURITIES BUSINESS OF ADAM. DURING THIS PERIOD, ADAM FAILED TO REGISTER RANIERI WITH THE ASSOCIATION AS A GENERAL

SECURITIES REPRESENTATIVE. THIS CONSTITUTES A VIOLATION OF THE NASD MEMBERSHIP AND REGISTRATION RULE.

FINALLY, ADAM FAILED TO ESTABLISH, MAINTAIN, AND ENFORCE WRITTEN SUPERVISORY PROCEDURES REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE APPLICABLE SECURITIES LAWS AND REGULATIONS REGARDING LIMIT ORDERS. THIS CONSTITUTES A VIOLATION OF NASD CONDUCT RULES 2110 AND 3010.

ADAM WAS CENSURED AND FINED \$9,500.

\*\*\*\*\* \$9,500 PAID ON 12/11/97, INVOICE NO. 97-MS-985 \*\*\*\*\*

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	ALLEGED VIOLATIONS OF CONDUCT RULE 2110 AND IM-2110-2, SEC RULE 10B-10(A)(2), MEMBERSHIP AND REGISTRATION RULE 1031(A), AND CONDUCT RULES 210 AND 3010
<b>Initiated By:</b>	NASD REGULATION
<b>Date Initiated:</b>	06/17/1997
<b>Docket/Case Number:</b>	CMS 970050 AWC
<b>Principal Product Type:</b>	Equity - OTC
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Civil and Administrative Penalt(ies) /Fine(s)
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	10/17/1997
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$9,500.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	PAID \$9500.00 ON 12/09/1997 - SATISFIED





**Firm Statement** SATISFIED

#### Disclosure 40 of 44

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:**

**Initiated By:** NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

**Date Initiated:** 12/15/1995

**Docket/Case Number:** CMS950069(A)

**Principal Product Type:**

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:**

**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 02/20/1996

**Sanctions Ordered:** Censure  
Monetary/Fine \$20,000.00

**Other Sanctions Ordered:**

**Sanction Details:**

**Regulator Statement** LETTER OF ACCEPTANCE, WAIVER AND CONSENT NO. CMS950069(A) AWC

THIS AWC WAS FILED BY THE MARKET SURVEILLANCE COMMITTEE (MSC) AGAINST ADAMS, HARKNESS & HILL, INC. (ADAM) ON DECEMBER 15, 1995 ALLEGING VIOLATIONS OF SCHEDULE D TO THE ASSOCIATION'S BY-LAWS WITH REGARD TO LATE TRADE REPORTING; ARTICLE III, SECTIONS 1 AND 12 OF THE ASSOCIATION'S RULES OF FAIR PRACTICE AND SECTION 10(b) OF THE SECURITIES EXCHANGE ACT OF 1934 AND RULE 10b-10 THEREUNDER WITH REGARD TO DISCLOSURE ON CONFIRMATIONS AND ARTICLE III, SECTIONS 1 AND 27 OF THE RFP FOR FAILING ESTABLISH, MAINTAIN AND ENFORCE WRITTEN PROCEDURES TO PREVENT THE VIOLATIONS ALLEGED ABOVE. ADAM IS ALSO ALLEGEDLY IN VIOLATION OF THE BOARD OF GOVERNORS INTERPRETATION CONCERNING THE OBLIGATION OF MEMBERS TO REPORT TRANSACTIONS



WITHIN 90 SECONDS OF EXECUTION.

BASED ON THE FOREGOING, ADAMS CONSENTS TO THE ASSOCIATION IMPOSING ON IT, THE FOLLOWING SANCTIONS: A CENSURE AND A FINE OF \$20,000.

THE AWC BECAME FINAL ON FEBRUARY 20, 1996.

\*\*\$20,000.00 PAID ON 03/14/96, INVOICE # 96-MS-150\*\*

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	NASD REVIEWED TRADE REPORTING PRACTICES FOR 09/94 - 02/95 AND IDENTIFIED TECHNICAL TRADE REPORTING VIOLATIONS - THE BULK OF WHICH OCCURRED BEFORE THE IMPLEMENTATION OF AN ELECTRONIC TRADE SUPPORT SYSTEM - ATTRIBUTABLE TO HUMAN ERROR GIVEN THE INCREASED VOLUME.
<b>Initiated By:</b>	NATIONAL ASSOCIATION OF SECURITIES DEALERS
<b>Date Initiated:</b>	12/15/1995
<b>Docket/Case Number:</b>	CMS950069(A) AWC
<b>Principal Product Type:</b>	Equity - OTC
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Civil and Administrative Penalt(ies) /Fine(s)
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	02/20/1996
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$20,000.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	\$20000.00 PAID IN 1996 - SATISFIED
<b>Firm Statement</b>	SATISFIED



## Disclosure 41 of 44

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	
<b>Initiated By:</b>	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
<b>Date Initiated:</b>	12/28/1995
<b>Docket/Case Number:</b>	CMS950030
<b>Principal Product Type:</b>	
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	12/28/1995
<b>Sanctions Ordered:</b>	Monetary/Fine \$500.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	
<b>Regulator Statement</b>	<p>LETTER OF ACCEPTANCE, WAIVER AND CONSENT NO. CMS950030 AWC (AWC) FILED BY THE MARKET SURVEILLANCE COMMITTEE (MSC) AGAINST ADAMS, HARKNESS &amp; HILL, INC. (ADAM) ALLEGING VIOLATION OF ARTICLE III, SECTION 1 OF THE ASSOCIATION'S RULES OF FAIR PRACTICE IN THAT ADAM ENTERED AN ORDER IN THE SELECTNET SYSTEM (SNET) WHICH CONTAINED A MESSAGE IN THE "TEXT MSG" FIELD, WHICH IS INAPPROPRIATE, UNRELATED TO THE ORDER AND CONTRARY TO THE PURPOSE AND FUNCTION OF SNET.</p> <p>THE MSC IMPOSED A FINE OF \$500 AGAINST ADAM. THE AWC BECAME FINAL ON DECEMBER 28, 1995.</p> <p>**\$500.00 PAID ON 10/10/95, INVOICE # 96-12-48**</p>

**Reporting Source:** Firm



**Current Status:** Final  
**Allegations:** INAPPROPRIATE TEXT MESSAGE ENTERED ON SELECTNET  
**Initiated By:** NATIONAL ASSOCIATION OF SECURITIES DEALERS  
**Date Initiated:** 01/26/1995  
**Docket/Case Number:** CMS950030AWC  
**Principal Product Type:** Equity - OTC  
**Other Product Type(s):**  
**Principal Sanction(s)/Relief Sought:** Civil and Administrative Penalt(ies) /Fine(s)  
**Other Sanction(s)/Relief Sought:**  
**Resolution:** Acceptance, Waiver & Consent(AWC)  
**Resolution Date:** 12/28/1995  
**Sanctions Ordered:** Monetary/Fine \$500.00  
**Other Sanctions Ordered:**  
**Sanction Details:** \$500.00 PAID IN 1996 - SATISFIED  
**Firm Statement** SATISFIED

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#### Disclosure 42 of 44

**Reporting Source:** Regulator  
**Current Status:** Final  
**Allegations:**  
**Initiated By:** NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.  
**Date Initiated:** 03/30/1995  
**Docket/Case Number:** C11950008  
**Principal Product Type:**  
**Other Product Type(s):**  
**Principal Sanction(s)/Relief Sought:**



**Other Sanction(s)/Relief Sought:**

**Resolution:** Consent  
**Resolution Date:** 03/30/1995  
**Sanctions Ordered:** Censure  
 Monetary/Fine \$2,500.00

**Other Sanctions Ordered:**

**Sanction Details:**

**Regulator Statement**

ON MARCH 30, 1995, DISTRICT NO. 11 NOTIFIED ADAMS, HARKNESS & HILL, INC. AND LINDA A. HORAN THAT THE LETTER OF ACCEPTANCE, WAIVER AND CONSENT NO. C11950008 WAS ACCEPTED; THEREFORE, THEY ARE CENSURED AND FINED \$2,500, JOINTLY AND SEVERALLY. - (ARTICLE III, SECTION 1 OF THE RULES OF FAIR PRACTICE - RESPONDENT MEMBER, ACTING THROUGH RESPONDENT HORAN, PARTICIPATED IN THREE NEW ISSUE DISTRIBUTIONS DEEMED TO BE HOT ISSUES, SELLING SHARES TO BANKS, TRUSTS, OR OTHER CONDUITS FOR UNDISCLOSED PRINCIPALS AS WELL AS TO INVESTMENT PARTNERSHIPS AND CORPORATIONS, WITHOUT HAVING MADE AND RECORDED AFFIRMATIVE INQUIRY OF SUCH ACCOUNT AS TO WHETHER THE PURCHASERS WERE RESTRICTED AND WITHOUT HAVING OBTAINED EITHER A CURRENT LIST OF THE NAMES AND BUSINESS CONNECTIONS OF ALL PERSONS HAVING A BENEFICIAL INTEREST IN THE ACCOUNT OR AN OPINION OF COUNSEL STATING HE REASONABLY BELIEVES THAT NO PERSON WITH A BENEFICIAL INTEREST IN THE ACCOUNT IS RESTRICTED).  
 \*\*\*\*\*  
 \*\*\*\$2,500.00 J&S PAID ON 5/26/95 INVOICE NO. 95-11-249\*\*\*

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** VIOLATION OF ART. III OF RULES OF FAIR PRACTICE. PARTICIPATION IN 3 NEW ISSUE DISTRIBUTIONS DEEMED TO BE HOT ISSUES IN WHICH SALES WERE MADE WITHOUT HAVING MADE AND RECORDED AFFIRMATIVE INQUIRY AS TO WHETHER THE ULTIMATE PURCHASERS OF SUCH SECURITIES WERE RESTRICTED.

**Initiated By:** NATIONAL ASSOCIATION OF SECURITIES DEALERS



**Date Initiated:** 10/01/1994  
**Docket/Case Number:** C11950008  
**Principal Product Type:** Equity - OTC  
**Other Product Type(s):**  
**Principal Sanction(s)/Relief Sought:** Civil and Administrative Penalt(ies) /Fine(s)  
**Other Sanction(s)/Relief Sought:**  
**Resolution:** Consent  
**Resolution Date:** 03/30/1995  
**Sanctions Ordered:** Monetary/Fine \$2,500.00  
**Other Sanctions Ordered:**  
**Sanction Details:** PAID \$2500 IN 1995 - SATISFIED  
**Firm Statement** SATISFIED

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#### Disclosure 43 of 44

**Reporting Source:** Regulator  
**Current Status:** Final  
**Allegations:** NONE PROVIDED  
**Initiated By:** NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.  
**Date Initiated:** 02/01/1984  
**Docket/Case Number:**  
**Principal Product Type:** No Product  
**Other Product Type(s):**  
**Principal Sanction(s)/Relief Sought:**  
**Other Sanction(s)/Relief Sought:**  
**Resolution:** Decision  
**Resolution Date:** 02/01/1984



**Sanctions Ordered:** Monetary/Fine \$750.00

**Other Sanctions Ordered:**

**Sanction Details:** THE NASD IMPOSED A \$750 FINE

**Regulator Statement** ON FEBRUARY 1, 1984, THE NASD IMPOSED A \$750 FINE ON ADAMS, HARKNESS & HILL, INC. FOR FAILING TO REPORT, ON CERTAIN OCCASIONS, NASDAQ VOLUME.....SEE BDA JDS 10047, 23787.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** THE NASD IMPOSED A FINE ON THE FIRM FOR FAILING TO REPORT, ON OCCASION, NASDAQ VOLUME.

**Initiated By:** NATIONAL ASSOCIATION OF SECURITIES DEALERS

**Date Initiated:** 02/01/1984

**Docket/Case Number:**

**Principal Product Type:** Equity - OTC

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:** Civil and Administrative Penalt(ies) /Fine(s)

**Other Sanction(s)/Relief Sought:**

**Resolution:** Consent

**Resolution Date:** 02/01/1984

**Sanctions Ordered:** Monetary/Fine \$750.00

**Other Sanctions Ordered:**

**Sanction Details:** \$750 PAID IN 1984. SATISFIED

**Firm Statement** SATISFIED

#### Disclosure 44 of 44

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:**



**Initiated By:** NEW YORK STOCK EXCHANGE  
**Date Initiated:** 03/31/1980  
**Docket/Case Number:** 79-52  
**Principal Product Type:**  
**Other Product Type(s):**  
**Principal Sanction(s)/Relief Sought:**  
**Other Sanction(s)/Relief Sought:**  
**Resolution:** Consent  
**Resolution Date:** 03/31/1980  
**Sanctions Ordered:** Censure  
 Monetary/Fine \$3,000.00  
**Other Sanctions Ordered:**  
**Sanction Details:**  
**Regulator Statement** NYSE: 03/31/80:  
 DECISION 79-52 HEARING PANEL IMPOSED THE  
 PENALTY CONSENTED TO BY THE  
 FIRM OF A CENSURE AND A  
 \$3,000 FINE.

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**Reporting Source:** Firm  
**Current Status:** Final  
**Allegations:** THE NYSE CENSURED THE FIRM AND IMPOSED A FINE FOR, ON  
 OCCASSION, FAILING TO LIQUIDATE CUSTOMER ACCOUNTS AS REQUIRED  
 BY REGULATION T.  
**Initiated By:** NEW YORK STOCK EXCHANGE  
**Date Initiated:** 08/01/1978  
**Docket/Case Number:** 79-52  
**Principal Product Type:** Equity - OTC  
**Other Product Type(s):**





<b>Principal Sanction(s)/Relief Sought:</b>	Censure
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Consent
<b>Resolution Date:</b>	03/31/1980
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$3,000.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	\$3000.00 PAID IN 1980. SATISFIED
<b>Firm Statement</b>	SATISFIED



## Civil Bond

This type of disclosure event involves a civil bond for the brokerage firm that has been denied, paid, or revoked by a bonding company.

### Disclosure 1 of 1

<b>Reporting Source:</b>	Firm
<b>Policy Holder:</b>	ADAMS, HARKNESS & HILL, INC.
<b>Bonding Company Name:</b>	ST. PAUL FIRE & MARINE INSURANCE CO.
<b>Disposition:</b>	Payout
<b>Disposition Date:</b>	11/08/1983
<b>Payout Details:</b>	\$853,000 - NOVEMBER 8, 1983
<b>Firm Statement</b>	ON NOVEMBER 8, 1983, ST PAUL FIRE & MARINE INSURANCE CO. PAID ADAMS, HARKNESS & HILL, INC., \$853,000 TO REPLACE A MISSING CERTIFICATE FOR 29,000 SHARES OF COMMON STOCK OF STORER COMMUNICATIONS INC. ITS LOSS IS BELIEVED TO BE THE RESULT OF DISHONEST ACTS BY A FORMER EMPLOYEE WHO WAS APPREHENDED, STOOD TRIAL IN THE COMMONWEALTH OF MASSACHUSETTS AND WAS CONVICTED.

## End of Report



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