

BrokerCheck Report

CHARDAN CAPITAL MARKETS LLC

CRD# 120128

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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



For additional information about the contents of this report, please refer to the User Guidance or 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)



CHARDAN CAPITAL MARKETS LLC

CRD# 120128

SEC# 8-65277

Main Office Location

17 STATE STREET, SUITE 2130
NEW YORK, NY 10004
Regulated by FINRA New York Office

Mailing Address

17 STATE STREET, SUITE 2130
NEW YORK, NY 10004

Business Telephone Number

(646)465-9000

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 New York on 03/05/2001.

Its fiscal year ends in December.

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
- 3 Self-Regulatory Organizations
- 40 U.S. states and territories

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

This firm conducts 8 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	14



Firm Profile

This firm is classified as a limited liability company.

This firm was formed in New York on 03/05/2001.

Its fiscal year ends in December.

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.

CHARDAN CAPITAL MARKETS LLC

Doing business as CHARDAN CAPITAL MARKETS LLC

CRD# 120128

SEC# 8-65277

Main Office Location

17 STATE STREET, SUITE 2130
NEW YORK, NY 10004

Regulated by FINRA New York Office

Mailing Address

17 STATE STREET, SUITE 2130
NEW YORK, NY 10004

Business Telephone Number

(646)465-9000

Other Names of this Firm

Name	Where is it used
CHARDAN	AK, AL, AR, AZ, CA, CO, CT, DC, DE, FL, GA, HI, IA, ID, IL, IN, KY, MA, MD, MI, MN, NC, ND, NH, NJ, NV, NY, OH, OK, OR, PA, PR, RI, SC, TX, UT, VA, VT, WA, WI
CHARDAN CAPITAL MARKETS	AK, AL, AR, AZ, CA, CO, CT, DC, DE, FL, GA, HI, IA, ID, IL, IN,

KY, MA, MD, MI, MN,
NC, ND, NH, NJ, NV,
NY, OH, OK, OR, PA,
PR, RI, SC, TX, UT,
VA, VT, WA, WI



Firm Profile

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

Direct Owners and Executive Officers

Legal Name & CRD# (if any):	CHARDAN SECURITIES, LLC
Is this a domestic or foreign entity or an individual?	Domestic Entity
Position	MEMBER
Position Start Date	05/2003
Percentage of Ownership	75% or more
Does this owner direct the management or policies of the firm?	No
Is this a public reporting company?	No

Legal Name & CRD# (if any):	BLAKEMAN, SCOTT ADAM 4541561
Is this a domestic or foreign entity or an individual?	Individual
Position	HEAD TRADER
Position Start Date	02/2015
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):	GROSSMAN, JONAS SVEN MAGNUS 3186901
Is this a domestic or foreign entity or an individual?	Individual
Position	PRESIDENT
Position Start Date	09/2015



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): MILLER, ANDREW DAVID
5106774

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

Position FINOP

Position Start Date 06/2017

Percentage of Ownership Less than 5%

Does this owner direct the management or policies of the firm? No

Is this a public reporting company? No

Legal Name & CRD# (if any): MILLER, ANDREW DAVID
5106774

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

Position PRINCIPAL OPERATIONS OFFICER

Position Start Date 10/2018

Percentage of Ownership Less than 5%

Does this owner direct the management or policies of the firm? No

Is this a public reporting company? No

Legal Name & CRD# (if any): MILLER, ANDREW DAVID

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

5106774

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

Position PRINCIPAL FINANCIAL OFFICER

Position Start Date 10/2018

Percentage of Ownership Less than 5%

Does this owner direct the management or policies of the firm? No

Is this a public reporting company? No

Legal Name & CRD# (if any): PROPPER, KERRY SCOT
2916505

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

Position MANAGING MEMBER

Position Start Date 09/2015

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): SMITH, DANIEL JAMES
708743

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

Position AML COMPLIANCE OFFICER

Position Start Date 12/2018

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? No

Is this a public reporting company? No

Legal Name & CRD# (if any): SOUTHWICK, DWIGHT CHRISTIAN
1353036

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

Position CHIEF COMPLIANCE OFFICER

Position Start Date 03/2019

Percentage of Ownership Less than 5%

Does this owner direct the management or policies of the firm? No

Is this a public reporting company? No

Legal Name & CRD# (if any): URBACH, STEVEN AARON
4137317

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

Position CEO

Position Start Date 09/2015

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



Firm Profile

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

Indirect Owners

Legal Name & CRD# (if any):	PROPPER, KERRY SCOT 2916505
Is this a domestic or foreign entity or an individual?	Individual
Company through which indirect ownership is established	CHARDAN SECURITIES, LLC
Relationship to Direct Owner	MEMBER/OWNER
Relationship Established	01/2002
Percentage of Ownership	25% but less than 50%
Does this owner direct the management or policies of the firm?	Yes
Is this a public reporting company?	No

Legal Name & CRD# (if any):	URBACH, STEVEN AARON 4137317
Is this a domestic or foreign entity or an individual?	Individual
Company through which indirect ownership is established	CHARDAN SECURITIES, LLC
Relationship to Direct Owner	MEMBER/OWNER
Relationship Established	01/2003
Percentage of Ownership	25% but less than 50%
Does this owner direct the management or policies of the firm?	Yes
Is this a public reporting company?	No

Firm History

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

No information reported.





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, 3 SROs and 40 U.S. states and territories.

Federal Regulator	Status	Date Effective
SEC	Approved	07/02/2002

SEC Registration Questions

This firm is registered with the SEC as:

A broker-dealer: Yes

A broker-dealer and government securities broker or dealer: No

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	07/02/2002
NYSE Arca, Inc.	Approved	11/10/2005
Nasdaq Stock Market	Approved	07/12/2006

Firm Operations



Registrations (continued)

U.S. States & Territories	Status	Date Effective
Alabama	Approved	03/31/2008
Alaska	Approved	03/03/2008
Arizona	Approved	03/25/2008
Arkansas	Approved	04/08/2008
California	Approved	10/22/2003
Colorado	Approved	03/12/2008
Connecticut	Approved	04/03/2008
Delaware	Approved	04/09/2008
District of Columbia	Approved	03/19/2008
Florida	Approved	09/28/2005
Georgia	Approved	04/15/2008
Hawaii	Approved	07/21/2008
Idaho	Approved	03/04/2008
Illinois	Approved	04/10/2008
Indiana	Approved	06/05/2015
Iowa	Approved	06/10/2013
Kentucky	Approved	03/24/2008
Maryland	Approved	02/10/2005
Massachusetts	Approved	03/25/2008
Michigan	Approved	03/26/2008
Minnesota	Approved	03/18/2008
Nevada	Approved	03/19/2008
New Hampshire	Approved	04/16/2015
New Jersey	Approved	01/23/2004
New York	Approved	07/08/2002
North Carolina	Approved	03/27/2015
North Dakota	Approved	04/02/2008
Ohio	Approved	06/12/2008
Oklahoma	Approved	04/11/2011
Oregon	Approved	03/24/2015
Pennsylvania	Approved	03/27/2008
Puerto Rico	Approved	07/14/2015
Rhode Island	Approved	01/21/2015

U.S. States & Territories	Status	Date Effective
South Carolina	Approved	03/27/2008
Texas	Approved	04/24/2008
Utah	Approved	06/01/2009
Vermont	Approved	07/07/2015
Virginia	Approved	03/19/2008
Washington	Approved	03/18/2008
Wisconsin	Approved	03/26/2008



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 8 types of businesses.

Types of Business

Exchange member engaged in exchange commission business other than floor activities

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)

Trading securities for own account

Private placements of securities

Other - PRODUCE AND PUBLISH RESEARCH REPORTS(AS DEFINED IN RULE 2241)

Other Types of Business

This firm does not 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:	WEDBUSH SECURITIES INC.
CRD #:	877
Business Address:	1000 WILSHIRE BLVD SUITE 900 LOS ANGELES, CA 90017
Effective Date:	11/06/2017
Description:	FULLY DISCLOSED CLEARING AGREEMENT

Firm Operations

Industry Arrangements



This firm does not have books or records maintained by a third party.

This firm does not have accounts, funds, or securities maintained by a third party.

This firm does not have customer accounts, funds, or securities maintained by a third party.

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.

ATW PARTNERS LLC is under common control with the firm.

CRD #:	283146
Business Address:	325 FIFTH AVE NEW YORK, NY 10016
Effective Date:	03/23/2016
Foreign Entity:	No
Country:	
Securities Activities:	Yes
Investment Advisory Activities:	Yes
Description:	KERRY PROPPER IS A CONTROL PERSON OF CHARDAN CAPITAL MARKETS AND IS ALSO A PARTNER AND CONTROL PERSON OF ATW PARTNERS. CHARDAN CAPITAL MARKETS HAS NO FINANCIAL INTEREST IN ATW PARTNERS. CHARDAN CAPITAL MARKETS DOES NOT EXERCISE ANY CONTROL OVER ATW PARTNERS AND ATW DOES NOT EXERCISE ANY CONTROL OVER CHARDAN CAPITAL MARKETS.

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.

	Pending	Final	On Appeal
Regulatory Event	0	14	0



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 14

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 PUBLISHED RESEARCH REPORTS COVERING SUBJECT COMPANIES IN WHICH IT OMITTED, OR ERRONEOUSLY INCLUDED, DISCLOSURES REQUIRED BY CERTAIN RESEARCH REPORT DISCLOSURE REQUIREMENTS. THE FINDINGS STATED THAT THE FIRM FAILED TO DISCLOSE THAT IT WAS THE CO-MANAGER OF A SECURITIES OFFERING AND FAILED TO DISCLOSE THAT IT RECEIVED COMPENSATION FOR INVESTMENT BANKING SERVICES IN REPORTS TO WHICH THIS DISCLOSURE APPLIED. FURTHER, THE FIRM INACCURATELY DISCLOSED IN RESEARCH REPORTS THAT IT RECEIVED COMPENSATION FOR INVESTMENT BANKING SERVICES FROM THE SUBJECT COMPANY WHEN THIS DISCLOSURE DID NOT APPLY. THE FIRM ALSO FAILED TO DISCLOSE IN REPORTS THAT IT WAS A MARKET MAKER IN SECURITIES ISSUED BY THE SUBJECT COMPANY AT THE TIME OF PUBLISHING. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO ESTABLISH A REASONABLE SUPERVISORY SYSTEM AND WRITTEN PROCEDURES FOR REVIEW AND APPROVAL OF RESEARCH REPORT DISCLOSURES. THE FIRM FAILED TO REASONABLY TRACK AND COMMUNICATE THE INFORMATION NECESSARY TO MAKE REQUIRED DISCLOSURES TO THE RESEARCH SUPERVISORS WHO WERE RESPONSIBLE FOR REVIEWING AND APPROVING EACH RESEARCH REPORT BEFORE PUBLICATION. THE FINDINGS ALSO INCLUDED THAT THE FIRM FAILED TO ENFORCE WSPS REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH PROVISIONS OF THE RESEARCH RULES THAT REQUIRE FIRMS TO MANAGE CONFLICTS OF INTEREST BETWEEN RESEARCH ANALYSTS AND THOSE ENGAGED IN INVESTMENT BANKING SERVICES. THESE FAILURES INVOLVED THE SUPERVISION OF A SPECIAL EQUITIES GROUP THAT WAS A SUBGROUP OF THE FIRM'S INVESTMENT BANKING DEPARTMENT. THE FIRM FAILED TO ENFORCE ITS POLICIES AND PROCEDURES TO BLOCK DIRECT EMAIL COMMUNICATIONS BETWEEN THE GROUP INVESTMENT BANKING PERSONNEL AND RESEARCH PERSONNEL OR ENSURE THAT COMPLIANCE ACTED AS AN INTERMEDIARY FOR COMMUNICATIONS BETWEEN THE GROUP INVESTMENT BANKING PERSONNEL AND RESEARCH PERSONNEL. THE FIRM'S SUPERVISORY FAILURE CREATED THE RISK THAT RESEARCH ANALYSTS COULD BE INAPPROPRIATELY INFLUENCED BY THE FIRM'S INTEREST IN ATTRACTING AND MAINTAINING INVESTMENT BANKING BUSINESS.

Initiated By: FINRA

Date Initiated: 07/07/2020

Docket/Case Number: [2017054925801](#)

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: 07/07/2020

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 \$100,000.00

Other Sanctions Ordered: UNDERTAKINGS

Sanction Details: THE FIRM WAS CENSURED, FINED \$100,000, REQUIRED 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 AND REQUIRED TO CERTIFY WITHIN 90 DAYS THAT IT 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. FINES PAID IN FULL ON JULY 27, 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 PUBLISHED RESEARCH REPORTS COVERING SUBJECT COMPANIES IN WHICH IT OMITTED, OR ERRONEOUSLY INCLUDED, DISCLOSURES REQUIRED BY CERTAIN RESEARCH REPORT DISCLOSURE REQUIREMENTS. THE FINDINGS STATED THAT THE FIRM FAILED TO DISCLOSE THAT IT WAS THE CO-MANAGER OF A SECURITIES OFFERING AND FAILED TO DISCLOSE THAT IT RECEIVED COMPENSATION FOR INVESTMENT BANKING SERVICES IN REPORTS TO WHICH THIS DISCLOSURE APPLIED. FURTHER, THE FIRM INACCURATELY DISCLOSED IN RESEARCH REPORTS THAT IT RECEIVED COMPENSATION FOR INVESTMENT BANKING SERVICES FROM THE SUBJECT COMPANY WHEN THIS DISCLOSURE DID NOT APPLY. THE FIRM



ALSO FAILED TO DISCLOSE IN REPORTS THAT IT WAS A MARKET MAKER IN SECURITIES ISSUED BY THE SUBJECT COMPANY AT THE TIME OF PUBLISHING. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO ESTABLISH A REASONABLE SUPERVISORY SYSTEM AND WRITTEN PROCEDURES FOR REVIEW AND APPROVAL OF RESEARCH REPORT DISCLOSURES. THE FIRM FAILED TO REASONABLY TRACK AND COMMUNICATE THE INFORMATION NECESSARY TO MAKE REQUIRED DISCLOSURES TO THE RESEARCH SUPERVISORS WHO WERE RESPONSIBLE FOR REVIEWING AND APPROVING EACH RESEARCH REPORT BEFORE PUBLICATION. THE FINDINGS ALSO INCLUDED THAT THE FIRM FAILED TO ENFORCE WSPS REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH PROVISIONS OF THE RESEARCH RULES THAT REQUIRE FIRMS TO MANAGE CONFLICTS OF INTEREST BETWEEN RESEARCH ANALYSTS AND THOSE ENGAGED IN INVESTMENT BANKING SERVICES. THESE FAILURES INVOLVED THE SUPERVISION OF A SPECIAL EQUITIES GROUP THAT WAS A SUBGROUP OF THE FIRM'S INVESTMENT BANKING DEPARTMENT. THE FIRM FAILED TO ENFORCE ITS POLICIES AND PROCEDURES TO BLOCK DIRECT EMAIL COMMUNICATIONS BETWEEN THE GROUP INVESTMENT BANKING PERSONNEL AND RESEARCH PERSONNEL OR ENSURE THAT COMPLIANCE ACTED AS AN INTERMEDIARY FOR COMMUNICATIONS BETWEEN THE GROUP INVESTMENT BANKING PERSONNEL AND RESEARCH PERSONNEL. THE FIRM'S SUPERVISORY FAILURE CREATED THE RISK THAT RESEARCH ANALYSTS COULD BE INAPPROPRIATELY INFLUENCED BY THE FIRM'S INTEREST IN ATTRACTING AND MAINTAINING INVESTMENT BANKING BUSINESS.

Initiated By: FINRA

Date Initiated: 07/07/2020

Docket/Case Number: [2017054925801](#)

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: 07/07/2020

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

Other Sanctions Ordered: UNDERTAKINGS



Sanction Details: THE FIRM WAS CENSURED, FINED \$100,000, REQUIRED 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 AND REQUIRED TO CERTIFY TO FINRA THAT IT 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.

Firm Statement THE SUBJECT ACTIVITY OCCURRED IN 2015 AND THE FIRM PROMPTLY IMPLEMENTED A SYSTEMIC COMMUNICATIONS BLOCK AND PROCEDURAL CHANGES TO MITIGATE THE RISK OF ANY FUTURE RECURRENCE. FURTHER, THE FIRM SUBSEQUENTLY VOLUNTARILY ELECTED TO TERMINATE ITS RELATIONSHIP WITH THE INVESTMENT BANKING GROUP THAT WAS INVOLVED.

Disclosure 2 of 14

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 AN OFFERING OF A COMPANY'S COMMON STOCK HOWEVER, DURING THE RESTRICTED PERIOD IT PURCHASED SHARES OF THE COMMON STOCK ON A PRINCIPAL BASIS AS WELL AS PUBLISHED AND MAINTAINED BIDS IN THE COMMON STOCK. THE FINDINGS STATED THAT ALTHOUGH THE FIRM ACTED AS A MANAGER (OR IN A SIMILAR CAPACITY) IN THE DISTRIBUTION OF THE SECURITIES, IT FAILED TO TIMELY FILE RESTRICTED PERIOD NOTIFICATIONS AND FAILED TO TIMELY FILE TRADING NOTIFICATIONS WITH FINRA. 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 WSPS FAILED TO PROVIDE THE MINIMUM REQUIREMENTS FOR REASONABLE WSPS RELATING TO SEC REGULATION M, RULE 101, AND TIMELY SUBMISSION OF NOTIFICATIONS TO SELF-REGULATORY ORGANIZATIONS WHEN ACTING AS A MANAGER (OR IN A SIMILAR CAPACITY) IN THE DISTRIBUTION OF SECURITIES.

Initiated By: FINRA

Date Initiated: 12/20/2018

Docket/Case Number: [2015046871503](#)



Principal Product Type:	Other
Other Product Type(s):	OFFERING OF COMMON STOCK
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	12/20/2018
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
Sanction Details:	THE FIRM WAS CENSURED, FINED \$75,000 AND REQUIRED TO PROVIDE WRITTEN REPORTS TO FINRA CONCERNING THE FIRM'S IMPLEMENTATION AND EFFECTIVENESS OF ITS POLICIES, SYSTEMS, AND PROCEDURES (WRITTEN AND OTHERWISE) AND TRAINING, ENSURING THAT THE FIRM IS IN COMPLIANCE WITH SEC REGULATION M, RULE 101, AND FINRA RULE 5190(C)(1)(A) AND (B). FINES PAID IN FULL ON DECEMBER 27, 2018.
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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 WAS A DISTRIBUTION PARTICIPANT IN AN OFFERING OF A COMPANY'S COMMON STOCK HOWEVER, DURING THE RESTRICTED PERIOD IT PURCHASED SHARES OF THE COMMON STOCK ON A PRINCIPAL BASIS AS WELL AS PUBLISHED AND MAINTAINED BIDS IN THE COMMON STOCK. THE FINDINGS STATED THAT ALTHOUGH THE FIRM ACTED AS A MANAGER (OR IN A SIMILAR CAPACITY) IN THE DISTRIBUTION OF THE SECURITIES, IT FAILED TO TIMELY FILE RESTRICTED PERIOD NOTIFICATIONS AND FAILED TO TIMELY FILE TRADING NOTIFICATIONS WITH FINRA. 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 WSPS FAILED TO PROVIDE THE MINIMUM REQUIREMENTS FOR REASONABLE WSPS RELATING TO SEC REGULATION M, RULE 101, AND TIMELY SUBMISSION OF NOTIFICATIONS TO SELF-REGULATORY ORGANIZATIONS WHEN ACTING AS A MANAGER (OR IN A SIMILAR CAPACITY) IN THE DISTRIBUTION OF SECURITIES.

Initiated By: FINRA

Date Initiated: 12/20/2018

Docket/Case Number: [2015046871503](#)

Principal Product Type: Other

Other Product Type(s): OFFERING OF COMMON STOCK

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 12/20/2018

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

Other Sanctions Ordered: UNDERTAKING

Sanction Details: THE FIRM WAS CENSURED, FINED \$75,000 AND REQUIRED TO PROVIDE WRITTEN REPORTS TO FINRA CONCERNING THE FIRM'S IMPLEMENTATION AND EFFECTIVENESS OF ITS POLICIES, SYSTEMS, AND PROCEDURES (WRITTEN AND OTHERWISE) AND TRAINING, ENSURING THAT THE FIRM IS IN COMPLIANCE WITH SEC REGULATION M, RULE 101, AND FINRA RULE 5190(C)(1)(A) AND (B).

Disclosure 3 of 14

Reporting Source: Regulator

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO COMPLY WITH NYSE ARCA REQUIREMENTS BY FAILING TO TIMELY FILE ONE RESTRICTED PERIOD NOTIFICATION, FAILING TO TIMELY FILE TWO TRADING NOTIFICATIONS, AND BY FAILING TO IMPLEMENT AND



MAINTAIN A SUPERVISORY SYSTEM REASONABLY DESIGNED TO ENSURE COMPLIANCE WITH THE REQUIREMENTS OF NYSE ARCA EQUITIES RULES 5190(C)(1)(A) AND (B). THE FINDINGS STATED THAT THE FIRM WAS A DISTRIBUTION PARTICIPANT AND ACTED AS A MANAGER (OR IN A SIMILAR CAPACITY) IN THE DISTRIBUTION OF SECURITIES IN OFFERINGS OR PRIVATE PLACEMENTS OF COMMON STOCK AND PUBLISHED AND MAINTAINED BIDS IN THE COMMON STOCK. BECAUSE THE FIRM ACTED AS A MANAGER (OR IN A SIMILAR CAPACITY) IN THE DISTRIBUTION OF SECURITIES, IT WAS REQUIRED TO SUBMIT TO NYSE ARCA, IN TIMELY FASHION, RESTRICTED PERIOD NOTIFICATIONS AND TRADING NOTIFICATIONS. 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 THE RULES OF NYSE ARCA. THE FIRM'S WRITTEN SUPERVISORY PROCEDURES (WSPS) FAILED TO PROVIDE FOR THE MINIMUM REQUIREMENTS FOR ADEQUATE WSPS, IN THE FOLLOWING SUBJECT AREA: TIMELY SUBMISSION OF NOTIFICATIONS TO SELF-REGULATORY ORGANIZATIONS WHEN ACTING AS A MANAGER (OR IN A SIMILAR CAPACITY) IN THE DISTRIBUTION OF SECURITIES. THE CONDUCT DESCRIBED CONSTITUTES A VIOLATION OF NYSE ARCA EQUITIES RULE 6.18.

Initiated By: NYSE ARCA, INC.

Date Initiated: 12/19/2018

Docket/Case Number: 2015046871501

Principal Product Type: Other

Other Product Type(s): UNSPECIFIED SECURITIES

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Decision

Resolution Date: 12/19/2018

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 \$18,500.00

Other Sanctions Ordered: UNDERTAKING

Sanction Details: THE FIRM IS CENSURED, FINED \$18,500, AND SHALL UNDERTAKE TO PROVIDE TWO WRITTEN REPORTS TO FINRA (ON BEHALF OF NYSE ARCA) ON DATES THAT ARE NO MORE THAN 45 DAYS AND 90 DAYS AFTER THE DATE OF THIS DECISION, CONCERNING THE FIRM'S IMPLEMENTATION AND EFFECTIVENESS OF THE FIRM'S POLICIES, SYSTEMS, AND PROCEDURES (WRITTEN AND OTHERWISE) AND TRAINING (COLLECTIVELY, THE "CONTROLS") RELATED TO THE AREAS DESCRIBED IN THE DECISION TO ENSURE THE FIRM IS IN COMPLIANCE WITH NYSE ARCA EQUITIES RULES 5190(C)(1)(A) AND (B) AND 6.18.

Reporting Source: Firm

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO COMPLY WITH NYSE ARCA REQUIREMENTS BY FAILING TO TIMELY FILE ONE RESTRICTED PERIOD NOTIFICATION, FAILING TO TIMELY FILE TWO TRADING NOTIFICATIONS, AND BY FAILING TO IMPLEMENT AND MAINTAIN A SUPERVISORY SYSTEM REASONABLY DESIGNED TO ENSURE COMPLIANCE WITH THE REQUIREMENTS OF NYSE ARCA EQUITIES RULES 5190(C)(1)(A) AND (B). THE FINDINGS STATED THAT THE FIRM WAS A DISTRIBUTION PARTICIPANT AND ACTED AS A MANAGER (OR IN A SIMILAR CAPACITY) IN THE DISTRIBUTION OF SECURITIES IN OFFERINGS OR PRIVATE PLACEMENTS OF COMMON STOCK AND PUBLISHED AND MAINTAINED BIDS IN THE COMMON STOCK. BECAUSE THE FIRM ACTED AS A MANAGER (OR IN A SIMILAR CAPACITY) IN THE DISTRIBUTION OF SECURITIES, IT WAS REQUIRED TO SUBMIT TO NYSE ARCA, IN TIMELY FASHION, RESTRICTED PERIOD NOTIFICATIONS AND TRADING NOTIFICATIONS. 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 THE RULES OF NYSE ARCA. THE FIRM'S WRITTEN SUPERVISORY PROCEDURES (WSPS) FAILED TO PROVIDE FOR THE MINIMUM REQUIREMENTS FOR ADEQUATE WSPS, IN THE FOLLOWING SUBJECT AREA: TIMELY SUBMISSION OF NOTIFICATIONS TO SELF-REGULATORY ORGANIZATIONS WHEN ACTING AS A MANAGER (OR IN A SIMILAR CAPACITY) IN THE DISTRIBUTION OF SECURITIES. THE CONDUCT DESCRIBED CONSTITUTES A VIOLATION OF NYSE ARCA EQUITIES RULE 6.18.



Initiated By: NYSE ARCA, INC.
Date Initiated: 12/19/2018
Docket/Case Number: 2015046871501
Principal Product Type: Other
Other Product Type(s): UNSPECIFIED SECURITIES
Principal Sanction(s)/Relief Sought:
Other Sanction(s)/Relief Sought:
Resolution: Decision
Resolution Date: 12/19/2018
Sanctions Ordered: Censure
 Monetary/Fine \$18,500.00
Other Sanctions Ordered: UNDERTAKING
Sanction Details: THE FIRM IS CENSURED, FINED \$18,500, AND SHALL UNDERTAKE TO PROVIDE TWO WRITTEN REPORTS TO FINRA (ON BEHALF OF NYSE ARCA) ON DATES THAT ARE NO MORE THAN 45 DAYS AND 90 DAYS AFTER THE DATE OF THIS DECISION, CONCERNING THE FIRM'S IMPLEMENTATION AND EFFECTIVENESS OF THE FIRM'S POLICIES, SYSTEMS, AND PROCEDURES (WRITTEN AND OTHERWISE) AND TRAINING (COLLECTIVELY, THE "CONTROLS") RELATED TO THE AREAS DESCRIBED IN THE DECISION TO ENSURE THE FIRM IS IN COMPLIANCE WITH NYSE ARCA EQUITIES RULES 5190(C)(1)(A) AND (B) AND 6.18.

Disclosure 4 of 14

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 THE FIRM ACTED AS A DISTRIBUTION PARTICIPANT, AND ACTED AS A MANAGER (OR IN A SIMILAR CAPACITY) IN THE DISTRIBUTION OF SECURITIES IN AN OFFERING ENTERED 351 STABILIZING BIDS INTO THE MARKETPLACE IN CONNECTION WITH THE OFFERING OF THE SECURITIES, WHICH WERE LISTED ON THE NASDAQ STOCK MARKET, AND FAILED TO PROVIDE PRIOR NOTICE OF ITS INTENT TO ENGAGE IN SUCH ACTIVITY. 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 THE RULES OF NASDAQ. 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: REGULATION M, RULE 104, AND NASDAQ RULE 4614 [ELEMENTS (A), (B), (C), AND (D)]. BASED ON THE CONDUCT DESCRIBED THE FIRM FAILED TO COMPLY WITH SEC REGULATION M RULE 104 AND NASDAQ RULES 4614, 3010, AND 2110.

Initiated By: NASDAQ STOCK MARKET

Date Initiated: 12/13/2018

Docket/Case Number: 2015046871502

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: 12/13/2018

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 \$16,500.00

Other Sanctions Ordered: UNDERTAKING

Sanction Details: THE FIRM WAS CENSURED, FINED \$16,500 AND AN UNDERTAKES TO PROVIDE TWO WRITTEN REPORTS TO FINRA (ON BEHALF OF NASDAQ) ON DATES THAT ARE NO MORE THAN 45 DAYS AND 90 DAYS AFTER THE DATE OF THE NOTICE OF ACCEPTANCE OF THIS AWC, CONCERNING THE FIRM'S IMPLEMENTATION AND EFFECTIVENESS OF THE FIRM'S POLICIES, SYSTEMS, AND PROCEDURES (WRITTEN AND OTHERWISE) AND TRAINING (COLLECTIVELY, THE "CONTROLS") RELATED TO THE AREAS DESCRIBED IN THE AWC TO ENSURE THE FIRM IS IN COMPLIANCE WITH RULE 104 OF REGULATION M AND RULE 4614.



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 THE FIRM ACTED AS A DISTRIBUTION PARTICIPANT, AND ACTED AS A MANAGER (OR IN A SIMILAR CAPACITY) IN THE DISTRIBUTION OF SECURITIES IN AN OFFERING ENTERED 351 STABILIZING BIDS INTO THE MARKETPLACE IN CONNECTION WITH THE OFFERING OF THE SECURITIES, WHICH WERE LISTED ON THE NASDAQ STOCK MARKET, AND FAILED TO PROVIDE PRIOR NOTICE OF ITS INTENT TO ENGAGE IN SUCH ACTIVITY. 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 THE RULES OF NASDAQ. 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: REGULATION M, RULE 104, AND NASDAQ RULE 4614 [ELEMENTS (A), (B), (C), AND (D)]. BASED ON THE CONDUCT DESCRIBED THE FIRM FAILED TO COMPLY WITH SEC REGULATION M RULE 104 AND NASDAQ RULES 4614, 3010, AND 2110.

Initiated By: NASDAQ STOCK MARKET

Date Initiated: 12/13/2018

Docket/Case Number: 2015046871502

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: 12/13/2018



Sanctions Ordered:	Censure Monetary/Fine \$16,500.00
Other Sanctions Ordered:	UNDERTAKING
Sanction Details:	THE FIRM WAS CENSURED, FINED \$16,500 AND AN UNDERTAKING TO PROVIDE TWO WRITTEN REPORTS TO FINRA (ON BEHALF OF NASDAQ) ON DATES THAT ARE NO MORE THAN 45 DAYS AND 90 DAYS AFTER THE DATE OF THE NOTICE OF ACCEPTANCE OF THIS AWC, CONCERNING THE FIRM'S IMPLEMENTATION AND EFFECTIVENESS OF THE FIRM'S POLICIES, SYSTEMS, AND PROCEDURES (WRITTEN AND OTHERWISE) AND TRAINING (COLLECTIVELY, THE "CONTROLS") RELATED TO THE AREAS DESCRIBED IN THE AWC TO ENSURE THE FIRM IS IN COMPLIANCE WITH RULE 104 OF REGULATION M AND RULE 4614.

Disclosure 5 of 14

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 MAINTAIN A CONTINUOUS TWO-SIDED TRADING INTEREST DURING REGULAR MARKET HOURS AT PRICES WITHIN CERTAIN PERCENTAGES AWAY FROM THE NATIONAL BEST BID OR OFFER (NBBO). THE FINDINGS STATED THAT THE VIOLATIONS OCCURRED BECAUSE THE FIRM FAILED TO SET UP THE AUTOMATED QUOTE REFRESH FUNCTION IN ITS ORDER MANAGEMENT SYSTEM FOR EACH SECURITY THAT THE FIRM WAS A MARKET MAKER IN. THE FINDINGS ALSO STATED THAT THE FIRM'S SUPERVISORY SYSTEM WAS NOT REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH NASDAQ QUOTING OBLIGATION.
Initiated By:	NASDAQ STOCK MARKET
Date Initiated:	07/02/2018
Docket/Case Number:	2016051137601
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: 07/02/2018
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: UNDERTAKING
Sanction Details: THE FIRM WAS CENSURED, FINED \$30,000 AND REQUIRED TO REVISE THE FIRM'S WRITTEN SUPERVISORY PROCEDURES.

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 MAINTAIN A CONTINUOUS TWO-SIDED TRADING INTEREST DURING REGULAR MARKET HOURS AT PRICES WITHIN CERTAIN PERCENTAGES AWAY FROM THE NATIONAL BEST BID OR OFFER (NBBO). THE FINDINGS STATED THAT THE VIOLATIONS OCCURRED BECAUSE THE FIRM FAILED TO SET UP THE AUTOMATED QUOTE REFRESH FUNCTION IN ITS ORDER MANAGEMENT SYSTEM FOR EACH SECURITY THAT THE FIRM WAS A MARKET MAKER IN. THE FINDINGS ALSO STATED THAT THE FIRM'S SUPERVISORY SYSTEM WAS NOT REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH NASDAQ QUOTING OBLIGATION.
Initiated By: NASDAQ STOCK MARKET
Date Initiated: 07/02/2018
Docket/Case Number: 2016051137601
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:	07/02/2018
Sanctions Ordered:	Censure Monetary/Fine \$30,000.00
Other Sanctions Ordered:	UNDERTAKING
Sanction Details:	THE FIRM WAS CENSURED, FINED \$30,000 AND REQUIRED TO REVISE THE FIRM'S WRITTEN SUPERVISORY PROCEDURES.

Disclosure 6 of 14

Reporting Source:	Regulator
Current Status:	Final
Allegations:	<p>SEC ADMIN RELEASE 34-83251, MAY 16, 2018: THE SECURITIES AND EXCHANGE COMMISSION DEEMS IT APPROPRIATE AND IN THE PUBLIC INTEREST THAT PUBLIC ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS BE INSTITUTED AGAINST CHARDAN CAPITAL MARKETS, LLC ("CHARDAN").</p> <p>ON THE BASIS OF THIS ORDER AND RESPONDENT'S OFFER, THE COMMISSION FINDS THAT FROM AT LEAST OCTOBER 2013 THROUGH JUNE 2014 (THE "RELEVANT PERIOD"), CHARDAN, A REGISTERED BROKER-DEALER, FAILED TO FILE SUSPICIOUS ACTIVITY REPORTS ("SAR" OR "SARS") WHEN IT KNEW, SUSPECTED, OR HAD REASON TO SUSPECT THAT CERTAIN PENNY STOCK TRANSACTIONS IT EXECUTED ON BEHALF OF ITS CUSTOMERS INVOLVED THE USE OF ITS FIRM TO FACILITATE FRAUDULENT ACTIVITY OR HAD NO BUSINESS OR APPARENT LAWFUL PURPOSE. DURING THE RELEVANT PERIOD, CHARDAN'S ANTI-MONEY LAUNDERING ("AML") POLICIES AND PROCEDURES STATED THAT CHARDAN WOULD FILE SARS "FOR TRANSACTIONS THAT MAY BE INDICATIVE OF MONEY LAUNDERING ACTIVITY," INCLUDING, AMONG OTHER THINGS, "HEAVY TRADING IN LOW-PRICED SECURITIES" AND "TRADING THAT CONSTITUTES A SUBSTANTIAL PORTION OF ALL TRADING FOR THE DAY IN A PARTICULAR SECURITY." THE POLICIES LISTED A NUMBER OF SPECIFIC EXAMPLES OR "RED FLAGS" OF SUSPICIOUS ACTIVITIES RELATED TO HEAVY TRADING IN LOW PRICED SECURITIES AND LARGE VOLUME TRADING THAT SHOULD HAVE TRIGGERED INTERNAL REVIEWS AND, IN SOME INSTANCES, SAR FILINGS. IN PARTICULAR, THE POLICIES REQUIRED CHARDAN'S THEN CHIEF COMPLIANCE OFFICER ("CCO") AND AML OFFICER TO INVESTIGATE POTENTIAL RED FLAGS, MONITOR TRADING FOR PATTERNS OF SUSPICIOUS ACTIVITY, AND FILE</p>



SARS. DESPITE HAVING POLICIES WHICH SET FORTH RED FLAGS OF SUSPICIOUS ACTIVITIES AND THE REQUIREMENT TO REVIEW THOSE RED FLAGS, CHARDAN DID NOT CONDUCT THE REQUISITE REVIEW OF SIGNIFICANT PENNY STOCK LIQUIDATIONS THAT OCCURRED THROUGH SEVEN CUSTOMER ACCOUNTS DURING THE RELEVANT PERIOD. CHARDAN'S CLEARING FIRM, INDUSTRIAL AND COMMERCIAL BANK OF CHINA FINANCIAL SERVICES LLC ("ICBC"), RAISED MULTIPLE CONCERNS TO CHARDAN ABOUT CERTAIN OF CHARDAN'S CUSTOMERS AND THEIR TRADING IN LOW-PRICED SECURITIES. IN JUNE 2014, ICBC CEASED CLEARING PENNY STOCK TRADES, AND CHARDAN WITHDREW FROM THE PENNY STOCK BUSINESS. CHARDAN ALSO KNEW, SUSPECTED, OR HAD REASON TO SUSPECT THAT CERTAIN OF THE SEVEN CUSTOMERS WERE ENGAGED IN FRAUDULENT ACTIVITY BASED ON OTHER RED FLAGS LISTED IN THEIR POLICIES. THESE INCLUDED THE BACKGROUND AND IDENTITY OF THE CUSTOMERS, TRADING SUSPENSIONS IN CERTAIN ISSUERS THAT WERE THE SUBJECT OF PRIOR TRADING BY THE CUSTOMERS, AND NUMEROUS REGULATORY INQUIRIES RECEIVED AFTER MAY 2014 REGARDING CERTAIN OF THE CUSTOMER'S TRADING. DESPITE THE SUSPICIOUSNESS OF ITS CUSTOMERS' TRANSACTIONS, THE RELATED RED FLAGS, AND THE REQUIREMENTS OF ITS WRITTEN POLICIES TO REVIEW THOSE RED FLAGS, CHARDAN NEVER INVESTIGATED THESE RED FLAGS OR FILED A SAR DURING THE RELEVANT PERIOD RELATED TO ITS CUSTOMERS' SUSPICIOUS PENNY STOCK TRANSACTIONS. BY FAILING TO FILE SARS AS REQUIRED, CHARDAN WILLFULLY VIOLATED SECTION 17(A) OF THE EXCHANGE ACT AND RULE 17A-8 THEREUNDER.

Initiated By: UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Date Initiated: 05/16/2018

Docket/Case Number: 3-18486

Principal Product Type: Penny Stock(s)

Other Product Type(s):

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

Other Sanction(s)/Relief Sought:

Resolution: Order

Resolution Date: 05/16/2018



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 \$1,000,000.00 Cease and Desist/Injunction
Other Sanctions Ordered:	
Sanction Details:	THE FIRM SHALL CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF SECTION 17(A) OF THE EXCHANGE ACT AND RULE 17A-8 PROMULGATED THEREUNDER. RESPONDENT IS CENSURED, AND SHALL PAY CIVIL PENALTIES OF \$1,000,000.
Regulator Statement	IN ANTICIPATION OF THE INSTITUTION OF THESE PROCEEDINGS, RESPONDENT HAS SUBMITTED AN OFFER OF SETTLEMENT (THE OFFER) WHICH THE COMMISSION HAS DETERMINED TO ACCEPT. IN VIEW OF THE FOREGOING, THE COMMISSION DEEMS IT APPROPRIATE IN THE PUBLIC INTEREST TO IMPOSE THE SANCTIONS AGREED TO IN THE RESPONDENT'S OFFER. ACCORDINGLY, IT IS HEREBY ORDERED THAT RESPONDENT SHALL CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF SECTION 17(A) OF THE EXCHANGE ACT AND RULE 17A-8 PROMULGATED THEREUNDER. RESPONDENT IS CENSURED, AND SHALL PAY CIVIL PENALTIES OF \$1,000,000.
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Reporting Source:	Firm
Current Status:	Final
Allegations:	SEC ADMIN RELEASE 34-83251, MAY 16, 2018: THE SECURITIES AND EXCHANGE COMMISSION DEEMS IT APPROPRIATE AND IN THE PUBLIC INTEREST THAT PUBLIC ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS BE INSTITUTED AGAINST CHARDAN CAPITAL MARKETS, LLC ("CHARDAN"). ON THE BASIS OF THIS ORDER AND RESPONDENT'S OFFER, THE COMMISSION FINDS THAT FROM AT LEAST OCTOBER 2013 THROUGH JUNE 2014 (THE "RELEVANT PERIOD"), CHARDAN, A REGISTERED BROKER-DEALER, FAILED TO FILE SUSPICIOUS ACTIVITY REPORTS ("SAR" OR "SARS") WHEN IT KNEW, SUSPECTED, OR HAD REASON TO SUSPECT THAT CERTAIN PENNY STOCK TRANSACTIONS IT EXECUTED ON BEHALF OF ITS CUSTOMERS INVOLVED THE USE OF ITS FIRM TO FACILITATE FRAUDULENT ACTIVITY OR HAD NO BUSINESS OR



APPARENT LAWFUL PURPOSE. DURING THE RELEVANT PERIOD, CHARDAN'S ANTI-MONEY LAUNDERING ("AML") POLICIES AND PROCEDURES STATED THAT CHARDAN WOULD FILE SARs "FOR TRANSACTIONS THAT MAY BE INDICATIVE OF MONEY LAUNDERING ACTIVITY," INCLUDING, AMONG OTHER THINGS, "HEAVY TRADING IN LOW-PRICED SECURITIES" AND "TRADING THAT CONSTITUTES A SUBSTANTIAL PORTION OF ALL TRADING FOR THE DAY IN A PARTICULAR SECURITY." THE POLICIES LISTED A NUMBER OF SPECIFIC EXAMPLES OR "RED FLAGS" OF SUSPICIOUS ACTIVITIES RELATED TO HEAVY TRADING IN LOW PRICED SECURITIES AND LARGE VOLUME TRADING THAT SHOULD HAVE TRIGGERED INTERNAL REVIEWS AND, IN SOME INSTANCES, SAR FILINGS. IN PARTICULAR, THE POLICIES REQUIRED CHARDAN'S THEN CHIEF COMPLIANCE OFFICER ("CCO") AND AML OFFICER TO INVESTIGATE POTENTIAL RED FLAGS, MONITOR TRADING FOR PATTERNS OF SUSPICIOUS ACTIVITY, AND FILE SARs. DESPITE HAVING POLICIES WHICH SET FORTH RED FLAGS OF SUSPICIOUS ACTIVITIES AND THE REQUIREMENT TO REVIEW THOSE RED FLAGS, CHARDAN DID NOT CONDUCT THE REQUISITE REVIEW OF SIGNIFICANT PENNY STOCK LIQUIDATIONS THAT OCCURRED THROUGH SEVEN CUSTOMER ACCOUNTS DURING THE RELEVANT PERIOD. CHARDAN'S CLEARING FIRM, INDUSTRIAL AND COMMERCIAL BANK OF CHINA FINANCIAL SERVICES LLC ("ICBC"), RAISED MULTIPLE CONCERNS TO CHARDAN ABOUT CERTAIN OF CHARDAN'S CUSTOMERS AND THEIR TRADING IN LOW-PRICED SECURITIES. IN JUNE 2014, ICBC CEASED CLEARING PENNY STOCK TRADES, AND CHARDAN WITHDREW FROM THE PENNY STOCK BUSINESS. CHARDAN ALSO KNEW, SUSPECTED, OR HAD REASON TO SUSPECT THAT CERTAIN OF THE SEVEN CUSTOMERS WERE ENGAGED IN FRAUDULENT ACTIVITY BASED ON OTHER RED FLAGS LISTED IN THEIR POLICIES. THESE INCLUDED THE BACKGROUND AND IDENTITY OF THE CUSTOMERS, TRADING SUSPENSIONS IN CERTAIN ISSUERS THAT WERE THE SUBJECT OF PRIOR TRADING BY THE CUSTOMERS, AND NUMEROUS REGULATORY INQUIRIES RECEIVED AFTER MAY 2014 REGARDING CERTAIN OF THE CUSTOMER'S TRADING. DESPITE THE SUSPICIOUSNESS OF ITS CUSTOMERS' TRANSACTIONS, THE RELATED RED FLAGS, AND THE REQUIREMENTS OF ITS WRITTEN POLICIES TO REVIEW THOSE RED FLAGS, CHARDAN NEVER INVESTIGATED THESE RED FLAGS OR FILED A SAR DURING THE RELEVANT PERIOD RELATED TO ITS CUSTOMERS' SUSPICIOUS PENNY STOCK TRANSACTIONS. BY FAILING TO FILE SARs AS REQUIRED, CHARDAN WILLFULLY VIOLATED SECTION 17(A) OF THE EXCHANGE ACT AND RULE 17A-8 THEREUNDER.

Initiated By: UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Date Initiated: 05/16/2018
Docket/Case Number: 3-18486



Principal Product Type: Penny Stock(s)

Other Product Type(s):

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

Other Sanction(s)/Relief Sought:

Resolution: Other

Resolution Date: 05/16/2018

Sanctions Ordered: Censure
Monetary/Fine \$1,000,000.00
Cease and Desist/Injunction

Other Sanctions Ordered:

Sanction Details: THE FIRM SHALL CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF SECTION 17(A) OF THE EXCHANGE ACT AND RULE 17A-8 PROMULGATED THEREUNDER. RESPONDENT IS CENSURED, AND SHALL PAY CIVIL PENALTIES OF \$1,000,000.

Firm Statement

IN ANTICIPATION OF THE INSTITUTION OF THESE PROCEEDINGS, RESPONDENT HAS SUBMITTED AN OFFER OF SETTLEMENT (THE OFFER) WHICH THE COMMISSION HAS DETERMINED TO ACCEPT. IN VIEW OF THE FOREGOING, THE COMMISSION DEEMS IT APPROPRIATE IN THE PUBLIC INTEREST TO IMPOSE THE SANCTIONS AGREED TO IN THE RESPONDENT'S OFFER. ACCORDINGLY, IT IS HEREBY ORDERED THAT RESPONDENT SHALL CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF SECTION 17(A) OF THE EXCHANGE ACT AND RULE 17A-8 PROMULGATED THEREUNDER. RESPONDENT IS CENSURED, AND SHALL PAY CIVIL PENALTIES OF \$1,000,000.

ON THE ADVICE OF COUNSEL THE FIRM AGREED TO RESOLVE THE MATTER. IT IS IMPORTANT TO NOTE THAT THE MATTER (I) RELATED TO ONLY 7 DVP/RVP ACCOUNTS, ALL OF WHICH HAVE BEEN CLOSED FOR YEARS; (II) NO RETAIL CUSTOMERS WERE INVOLVED NOR WERE ANY CUSTOMERS OF THE FIRM HARMED; (III) THE UNDERLYING ACTIVITY TOOK PLACE MORE THAN 4 YEARS EARLIER; AND (IV) THE FIRM HAS LONG SINCE EXITED THIS LINE OF BUSINESS.

Disclosure 7 of 14

Reporting Source: Regulator

Current Status: Final



Allegations: NOTICE OF FINES FOR MINOR RULE PLAN VIOLATIONS: THE FIRM FAILED TO REGISTER SIX EMPLOYEES WITH NYSE ARCA EQUITIES, INC. IN ACCORDANCE WITH EXCHANGE RULE REQUIREMENTS. THE FINDINGS STATED THAT SPECIFICALLY, THE FIRM FAILED TO REGISTER THREE EMPLOYEES AS GENERAL SECURITIES PRINCIPALS ("GP"), A FOURTH EMPLOYEE AS A GENERAL SECURITIES REPRESENTATIVE ("GSR") AND A GP, A FIFTH EMPLOYEE AS A GSR, SECURITIES TRADER ("TD"), AND A GP, AND A SIXTH EMPLOYEE AS A GSR. THESE EMPLOYEES INCLUDED THE FIRM'S PRESIDENT, CEO, AND CCO. EACH OF THE EMPLOYEES WAS PROPERLY QUALIFIED, BUT FAILED TO TIMELY REGISTER WITH NYSE ARCA EQUITIES, INC. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM REASONABLY DESIGNED TO ENSURE COMPLIANCE WITH THE RULES OF THE NYSE ARCA EQUITIES, INC. REGARDING REGISTRATION OF SECURITIES TRADERS, PRINCIPALS, AND FINANCIAL/OPERATIONS PRINCIPALS ("FINOP"). AS A RESULT OF ITS LACK OF SUCH A SYSTEM, THE FIRM FAILED TO REGISTER THE AFOREMENTIONED SIX EMPLOYEES WITH NYSE ARCA EQUITIES, INC. THE FIRM ALSO FAILED TO PROPERLY DESIGNATE ONE OF THE SIX AFOREMENTIONED EMPLOYEES AS A FINOP WITH NYSE ARCA EQUITIES, INC. THE FINOP WAS PROPERLY QUALIFIED, BUT FAILED TO TIMELY REGISTER WITH NYSE ARCA EQUITIES, INC. THE VIOLATIVE CONDUCTS TOOK PLACE FOR ALMOST 12 YEARS.

Initiated By: NYSE ARCA, INC.

Date Initiated: 04/16/2018

Docket/Case Number: 20170552820

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Other

Resolution Date: 04/16/2018

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 \$4,500.00

Other Sanctions Ordered:

Sanction Details: THE FIRM WAS FINED \$4,500.

Reporting Source: Firm

Current Status: Final

Allegations: NOTICE OF FINES FOR MINOR RULE PLAN VIOLATIONS: THE FIRM FAILED TO REGISTER SIX EMPLOYEES WITH NYSE ARCA EQUITIES, INC. IN ACCORDANCE WITH EXCHANGE RULE REQUIREMENTS. THE FINDINGS STATED THAT SPECIFICALLY, THE FIRM FAILED TO REGISTER THREE EMPLOYEES AS GENERAL SECURITIES PRINCIPALS ("GP"), A FOURTH EMPLOYEE AS A GENERAL SECURITIES REPRESENTATIVE ("GSR") AND A GP, A FIFTH EMPLOYEE AS A GSR, SECURITIES TRADER ("TD"), AND A GP, AND A SIXTH EMPLOYEE AS A GSR. THESE EMPLOYEES INCLUDED THE FIRM'S PRESIDENT, CEO, AND CCO. EACH OF THE EMPLOYEES WAS PROPERLY QUALIFIED, BUT FAILED TO TIMELY REGISTER WITH NYSE ARCA EQUITIES, INC. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM REASONABLY DESIGNED TO ENSURE COMPLIANCE WITH THE RULES OF THE NYSE ARCA EQUITIES, INC. REGARDING REGISTRATION OF SECURITIES TRADERS, PRINCIPALS, AND FINANCIAL/OPERATIONS PRINCIPALS ("FINOP"). AS A RESULT OF ITS LACK OF SUCH A SYSTEM, THE FIRM FAILED TO REGISTER THE AFOREMENTIONED SIX EMPLOYEES WITH NYSE ARCA EQUITIES, INC. THE FIRM ALSO FAILED TO PROPERLY DESIGNATE ONE OF THE SIX AFOREMENTIONED EMPLOYEES AS A FINOP WITH NYSE ARCA EQUITIES, INC. THE FINOP WAS PROPERLY QUALIFIED, BUT FAILED TO TIMELY REGISTER WITH NYSE ARCA EQUITIES, INC. THE VIOLATIVE CONDUCTS TOOK PLACE FOR ALMOST 12 YEARS.

Initiated By: NYSE ARCA, INC.

Date Initiated: 04/16/2018

Docket/Case Number: 20170552820

Principal Product Type: No Product

**Other Product Type(s):****Principal Sanction(s)/Relief Sought:****Other Sanction(s)/Relief Sought:****Resolution:** Other**Resolution Date:** 04/16/2018**Sanctions Ordered:** Monetary/Fine \$4,500.00**Other Sanctions Ordered:****Sanction Details:** THE FIRM WAS FINED \$4,500.**Firm Statement**

WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, THE FIRM AGREED TO SETTLE THIS MATTER ARISING FROM NOT PROPERLY REGISTERED CERTAIN FIRM PERSONNEL WITH NYSE/ARCA WHO HAD THE ABILITY AND RESPONSIBILITY TO TRADE NYSE/ARCA LISTED SECURITIES. ALL SUCH INDIVIDUALS POSSESSED THE REQUIRED QUALIFYING EXAMINATIONS BUT THE PROPER REGISTRATION CATEGORY WAS INADVERTENTLY OMITTED FROM THEIR FORMS U4.

Disclosure 8 of 14**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 CONDUCT REVIEWS FOR POTENTIAL MARKING-THE-CLOSE ACTIVITIES, AS REQUIRED BY ITS WRITTEN SUPERVISORY PROCEDURES (WSPS). THE FINDINGS STATED THAT THE REPORTS RELIED UPON BY THE FIRM FAILED TO IDENTIFY POTENTIAL PROHIBITED TRANSACTIONS AND PRACTICES IN PROPRIETARY ACCOUNTS, INCLUDING POTENTIAL MARKING-THE-CLOSE TRANSACTIONS, INVOLVING TWO OVER-THE-COUNTER (OTC) MARKETPLACE SECURITIES. BECAUSE PROPRIETARY ORDERS DIRECTED BY THE FIRM'S PROPRIETARY TRADER WERE PLACED ON THOSE MARKETS, THE FIRM FAILED TO SURVEIL THOSE ORDERS AND FAILED TO DETECT AND PREVENT POTENTIAL MARKING-THE-CLOSE ACTIVITY AS REQUIRED BY THE FIRM'S WSPS. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO ENFORCE A SUPERVISORY SYSTEM, INCLUDING WSPS TO SUPERVISE THE ACTIVITIES OF THE FIRM'S REGISTERED REPRESENTATIVES AND ASSOCIATED PERSONS, THAT WAS REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES



LAWS AND REGULATIONS AND FINRA RULES. ALTHOUGH THE FIRM'S WSPS INCLUDED PROCEDURES TO DETECT PROHIBITED TRANSACTIONS AND PRACTICES IN PROPRIETARY ACCOUNTS, SUCH AS THE PROPRIETARY TRADER'S MARKING-THE-CLOSE ACTIVITIES, THE FIRM FAILED TO CONDUCT ORDER REVIEWS FOR MARKING ACTIVITIES, AS REQUIRED BY ITS WSPS. THE PROPRIETARY TRADER'S MARKING-THE-CLOSE ACTIVITIES TOOK PLACE IN TWO OTC MARKETS AND, THEREFORE, THE FIRM FAILED TO REASONABLY SUPERVISE FOR POTENTIAL MARKING ACTIVITIES IN OTC MARKETPLACE SECURITIES.

Initiated By: FINRA

Date Initiated: 09/28/2017

Docket/Case Number: [2011030509803](#)

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: 09/28/2017

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 \$135,000.00

Other Sanctions Ordered: UNDERTAKING: ADDRESS THE DEFICIENCIES DESCRIBED HEREIN

Sanction Details: THE FIRM WAS CENSURED, FINED \$135,000 AND UNDERTAKES TO ADDRESS THE DEFICIENCIES DESCRIBED HEREIN. FINES PAID IN FULL ON OCTOBER 10, 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 CONDUCT REVIEWS FOR POTENTIAL MARKING-THE-CLOSE ACTIVITIES, AS REQUIRED BY ITS WRITTEN SUPERVISORY PROCEDURES (WSPS). THE FINDINGS STATED THAT THE REPORTS RELIED UPON BY THE FIRM FAILED TO IDENTIFY POTENTIAL PROHIBITED TRANSACTIONS AND PRACTICES IN PROPRIETARY ACCOUNTS, INCLUDING POTENTIAL MARKING-THE-CLOSE TRANSACTIONS, INVOLVING TWO OVER-THE-COUNTER (OTC) MARKETPLACE SECURITIES. BECAUSE PROPRIETARY ORDERS DIRECTED BY THE FIRM'S PROPRIETARY TRADER WERE PLACED ON THOSE MARKETS, THE FIRM FAILED TO SURVEIL THOSE ORDERS AND FAILED TO DETECT AND PREVENT POTENTIAL MARKING-THE-CLOSE ACTIVITY AS REQUIRED BY THE FIRM'S WSPS. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO ENFORCE A SUPERVISORY SYSTEM, INCLUDING WSPS TO SUPERVISE THE ACTIVITIES OF THE FIRM'S REGISTERED REPRESENTATIVES AND ASSOCIATED PERSONS, THAT WAS REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS AND REGULATIONS AND FINRA RULES. ALTHOUGH THE FIRM'S WSPS INCLUDED PROCEDURES TO DETECT PROHIBITED TRANSACTIONS AND PRACTICES IN PROPRIETARY ACCOUNTS, SUCH AS THE PROPRIETARY TRADER'S MARKING-THE-CLOSE ACTIVITIES, THE FIRM FAILED TO CONDUCT ORDER REVIEWS FOR MARKING ACTIVITIES, AS REQUIRED BY ITS WSPS. THE PROPRIETARY TRADER'S MARKING-THE-CLOSE ACTIVITIES TOOK PLACE IN TWO OTC MARKETS AND, THEREFORE, THE FIRM FAILED TO REASONABLY SUPERVISE FOR POTENTIAL MARKING ACTIVITIES IN OTC MARKETPLACE SECURITIES.

Initiated By: FINRA

Date Initiated: 09/28/2017

Docket/Case Number: [2011030509803](#)

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: 09/28/2017

Sanctions Ordered: Censure
Monetary/Fine \$135,000.00

Other Sanctions Ordered: UNDERTAKING: ADDRESS THE DEFICIENCIES DESCRIBED HEREIN



Sanction Details:	THE FIRM WAS CENSURED, FINED \$135,0 00 AND UNDERTAKES TO ADDRESS THE DEFICIENCIES DESCRIBED HEREIN.
Firm Statement	AS OF MAY 2012, THE FIRM CEASED PROPRIETARY TRADING ACTIVITY IN OTCQB AND OTCQX SECURITIES THAT LED TO THE EVENTS DESCRIBED BY THE AWC. HOWEVER, THE FIRM STILL MAINTAINS TWO-SIDED QUOTATIONS IN A SMALL NUMBER OF LEGACY SECURITIES. ONLY TWO TRADERS ARE AUTHORIZED TO UPDATE ANY OF THE FIRM'S QUOTATIONS, AND ANY SUCH UPDATES ARE REVIEWED AND APPROVED ON A REAL-TIME BASIS BY THE HEAD TRADER. ADDITIONALLY, ON A MONTHLY BASIS, THE FIRM REVIEWS AND LOGS A SAMPLE OF OTC QUOTATION UPDATES AND ENSURES THEIR COMPLIANCE WITH THE PROHIBITED TRANSACTIONS SPECIFIED IN ITS WRITTEN SUPERVISORY PROCEDURES. THEREFORE, THE FIRM HAS REMEDIATED THE ISSUES INVOLVED IN THE AWC.

Disclosure 9 of 14

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 RESTRICTED PERIODS, THE FIRM WAS A DISTRIBUTION PARTICIPANT AND ACTED AS A MANAGER (OR IN A SIMILAR CAPACITY) IN THE DISTRIBUTION OF SECURITIES IN OFFERINGS OR PRIVATE PLACEMENTS OF COMMON STOCK AND PUBLISHED AND MAINTAINED BIDS IN THE COMMON STOCK. THE FINDINGS STATED THAT THE FIRM WAS A DISTRIBUTION PARTICIPANT AND ACTED AS A MANAGER (OR IN A SIMILAR CAPACITY) IN THE DISTRIBUTION OF SECURITIES IN OFFERINGS OR A PRIVATE PLACEMENT OF COMMON STOCK AND FAILED TO TIMELY FILE A RULE 4619(E)(1)(A) NOTICE. THE FINDINGS ALSO INCLUDED 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 THE RULES OF NASDAQ. THE FIRM'S WRITTEN SUPERVISORY PROCEDURES (WSPS) FAILED TO PROVIDE FOR THE MINIMUM REQUIREMENTS FOR ADEQUATE WSPS CONCERNING MARKET MAKING AND TIMELY SUBMISSION OF NOTIFICATIONS TO SELF-REGULATORY ORGANIZATIONS WHEN ACTING AS A MANAGER (OR IN A SIMILAR CAPACITY) IN THE DISTRIBUTION OF SECURITIES.
Initiated By:	NASDAQ STOCK MARKET
Date Initiated:	06/17/2015
Docket/Case Number:	2010025490701



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: 06/17/2015
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 \$25,000.00
Other Sanctions Ordered: UNDERTAKING: REVISE THE FIRM'S WSPS.
Sanction Details: THE FIRM WAS CENSURED, FINED \$25,000 AND UNDERTAKES TO REVISE ITS WSPS.

Reporting Source: Firm
Current Status: Final
Allegations: FAILURE TO TIMELY FILE REG M AND MAINTAIN QUOTES WHILE ACTING AS A DISTRIBUTION MANAGER OR PARTICIPANT. VIOLATION OF RULE 101, NASDAQ RULE 4619(E)(1)(A)
Initiated By: NASDAQ STOCK MARKET
Date Initiated: 05/21/2015
Docket/Case Number: 20100254907-01
Principal Product Type: Equity Listed (Common & Preferred Stock)
Other Product Type(s):
Principal Sanction(s)/Relief Sought: Censure
Other Sanction(s)/Relief Sought: FINE \$25000



Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	06/17/2015
Sanctions Ordered:	Censure Monetary/Fine \$25,000.00
Other Sanctions Ordered:	REVISE THE FIRM'S WRITTEN SUPERVISORY PROCEDURES
Sanction Details:	CENSURE AND FINE OF \$25000
Firm Statement	IN MULTIPLE TRANSACTIONS THE FIRM DID NOT TIMELY FILE FORM REG M, AT THE TIME OF SOME OF THE INFRACTIONS THE FIRM ERRONEOUSLY BELIEVED THE LATE FILINGS WERE SUBJECT TO AN EXCEPTION FOUND WITHIN THE REG M FAQ'S. SUBSEQUENT REVIEW BY FINRA DETERMINED THAT THE EXCEPTION THE FIRM LOOKED TO FOR GUIDANCE DID NOT APPLY.

Disclosure 10 of 14

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 AN OFFERING OF A COMMON STOCK, WHICH TRADED ON THE OVER-THE-COUNTER BULLETIN BOARD (OTCBB). DURING THE RESTRICTED PERIOD, THE FIRM PUBLISHED AND MAINTAINED BIDS IN THE COMMON STOCK, AND PURCHASED SHARES OF THE COMMON STOCK ON A PRINCIPAL BASIS ON ONE DAY. THE FINDINGS STATED THAT, DURING RESTRICTED PERIODS, THE FIRM WAS A DISTRIBUTION PARTICIPANT AND ACTED AS A MANAGER (OR IN A SIMILAR CAPACITY) IN THE DISTRIBUTION OF SECURITIES IN OFFERINGS OR PRIVATE PLACEMENTS OF COMMON STOCK AND PUBLISHED AND MAINTAINED BIDS IN THE COMMON STOCK. FURTHER, ALTHOUGH THE FIRM ACTED AS A MANAGER (OR IN A SIMILAR CAPACITY) IN THE DISTRIBUTIONS, THE FIRM FAILED TO TIMELY FILE A REGULATION M RESTRICTED PERIOD NOTIFICATION AND, IN ONE CASE, FAILED TO TIMELY FILE A REGULATION M TRADING NOTIFICATION. THE FINDINGS ALSO STATED THAT ON CERTAIN DATES THE FIRM WAS A DISTRIBUTION PARTICIPANT AND ACTED AS A MANAGER (OR IN A SIMILAR CAPACITY) IN THE DISTRIBUTION OF SECURITIES IN OFFERINGS OR A PRIVATE PLACEMENT OF COMMON STOCK AND FAILED TO TIMELY FILE A REGULATION M RESTRICTED PERIOD NOTIFICATION. THE FINDINGS ALSO INCLUDED THAT THE FIRM ACTED AS A MANAGER (OR IN A SIMILAR CAPACITY) IN THE DISTRIBUTION OF SECURITIES IN A PRIVATE PLACEMENT OF COMMON STOCK WHICH TRADED ON THE OTCBB AND



THE FIRM FAILED TO FILE A RESTRICTED PERIOD NOTIFICATION FOR THE PRIVATE PLACEMENT. 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 THE RULES OF FINRA. THE FIRM'S WRITTEN SUPERVISORY PROCEDURES (WSPS) FAILED TO PROVIDE FOR THE MINIMUM REQUIREMENTS FOR ADEQUATE WSPS CONCERNING MARKET MAKING AND TIMELY SUBMISSION OF NOTIFICATIONS TO SELF-REGULATORY ORGANIZATIONS WHEN ACTING AS A MANAGER (OR IN A SIMILAR CAPACITY) IN THE DISTRIBUTION OF SECURITIES.

Initiated By: FINRA

Date Initiated: 06/17/2015

Docket/Case Number: [2010025490702](#)

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: 06/17/2015

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 \$35,000.00

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

Sanction Details: THE FIRM WAS CENSURED, FINED \$35,000 AND UNDERTAKES TO REVISE ITS WSPS. FINE PAID IN FULL JULY 15, 2015.

Reporting Source: Firm

Current Status: Final



Allegations:	FAILURE TO TIMELY FILE FORM REG M AND OR MAINTAINING QUOTES IN CONNECTION WITH MULTIPLE SECURITIES OFFERINGS IN WHICH IT WAS A PARTICIPANT OR MANAGER. VIOLATIONS OF RULE 101, FINRA RULE 5190(C)(1) (A)-(B)
Initiated By:	FINRA
Date Initiated:	05/21/2015
Docket/Case Number:	20100254907-02
Principal Product Type:	Equity Listed (Common & Preferred Stock)
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Censure
Other Sanction(s)/Relief Sought:	FINE OF \$35,000.00
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	06/17/2015
Sanctions Ordered:	Censure Monetary/Fine \$35,000.00
Other Sanctions Ordered:	REQUIRED TO AMEND THE FIRM'S SUPERVISORY PROCEDURES.
Sanction Details:	A CENSURE AND FINE OF \$35,000
Firm Statement	IN MULTIPLE TRANSACTIONS THE FIRM DID NOT TIMELY FILE FORM REG M, AT THE TIME OF SOME OF THE INFRACTIONS THE FIRM ERRONEOUSLY BELIEVED THE LATE FILINGS WERE SUBJECT TO AN EXCEPTION FOUND WITHIN THE REG M FAQ'S. SUBSEQUENT REVIEW BY FINRA DETERMINED THAT THE EXCEPTION THE FIRM LOOKED TO FOR GUIDANCE DID NOT APPLY DID NOT APPLY. IN ADDITION, OTHER LATE FILINGS WERE DEFICIENCIES NOTED WERE DUE TO PROCEDURAL ERRORS. THE FIRM HAS SINCE AMENDED ITS SUPERVISORY PROCEDURES TO CONFORM TO THE FINDINGS SUBJECT TO THIS AWC.

Disclosure 11 of 14

Reporting Source:	Regulator
Current Status:	Final
Allegations:	NASDAQ RULES 2110, 3010, 4613(A) - CHARDAN CAPITAL MARKETS LLC FAILED TO ENTER AND MAINTAIN TWO-SIDED TRADING INTEREST FOR SECURITIES IN WHICH THE FIRM WAS A NASDAQ REGISTERED MARKET



MAKER. THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATIONS AND NASDAQ RULES CONCERNING THE TWO-SIDED QUOTE OBLIGATION.

Initiated By: NASDAQ STOCK MARKET

Date Initiated: 06/11/2013

Docket/Case Number: 2012031679101

Principal Product Type: Other

Other Product Type(s): NASDAQ SECURITIES

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 06/11/2013

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 \$17,500.00

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 \$17,500.

Reporting Source: Firm

Current Status: Final

Allegations: NASDAQ RULES 2110, 3010, 4613(A) - CHARDAN CAPITAL MARKETS FAILED TO ENTER AND MAINTAIN TWO-SIDED TRADING INTEREST FOR SECURITIES IN WHICH THE FIRM WAS A NASDA REGISTERED MARKET MAKER. THE FIRM'S SUPERVISORY PROCEDURES DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS. REGULATIONS AND NASDAQ RULES



CONCERNING THE TWO-SIDED QUOTE OBLIGATION.

Initiated By: NASDAQ
Date Initiated: 06/11/2013
Docket/Case Number: 2012031679101

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

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought: FINE 17500.00

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 06/11/2013

Sanctions Ordered: Censure
 Monetary/Fine \$17,500.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, CHARDAN CAPITAL MARKETS CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM WAS CENSURED AND FINED \$17,500.

Firm Statement THE FIRM HAD CONTRACTED WITH NASDAQ TO MANAGE IT'S QUOTES IN NASDAQ SECURITIES AND DUE TO A SYSTEM PROBLEM AT NASDAQ, NASDAQ DROPPED THE FIRM'S QUOTE IN 17 SECURITIES OVER AN 8 DAY PERIOD. CHARDAN CAPITAL MARKETS FAILED TO DETECT THE DROPPED QUOTES IN THE 17 NASDAQ SECURITIES IN WHICH IT WAS REGISTERED AND NASDAQ NEVER NOTIFIED THE FIRM OF THE SYSTEM PROBLEM UNTIL AFTER NASDAQ, THROUGH FINRA, OPENED UP A REVIEW INTO CHARDAN'S FAILURE TO MAINTAIN A TWO-SIDED QUOTE IN THE 17 NASDAQ ISSUES OVER THE 8 DAY PERIOD. THE FIRM HAS AMENDED IT PROCEDURES FOR QUOTE MONITORING IN SECURITIES IN WHICH IT IS REGISTERED AND HAS CONTRACTED WITH A DIFFERENT THIRD PARTY PROVIDER TO MANAGE IT'S QUOTES IN NASDAQ SECURITIES.

Disclosure 12 of 14

Reporting Source: Regulator

Current Status: Final

Allegations: SEC RULE 203(B)(1) OF REGULATION SHO, NASD RULE 6130(D) - CHARDAN



CAPITAL MARKETS LLC 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, 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. THE FIRM EXECUTED SHORT SALE TRANSACTIONS AND FAILED TO REPORT THE TRANSACTIONS TO THE OVER-THE-COUNTER (OTC) TRADE REPORTING FACILITY OR THE NASD/NASDAQ TRADE REPORTING FACILITY WITH THE CORRECT SYMBOL INDICATING WHETHER TRANSACTIONS WERE BUY, SELL, SELL SHORT OR CROSS.

Initiated By: FINRA

Date Initiated: 07/29/2009

Docket/Case Number: [2007011005501](#)

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

Other Product Type(s): OTC EQUITY SECURITIES

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 07/29/2009

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 \$20,000.00

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 \$20,000.



Reporting Source: Firm

Current Status: Final

Allegations: ON 83 OCCASIONS THE FIRM ACCEPTED A SHORT SALE ORDER FROM ANOTHER PERSON WITHOUT HAVING REASONABLE GROUNDS TO BELIEVE THE SECURITY COULD BE BORROWED PURSUANT TO SEC RULE 203(B)(1) OF REG SHO. IN ADDITION ON 17 OCCASIONS THE FIRM FAILED TO APPROPRIATELY MARK AND OR REPORT SHORT SALE TRANSACTIONS WITH THE APPROPRIATE SYMBOL IN VIOLATION OF NASD RULE 6130(D).

Initiated By: FINRA

Date Initiated: 07/29/2009

Docket/Case Number: 2007011005

Principal Product Type: Equity - OTC

Other Product Type(s): EQUITY - LISTED

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought: FINE

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 07/29/2009

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

Other Sanctions Ordered: NO OTHER SANCTIONS ORDERED

Sanction Details: THE FIRM ENTERED INTO AN AWC TO SETTLE THE ASSOCIATION'S FINDINGS AS STATED ABOVE. THE FIRM AGREED TO A CENSURE FINE OF \$20000 AND AMMENDED ITS WRITTEN SUPERVISORY PROCEDURES TO CONFORM TO REG SHO.

Firm Statement TO SETTLE THE MATTER THE FIRM ENTERED INTO THIS AWC AND AMMENDED ITS WSP'S TO CONFORM TO REG SHO.

Disclosure 13 of 14

Reporting Source: Regulator

Current Status: Final

Allegations: SEC RULE 200(G) OF REGULATION SHO, NASD RULES 2110, 3010, 6130(D) - CHARDAN CAPITAL MARKETS LLC EXECUTED SHORT SALE ORDERS AND



FAILED TO PROPERLY MARK THE ORDERS AS SHORT; THE FIRM FAILED TO REPORT TO THE TRADE REPORTING FACILITY THE CORRECT SYMBOL INDICATING WHETHER TRANSACTIONS IN REPORTABLE SECURITIES WERE A BUY, SELL, SELL SHORT, SELL SHORT EXEMPT OR CROSS. 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 SALES.

Initiated By: FINRA

Date Initiated: 06/26/2008

Docket/Case Number: [2005003168301](#)

Principal Product Type: Other

Other Product Type(s): REPORTABLE SECURITIES

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 06/26/2008

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: Censure
Monetary/Fine \$10,000.00

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 \$10,000.

Reporting Source: Firm

Current Status: Final

Allegations: FINRA (FORMERLY THE NASD) ALLEGED THAT THE FIRM FAILED TO PROPERLY MARK 25 SHORT SALES ORDERS AS SHORT, FAILED



CORRECTLY REPORT 160 TRANSACTIONS ACCURATELY TO THE TRADE REPORTING FACILITY AND ALLEGED THAT THE FIRM'S SUPERVISORY PROCEDURES DID NOT PROVIDE FOR A SYSTEM TO REASONABLY ACHIEVE COMPLIANCE WITH RESPECT TO APPLICABLE SECURITIES LAWS AND REGULATIONS.

Initiated By: FINRA

Date Initiated: 05/29/2008

Docket/Case Number: 20050031683-01

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought: FINED \$5000 FOR ORDER MARKING AND REPORTING OF SHORT SALES VIOLATIONS AND \$5000 FOR SUPERVISORY VIOLATIONS

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 06/26/2008

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

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, RESPONDENT FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE THE FIRM WAS CENSURED AND FINED \$10,000.00

Disclosure 14 of 14

Reporting Source: Regulator

Current Status: Final

Allegations: NASD MARKETPLACE RULE 6130(D) AND NASD CONDUCT RULES 2110 AND 3010- RESPONDENT FIRM IT FAILED TO REPORT TO NASDAQ MARKET CENTER THE CORRECT SYMBOL INDICATING WHETHER THE TRANSACTIONS WAS A SELL SHORT OR SELL SHORT EXEMPT FOR TRANSACTIONS IN ELIGIBLE SECURITIES. THE FINDINGS STATED 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 THE RULES OF NASD, CONCERNING SHORT SALES, TRADE REPORTING, AND RECORD KEEPING.



Initiated By: NASD
Date Initiated: 11/15/2005
Docket/Case Number: [2005000268902](#)
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: 11/15/2005
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: WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, RESPONDENT FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, FIRM IS CENSURED AND FINED \$10,000.

Reporting Source: Firm
Current Status: Final
Allegations: THE NASD ALLEGED THAT THE FIRM FAILED TO REPORT CORRECTLY THE SYMBOLS INDICATING WHETHER CERTAIN TRANSACTIONS WERE SELL SHORT OR SELL SHORT EXEMPT IN ELIGIBLE SECURITIES.
Initiated By: NASD
Date Initiated: 11/15/2005
Docket/Case Number: 20050002689-02
Principal Product Type: No Product



Other Product Type(s):

Principal Sanction(s)/Relief Sought: Other

Other Sanction(s)/Relief Sought: CENSURED AND FINED

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 11/15/2005

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

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DEYNING THE ALLEGATIONS, RESPONDENT FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, FIRM IS CENSURED AND FINED \$10,000.00

End of Report



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