

BrokerCheck Report

CANTOR FITZGERALD & CO.

CRD# 134

<u>Section Title</u>	<u>Page(s)</u>
Report Summary	1
Firm Profile	2 - 15
Firm History	16
Firm Operations	17 - 53
Disclosure Events	54



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)



CANTOR FITZGERALD & CO.

CRD# 134

SEC# 8-201

Main Office Location

110 EAST 59TH STREET, 4TH FLOOR
NEW YORK, NY 10022
Regulated by FINRA New York Office

Mailing Address

110 EAST 59TH STREET, 4TH FLOOR
NEW YORK, NY 10022

Business Telephone Number

212-938-5000

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 partnership.

This firm was formed in New York on 09/25/1992.

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

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

This firm conducts 12 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	87



Firm Profile

This firm is classified as a partnership.

This firm was formed in New York on 09/25/1992.

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.

CANTOR FITZGERALD & CO.

Doing business as CANTOR FITZGERALD & CO.

CRD# 134

SEC# 8-201

Main Office Location

110 EAST 59TH STREET, 4TH FLOOR
NEW YORK, NY 10022

Regulated by FINRA New York Office

Mailing Address

110 EAST 59TH STREET, 4TH FLOOR
NEW YORK, NY 10022

Business Telephone Number

212-938-5000

Other Names of this Firm

Name	Where is it used
CANTOR DIRECT A DIVISION OF CANTOR FITZGERALD & CO.	AK, AL, AR, AZ, CA, CO, CT, DC, DE, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MA, MD, ME, MI, MN, MO, MS, MT, NC, ND, NE, NH, NJ, NM, NV, NY, OH, OK, OR, PA, PR, RI, SC, SD, TN, TX, UT, VA, VT, WA, WI, WV, WY



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): CFS CF & CO I HOLDINGS, L.P.

Is this a domestic or foreign entity or an individual? Domestic Entity

Position MANAGING GENERL PARTNER

Position Start Date 02/2007

Percentage of Ownership 75% or more

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

Is this a public reporting company? No

Legal Name & CRD# (if any): CFGM CF & CO HOLDINGS, LLC

Is this a domestic or foreign entity or an individual? Domestic Entity

Position PARTNER

Position Start Date 02/2007

Percentage of Ownership 5% but less than 10%

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

Is this a public reporting company? No

Legal Name & CRD# (if any): ANZALONE, THOMAS JOSEPH

1161513

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

Position CHIEF OPERATIONS OFFICER/PRINCIPAL OPERATIONS OFFICER

Position Start Date 10/2002

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): BANDELIER, PASCAL DANIEL
4424051

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

Position SENIOR MANAGING DIRECTOR

Position Start Date 04/2018

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): BUCCOLA, JAMES ANTHONY
4656698

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

Position SENIOR MANAGING DIRECTOR

Position Start Date 04/2018

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): CFLP CF & CO I HOLDINGS, L.P.

Firm Profile



Direct Owners and Executive Officers (continued)

Is this a domestic or foreign entity or an individual? Domestic Entity

Position LIMITED PARTNER

Position Start Date 03/2006

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): KAPLAN, MARK ELLIOT
2618079

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

Position CHAIRMAN OF SUPERVISORY COMMITTEE/HEAD OF EXECUTIVE COMMITTEE/CHIEF OPERATING OFFICER

Position Start Date 04/2018

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): KELLY, SAGE NOLAN
2528122

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

Position SENIOR MANAGING DIRECTOR

Position Start Date 04/2018

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): MERKEL, STEPHEN MARCUS
2366318

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

Position EXECUTIVE MANAGING DIRECTOR, CHIEF LEGAL OFFICER, GENERAL COUNSEL & SECRETARY

Position Start Date 07/1993

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): PAULSON, KENNETH MICHAEL
2862259

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

Position CHIEF FINANCIAL OFFICER

Position Start Date 01/2020

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): SHIELDS, WILLIAM MICHAEL

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

	2380166
Is this a domestic or foreign entity or an individual?	Individual
Position	CHIEF COMPLIANCE OFFICER
Position Start Date	12/2017
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):	YALMOKAS, JONATHAN L 2676066
Is this a domestic or foreign entity or an individual?	Individual
Position	SENIOR MANAGING DIRECTOR
Position Start Date	04/2018
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



Firm Profile

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

Indirect Owners

Legal Name & CRD# (if any):	CANTOR FITZERALD,L.P.
Is this a domestic or foreign entity or an individual?	Domestic Entity
Company through which indirect ownership is established	CFLP CFS HOLDINGS, LLC
Relationship to Direct Owner	SOLE MEMBER
Relationship Established	06/2005
Percentage of Ownership	75% or more
Does this owner direct the management or policies of the firm?	Yes
Is this a public reporting company?	No
<hr/>	
Legal Name & CRD# (if any):	CANTOR FITZGERALD SECURITIES
Is this a domestic or foreign entity or an individual?	Domestic Entity
Company through which indirect ownership is established	CFS CF & CO. I HOLDINGS, L.P.
Relationship to Direct Owner	LIMITED PARTNER
Relationship Established	06/2005
Percentage of Ownership	75% or more
Does this owner direct the management or policies of the firm?	Yes
Is this a public reporting company?	No
<hr/>	
Legal Name & CRD# (if any):	CANTOR FITZGERALD SECURITIES
Is this a domestic or foreign entity or an individual?	Domestic Entity



Firm Profile

Indirect Owners (continued)

Company through which indirect ownership is established CFS CF & CO. HOLDINGS, LLC

Relationship to Direct Owner SOLE MEMBER

Relationship Established 06/2005

Percentage of Ownership 75% or more

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

Is this a public reporting company? No

Legal Name & CRD# (if any): CANTOR FITZGERALD, L.P.

Is this a domestic or foreign entity or an individual? Domestic Entity

Company through which indirect ownership is established CFLP CFS I HOLDINGS, LP

Relationship to Direct Owner LIMITED PARTNER

Relationship Established 06/2005

Percentage of Ownership 75% or more

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

Is this a public reporting company? No

Legal Name & CRD# (if any): CANTOR FITZGERALD, L.P.

Is this a domestic or foreign entity or an individual? Domestic Entity

Company through which indirect ownership is established CFLP CF&CO I HOLDINGS, L.P.

Relationship to Direct Owner LIMITED PARTNER

Relationship Established 06/2005



Firm Profile

Indirect Owners (continued)

Percentage of Ownership 75% or more

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

Is this a public reporting company? No

Legal Name & CRD# (if any): CANTOR FITZGERALD, L.P.

Is this a domestic or foreign entity or an individual? Domestic Entity

Company through which indirect ownership is established CFLP CF&CO HOLDINGS, LLC

Relationship to Direct Owner SOLE MEMBER

Relationship Established 06/2005

Percentage of Ownership 75% or more

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

Is this a public reporting company? No

Legal Name & CRD# (if any): CF GROUP MANAGEMENT, INC.

Is this a domestic or foreign entity or an individual? Domestic Entity

Company through which indirect ownership is established CFGM CF & CO. HOLDINGS, LLC

Relationship to Direct Owner SOLE MEMBER

Relationship Established 06/2005

Percentage of Ownership 75% or more

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

Is this a public reporting company? No



Firm Profile

Indirect Owners (continued) company?

Legal Name & CRD# (if any):	CF GROUP MANAGEMENT, INC.
Is this a domestic or foreign entity or an individual?	Domestic Entity
Company through which indirect ownership is established	CFGM CFS HOLDINGS, LLC
Relationship to Direct Owner	SOLE MEMBER
Relationship Established	06/2005
Percentage of Ownership	75% or more
Does this owner direct the management or policies of the firm?	Yes
Is this a public reporting company?	No

Legal Name & CRD# (if any):	CFLP CFS I HOLDINGS, L.P.
Is this a domestic or foreign entity or an individual?	Domestic Entity
Company through which indirect ownership is established	CANTOR FITZGERALD SECURITIES
Relationship to Direct Owner	MANAGING GENERAL PARTNER
Relationship Established	06/2005
Percentage of Ownership	75% or more
Does this owner direct the management or policies of the firm?	Yes
Is this a public reporting company?	No

Legal Name & CRD# (if any):	HOWARD W. LUTNICK REVOCABLE TRUST
Is this a domestic or foreign entity or an individual?	Domestic Entity



Firm Profile

Indirect Owners (continued)

Company through which indirect ownership is established CF GROUP MANAGEMENT, INC.

Relationship to Direct Owner SHAREHOLDER

Relationship Established 01/2010

Percentage of Ownership 75% or more

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

Is this a public reporting company? No

Legal Name & CRD# (if any): LUTNICK, HOWARD WILLIAM
1157026

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

Company through which indirect ownership is established HWL PERSONAL ASSET TRUST

Relationship to Direct Owner SOLE TRUSTEE

Relationship Established 05/2009

Percentage of Ownership 75% or more

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

Is this a public reporting company? No

Legal Name & CRD# (if any): LUTNICK, HOWARD WILLIAM
1157026

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

Company through which indirect ownership is established HOWARD W. LUTNICK REVOCABLE TRUST



Firm Profile

Indirect Owners (continued)

Relationship to Direct Owner SOLE TRUSTEE

Relationship Established 01/2010

Percentage of Ownership 75% or more

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

Is this a public reporting company?

Legal Name & CRD# (if any): HWL PERSONAL ASSET TRUST

Is this a domestic or foreign entity or an individual? Domestic Entity

Company through which indirect ownership is established CANTOR FITZGERALD, L.P.

Relationship to Direct Owner LIMITED PARTNER

Relationship Established 12/2010

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): CF GROUP MANAGEMENT, INC.

Is this a domestic or foreign entity or an individual? Domestic Entity

Company through which indirect ownership is established CANTOR FITZGERALD, L.P.

Relationship to Direct Owner MANAGING GENERAL PARTNER

Relationship Established 08/1996

Percentage of Ownership Other General Partners

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



Firm Profile

Indirect Owners (continued) the firm?

Is this a public reporting company? No

Legal Name & CRD# (if any): CFGM CFS HOLDINGS, LLC

Is this a domestic or foreign entity or an individual? Domestic Entity

Company through which indirect ownership is established CANTOR FITZGERALD SECURITIES

Relationship to Direct Owner GENERAL PARTNER

Relationship Established 06/2005

Percentage of Ownership Other General Partners

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

Is this a public reporting company? No

Legal Name & CRD# (if any): CFLP CF&CO HOLDINGS, LLC

Is this a domestic or foreign entity or an individual? Domestic Entity

Company through which indirect ownership is established CFLP CF&CO I HOLDINGS, L.P.

Relationship to Direct Owner GENERAL PARTNER

Relationship Established 06/2005

Percentage of Ownership Other General Partners

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

Is this a public reporting company? No

Legal Name & CRD# (if any): CFLP CFS HOLDINGS, LLC

Firm Profile



Indirect Owners (continued)

Is this a domestic or foreign entity or an individual? Domestic Entity

Company through which indirect ownership is established CFLP CFS I HOLDINGS,L.P.

Relationship to Direct Owner GENERAL PARTNER

Relationship Established 06/2005

Percentage of Ownership Other General Partners

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

Is this a public reporting company? No

Legal Name & CRD# (if any): CFS CF & CO. HOLDINGS, LLC

Is this a domestic or foreign entity or an individual? Domestic Entity

Company through which indirect ownership is established CFS CF & CO. I HOLDINGS, L.P.

Relationship to Direct Owner GENERAL PARTNER

Relationship Established 06/2005

Percentage of Ownership Other General Partners

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, 9 SROs and 52 U.S. states and territories.

Federal Regulator	Status	Date Effective
SEC	Approved	12/29/1947

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	02/16/1945
Cboe BYX Exchange, Inc.	Approved	02/13/2015
Cboe BZX Exchange, Inc.	Approved	10/23/2008
Cboe EDGA Exchange, Inc.	Approved	05/25/2010
Cboe EDGX Exchange, Inc.	Approved	05/27/2010
Investors' Exchange LLC	Approved	08/18/2016
NYSE Arca, Inc.	Approved	03/11/1993
Nasdaq ISE, LLC	Approved	09/23/2002
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	03/22/1993	North Carolina	Approved	03/12/1986
Alaska	Approved	04/08/1993	North Dakota	Approved	05/14/1996
Arizona	Approved	11/28/1995	Ohio	Approved	04/07/1993
Arkansas	Approved	07/07/1995	Oklahoma	Approved	06/21/1990
California	Approved	09/25/1992	Oregon	Approved	08/23/1983
Colorado	Approved	08/15/1985	Pennsylvania	Approved	10/30/1973
Connecticut	Approved	07/21/1983	Puerto Rico	Approved	02/12/1996
Delaware	Approved	08/28/1987	Rhode Island	Approved	10/11/1995
District of Columbia	Approved	08/26/1995	South Carolina	Approved	03/19/1993
Florida	Approved	04/27/1983	South Dakota	Approved	03/01/1993
Georgia	Approved	09/21/1981	Tennessee	Approved	08/29/1984
Hawaii	Approved	02/20/1996	Texas	Approved	09/25/1992
Idaho	Approved	01/01/1987	Utah	Approved	09/25/1984
Illinois	Approved	03/26/1962	Vermont	Approved	02/11/1987
Indiana	Approved	01/19/1995	Virginia	Approved	09/20/1994
Iowa	Approved	10/25/1993	Washington	Approved	08/03/1984
Kansas	Approved	07/08/1992	West Virginia	Approved	04/01/1993
Kentucky	Approved	02/16/1993	Wisconsin	Approved	05/15/1981
Louisiana	Approved	11/13/1992	Wyoming	Approved	03/03/1993
Maine	Approved	01/28/1998			
Maryland	Approved	08/17/1984			
Massachusetts	Approved	11/20/1981			
Michigan	Approved	09/26/1990			
Minnesota	Approved	07/15/1982			
Mississippi	Approved	03/05/1993			
Missouri	Approved	07/25/1986			
Montana	Approved	06/18/1987			
Nebraska	Approved	01/01/1986			
Nevada	Approved	09/09/1985			
New Hampshire	Approved	05/17/1995			
New Jersey	Approved	07/30/1971			
New Mexico	Approved	01/26/1987			
New York	Approved	01/02/1984			



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 12 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

Municipal securities dealer

Municipal securities broker

Put and call broker or dealer or option writer

Non-exchange member arranging for transactions in listed securities by exchange member

Trading securities for own account

Private placements of securities

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 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:	GOLDMAN SACHS & CO. LLC
CRD #:	361
Business Address:	200 WEST STREET NEW YORK, NY 10282-2198
Effective Date:	04/08/2016
Description:	GOLDMAN SACHS IS THE PRIME BROKER FOR CERTAIN ACCOUNTS INTRODUCED BY CANTOR FITZGERALD & CO.

Firm Operations

Industry Arrangements



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

Name:	DELL EMC
Business Address:	844 WEST PARK DRIVE #900 TYSONS, VA 22102
Effective Date:	08/03/2009
Description:	THIRD PARTY STORAGE WITH APPROPRIATE EXPERTISE
Name:	BLOOMBERG LP
Business Address:	731 LEXINGTON AVENUE NEW YORK, NY 10022
Effective Date:	05/21/2011
Description:	ELECTRONIC STORAGE MEDIA - THIRD PARTY WITH APPROPRIATE EXPERTISE (BLOOMBERG HOSTED MESSAGE COMPLIANCE SERVICE)
Name:	FIS DATA SYSTEMS INC.
Business Address:	340 MADISON AVENUE, 8TH FLOOR NEW YORK, NY 10173
Effective Date:	11/15/2002
Description:	ELECTRONIC STORAGE MEDIA - THIRD PARTY WITH APPROPRIATE EXPERTISE
Name:	IT CONVERGENCE INC.
Business Address:	118-35 QUEENS BLVD SUITE 400 FOREST HILLS, NY 11375
Effective Date:	04/04/2013
Description:	ELECTRONIC STORAGE MEDIA - THIRD PARTY WITH APPROPRIATE EXPERTISE
Name:	HITACHI VANTARA
Business Address:	2845 LAFAYETTE STREET SANTA CLARA, CA 95050-2639
Effective Date:	03/28/2014
Description:	ELECTRONIC DATA MEDIA STORAGE - THIRD PARTY VENDOR WITH APPROPRIATE EXPERTISE (HITACHI CONTENT DELIVERY BY HITACHI)

Firm Operations



Industry Arrangements (continued)

APPROPRIATE EXPERTISE - (NITACHI CONTENT PLATFORM BY NITACHI DATA SYSTEMS)

Name: GOLDMAN SACHS & CO. LLC

CRD #: 361

Business Address: 200 WEST STREET
NEW YORK, NY 10282

Effective Date: 04/08/2016

Description: GOLDMAN SACHS ACTS AS THE PRIME BROKER CLEARING AGENT FOR CERTAIN CANTOR FITZGERALD & CO. ACCOUNTS

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

Name: GOLDMAN SACHS & CO. LLC

CRD #: 361

Business Address: 200 WEST STREET
NEW YORK, NY 10282-2198

Effective Date: 04/08/2016

Description: GOLDMAN SACHS ACTS AS THE PRIME BROKER CLEARING AGENT FOR CERTAIN CANTOR FITZGERALD & CO. ACCOUNTS

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

Name: GOLDMAN SACHS & CO. LLC

CRD #: 361

Business Address: 200 WEST STREET
NEW YORK, NY 10282-2198

Effective Date: 04/08/2016

Description: GOLDMAN SACHS ACTS AS THE PRIME BROKER CLEARING AGENT FOR CERTAIN CANTOR FITZGERALD & CO. ACCOUNTS

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.

ED BROKING CAPITAL ADVISORS LTD is under common control with the firm.

Business Address:	22 VICTORIA STREET HAMILTON, BERMUDA HM12
Effective Date:	08/05/2021
Foreign Entity:	Yes
Country:	BERMUDA
Securities Activities:	Yes
Investment Advisory Activities:	No
Description:	THE ULTIMATE PARENT OF ED BROKING CAPITAL ADVISORS LTD AND THE ULTIMATE PARENT OF CANTOR FITZGERALD & CO. IS CANTOR FITZGERALD, L.P.

FENICS TECHNOLOGY(SINGAPORE) PTE. LIMITED is under common control with the firm.

Business Address:	357 - 363 GEORGE STREET LEVEL 24 -NSW, 2000 SYDNEY, SYDNEY NWS 2000
Effective Date:	09/07/2021
Foreign Entity:	Yes
Country:	SYNDEY
Securities Activities:	Yes
Investment Advisory Activities:	No
Description:	THE ULTIMATE PARENT OF FENICS SECURITIES (SINGAPORE) PTE LIMITED AND THE ULTIMATE PARENT OF CANTOR FITZGERALD & CO. IS CANTOR FITZGERALD, L.P., WHICH IS THE CONTROLLING STOCK HOLDER OF BGC

Firm Operations



Organization Affiliates (continued)

PARTNERS, INC.

SMITH GROUP ASSET MANAGEMENT, LLC is under common control with the firm.

CRD #: 313265

Business Address: 110 EAST 59TH STREET
NEW YORK, NY 10022

Effective Date: 04/05/2021

Foreign Entity: No

Country:

Securities Activities: No

Investment Advisory Activities: Yes

Description: THE ULTIMATE PARENT OF CANTOR FITZGERALD INVESTMENT ADVISORS, L.P. AND CANTOR FITZGERALD & CO. IS CANTOR FITZGERALD, L.P.

NEWMARK SECURITIES, LLC is under common control with the firm.

CRD #: 309193

Business Address: 125 PARK AVENUE
NEW YORK, NY 10017

Effective Date: 04/08/2021

Foreign Entity: No

Country:

Securities Activities: Yes

Investment Advisory Activities: No

Description: THE ULTIMATE PARENT OF CANTOR FITZGERALD & CO. IS CANTOR FITZGERALD, L.P. AND THE ULTIMATE PARENT OF NEWMARK SECURITIES, LLC IS NEWMARK GROUP, INC. THE ULTIMATE PARENT OF CANTOR FITZGERALD & CO. AND THE CONTROLLING STOCKHOLDER OF NEWMARK GROUP INC. IS CANTOR FITZGERALD, LP.

GINGA GLOBAL MARKETS PTE LTD. is under common control with the firm.

Business Address: 83 CLEMENCEAU AVENUE #15-08
SINGAPORE, SINGAPORE 39920

Firm Operations**Organization Affiliates (continued)**

Effective Date: 03/12/2019

Foreign Entity: Yes

Country: SINGAPORE

Securities Activities: Yes

Investment Advisory Activities: No

Description: THE ULTIMATE PARENT OF GINGA GLOBAL MARKETS PTE LTD. AND THE ULTIMATE PARENT OF CANTOR FITZGERALD & CO. IS CANTOR FITZGERALD, L.P., WHICH IS THE CONTROLLING STOCK HOLDER OF BGC PARTNERS, INC.

FENICS SECURITIES (HONG KONG) LIMITED is under common control with the firm.

Business Address: SUITES 6402-08, 64 FLOOR, TWO INTERNATIONAL FINANCE CENTRE, 8 FINANCIAL STREET CENTRAL HONG KONG, HONG KONG

Effective Date: 08/22/2019

Foreign Entity: Yes

Country: HONG KONG

Securities Activities: Yes

Investment Advisory Activities: No

Description: THE ULTIMATE PARENT OF FENICS SECURITIES (HONG KONG) LIMITED AND THE ULTIMATE PARENT OF CANTOR FITZGERALD & CO. IS CANTOR FITZGERALD, L.P., WHICH IS THE CONTROLLING STOCK HOLDER OF BGC PARTNERS, INC.

FENICS SECURITIES (AUSTRALIA) PTY LIMITED is under common control with the firm.

Business Address: LEVEL 24,363 GEORGE STREET SYDNEY, AUSTRALIA NSW 2000

Effective Date: 07/29/2019

Foreign Entity: Yes

Country: AUSTRALIA

Securities Activities: Yes

Firm Operations



Organization Affiliates (continued)

Investment Advisory Activities: No

Description: THE ULTIMATE PARENT OF FENICS SECURITIES (AUSTRALIA) PTY LIMITED AND THE ULTIMATE PARENT OF CANTOR FITZGERALD & CO. IS CANTOR FITZGERALD, L.P., WHICH IS THE CONTROLLING STOCK HOLDER OF BGC PARTNERS, INC.

GFI GROUP (PHILIPPINES) INC. is under common control with the firm.

Business Address: 12/F UNIT C, MENARCO TOWER 32ND STREET
BONIFACIO GLOBAL CITY, TAGUIG
METRO MANILA, PHILIPPINES 1634

Effective Date: 10/11/2018

Foreign Entity: Yes

Country: PHILIPPINES

Securities Activities: Yes

Investment Advisory Activities: No

Description: THE ULTIMATE PARENT OF GFI GROUP (PHILIPPINES) INC. AND THE ULTIMATE PARENT OF CANTOR FITZGERALD & CO. IS CANTOR FITZGERALD, L.P., WHICH IS THE CONTROLLING STOCK HOLDER OF BGC PARTNERS, INC.

GFI ASIA PARTNERS PTE. LTD. is under common control with the firm.

Business Address: 16 COLLYER QUAY #31-00
INCOME AT RAFFLES
SINGAPORE, SINGAPORE 049318

Effective Date: 07/30/2019

Foreign Entity: Yes

Country: SINGAPORE

Securities Activities: Yes

Investment Advisory Activities: No

Description: THE ULTIMATE PARENT OF GFI ASIA PARTNERS PTE. LTD. AND THE ULTIMATE PARENT OF CANTOR FITZGERALD & CO. IS CANTOR FITZGERALD, L.P., WHICH IS THE CONTROLLING STOCK HOLDER OF BGC PARTNERS, INC.

Firm Operations**Organization Affiliates (continued)****ELX FUTURES, L.P is under common control with the firm.**

Business Address:	110 EAST 59TH STREET NEW YORK, NY 10022
Effective Date:	05/22/2009
Foreign Entity:	No
Country:	
Securities Activities:	Yes
Investment Advisory Activities:	No
Description:	THE ULTIMATE PARENT OF ELX FUTURES, L.P. IS BGC PARTNERS, INC. AND THE ULTIMATE PARENT OF CANTOR FITZGERALD & CO. IS CANTOR FITZGERALD, L.P., WHICH IS THE CONTROLLING STOCK HOLDER OF BGC PARTNERS, INC.

BGC INTERNATIONAL, L.P. is under common control with the firm.

Business Address:	ONE CHURCHILL PLACE CANARY WHARF LONDON, UK E14 5RD
Effective Date:	10/21/2004
Foreign Entity:	Yes
Country:	UK
Securities Activities:	Yes
Investment Advisory Activities:	No
Description:	THE ULTIMATE PARENT OF BGC INTERNATIONAL, L.P. IS BGC PARTNERS, INC. AND THE ULTIMATE PARENT OF CANTOR FITZGERALD & CO. IS CANTOR FITZGERALD, L.P., WHICH IS THE CONTROLLING STOCK HOLDER OF BGC PARTNERS, INC.

CF FINANCE ACQUISITION CORP. is under common control with the firm.

Business Address:	110 EAST 59TH STREET NEW YORK, NY 10022
Effective Date:	01/09/2018
Foreign Entity:	No

Firm Operations



Organization Affiliates (continued)

Country:

Securities Activities: Yes

Investment Advisory Activities: No

Description: THE ULTIMATE PARENT OF CF FINANCE ACQUISITION CORP. AND CANTOR FITZGERALD & CO. IS CANTOR FITZGERALD, L.P.

NEWMARK KNIGHT FRANK AUSTRALIA PTY LTD is under common control with the firm.

Business Address: REGUS, GROUND FLOOR
430 LITTLE COLLINS STREET
MELBOURNE VIC, AUSTRALIA 3000

Effective Date: 08/16/2018

Foreign Entity: Yes

Country: AUSTRALIA

Securities Activities: Yes

Investment Advisory Activities: No

Description: THE ULTIMATE PARENT OF NEWMARK KNIGHT FRANK AUSTRALIA PTY LTD AND CANTOR FITZGERALD & CO. IS CANTOR FITZGERALD, L.P.

NEWMARK GROUP, INC. is under common control with the firm.

Business Address: 125 PARK AVENUE
NEW YORK, NY 10017

Effective Date: 12/13/2017

Foreign Entity: No

Country:

Securities Activities: Yes

Investment Advisory Activities: No

Description: THE ULTIMATE PARENT OF NEWMARK GROUP, INC. AND CANTOR FITZGERALD & CO. IS CANTOR FITZGERALD, L.P.

CANTOR FITZGERALD SINGAPORE PTD LTD is under common control with the firm.

Business Address: 1 MARINA BOULEVARD

Firm Operations**Organization Affiliates (continued)**

#28-00
SINGAPORE, SINGAPORE

Effective Date: 07/25/2017

Foreign Entity: Yes

Country: SINGAPORE

Securities Activities: Yes

Investment Advisory Activities: No

Description: THE ULTIMATE PARENT OF CANTOR FITZGERALD SINGAPORE PTD LTD AND CANTOR FITZGERALD & CO. IS CANTOR FITZGERALD, L.P.

CANTOR FITZGERALD SECURITIES JAPAN CO., LTD. is under common control with the firm.

Business Address: 3-1, AKASAKA 5-CHOME
MINATO-KU TOKYO, JAPAN

Effective Date: 03/28/2018

Foreign Entity: Yes

Country: JAPAN

Securities Activities: Yes

Investment Advisory Activities: No

Description: THE ULTIMATE PARENT OF CANTOR FITZGERALD SECURITIES JAPAN CO., LTD. AND CANTOR FITZGERALD & CO. IS CANTOR FITZGERALD, L.P.

GFI INTERNATIONAL & CAPITAL MARKET BROKERS (PTY) LIMITED is under common control with the firm.

Business Address: 66 PARK LANE
SANDTON
JOHANNESBURG, SOUTH AFRICA 2169

Effective Date: 01/31/2017

Foreign Entity: Yes

Country: SOUTH AFRICA

Securities Activities: Yes

Investment Advisory Activities: No

Firm Operations



Organization Affiliates (continued)

Description: THE ULTIMATE PARENT OF GFI INTERNATIONAL & CAPITAL MARKET BROKERS (PTY) LIMITED IS BGC PARTNERS, INC. AND THE ULTIMATE PARENT OF CANTOR FITZGERALD & CO. IS CANTOR FITZGERALD, L.P., WHICH IS THE CONTROLLING STOCK HOLDER OF BGC PARTNERS, INC.

GFI SOUTH AFRICA (PTY) LTD is under common control with the firm.

Business Address: 66 PARK LANE
SANDTON
JOHANNESBURG, SOUTH AFRICA 2169

Effective Date: 01/31/2017

Foreign Entity: Yes

Country: SOUTH AFRICA

Securities Activities: Yes

Investment Advisory Activities: No

Description: THE ULTIMATE PARENT OF GFI SOUTH AFRICA (PTY) LTD IS BGC PARTNERS, INC. AND THE ULTIMATE PARENT OF CANTOR FITZGERALD & CO. IS CANTOR FITZGERALD, L.P., WHICH IS THE CONTROLLING STOCK HOLDER OF BGC PARTNERS, INC.

OPTEX GROUP LIMITED is under common control with the firm.

Business Address: ONE CHURCHILL PLACE
CANARY WHARF
LONDON, UNITED KINGDOM E14 5RD

Effective Date: 02/28/2017

Foreign Entity: Yes

Country: UNITED KINGDOM

Securities Activities: Yes

Investment Advisory Activities: No

Description: THE ULTIMATE PARENT OF OPTEX GROUP LIMITED IS BGC PARTNERS, INC. AND THE ULTIMATE PARENT OF CANTOR FITZGERALD & CO. IS CANTOR FITZGERALD, L.P., WHICH IS THE CONTROLLING STOCK HOLDER OF BGC PARTNERS, INC.

CF SECURED, LLC is under common control with the firm.

Firm Operations**Organization Affiliates (continued)**

CRD #: 285841

Business Address: 110 EAST 59TH STREET
NEW YORK, NY 10022

Effective Date: 05/16/2017

Foreign Entity: No

Country:

Securities Activities: Yes

Investment Advisory Activities: No

Description: THE ULTIMATE PARENT OF CF SECURED, LLC AND CANTOR FITZGERALD & CO. IS CANTOR FITZGERALD, L.P.

SUNRISE BROKERS (HONG KONG) LTD is under common control with the firm.

Business Address: 28 F MASS MUTUAL TOWER
33 LOCKHART ROAD
WAN CHAI, HONG KONG 0000

Effective Date: 12/15/2016

Foreign Entity: Yes

Country: HONG KONG

Securities Activities: Yes

Investment Advisory Activities: No

Description: THE ULTIMATE PARENT OF SUNRISE BROKERS (HONG KONG) LTD IS BGC PARTNERS, INC.AND THE ULTIMATE PARENT OF CANTOR FITZGERALD & CO. IS CANTOR FITZGERALD, L.P. WHICH IS THE CONTROLLING STOCKHOLDER OF BGC PARTNERS, INC.

CX FUTURES EXCHANGE, L.P. is under common control with the firm.

Business Address: 110 EAST 59TH STREET
NEW YORK, NY 10022

Effective Date: 04/20/2010

Foreign Entity: No

Country:

Securities Activities: Yes

Firm Operations



Organization Affiliates (continued)

Investment Advisory Activities: No

Description: THE ULTIMATE PARENT OF CX FUTURES EXCHANGE, L.P. AND CANTOR FITZGERALD & CO. IS CANTOR FITZGERALD, L.P.

CX CLEARINGHOUSE, L.P. is under common control with the firm.

Business Address: 110 EAST 59TH STREET
NEW YORK, NY 10022

Effective Date: 04/20/2010

Foreign Entity: No

Country:

Securities Activities: Yes

Investment Advisory Activities: No

Description: THE ULTIMATE PARENT OF CX CLEARINGHOUSE, L.P. AND CANTOR FITZGERALD & CO. IS CANTOR FITZGERALD, L.P.

GFI SWAPS EXCHANGE LLC is under common control with the firm.

Business Address: 55 WATER STREET
NEW YORK, NY 10041

Effective Date: 01/22/2016

Foreign Entity: No

Country:

Securities Activities: Yes

Investment Advisory Activities: No

Description: THE ULTIMATE PARENT OF GFI SWAP EXCHANGE LLC IS BGC PARTNERS, INC. AND THE ULTIMATE PARENT OF CANTOR FITZGERALD & CO. IS CANTOR FITZGERALD, L.P., WHICH IS THE CONTROLLING STOCK HOLDER OF BGC PARTNERS, INC.

GFI SECURITIES LIMITED is under common control with the firm.

Business Address: 1 SNOWDEN STREETX
LONDON, UNITED KINGDOM EC2A 2DQ

Firm Operations



Organization Affiliates (continued)

Effective Date: 02/25/2016

Foreign Entity: Yes

Country: UNITED KINGDOM

Securities Activities: Yes

Investment Advisory Activities: No

Description: THE ULTIMATE PARENT OF GFI SECURITIES LIMITED IS BGC PARTNERS, INC. AND THE ULTIMATE PARENT OF CANTOR FITZGERALD & CO. IS CANTOR FITZGERALD, L.P., WHICH IS THE CONTROLLING STOCK HOLDER OF BGC PARTNERS, INC.

GFI SECURITIES COLOMBIA S.A. is under common control with the firm.

Business Address: CALLE 97A #9A-50
PISO 5
BOGOTA, COLOMBIA

Effective Date: 02/25/2016

Foreign Entity: Yes

Country: COLOMBIA

Securities Activities: Yes

Investment Advisory Activities: No

Description: THE ULTIMATE PARENT OF GFI SECURITIES COLOMBIA S.A. IS BGC PARTNERS, INC. AND THE ULTIMATE PARENT OF CANTOR FITZGERALD & CO. IS CANTOR FITZGERALD, L.P., WHICH IS THE CONTROLLING STOCK HOLDER OF BGC PARTNERS, INC.

GFI SECURITIES (SA) is under common control with the firm.

Business Address: SAN MARTIN 379
FIFTH FLOOR
BUENOS AIRES, ARGENTINA C1004AAG

Effective Date: 02/25/2016

Foreign Entity: Yes

Country: ARGENTINA

Securities Activities: Yes

Firm Operations



Organization Affiliates (continued)

Investment Advisory Activities: No

Description: THE ULTIMATE PARENT OF GFI SECURITIES (SA) IS BGC PARTNERS, INC. AND THE ULTIMATE PARENT OF CANTOR FITZGERALD & CO. IS CANTOR FITZGERALD, L.P., WHICH IS THE CONTROLLING STOCK HOLDER OF BGC PARTNERS, INC.

GFI KOREA MONEY BROKERAGE LIMITED is under common control with the firm.

Business Address: 13F ONE IFC
10 GUKJEGEUMYUNG-RO YEOUIDO-DONG
YEONGDEUNGPO-GU, SEOUL, KOREA 150-876

Effective Date: 02/25/2016

Foreign Entity: Yes

Country: KOREA

Securities Activities: Yes

Investment Advisory Activities: No

Description: THE ULTIMATE PARENT OF GFI KOREA MONEY BROKERAGE LIMITED IS BGC PARTNERS, INC. AND THE ULTIMATE PARENT OF CANTOR FITZGERALD & CO. IS CANTOR FITZGERALD, L.P., WHICH IS THE CONTROLLING STOCK HOLDER OF BGC PARTNERS, INC.

GFI GROUP PTE LIMITED is under common control with the firm.

Business Address: 16 COLLYER QUAY
#31-00
SINGAPORE, SINGAPORE 049318

Effective Date: 02/25/2016

Foreign Entity: Yes

Country: SINGAPORE

Securities Activities: Yes

Investment Advisory Activities: No

Description: THE ULTIMATE PARENT OF GFI GROUP PTE LIMITED IS BGC PARTNERS, INC. AND THE ULTIMATE PARENT OF CANTOR FITZGERALD & CO. IS CANTOR FITZGERALD, L.P., WHICH IS THE CONTROLLING STOCK HOLDER OF BGC PARTNERS, INC.

Firm Operations



Organization Affiliates (continued)

GFI GROUP MEXICO S.A. DE C.V. is under common control with the firm.

Business Address:	MONTES URALES NORTE 505 LOMAS DE CHAPULTEPEC, MIGUEL HIDALGO CIUDAD DE MEXICO, DISTRITO FEDERAL, MEXICO 11000
Effective Date:	02/25/2016
Foreign Entity:	Yes
Country:	MEXICO
Securities Activities:	Yes
Investment Advisory Activities:	No
Description:	THE ULTIMATE PARENT OF GFI GROUP MEXICO S.A. DE C.V. IS BGC PARTNERS, INC. AND THE ULTIMATE PARENT OF CANTOR FITZGERALD & CO. IS CANTOR FITZGERALD, L.P., WHICH IS THE CONTROLLING STOCK HOLDER OF BGC PARTNERS, INC.

GFI EXCHANGE COLOMBIA S.A. is under common control with the firm.

Business Address:	CALLE 97A #9A-50 PISO 5 BOGOTA, COLOMBIA
Effective Date:	02/25/2016
Foreign Entity:	Yes
Country:	COLOMBIA
Securities Activities:	Yes
Investment Advisory Activities:	No
Description:	THE ULTIMATE PARENT OF GFI EXCHANGE COLOMBIA S.A. IS BGC PARTNERS, INC. AND THE ULTIMATE PARENT OF CANTOR FITZGERALD & CO. IS CANTOR FITZGERALD, L.P., WHICH IS THE CONTROLLING STOCK HOLDER OF BGC PARTNERS, INC.

GFI DEL PERU S.A.C. is under common control with the firm.

Business Address:	AV DOS DE MAYO 305 SAN ISIDRO LIMA, PERU
--------------------------	--

Firm Operations**Organization Affiliates (continued)**

Effective Date: 02/25/2016

Foreign Entity: Yes

Country: PERU

Securities Activities: Yes

Investment Advisory Activities: No

Description: THE ULTIMATE PARENT OF GFI DEL PERU S.A.C. IS BGC PARTNERS, INC. AND THE ULTIMATE PARENT OF CANTOR FITZGERALD & CO. IS CANTOR FITZGERALD, L.P., WHICH IS THE CONTROLLING STOCK HOLDER OF BGC PARTNERS, INC.

GFI BROKERS LIMITED is under common control with the firm.

Business Address: 1 SNOWDEN STREET
LONDON, UNITED KINGDOM EC2A 2DQ

Effective Date: 02/25/2016

Foreign Entity: Yes

Country: UNITED KINGDOM

Securities Activities: Yes

Investment Advisory Activities: No

Description: THE ULTIMATE PARENT OF GFI BROKERS LIMITED IS BGC PARTNERS, INC. AND THE ULTIMATE PARENT OF CANTOR FITZGERALD & CO. IS CANTOR FITZGERALD, L.P., WHICH IS THE CONTROLLING STOCK HOLDER OF BGC PARTNERS, INC.

GFI BROKERS (CHILE) ARGENTES DE VALORES SPA is under common control with the firm.

Business Address: AVENIDA ISIDORA GOYENCHEA
#3162, LAS CONDES, OF #203
SANTIAGO, CHILE 7550083

Effective Date: 02/25/2016

Foreign Entity: Yes

Country: CHILE

Securities Activities: Yes

Firm Operations



Organization Affiliates (continued)

Investment Advisory Activities: No

Description: THE ULTIMATE PARENT OF GFI BROKERS (CHILE) ARGENTES DE VALORES SPA IS BGC PARTNERS, INC. AND THE ULTIMATE PARENT OF CANTOR FITZGERALD & CO. IS CANTOR FITZGERALD, L.P., WHICH IS THE CONTROLLING STOCK HOLDER OF BGC PARTNERS, INC.

GFI AUSTRALIA PTY LIMITED is under common control with the firm.

Business Address: LEVEL 14, 15 CASTLEREAGH STREET
SYDNEY, AUSTRALIA NSW 2000

Effective Date: 02/25/2016

Foreign Entity: Yes

Country: AUSTRALIA

Securities Activities: Yes

Investment Advisory Activities: No

Description: THE ULTIMATE PARENT OF GFI AUSTRALIA PTY LIMITED IS BGC PARTNERS, INC. AND THE ULTIMATE PARENT OF CANTOR FITZGERALD & CO. IS CANTOR FITZGERALD, L.P., WHICH IS THE CONTROLLING STOCK HOLDER OF BGC PARTNERS, INC.

GFI (HK) SECURITIES, L.L.C. is under common control with the firm.

Business Address: 55 WATER STREET
NEW YORK, NY 10041

Effective Date: 02/25/2016

Foreign Entity: No

Country:

Securities Activities: Yes

Investment Advisory Activities: No

Description: THE ULTIMATE PARENT OF GFI (HK) SECURITIES, L.L.C. IS BGC PARTNERS, INC. AND THE ULTIMATE PARENT OF CANTOR FITZGERALD & CO. IS CANTOR FITZGERALD, L.P., WHICH IS THE CONTROLLING STOCK HOLDER OF BGC PARTNERS, INC.

GFI (HK) BROKERS LIMITED is under common control with the firm.

Firm Operations**Organization Affiliates (continued)**

Business Address: 60 WYNDHAM STREET
THE CENTRIUM, ROOM 1703
CENTRAL, HONG KONG

Effective Date: 02/25/2016

Foreign Entity: Yes

Country: HONG KONG

Securities Activities: Yes

Investment Advisory Activities: No

Description: THE ULTIMATE PARENT OF GFI (HK) BROKERS LIMITED IS BGC PARTNERS, INC. AND THE ULTIMATE PARENT OF CANTOR FITZGERALD & CO. IS CANTOR FITZGERALD, L.P., WHICH IS THE CONTROLLING STOCK HOLDER OF BGC PARTNERS, INC.

AMEREX BROKERS LLC is under common control with the firm.

Business Address: 1 SUGAR CREEK CENTER BLVD.
SUITE 700
SUGAR LAND, TX 77478

Effective Date: 02/25/2016

Foreign Entity: No

Country:

Securities Activities: Yes

Investment Advisory Activities: No

Description: THE ULTIMATE PARENT OF AMEREX BROKERS LLC IS BGC PARTNERS, INC. AND THE ULTIMATE PARENT OF CANTOR FITZGERALD & CO. IS CANTOR FITZGERALD, L.P., WHICH IS THE CONTROLLING STOCK HOLDER OF BGC PARTNERS, INC.

CANTOR FITZGERALD SECURITIES is under common control with the firm.

Business Address: 110 EAST 59TH STREET
NEW YORK, NY 10022

Effective Date: 08/01/2014

Foreign Entity: No

Firm Operations



Organization Affiliates (continued)

Country:

Securities Activities: Yes

Investment Advisory Activities: No

Description: THE ULTIMATE PARENT OF CANTOR FITZGERALD SECURITIES AND CANTOR FITZGERALD & CO. IS CANTOR FITZGERALD, L.P.

REMATE (USA), INC. is under common control with the firm.

Business Address: 499 PARK AVENUE
NEW YORK, NY 10022

Effective Date: 05/08/2014

Foreign Entity: No

Country:

Securities Activities: Yes

Investment Advisory Activities: No

Description: THE ULTIMATE PARENT OF REMATE (USA), INC. IS BGC PARTNERS, INC. AND THE ULTIMATE PARENT OF CANTOR FITZGERALD & CO. IS CANTOR FITZGERALD, L.P., WHICH IS THE CONTROLLING STOCK HOLDER OF BGC PARTNERS, INC.

PERIMETER MARKETS, INC. is under common control with the firm.

Business Address: 200-15 YORK ST
TORONTO, ON, CANADA M5J 0A3

Effective Date: 09/23/2016

Foreign Entity: Yes

Country: CANADA

Securities Activities: Yes

Investment Advisory Activities: No

Description: THE ULTIMATE PARENT OF PERIMETER MARKETS, INC. IS BGC PARTNERS, INC. AND THE ULTIMATE PARENT OF CANTOR FITZGERALD & CO. IS CANTOR FITZGERALD, L.P., WHICH IS THE CONTROLLING STOCK HOLDER OF BGC PARTNERS, INC.

Firm Operations



Organization Affiliates (continued)

CHINA CREDIT BGC MONEY BROKING COMPANY LIMITED is under common control with the firm.

Business Address: ROOM 6402-08, 64/F
TWO INTERNATIONAL FINANCE CENTER, 8 FINANCE STREET
CENTRAL, HONG KONG

Effective Date: 05/31/2007

Foreign Entity: Yes

Country: HONG KONG

Securities Activities: Yes

Investment Advisory Activities: No

Description: THE ULTIMATE PARENT OF CHINA CREDIT BGC MONEY BROKING COMPANY LIMITED IS BGC PARTNERS, INC. AND THE ULTIMATE PARENT OF CANTOR FITZGERALD & CO. IS CANTOR FITZGERALD, L.P., WHICH IS THE CONTROLLING STOCK HOLDER OF BGC PARTNERS, INC.

BGC SHOKEN KAISHA LIMITED (TOKYO BRANCH) is under common control with the firm.

Business Address: AKASAKA BIZ TOWER, 38F
5-3-1 AKASAKA
MINATO-KU, TOKYO, JAPAN 107-6338

Effective Date: 06/03/2013

Foreign Entity: Yes

Country: JAPAN

Securities Activities: Yes

Investment Advisory Activities: No

Description: THE ULTIMATE PARENT OF BGC SHOKEN KAISHA LIMITED, TOKYO BRANCH IS BGC PARTNERS, INC. AND THE ULTIMATE PARENT OF CANTOR FITZGERALD & CO. IS CANTOR FITZGERALD, L.P., WHICH IS THE CONTROLLING STOCK HOLDER OF BGC PARTNERS, INC.

BGC SECURITIES (AUSTRALIA) PTY LTD is under common control with the firm.

Business Address: LEVEL 24
357-363 GEORGE STREET
SYDNEY, AUSTRALIA NSW 2000

Effective Date: 04/04/2005

Firm Operations



Organization Affiliates (continued)

Foreign Entity:	Yes
Country:	AUSTRALIA
Securities Activities:	Yes
Investment Advisory Activities:	No
Description:	THE ULTIMATE PARENT OF BGC SECURITIES (AUSTRALIA) PTY LTD IS BGC PARTNERS, INC. AND THE ULTIMATE PARENT OF CANTOR FITZGERALD & CO. IS CANTOR FITZGERALD, L.P., WHICH IS THE CONTROLLING STOCK HOLDER OF BGC PARTNERS, INC.

BGC SA FINANCIAL BROKERS (PROPRIETARY) LIMITED is under common control with the firm.

Business Address:	RIVERWALK OFFICE PARK, ASHLEA GARDENS 41 MATROOSBERG ROAD MENLO PARK PRETORIA, SOUTH AFRICA 0081
Effective Date:	04/04/2005
Foreign Entity:	Yes
Country:	SOUTH AFRICA
Securities Activities:	Yes
Investment Advisory Activities:	No
Description:	THE ULTIMATE PARENT OF BGC SA FINANCIAL BROKERS (PROPRIETARY) LIMITED IS BGC PARTNERS, INC. AND THE ULTIMATE PARENT OF CANTOR FITZGERALD & CO. IS CANTOR FITZGERALD, L.P., WHICH IS THE CONTROLLING STOCK HOLDER OF BGC PARTNERS, INC.

BGC PARTNERS (SINGAPORE) LIMITED is under common control with the firm.

Business Address:	#22-01 MILLENIA TOWER 1 TEMASEK AVENUE #22-01 SINGAPORE, SINGAPORE 039192
Effective Date:	06/06/2013
Foreign Entity:	Yes
Country:	SINGAPORE
Securities Activities:	Yes

Firm Operations



Organization Affiliates (continued)

Investment Advisory Activities: No

Description: THE ULTIMATE PARENT OF BGC PARTNERS (SINGAPORE) LIMITED IS BGC PARTNERS, INC. AND THE ULTIMATE PARENT OF CANTOR FITZGERALD & CO. IS CANTOR FITZGERALD, L.P., WHICH IS THE CONTROLLING STOCK HOLDER OF BGC PARTNERS, INC.

BGC LIQUIDEZ DISTRIBUIDORA DE TITULOS E VALORES MOBILIARIOS LTDS. (TRADING NAME BGC LIQUIDEZ) is under common control with the firm.

Business Address: AVENIDA ALMIRANTE BARROSO, #52
23RD FLOOR
DOWNTOWN RIO DE JANEIRO, BRAZIL 20031-000

Effective Date: 01/30/2014

Foreign Entity: Yes

Country: BRAZIL

Securities Activities: Yes

Investment Advisory Activities: No

Description: THE ULTIMATE PARENT OF BGC LIQUIDEZ DISTRIBUIDORA DE TITULOS E VALORES MOBILIARIOS LTDA. (TRADING NAME BGC LIQUIDEZ) IS BGC PARTNERS, INC. AND THE ULTIMATE PARENT OF CANTOR FITZGERALD & CO. IS CANTOR FITZGERALD, L.P., WHICH IS THE CONTROLLING STOCK HOLDER OF BGC PARTNERS, INC.

BGC DERIVATIVE MARKETS, L.P. is under common control with the firm.

Business Address: 499 PARK AVENUE
NEW YORK, NY 10022

Effective Date: 01/22/2016

Foreign Entity: No

Country:

Securities Activities: Yes

Investment Advisory Activities: No

Description: THE ULTIMATE PARENT OF BGC DERIVATIVE MARKETS, L.P. IS BGC PARTNERS, INC. AND THE ULTIMATE PARENT OF CANTOR FITZGERALD & CO. IS CANTOR FITZGERALD, L.P., WHICH IS THE CONTROLLING STOCK

Firm Operations



Organization Affiliates (continued)

HOLDER OF BGC PARTNERS, INC.

BGC CAPITAL MARKETS AND FOREIGN EXCHANGE BROKER (KOREA) LIMITED is under common control with the firm.

Business Address: 27 YOIDO-DONG
YOUNGDEUNGPO-GU
SEOUL, KOREA 150-743

Effective Date: 11/26/2013

Foreign Entity: Yes

Country: KOREA

Securities Activities: Yes

Investment Advisory Activities: No

Description: THE ULTIMATE PARENT OF BGC CAPITAL MARKETS AND FOREIGN EXCHANGE BROKER (KOREA) LIMITED IS BGC PARTNERS, INC. AND THE ULTIMATE PARENT OF CANTOR FITZGERALD & CO. IS CANTOR FITZGERALD, L.P., WHICH IS THE CONTROLLING STOCK HOLDER OF BGC PARTNERS, INC.

BGC CAPITAL MARKETS (JAPAN), LLC (TOKYO BRANCH) is under common control with the firm.

Business Address: AKASAKA BIZ TOWER, 38F
5-3-1 AKASAKA, MINATO-KU
TOKYO, JAPAN 107-6338

Effective Date: 06/14/2013

Foreign Entity: Yes

Country: JAPAN

Securities Activities: Yes

Investment Advisory Activities: No

Description: THE ULTIMATE PARENT OF BGC CAPITAL MARKETS (JAPAN), LLC (TOKYO BRANCH) IS BGC PARTNERS, INC. AND THE ULTIMATE PARENT OF CANTOR FITZGERALD & CO. IS CANTOR FITZGERALD, L.P., WHICH IS THE CONTROLLING STOCK HOLDER OF BGC PARTNERS, INC.

BGC PARTNERS, INC controls the firm.

Business Address: 499 PARK AVENUE

Firm Operations**Organization Affiliates (continued)**

NEW YORK, NY 10022

Effective Date: 04/04/2005

Foreign Entity: No

Country:

Securities Activities: Yes

Investment Advisory Activities: No

Description: BGC PARTNERS, INC. IS A PUBLICLY TRADED COMPANY. THE ULTIMATE PARENT OF CANTOR FITZGERALD & CO. IS CANTOR FITZGERALD, L.P., WHICH IS THE CONTROLLING STOCK HOLDER OF BGC PARTNERS, INC.

FENICS EXECUTION, LLC is under common control with the firm.

CRD #: 154075

Business Address: 55 WATER STREET
NEW YORK, NY 10041

Effective Date: 02/25/2016

Foreign Entity: No

Country:

Securities Activities: Yes

Investment Advisory Activities: No

Description: THE ULTIMATE PARENT OF FENICS EXECUTION, LLC IS BGC PARTNERS, INC. AND THE ULTIMATE PARENT OF CANTOR FITZGERALD & CO. IS CANTOR FITZGERALD, L.P., WHICH IS THE CONTROLLING STOCK HOLDER OF BGC PARTNERS, INC.

GFI SECURITIES LLC is under common control with the firm.

CRD #: 19982

Business Address: 55 WATER STREET
NEW YORK, NY 10041

Effective Date: 02/25/2016

Foreign Entity: No

Country:

Firm Operations



Organization Affiliates (continued)

Securities Activities: Yes

Investment Advisory Activities: No

Description: THE ULTIMATE PARENT OF GFI SECURITIES LLC IS BGC PARTNERS, INC. AND THE ULTIMATE PARENT OF CANTOR FITZGERALD & CO. IS CANTOR FITZGERALD, L.P., WHICH IS THE CONTROLLING STOCK HOLDER OF BGC PARTNERS, INC.

REMATE LINCE, S.A.P.I. DE C.V. is under common control with the firm.

Business Address: AV. VASCO DE QUIROGA 2121
1ER PISO COL.
SANTA FE, MEXICO CITY, DF, MEXICO 01210

Effective Date: 05/08/2014

Foreign Entity: Yes

Country: MEXICO

Securities Activities: Yes

Investment Advisory Activities: No

Description: THE ULTIMATE PARENT OF REMATE LINCE, S.A.P.I. DE C.V. IS BGC PARTNERS, INC. AND THE ULTIMATE PARENT OF CANTOR FITZGERALD & CO. IS CANTOR FITZGERALD, L.P., WHICH IS THE CONTROLLING STOCK HOLDER OF BGC PARTNERS, INC.

FINTAN PARTNERS LLC is under common control with the firm.

CRD #: 137897

Business Address: 303 TWIN DOLPHIN DRIVE
SUITE 230
REDWOOD CITY, CA 94065

Effective Date: 03/03/2014

Foreign Entity: No

Country:

Securities Activities: No

Investment Advisory Activities: Yes

Description: THE ULTIMATE PARENT OF FINTAN PARTNERS, LLC AND CANTOR

Firm Operations



Organization Affiliates (continued)

FITZGERALD & CO. IS CANTOR FITZGERALD, L.P.

RESOLUTION RECOVERY PARTNERS MANAGER, LLC is under common control with the firm.

CRD #: 161441

Business Address: 110 EAST 59TH STREET
6TH FLOOR
NEW YORK, NY 10022

Effective Date: 08/11/2014

Foreign Entity: No

Country:

Securities Activities: No

Investment Advisory Activities: Yes

Description: THE ULTIMATE PARENT OF RESOLUTION RECOVERY PARTNERS MANAGER, LLC AND CANTOR FITZGERALD & CO. IS CANTOR FITZGERALD, L.P.

CANTOR FITZGERALD INVESTMENT ADVISORS is under common control with the firm.

CRD #: 159296

Business Address: 110 EAST 59TH STREET
NEW YORK, NY 10022

Effective Date: 11/15/2011

Foreign Entity: No

Country:

Securities Activities: No

Investment Advisory Activities: Yes

Description: THE ULTIMATE PARENT OF CANTOR FITZGERALD INVESTMENT ADVISORS, L.P. AND CANTOR FITZGERALD & CO. IS CANTOR FITZGERALD, L.P.

BGC CAPITAL MARKETS (HONG KONG) LIMITED is under common control with the firm.

Business Address: SUITE 6402-08, 2 INTERNATIONAL FINANCE CENTRE
8 FINANCE STREET
CENTRAL, HONG KONG 0000

Firm Operations**Organization Affiliates (continued)**

Effective Date: 06/03/2013

Foreign Entity: Yes

Country: HONG KONG

Securities Activities: Yes

Investment Advisory Activities: No

Description: THE ULTIMATE PARENT OF BGC CAPITAL MARKETS (HONG KONG) LIMITED IS BGC PARTNERS, INC. AND THE ULTIMATE PARENT OF CANTOR FITZGERALD & CO. IS CANTOR FITZGERALD, L.P., WHICH IS THE CONTROLLING STOCK HOLDER OF BGC PARTNERS, INC.

CANTOR FITZGERALD IRELAND LIMITED is under common control with the firm.

Business Address: 75 ST. STEPHEN'S GREEN
DUBLIN 2, IRELAND

Effective Date: 11/30/2012

Foreign Entity: Yes

Country: IRELAND

Securities Activities: Yes

Investment Advisory Activities: No

Description: THE ULTIMATE PARENT OF CANTOR FITZGERALD IRELAND LIMITED AND CANTOR FITZGERALD & CO. IS CANTOR FITZGERALD, L.P.

BGC SECURITIES (HONG KONG) LLC (HONG KONG BRANCH) is under common control with the firm.

Business Address: SUITES 6402 - 6408, 64TH FLOOR
TWO INTERNATIONAL FINANCE CENTRE, 8 FINANCE STREET
CENTRAL, HONG KONG

Effective Date: 10/04/2013

Foreign Entity: Yes

Country: HONG KONG

Securities Activities: Yes

Investment Advisory Activities: No

Description: THE ULTIMATE PARENT OF BGC SECURITIES (HONG KONG) LLC (HONG

Firm Operations



Organization Affiliates (continued)

KONG BRANCH) IS BGC PARTNERS, INC. AND THE ULTIMATE PARENT OF CANTOR FITZGERALD & CO. IS CANTOR FITZGERALD, L.P., WHICH IS THE CONTROLLING STOCK HOLDER OF BGC PARTNERS, INC.

FREEDOM INTERNATIONAL BROKERAGE COMPANY is under common control with the firm.

Business Address: 181 UNIVERSITY AVENUE, SUITE 1500
TORONTO, ONTARIO, CANADA M5H 3M7

Effective Date: 12/05/2013

Foreign Entity: Yes

Country: CANADA

Securities Activities: Yes

Investment Advisory Activities: No

Description: THE ULTIMATE PARENT OF FREEDOM INTERNATIONAL BROKERAGE COMPANY IS BGC PARTNERS, INC. AND THE ULTIMATE PARENT OF CANTOR FITZGERALD & CO. IS CANTOR FITZGERALD, L.P., WHICH IS THE CONTROLLING STOCK HOLDER OF BGC PARTNERS, INC.

CANTOR FITZGERALD CANADA CORPORATION is under common control with the firm.

Business Address: C/O STEWARD MCKELVEY, 1959 UPPER WATER STREET
PURDY'S WHARF TOWER ONE, SUITE 900
HALIFAX, NOVA SCOTIA, CANADA B3J 2X2

Effective Date: 12/01/2005

Foreign Entity: Yes

Country: CANADA

Securities Activities: Yes

Investment Advisory Activities: No

Description: THE ULTIMATE PARENT OF CANTOR FITZGERALD CANADA CORPORATION AND CANTOR FITZGERALD & CO. IS CANTOR FITZGERALD, L.P.

BGC SECURITIES (SINGAPORE) LIMITED is under common control with the firm.

Business Address: 10 SHENTON WAY
MAS BUILDING
SINGAPORE, SINGAPORE 079117

Firm Operations**Organization Affiliates (continued)**

Effective Date: 06/30/2009

Foreign Entity: Yes

Country: SINGAPORE

Securities Activities: Yes

Investment Advisory Activities: No

Description: THE ULTIMATE PARENT OF BGC SECURITIES (SINGAPORE) LIMITED IS BGC PARTNERS, INC. AND THE ULTIMATE PARENT OF CANTOR FITZGERALD & CO. IS CANTOR FITZGERALD, L.P., WHICH IS THE CONTROLLING STOCK HOLDER OF BGC PARTNERS, INC.

BGC PARTNERS (AUSTRALIA) PTY LIMITED is under common control with the firm.

Business Address: LEVEL 24, 363 GEORGE STREET
SYDNEY, AUSTRALIA NSW 2000

Effective Date: 12/23/2012

Foreign Entity: Yes

Country: AUSTRALIA

Securities Activities: Yes

Investment Advisory Activities: No

Description: THE ULTIMATE PARENT OF BGC PARTNERS (AUSTRALIA) PTY LIMITED IS BGC PARTNERS, INC. AND THE ULTIMATE PARENT OF CANTOR FITZGERALD & CO. IS CANTOR FITZGERALD, L.P., WHICH IS THE CONTROLLING STOCK HOLDER OF BGC PARTNERS, INC.

BGC PARTNERS MENKUL DEGERLER A.S. is under common control with the firm.

Business Address: KANYON OFIS BLOGU BUYUKDERE CADDESSI
NO: 185 KAT: 13 LEVENT
ISTANBUL, TURKEY 34394

Effective Date: 12/29/2006

Foreign Entity: Yes

Country: TURKEY

Securities Activities: Yes

Firm Operations



Organization Affiliates (continued)

Investment Advisory Activities: No

Description: THE ULTIMATE PARENT OF BGC PARTNERS MENKUL DEGERLER A.S. IS BGC PARTNERS, INC. AND THE ULTIMATE PARENT OF CANTOR FITZGERALD & CO. IS CANTOR FITZGERALD, L.P., WHICH IS THE CONTROLLING STOCK HOLDER OF BGC PARTNERS, INC.

CANTOR FITZGERALD (HONG KONG) CAPITAL MARKETS LIMITED is under common control with the firm.

Business Address: 6708-6712 THE CENTER
99 QUEEN'S ROAD
CENTRAL, HONG KONG

Effective Date: 07/15/2004

Foreign Entity: Yes

Country: HONG KONG

Securities Activities: Yes

Investment Advisory Activities: No

Description: THE ULTIMATE PARENT OF CANTOR FITZGERALD (HONG KONG) CAPITAL MARKETS LIMITED AND CANTOR FITZGERALD & CO. IS CANTOR FITZGERALD, L.P.

AUREL BGC is under common control with the firm.

Business Address: WASHINGTON PLAZA
29 RUE DE BERRI
PARIS, FRANCE 75008

Effective Date: 06/03/2013

Foreign Entity: Yes

Country: FRANCE

Securities Activities: Yes

Investment Advisory Activities: No

Description: THE ULTIMATE PARENT OF AUREL BGC IS BGC PARTNERS, INC. AND THE ULTIMATE PARENT OF CANTOR FITZGERALD & CO. IS CANTOR FITZGERALD, L.P., WHICH IS THE CONTROLLING STOCK HOLDER OF BGC PARTNERS, INC.

Firm Operations



Organization Affiliates (continued)

BGC BROKERS L.P. is under common control with the firm.

Business Address:	1 CHURCHILL PLACE LONDON, UNITED KINGDOM E14 5RD
Effective Date:	04/01/2013
Foreign Entity:	Yes
Country:	UNITED KINGDOM
Securities Activities:	Yes
Investment Advisory Activities:	No
Description:	THE ULTIMATE PARENT OF BGC BROKERS L.P. IS BGC PARTNERS, INC. AND THE ULTIMATE PARENT OF CANTOR FITZGERALD & CO. IS CANTOR FITZGERALD, L.P., WHICH IS THE CONTROLLING STOCK HOLDER OF BGC PARTNERS, INC.

BGC FINANCIAL, L.P. is under common control with the firm.

CRD #:	19801
Business Address:	ONE SEAPORT PLAZA 19TH F NEW YORK, NY 10038
Effective Date:	04/04/2005
Foreign Entity:	No
Country:	
Securities Activities:	Yes
Investment Advisory Activities:	No
Description:	THE ULTIMATE PARENT OF BGC FINANCIAL, L.P. IS BGC PARTNERS, INC. AND THE ULTIMATE PARENT OF CANTOR FITZGERALD & CO. IS CANTOR FITZGERALD, L.P., WHICH IS THE CONTROLLING STOCK HOLDER OF BGC PARTNERS, INC.

AQUA SECURITIES L.P. is under common control with the firm.

CRD #:	47681
Business Address:	125 PARK AVENUE NEW YORK, NY 10017

Firm Operations**Organization Affiliates (continued)**

Effective Date: 12/01/1999
Foreign Entity: No
Country:
Securities Activities: Yes
Investment Advisory Activities: No
Description: THE ULTIMATE PARENT OF AQUA SECURITIES, L.P. AND CANTOR FITZGERALD & CO. IS CANTOR FITZGERALD, L.P.

CANTOR FITZGERALD EUROPE is under common control with the firm.

Business Address: ONE CHURCHILL PLACE
 CANARY WHARF
 LONDON, UNITED KINGDOM E14 5RD
Effective Date: 01/14/2014
Foreign Entity: Yes
Country: UNITED KINGDOM
Securities Activities: Yes
Investment Advisory Activities: No
Description: THE ULTIMATE PARENT OF CANTOR FITZGERALD EUROPE AND CANTOR FITZGERALD & CO. IS CANTOR FITZGERALD, L.P.

MINT BROKERS is under common control with the firm.

CRD #: 13681
Business Address: ONE SEAPORT PLAZA
 19TH FLOOR
 NEW YORK, NY 10038
Effective Date: 04/04/2005
Foreign Entity: No
Country:
Securities Activities: Yes
Investment Advisory Activities: No

Firm Operations



Organization Affiliates (continued)

Description: THE ULTIMATE PARENT OF MINT BROKERS IS BGC PARTNERS, INC. AND THE ULTIMATE PARENT OF CANTOR FITZGERALD & CO. IS CANTOR FITZGERALD, L.P., WHICH IS THE CONTROLLING STOCK HOLDER OF BGC PARTNERS, INC.

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	87	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 87

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 OTC EQUITY SECURITIES. THE FINDINGS STATED THAT IN CERTAIN SITUATIONS, THE FIRM LOCKED OR CROSSED QUOTATIONS IN OTC EQUITY SECURITIES AND EITHER DID NOT CONTACT OTHER MARKET PARTICIPANTS PRIOR TO LOCKING OR CROSSING THE MARKET, OR OTHERWISE FAILED TO TAKE REASONABLE STEPS TO UNLOCK OR UNCROSS THE MARKET. THE FIRM'S POLICIES AND PROCEDURES DESIGNED TO AVOID LOCKING AND CROSSING QUOTATIONS IN OVER-THE-COUNTER (OTC) EQUITY SECURITIES DID NOT PROVIDE ITS TRADERS WITH REASONABLE GUIDANCE FOR HOW TO AVOID OR RESOLVE A LOCKED OR CROSSED MARKET. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO ESTABLISH, MAINTAIN, AND ENFORCE WRITTEN SUPERVISORY PROCEDURES (WSPS) THAT WERE REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH FINRA RULE 6437. THE FIRM'S SUPERVISORY MANUAL THAT REQUIRED A SUPERVISOR TO REVIEW A REPORT THAT IDENTIFIED EACH INSTANCE OF LOCKED OR CROSSED MARKETS IN OTC EQUITY SECURITIES, DID NOT SPECIFY THE PROCESS BY WHICH THE SUPERVISOR WAS REQUIRED TO REVIEW THE INSTANCES THAT WERE IDENTIFIED BY THE FIRM'S SUPERVISORY SYSTEM. IN ADDITION, WHILE THE FIRM UPDATED ITS WSPS, THEY STILL FAILED TO PROVIDE ANY GUIDANCE ON TO HOW TO PERFORM A SUPERVISORY REVIEW FOR WHETHER A TRADER WAS LOCKING OR CROSSING THE MARKET. LATER, THE FIRM SOLD ITS WHOLESALE OTC MARKET MAKING BUSINESS AND CEASED CONDUCTING BUSINESS THAT WOULD REQUIRE COMPLIANCE WITH FINRA RULE 6437.

Initiated By: FINRA

Date Initiated: 06/15/2021

Docket/Case Number: [2016050863601](#)

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: 06/15/2021



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 \$50,000.00

Other Sanctions Ordered:

Sanction Details:

THE FIRM WAS CENSURED AND FINED \$50,000. FINE PAID IN FULL ON JULY 9, 2021.

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 OVER-THE-COUNTER (OTC) EQUITY SECURITIES. THE FINDINGS STATED THAT IN CERTAIN SITUATIONS, THE FIRM LOCKED OR CROSSED QUOTATIONS IN OTC EQUITY SECURITIES, AND EITHER DID NOT CONTACT OTHER MARKET PARTICIPANTS PRIOR TO LOCKING OR CROSSING THE MARKET, OR OTHERWISE FAILED TO TAKE REASONABLE STEPS TO UNLOCK OR UNCROSS THE MARKET. THE FIRM'S POLICIES AND PROCEDURES DESIGNED TO AVOID LOCKING AND CROSSING QUOTATIONS IN OTC EQUITY SECURITIES DID NOT PROVIDE ITS TRADERS WITH REASONABLE GUIDANCE FOR HOW TO AVOID OR RESOLVE A LOCKED OR CROSSED MARKET. OTHER EFFORTS BY THE FIRM TO REMIND ITS TRADERS OF THE PROHIBITION AGAINST DISPLAYING QUOTATIONS THAT WOULD LOCK OR CROSS THE MARKET SIMILARLY LACKED REASONABLE GUIDANCE AS TO HOW THE TRADERS WERE TO AVOID OR RESOLVE SUCH SITUATIONS. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO ESTABLISH, MAINTAIN, AND ENFORCE WRITTEN SUPERVISORY PROCEDURES (WSPS) THAT WERE REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH FINRA RULE 6437. THE FIRM'S SUPERVISORY MANUAL, WHICH REQUIRED A SUPERVISOR TO REVIEW A REPORT THAT IDENTIFIED EACH INSTANCE OF LOCKED OR CROSSED MARKETS IN OTC EQUITY SECURITIES, DID NOT SPECIFY THE PROCESS BY WHICH THE SUPERVISOR WAS REQUIRED TO REVIEW THE INSTANCES THAT WERE IDENTIFIED BY THE FIRM'S SUPERVISORY SYSTEM. WHILE THE FIRM UPDATED ITS WSPS, THEY STILL FAILED TO PROVIDE ANY GUIDANCE ON TO HOW TO PERFORM A



SUPERVISORY REVIEW FOR WHETHER A TRADER WAS LOCKING OR CROSSING THE MARKET.

Initiated By: FINRA

Date Initiated: 06/15/2021

Docket/Case Number: [2016050863601](#)

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: 06/15/2021

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

Other Sanctions Ordered:

Sanction Details: THE FIRM WAS CENSURED AND FINED \$50,000.

Disclosure 2 of 87

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 REPORT TO FINRA ACCURATE SHORT INTEREST POSITION DATA. THE FINDINGS STATED THAT THE INACCURATE REPORTING RESULTED FROM THE FIRM ERRONEOUSLY REPORTING POSITIONS THAT WERE CUSTODIED WITH AND ALREADY REPORTED BY ITS CLEARING FIRM, WITH WHICH THE FIRM MAINTAINS A FULLY DISCLOSED CLEARING AGREEMENT. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM, INCLUDING WRITTEN SUPERVISORY PROCEDURES (WSPS), REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH FINRA RULE 4560 AS RELATED TO THE ACCURACY OF ITS REPORTED SHORT INTEREST POSITION DATA. THE FIRM'S SUPERVISORY SYSTEM, INCLUDING WSPS, GOVERNING SHORT INTEREST REPORTING WERE OPERATIONAL IN NATURE AND FAILED TO INCLUDE ANY STEPS REASONABLY DESIGNED TO ENSURE THE ACCURACY OF ITS



SHORT INTEREST REPORTING BY ACCOUNTING FOR AND EXCLUDING POSITIONS CUSTODIED AND REPORTED BY ITS CLEARING FIRM. UPON NOTIFICATION FROM FINRA THAT THE FIRM WAS PROVIDING INACCURATE SHORT INTEREST REPORTS, THE FIRM REVISED ITS SHORT INTEREST REPORTING PROCEDURES TO EXCLUDE POSITIONS CUSTODIED WITH AND REPORTED BY ITS CLEARING FIRM.

Initiated By: FINRA

Date Initiated: 05/06/2021

Docket/Case Number: [2018059464001](#)

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: 05/06/2021

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

Other Sanctions Ordered:

Sanction Details: THE FIRM WAS CENSURED AND FINED \$250,000. FINE PAID IN FULL ON JUNE 28, 2021

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 REPORT TO FINRA ACCURATE SHORT INTEREST POSITION DATA. THE FINDINGS STATED THAT THE INACCURATE REPORTING RESULTED FROM THE FIRM ERRONEOUSLY REPORTING POSITIONS THAT WERE



CUSTODIED WITH AND ALREADY REPORTED BY ITS CLEARING FIRM, WITH WHICH THE FIRM MAINTAINS A FULLY DISCLOSED CLEARING AGREEMENT. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM, INCLUDING WRITTEN SUPERVISORY PROCEDURES (WSPS), REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH FINRA RULE 4560 AS RELATED TO THE ACCURACY OF ITS REPORTED SHORT INTEREST POSITION DATA. THE FIRM'S SUPERVISORY SYSTEM, INCLUDING WSPS, GOVERNING SHORT INTEREST REPORTING WERE OPERATIONAL IN NATURE AND FAILED TO INCLUDE ANY STEPS REASONABLY DESIGNED TO ENSURE THE ACCURACY OF ITS SHORT INTEREST REPORTING BY ACCOUNTING FOR AND EXCLUDING POSITIONS CUSTODIED AND REPORTED BY ITS CLEARING FIRM. UPON NOTIFICATION FROM FINRA THAT THE FIRM WAS PROVIDING INACCURATE SHORT INTEREST REPORTS, THE FIRM REVISED ITS SHORT INTEREST REPORTING PROCEDURES TO EXCLUDE POSITIONS CUSTODIED WITH AND REPORTED BY ITS CLEARING FIRM.

Initiated By: FINRA

Date Initiated: 05/06/2021

Docket/Case Number: [2018059464001](#)

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: 05/06/2021

Sanctions Ordered: Censure
Monetary/Fine \$250,000.00

Other Sanctions Ordered:

Sanction Details: THE FIRM WAS CENSURED AND FINED \$250,000.

Disclosure 3 of 87

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 IMMEDIATELY EXECUTE, ROUTE OR DISPLAY CUSTOMER LIMIT ORDERS IN OVER-THE-COUNTER EQUITY SECURITIES WHEN THE PRICE AND THE FULL SIZE OF EACH CUSTOMER LIMIT ORDER WOULD HAVE IMPROVED THE FIRM'S BID OR OFFER IN SUCH SECURITY. THE FINDINGS STATED THAT ITS FAILURES TO IMMEDIATELY DISPLAY THESE LIMIT ORDERS PRIMARILY RESULTED FROM DELAYS CAUSED BY THE MANUAL HANDLING OF ORDERS, OR THE FIRM'S MISUNDERSTANDING OF ITS RESPONSIBILITIES WHEN ONLY A PORTION OF A CUSTOMER LIMIT ORDER WAS EXECUTED WITHIN 30 SECONDS OF ITS RECEIPT. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM AND WSPS REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH FINRA RULES RELATING TO THE DISPLAY OF CUSTOMER LIMIT ORDERS. THE FIRM'S SYSTEM OF SUPERVISION RELATING TO LIMIT ORDER DISPLAY OBLIGATIONS REQUIRED THAT FIRM PERSONNEL REVIEW SAMPLES OF EXCEPTIONS THAT APPEARED ON THE FIRM'S SURVEILLANCE REPORTS, WHICH WERE DESIGNED TO DETECT ORDERS THAT MIGHT NOT HAVE BEEN HANDLED IN ACCORDANCE WITH THE LIMIT ORDER DISPLAY RULE. HOWEVER, IN CERTAIN INSTANCES, THE FIRM'S REVIEW MISTAKENLY CONCLUDED THAT BECAUSE THERE WAS AT LEAST A PARTIAL EXECUTION WITHIN 30 SECONDS OF INITIAL RECEIPT OF A CUSTOMER LIMIT ORDER AND ADDITIONAL PARTIAL EXECUTIONS AND/OR EFFORTS TO EXECUTE IT CONTINUOUSLY THEREAFTER, THERE WAS NO VIOLATION. THE FIRM'S REVIEW OF THE EXCEPTIONS WAS BASED UPON A MISUNDERSTANDING OF AVAILABLE INTERPRETATIVE GUIDANCE. THEREFORE, THE FIRM DID NOT RECOGNIZE LIMIT ORDER DISPLAY RULE VIOLATIONS IN SUCH CIRCUMSTANCES THAT WERE BROUGHT TO ITS ATTENTION.

Initiated By: FINRA

Date Initiated: 06/02/2020

Docket/Case Number: [2017052741001](#)

Principal Product Type: Other

Other Product Type(s): OVER-THE-COUNTER EQUITY SECURITIES

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 06/02/2020

Does the order constitute a No



final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?

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

Other Sanctions Ordered:

Sanction Details: THE FIRM WAS CENSURED AND FINED \$85,000. FINES PAID IN FULL ON JUNE 17, 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 FAILED TO IMMEDIATELY EXECUTE, ROUTE OR DISPLAY CUSTOMER LIMIT ORDERS IN OVER-THE-COUNTER EQUITY SECURITIES WHEN THE PRICE AND THE FULL SIZE OF EACH CUSTOMER LIMIT ORDER WOULD HAVE IMPROVED THE FIRM'S BID OR OFFER IN SUCH SECURITY. THE FINDINGS STATED THAT ITS FAILURES TO IMMEDIATELY DISPLAY THESE LIMIT ORDERS PRIMARILY RESULTED FROM DELAYS CAUSED BY THE MANUAL HANDLING OF ORDERS, OR THE FIRM'S MISUNDERSTANDING OF ITS RESPONSIBILITIES WHEN ONLY A PORTION OF A CUSTOMER LIMIT ORDER WAS EXECUTED WITHIN 30 SECONDS OF ITS RECEIPT. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM AND WSPS REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH FINRA RULES RELATING TO THE DISPLAY OF CUSTOMER LIMIT ORDERS. THE FIRM'S SYSTEM OF SUPERVISION RELATING TO LIMIT ORDER DISPLAY OBLIGATIONS REQUIRED THAT FIRM PERSONNEL REVIEW SAMPLES OF EXCEPTIONS THAT APPEARED ON THE FIRM'S SURVEILLANCE REPORTS, WHICH WERE DESIGNED TO DETECT ORDERS THAT MIGHT NOT HAVE BEEN HANDLED IN ACCORDANCE WITH THE LIMIT ORDER DISPLAY RULE. HOWEVER, IN CERTAIN INSTANCES, THE FIRM'S REVIEW MISTAKENLY CONCLUDED THAT BECAUSE THERE WAS AT LEAST A PARTIAL EXECUTION WITHIN 30 SECONDS OF INITIAL RECEIPT OF A CUSTOMER LIMIT ORDER AND ADDITIONAL PARTIAL EXECUTIONS AND/OR EFFORTS TO EXECUTE IT CONTINUOUSLY THEREAFTER, THERE WAS NO VIOLATION. THE FIRM'S REVIEW OF THE EXCEPTIONS WAS BASED UPON A MISUNDERSTANDING OF AVAILABLE INTERPRETATIVE GUIDANCE. THEREFORE, THE FIRM DID NOT RECOGNIZE LIMIT ORDER DISPLAY RULE VIOLATIONS IN SUCH CIRCUMSTANCES THAT WERE BROUGHT TO ITS ATTENTION



Initiated By: FINRA
Date Initiated: 06/02/2020
Docket/Case Number: [2017052741001](#)
Principal Product Type: Other
Other Product Type(s): OVER-THE-COUNTER EQUITY SECURITIES
Principal Sanction(s)/Relief Sought:
Other Sanction(s)/Relief Sought:
Resolution: Acceptance, Waiver & Consent(AWC)
Resolution Date: 06/02/2020
Sanctions Ordered: Censure
 Monetary/Fine \$85,000.00
Other Sanctions Ordered:
Sanction Details: THE FIRM WAS CENSURED AND FINED \$85,000.

Disclosure 4 of 87

Reporting Source: Regulator
Current Status: Final
Allegations: VIOLATION OF BZX RULES 5.1 - WRITTEN PROCEDURES AND 3.2 - VIOLATIONS PROHIBITED; RULE 15C3-5 - RISK MANAGEMENT CONTROLS FOR BROKERS OR DEALERS WITH MARKET ACCESS, PROMULGATED UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED.
 SANCTION: A CENSURE AND A MONETARY FINE IN THE AMOUNT OF \$160,000.
Initiated By: CBOE BZX EXCHANGE, INC.
Date Initiated: 02/18/2020
Docket/Case Number: STAR NO. 20150451635 / FILE NO. USRI-3325
Principal Product Type: Equity Listed (Common & Preferred Stock)
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: 03/12/2020

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 \$160,000.00

Other Sanctions Ordered:
Sanction Details: A CENSURE AND A MONETARY FINE IN THE AMOUNT OF \$160,000.

Reporting Source: Firm

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS FROM JANUARY 11,2016 THROUGH JUNE 19, 2018 CANTOR'S ETF DESK GENERATED NUMEROUS EXCHANGE SURVEILLANCE ALERTS THAT INDICATED POTENTIALLY ERRONEOUS EXCESSIVE MESSAGING ACTIVITY.CANTOR EMPLOYED A PRICE TOLERANCE CONTROL ON ITS CASH TRADING DESK THAT WAS DESIGNED TO FLAG ORDERS THAT WERE PRICED OUTSIDE THE NBBO BY EITHER A CERTAIN PERCENTAGE OR FIXED AMOUNT, DEPENDING UPON WHETHER THE NBBO MIDPOINT WAS GREATER OR LESS THAN OR EQUAL TO \$25.00. THE FIRM'S PRICE TOLERANCE CONTROL, THEREFORE, WAS NOT REASONABLY DESIGNED TO PREVENT THE ENTRY OF ERRONEOUS ORDERS, BY REJECTING ORDERS THAT EXCEED APPROPRIATE PRICE PARAMETERS, ON AN ORDER-BY-ORDER BASIS OR OVER A SHORT PERIOD OF TIME IN VIOLATION OF RULE 15C3-5(B) AND (C)(L)(II). ADDITIONALLY, THE FIRM WRITTEN POLICIES AND SUPERVISORY PROCEDURES WERE NOT DESIGNED TO ENABLE IT TO SUPERVISE PROPERLY THE ACTIVITIES OF ASSOCIATED PERSONS OF THE MEMBER AND TO ASSURE THEIR COMPLIANCE WITH RULE 15C3-5 IN VIOLATION OF EXCHANGE RULE 5.1.

Initiated By: CBOE BZX EXCHANGE

Date Initiated: 02/18/2020

Docket/Case Number: 20150451635



Principal Product Type: Other
Other Product Type(s): EQUITIES
Principal Sanction(s)/Relief Sought:
Other Sanction(s)/Relief Sought:
Resolution: Consent
Resolution Date: 03/16/2020
Sanctions Ordered: Censure
 Monetary/Fine \$160,000.00
Other Sanctions Ordered:
Sanction Details: A MONETARY FINE IN THE AMOUNT OF \$450,000, OF WHICH \$160,000 SHALL BE PAID TO CBOE BZX.

Disclosure 5 of 87

Reporting Source: Regulator
Current Status: Final
Allegations: VIOLATION OF EDGX RULES 5.1 - WRITTEN PROCEDURES AND 3.2 - VIOLATIONS PROHIBITED; RULE 15C3-5 - RISK MANAGEMENT CONTROLS FOR BROKERS OR DEALERS WITH MARKET ACCESS, PROMULGATED UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED.
 SANCTION: A CENSURE AND A MONETARY FINE IN THE AMOUNT OF \$80,000.
Initiated By: CBOE EDGX EXCHANGE, INC.
Date Initiated: 02/18/2020
Docket/Case Number: STAR NO. 20150451635 / FILE NO. USRI-3325
Principal Product Type: Equity Listed (Common & Preferred Stock)
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: 03/12/2020

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 \$80,000.00

Other Sanctions Ordered:

Sanction Details: A CENSURE AND A MONETARY FINE IN THE AMOUNT OF \$80,000

Reporting Source: Firm

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS FROM JANUARY 11,2016 THROUGH JUNE 29,2017 CANTOR'S ETF DESK GENERATED NUMEROUS EXCHANGE SURVEILLANCE ALERTS THAT INDICATED POTENTIALLY ERRONEOUS EXCESSIVE MESSAGING ACTIVITY. CANTOR EMPLOYED A PRICE TOLERANCE CONTROL ON ITS CASH TRADING DESK THAT WAS DESIGNED TO FLAG ORDERS THAT WERE PRICED OUTSIDE THE NBBO BY EITHER A CERTAIN PERCENTAGE OR FIXED AMOUNT, DEPENDING UPON WHETHER THE NBBO MIDPOINT WAS GREATER OR LESS THAN OR EQUAL TO \$25.00. THE FIRM'S PRICE TOLERANCE CONTROL, THEREFORE, WAS NOT REASONABLY DESIGNED TO PREVENT THE ENTRY OF ERRONEOUS ORDERS, BY REJECTING ORDERS THAT EXCEED APPROPRIATE PRICE PARAMETERS, ON AN ORDER-BY-ORDER BASIS OR OVER A SHORT PERIOD OF TIME IN VIOLATION OF RULE 15C3-5(B) AND (C)(L)(II). ADDITIONALLY, THE FIRM WRITTEN POLICIES AND SUPERVISORY PROCEDURES WERE NOT DESIGNED TO ENABLE IT TO SUPERVISE PROPERLY THE ACTIVITIES OF ASSOCIATED PERSONS OF THE MEMBER AND TO ASSURE THEIR COMPLIANCE WITH RULE 15C3-5 IN VIOLATION OF EXCHANGE RULE 5.1.

Initiated By: CBOE EDGX EXCHANGE

Date Initiated: 02/18/2020

Docket/Case Number: 20150451635

Principal Product Type: Other

Other Product Type(s): EQUITIES



Principal Sanction(s)/Relief Sought:	Censure
Other Sanction(s)/Relief Sought:	FINE
Resolution:	Consent
Resolution Date:	03/16/2020
Sanctions Ordered:	Censure Monetary/Fine \$80,000.00
Other Sanctions Ordered:	
Sanction Details:	A MONETARY FINE IN THE AMOUNT OF\$450,000, OF WHICH \$80,000 SHALL BE PAID TO CBOE EDGX.

Disclosure 6 of 87

Reporting Source:	Regulator
Current Status:	Final
Allegations:	SEC ADMIN RELEASE 34-88567, APRIL 6, 2020: THE SECURITIES AND EXCHANGE COMMISSION ("COMMISSION") 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 ("EXCHANGE ACT") AGAINST CANTOR FITZGERALD & CO. ("CANTOR" OR "RESPONDENT"). THE COMMISSION FINDS THAT THESE PROCEEDINGS ARISE OUT OF CANTOR'S FAILURE TO SUBMIT TO THE COMMISSION TRUE AND COMPLETE DATA IN RESPONSE TO COMMISSION STAFF ELECTRONIC BLUE SHEETS ("EBS") REQUESTS, RESULTING IN THE REPORTING OF EBS THAT WAS INCOMPLETE OR DEFICIENT. CANTOR SUBMITTED 14,868 EBS TO THE COMMISSION, CONTAINING TRADE DATA FOR 34,884,409 TRANSACTIONS, ALL OF WHICH WERE DEFICIENT IN ONE OR MORE WAYS. CANTOR'S SUBMISSIONS CONTAINED INACCURATE OR MISSING EBS FIELDS RELATING TO FIRM OR CUSTOMER IDENTIFYING INFORMATION SUCH AS NAME AND ADDRESS FIELDS, CONTRA PARTY IDENTIFIERS, REGISTERED REPRESENTATIVE NUMBERS, AND OPPOSING BROKER NUMBERS. CANTOR'S SUBMISSIONS ALSO CONTAINED INACCURATE OR MISSING DATA IN EBS FIELDS RELATED TO INFORMATION SUCH AS AVERAGE PRICE ACCOUNT, EXCHANGE CODES, AND ORDER EXECUTION TIME. CANTOR DID NOT DETECT THE ERRORS IN ITS EBS SUBMISSIONS, AT LEAST IN PART, BECAUSE IT DID NOT HAVE A REASONABLE PROCESS TO VERIFY THAT ALL OF THE FIELDS REQUIRED TO BE POPULATED IN EBS SUBMISSIONS INCLUDED ACCURATE VALUES AND INFORMATION. CANTOR



FAILED TO FURNISH COMPLETE AND ACCURATE RECORDS TO THE COMMISSION STAFF THAT WERE REQUESTED BY THE COMMISSION IN ITS BLUE SHEET REQUESTS. THEREFORE, CANTOR WILLFULLY VIOLATED THE RECORDKEEPING AND REPORTING REQUIREMENTS OF SECTION 17(A)(1) OF THE EXCHANGE ACT AND RULE 17A-4(J) THEREUNDER BY FAILING TO FURNISH PROMPTLY TRUE AND COMPLETE TRADING INFORMATION AS REQUESTED BY COMMISSION STAFF OVER A PERIOD OF APPROXIMATELY FIVE YEARS. IN ADDITION, CANTOR WILLFULLY VIOLATED EXCHANGE ACT RULE 17A-25 BY FAILING TO SUBMIT ELECTRONICALLY CERTAIN SECURITIES TRANSACTION INFORMATION TO THE COMMISSION THROUGH THE EBS SYSTEM IN RESPONSE TO REQUESTS MADE BY THE COMMISSION.

Initiated By: UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Date Initiated: 04/06/2020

Docket/Case Number: 3-19743

Principal Product Type: No Product

Other Product Type(s):

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

Other Sanction(s)/Relief Sought:

Resolution: Order

Resolution Date: 04/06/2020

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

Sanctions Ordered: Censure
Monetary/Fine \$3,200,000.00
Cease and Desist/Injunction

Other Sanctions Ordered:

Sanction Details: RESPONDENT CANTOR IS CENSURED AND ORDERED TO CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF SECTION 17(A)(1) OF THE EXCHANGE ACT AND RULES 17A-4(J) AND 17A-25 PROMULGATED THEREUNDER. CANTOR SHALL PAY A CIVIL MONEY PENALTY IN THE AMOUNT OF \$3.2



MILLION TO THE COMMISSION.

Regulator Statement

RESPONDENT CANTOR HAS SUBMITTED AN OFFER OF SETTLEMENT THAT THE COMMISSION HAS DETERMINED TO ACCEPT. CANTOR WILLFULLY VIOLATED THE RECORDKEEPING AND REPORTING REQUIREMENTS OF SECTION 17(A)(1) OF THE EXCHANGE ACT AND RULES 17A-4(J) AND 17A-25 THEREUNDER. CANTOR IS CENSURED AND ORDERED TO CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF SECTION 17(A)(1) OF THE EXCHANGE ACT AND RULES 17A-4(J) AND 17A-25 PROMULGATED THEREUNDER. CANTOR SHALL PAY A CIVIL MONEY PENALTY IN THE AMOUNT OF \$3.2 MILLION TO THE COMMISSION.

Reporting Source:

Firm

Current Status:

Final

Allegations:

SEC ADMIN RELEASE 34-88567, APRIL 6, 2020: THE SECURITIES AND EXCHANGE COMMISSION ("COMMISSION") 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 ("EXCHANGE ACT") AGAINST CANTOR FITZGERALD & CO. ("CANTOR" OR "RESPONDENT"). THE COMMISSION FINDS THAT THESE PROCEEDINGS ARISE OUT OF CANTOR'S FAILURE TO SUBMIT TO THE COMMISSION TRUE AND COMPLETE DATA IN RESPONSE TO COMMISSION STAFF ELECTRONIC BLUE SHEETS ("EBS") REQUESTS, RESULTING IN THE REPORTING OF EBS THAT WAS INCOMPLETE OR DEFICIENT. CANTOR SUBMITTED 14,868 EBS TO THE COMMISSION, CONTAINING TRADE DATA FOR 34,884,409 TRANSACTIONS, ALL OF WHICH WERE DEFICIENT IN ONE OR MORE WAYS. CANTOR'S SUBMISSIONS CONTAINED INACCURATE OR MISSING EBS FIELDS RELATING TO FIRM OR CUSTOMER IDENTIFYING INFORMATION SUCH AS NAME AND ADDRESS FIELDS, CONTRA PARTY IDENTIFIERS, REGISTERED REPRESENTATIVE NUMBERS, AND OPPOSING BROKER NUMBERS. CANTOR'S SUBMISSIONS ALSO CONTAINED INACCURATE OR MISSING DATA IN EBS FIELDS RELATED TO INFORMATION SUCH AS AVERAGE PRICE ACCOUNT, EXCHANGE CODES, AND ORDER EXECUTION TIME. CANTOR DID NOT DETECT THE ERRORS IN ITS EBS SUBMISSIONS, AT LEAST IN PART, BECAUSE IT DID NOT HAVE A REASONABLE PROCESS TO VERIFY THAT ALL OF THE FIELDS REQUIRED TO BE POPULATED IN EBS SUBMISSIONS INCLUDED ACCURATE VALUES AND INFORMATION. CANTOR FAILED TO FURNISH COMPLETE AND ACCURATE RECORDS TO THE COMMISSION STAFF THAT WERE REQUESTED BY THE COMMISSION IN ITS BLUE SHEET REQUESTS. THEREFORE, CANTOR WILLFULLY VIOLATED THE RECORDKEEPING AND REPORTING REQUIREMENTS OF SECTION 17(A)(1)



OF THE EXCHANGE ACT AND RULE 17A-4(J) THEREUNDER BY FAILING TO FURNISH PROMPTLY TRUE AND COMPLETE TRADING INFORMATION AS REQUESTED BY COMMISSION STAFF OVER A PERIOD OF APPROXIMATELY FIVE YEARS. IN ADDITION, CANTOR WILLFULLY VIOLATED EXCHANGE ACT RULE 17A-25 BY FAILING TO SUBMIT ELECTRONICALLY CERTAIN SECURITIES TRANSACTION INFORMATION TO THE COMMISSION THROUGH THE EBS SYSTEM IN RESPONSE TO REQUESTS MADE BY THE COMMISSION.

Initiated By: UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Date Initiated: 04/06/2020

Docket/Case Number: 3-19743

Principal Product Type: No Product

Other Product Type(s):

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

Other Sanction(s)/Relief Sought: RELIEF SOUGHT

Resolution: Order

Resolution Date: 04/06/2020

Sanctions Ordered: Censure
Monetary/Fine \$3,200,000.00
Cease and Desist/Injunction

Other Sanctions Ordered:

Sanction Details: RESPONDENT CANTOR IS CENSURED AND ORDERED TO CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF SECTION 17(A)(1) OF THE EXCHANGE ACT AND RULES 17A-4(J) AND 17A-25 PROMULGATED THEREUNDER. CANTOR SHALL PAY A CIVIL MONEY PENALTY IN THE AMOUNT OF \$3.2 MILLION TO THE COMMISSION.

Disclosure 7 of 87

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 RISK MANAGEMENT CONTROLS AND SUPERVISORY



PROCEDURES REASONABLY DESIGNED TO PREVENT THE ENTRY OF ERRONEOUS ORDERS BY THE FIRM'S ETF DESK. THE FIRM'S WRITTEN DOCUMENTATION OF ITS MARKET ACCESS SUPERVISORY SYSTEM WAS ALSO UNREASONABLE. THE FIRM TRIGGERED ALERTS FOR UNUSUAL QUOTING ACTIVITY. BASED UPON A REVIEW OF A SAMPLE OF ALERTS, THE ACTIVITY ORIGINATED FROM THE FIRM'S ETF DESK, WHICH WAS ENGAGING IN MARKET MAKING ACTIVITY IN THE SECURITIES. THE FIRM FAILED TO ESTABLISH AND MAINTAIN SUPERVISORY SYSTEMS AND WRITTEN PROCEDURES REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RULE 15C3-5 OF THE SECURITIES EXCHANGE ACT OF 1934 BY THE FIRM'S ETF DESK.

Initiated By: NYSE ARCA, INC.

Date Initiated: 03/21/2020

Docket/Case Number: 2015045163502

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: 03/21/2020

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 \$50,000.00

Other Sanctions Ordered:

Sanction Details: THE FIRM WAS CENSURED AND FINED \$450,000 OF WHICH \$50,000 IS PAYABLE TO NYSE ARCA. THE BALANCE OF THE FINE WILL BE PAID TO THE SELF-REGULATORY ORGANIZATIONS REFERENCE BELOW. ACCEPTANCE OF THE AWC IS CONDITIONED UPON ACCEPTANCE OF SIMILAR SETTLEMENT AGREEMENTS IN RELATED MATTERS BETWEEN THE FIRM AND EACH OF THE FOLLOWING SELF-REGULATORY ORGANIZATIONS: (I) THE NASDAQ STOCK MARKET. LLC; (II) CBOE BZX EXCHANGE, INC.; AND



(III) CBOE EDGX EXCHANGE.

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 RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES REASONABLY DESIGNED TO PREVENT THE ENTRY OF ERRONEOUS ORDERS BY THE FIRM'S ETF DESK. THE FIRM'S WRITTEN DOCUMENTATION OF ITS MARKET ACCESS SUPERVISORY SYSTEM WAS ALSO UNREASONABLE. THE FIRM TRIGGERED ALERTS FOR UNUSUAL QUOTING ACTIVITY. BASED UPON A REVIEW OF A SAMPLE OF ALERTS, THE ACTIVITY ORIGINATED FROM THE FIRM'S ETF DESK, WHICH WAS ENGAGING IN MARKET MAKING ACTIVITY IN THE SECURITIES. THE FIRM FAILED TO ESTABLISH AND MAINTAIN SUPERVISORY SYSTEMS AND WRITTEN PROCEDURES REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RULE 15C3-5 OF THE SECURITIES EXCHANGE ACT OF 1934 BY THE FIRM'S ETF DESK.
Initiated By:	NYSE ARCA
Date Initiated:	02/18/2020
Docket/Case Number:	2015045163502
Principal Product Type:	Other
Other Product Type(s):	EQUITIES
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	03/23/2020
Sanctions Ordered:	Censure Monetary/Fine \$50,000.00
Other Sanctions Ordered:	
Sanction Details:	A MONETARY FINE IN THE AMOUNT OF\$450,000, OF WHICH \$50,000 SHALL BE PAID TO NYSE ARCA



Disclosure 8 of 87

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 BROKER-DEALER WITH MARKET ACCESS TO A NUMBER OF EXCHANGES, WHICH INCLUDED NASDAQ, BY VIRTUE OF IT ENGAGING IN, AMONG OTHER THINGS, MARKET MAKING ACTIVITY IN EXCHANGE TRADED FUNDS ("ETFs") ON THESE EXCHANGES. THE FIRM, HOWEVER, FAILED TO ESTABLISH, DOCUMENT, AND MAINTAIN RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES THAT WERE REASONABLY DESIGNED TO PREVENT THE ENTRY OF ERRONEOUS ORDERS. FURTHER, THE FIRM'S SUPERVISORY SYSTEM AND WSPS CONCERNING MARKET ACCESS WERE NOT REASONABLY DESIGNED.
Initiated By:	NASDAQ STOCK MARKET
Date Initiated:	03/16/2020
Docket/Case Number:	2015045163501
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:	03/16/2020
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 \$160,000.00
Other Sanctions Ordered:	
Sanction Details:	THE FIRM WAS CENSURED AND FINED \$450,000 OF WHICH \$160,000 IS PAYABLE TO NASDAQ. THE BALANCE OF THE SANCTION WILL BE PAID TO THE BELOW SELF-REGULATORY ORGANIZATIONS. ACCEPTANCE OF THE

AWC IS CONDITIONED UPON ACCEPTANCE OF SIMILAR SETTLEMENT AGREEMENTS IN RELATED MATTERS BETWEEN THE FIRM AND EACH OF THE FOLLOWING SELF-REGULATORY ORGANIZATIONS: BZX, EDGX, AND NYSE ARCA.

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 BROKER-DEALER WITH MARKET ACCESS TO A NUMBER OF EXCHANGES, WHICH INCLUDED NASDAQ, BY VIRTUE OF IT ENGAGING IN, AMONG OTHER THINGS, MARKET MAKING ACTIVITY IN EXCHANGE TRADED FUNDS ("ETFs") ON THESE EXCHANGES. THE FIRM, HOWEVER, FAILED TO ESTABLISH, DOCUMENT, AND MAINTAIN RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES THAT WERE REASONABLY DESIGNED TO PREVENT THE ENTRY OF ERRONEOUS ORDERS. FURTHER, THE FIRM'S SUPERVISORY SYSTEM AND WSPS CONCERNING MARKET ACCESS WERE NOT REASONABLY DESIGNED.

Initiated By: NASDAQ STOCK MARKET

Date Initiated: 02/18/2020

Docket/Case Number: 2015045163501

Principal Product Type: Other

Other Product Type(s): EQUITIES

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought: FINE

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 03/16/2020

Sanctions Ordered: Censure
Monetary/Fine \$160,000.00

Other Sanctions Ordered:

Sanction Details: A FINE IN THE AMOUNT OF \$450,000; OF WHICH \$160,000 IS PAYABLE TO NASDAQ

**Disclosure 9 of 87****Reporting Source:** Regulator**Current Status:** Final

Allegations: SEC ADMIN RELEASES 33-10672, 34-86694 / AUGUST 16, 2019: THE SECURITIES AND EXCHANGE COMMISSION DEEMS IT APPROPRIATE AND IN THE PUBLIC INTEREST THAT PUBLIC ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS BE INSTITUTED AGAINST CANTOR FITZGERALD & CO. ("CANTOR").

ON THE BASIS OF THIS ORDER AND RESPONDENT'S OFFER, THE COMMISSION FINDS THAT THESE PROCEEDINGS ARISE OUT OF IMPROPER PRACTICES BY CANTOR INVOLVING THE PRERELEASE OF AMERICAN DEPOSITARY RECEIPTS ("ADRS"). ADRS ARE SECURITIES THAT ALLOW U.S. INVESTORS TO INVEST IN FOREIGN COMPANIES WITHOUT HAVING TO PURCHASE SHARES IN FOREIGN MARKETS AND ALLOW FOREIGN COMPANIES TO GET INCREASED EXPOSURE TO U.S. MARKETS. EACH ADR REPRESENTS AN OWNERSHIP INTEREST IN A PREDETERMINED NUMBER OF FOREIGN SHARES. ADR FACILITIES, WHICH PROVIDE FOR THE ISSUANCE OF ADRS, ARE ESTABLISHED BY A DEPOSITARY BANK (THE "DEPOSITARY") PURSUANT TO A DEPOSIT AGREEMENT ("DEPOSIT AGREEMENT"). FROM AT LEAST JANUARY 2013 THROUGH APRIL 2013, CANTOR WAS A PRE-RELEASE BROKER THAT OBTAINED PRE-RELEASED ADRS DIRECTLY FROM A SINGLE DEPOSITARY PURSUANT TO A PRE-RELEASE AGREEMENT. CONTRARY TO CERTAIN PROVISIONS IN THE PRE-RELEASE AGREEMENT AND THE DEPOSIT AGREEMENTS, ASSOCIATED PERSONS ON CANTOR'S SECURITIES LENDING DESK REGULARLY OBTAINED PRE-RELEASED ADRS FROM THE DEPOSITARY AND LOANED THEM TO CUSTOMERS OR COUNTERPARTIES (COLLECTIVELY, "BORROWERS"), WITHOUT TAKING REASONABLE STEPS TO DETERMINE WHETHER THE REQUISITE NUMBER OF ORDINARY SHARES WAS OWNED BY CANTOR OR ITS BORROWERS AND CANTOR OR ITS BORROWERS WAS THE CUSTODIAN. THE RESULT OF THIS CONDUCT WAS THE ISSUANCE OF ADRS THAT IN MANY INSTANCES WERE NOT BACKED BY ORDINARY SHARES AS REQUIRED BY THE DEPOSIT AGREEMENTS. THIS CONDUCT VIOLATED SECTION 17(A)(3) OF THE SECURITIES ACT. IN ADDITION, FROM AT LEAST JULY 2012 UNTIL MAY 2014, CANTOR RECEIVED PRE-RELEASED ADRS FROM OTHER PRE-RELEASE BROKERS WHEN CANTOR DID NOT TAKE REASONABLE STEPS TO ASSURE ITSELF THAT THE PRE-RELEASED ADRS IT RECEIVED WERE BACKED BY ORDINARY SHARES. CANTOR'S SECURITIES LENDING PERSONNEL UNDERSTOOD THAT IN MANY INSTANCES THE ADRS THEY BORROWED FROM CERTAIN PRE-RELEASE BROKERS WERE SOURCED FROM DEPOSITARIES PURSUANT TO PRE-RELEASE AGREEMENTS. HAVING THEMSELVES ENGAGED IN DIRECT TRANSACTIONS IN WHICH CANTOR WAS A PRE-RELEASE BROKER, THESE SAME INDIVIDUALS WERE AWARE OF THE OBLIGATIONS OF THE PRE-



RELEASE AGREEMENTS, AND AT A MINIMUM SHOULD HAVE UNDERSTOOD THAT OTHER PRE-RELEASE BROKERS SIMILARLY WERE ACTING AS PRE-RELEASE BROKERS WHILE NOT OWNING UNDERLYING ORDINARY SHARES. BY ENGAGING IN THESE TRANSACTIONS IN THE MANNER DESCRIBED HEREIN, THE SECURITIES LENDING PERSONNEL VIOLATED SECTION 17(A)(3) OF THE SECURITIES ACT. CANTOR ALSO FAILED TO ESTABLISH AND IMPLEMENT EFFECTIVE POLICIES AND PROCEDURES TO REASONABLY ADDRESS WHETHER ITS ASSOCIATED PERSONS ON THE SECURITIES LENDING DESK WERE ENGAGING IN TRANSACTIONS IN WHICH PRE-RELEASED ADRS WERE APPROPRIATELY OBTAINED. AS A RESULT, CANTOR'S SUPERVISORY POLICIES AND PROCEDURES WERE NOT REASONABLY DESIGNED AND IMPLEMENTED TO PROVIDE EFFECTIVE OVERSIGHT OF ASSOCIATED PERSONS TO PREVENT AND DETECT THEIR VIOLATIONS OF SECURITIES ACT SECTION 17(A)(3), AND CANTOR FAILED REASONABLY TO SUPERVISE ITS ASSOCIATED PERSONS WITHIN THE MEANING OF SECTION 15(B)(4)(E) OF THE EXCHANGE ACT.

Initiated By: UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Date Initiated: 08/16/2019

Docket/Case Number: 3-19357

Principal Product Type: Other

Other Product Type(s): AMERICAN DEPOSITARY RECEIPTS

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

Other Sanction(s)/Relief Sought:

Resolution: Order

Resolution Date: 08/16/2019

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 \$200,000.00
Disgorgement/Restitution

Other Sanctions Ordered: PREJUDGMENT INTEREST

Sanction Details: RESPONDENT IS CENSURED. RESPONDENT SHALL, WITHIN 10 DAYS OF



THE ENTRY OF THE ORDER, PAY DISGORGEMENT OF \$359,448.05, PREJUDGMENT INTEREST OF \$88,463.14, AND A CIVIL PENALTY OF \$200,000.

Regulator Statement

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 IS CENSURED. RESPONDENT SHALL, WITHIN 10 DAYS OF THE ENTRY OF THE ORDER, PAY DISGORGEMENT OF \$359,448.05, PREJUDGMENT INTEREST OF \$88,463.14, AND A CIVIL PENALTY OF \$200,000.

Reporting Source:

Firm

Current Status:

Final

Allegations:

SEC ADMIN RELEASES 33-10672, 34-86694 / AUGUST 16, 2019: THE SECURITIES AND EXCHANGE COMMISSION DEEMS IT APPROPRIATE AND IN THE PUBLIC INTEREST THAT PUBLIC ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS BE INSTITUTED AGAINST CANTOR FITZGERALD & CO. ("CANTOR"). ON THE BASIS OF THIS ORDER AND RESPONDENT'S OFFER, THE COMMISSION FINDS THAT THESE PROCEEDINGS ARISE OUT OF BMO CMC'S IMPROPER PRACTICES BY CANTOR INVOLVING THE PRERELEASE OF AMERICAN DEPOSITARY RECEIPTS ("ADRS"). ADRS ARE SECURITIES THAT ALLOW U.S. INVESTORS TO INVEST IN FOREIGN COMPANIES WITHOUT HAVING TO PURCHASE SHARES IN FOREIGN MARKETS AND ALLOW FOREIGN COMPANIES TO GET INCREASED EXPOSURE TO U.S. MARKETS. EACH ADR REPRESENTS AN OWNERSHIP INTEREST IN A PREDETERMINED NUMBER OF FOREIGN SHARES. ADR FACILITIES, WHICH PROVIDE FOR THE ISSUANCE OF ADRS, ARE ESTABLISHED BY A DEPOSITARY BANK (THE "DEPOSITARY") PURSUANT TO A DEPOSIT AGREEMENT ("DEPOSIT AGREEMENT"). FROM AT LEAST JANUARY 2013 THROUGH APRIL 2013, CANTOR WAS A PRE-RELEASE BROKER THAT OBTAINED PRE-RELEASED ADRS DIRECTLY FROM A SINGLE DEPOSITARY PURSUANT TO A PRE-RELEASE AGREEMENT. CONTRARY TO CERTAIN PROVISIONS IN THE PRE-RELEASE AGREEMENT AND THE DEPOSIT AGREEMENTS, ASSOCIATED PERSONS ON CANTOR'S SECURITIES LENDING DESK REGULARLY OBTAINED PRE-RELEASED ADRS FROM THE DEPOSITARY AND LOANED THEM TO CUSTOMERS OR COUNTERPARTIES (COLLECTIVELY, "BORROWERS"), WITHOUT TAKING REASONABLE STEPS TO DETERMINE WHETHER THE REQUISITE NUMBER OF ORDINARY SHARES WAS OWNED BY CANTOR OR ITS BORROWERS AND CANTOR OR ITS BORROWERS WAS THE CUSTODIAN. THE RESULT OF



THIS CONDUCT WAS THE ISSUANCE OF ADRS THAT IN MANY INSTANCES WERE NOT BACKED BY ORDINARY SHARES AS REQUIRED BY THE DEPOSIT AGREEMENTS. THIS CONDUCT VIOLATED SECTION 17(A)(3) OF THE SECURITIES ACT. IN ADDITION, FROM AT LEAST JULY 2012 UNTIL MAY 2014, CANTOR RECEIVED PRE-RELEASED ADRS FROM OTHER PRE-RELEASE BROKERS WHEN CANTOR DID NOT TAKE REASONABLE STEPS TO ASSURE ITSELF THAT THE PRE-RELEASED ADRS IT RECEIVED WERE BACKED BY ORDINARY SHARES. CANTOR'S SECURITIES LENDING PERSONNEL UNDERSTOOD THAT IN MANY INSTANCES THE ADRS THEY BORROWED FROM CERTAIN PRE-RELEASE BROKERS WERE SOURCED FROM DEPOSITARIES PURSUANT TO PRE-RELEASE AGREEMENTS. HAVING THEMSELVES ENGAGED IN DIRECT TRANSACTIONS IN WHICH CANTOR WAS A PRE-RELEASE BROKER, THESE SAME INDIVIDUALS WERE AWARE OF THE OBLIGATIONS OF THE PRE-RELEASE AGREEMENTS, AND AT A MINIMUM SHOULD HAVE UNDERSTOOD THAT OTHER PRE-RELEASE BROKERS SIMILARLY WERE ACTING AS PRE-RELEASE BROKERS WHILE NOT OWNING UNDERLYING ORDINARY SHARES. BY ENGAGING IN THESE TRANSACTIONS IN THE MANNER DESCRIBED HEREIN, THE SECURITIES LENDING PERSONNEL VIOLATED SECTION 17(A)(3) OF THE SECURITIES ACT. CANTOR ALSO FAILED TO ESTABLISH AND IMPLEMENT EFFECTIVE POLICIES AND PROCEDURES TO REASONABLY ADDRESS WHETHER ITS ASSOCIATED PERSONS ON THE SECURITIES LENDING DESK WERE ENGAGING IN TRANSACTIONS IN WHICH PRE-RELEASED ADRS WERE APPROPRIATELY OBTAINED. AS A RESULT, CANTOR'S SUPERVISORY POLICIES AND PROCEDURES WERE NOT REASONABLY DESIGNED AND IMPLEMENTED TO PROVIDE EFFECTIVE OVERSIGHT OF ASSOCIATED PERSONS TO PREVENT AND DETECT THEIR VIOLATIONS OF SECURITIES ACT SECTION 17(A)(3), AND CANTOR FAILED REASONABLY TO SUPERVISE ITS ASSOCIATED PERSONS WITHIN THE MEANING OF SECTION 15(B)(4)(E) OF THE EXCHANGE ACT.

Initiated By: UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Date Initiated: 08/16/2019

Docket/Case Number: 3-19357

Principal Product Type: Other

Other Product Type(s): PRERELEASE AMERICAN DEPOSITARY RECEIPTS

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

Other Sanction(s)/Relief Sought:

Resolution: Order



Resolution Date:	08/16/2019
Sanctions Ordered:	Censure Monetary/Fine \$200,000.00 Disgorgement/Restitution
Other Sanctions Ordered:	PREJUDGMENT INTEREST
Sanction Details:	RESPONDENT IS CENSURED. RESPONDENT SHALL, WITHIN 10 DAYS OF THE ENTRY OF THE ORDER, PAY DISGORGEMENT OF \$359,448.05, PREJUDGMENT INTEREST OF \$88,463.14, AND A CIVIL PENALTY OF \$200,000.
Firm Statement	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 IS CENSURED. RESPONDENT SHALL, WITHIN 10 DAYS OF THE ENTRY OF THE ORDER, PAY DISGORGEMENT OF \$359,448.05, PREJUDGMENT INTEREST OF \$88,463.14, AND A CIVIL PENALTY OF \$200,000.

Disclosure 10 of 87

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 INCLUDE A CODE THAT REFLECTED ITS RELIANCE ON AN INFORMATION BARRIER WHEN APPROPRIATE IN ITS SUBMISSIONS TO OATS. THE FINDINGS STATED THAT THE FIRM'S ORDER MANAGEMENT SYSTEM (OMS) WAS DESIGNED TO REPORT THE REQUIRED INFORMATION BARRIER IDENTIFIER ONLY FOR ACTIVITY BETWEEN DIFFERENT AGGREGATION UNITS AT THE FIRM. HOWEVER, BECAUSE THE FIRM'S BROKER-DEALER DESK AND MARKET MAKING DESK OPERATED WITHIN THE SAME AGGREGATION UNIT, THE NECESSARY INFORMATION BARRIER IDENTIFIER WAS NOT INCLUDED IN THOSE OATS SUBMISSIONS. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO SUBMIT EXECUTION REPORTS, WHICH ARE ROES, TO OATS. IN CERTAIN INSTANCES WHEN A FIRM TRADER COMBINED MULTIPLE ORDERS FROM THE SAME CLIENT BEFORE ROUTING THAT COMBINED ORDER TO THE TRADING DESK, INSTEAD OF REPORTING THE REQUIRED RISKLESS PRINCIPAL LEG OF A TRADE, THE FIRM'S OMS REPORTED THE PRINCIPAL EXECUTION, WHICH IS AN OPTIONAL SUBMISSION TO OATS. THE FINDINGS ALSO INCLUDED THAT THE FIRM FAILED TO ESTABLISH AND MAINTAIN A SYSTEM THAT IS



REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS AND REGULATIONS, AND WITH APPLICABLE FINRA RULES, INCLUDING OATS REPORTING REQUIREMENTS. THE FIRM'S FAILURE TO IDENTIFY THIS ISSUE WAS CAUSED, AT LEAST IN PART, BECAUSE ITS OATS REVIEW DID NOT INCLUDE A COMPONENT DESIGNED TO DETERMINE WHETHER THE INFORMATION BARRIER IDENTIFICATION WAS BEING PROPERLY REPORTED. FINRA FOUND THAT THE FIRM VIOLATED RULE 611(C) OF REGULATION NMS (REG NMS) OF THE SECURITIES EXCHANGE ACT OF 1934 BY ROUTING AN INTERMARKET SWEEP ORDER (ISO) TO A COVERED EXCHANGE PRICED OUTSIDE OF AT LEAST ONE PROTECTED QUOTATION WITHOUT SIMULTANEOUSLY ROUTING ADDITIONAL LIMIT ORDERS TO EXECUTE AGAINST THE FULL DISPLAYED SIZE OF ANY PROTECTED BID. THE FIRM DID NOT HAVE A REASONABLE SUPERVISORY SYSTEM TO ACHIEVE COMPLIANCE WITH RULE 611(C) OF REG NMS. AS A RESULT, IT WAS NOT AWARE THAT IT WAS NOT ROUTING SECONDARY ISOS.

Initiated By: FINRA

Date Initiated: 04/01/2019

Docket/Case Number: [2015046800201](#)

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: 04/01/2019

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 \$105,000.00

Other Sanctions Ordered: UNDERTAKING

Sanction Details: THE FIRM WAS CENSURED, FINED \$105,000, AND ORDERED TO ADDRESS THE REG NMS RULE 611(C) AND SUPERVISORY DEFICIENCIES DESCRIBED



IN THE AWC AND TO ENSURE THAT IT HAS IMPLEMENTED CONTROLS AND PROCEDURES THAT ARE REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE APPLICABLE RULES AND REGULATIONS. FINES PAID IN FULL ON APRIL 9, 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 INCLUDE A CODE THAT REFLECTED ITS RELIANCE ON AN INFORMATION BARRIER WHEN APPROPRIATE IN ITS SUBMISSIONS TO OATS. THE FINDINGS STATED THAT THE FIRM'S ORDER MANAGEMENT SYSTEM (OMS) WAS DESIGNED TO REPORT THE REQUIRED INFORMATION BARRIER IDENTIFIER ONLY FOR ACTIVITY BETWEEN DIFFERENT AGGREGATION UNITS AT THE FIRM. HOWEVER, BECAUSE THE FIRM'S BROKER-DEALER DESK AND MARKET MAKING DESK OPERATED WITHIN THE SAME AGGREGATION UNIT, THE NECESSARY INFORMATION BARRIER IDENTIFIER WAS NOT INCLUDED IN THOSE OATS SUBMISSIONS. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO SUBMIT EXECUTION REPORTS, WHICH ARE ROES, TO OATS. IN CERTAIN INSTANCES WHEN A FIRM TRADER COMBINED MULTIPLE ORDERS FROM THE SAME CLIENT BEFORE ROUTING THAT COMBINED ORDER TO THE TRADING DESK, INSTEAD OF REPORTING THE REQUIRED RISKLESS PRINCIPAL LEG OF A TRADE, THE FIRM'S OMS REPORTED THE PRINCIPAL EXECUTION, WHICH IS AN OPTIONAL SUBMISSION TO OATS. THE FINDINGS ALSO INCLUDED THAT THE FIRM FAILED TO ESTABLISH AND MAINTAIN A SYSTEM THAT IS REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS AND REGULATIONS, AND WITH APPLICABLE FINRA RULES, INCLUDING OATS REPORTING REQUIREMENTS. THE FIRM'S FAILURE TO IDENTIFY THIS ISSUE WAS CAUSED, AT LEAST IN PART, BECAUSE ITS OATS REVIEW DID NOT INCLUDE A COMPONENT DESIGNED TO DETERMINE WHETHER THE INFORMATION BARRIER IDENTIFICATION WAS BEING PROPERLY REPORTED. FINRA FOUND THAT THE FIRM VIOLATED RULE 611(C) OF REGULATION NMS (REG NMS) OF THE SECURITIES EXCHANGE ACT OF 1934 BY ROUTING AN INTERMARKET SWEEP ORDER (ISO) TO A COVERED EXCHANGE PRICED OUTSIDE OF AT LEAST ONE PROTECTED QUOTATION WITHOUT SIMULTANEOUSLY ROUTING ADDITIONAL LIMIT ORDERS TO EXECUTE AGAINST THE FULL DISPLAYED SIZE OF ANY PROTECTED BID. THE FIRM DID NOT HAVE A REASONABLE SUPERVISORY SYSTEM TO ACHIEVE COMPLIANCE WITH RULE 611(C) OF REG NMS. AS A RESULT, IT



WAS NOT AWARE THAT IT WAS NOT ROUTING SECONDARY ISOS.

Initiated By: FINRA

Date Initiated: 04/01/2019

Docket/Case Number: [2015046800201](#)

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: 04/01/2019

Sanctions Ordered: Censure
Monetary/Fine \$105,000.00

Other Sanctions Ordered: UNDERTAKING

Sanction Details: THE FIRM WAS CENSURED, FINED \$105,000, AND ORDERED TO ADDRESS THE REG NMS RULE 611(C) AND SUPERVISORY DEFICIENCIES DESCRIBED IN THE AWC AND TO ENSURE THAT IT HAS IMPLEMENTED CONTROLS AND PROCEDURES THAT ARE REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE APPLICABLE RULES AND REGULATIONS.

Disclosure 11 of 87

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 ESTABLISH, MAINTAIN, AND ENFORCE A SUPERVISORY SYSTEM, INCLUDING WSPS, REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE REQUIREMENTS OF RULE 204 OF REGULATION SHO. THE FINDINGS STATED THAT THE FIRM USED A PREDOMINANTLY MANUAL SYSTEM TO IDENTIFY ITS OBLIGATIONS UNDER, AND SUPERVISE ITS COMPLIANCE WITH REGULATION SHO. GIVEN THE FIRM'S INCREASED TRADING ACTIVITY AND EXPANSIONS TO ITS BUSINESS, THE SUPERVISORY SYSTEM WAS NOT REASONABLE. THE FIRM'S COMPLIANCE PERSONNEL IDENTIFIED RED FLAGS INDICATING THAT IT HAD SYSTEMIC ISSUES WITH REGULATION SHO COMPLIANCE AND THAT ITS



SUPERVISORY SYSTEMS WERE NOT REASONABLY TAILORED TO ITS BUSINESS. HOWEVER, THE FIRM DID NOT ADAPT AND ENHANCE ITS SUPERVISORY SYSTEMS, COMMIT ADDITIONAL STAFFING TO MONITORING ITS COMPLIANCE, IMPLEMENT POLICIES AND PROCEDURES TO ACCOMMODATE THE NEW LINES OF BUSINESS, OR PROVIDE TRAINING TO ITS STAFF REGARDING REGULATION SHO UNTIL LATER. THE FINDINGS ALSO STATED THAT THE FIRM DID NOT IMPLEMENT ANY SUPERVISORY TASKS, REVIEWS, SYSTEMS OR PROCEDURES WITH RESPECT TO REGULATION SHO'S PENALTY BOX AND HAD NO SUPERVISORY SYSTEMS OR PROCEDURES WITH RESPECT TO NOTICE REQUIREMENTS. THE FIRM'S WSPS DID NOT ACCURATELY REFLECT THE REQUIREMENTS OR THE SUPERVISORY REVIEWS CONDUCTED BY FIRM PERSONNEL. MOREOVER, EVEN THOUGH A PREVIOUS AWC REQUIRED THE FIRM TO, AND THE FIRM CERTIFIED THAT IT IN FACT, IMPLEMENTED WSPS THAT TASKED A SPECIFIC PERSON OR PERSONS WITH OVERALL RESPONSIBILITY FOR SUPERVISION OF THE FIRM'S COMPLIANCE, ITS WSPS STILL FAILED TO CLEARLY DELEGATE SUPERVISORY RESPONSIBILITY TO A PARTICULAR INDIVIDUAL OR INDIVIDUALS. THE FINDINGS ALSO INCLUDED THAT THE FIRM'S FAILURE TO ACT TIMELY TO REMEDIATE THE ISSUES, AND TO ESTABLISH AND MAINTAIN REASONABLE SUPERVISORY SYSTEMS AND PROCEDURES, RESULTED IN SHORT SELLING ACTIVITY. SPECIFICALLY, THE FIRM DID NOT TIMELY CLOSE-OUT FAIL-TO-DELIVER (FTD) POSITIONS, ROUTED AND/OR EXECUTED SHORT SALES IN SECURITIES FOR WHICH IT HAD OPEN FTDS, AND DID NOT ISSUE NOTICE TO THOSE BROKER-DEALERS FROM WHICH IT RECEIVED TRADES FOR CLEARANCE AND SETTLEMENT THAT A PRE-BORROW WAS REQUIRED. MOREOVER, AFTER THE FIRM HAD REVISED ITS SUPERVISORY SYSTEMS AND WSPS FOLLOWING THE PREVIOUS AWC, IT FAILED TO IDENTIFY CERTAIN ACCOUNTS THAT ENGAGED IN SHORT AND LONG SALES WERE NOT MONITORED BY ITS SYSTEMS, THE FTDS RESULTING FROM THE ACTIVITY IN THESE ACCOUNTS, OR THAT ITS WSPS PERMITTED CLOSE-OUT ACTIONS TO OCCUR AFTER THE MARKET OPEN.

Initiated By: FINRA

Date Initiated: 03/05/2019

Docket/Case Number: [2014041817001](#)

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: 03/05/2019

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 \$2,000,000.00

Other Sanctions Ordered: UNDERTAKING

Sanction Details: THE FIRM WAS CENSURED, FINED \$2 MILLION AND REQUIRED TO RETAIN AN INDEPENDENT CONSULTANT TO CONDUCT A COMPREHENSIVE REVIEW OF THE ADEQUACY OF THE FIRM'S POLICIES, SYSTEMS AND PROCEDURES (WRITTEN AND OTHERWISE) AND TRAINING RELATING TO RULE 204 OF REGULATION SHO. FINES PAID IN FULL ON MARCH 15, 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 ESTABLISH, MAINTAIN, AND ENFORCE A SUPERVISORY SYSTEM, INCLUDING WSPS, REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE REQUIREMENTS OF RULE 204 OF REGULATION SHO. THE FINDINGS STATED THAT THE FIRM USED A PREDOMINANTLY MANUAL SYSTEM TO IDENTIFY ITS OBLIGATIONS UNDER, AND SUPERVISE ITS COMPLIANCE WITH REGULATION SHO. GIVEN THE FIRM'S INCREASED TRADING ACTIVITY AND EXPANSIONS TO ITS BUSINESS, THE SUPERVISORY SYSTEM WAS NOT REASONABLE. THE FIRM'S COMPLIANCE PERSONNEL IDENTIFIED RED FLAGS INDICATING THAT IT HAD SYSTEMIC ISSUES WITH REGULATION SHO COMPLIANCE AND THAT ITS SUPERVISORY SYSTEMS WERE NOT REASONABLY TAILORED TO ITS BUSINESS. HOWEVER, THE FIRM DID NOT ADAPT AND ENHANCE ITS SUPERVISORY SYSTEMS, COMMIT ADDITIONAL STAFFING TO MONITORING ITS COMPLIANCE, IMPLEMENT POLICIES AND PROCEDURES TO ACCOMMODATE THE NEW LINES OF BUSINESS, OR PROVIDE TRAINING TO ITS STAFF REGARDING REGULATION SHO UNTIL LATER. THE FINDINGS ALSO STATED THAT THE FIRM DID NOT IMPLEMENT ANY SUPERVISORY TASKS, REVIEWS, SYSTEMS OR PROCEDURES WITH RESPECT TO REGULATION SHO'S PENALTY BOX AND HAD NO SUPERVISORY SYSTEMS



OR PROCEDURES WITH RESPECT TO NOTICE REQUIREMENTS. THE FIRM'S WSPS DID NOT ACCURATELY REFLECT THE REQUIREMENTS OR THE SUPERVISORY REVIEWS CONDUCTED BY FIRM PERSONNEL. MOREOVER, EVEN THOUGH A PREVIOUS AWC REQUIRED THE FIRM TO, AND THE FIRM CERTIFIED THAT IT IN FACT, IMPLEMENTED WSPS THAT TASKED A SPECIFIC PERSON OR PERSONS WITH OVERALL RESPONSIBILITY FOR SUPERVISION OF THE FIRM'S COMPLIANCE, ITS WSPS STILL FAILED TO CLEARLY DELEGATE SUPERVISORY RESPONSIBILITY TO A PARTICULAR INDIVIDUAL OR INDIVIDUALS. THE FINDINGS ALSO INCLUDED THAT THE FIRM'S FAILURE TO ACT TIMELY TO REMEDIATE THE ISSUES, AND TO ESTABLISH AND MAINTAIN REASONABLE SUPERVISORY SYSTEMS AND PROCEDURES, RESULTED IN SHORT SELLING ACTIVITY. SPECIFICALLY, THE FIRM DID NOT TIMELY CLOSE-OUT FAIL-TO-DELIVER (FTD) POSITIONS, ROUTED AND/OR EXECUTED SHORT SALES IN SECURITIES FOR WHICH IT HAD OPEN FTDS, AND DID NOT ISSUE NOTICE TO THOSE BROKER-DEALERS FROM WHICH IT RECEIVED TRADES FOR CLEARANCE AND SETTLEMENT THAT A PRE-BORROW WAS REQUIRED. MOREOVER, AFTER THE FIRM HAD REVISED ITS SUPERVISORY SYSTEMS AND WSPS FOLLOWING THE PREVIOUS AWC, IT FAILED TO IDENTIFY CERTAIN ACCOUNTS THAT ENGAGED IN SHORT AND LONG SALES WERE NOT MONITORED BY ITS SYSTEMS, THE FTDS RESULTING FROM THE ACTIVITY IN THESE ACCOUNTS, OR THAT ITS WSPS PERMITTED CLOSE-OUT ACTIONS TO OCCUR AFTER THE MARKET OPEN.

Initiated By: FINRA

Date Initiated: 03/05/2019

Docket/Case Number: [2014041817001](#)

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: 03/05/2019

Sanctions Ordered: Censure
Monetary/Fine \$2,000,000.00

Other Sanctions Ordered: UNDERTAKING

Sanction Details: THE FIRM WAS CENSURED, FINED \$2 MILLION AND REQUIRED TO RETAIN



AN INDEPENDENT CONSULTANT TO CONDUCT A COMPREHENSIVE REVIEW OF THE ADEQUACY OF THE FIRM'S POLICIES, SYSTEMS AND PROCEDURES (WRITTEN AND OTHERWISE) AND TRAINING RELATING TO RULE 204 OF REGULATION SHO.

Disclosure 12 of 87

Reporting Source: Regulator

Current Status: Final

Allegations: SEC ADMIN RELEASE 34-83565 / JUNE 29, 2018:
 THE SECURITIES AND EXCHANGE COMMISSION ("COMMISSION") 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 ("EXCHANGE ACT") AGAINST CANTOR FITZGERALD & CO. ("CANTOR" OR "RESPONDENT").
 THE COMMISSION FINDS THAT FOLLOWING THE DENIAL OF A REQUEST TO RECEIVE COMMISSION COMPENSATION, MATTESSICH, AN EXECUTION TRADER, APPROACHED TWO OF THE SALES TRADERS ON HIS DESK, INCLUDING LUDOVICO, AND PROPOSED AN ARRANGEMENT THAT WOULD CIRCUMVENT THE FIRM'S ESTABLISHED PROCEDURES FOR PAYING AND RECORDING COMMISSIONS.
 LUDOVICO AND THE OTHER SALES TRADER AGREED TO THE PLAN AND BEGAN PAYING MATTESSICH A PORTION OF THEIR NET COMMISSIONS BY PERSONAL CHECK. AT THE TIME, BOTH SALES TRADERS WERE FAMILIAR WITH THE FIRM'S PROCEDURES FOR SPLITTING AND RECORDING COMMISSIONS BECAUSE THEY SHARED CERTAIN AE CODES WITH OTHER EMPLOYEES.
 BOTH SALES TRADERS GAVE PERSONAL CHECKS TO MATTESSICH ON A MONTHLY BASIS. TYPICALLY, THE SALES TRADERS WOULD WRITE THESE CHECKS AND HAND THEM TO MATTESSICH ON THE TRADING DESK, WITHOUT MAKING ANY EFFORT TO CONCEAL THIS ACTIVITY FROM THE OTHER TRADERS AND DESK HEAD WHO SAT IN CLOSE PROXIMITY TO THEM.
 IN OR ABOUT 2004, MATTESSICH ASSUMED SUPERVISORY RESPONSIBILITY OVER BOTH OF THE INDIVIDUALS MAKING PAYMENTS TO HIM AND CONTINUED TO RECEIVE PAYMENTS FROM THEM IN THE SAME MANNER.
 MATTESSICH ALSO ARRANGED FOR A JUNIOR EXECUTION TRADER TO RECEIVE OFF-THE-BOOKS COMMISSIONS FROM THE SAME SUBORDINATES WHO HAD BEEN PAYING HIM.
 IN ADDITION TO FAILING TO REPORT HIS RECEIPT OF THESE COMMISSIONS TO CANTOR, MATTESSICH FAILED TO REPORT THEM AS INCOME TO ANY TAXING AUTHORITIES.



THE COMMISSION-SHARING ARRANGEMENT CREATED A POTENTIAL CONFLICT OF INTEREST FOR MATTESSICH, WHO WAS RESPONSIBLE FOR SUPERVISING TRADING ACTIVITY BY THE VERY SUBORDINATES WHO WERE MAKING THE PAYMENTS TO HIM.

DURING THE TIMEFRAME IN WHICH THE PAYMENTS WERE OCCURRING, LUDOVICO, ACTING ON BEHALF OF THE FIRM'S CUSTOMERS, ENGAGED IN NUMEROUS UNREGISTERED SECURITIES TRANSACTIONS, FOR WHICH HE WAS SUSPENDED FOR TWO MONTHS AND FINED \$25,000 BY THE FINRA.

NONE OF THE PARTICIPANTS IN THE COMMISSION-SHARING ARRANGEMENT KEPT RECORDS OF THE COMPENSATION PAID TO MATTESSICH OR THE JUNIOR SALES TRADER OR PROVIDED ANY INFORMATION TO CANTOR FROM WHICH CANTOR COULD HAVE CREATED SUCH RECORDS. AS A RESULT, CANTOR DID NOT MAKE RECORDS OF THE COMPENSATION THAT MATTESSICH OR THE JUNIOR EXECUTION TRADER RECEIVED THROUGH THE ARRANGEMENT AND DID NOT HAVE INFORMATION ABOUT SUCH COMPENSATION AVAILABLE TO PROVIDE TO REGULATORS IF REQUESTED.

IN LATE 2013 OR EARLY 2014, MATTESSICH AND LUDOVICO'S ARRANGEMENT CAME TO THE ATTENTION OF CANTOR'S LEGAL AND COMPLIANCE PERSONNEL. ONCE THE ARRANGEMENT CAME TO LIGHT, THE FIRM'S CHIEF COMPLIANCE OFFICER ISSUED A MEMO STATING THAT IT WAS NOT PERMISSIBLE FOR ONE EMPLOYEE TO PAY ANOTHER EMPLOYEE IN CONNECTION WITH ANY TRADING ACTIVITY. THE MEMO ALSO DIRECTED THAT ALL SUCH ARRANGEMENTS BE REPORTED TO THE FIRM FOR REGULATORY AND TAX REASONS. THE FIRM DID NOT, HOWEVER, TAKE ANY OTHER REMEDIAL STEPS. NEITHER MATTESSICH NOR LUDOVICO WAS DISCIPLINED FOR THE CONDUCT, AND THEY WERE ALSO SUBSEQUENTLY PROMOTED.

NEAR THE CONCLUSION OF THE COMMISSION STAFF'S INVESTIGATION LEADING TO THIS PROCEEDING, CANTOR GAVE MATTESSICH AND LUDOVICO THE OPTION TO RESIGN FROM THE FIRM OR BE TERMINATED, BASED UPON THE CONDUCT DESCRIBED HEREIN.

AS A RESULT, CANTOR WILLFULLY VIOLATED SECTION 17(A) OF THE EXCHANGE ACT AND RULE 17A-3(A)(19) THEREUNDER.

Initiated By:	UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Date Initiated:	06/29/2018
Docket/Case Number:	3-18560
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: 06/29/2018

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 \$1,250,000.00
Cease and Desist/Injunction

Other Sanctions Ordered:

Sanction Details: CANTOR IS CENSURED AND ORDERED TO CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF SECTION 17(A) OF THE EXCHANGE ACT AND RULE 17A3(A)(19) THEREUNDER.
CANTOR SHALL PAY A CIVIL MONEY PENALTY IN THE AMOUNT OF \$1,250,000.00 TO THE SECURITIES AND EXCHANGE COMMISSION.

Regulator Statement RESPONDENT HAS SUBMITTED AN OFFER OF SETTLEMENT (THE "OFFER") WHICH THE COMMISSION HAS DETERMINED TO ACCEPT.
CANTOR WILLFULLY VIOLATED SECTION 17(A) OF THE EXCHANGE ACT AND RULE 17A-3(A)(19) THEREUNDER.
IT IS ORDERED THAT CANTOR IS CENSURED AND 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-3(A)(19) THEREUNDER.
CANTOR SHALL PAY A CIVIL MONEY PENALTY IN THE AMOUNT OF \$1,250,000.00 TO THE SECURITIES AND EXCHANGE COMMISSION.

Reporting Source: Firm

Current Status: Final

Allegations: SEC ADMIN RELEASE 34-83565 / JUNE 29, 2018: THE SECURITIES AND EXCHANGE COMMISSION ("COMMISSION") 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 ("EXCHANGE ACT") AGAINST CANTOR FITZGERALD & CO. ("CANTOR" OR



"RESPONDENT"). THE COMMISSION FINDS THAT FOLLOWING THE DENIAL OF A REQUEST TO RECEIVE COMMISSION COMPENSATION, MATTESSICH, AN EXECUTION TRADER, APPROACHED TWO OF THE SALES TRADERS ON HIS DESK, INCLUDING LUDOVICO, AND PROPOSED AN ARRANGEMENT THAT WOULD CIRCUMVENT THE FIRM'S ESTABLISHED PROCEDURES FOR PAYING AND RECORDING COMMISSIONS. LUDOVICO AND THE OTHER SALES TRADER AGREED TO THE PLAN AND BEGAN PAYING MATTESSICH A PORTION OF THEIR NET COMMISSIONS BY PERSONAL CHECK. AT THE TIME, BOTH SALES TRADERS WERE FAMILIAR WITH THE FIRM'S PROCEDURES FOR SPLITTING AND RECORDING COMMISSIONS BECAUSE THEY SHARED CERTAIN AE CODES WITH OTHER EMPLOYEES. BOTH SALES TRADERS GAVE PERSONAL CHECKS TO MATTESSICH ON A MONTHLY BASIS. TYPICALLY, THE SALES TRADERS WOULD WRITE THESE CHECKS AND HAND THEM TO MATTESSICH ON THE TRADING DESK, WITHOUT MAKING ANY EFFORT TO CONCEAL THIS ACTIVITY FROM THE OTHER TRADERS AND DESK HEAD WHO SAT IN CLOSE PROXIMITY TO THEM. IN OR ABOUT 2004, MATTESSICH ASSUMED SUPERVISORY RESPONSIBILITY OVER BOTH OF THE INDIVIDUALS MAKING PAYMENTS TO HIM AND CONTINUED TO RECEIVE PAYMENTS FROM THEM IN THE SAME MANNER. MATTESSICH ALSO ARRANGED FOR A JUNIOR EXECUTION TRADER TO RECEIVE OFF-THE-BOOKS COMMISSIONS FROM THE SAME SUBORDINATES WHO HAD BEEN PAYING HIM. IN ADDITION TO FAILING TO REPORT HIS RECEIPT OF THESE COMMISSIONS TO CANTOR, MATTESSICH FAILED TO REPORT THEM AS INCOME TO ANY TAXING AUTHORITIES. THE COMMISSION-SHARING ARRANGEMENT CREATED A POTENTIAL CONFLICT OF INTEREST FOR MATTESSICH, WHO WAS RESPONSIBLE FOR SUPERVISING TRADING ACTIVITY BY THE VERY SUBORDINATES WHO WERE MAKING THE PAYMENTS TO HIM. DURING THE TIMEFRAME IN WHICH THE PAYMENTS WERE OCCURRING, LUDOVICO, ACTING ON BEHALF OF THE FIRM'S CUSTOMERS, ENGAGED IN NUMEROUS UNREGISTERED SECURITIES TRANSACTIONS, FOR WHICH HE WAS SUSPENDED FOR TWO MONTHS AND FINED \$25,000 BY THE FINRA. NONE OF THE PARTICIPANTS IN THE COMMISSION-SHARING ARRANGEMENT KEPT RECORDS OF THE COMPENSATION PAID TO MATTESSICH OR THE JUNIOR SALES TRADER OR PROVIDED ANY INFORMATION TO CANTOR FROM WHICH CANTOR COULD HAVE CREATED SUCH RECORDS. AS A RESULT, CANTOR DID NOT MAKE RECORDS OF THE COMPENSATION THAT MATTESSICH OR THE JUNIOR EXECUTION TRADER RECEIVED THROUGH THE ARRANGEMENT AND DID NOT HAVE INFORMATION ABOUT SUCH COMPENSATION AVAILABLE TO PROVIDE TO REGULATORS IF REQUESTED. IN LATE 2013 OR EARLY 2014, MATTESSICH AND LUDOVICO'S ARRANGEMENT CAME TO THE ATTENTION OF CANTOR'S LEGAL AND COMPLIANCE PERSONNEL. ONCE THE ARRANGEMENT CAME TO LIGHT, THE FIRM'S CHIEF COMPLIANCE OFFICER ISSUED A MEMO STATING THAT IT WAS NOT PERMISSIBLE FOR ONE EMPLOYEE TO PAY ANOTHER



EMPLOYEE IN CONNECTION WITH ANY TRADING ACTIVITY. THE MEMO ALSO DIRECTED THAT ALL SUCH ARRANGEMENTS BE REPORTED TO THE FIRM FOR REGULATORY AND TAX REASONS. THE FIRM DID NOT, HOWEVER, TAKE ANY OTHER REMEDIAL STEPS. NEITHER MATTESSICH NOR LUDOVICO WAS DISCIPLINED FOR THE CONDUCT, AND THEY WERE ALSO SUBSEQUENTLY PROMOTED. NEAR THE CONCLUSION OF THE COMMISSION STAFF'S INVESTIGATION LEADING TO THIS PROCEEDING, CANTOR GAVE MATTESSICH AND LUDOVICO THE OPTION TO RESIGN FROM THE FIRM OR BE TERMINATED, BASED UPON THE CONDUCT DESCRIBED HEREIN. AS A RESULT, CANTOR WILLFULLY VIOLATED SECTION 17(A) OF THE EXCHANGE ACT AND RULE 17A-3(A)(19) THEREUNDER.

Initiated By: UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Date Initiated: 06/29/2018

Docket/Case Number: 3-18560

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: 06/29/2018

Sanctions Ordered: Censure
Monetary/Fine \$1,250,000.00
Cease and Desist/Injunction

Other Sanctions Ordered:

Sanction Details: CANTOR IS CENSURED AND ORDERED TO CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF SECTION 17(A) OF THE EXCHANGE ACT AND RULE 17A3(A)(19) THEREUNDER. CANTOR SHALL PAY A CIVIL MONEY PENALTY IN THE AMOUNT OF \$1,250,000.00 TO THE SECURITIES AND EXCHANGE COMMISSION.

Firm Statement RESPONDENT HAS SUBMITTED AN OFFER OF SETTLEMENT (THE "OFFER") WHICH THE COMMISSION HAS DETERMINED TO ACCEPT. CANTOR WILLFULLY VIOLATED SECTION 17(A) OF THE EXCHANGE ACT AND RULE 17A-3(A)(19) THEREUNDER. IT IS ORDERED THAT CANTOR IS CENSURED AND SHALL CEASE AND DESIST FROM COMMITTING OR CAUSING ANY



VIOLATIONS AND ANY FUTURE VIOLATIONS OF SECTION 17(A) OF THE EXCHANGE ACT AND RULE 17A3(A)(19) THEREUNDER. CANTOR SHALL PAY A CIVIL MONEY PENALTY IN THE AMOUNT OF \$1,250,000.00 TO THE SECURITIES AND EXCHANGE COMMISSION.

Disclosure 13 of 87

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 ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM AND WRITTEN SUPERVISORY PROCEDURES (WSPS) REASONABLY DESIGNED TO ENABLE THE FIRM'S SUPERVISORY PERSONNEL TO PERFORM AN ADEQUATE REVIEW FOR POTENTIAL WASH SALES AND PREARRANGED TRADES, INCLUDING THE PREARRANGED TRADES EFFECTUATED BY A FIRM TRADER THAT RESULTED IN THE PUBLICATION OF NON-BONA FIDE TRADES. THE FINDINGS STATED THAT THE FIRM'S SUPERVISORY SYSTEM RELIED ON A MANUAL REVIEW OF TRADE BLOTTERS, WHICH WAS NOT REASONABLE GIVEN THE TRADING VOLUME OF THE FIRM. THE FIRM ALSO FAILED TO PROVIDE TRADER COMMUNICATIONS TO SUPERVISORS AS PART OF THEIR SUPERVISORY REVIEWS. ADDITIONALLY, THE FIRM'S WSPS FAILED TO STATE THE SPECIFIC STEPS THE DESIGNATED SUPERVISOR WAS REQUIRED TO TAKE IN REVIEWING FOR POTENTIAL WASH SALES AND PREARRANGED TRADES.

Initiated By: FINRA

Date Initiated: 01/16/2018

Docket/Case Number: [2014041233101](#)

Principal Product Type: Other

Other Product Type(s): UNSPECIFIED BONDS

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 01/16/2018



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 \$25,000.00

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

Sanction Details: THE FIRM WAS CENSURED, FINED \$25,000 AND UNDERTAKES TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES. FINES PAID IN FULL ON FEBRUARY 6, 2018.

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 ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM AND WRITTEN SUPERVISORY PROCEDURES (WSPS) REASONABLY DESIGNED TO ENABLE THE FIRM'S SUPERVISORY PERSONNEL TO PERFORM AN ADEQUATE REVIEW FOR POTENTIAL WASH SALES AND PREARRANGED TRADES, INCLUDING THE PREARRANGED TRADES EFFECTUATED BY A FIRM TRADER THAT RESULTED IN THE PUBLICATION OF NON-BONA FIDE TRADES. THE FINDINGS STATED THAT THE FIRM'S SUPERVISORY SYSTEM RELIED ON A MANUAL REVIEW OF TRADE BLOTTERS, WHICH WAS NOT REASONABLE GIVEN THE TRADING VOLUME OF THE FIRM. THE FIRM ALSO FAILED TO PROVIDE TRADER COMMUNICATIONS TO SUPERVISORS AS PART OF THEIR SUPERVISORY REVIEWS. ADDITIONALLY, THE FIRM'S WSPS FAILED TO STATE THE SPECIFIC STEPS THE DESIGNATED SUPERVISOR WAS REQUIRED TO TAKE IN REVIEWING FOR POTENTIAL WASH SALES AND PREARRANGED TRADES.

Initiated By: FINRA

Date Initiated: 01/16/2018



Docket/Case Number: [2014041233101](#)

Principal Product Type: Other

Other Product Type(s): UNSPECIFIED BONDS

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Other

Resolution Date: 01/16/2018

Sanctions Ordered: Monetary/Fine \$25,000.00

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

Sanction Details: THE FIRM WAS CENSURED, FINED \$25,000 AND UNDERTAKES TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES.

Disclosure 14 of 87

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 REPORT INFORMATION REGARDING PURCHASE AND SALE TRANSACTIONS EFFECTED IN MUNICIPAL SECURITIES TO THE REAL-TIME TRANSACTION REPORTING SYSTEM (RTRS) IN THE MANNER PRESCRIBED BY MUNICIPAL SECURITIES RULEMAKING BOARD (MSRB) RULE G-14 RTRS PROCEDURES AND RTRS USER'S MANUAL. THE FINDINGS STATED THAT SPECIFICALLY, THE FIRM FAILED TO REPORT INFORMATION ABOUT THE TRANSACTIONS WITHIN 15 MINUTES AFTER THE TIME OF TRADE TO AN RTRS PORTAL. THE FIRM IMPROPERLY REPORTED TO THE RTRS INTER-DEALER TRANSFERS OF MUNICIPAL SECURITIES THAT WERE NOT REPORTABLE TO THE RTRS. THE FIRM FAILED TO DOCUMENT THE CORRECT TIME OF EXECUTION IN TRADE MEMORANDUM OF TRANSACTIONS IN MUNICIPAL SECURITIES. 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 MSRB AND FINRA WITH REGARD TO MUNICIPAL



TRADE REPORTING. THE FIRM'S WRITTEN SUPERVISORY PROCEDURES (WSPS) FAILED TO PROVIDE SUFFICIENTLY FOR ONE OF THE FOUR MINIMUM REQUIREMENTS FOR ADEQUATE WSPS IN THE AREA OF MUNICIPAL SECURITIES REPORTING AS TO THE DOCUMENTING OF SUCH REVIEWS. IN ADDITION, THE FIRM FAILED TO PROVIDE EVIDENCE OF REVIEWS FOR MUNICIPAL LATE TRADE REPORTING.

Initiated By: FINRA

Date Initiated: 01/08/2018

Docket/Case Number: [2015046457101](#)

Principal Product Type: Debt - Municipal

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 01/08/2018

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 \$130,000.00

Other Sanctions Ordered: UNDERTAKING

Sanction Details: THE FIRM WAS CENSURED, FINED \$130,000 AND REQUIRED TO ADDRESS MUNICIPAL SECURITIES RULEMAKING BOARD (MSRB) MUNICIPAL TRADE REPORTING TO ENSURE THAT THE FIRM HAS IMPLEMENTED PROCEDURES THAT ARE REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE REQUIRED MSRB RULES. FINES IN FULL ON JANUARY 19, 2018.

Regulator Statement ASSOCIATED FINRA CASE NUMBERS ARE: 20170532194; 20160519058; 20160500366; 20160498307; AND 20160508018.

Reporting Source: Firm



Current Status:	Final
Allegations:	<p>WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO REPORT INFORMATION REGARDING PURCHASE AND SALE TRANSACTIONS EFFECTED IN MUNICIPAL SECURITIES TO THE REAL-TIME TRANSACTION REPORTING SYSTEM (RTRS) IN THE MANNER PRESCRIBED BY MUNICIPAL SECURITIES RULEMAKING BOARD (MSRB) RULE G-14 RTRS PROCEDURES AND RTRS USER'S MANUAL. THE FINDINGS STATED THAT SPECIFICALLY, THE FIRM FAILED TO REPORT INFORMATION ABOUT THE TRANSACTIONS WITHIN 15 MINUTES AFTER THE TIME OF TRADE TO AN RTRS PORTAL. THE FIRM IMPROPERLY REPORTED TO THE RTRS INTER-DEALER TRANSFERS OF MUNICIPAL SECURITIES THAT WERE NOT REPORTABLE TO THE RTRS. THE FIRM FAILED TO DOCUMENT THE CORRECT TIME OF EXECUTION IN TRADE MEMORANDUM OF TRANSACTIONS IN MUNICIPAL SECURITIES. 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 MSRB AND FINRA WITH REGARD TO MUNICIPAL TRADE REPORTING. THE FIRM'S WRITTEN SUPERVISORY PROCEDURES (WSPS) FAILED TO PROVIDE SUFFICIENTLY FOR ONE OF THE FOUR MINIMUM REQUIREMENTS FOR ADEQUATE WSPS IN THE AREA OF MUNICIPAL SECURITIES REPORTING AS TO THE DOCUMENTING OF SUCH REVIEWS. IN ADDITION, THE FIRM FAILED TO PROVIDE EVIDENCE OF REVIEWS FOR MUNICIPAL LATE TRADE REPORTING.</p>
Initiated By:	FINRA
Date Initiated:	01/08/2018
Docket/Case Number:	2015046457101
Principal Product Type:	Debt - Municipal
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	01/08/2018
Sanctions Ordered:	Censure Monetary/Fine \$130,000.00



Other Sanctions Ordered:	UNDERTAKING
Sanction Details:	THE FIRM WAS CENSURED, FINED \$130,000 AND REQUIRED TO ADDRESS MUNICIPAL SECURITIES RULEMAKING BOARD (MSRB) MUNICIPAL TRADE REPORTING TO ENSURE THAT THE FIRM HAS IMPLEMENTED PROCEDURES THAT ARE REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE REQUIRED MSRB RULES.
Firm Statement	ASSOCIATED FINRA CASE NUMBERS ARE: 20170532194; 20160519058; 20160500366; 20160498307; AND 20160508018.

Disclosure 15 of 87

Reporting Source:	Regulator
Current Status:	Final
Allegations:	<p>WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, THE FIRM (OR CANTOR) CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO ESTABLISH, DOCUMENT, AND MAINTAIN RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES THAT WERE REASONABLY DESIGNED TO PREVENT THE ENTRY OF ERRONEOUS ORDERS, BY REJECTING ORDERS THAT EXCEED APPROPRIATE PRICE OR SIZE PARAMETERS, ON AN ORDER-BY-ORDER BASIS OR OVER A SHORT PERIOD OF TIME.</p> <p>THE FINDINGS STATED DURING THE REVIEW PERIOD, CANTOR DID NOT CONSISTENTLY EMPLOY MAXIMUM SHARE THRESHOLD CONTROLS TO CREATE ALERTS OR BLOCK TRADES WHEN A TRADER ATTEMPTED TO ROUTE A CHILD ORDER TO AN EXCHANGE IN EXCESS OF A SPECIFIED NUMBER OF SHARES. INSTEAD, THE FIRM APPLIED SUCH CONTROLS ONLY TO CERTAIN DESKS, TRADERS, AND ORDER TYPES. IN THIS CASE, TWO OF ITS TRADERS ON SEPARATE OCCASIONS (AUGUST 2014 AND FEBRUARY 2017) ENTERED MARKET ORDERS FOR 205,381 SHARES AND 73,790 SHARES RESPECTIVELY, WHEN EACH ORDER WAS INTENDED TO BE TRANSMITTED VIA SUBSTANTIALLY SMALLER CHILD ORDERS. ALTHOUGH CANTOR EMPLOYED PROCEDURES AND CONTROLS THAT SET A MAXIMUM NOTIONAL VALUE FOR EACH ORDER, THESE PROCEDURES AND CONTROLS WERE INADEQUATE. FROM THE BEGINNING OF THE REVIEW PERIOD THROUGH AT LEAST NOVEMBER 2015, THE FIRM EMPLOYED A CONTROL IN THE FIRM'S ORDER MANAGEMENT SYSTEM (OMS) THAT FAR EXCEEDED THE NOTIONAL VALUE OF EVEN THE LARGEST NON-ERRONEOUS ORDERS THAT CANTOR ENTERED ON THE EXCHANGE. THE PARAMETERS WERE TOO WIDE TO EFFECTIVELY PREVENT ERRONEOUSLY ENTERED ORDERS WITHOUT ADDITIONAL CONTROLS. FURTHER, CANTOR DID NOT UTILIZE AN AVERAGE DAILY TRADING VOLUME (ADV) CONTROL DURING THE REVIEW PERIOD. A REASONABLE</p>



ADV CONTROL COULD PREVENT ERRONEOUS ORDERS SUCH AS THE 205,381 SHARES ORDER THAT ONE OF THE TRADERS UNINTENTIONAL CAUSED TO BE TRANSMITTED AS A MARKET ORDER FOR EXECUTION, WHICH REPRESENTED APPROXIMATELY 3,475% OF AN EXCHANGE-TRADED SECURITY'S ADV.

THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO ESTABLISH, DOCUMENT, AND MAINTAIN A SYSTEM FOR REGULARLY REVIEWING THE EFFECTIVENESS OF ITS CONTROLS, AND FAILING TO PROPERLY CERTIFY COMPLIANCE WITH THE MARKET ACCESS RULE AND PRESERVE SUCH CERTIFICATIONS.

DURING THE REVIEW PERIOD, CANTOR DID NOT DOCUMENT ITS SYSTEM FOR REGULARLY REVIEWING THE EFFECTIVENESS OF ITS RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES.

THE FIRM'S WRITTEN PROCEDURES STATED THAT BROKER-DEALERS WITH MARKET ACCESS MUST REVIEW, NO LESS FREQUENTLY THAN ANNUALLY, THE OVERALL EFFECTIVENESS OF ITS RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES. IN ADDITION, THAT SUCH REVIEW MUST BE CONDUCTED IN ACCORDANCE WITH WRITTEN PROCEDURES AND MUST BE DOCUMENTED. HOWEVER, THE WRITTEN PROCEDURES PRIOR TO SEPTEMBER 2016 DID NOT DESCRIBE THE FIRM'S CONTROLS TO PREVENT THE ENTRY OF ERRONEOUS ORDERS, NOR DID THE WRITTEN PROCEDURES INDICATE HOW SUCH CONTROLS SHOULD BE REVIEWED. MOREOVER, THE FIRM DID NOT DOCUMENT REGULAR REVIEW OF ITS MAXIMUM SHARE THRESHOLD, MAXIMUM NOTIONAL VALUE OR ADV CONTROLS ACROSS DESKS AND ORDER TYPES EACH YEAR DURING THE REVIEW PERIOD.

DURING THE REVIEW PERIOD, CANTOR'S CHIEF EXECUTIVE OFFICER SIGNED ANNUAL CERTIFICATIONS THAT THE FIRM HAD IN PLACE "RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES DESIGNED TO COMPLY WITH THE REQUIREMENTS OF [THE MARKET ACCESS RULE], AND CONDUCTED REVIEWS OF THOSE CONTROLS AND PROCEDURES TO TEST THEIR EFFICACY FOR COMPLIANCE PURPOSES FOR THE APPLICABLE COVERAGE PERIOD." THE CERTIFICATIONS DID NOT SATISFY SECURITIES EXCHANGE ACT RULE 15C3-5(E)(2) BECAUSE THEY DID NOT STATE THAT THE RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES ACTUALLY COMPLIED WITH PARAGRAPHS (B) AND (C) OF RULE 15C3-5. IN ADDITION, THE FIRM FAILED TO PRESERVE AN EXECUTED COPY OF ITS CERTIFICATION FOR THE YEAR 2014 FOR THE PERIOD REQUIRED UNDER SECURITIES EXCHANGE ACT RULE 17A-4(B).

Initiated By: NYSE ARCA, INC.
Date Initiated: 12/21/2017
Docket/Case Number: 2016-07-01081



Principal Product Type:	Equity Listed (Common & Preferred Stock)
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Decision & Order of Offer of Settlement
Resolution Date:	12/21/2017
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 \$155,000.00
Other Sanctions Ordered:	UNDERTAKING
Sanction Details:	THE FIRM WAS CENSURED AND FINED \$155,000. AN UNDERTAKING WAS ALSO ORDERED. THE FIRM SHALL ADDRESS ANY REMAINING MARKET ACCESS RULE DEFICIENCIES TO ENSURE IT HAS IMPLEMENTED CONTROLS AND PROCEDURES THAT ARE REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE RULES AND REGULATIONS CITED HEREIN PERTAINING TO MARKET ACCESS REQUIREMENTS.
Regulator Statement	IN DETERMINING TO RESOLVE THIS MATTER, ENFORCEMENT TOOK INTO CONSIDERATION THAT CANTOR, UPON DISCOVERY OF THE AUGUST 2014 ORDER AND FEBRUARY 2017 ORDER, TOOK STEPS PROMPTLY TO CORRECT CERTAIN OMS FUNCTIONS THAT CONTRIBUTED TO THE ENTRY OF THE ORDERS. ENFORCEMENT ALSO TOOK INTO CONSIDERATION THAT DURING AND AFTER THE REVIEW PERIOD, THE FIRM IMPLEMENTED ADDITIONAL AND MODIFIED CONTROLS RELATING TO THE ENTRY OF ERRONEOUS ORDERS, INCLUDING SINGLE-ORDER QUANTITY CONTROLS THAT, HAD THEY BEEN OPERATIVE DURING THE REVIEW PERIOD, COULD HAVE FLAGGED OR PREVENTED THE ORDERS DESCRIBED ABOVE. THE FIRM HAS UNDERTAKEN TO ADDRESS ANY REMAINING DEFICIENCIES. THE CASE INCLUDES PROCEEDING NO. 2017-02-00071.



Reporting Source: Firm

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, THE FIRM (OR CANTOR) CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO ESTABLISH, DOCUMENT, AND MAINTAIN RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES THAT WERE REASONABLY DESIGNED TO PREVENT THE ENTRY OF ERRONEOUS ORDERS, BY REJECTING ORDERS THAT EXCEED APPROPRIATE PRICE OR SIZE PARAMETERS, ON AN ORDER-BY-ORDER BASIS OR OVER A SHORT PERIOD OF TIME. THE FINDINGS STATED DURING THE REVIEW PERIOD, CANTOR DID NOT CONSISTENTLY EMPLOY MAXIMUM SHARE THRESHOLD CONTROLS TO CREATE ALERTS OR BLOCK TRADES WHEN A TRADER ATTEMPTED TO ROUTE A CHILD ORDER TO AN EXCHANGE IN EXCESS OF A SPECIFIED NUMBER OF SHARES. INSTEAD, THE FIRM APPLIED SUCH CONTROLS ONLY TO CERTAIN DESKS, TRADERS, AND ORDER TYPES. IN THIS CASE, TWO OF ITS TRADERS ON SEPARATE OCCASIONS (AUGUST 2014 AND FEBRUARY 2017) ENTERED MARKET ORDERS FOR 205,381 SHARES AND 73,790 SHARES RESPECTIVELY, WHEN EACH ORDER WAS INTENDED TO BE TRANSMITTED VIA SUBSTANTIALLY SMALLER CHILD ORDERS. ALTHOUGH CANTOR EMPLOYED PROCEDURES AND CONTROLS THAT SET A MAXIMUM NOTIONAL VALUE FOR EACH ORDER, THESE PROCEDURES AND CONTROLS WERE INADEQUATE. FROM THE BEGINNING OF THE REVIEW PERIOD THROUGH AT LEAST NOVEMBER 2015, THE FIRM EMPLOYED A CONTROL IN THE FIRM'S ORDER MANAGEMENT SYSTEM (OMS) THAT FAR EXCEEDED THE NOTIONAL VALUE OF EVEN THE LARGEST NON-ERRONEOUS ORDERS THAT CANTOR ENTERED ON THE EXCHANGE. THE PARAMETERS WERE TOO WIDE TO EFFECTIVELY PREVENT ERRONEOUSLY ENTERED ORDERS WITHOUT ADDITIONAL CONTROLS. FURTHER, CANTOR DID NOT UTILIZE AN AVERAGE DAILY TRADING VOLUME (ADV) CONTROL DURING THE REVIEW PERIOD. A REASONABLE ADV CONTROL COULD PREVENT ERRONEOUS ORDERS SUCH AS THE 205,381 SHARES ORDER THAT ONE OF THE TRADERS UNINTENTIONAL CAUSED TO BE TRANSMITTED AS A MARKET ORDER FOR EXECUTION, WHICH REPRESENTED APPROXIMATELY 3,475% OF AN EXCHANGE-TRADED SECURITY'S ADV. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO ESTABLISH, DOCUMENT, AND MAINTAIN A SYSTEM FOR REGULARLY REVIEWING THE EFFECTIVENESS OF ITS CONTROLS, AND FAILING TO PROPERLY CERTIFY COMPLIANCE WITH THE MARKET ACCESS RULE AND PRESERVE SUCH CERTIFICATIONS. DURING THE REVIEW PERIOD, CANTOR DID NOT DOCUMENT ITS SYSTEM FOR REGULARLY REVIEWING THE EFFECTIVENESS OF ITS RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES. THE FIRM'S WRITTEN PROCEDURES STATED THAT BROKER-DEALERS WITH MARKET ACCESS MUST REVIEW, NO LESS FREQUENTLY THAN ANNUALLY, THE OVERALL

EFFECTIVENESS OF ITS RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES. IN ADDITION, THAT SUCH REVIEW MUST BE CONDUCTED IN ACCORDANCE WITH WRITTEN PROCEDURES AND MUST BE DOCUMENTED. HOWEVER, THE WRITTEN PROCEDURES PRIOR TO SEPTEMBER 2016 DID NOT DESCRIBE THE FIRM'S CONTROLS TO PREVENT THE ENTRY OF ERRONEOUS ORDERS, NOR DID THE WRITTEN PROCEDURES INDICATE HOW SUCH CONTROLS SHOULD BE REVIEWED. MOREOVER, THE FIRM DID NOT DOCUMENT REGULAR REVIEW OF ITS MAXIMUM SHARE THRESHOLD, MAXIMUM NOTIONAL VALUE OR ADV CONTROLS ACROSS DESKS AND ORDER TYPES EACH YEAR DURING THE REVIEW PERIOD. DURING THE REVIEW PERIOD, CANTOR'S CHIEF EXECUTIVE OFFICER SIGNED ANNUAL CERTIFICATIONS THAT THE FIRM HAD IN PLACE "RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES DESIGNED TO COMPLY WITH THE REQUIREMENTS OF [THE MARKET ACCESS RULE], AND CONDUCTED REVIEWS OF THOSE CONTROLS AND PROCEDURES TO TEST THEIR EFFICACY FOR COMPLIANCE PURPOSES FOR THE APPLICABLE COVERAGE PERIOD." THE CERTIFICATIONS DID NOT SATISFY SECURITIES EXCHANGE ACT RULE 15C3-5(E)(2) BECAUSE THEY DID NOT STATE THAT THE RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES ACTUALLY COMPLIED WITH PARAGRAPHS (B) AND (C) OF RULE 15C3-5. IN ADDITION, THE FIRM FAILED TO PRESERVE AN EXECUTED COPY OF ITS CERTIFICATION FOR THE YEAR 2014 FOR THE PERIOD REQUIRED UNDER SECURITIES EXCHANGE ACT RULE 17A-4(B).

Initiated By: NYSE ARCA, INC.

Date Initiated: 12/21/2017

Docket/Case Number: 2016-07-01081

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

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Decision & Order of Offer of Settlement

Resolution Date: 12/21/2017

Sanctions Ordered: Censure
Monetary/Fine \$155,000.00

Other Sanctions Ordered: UNDERTAKING

**Sanction Details:**

THE FIRM WAS CENSURED AND FINED \$155,000. AN UNDERTAKING WAS ALSO ORDERED. THE FIRM SHALL ADDRESS ANY REMAINING MARKET ACCESS RULE DEFICIENCIES TO ENSURE IT HAS IMPLEMENTED CONTROLS AND PROCEDURES THAT ARE REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE RULES AND REGULATIONS CITED HEREIN PERTAINING TO MARKET ACCESS REQUIREMENTS.

Firm Statement

CANTOR PAID THE FINE IN THE AMOUNT OF \$155,000.00 ON DECEMBER 29, 2017. IN DETERMINING TO RESOLVE THIS MATTER, ENFORCEMENT TOOK INTO CONSIDERATION THAT CANTOR, UPON DISCOVERY OF THE AUGUST 2014 ORDER AND FEBRUARY 2017 ORDER, TOOK STEPS PROMPTLY TO CORRECT CERTAIN OMS FUNCTIONS THAT CONTRIBUTED TO THE ENTRY OF THE ORDERS. ENFORCEMENT ALSO TOOK INTO CONSIDERATION THAT DURING AND AFTER THE REVIEW PERIOD, THE FIRM IMPLEMENTED ADDITIONAL AND MODIFIED CONTROLS RELATING TO THE ENTRY OF ERRONEOUS ORDERS, INCLUDING SINGLE-ORDER QUANTITY CONTROLS THAT, HAD THEY BEEN OPERATIVE DURING THE REVIEW PERIOD, COULD HAVE FLAGGED OR PREVENTED THE ORDERS DESCRIBED ABOVE. THE FIRM HAS UNDERTAKEN TO ADDRESS ANY REMAINING DEFICIENCIES. THE CASE INCLUDES PROCEEDING NO. 2017-02-00071.

Disclosure 16 of 87**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 REPORT TO THE TRADE REPORTING AND COMPLIANCE ENGINE (TRACE) TRANSACTIONS IN TRACE-ELIGIBLE SECURITIZED PRODUCTS (SPS) WITHIN THE 15 MINUTES OF THE TIME OF EXECUTION, FAILED TO REPORT THE CORRECT TIME OF TRADE EXECUTION FOR TRANSACTIONS IN TRACE-ELIGIBLE SPS, FAILED TO REPORT TO TRACE TRANSACTIONS IN TRACE-ELIGIBLE SPS WITHIN THE TIME PERMITTED BY FINRA RULE 6730, AND FAILED TO SHOW THE CORRECT TIME OF EXECUTION ON THE MEMORANDUM OF BROKERAGE ORDERS. THE FINDINGS STATED THAT THE FIRM FAILED TO REPORT TRANSACTIONS WITHIN THE TIME REQUIRED BY TRACE, FAILED TO TIMELY REPORT TRANSACTIONS IN TRACE-ELIGIBLE CORPORATE DEBT SECURITIES TO TRACE, FAILED TO REPORT TO TRACE THE CORRECT TIME OF TRADE EXECUTION FOR TRANSACTIONS IN TRACE-ELIGIBLE SPS, AND FAILED TO REPORT TO TRACE THE CORRECT TIME OF TRADE EXECUTION FOR TRANSACTIONS IN TRACE-ELIGIBLE AGENCY DEBT SECURITIES AND CORPORATE DEBT SECURITIES. THE FIRM FAILED TO REPORT TO TRACE TRANSACTIONS IN TRACE-ELIGIBLE AGENCY DEBT SECURITIES WITHIN THE TIME PERMITTED



BY FINRA RULE 6730(A), FAILED TO REPORT TRANSACTIONS IN TRACE-ELIGIBLE SPS WITHIN THE TIME PERMITTED BY FINRA RULE 6730, FAILED TO REPORT TO TRACE TRANSACTIONS IN TRACE-ELIGIBLE CORPORATE DEBT SECURITIES WITHIN THE TIMEFRAME SET FORTH IN FINRA RULE 6730, AND FAILED TO TIMELY REPORT TO TRACE TRANSACTIONS IN TRACE-ELIGIBLE AGENCY DEBT SECURITIES. THE FINDINGS ALSO STATED THAT THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO SECURITIES LAWS AND REGULATIONS, AND FINRA RULES CONCERNING TRADE REPORTING TO TRACE. THE FIRM FAILED TO PROVIDE DOCUMENTARY EVIDENCE THAT IT WAS PERFORMING THE SUPERVISORY REVIEWS SET FORTH IN THE FIRM'S WRITTEN SUPERVISORY PROCEDURES. IN ADDITION, THE FIRM'S SUPERVISORY REVIEWS CONCERNING TRACE REPORTING FAILED TO IDENTIFY THE DOCUMENTATION THAT WAS REQUIRED TO BE REVIEWED.

Initiated By: FINRA

Date Initiated: 04/04/2017

Docket/Case Number: [2014043136001](#)

Principal Product Type: Debt - Corporate

Other Product Type(s): AGENCY DEBT SECURITIES; SECURITIZED PRODUCTS

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 04/04/2017

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 \$380,000.00

Other Sanctions Ordered: UNDERTAKING: ADDRESS TRACE REPORTING TO ENSURE THAT THE FIRM HAS IMPLEMENTED PROCEDURES THAT ARE REASONABLE DESIGNED TO ACHIEVE COMPLIANCE WITH THE RULES CITED IN THE AWC AND SUBMIT A WRITTEN REPORT CONCERNING THE FIRM'S IMPLEMENTATION AND EFFECTIVENESS OF ITS POLICIES, SYSTEMS AND PROCEDURES



(WRITTEN OR OTHERWISE) AND TRAINING TO ENSURE THAT THE FIRM ADDRESSES ITS SUPERVISORY INADEQUACIES

Sanction Details:

THE FIRM WAS CENSURED, FINED \$380,000 AND UNDERTAKES TO ADDRESS TRACE REPORTING TO ENSURE THAT THE FIRM HAS IMPLEMENTED PROCEDURES THAT ARE REASONABLE DESIGNED TO ACHIEVE COMPLIANCE WITH THE RULES CITED IN THE AWC, AND SHALL SUBMIT A WRITTEN REPORT CONCERNING THE FIRM'S IMPLEMENTATION AND EFFECTIVENESS OF ITS POLICIES, SYSTEMS AND PROCEDURES (WRITTEN OR OTHERWISE) AND TRAINING TO ENSURE THAT THE FIRM ADDRESSES ITS SUPERVISORY INADEQUACIES. FINES PAID IN FULL ON 4/20/17.

Regulator Statement

AS A RESULT OF THE VIOLATIONS AT ISSUE IN THIS MATTER, BEGINNING IN 2016, THE FIRM TOOK STEPS TO IMPROVE ITS TRACE COMPLIANCE PROGRAM BY BEGINNING TO REVISE ITS SURVEILLANCES AND SUPERVISORY SYSTEMS AS WELL AS CONDUCTING SOME ADDITIONAL TRAINING OF ITS EMPLOYEES.

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 REPORT TO THE TRADE REPORTING AND COMPLIANCE ENGINE (TRACE) TRANSACTIONS IN TRACE-ELIGIBLE SECURITIZED PRODUCTS (SPS) WITHIN THE 15 MINUTES OF THE TIME OF EXECUTION, FAILED TO REPORT THE CORRECT TIME OF TRADE EXECUTION FOR TRANSACTIONS IN TRACE-ELIGIBLE SPS, FAILED TO REPORT TO TRACE TRANSACTIONS IN TRACE-ELIGIBLE SPS WITHIN THE TIME PERMITTED BY FINRA RULE 6730, AND FAILED TO SHOW THE CORRECT TIME OF EXECUTION ON THE MEMORANDUM OF BROKERAGE ORDERS. THE FINDINGS STATED THAT THE FIRM FAILED TO REPORT TRANSACTIONS WITHIN THE TIME REQUIRED BY TRACE, FAILED TO TIMELY REPORT TRANSACTIONS IN TRACE-ELIGIBLE CORPORATE DEBT SECURITIES TO TRACE, FAILED TO REPORT TO TRACE THE CORRECT TIME OF TRADE EXECUTION FOR TRANSACTIONS IN TRACE-ELIGIBLE SPS, AND FAILED TO REPORT TO TRACE THE CORRECT TIME OF TRADE EXECUTION FOR TRANSACTIONS IN TRACE-ELIGIBLE AGENCY DEBT SECURITIES AND CORPORATE DEBT SECURITIES. THE FIRM FAILED TO REPORT TO TRACE TRANSACTIONS IN TRACE-ELIGIBLE AGENCY DEBT SECURITIES WITHIN THE TIME PERMITTED BY FINRA RULE 6730(A), FAILED TO REPORT TRANSACTIONS IN TRACE-ELIGIBLE SPS WITHIN THE TIME PERMITTED BY FINRA RULE 6730, FAILED TO REPORT TO TRACE TRANSACTIONS IN TRACE-ELIGIBLE CORPORATE DEBT SECURITIES WITHIN THE TIMEFRAME SET FORTH IN FINRA RULE



6730, AND FAILED TO TIMELY REPORT TO TRACE TRANSACTIONS IN TRACE-ELIGIBLE AGENCY DEBT SECURITIES. THE FINDINGS ALSO STATED THAT THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO SECURITIES LAWS AND REGULATIONS, AND FINRA RULES CONCERNING TRADE REPORTING TO TRACE. THE FIRM FAILED TO PROVIDE DOCUMENTARY EVIDENCE THAT IT WAS PERFORMING THE SUPERVISORY REVIEWS SET FORTH IN THE FIRM'S WRITTEN SUPERVISORY PROCEDURES. IN ADDITION, THE FIRM'S SUPERVISORY REVIEWS CONCERNING TRACE REPORTING FAILED TO IDENTIFY THE DOCUMENTATION THAT WAS REQUIRED TO BE REVIEWED.

Initiated By: FINRA

Date Initiated: 04/04/2017

Docket/Case Number: [2014043136001](#)

Principal Product Type: Debt - Corporate

Other Product Type(s): AGENCY DEBT SECURITIES, SECURITIZED PRODUCTS

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 04/04/2017

Sanctions Ordered: Censure
Monetary/Fine \$380,000.00

Other Sanctions Ordered: UNDERTAKING: ADDRESS TRACE REPORTING TO ENSURE THAT THE FIRM HAS IMPLEMENTED PROCEDURES THAT ARE REASONABLE DESIGNED TO ACHIEVE COMPLIANCE WITH THE RULES CITED IN THE AWC AND SUBMIT A WRITTEN REPORT CONCERNING THE FIRM'S IMPLEMENTATION AND EFFECTIVENESS OF ITS POLICIES, SYSTEMS AND PROCEDURES (WRITTEN OR OTHERWISE) AND TRAINING TO ENSURE THAT THE FIRM ADDRESSES ITS SUPERVISORY INADEQUACIES

Sanction Details: THE FIRM WAS CENSURED, FINED \$380,000 AND UNDERTAKES TO ADDRESS TRACE REPORTING TO ENSURE THAT THE FIRM HAS IMPLEMENTED PROCEDURES THAT ARE REASONABLE DESIGNED TO ACHIEVE COMPLIANCE WITH THE RULES CITED IN THE AWC, AND SHALL SUBMIT A WRITTEN REPORT CONCERNING THE FIRM'S IMPLEMENTATION AND EFFECTIVENESS OF ITS POLICIES, SYSTEMS AND PROCEDURES (WRITTEN OR OTHERWISE) AND TRAINING TO ENSURE THAT THE FIRM ADDRESSES ITS SUPERVISORY INADEQUACIES.

**Firm Statement**

AS A RESULT OF THE VIOLATIONS AT ISSUE IN THIS MATTER, BEGINNING IN 2016, THE FIRM TOOK STEPS TO IMPROVE ITS TRACE COMPLIANCE PROGRAM BY BEGINNING TO REVISE ITS SURVEILLANCES AND SUPERVISORY SYSTEMS AS WELL AS CONDUCTING SOME ADDITIONAL TRAINING OF ITS EMPLOYEES

Disclosure 17 of 87**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 ESTABLISHED A NEW SECONDARY ORDER MANAGEMENT SYSTEM (OMS) FOR EXECUTING CERTAIN ORDER FLOW FROM OTHER BROKER-DEALERS. THE FINDINGS STATED THAT UPON RECEIPT OF SUCH ORDERS, THE SECONDARY OMS WOULD DETERMINE WHETHER TO INTERNALIZE ALL OR PART OF THE ORDER AS PRINCIPAL, WITH THE BALANCE BEING EXECUTED ON A RISKLESS PRINCIPAL BASIS WITH UNRELATED COUNTERPARTIES VIA THE FIRM'S GENERAL ORDER MANAGEMENT SYSTEM. THIS SECONDARY OMS FAILED TO HAVE THE CORRECT INSTRUCTIONS AND CAPACITY CODE TO ALLOW THE FIRM'S GENERAL OMS TO IDENTIFY IT AS A RISKLESS PRINCIPAL TRANSACTION. THUS, THE FIRM'S GENERAL OMS PROCESSED THE ORDER AS AGENCY. AS A RESULT, THE FIRM INACCURATELY REPORTED OVER ONE MILLION NON-MEDIA REPORTS WITH A CAPACITY CODE OF AGENT RATHER THAN RISKLESS PRINCIPAL TO THE FINRA/NASDAQ TRADE REPORTING FACILITY (FNTRF). THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO THE FINRA RULES CONCERNING REPORTS TO THE FNTRF TO ENSURE ACCURATE CAPACITY CODES.

Initiated By:

FINRA

Date Initiated:

01/24/2017

Docket/Case Number:[2014041570001](#)**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: 01/24/2017

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 \$65,000.00

Other Sanctions Ordered:

Sanction Details: THE FIRM WAS CENSURED AND FINED \$65,000. FINE PAID IN FULL ON FEBRUARY 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 ESTABLISHED A NEW SECONDARY ORDER MANAGEMENT SYSTEM (OMS) FOR EXECUTING CERTAIN ORDER FLOW FROM OTHER BROKER-DEALERS. THE FINDINGS STATED THAT UPON RECEIPT OF SUCH ORDERS, THE SECONDARY OMS WOULD DETERMINE WHETHER TO INTERNALIZE ALL OR PART OF THE ORDER AS PRINCIPAL, WITH THE BALANCE BEING EXECUTED ON A RISKLESS PRINCIPAL BASIS WITH UNRELATED COUNTERPARTIES VIA THE FIRM'S GENERAL ORDER MANAGEMENT SYSTEM. THIS SECONDARY OMS FAILED TO HAVE THE CORRECT INSTRUCTIONS AND CAPACITY CODE TO ALLOW THE FIRM'S GENERAL OMS TO IDENTIFY IT AS A RISKLESS PRINCIPAL TRANSACTION. THUS, THE FIRM'S GENERAL OMS PROCESSED THE ORDER AS AGENCY. AS A RESULT, THE FIRM INACCURATELY REPORTED OVER ONE MILLION NON-MEDIA REPORTS WITH A CAPACITY CODE OF AGENT RATHER THAN RISKLESS PRINCIPAL TO THE FINRA/NASDAQ TRADE REPORTING FACILITY (FNTRF). THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO THE FINRA RULES CONCERNING REPORTS TO THE FNTRF TO ENSURE ACCURATE CAPACITY CODES.

Initiated By: FINRA

Date Initiated: 01/24/2010

Docket/Case Number: [2014041570001](#)



Principal Product Type: Other
Other Product Type(s): UNSPECIFIED SECURITIES
Principal Sanction(s)/Relief Sought: Other
Other Sanction(s)/Relief Sought:
Resolution: Acceptance, Waiver & Consent(AWC)
Resolution Date: 01/24/2017
Sanctions Ordered: Censure
 Monetary/Fine \$65,000.00
Other Sanctions Ordered:
Sanction Details: THE FIRM WAS CENSURED AND FINED \$65,000.

Disclosure 18 of 87

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 DISPLAY IMMEDIATELY 30 CUSTOMER LIMIT ORDERS IN REGULATION NMS SECURITIES 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 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: 12/05/2016
Docket/Case Number: 2014043820402
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: 12/05/2016

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.

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 DISPLAY IMMEDIATELY 30 CUSTOMER LIMIT ORDERS IN REGULATION NMS SECURITIES 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 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: NASDQ STOCK MARKET

Date Initiated: 12/05/2016

Docket/Case Number: 2014043820402

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: 12/05/2016
Sanctions Ordered: Censure
 Monetary/Fine \$10,000.00
Other Sanctions Ordered:
Sanction Details: THE FIRM WAS CENSURED AND FINED \$10,000.

Disclosure 19 of 87

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 WHEN THE FIRM SUBMITTED CLIENTS' RESERVE SIZE ORDERS THAT CONTAINED A "MAX FLOOR" INSTRUCTION (REQUESTING THAT THE ORDER DISPLAY A SHARE QUANTITY IN AN AMOUNT LESS THAN THE ORDER'S FULL SHARE QUANTITY), THE CORRESPONDING ORDER AUDIT TRAIL SYSTEM (OATS) REPORTS SUBMITTED BY THE FIRM CONTAINED INACCURATE, INCOMPLETE, OR IMPROPERLY FORMATTED DATA. THE FINDINGS STATED THAT SPECIFICALLY, THE FIRM FAILED TO INCLUDE THE SPECIAL HANDLING CODE OF "RSV." A REVIEW OF A SAMPLE OF 22 MONTHS REVEALED THAT THE FIRM HAD FAILED TO INCLUDE THE SPECIAL HANDLING CODE OF "RSV" IN 69,459 INSTANCES. THE FINDINGS ALSO 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 FINRA RULES, CONCERNING OATS. THE FIRM'S WRITTEN SUPERVISORY PROCEDURES FAILED TO SPECIFY HOW OFTEN ITS ELECTRONIC ORDER TICKETS ARE COMPARED TO ITS OATS SUBMISSIONS TO ENSURE THAT THE FIRM IS COMPLYING WITH OATS REQUIREMENTS, AND FAILED TO SPECIFY THE STEPS TO BE TAKEN TO CONDUCT SUCH COMPARISON.

Initiated By: FINRA

Date Initiated: 12/05/2016

Docket/Case Number: [2014043820401](#)

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: 12/05/2016

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 \$35,000.00

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

Sanction Details: THE FIRM WAS CENSURED, FINED \$35,000 AND REQUIRED TO REVISE ITS SYSTEMS AND WRITTEN SUPERVISORY PROCEDURES. FINES PAID IN FULL ON 12/20/16.

Reporting Source: Firm

Current Status: Final

Allegations: FINRA WELLS NOTICE DATED AUGUST 16, 2016 RECOMMENDING THE FOLLOWING ACTIONS: 1)DURING THE PERIOD JULY 1,2014 - SEPT. 30, 2014 THE FIRM FAILED TO IMMEDIATELY DISPLAY 30 CUSTOMER LIMIT ORDERS IN REGULATION NMS STOCKS IN ITS PUBLIC QUOTATION CONSTITUTING VIOLATIONS OF SEC RULE 604.2)THE FIRM VIOLATED FINRA RULE 7450 BY TRANSMITTING TO OATS ORDER, EVENTS THAT CONTAINED INACCURATE & INCOMPLETE OR IMPROPERLY FORMATTED DATA BY FAILING TO APPEND THE RSV DURING THE PERIOD 2011 TO PRESENT.3)DURING JULY 1, 2014 - SEPT. 30, 2014 AND JANUARY 1, 2015 AND MARCH 31, 2015, IN 6 INSTANCES THE FIRM DID NOT CREATE & RETAIN COMPLETE OATS ORDER AUDIT TRAIL INFORMATION.4)DURING THE PERIOD BETWEEN JANUARY 2011 AND THE PRESENT, THE FIRM'S SUPERVISORY SYSTEM & WRITTEN SUPERVISORY PROCEDURES DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO THE APPLICABLE SECURITIES LAWS & REGULATIONS CONCERNING SEC RULE 604 AND OATS REPORTING.

Initiated By: FINRA

Date Initiated: 08/16/2016



Docket/Case Number: STAR NO. 20140438204-01

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: 12/05/2016

Sanctions Ordered: Censure
Monetary/Fine \$35,000.00

Other Sanctions Ordered:

Sanction Details: A CENSURE, A FINE OF \$35,000 (\$25 ,000 FOR THE OATS VIOLATIONS AND \$10,000 FOR SUPERVISION

Disclosure 20 of 87

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 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: 12/29/2015

Docket/Case Number: [2014041051601](#)

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: 12/29/2015

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 \$30,000.00

Other Sanctions Ordered:

Sanction Details: THE FIRM WAS CENSURED AND FINED \$30,000. FINE PAID IN FULL JANUARY 14, 2016.

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-THECOUNTER(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: 12/29/2015

Docket/Case Number: [2014041051601](#)

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: 12/29/2015



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

Other Sanctions Ordered:

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

Disclosure 21 of 87

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 ADEQUATELY SUPERVISE THE SALES OF MICROCAP SECURITIES AND SOLD MORE THAN 73.6 BILLION SHARES OF MICROCAP SECURITIES, AT A NOTIONAL VALUE OF APPROXIMATELY \$63 MILLION, WITHOUT CONDUCTING ADEQUATE DUE DILIGENCE. THE FINDINGS STATED THAT AS A RESULT, THE FIRM AND ITS REGISTERED REPRESENTATIVE, AS THE BROKER OF RECORD, ACTED IN CONTRAVENTION OF SECTION 5 OF THE SECURITIES ACT OF 1933. THESE TRANSACTIONS WERE EFFECTED BY THE REGISTERED REPRESENTATIVE, AS THE BROKER OF RECORD, WITHOUT REASONABLE INQUIRY INTO THE FACTS SURROUNDING THE TRANSACTIONS. THE FIRM AND THE REPRESENTATIVE DID NOT IDENTIFY "RED FLAGS" OF SUSPICIOUS ACTIVITY INDICATING THAT THE SALES MIGHT CONSTITUTE "ILLEGAL, UNREGISTERED DISTRIBUTIONS." A PORTION OF THE 73.6 BILLION SHARES SOLD WERE NOT REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION ("SEC") AND THOSE SALES WERE NOT EXEMPT FROM REGISTRATION. WHILE THE FIRM SOLD A LARGE NUMBER OF MICROCAP SECURITIES, IT DID NOT CONDUCT A REASONABLE INQUIRY INTO THE REGISTRATION STATUS OF THOSE SECURITIES. THE TOTAL COMMISSIONS EARNED BY THE FIRM FROM THE SECTION 5 SALES WERE APPROXIMATELY \$1.285 MILLION. THE FINDINGS ALSO STATED THAT THE FIRM BEGAN SERVICING A SMALL NUMBER OF CUSTOMERS WHO LIQUIDATED LARGE VOLUMES OF MICROCAP SECURITIES. INDIVIDUALS AT THE FIRM COMMONLY REFERRED TO THESE ACCOUNTS AND THEIR TRADING AS THE "CERT BUSINESS" BECAUSE MANY OF THESE SECURITIES WERE DELIVERED TO THE FIRM IN PHYSICAL CERTIFICATE FORM. THE CERT BUSINESS CONSISTED OF ACCOUNTS FOR SEVEN CUSTOMERS WHO DEPOSITED OR TRANSFERRED RECENTLY-ISSUED MICROCAP SECURITIES INTO THEIR ACCOUNTS AT THE FIRM AND LIQUIDATED THE SHARES SHORTLY THEREAFTER. A PRINCIPAL, AS EXECUTIVE MANAGING DIRECTOR OF EQUITY CAPITAL MARKETS, SUPERVISED THE FIRM'S EQUITIES BUSINESS AT THE FIRM. ALTHOUGH THE PRINCIPAL DID NOT DIRECTLY SUPERVISE THE REPRESENTATIVE WHO EFFECTED THE TRANSACTIONS, THE PRINCIPAL WAS DIRECTLY



INVOLVED IN EXPANDING THE CERT BUSINESS. THE FINDINGS ALSO INCLUDED THAT THE FIRM'S SUPERVISORY SYSTEM, INCLUDING WRITTEN PROCEDURES, DID NOT ADEQUATELY ADDRESS THE SALE OF CONTROL OR RESTRICTED SECURITIES. THE FIRM'S PROCEDURES PROVIDED INSUFFICIENT GUIDANCE ABOUT WHEN OR HOW TO INQUIRE INTO WHETHER A PROPOSED SALE WOULD BE EXEMPT FROM REGISTRATION REQUIREMENTS. THE FIRM HAD INADEQUATE EXCEPTION REPORTS OR OTHER METHODS OF TRADE REVIEW BY WHICH SUPERVISORS COULD BECOME AWARE OF RED FLAGS COMMONLY ASSOCIATED WITH THE SALE OF LARGE VOLUMES OF MICROCAP SECURITIES. FINALLY, THE FIRM PROVIDED INADEQUATE TRAINING RELATING TO THE SALE OF CONTROL OR RESTRICTED SECURITIES. FINRA FOUND THAT THE FIRM'S AML POLICIES, PROCEDURES AND SYSTEMS ("AML PROGRAM") WERE NOT ADEQUATELY TAILORED TO REASONABLY CAUSE THE DETECTION OF RED FLAGS AND PATTERNS OF POTENTIALLY SUSPICIOUS ACTIVITY IN THE SALE OF MICROCAP SECURITIES. ALTHOUGH THE PROCEDURES DID IDENTIFY SOME RED FLAGS OF SUSPICIOUS ACTIVITY, THEY DID NOT INCLUDE ADEQUATE GUIDANCE ON HOW TO MONITOR FOR THOSE RED FLAGS AND WHAT ACTIVITY SHOULD BE REPORTED. THE AML PROGRAM PROVIDED INSUFFICIENT GUIDANCE FOR SUPERVISORS AND THEIR DELEGATES TO IDENTIFY TRADING PATTERNS OR EVENTS THAT MIGHT REASONABLY TRIGGER ADDITIONAL DUE DILIGENCE ON THE MICROCAP SECURITIES TRANSACTIONS, THE SHARES SOLD OR THE CUSTOMERS SELLING THEM. THE FIRM DID NOT HAVE AN ADEQUATE SYSTEM FOR MONITORING THE MICROCAP SECURITIES TRANSACTIONS. FURTHER, THE FIRM DID PROVIDE SOME AML TRAINING, BUT DID NOT PROVIDE TRAINING ON THE RISKS AND RED FLAGS ASSOCIATED WITH MICROCAP SECURITIES. AS A RESULT, THE FIRM'S EMPLOYEES WERE NOT PROPERLY TRAINED TO DETECT, REVIEW AND, IF APPROPRIATE, CAUSE THE REPORTING OF SUSPICIOUS ACTIVITY RELATED TO MICROCAP SECURITIES.

Initiated By: FINRA

Date Initiated: 12/21/2015

Docket/Case Number: [2012034964301](#)

Principal Product Type: Other

Other Product Type(s): MICROCAP SECURITIES

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)



Resolution Date: 12/21/2015

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 \$6,000,000.00
Disgorgement/Restitution

Other Sanctions Ordered: PLUS INTEREST ON THE DISGORGEMENT

Sanction Details: THE FIRM WAS CENSURED, FINED \$6,000,000, AND REQUIRED TO PAY \$1,285,561, PLUS INTEREST, IN DISGORGEMENT OF COMMISSIONS EARNED. FINE AND DISGORGEMENT PAID IN FULL JANUARY 6, 2016.

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 ADEQUATELY SUPERVISE THE SALES OF MICROCAP SECURITIES AND SOLD MORE THAN 73.6 BILLION SHARES OF MICROCAP SECURITIES, AT A NOTIONAL VALUE OF APPROXIMATELY \$63 MILLION, WITHOUT CONDUCTING ADEQUATE DUE DILIGENCE. THE FINDINGS STATED THAT AS A RESULT, THE FIRM AND ITS REGISTERED REPRESENTATIVE, AS THE BROKER OF RECORD, ACTED IN CONTRAVENTION OF SECTION 5 OF THE SECURITIES ACT OF 1933. THESE TRANSACTIONS WERE EFFECTED BY THE REGISTERED REPRESENTATIVE, AS THE BROKER OF RECORD, WITHOUT REASONABLE INQUIRY INTO THE FACTS SURROUNDING THE TRANSACTIONS. THE FIRM AND THE REPRESENTATIVE DID NOT IDENTIFY "RED FLAGS" OF SUSPICIOUS ACTIVITY INDICATING THAT THE SALES MIGHT CONSTITUTE "ILLEGAL, UNREGISTERED DISTRIBUTIONS." A PORTION OF THE 73.6 BILLION SHARES SOLD WERE NOT REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION ("SEC")

AND THOSE SALES WERE NOT EXEMPT FROM REGISTRATION. WHILE THE FIRM SOLD A LARGE NUMBER OF MICROCAP SECURITIES, IT DID NOT CONDUCT A REASONABLE INQUIRY INTO THE REGISTRATION STATUS OF THOSE SECURITIES. THE TOTAL COMMISSIONS EARNED BY THE FIRM FROM THE SECTION 5 SALES WERE APPROXIMATELY \$1.285 MILLION. THE FINDINGS ALSO STATED THAT THE FIRM BEGAN SERVICING A SMALL NUMBER OF CUSTOMERS WHO LIQUIDATED LARGE VOLUMES OF MICROCAP SECURITIES. INDIVIDUALS AT THE FIRM COMMONLY REFERRED TO THESE ACCOUNTS AND THEIR TRADING AS THE "CERT BUSINESS" BECAUSE MANY OF THESE SECURITIES WERE DELIVERED TO THE FIRM IN PHYSICAL CERTIFICATE FORM. THE CERT BUSINESS CONSISTED OF ACCOUNTS FOR SEVEN CUSTOMERS WHO DEPOSITED OR TRANSFERRED RECENTLY-ISSUED MICROCAP SECURITIES INTO THEIR ACCOUNTS AT THE FIRM AND LIQUIDATED THE SHARES SHORTLY THEREAFTER. A PRINCIPAL, AS EXECUTIVE MANAGING DIRECTOR OF EQUITY CAPITAL MARKETS, SUPERVISED THE FIRM'S EQUITIES BUSINESS AT THE FIRM. ALTHOUGH THE PRINCIPAL DID NOT DIRECTLY SUPERVISE THE REPRESENTATIVE WHO EFFECTED THE TRANSACTIONS, THE PRINCIPAL WAS DIRECTLY INVOLVED IN EXPANDING THE CERT BUSINESS. THE FINDINGS ALSO INCLUDED THAT THE FIRM'S SUPERVISORY SYSTEM, INCLUDING WRITTEN PROCEDURES, DID NOT ADEQUATELY ADDRESS THE SALE OF CONTROL OR RESTRICTED SECURITIES. THE FIRM'S PROCEDURES PROVIDED INSUFFICIENT GUIDANCE ABOUT WHEN OR HOW TO INQUIRE INTO WHETHER A PROPOSED SALE WOULD BE EXEMPT FROM REGISTRATION REQUIREMENTS. THE FIRM HAD INADEQUATE EXCEPTION REPORTS OR OTHER METHODS OF TRADE REVIEW BY WHICH SUPERVISORS COULD BECOME AWARE OF RED FLAGS COMMONLY ASSOCIATED WITH THE SALE OF LARGE VOLUMES OF MICROCAP SECURITIES. FINALLY, THE FIRM PROVIDED INADEQUATE TRAINING RELATING TO THE SALE OF CONTROL OR RESTRICTED SECURITIES. FINRA FOUND THAT THE FIRM'S AML POLICIES, PROCEDURES AND SYSTEMS ("AML PROGRAM") WERE NOT

ADEQUATELY TAILORED TO REASONABLY :
 CAUSE THE DETECTION OF RED FLAGS AND PATIERNNS OF POTENTIALLY
 SUSPICIOUS ACTIVITY IN
 THE SALE OF MICROCAP SECURITIES. ALTHOUGH THE PROCEDURES DID
 IDENTIFY SOME RED FLAGS
 OF SUSPICIOUS ACTIVITY, THEY DID NOT INCLUDE ADEQUATE GUIDANCE
 ON HOW TO MONITOR
 FOR THOSE RED FLAGS AND WHAT ACTIVITY SHOULD BE REPORTED. THE
 AML PROGRAM PROVIDED
 INSUFFICIENT GUIDANCE FOR SUPERVISORS AND THEIR DELEGATES TO
 IDENTIFY TRADING
 PATIERNNS OR EVENTS THAT MIGHT REASONABLY TRIGGER ADDITIONAL
 DUE DILIGENCE ON THE
 MICROCAP SECURITIES TRANSACTIONS, THE SHARES SOLD OR THE
 CUSTOMERS SELLING THEM.
 THE FIRM DID NOT HAVE AN ADEQUATE SYSTEM FOR MONITORING THE
 MICROCAP SECURITIES
 TRANSACTIONS. FURTHER, THE FIRM DID PROVIDE SOME AML TRAINING,
 BUT DID NOT PROVIDE
 TRAINING ON THE RISKS AND RED FLAGS ASSOCIATED WITH MICROCAP
 SECURITIES. AS A RESULT,
 THE FIRM'S EMPLOYEES WERE NOT PROPERLY TRAINED TO DETECT,
 REVIEW AND, IF APPROPRIATE,
 CAUSE THE REPORTING OF SUSPICIOUS ACTIVITY RELATED TO
 MICROCAP SECURITIES.

Initiated By: FINRA

Date Initiated: 12/21/2015

Docket/Case Number: [2012034964301](#)

Principal Product Type: Other

Other Product Type(s): MICROCAP SECURITIES

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 12/21/2015

Sanctions Ordered: Censure
 Monetary/Fine \$6,000,000.00
 Disgorgement/Restitution



Other Sanctions Ordered: PLUS INTEREST ON THE DISGORGEMENT

Sanction Details: THE FIRM WAS CENSURED, FINED \$6,000,000, AND REQUIRED TO PAY \$1,285,561, PLUS INTEREST, IN DISGORGEMENT OF COMMISSIONS EARNED.

Disclosure 22 of 87

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 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 THE APPLICABLE SECURITIES LAWS AND REGULATIONS, AND THE RULES OF FINRA, CONCERNING FINRA RULE 6437.

Initiated By: FINRA

Date Initiated: 07/13/2015

Docket/Case Number: [2013038402001](#)

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: 07/13/2015

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 \$7,500.00

Other Sanctions Ordered:

Sanction Details: THE FIRM WAS CENSURED AND FINED \$7,500. FINE PAID IN FULL JULY 24, 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 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 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 THE APPLICABLE SECURITIES LAWS AND REGULATIONS, AND THE RULES OF FINRA, CONCERNING FINRA RULE 6437.

Initiated By: FINRA

Date Initiated: 07/13/2015

Docket/Case Number: [2013038402001](#)

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: 07/13/2015

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

**Other Sanctions Ordered:**

Sanction Details: THE FIRM WAS CENSURED AND FINED \$7,500.00

Disclosure 23 of 87

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 REPORT TO TRACE THE CORRECT TIME OF EXECUTION FOR S1 CORPORATE BOND TRANSACTIONS, AND FAILED TO REPORT TO TRACE THESE SAME TRANSACTIONS WITHIN 15 MINUTES OF THE TIME OF EXECUTION. THE FINDINGS STATED THAT THE FIRM FAILED TO SHOW THE CORRECT TIME OF EXECUTION ON THE MEMORANDUM OF THESE SAME BROKERAGE ORDERS. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO REPORT TO TRACE THE CORRECT TIME OF EXECUTION FOR TRANSACTIONS INVOLVING SECURITIZED PRODUCTS (SP) AND FAILED TO REPORT TO TRACE SP TRANSACTIONS WITHIN 15 MINUTES OF THE TIME OF EXECUTION. THE FIRM FAILED TO SHOW THE CORRECT TIME OF EXECUTION ON THE MEMORANDUM FOR THESE SAME BROKERAGE ORDERS.

Initiated By: FINRA

Date Initiated: 07/01/2015

Docket/Case Number: [2014040985001](#)

Principal Product Type: Debt - Corporate

Other Product Type(s): SECURITIZED PRODUCTS

Principal Sanction(s)/Relief Sought: Other

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

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 07/01/2015

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 \$55,000.00
Other Sanctions Ordered:	
Sanction Details:	THE FIRM WAS CENSURED AND FINED \$55,000. UPDATED FINES PAID JULY 21, 2015.
<hr/>	
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 REPORT TO TRACE THE CORRECT TIME OF EXECUTION FOR 51 CORPORATE BOND TRANSACTIONS, AND FAILED TO REPORT TO TRACE THESE SAME TRANSACTIONS WITHIN 15 MINUTES OF THE TIME OF EXECUTION. THE FINDINGS STATED THAT THE FIRM FAILED TO SHOW THE CORRECT TIME OF EXECUTION ON THE MEMORANDUM OF THESE SAME BROKERAGE ORDERS. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO REPORT TO TRACE THE CORRECT TIME OF EXECUTION FOR TRANSACTIONS INVOLVING SECURITIZED PRODUCTS (SP) AND FAILED TO REPORT TO TRACE SP TRANSACTIONS WITHIN 15 MINUTES OF THE TIME OF EXECUTION. THE FIRM FAILED TO SHOW THE CORRECT TIME OF EXECUTION ON THE MEMORANDUM FOR THESE SAME BROKERAGE ORDERS.
Initiated By:	FINRA
Date Initiated:	07/01/2015
Docket/Case Number:	2014040985001
Principal Product Type:	Debt - Corporate
Other Product Type(s):	SECURITIZED PRODUCTS
Principal Sanction(s)/Relief Sought:	Other
Other Sanction(s)/Relief Sought:	N/A
Resolution:	Acceptance, Waiver & Consent(AWC)



Resolution Date: 07/01/2015

Sanctions Ordered: Censure
Monetary/Fine \$55,000.00

Other Sanctions Ordered:

Sanction Details: THE FIRM WAS CENSURED AND FINED \$55,000.

Disclosure 24 of 87

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 EFFECTED 823 TRANSACTIONS IN MUNICIPAL SECURITIES OF WHICH IT FAILED TO REPORT 37 TRANSACTIONS, OVER-REPORTED 19 TRANSACTIONS AND REPORTED 56 TRANSACTIONS WITH INACCURATE INFORMATION. THE FINDINGS STATED THAT THE FIRM FAILED TO PROVIDE A CONFIRMATION OR PROVIDED AN INCOMPLETE AND/OR INACCURATE CONFIRMATION IN CONNECTION WITH 64 MUNICIPAL SECURITIES TRANSACTIONS. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO REASONABLY IMPLEMENT ITS WRITTEN SUPERVISORY PROCEDURES, OR A REASONABLE ALTERNATIVE REVIEW PROCESS, AND AS A RESULT, FAILED TO DETECT ITS ERRONEOUS REPORTING OF MUNICIPAL TRANSACTIONS.

Initiated By: FINRA

Date Initiated: 12/10/2014

Docket/Case Number: [2013035720201](#)

Principal Product Type: Debt - Municipal

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 12/10/2014



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 \$50,000.00
Other Sanctions Ordered:	
Sanction Details:	THE FIRM WAS CENSURED AND FINED \$50,000. FINE PAID IN FULL ON DECEMBER 17, 2014.
<hr/>	
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 823 TRANSACTIONS IN MUNICIPAL SECURITIES OF WHICH IT FAILED TO REPORT 37 TRANSACTIONS, OVER-REPORTED 19 TRANSACTIONS AND REPORTED 56 TRANSACTIONS WITH INACCURATE INFORMATION. THE FINDINGS STATED THAT THE FIRM FAILED TO PROVIDE A CONFIRMATION OR PROVIDED AN INCOMPLETE AND/OR INACCURATE CONFIRMATION IN CONNECTION WITH 64 MUNICIPAL SECURITIES TRANSACTIONS. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO REASONABLY IMPLEMENT ITS WRITTEN SUPERVISORY PROCEDURES, OR A REASONABLE ALTERNATIVE REVIEW PROCESS, AND AS A RESULT, FAILED TO DETECT ITS ERRONEOUS REPORTING OF MUNICIPAL TRANSACTIONS.
Initiated By:	FINRA
Date Initiated:	12/10/2014
Docket/Case Number:	2013035720201
Principal Product Type:	Debt - Municipal
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Acceptance, Waiver & Consent(AWC)



Resolution Date: 12/10/2014

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

Other Sanctions Ordered:

Sanction Details: THE FIRM WAS CENSURED AND FINED \$50,000

Disclosure 25 of 87

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 THE FIRM THAT WERE AT A PRICE THAT WOULD HAVE IMPROVED THE BID OR OFFER OF THE FIRM IN SUCH SECURITIES. THE FINDINGS STATED THAT THE FIRM FAILED TO REPORT THE CORRECT TIME OF EXECUTION FOR S1 CORPORATE BOND TRANSACTIONS AND TRANSACTIONS INVOLVING SECURITIZED PRODUCTS TO THE TRADE REPORTING AND COMPLIANCE ENGINE (TRACE), FAILED TO REPORT CORPORATE BOND AND AGENCY BOND TRANSACTIONS WITHIN 15 MINUTES OF THE TIME OF EXECUTION TO TRACE, FAILED TO SHOW THE CORRECT TIME OF EXECUTION ON THE MEMORANDUM OF BROKERAGE ORDERS, AND FAILED TO REPORT TRANSACTIONS INVOLVING SECURITIZED PRODUCTS WITHIN THE TIME PERMITTED TO TRACE. THE FINDINGS ALSO 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 FINRA RULES, CONCERNING TRACE REPORTING. SPECIFICALLY, THE FIRM'S SUPERVISORY SYSTEM DID NOT INCLUDE, AS ONE OF THE SUPERVISORY STEPS SET FORTH IN THE FIRM'S WRITTEN SUPERVISORY PROCEDURES, A REVIEW REASONABLY DESIGNED TO ENSURE THE ACCURACY OF EXECUTION TIMES REPORTED TO TRACE.

Initiated By: FINRA

Date Initiated: 11/25/2014

Docket/Case Number: [2012034096601](#)

Principal Product Type: Equity - OTC

Other Product Type(s): CORPORATE BONDS; AGENCY BONDS; SECURITIZED PRODUCTS



Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 11/25/2014

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 \$65,000.00

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

Sanction Details: THE FIRM WAS CENSURED, FINED \$65,000 AND UNDERTAKES TO REVISE THE FIRM'S WRITTEN SUPERVISORY PROCEDURES. FINE PAID IN FULL ON DECEMBER 9, 2014.

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 THE 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. THE FINDINGS STATED THAT THE FIRM FAILED TO REPORT THE CORRECT TIME OF EXECUTION FOR S1 CORPORATE BOND TRANSACTIONS AND TRANSACTIONS INVOLVING SECURITIZED PRODUCTS TO THE TRADE REPORTING AND COMPLIANCE ENGINE (TRACE), FAILED TO REPORT CORPORATE BOND AND AGENCY BOND TRANSACTIONS WITHIN 15 MINUTES OF THE TIME OF EXECUTION TO TRACE, FAILED TO SHOW THE CORRECT TIME OF EXECUTION ON THE MEMORANDUM OF BROKERAGE ORDERS, AND FAILED TO REPORT TRANSACTIONS INVOLVING SECURITIZED PRODUCTS WITHIN THE TIME PERMITTED TO TRACE. THE FINDINGS ALSO 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 FINRA RULES, CONCERNING TRACE REPORTING. SPECIFICALLY, THE FIRM'S SUPERVISORY SYSTEM DID NOT INCLUDE, AS ONE OF THE SUPERVISORY STEPS SET FORTH IN THE FIRM'S WRITTEN SUPERVISORY PROCEDURES, A REVIEW REASONABLY DESIGNED TO ENSURE THE ACCURACY OF EXECUTION TIMES REPORTED TO TRACE.

Initiated By: FINRA

Date Initiated: 11/25/2014

Docket/Case Number: [2012034096601](#)

Principal Product Type: Equity - OTC

Other Product Type(s): CORPORATE BONDS; AGENCY BONDS; SECURITIZED PRODUCTS

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 11/25/2014

Sanctions Ordered: Censure
Monetary/Fine \$65,000.00

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

Sanction Details: THE FIRM WAS CENSURED, FINED \$65,000 AND UNDERTAKES TO REVISE THE FIRM'S WRITTEN SUPERVISORY PROCEDURES.

Disclosure 26 of 87

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 ALTHOUGH A CALL SPREAD HAD BEEN PRINTED TO THE NYSE AMEX TAPE AT A SPREAD PRICE OF \$1.28, THE FIRM IMPROPERLY EFFECTED A PRICE ADJUSTMENT THROUGH THE OPTIONS CLEARING CORPORATION (OCC), CAUSING THE FIRM'S CUSTOMER TO PAY \$1.36. THIS CONDUCT CONSTITUTES A VIOLATION OF CHAPTER III, SECTION 1 OF THE NASDAQ OPTIONS MARKET, LLC (NOM) RULES AND NASDAQ RULES 2110 AND 2320(A). THE



FINDINGS STATED THAT THE FIRM'S WRITTEN SUPERVISORY PROCEDURES (WSPS) IN EFFECT DURING THE PERIOD OF REVIEW DID NOT ADEQUATELY DISCUSS OCC ADJUSTMENTS. IN CONNECTION WITH OCC ADJUSTMENTS, THE WSPS STATED THAT THE NUMBER OF SHARES OR THE EXERCISE PRICE ARE SUBJECT TO ADJUSTMENT BY THE OCC WHEN THE UNDERLYING SHARES ARE SUBJECT TO EVENTS SUCH AS DISTRIBUTIONS, STOCK SPLITS, AND REORGANIZATIONS. NO REFERENCE WAS MADE TO POST-EXECUTION ADJUSTMENTS, AND NO REFERENCE WAS MADE TO THE REVIEW OF ADJUSTMENTS. THIS CONDUCT CONSTITUTES A VIOLATION OF CHAPTER V, SECTION (1)(B)(IV) OF NOM RULES AND NASDAQ RULES 2110 AND 3010(A).

Initiated By: NASDAQ OPTIONS MARKET

Date Initiated: 09/12/2014

Docket/Case Number: 2011026114301

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: 09/12/2014

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 \$25,000.00

Other Sanctions Ordered:

Sanction Details: SEE ABOVE

Regulator Statement IN RESOLVING THIS MATTER, FINRA TOOK INTO CONSIDERATION THAT THE FIRM PROVIDED RESTITUTION TO ITS CUSTOMER.

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 ALTHOUGH A CALL SPREAD HAD BEEN PRINTED TO THE NYSE AMEX TAPE AT A SPREAD PRICE OF \$1.28, THE FIRM IMPROPERLY EFFECTED A PRICE ADJUSTMENT THROUGH THE OPTIONS CLEARING CORPORATION (OCC) CAUSING THE FIRM'S CUSTOMER TO PAY \$1.36. THIS CONSTITUTES A VIOLATION OF CHAPTER III, SECTION 1 OF THE NASDAQ OPTIONS MARKET, LLC (NOM) RULES AND NASDAQ RULES 2110 AND 2320(A). THE FINDINGS STATED THAT THE FIRM'S WRITTEN SUPERVISORY PROCEDURES (WSPS) IN EFFECT DURING THE PERIOD OF REVIEW DID NOT ADEQUATELY DISCUSS OCC ADJUSTMENTS IN CONNECTION WITH OCC ADJUSTMENTS, THE WSPS STATED THAT THE NUMBER OF SHARES OR THE EXERCISE PRICE ARE SUBJECT TO ADJUSTMENT BY THE OCC WHEN THE UNDERLYING SHARES ARE SUBJECT TO EVENTS SUCH AS DISTRIBUTIONS, STOCK SPLITS, AND REORGANIZATIONS. NO REFERENCE WAS MADE TO THE REVIEW POST-EXECUTION ADJUSTMENTS, AND NO REFERENCE WAS MADE TO THE REVIEW OF ADJUSTMENTS. THIS CONDUCT CONSTITUTES A VIOLATION OF CHAPTER V, SECTION (1)(B)(IV) OF NOM AND NASDAQ RULES 2110 AND 3010(A).

Initiated By: NASDAQ OPTIONS MARKET

Date Initiated: 09/12/2014

Docket/Case Number: 2011026114301

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: 09/12/2014

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

Other Sanctions Ordered:

Sanction Details: SEE ABOVE

Firm Statement IN RESOLVING THIS MATTER FINRA TOOK INTO CONSIDERATION THAT THE FIRM PROVIDED RESTITUTION TO ITS CUSTOMERS



Disclosure 27 of 87

Reporting Source:	Regulator
Current Status:	Final
Allegations:	<p>CHAPTER III, SECTIONS 2(A)(I) AND 10 OF THE NASDAQ OPTIONS MARKET (NOM) RULES, NASDAQ EXCHANGE RULES 2110, 3010: THE FIRM FAILED TO REPORT TO THE LARGE OPTIONS POSITIONS REPORT (LOPR) APPROXIMATELY SIX EXPIRING WEEKLY OPTIONS ON THEIR EXPIRATION DATE AND APPROXIMATELY FOUR STANDARD OPTIONS TO THE LOPR ON THE FRIDAY PRIOR TO SATURDAY EXPIRATION. THE FIRM FAILED TO REPORT APPROXIMATELY 844 POSITIONS TO THE LOPR WITH ACTING IN CONCERT (AIC) IDENTIFICATION INFORMATION. THE FIRM FAILED TO CORRECTLY REPORT A TOTAL OF APPROXIMATELY 2,638 POSITIONS TO THE LOPR, IN THAT THE FIRM: REVERSED THE TAX NUMBER TYPE CODES FOR EMPLOYER IDENTIFICATION NUMBERS AND SOCIAL SECURITY NUMBERS FOR APPROXIMATELY 1,358 REPORTED POSITIONS; CAUSED CERTAIN ACCOUNT NAMES TO RUN OVER INTO THE ACCOUNT STREET ADDRESS FIELD FOR APPROXIMATELY 1,107 REPORTED POSITIONS; AND CAUSED CERTAIN UNRELATED ACCOUNTS TO BE REPORTED WITH THE SAME STREET ADDRESS FOR APPROXIMATELY 173 REPORTED POSITIONS. THE VIOLATIONS RESULTED, IN PART, FROM PROGRAMMING ERRORS COMMITTED BY THE FIRM'S THIRD PARTY VENDOR. THE FIRM FAILED TO MAINTAIN AN ADEQUATE SYSTEM OF SUPERVISION, INCLUDING ADEQUATE WRITTEN SUPERVISORY PROCEDURES AND EFFECTIVE MONITORING, REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH NOM RULES RELATING TO THE OBLIGATIONS CONNECTED TO OPTIONS REPORTING, INCLUDING THOSE RELATED TO ACCOUNTS AIC.</p>
Initiated By:	NASDAQ OPTIONS MARKET
Date Initiated:	03/14/2014
Docket/Case Number:	2011027539101
Principal Product Type:	Options
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	03/14/2014



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 \$15,000.00

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 \$15,000.

Reporting Source:

Firm

Current Status:

Final

Allegations:

CHAPTER III, SECTIONS 2(A)(I) AND 10 OF THE NASDAQ OPTIONS MARKET (NOM) RULES, NASDAQ EXCHANGE RULES 2110, 3010: THE FIRM FAILED TO REPORT TO THE LARGE OPTIONS POSITIONS REPORT (LOPR) APPROXIMATELY SIX EXPIRING WEEKLY OPTIONS ON THEIR EXPIRATION DATE AND APPROXIMATELY FOUR STANDARD OPTIONS TO THE LOPR ON THE FRIDAY PRIOR TO SATURDAY EXPIRATION. THE FIRM FAILED TO REPORT APPROXIMATELY 844 POSITIONS TO THE LOPR WITH ACTING IN CONCERT (AIC) IDENTIFICATION INFORMATION. THE FIRM FAILED TO CORRECTLY REPORT A TOTAL OF APPROXIMATELY 2,638 POSITIONS TO THE LOPR, IN THAT THE FIRM: REVERSED THE TAX NUMBER TYPE CODES FOR EMPLOYER IDENTIFICATION NUMBERS AND SOCIAL SECURITY NUMBERS FOR APPROXIMATELY 1,358 REPORTED POSITIONS; CAUSED CERTAIN ACCOUNT NAMES TO RUN OVER INTO THE ACCOUNT STREET ADDRESS FIELD FOR APPROXIMATELY 1,107 REPORTED POSITIONS; AND CAUSED CERTAIN UNRELATED ACCOUNTS TO BE REPORTED WITH THE SAME STREET ADDRESS FOR APPROXIMATELY 173 REPORTED POSITIONS. THE VIOLATIONS RESULTED, IN PART, FROM PROGRAMMING ERRORS COMMITTED BY THE FIRM'S THIRD PARTY VENDOR. THE FIRM FAILED TO MAINTAIN AN ADEQUATE SYSTEM OF SUPERVISION, INCLUDING ADEQUATE WRITTEN SUPERVISORY PROCEDURES AND EFFECTIVE MONITORING, REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH NOM RULES RELATING TO THE OBLIGATIONS CONNECTED TO OPTIONS REPORTING, INCLUDING THOSE RELATED TO ACCOUNTS AIC.

Initiated By:

NASDAQ OPTIONS MARKET

Date Initiated:

03/14/2014



Docket/Case Number: 2011027539101

Principal Product Type: Options

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Other

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 03/14/2014

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

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 \$15000.00.

Disclosure 28 of 87

Reporting Source: Regulator

Current Status: Final

Allegations: SEC RULE 10B-10, FINRA RULES 2010, 6730(A), 6730(C)(6), 6730(D)(4)(C), 6760, 7440, 7450, NASD RULE 3010 - CANTOR FITZGERALD & CO. FAILED TO PROVIDE WRITTEN NOTIFICATION TO ITS CUSTOMERS THAT TRANSACTIONS WERE EXECUTED AT AN AVERAGE PRICE. THE FIRM TRANSMITTED REPORTS TO THE ORDER AUDIT TRAIL SYSTEM (OATS) THAT INCORRECTLY POPULATED THE CUSTOMER INSTRUCTION FLAG; INCORRECTLY REPORTED THE CAPACITY OF A PRINCIPAL EXECUTION; INCORRECTLY POPULATED THE DESK TYPE CODE WITHIN A DESK REPORT; INCORRECTLY SUBMITTED A DESK REPORT; INCORRECTLY POPULATED THE CUSTOMER INSTRUCTION FLAG AND DESK TYPE CODE WITH A DESK REPORT. THE FIRM FAILED TO DOCUMENT ALL REQUIRED ROUTE INFORMATION FOR AN OATS ORDER. THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATIONS AND/OR FINRA AND SEC RULES ADDRESSING TRADING AND MARKET MAKING TOPICS. THE FIRM'S WRITTEN SUPERVISORY PROCEDURES (WSPS) FAILED TO PROVIDE FOR MINIMAL REQUIREMENTS FOR ADEQUATE WSPS IN SUPERVISORY SYSTEM, PROCEDURES AND QUALIFICATIONS (ENSURING PERSONNEL ARE PROPERLY REGISTERED;



AND ORDER HANDLING (DISCLOSURE OF ORDER EXECUTION INFORMATION). THE FIRM FAILED TO REPORT TO THE TRADE REPORTING AND COMPLIANCE ENGINE (TRACE) S1 TRANSACTIONS IN TRACE-ELIGIBLE CORPORATE DEBT SECURITIES WITHIN 15 MINUTES OF THE EXECUTION TIME. THIS CONDUCT CONSTITUTES SEPARATE AND DISTINCT VIOLATIONS OF FINRA RULE 6730(A) AND A PATTERN OR PRACTICE OF LATE REPORTING WITHOUT EXCEPTIONAL CIRCUMSTANCES IN VIOLATION OF FINRA RULE 2010. THE FIRM FAILED TO REPORT TO TRACE THE CORRECT MARKET IDENTIFIER IN S1 TRANSACTIONS IN TRACE-ELIGIBLE AGENCY DEBT SECURITIES, AND FAILED TO REPORT THE CORRECT CONTRA-PARTY IDENTIFIER FOR SOME SUCH TRANSACTIONS. THE FIRM FAILED TO REPORT NEW ISSUE OFFERINGS IN TRACE-ELIGIBLE AGENCY DEBT SECURITIES TO FINRA ACCORDING TO THE TIME FRAMES SET FORTH IN FINRA RULE 6760. THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION DESIGNED TO ACHIEVE COMPLIANCE WITH FINRA RULE 6760.

Initiated By: FINRA

Date Initiated: 12/09/2013

Docket/Case Number: [2012031646901](#)

Principal Product Type: Other

Other Product Type(s): TRACE-ELIGIBLE CORPORATE DEBT SECURITIES, TRACE-ELIGIBLE AGENCY DEBT SECURITIES

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 12/09/2013

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 \$37,500.00

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, THE FIRM IS CENSURED, FINED \$37,500 AND REQUIRED TO REVISE ITS WSPS REGARDING SUPERVISORY SYSTEM, PROCEDURES AND QUALIFICATIONS (ENSURING PERSONNEL ARE PROPERLY REGISTERED; ORDER HANDLING (DISCLOSURE OF ORDER EXECUTION INFORMATION); AND FINRA RULE 6760 WITHIN 90 BUSINESS DAYS OF ACCEPTANCE OF THIS AWC BY THE NAC.

Reporting Source:	Firm
Current Status:	Final
Allegations:	<p>SEC RULE 10B-10, FINRA RULES 2010, 6730(A), 6730(C)(6), 6730(D)(4)(C), 6760, 7440, 7450, NASD RULE 3010 - CANTOR FITZGERALD & CO. FAILED TO PROVIDE WRITTEN NOTIFICATION TO ITS CUSTOMERS THAT TRANSACTIONS WERE EXECUTED AT AN AVERAGE PRICE. THE FIRM TRANSMITTED REPORTS TO THE ORDER AUDIT TRAIL SYSTEM (OATS) THAT INCORRECTLY POPULATED THE CUSTOMER INSTRUCTION FLAG; INCORRECTLY REPORTED THE CAPACITY OF A PRINCIPAL EXECUTION; INCORRECTLY POPULATED THE DESK TYPE CODE WITHIN A DESK REPORT; INCORRECTLY SUBMITTED A DESK REPORT; INCORRECTLY POPULATED THE CUSTOMER INSTRUCTION FLAG AND DESK TYPE CODE WITH A DESK REPORT. THE FIRM FAILED TO DOCUMENT ALL REQUIRED ROUTE INFORMATION FOR AN OATS ORDER. THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATIONS AND/OR FINRA AND SEC RULES ADDRESSING TRADING AND MARKET MAKING TOPICS. THE FIRM'S WRITTEN SUPERVISORY PROCEDURES (WSPS) FAILED TO PROVIDE FOR MINIMAL REQUIREMENTS FOR ADEQUATE WSPS IN SUPERVISORY SYSTEM, PROCEDURES AND QUALIFICATIONS (ENSURING PERSONNEL ARE PROPERLY REGISTERED; AND ORDER HANDLING (DISCLOSURE OF ORDER EXECUTION INFORMATION). THE FIRM FAILED TO REPORT TO THE TRADE REPORTING AND COMPLIANCE ENGINE (TRACE) S1 TRANSACTIONS IN TRACE-ELIGIBLE CORPORATE DEBT SECURITIES WITHIN 15 MINUTES OF THE EXECUTION TIME. THIS CONDUCT CONSTITUTES SEPARATE AND DISTINCT VIOLATIONS OF FINRA RULE 6730(A) AND A PATTERN OR PRACTICE OF LATE REPORTING WITHOUT EXCEPTIONAL CIRCUMSTANCES IN VIOLATION OF FINRA RULE 2010. THE FIRM FAILED TO REPORT TO TRACE THE CORRECT MARKET IDENTIFIER IN S1 TRANSACTIONS IN TRACE-ELIGIBLE AGENCY DEBT SECURITIES, AND FAILED TO REPORT THE CORRECT CONTRA-PARTY IDENTIFIER FOR SOME SUCH TRANSACTIONS. THE FIRM FAILED TO REPORT NEW ISSUE OFFERINGS IN TRACE-ELIGIBLE AGENCY DEBT SECURITIES TO FINRA ACCORDING TO THE TIME FRAMES SET FORTH IN FINRA RULE 6760. THE FIRM'S SUPERVISORY SYSTEM DID NOT</p>



PROVIDE FOR SUPERVISION DESIGNED TO ACHIEVE COMPLIANCE WITH FINRA RULE 6760.

Initiated By: FINRA

Date Initiated: 12/09/2013

Docket/Case Number: [2012031646901](#)

Principal Product Type: Other

Other Product Type(s): TRACE-ELIGIBLE CORPORATE DEBT SECURITIES, TRACE-ELIGIBLE AGENCY DEBT SECURITIES

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 12/09/2013

Sanctions Ordered: Censure
Monetary/Fine \$37,500.00

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, THE FIRM IS CENSURED, FINED \$37,500 AND REQUIRED TO REVISE ITS WSPS REGARDING SUPERVISORY SYSTEM, PROCEDURES AND QUALIFICATIONS (ENSURING PERSONNEL ARE PROPERLY REGISTERED; ORDER HANDLING (DISCLOSURE OF ORDER EXECUTION INFORMATION); AND FINRA RULE 6760 WITHIN 90 BUSINESS DAYS OF ACCEPTANCE OF THIS AWC BY THE NAC.

Disclosure 29 of 87

Reporting Source: Regulator

Current Status: Final

Allegations: NASDAQ RULE 4755 - CANTOR FITZGERALD & CO. ENTERED ORDERS INTO THE NASDAQ MARKET CENTER THAT FAILED TO CORRECTLY INDICATE WHETHER THE ORDERS WERE A BUY, SHORT OR LONG SALE.

Initiated By: NASDAQ STOCK MARKET

Date Initiated: 05/28/2013

Docket/Case Number: 2011026149101



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: 05/28/2013
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: 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 \$5,000.

Reporting Source: Firm
Current Status: Final
Allegations: NASDAQ RULE 4755 - CANTOR FITZGERALD & CO. ENTERED ORDERS INTO THE NASDAQ MARKET CENTER THAT FAILED TO CORRECTLY INDICATE WHETHER THE ORDERS WERE A BUY, SHORT OR LONG SALE.
Initiated By: NASDAQ STOCK MARKET
Date Initiated: 05/28/2013
Docket/Case Number: 2011026149101
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: 05/28/2013
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 \$5,000.

Disclosure 30 of 87

Reporting Source: Regulator
Current Status: Final
Allegations: SEC RULE 17A-3, FINRA RULES 4511(A), 6730(A), 6730(C)(8), NASD RULE 3110 - CANTOR FITZGERALD & CO. FAILED TO REPORT TO THE TRADE REPORTING AND COMPLIANCE ENGINE (TRACE) THE CORRECT TRADE EXECUTION TIME FOR S1 TRANSACTIONS IN TRACE-ELIGIBLE CORPORATE BONDS. THE FIRM FAILED TO REPORT TO TRACE THE SAME S1 TRANSACTIONS IN TRACE-ELIGIBLE CORPORATE BONDS WITHIN 15 MINUTES OF THE EXECUTION TIME. THE FIRM FAILED TO SHOW THE CORRECT EXECUTION TIME ON THE MEMORANDUM OF THE SAME BROKERAGE ORDERS. THE FIRM FAILED TO REPORT TO TRACE TRANSACTIONS IN TRACE-ELIGIBLE SECURITIZED PRODUCTS WITHIN THE TIME PERMITTED BY FINRA RULE 6730.
Initiated By: FINRA
Date Initiated: 04/02/2013
Docket/Case Number: [2012031677201](#)
Principal Product Type: Other
Other Product Type(s): TRACE-ELIGIBLE CORPORATE BONDS, TRACE-ELIGIBLE SECURITIZED PRODUCTS
Principal Sanction(s)/Relief Sought:
Other Sanction(s)/Relief Sought:
Resolution: Acceptance, Waiver & Consent(AWC)



Resolution Date: 04/02/2013

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.

FINE PAID IN FULL ON APRIL 25, 2013

Reporting Source: Firm

Current Status: Final

Allegations: SEC RULE 17A-3, FINRA RULES 4511(A), 6730(A), 6730(C)(8), NASD RULE 3110 - CANTOR FITZGERALD & CO. FAILED TO REPORT TO THE TRADE REPORTING AND COMPLIANCE ENGINE (TRACE) THE CORRECT TRADE EXECUTION TIME FOR S1 TRANSACTIONS IN TRACE-ELIGIBLE CORPORATE BONDS. THE FIRM FAILED TO REPORT TO TRACE THE SAME S1 TRANSACTIONS IN TRACE-ELIGIBLE CORPORATE BONDS WITHIN 15 MINUTES OF THE EXECUTION TIME. THE FIRM FAILED TO SHOW THE CORRECT EXECUTION TIME ON THE MEMORANDUM OF THE SAME BROKERAGE ORDERS. THE FIRM FAILED TO REPORT TO TRACE TRANSACTIONS IN TRACE-ELIGIBLE SECURITIZED PRODUCTS WITHIN THE TIME PERMITTED BY FINRA RULE 6730.

Initiated By: FINRA

Date Initiated: 04/02/2013

Docket/Case Number: [2012031677201](#)

Principal Product Type: Other

Other Product Type(s): TRACE-ELIGIBLE CORPORATE BONDS, TRACE-ELIGIBLE SECURITIZED PRODUCTS

Principal Sanction(s)/Relief Sought:



Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 04/02/2013

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.

Disclosure 31 of 87

Reporting Source: Regulator

Current Status: Final

Allegations: CFTC PRESS RELEASE, NOVEMBER 21, 2012: THE U.S. COMMODITY FUTURES TRADING COMMISSION (CFTC) ANNOUNCED THE FILING AND SIMULTANEOUS SETTLEMENT OF CHARGES AGAINST CANTOR FITZGERALD & CO., INC. (CANTOR), OF NEW YORK, N.Y., A REGISTERED FUTURES COMMISSION MERCHANT (FCM), FOR FAILING TO MAINTAIN SUFFICIENT FUNDS IN ITS CUSTOMER SEGREGATION ACCOUNT FOR A PERIOD OF THREE DAYS, FOR FAILING TO PROVIDE THE CFTC TIMELY NOTICE OF ITS UNDER-SEGREGATION, AS REQUIRED, AND FOR RELATED SUPERVISORY FAILURES.

CANTOR, AS A REGISTERED FCM, IS REQUIRED PURSUANT TO THE COMMODITY EXCHANGE ACT AND CFTC REGULATIONS TO SEGREGATE CUSTOMER FUNDS FROM ITS OWN FUNDS AND ON A DAILY BASIS COMPUTE THE AMOUNT OF CUSTOMER FUNDS REQUIRED TO BE SEGREGATED. THE CFTC ORDER FOUND THAT, ON THREE CONSECUTIVE DAYS, JANUARY 24 TO JANUARY 26, 2012 (THE "RELEVANT PERIOD"), CANTOR FAILED TO MAINTAIN ADEQUATE SEGREGATED CUSTOMER FUNDS DUE TO AN INADVERTENT TRANSFER OF \$3 MILLION FROM ITS CUSTOMER SEGREGATED FUNDS ACCOUNT, INSTEAD OF FROM CANTOR'S HOUSE ACCOUNT, AS INTENDED. ACCORDING TO THE ORDER, ON EACH OF THE THREE DAYS, CANTOR MADE THE DAILY REQUIRED COMPUTATION TO DETERMINE THE AMOUNT OF CUSTOMER FUNDS IT NEEDED TO BE ON DEPOSIT TO MEET ITS SEGREGATION REQUIREMENTS. HOWEVER, CANTOR FAILED TO REALIZE IT WAS UNDER-SEGREGATED UNTIL JANUARY 27, 2012, WHEN THE CANTOR OPERATIONS DEPARTMENT EMPLOYEE PRIMARILY RESPONSIBLE FOR DETERMINING CANTOR'S DAILY



SEGREGATION REQUIREMENTS RETURNED TO WORK AFTER BEING OUT UNEXPECTEDLY. THE CANTOR OPERATIONS DEPARTMENT IMMEDIATELY CORRECTED THE SEGREGATION DEFICIENCY AND THE FIRM CAME BACK INTO COMPLIANCE WITH ITS SEGREGATION REQUIREMENTS BY TRANSFERRING THE \$3 MILLION BACK INTO THE CUSTOMER SEGREGATED FUNDS ACCOUNT.

THE ORDER FURTHER FOUND THAT PURSUANT TO CANTOR'S INTERNAL PROCEDURES, EACH DAY DURING THE RELEVANT PERIOD, THE ELECTRONIC SPREADSHEET CONTAINING THE DAILY COMPUTATION REFLECTING THE UNDER-SEGREGATION WAS DISTRIBUTED INTERNALLY VIA EMAIL TO SEVERAL PERSONS WITHIN CANTOR. HOWEVER, CANTOR EMPLOYEES RESPONSIBLE FOR NOTIFYING THE CFTC AND THE CHICAGO MERCANTILE EXCHANGE (CME), ITS DESIGNATED SELF-REGULATORY ORGANIZATION (DSRO), OF THE UNDER-SEGREGATION FAILED TO REVIEW THE SPREADSHEET AND, THEREFORE, WERE UNAWARE THAT THE CUSTOMER ACCOUNT WAS UNDER-SEGREGATED. THE ORDER ALSO FOUND THAT CANTOR STAFF FAILED TO NOTIFY THE APPROPRIATE SENIOR MANAGEMENT OF THE UNDER-SEGREGATION AS REQUIRED BY CANTOR'S INTERNAL PROCEDURES, THROUGH AN "ESCALATION EMAIL."

ACCORDING TO THE ORDER, CANTOR'S SENIOR MANAGEMENT DID NOT LEARN OF THE SEGREGATION DEFICIENCIES UNTIL THE CME DISCOVERED THEM DURING A ROUTINE AUDIT. AT THAT POINT, ON MARCH 13, 2012, CANTOR PROVIDED THE REQUIRED, AND LONG OVERDUE, NOTIFICATION OF THE UNDER-SEGREGATION TO THE CFTC AND THE CME.

THE ORDER ALSO FOUND THAT CANTOR HAD RELATED SUPERVISORY FAILURES BY NOT HAVING AN ADEQUATE SYSTEM OF INTERNAL CONTROLS AND PROCEDURES TO ENSURE THAT DAILY SEGREGATION CALCULATIONS WERE REVIEWED AND DEFICIENCIES NOTED, APPROPRIATELY ESCALATED, AND ADDRESSED. CANTOR ALSO LACKED SUFFICIENT PROCEDURES AND TRAINING CONCERNING THE REGULATORY REQUIREMENTS RELATING TO SEGREGATION OF CUSTOMER FUNDS AND FAILED TO HAVE ADEQUATE PROCEDURES AND CONTROLS RELATING TO THE TRANSFER OF FUNDS TO AND FROM CUSTOMER SEGREGATED FUNDS ACCOUNTS.

Initiated By: COMMODITY FUTURES TRADING COMMISSION
Date Initiated: 11/21/2012
Docket/Case Number: 6419-12
Principal Product Type: No Product
Other Product Type(s):



Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Order

Resolution Date: 11/21/2012

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: Monetary/Fine \$700,000.00
Cease and Desist/Injunction

Other Sanctions Ordered: UNDERTAKING

Sanction Details: THE CFTC ORDER IMPOSES A \$700,000 CIVIL MONETARY PENALTY AND A CEASE AND DESIST ORDER ON CANTOR, AND REQUIRES CANTOR TO UNDERTAKE CERTAIN IMPROVEMENTS TO ITS INTERNAL CONTROLS TO PREVENT FUTURE UNDER-SEGREGATION VIOLATIONS AND NOTIFICATION FAILURES.

Reporting Source: Firm

Current Status: Final

Allegations: CFTC PRESS RELEASE, NOVEMBER 21, 2012: THE U.S. COMMODITY FUTURES TRADING COMMISSION (CFTC) ANNOUNCED THE FILING AND SIMULTANEOUS SETTLEMENT OF CHARGES AGAINST CANTOR FITZGERALD & CO., INC. (CANTOR), OF NEW YORK, N.Y., A REGISTERED FUTURES COMMISSION MERCHANT (FCM), FOR FAILING TO MAINTAIN SUFFICIENT FUNDS IN ITS CUSTOMER SEGREGATION ACCOUNT FOR A PERIOD OF THREE DAYS, FOR FAILING TO PROVIDE THE CFTC TIMELY NOTICE OF ITS UNDER-SEGREGATION, AS REQUIRED, AND FOR RELATED SUPERVISORY FAILURES. CANTOR, AS A REGISTERED FCM, IS REQUIRED PURSUANT TO THE COMMODITY EXCHANGE ACT AND CFTC REGULATIONS TO SEGREGATE CUSTOMER FUNDS FROM ITS OWN FUNDS AND ON A DAILY BASIS COMPUTE THE AMOUNT OF CUSTOMER FUNDS REQUIRED TO BE SEGREGATED. THE CFTC ORDER FOUND THAT, ON THREE CONSECUTIVE DAYS, JANUARY 24 TO JANUARY 26, 2012 (THE "RELEVANT PERIOD"), CANTOR FAILED TO MAINTAIN ADEQUATE SEGREGATED CUSTOMER FUNDS DUE TO AN INADVERTENT TRANSFER OF \$3 MILLION



FROM ITS CUSTOMER SEGREGATED FUNDS ACCOUNT, INSTEAD OF FROM CANTOR'S HOUSE ACCOUNT, AS INTENDED. ACCORDING TO THE ORDER, ON EACH OF THE THREE DAYS, CANTOR MADE THE DAILY REQUIRED COMPUTATION TO DETERMINE THE AMOUNT OF CUSTOMER FUNDS IT NEEDED TO BE ON DEPOSIT TO MEET ITS SEGREGATION REQUIREMENTS. HOWEVER, CANTOR FAILED TO REALIZE IT WAS UNDER-SEGREGATED UNTIL JANUARY 27, 2012, WHEN THE CANTOR OPERATIONS DEPARTMENT EMPLOYEE PRIMARILY RESPONSIBLE FOR DETERMINING CANTOR'S DAILY SEGREGATION REQUIREMENTS RETURNED TO WORK AFTER BEING OUT UNEXPECTEDLY. THE CANTOR OPERATIONS DEPARTMENT IMMEDIATELY CORRECTED THE SEGREGATION DEFICIENCY AND THE FIRM CAME BACK INTO COMPLIANCE WITH ITS SEGREGATION REQUIREMENTS BY TRANSFERRING THE \$3 MILLION BACK INTO THE CUSTOMER SEGREGATED FUNDS ACCOUNT. THE ORDER FURTHER FOUND THAT PURSUANT TO CANTOR'S INTERNAL PROCEDURES, EACH DAY DURING THE RELEVANT PERIOD, THE ELECTRONIC SPREADSHEET CONTAINING THE DAILY COMPUTATION REFLECTING THE UNDER-SEGREGATION WAS DISTRIBUTED INTERNALLY VIA EMAIL TO SEVERAL PERSONS WITHIN CANTOR. HOWEVER, CANTOR EMPLOYEES RESPONSIBLE FOR NOTIFYING THE CFTC AND THE CHICAGO MERCANTILE EXCHANGE (CME), ITS DESIGNATED SELF-REGULATORY ORGANIZATION (DSRO), OF THE UNDER-SEGREGATION FAILED TO REVIEW THE SPREADSHEET AND, THEREFORE, WERE UNAWARE THAT THE CUSTOMER ACCOUNT WAS UNDER-SEGREGATED. THE ORDER ALSO FOUND THAT CANTOR STAFF FAILED TO NOTIFY THE APPROPRIATE SENIOR MANAGEMENT OF THE UNDER-SEGREGATION AS REQUIRED BY CANTOR'S INTERNAL PROCEDURES, THROUGH AN "ESCALATION EMAIL." ACCORDING TO THE ORDER, CANTOR'S SENIOR MANAGEMENT DID NOT LEARN OF THE SEGREGATION DEFICIENCIES UNTIL THE CME DISCOVERED THEM DURING A ROUTINE AUDIT. AT THAT POINT, ON MARCH 13, 2012, CANTOR PROVIDED THE REQUIRED, AND LONG OVERDUE, NOTIFICATION OF THE UNDER-SEGREGATION TO THE CFTC AND THE CME. THE ORDER ALSO FOUND THAT CANTOR HAD RELATED SUPERVISORY FAILURES BY NOT HAVING AN ADEQUATE SYSTEM OF INTERNAL CONTROLS AND PROCEDURES TO ENSURE THAT DAILY SEGREGATION CALCULATIONS WERE REVIEWED AND DEFICIENCIES NOTED, APPROPRIATELY ESCALATED, AND ADDRESSED. CANTOR ALSO LACKED SUFFICIENT PROCEDURES AND TRAINING CONCERNING THE REGULATORY REQUIREMENTS RELATING TO SEGREGATION OF CUSTOMER FUNDS AND FAILED TO HAVE ADEQUATE PROCEDURES AND CONTROLS RELATING TO THE TRANSFER OF FUNDS TO AND FROM CUSTOMER SEGREGATED FUNDS ACCOUNTS.

Initiated By: COMMODITY FUTURES TRADING COMMISSION
Date Initiated: 11/21/2012
Docket/Case Number: 6419-12



Principal Product Type:	No Product
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Order
Resolution Date:	11/21/2012
Sanctions Ordered:	Monetary/Fine \$700,000.00 Cease and Desist/Injunction
Other Sanctions Ordered:	UNDERTAKING
Sanction Details:	THE CFTC ORDER IMPOSES A \$700,000 CIVIL MONETARY PENALTY AND A CEASE AND DESIST ORDER ON CANTOR, AND REQUIRES CANTOR TO UNDERTAKE CERTAIN IMPROVEMENTS TO ITS INTERNAL CONTROLS TO PREVENT FUTURE UNDER-SEGREGATION VIOLATIONS AND NOTIFICATION FAILURES.

Disclosure 32 of 87

Reporting Source:	Regulator
Current Status:	Final
Allegations:	SEC RULE 17A-3, SEC RULES 200(G) AND 203(B)(1) OF REGULATION SHO, FINRA RULES 2010, 6730(A), 6730(C)(8), 7230A, 7230A(B), 7450, NASD RULE 3110 - CANTOR FITZGERALD & CO. FAILED TO REPORT TO THE TRADE REPORTING AND COMPLIANCE ENGINE (TRACE) THE CORRECT TRADE EXECUTION TIME FOR TRANSACTIONS IN TRACE-ELIGIBLE SECURITIES AND ALSO FAILED TO REPORT TO TRACE THESE SAME TRANSACTIONS WITHIN 15 MINUTES OF THE EXECUTION TIME. THIS CONDUCT CONSTITUTES SEPARATE AND DISTINCT VIOLATIONS OF FINRA RULES 6730(C)(8) AND 6730(A) AND A PATTERN OR PRACTICE OF LATE REPORTING WITHOUT EXCEPTIONAL CIRCUMSTANCES IN VIOLATION OF FINRA RULE 2010. THE FIRM FAILED TO SHOW THE CORRECT EXECUTION TIME ON BROKERAGE ORDER MEMORANDUM. THE FIRM FAILED TO ACCEPT OR DECLINE IN THE FINRA/NASDAQ TRADE REPORTING FACILITY (FNTRF) TRANSACTIONS IN REPORTABLE SECURITIES WITHIN 20 MINUTES AFTER EXECUTION. THE FIRM EXECUTED NUMEROUS SHORT SALE ORDERS AND FAILED TO PROPERLY MARK THE ORDERS AS SHORT AND IN TWO INSTANCES, THE FIRM ALSO FAILED TO PROPERLY MARK A SELL ORDER AS LONG. THE FIRM, ON NUMEROUS OCCASIONS, ACCEPTED



SHORT SALE ORDERS IN AN EQUITY SECURITY FROM ANOTHER PERSON, 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 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 FAILED TO REPORT TO THE FNTRF THE CORRECT SYMBOL INDICATING WHETHER A TRANSACTION WAS A BUY, SELL, SELL SHORT, OR CROSS FOR TRANSACTIONS IN REPORTABLE SECURITIES AND IN SOME INSTANCES, THE FIRM ALSO FAILED TO REPORT TO THE FNTRF THE CORRECT RELATED MARKET CENTER CODE. THE FIRM TRANSMITTED REPORTS TO THE ORDER AUDIT TRAIL SYSTEM (OATS) THAT CONTAINED AN INACCURATE TIME IN FORCE CODE; SUBMITTED A DS REPORT IN LIEU OF AN NW REPORT FOR A NEW ORDER; AND IN ONE INSTANCE, SUBMITTED AN INACCURATE ORDER RECEIPT TIME AND ACCOUNT TYPE CODE FOR AN ORDER.

Initiated By: FINRA

Date Initiated: 09/07/2012

Docket/Case Number: [2009020199901](#)

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

Other Product Type(s): TRACE-ELIGIBLE SECURITIES, REPORTABLE SECURITIES

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 09/07/2012

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 \$53,500.00

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 \$53,500.
 FINE PAID IN FULL ON 10/09/2012

Reporting Source:	Firm
Current Status:	Final
Allegations:	<p>SEC RULE 17A-3, SEC RULES 200(G) AND 203(B)(1) OF REGULATION SHO, FINRA RULES 2010, 6730(A), 6730(C)(8), 7230A, 7230A(B), 7450, NASD RULE 3110 - CANTOR FITZGERALD & CO. FAILED TO REPORT TO THE TRADE REPORTING AND COMPLIANCE ENGINE (TRACE) THE CORRECT TRADE EXECUTION TIME FOR TRANSACTIONS IN TRACE-ELIGIBLE SECURITIES AND ALSO FAILED TO REPORT TO TRACE THESE SAME TRANSACTIONS WITHIN 15 MINUTES OF THE EXECUTION TIME. THIS CONDUCT CONSTITUTES SEPARATE AND DISTINCT VIOLATIONS OF FINRA RULES 6730(C)(8) AND 6730(A) AND A PATTERN OR PRACTICE OF LATE REPORTING WITHOUT EXCEPTIONAL CIRCUMSTANCES IN VIOLATION OF FINRA RULE 2010. THE FIRM FAILED TO SHOW THE CORRECT EXECUTION TIME ON BROKERAGE ORDER MEMORANDUM. THE FIRM FAILED TO ACCEPT OR DECLINE IN THE FINRA/NASDAQ TRADE REPORTING FACILITY (FNTRF) TRANSACTIONS IN REPORTABLE SECURITIES WITHIN 20 MINUTES AFTER EXECUTION. THE FIRM EXECUTED NUMEROUS SHORT SALE ORDERS AND FAILED TO PROPERLY MARK THE ORDERS AS SHORT AND IN TWO INSTANCES, THE FIRM ALSO FAILED TO PROPERLY MARK A SELL ORDER AS LONG. THE FIRM, ON NUMEROUS OCCASIONS, ACCEPTED SHORT SALE ORDERS IN AN EQUITY SECURITY FROM ANOTHER PERSON, 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 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 FAILED TO REPORT TO THE FNTRF THE CORRECT SYMBOL INDICATING WHETHER A TRANSACTION WAS A BUY, SELL, SELL SHORT, OR CROSS FOR TRANSACTIONS IN REPORTABLE SECURITIES AND IN SOME INSTANCES, THE FIRM ALSO FAILED TO REPORT TO THE FNTRF THE CORRECT RELATED MARKET CENTER CODE. THE FIRM TRANSMITTED REPORTS TO THE ORDER AUDIT TRAIL SYSTEM (OATS) THAT CONTAINED AN INACCURATE TIME IN FORCE CODE; SUBMITTED A DS REPORT IN LIEU OF AN NW REPORT FOR A NEW ORDER; AND IN ONE INSTANCE, SUBMITTED AN INACCURATE ORDER RECEIPT TIME AND ACCOUNT TYPE CODE FOR AN ORDER.</p>
Initiated By:	FINRA



Date Initiated: 09/07/2012

Docket/Case Number: [2009020199901](#)

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

Other Product Type(s): TRACE-ELIGIBLE SECURITIES, REPORTABLE SECURITIES

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 09/07/2012

Sanctions Ordered: Censure
Monetary/Fine \$53,500.00

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 \$53,500.

Disclosure 33 of 87

Reporting Source: Regulator

Current Status: Final

Allegations: FINRA RULE 2010, NASD RULE 3010, AND RULE 204 OF REG SHO: THE FIRM'S EQUITY TRADING AND MARKET MAKING MANUAL IN EFFECT CONTAINED NO PROCEDURES REGARDING EITHER RULE 204T OR 204 REG SHO. SIMILARLY, THE COMPLIANCE AND SUPERVISORY MANUAL CONTAINED NO COMPLIANCE OR SUPERVISORY PROCEDURES FOR COMPLIANCE WITH RULE 204 OF REG SHO. THE FIRM'S OPERATIONS MANUAL CONTAINED CERTAIN RULE 204 OF REG SHO PROCEDURES, BUT IT FAILED TO SET FORTH PROCEDURES TO MONITOR FAILS TO DELIVER IN PROPRIETARY TRANSACTIONS AND THE PROCEDURES DID NOT PROVIDE GUIDANCE ON ACTION(S) TO BE TAKEN TO CLOSE-OUT PROPRIETARY FAILS. MOREOVER, THE OPERATIONAL PROCEDURES FAILED TO IDENTIFY THE SPECIFIC INDIVIDUAL(S) RESPONSIBLE FOR IDENTIFYING SECURITIES THAT NEEDED TO BE CLOSED-OUT, AND EFFECTING THE NECESSARY CLOSE-OUTS AND/OR BUY-INS. THE FIRM FAILED TO CLOSE OUT PROPRIETARY AND MARKET MAKING FAIL POSITIONS WITHIN THE TIMEFRAMES PROVIDED BY RULE 204 OF REG SHO. IN ADDITION, THE FIRM EXECUTED ADDITIONAL PROPRIETARY SHORT SALES WITHOUT



PERFORMING A PRE-BORROW WHEN A SECURITY WAS FAILING TO DELIVER AT THE CONTINUOUS NET SETTLEMENT SYSTEM (CNS). WHILE THE FIRM MAINTAINED REPORTS TO TRACK CNS FAILS, THE FIRM FAILED TO MONITOR THESE REPORTS IN ORDER TO IDENTIFY PROPRIETARY FAILS FOR CLOSE-OUTS, AND FAILED TO ENSURE THAT TRADERS WERE INSTRUCTED TO CLOSE-OUT THEIR PROPRIETARY POSITIONS. AS A RESULT THE FIRM'S PROPRIETARY FAIL POSITIONS ROUTINELY REMAINED OPEN PAST T+4 (AND MARKET MAKING FAILS REMAINED OPEN PAST T+6), IN VIOLATION OF RULE REQUIREMENTS.

Initiated By: FINRA

Date Initiated: 08/21/2012

Docket/Case Number: [2011026837401](#)

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: 08/21/2012

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 \$150,000.00

Other Sanctions Ordered: AN UNDERTAKING AND A CERTIFICATION

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 \$150,000. ALSO, AN UNDERTAKING: THE FIRM SHALL, WITHIN 60 DAYS OF THE ISSUANCE OF THIS AWC, REVISE ITS WRITTEN SUPERVISORY PROCEDURES TO INCLUDE: (1) THE IDENTIFICATION OF THE PERSON(S) RESPONSIBLE FOR SUPERVISION WITH RESPECT TO COMPLIANCE WITH REG SHO; (2) A STATEMENT OF THE SUPERVISORY STEP(S) TO BE TAKEN BY THE IDENTIFIED PERSON(S); (3) A STATEMENT REFLECTING THE FREQUENCY



WITH WHICH SUCH PERSON(S) SHALL TAKE SUCH STEP(S); AND (4) A STATEMENT EXPLAINING HOW THE COMPLETION OF THE STEP(S) INCLUDED IN THE WRITTEN SUPERVISORY PROCEDURES WILL BE DOCUMENTED. AS PART OF THIS UNDERTAKING, THE FIRM'S WRITTEN SUPERVISORY PROCEDURES SHALL IDENTIFY THE PERSON(S) RESPONSIBLE FOR IDENTIFYING SECURITIES POSITIONS RESULTING FROM PROPRIETARY AND MARKET MAKING TRANSACTIONS THAT ARE REQUIRED TO BE CLOSED-OUT AND FOR PERFORMING THE NECESSARY CLOSE-OUTS AND/OR BUY-INS IN CONNECTION THEREWITH; AND A CERTIFICATION: A DULY AUTHORIZED SENIOR OFFICER OF THE FIRM (SUCH AS THE CHIEF COMPLIANCE OFFICER) MUST CERTIFY IN WRITING TO FINRA WITHIN 90 DAYS OF THE ISSUANCE OF THIS AWC THAT THE FIRM HAS ADOPTED AND IMPLEMENTED SUPERVISORY SYSTEMS AND WRITTEN PROCEDURES REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH CURRENT REG SHO REQUIREMENTS. IN ADDITION, THE CERTIFICATION SHALL ATTEST TO, CONTAIN DOCUMENTATION OF, AND SET FORTH THE DETAILS OF THE FIRM'S IMPLEMENTATION OF THE UNDERTAKING. FINE PAID IN FULL ON SEPTEMBER 21, 2012.

Reporting Source:	Firm
Current Status:	Final
Allegations:	<p>FINRA RULE 2010, NASD RULE 3010, AND RULE 204 OF REG SHO: THE FIRM'S EQUITY TRADING AND MARKET MAKING MANUAL IN EFFECT CONTAINED NO PROCEDURES REGARDING EITHER RULE 204T OR 204 REG SHO. SIMILARLY, THE COMPLIANCE AND SUPERVISORY MANUAL CONTAINED NO COMPLIANCE OR SUPERVISORY PROCEDURES FOR COMPLIANCE WITH RULE 204 OF REG SHO. THE FIRM'S OPERATIONS MANUAL CONTAINED CERTAIN RULE 204 OF REG SHO PROCEDURES, BUT IT FAILED TO SET FORTH PROCEDURES TO MONITOR FAILS TO DELIVER IN PROPRIETARY TRANSACTIONS AND THE PROCEDURES DID NOT PROVIDE GUIDANCE ON ACTION(S) TO BE TAKEN TO CLOSE-OUT PROPRIETARY FAILS. MOREOVER, THE OPERATIONAL PROCEDURES FAILED TO IDENTIFY THE SPECIFIC INDIVIDUAL(S) RESPONSIBLE FOR IDENTIFYING SECURITIES THAT NEEDED TO BE CLOSED-OUT, AND EFFECTING THE NECESSARY CLOSE-OUTS AND/OR BUY-INS. THE FIRM FAILED TO CLOSE OUT PROPRIETARY AND MARKET MAKING FAIL POSITIONS WITHIN THE TIMEFRAMES PROVIDED BY RULE 204 OF REG SHO. IN ADDITION, THE FIRM EXECUTED ADDITIONAL PROPRIETARY SHORT SALES WITHOUT PERFORMING A PRE-BORROW WHEN A SECURITY WAS FAILING TO DELIVER AT THE CONTINUOUS NET SETTLEMENT SYSTEM (CNS). WHILE THE FIRM MAINTAINED REPORTS TO TRACK CNS FAILS, THE FIRM FAILED TO MONITOR THESE REPORTS IN ORDER TO IDENTIFY PROPRIETARY FAILS FOR CLOSE-OUTS, AND FAILED TO ENSURE THAT TRADERS WERE</p>



INSTRUCTED TO CLOSE-OUT THEIR PROPRIETARY POSITIONS. AS A RESULT THE FIRM'S PROPRIETARY FAIL POSITIONS ROUTINELY REMAINED OPEN PAST T+4 (AND MARKET MAKING FAILS REMAINED OPEN PAST T+6), IN VIOLATION OF RULE REQUIREMENTS.

Initiated By: FINRA

Date Initiated: 08/21/2012

Docket/Case Number: [2011026837401](#)

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: 08/21/2012

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

Other Sanctions Ordered: AN UNDERTAKING AND A CERTIFICATION

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 \$150,000. ALSO, AN UNDERTAKING: THE FIRM SHALL, WITHIN 60 DAYS OF THE ISSUANCE OF THIS AWC, REVISE ITS WRITTEN SUPERVISORY PROCEDURES TO INCLUDE: (1) THE IDENTIFICATION OF THE PERSON(S) RESPONSIBLE FOR SUPERVISION WITH RESPECT TO COMPLIANCE WITH REG SHO; (2) A STATEMENT OF THE SUPERVISORY STEP(S) TO BE TAKEN BY THE IDENTIFIED PERSON(S); (3) A STATEMENT REFLECTING THE FREQUENCY WITH WHICH SUCH PERSON(S) SHALL TAKE SUCH STEP(S); AND (4) A STATEMENT EXPLAINING HOW THE COMPLETION OF THE STEP(S) INCLUDED IN THE WRITTEN SUPERVISORY PROCEDURES WILL BE DOCUMENTED. AS PART OF THIS UNDERTAKING, THE FIRM'S WRITTEN SUPERVISORY PROCEDURES SHALL IDENTIFY THE PERSON(S) RESPONSIBLE FOR IDENTIFYING SECURITIES POSITIONS RESULTING FROM PROPRIETARY AND MARKET MAKING TRANSACTIONS THAT ARE REQUIRED TO BE CLOSED-OUT AND FOR PERFORMING THE NECESSARY CLOSE-OUTS AND/OR BUY-INS IN CONNECTION THEREWITH; AND A CERTIFICATION: A DULY AUTHORIZED SENIOR OFFICER OF THE FIRM (SUCH AS THE CHIEF COMPLIANCE OFFICER) MUST CERTIFY IN WRITING



TO FINRA WITHIN 90 DAYS OF THE ISSUANCE OF THIS AWC THAT THE FIRM HAS ADOPTED AND IMPLEMENTED SUPERVISORY SYSTEMS AND WRITTEN PROCEDURES REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH CURRENT REG SHO REQUIREMENTS. IN ADDITION, THE CERTIFICATION SHALL ATTEST TO, CONTAIN DOCUMENTATION OF, AND SET FORTH THE DETAILS OF THE FIRM'S IMPLEMENTATION OF THE UNDERTAKING.

Disclosure 34 of 87

Reporting Source:

Regulator

Current Status:

Final

Allegations:

SEC RULE 10B-10, SEC RULES 200(G), 203(B)(1), 203(B)(3) OF REGULATION SHO, NASD RULES 2110, 3010, 3360 - CANTOR FITZGERALD & CO. EXECUTED SHORT SALE ORDERS AND FAILED TO PROPERLY MARK THE ORDERS AS SHORT. THE FIRM HAD FAIL-TO-DELIVER POSITIONS AT A REGISTERED CLEARING AGENCY IN THRESHOLD SECURITIES FOR 13 CONSECUTIVE SETTLEMENT DAYS AND FAILED TO IMMEDIATELY THEREAFTER CLOSE OUT THE FAIL-TO-DELIVER POSITIONS BY PURCHASING SECURITIES OF LIKE KIND AND QUANTITY. THE FIRM FAILED TO PROVIDE WRITTEN NOTIFICATION DISCLOSING TO ITS CUSTOMER THE CORRECT SETTLEMENT DATE(S) FOR TRANSACTIONS. THE FIRM ACCEPTED SHORT SALE ORDERS IN AN EQUITY SECURITY FROM ANOTHER PERSON, 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 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'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATIONS AND/OR NASD RULES ADDRESSING QUALITY OF MARKETS TOPICS. THE FIRM'S WRITTEN SUPERVISORY PROCEDURES FAILED TO PROVIDE FOR MINIMUM REQUIREMENTS FOR ADEQUATE WRITTEN SUPERVISORY PROCEDURES IN SEC RULE 203(A) AND 203(B)(3) OF REGULATION SHO. THE FIRM SUBMITTED INACCURATE REPORTS TO FINRA CONCERNING NEW YORK STOCK EXCHANGE (NYSE), NYSE AMERICAN STOCK EXCHANGE (AMEX) AND NASDAQ SHORT INTEREST POSITIONS AT THE FIRM. THE FIRM HAD A FAIL-TO-DELIVER POSITION AT A REGISTERED CLEARING AGENCY IN A THRESHOLD SECURITY FOR 13 CONSECUTIVE SETTLEMENT DAYS AND WITHOUT CLOSING OUT THE FAIL-TO-DELIVER POSITION BY PURCHASING SECURITIES OF LIKE KIND AND QUANTITY, IT FAILED TO BORROW THE SECURITY OR ENTER INTO A BONA FIDE ARRANGEMENT TO BORROW THE SECURITY BEFORE EXECUTING



PROPRIETARY SHORT SALES IN THE SECURITY.

Initiated By: FINRA

Date Initiated: 08/14/2011

Docket/Case Number: [2006006144001](#)

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

Other Product Type(s): THRESHOLD SECURITY

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 08/14/2011

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 \$125,000.00

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, THE FIRM IS CENSURED, FINED \$125,000 AND REQUIRED TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES REGARDING SEC RULE 203(A) AND 203(B)(3) OF REGULATION SHO WITHIN 30 BUSINESS DAYS OF ACCEPTANCE OF THIS AWC BY THE NAC.

Reporting Source: Firm

Current Status: Final

Allegations: SEC RULE 10B-10, SEC RULES 200(G), 203(B)(1), 203(B)(3) OF REGULATION SHO, NASD RULES 2110, 3010, 3360 - CANTOR FITZGERALD & CO. EXECUTED SHORT SALE ORDERS AND FAILED TO PROPERLY MARK THE ORDERS AS SHORT. THE FIRM HAD FAIL-TO-DELIVER POSITIONS AT A REGISTERED CLEARING AGENCY IN THRESHOLD SECURITIES FOR 13 CONSECUTIVE SETTLEMENT DAYS AND FAILED TO IMMEDIATELY



THEREAFTER CLOSE OUT THE FAIL-TO-DELIVER POSITIONS BY PURCHASING SECURITIES OF LIKE KIND AND QUANTITY. THE FIRM FAILED TO PROVIDE WRITTEN NOTIFICATION DISCLOSING TO ITS CUSTOMER THE CORRECT SETTLEMENT DATE(S) FOR TRANSACTIONS. THE FIRM ACCEPTED SHORT SALE ORDERS IN AN EQUITY SECURITY FROM ANOTHER PERSON, 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 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'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATIONS AND/OR NASD RULES ADDRESSING QUALITY OF MARKETS TOPICS. THE FIRM'S WRITTEN SUPERVISORY PROCEDURES FAILED TO PROVIDE FOR MINIMUM REQUIREMENTS FOR ADEQUATE WRITTEN SUPERVISORY PROCEDURES IN SEC RULE 203(A) AND 203(B)(3) OF REGULATION SHO. THE FIRM SUBMITTED INACCURATE REPORTS TO FINRA CONCERNING NEW YORK STOCK EXCHANGE (NYSE), NYSE AMERICAN STOCK EXCHANGE (AMEX) AND NASDAQ SHORT INTEREST POSITIONS AT THE FIRM. THE FIRM HAD A FAIL-TO-DELIVER POSITION AT A REGISTERED CLEARING AGENCY IN A THRESHOLD SECURITY FOR 13 CONSECUTIVE SETTLEMENT DAYS AND WITHOUT CLOSING OUT THE FAIL-TO-DELIVER POSITION BY PURCHASING SECURITIES OF LIKE KIND AND QUANTITY, IT FAILED TO BORROW THE SECURITY OR ENTER INTO A BONA FIDE ARRANGEMENT TO BORROW THE SECURITY BEFORE EXECUTING PROPRIETARY SHORT SALES IN THE SECURITY.

Initiated By: FINRA

Date Initiated: 08/14/2011

Docket/Case Number: [2006006144001](#)

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

Other Product Type(s): THRESHOLD SECURITY

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 08/14/2011

Sanctions Ordered: Censure



Monetary/Fine \$125,000.00

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, THE FIRM IS CENSURED, FINED \$125,000 AND REQUIRED TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES REGARDING SEC RULE 203(A) AND 203(B)(3) OF REGULATION SHO WITHIN 30 BUSINESS DAYS OF ACCEPTANCE OF THIS AWC BY THE NAC.

Disclosure 35 of 87

Reporting Source:

Regulator

Current Status:

Final

Allegations:

****06/17/2011** OFFER OF SETTLEMENT AND CONSENT FILED BY FINRA MARKET REGULATION, LEGAL SECTION AND PENDING. CONSENTED TO FINDINGS: FOR THE SOLE PURPOSE OF SETTLING THIS DISCIPLINARY PROCEEDING, WITHOUT ADJUDICATION OF ANY ISSUES OF LAW OR FACT, AND WITHOUT ADMITTING OR DENYING ANY ALLEGATIONS OR FINDINGS, CANTOR CONSENTED THAT DURING THE PERIOD OF MARCH 1, 2009 THROUGH FEBRUARY 28, 2010: 1.THE FIRM VIOLATED NYSE ARCA EQUITIES RULE 10.2(E) AND COMMENTARY .01 BY SUBMITTING, ON TWO OCCASIONS, INCOMPLETE AND/OR INACCURATE ELECTRONIC BLUE SHEET INFORMATION TO NYSE ARCA, BOTH INVOLVING THE SECURITY WYNN RESORTS LTD. ("WYNN") INVOLVING TRADING IN SUCH SECURITY DURING THE PERIOD OF MARCH 10 THROUGH 16, 2009.**

2.DURING THE PERIOD OF MARCH 1, 2009 THROUGH FEBRUARY 28, 2010, THE FIRM VIOLATED NYSE ARCA EQUITIES RULES 6.18(B) AND (C) BY FAILING TO HAVE A SUPERVISORY SYSTEM WITH RESPECT TO ELECTRONIC BLUE SHEET COMPLIANCE THAT INCLUDED WRITTEN SUPERVISORY PROCEDURES THAT SET FORTH, WITH SPECIFICITY AS REQUIRED, THE FREQUENCY WITH WHICH REGISTERED PERSONS AT THE FIRM WOULD CONDUCT SUPERVISORY REVIEWS OF THE ACCURACY AND COMPLETENESS OF THE FIRM'S ELECTRONIC BLUE SHEET SUBMISSIONS. INSTEAD, THE FIRM'S PROCEDURE REQUIRED ONLY "PERIODIC" REVIEWS OF ELECTRONIC BLUE SHEET SUBMISSIONS. ADDITIONALLY, WHEN COMPLETED, THE FIRM'S SUPERVISORY REVIEW FAILED TO REVIEW THE ACCURACY AND COMPLETENESS OF LONG AND SHORT INDICATORS FOR ALL ELECTRONIC BLUE SHEET SUBMISSIONS. THE FIRM'S FAILURES IMPACTED ITS ABILITY TO SUBMIT ACCURATE AND COMPLETE ELECTRONIC BLUE SHEET SUBMISSIONS TO ALL REGULATORY BODIES, AND NOT JUST NYSE ARCA. STIPULATED SANCTION: 3.CENSURE; AND 4.A FINE IN THE AMOUNT OF



\$50,000.

Initiated By: NYSE ARCA, INC.

Date Initiated: 06/17/2011

Docket/Case Number: NYSE/ ARCA

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Decision

Resolution Date: 07/18/2011

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 \$50,000.00

Other Sanctions Ordered:

Sanction Details: **07/18/2011**DECISION NO. 11-ARCA-5 ISSUED BY NYSE ARCA HEARING BOARD. DURING THE PERIOD MARCH 1, 2009 THROUGH FEBRUARY 28, 2010, CANTOR FITZGERALD & CO. VIOLATED NYSE ARCA EQUITIES RULE 10.2(E) AND COMMENTARY .01, BY SUBMITTING, ON TWO OCCASIONS, INCOMPLETE AND/OR INACCURATE ELECTRONIC BLUE SHEET INFORMATION TO NYSE ARCA; VIOLATED NYSE AREA EQUITIES RULES 6.18(B) AND (C) BY FAILING TO REASONABLY SUPERVISE THE ACTIVITIES OF ITS ASSOCIATED PERSONS AND THE OPERATION OF ITS BUSINESS IN THAT THE FIRM FAILED TO ESTABLISH AND MAINTAIN ADEQUATE SUPERVISORY PROCEDURES, INCLUDING WRITTEN PROCEDURES, AND A REASONABLE SYSTEM OF FOLLOW-UP AND REVIEW, DESIGNED TO REASONABLY ENSURE THE PREPARATION AND SUBMISSION OF ACCURATE ELECTRONIC BLUE SHEETS AS REQUIRED BY NYSE AREA EQUITIES RULE 10.2(E) AND COMMENTARY .01. CONSENT TO CENSURE AND \$50,000 FINE.

Regulator Statement **07/18/2011** THIS DECISION IS FINAL AS OF THE DATE OF ISSUANCE.



Reporting Source: Firm

Current Status: Final

Allegations: **06/17/2011** OFFER OF SETTLEMENT AND CONSENT FILED BY FINRA MARKET REGULATION, LEGAL SECTION AND PENDING. CONSENTED TO FINDINGS: FOR THE SOLE PURPOSE OF SETTLING THIS DISCIPLINARY PROCEEDING, WITHOUT ADJUDICATION OF ANY ISSUES OF LAW OR FACT, AND WITHOUT ADMITTING OR DENYING ANY ALLEGATIONS OR FINDINGS, CANTOR CONSENTED THAT DURING THE PERIOD OF MARCH 1, 2009 THROUGH FEBRUARY 28, 2010: 1.THE FIRM VIOLATED NYSE ARCA EQUITIES RULE 10.2(E) AND COMMENTARY .01 BY SUBMITTING, ON TWO OCCASIONS, INCOMPLETE AND/OR INACCURATE ELECTRONIC BLUE SHEET INFORMATION TO NYSE ARCA, BOTH INVOLVING THE SECURITY WYNN RESORTS LTD. ("WYNN") INVOLVING TRADING IN SUCH SECURITY DURING THE PERIOD OF MARCH 10 THROUGH 16, 2009. 2.DURING THE PERIOD OF MARCH 1, 2009 THROUGH FEBRUARY 28, 2010, THE FIRM VIOLATED NYSE ARCA EQUITIES RULES 6.18(B) AND (C) BY FAILING TO HAVE A SUPERVISORY SYSTEM WITH RESPECT TO ELECTRONIC BLUE SHEET COMPLIANCE THAT INCLUDED WRITTEN SUPERVISORY PROCEDURES THAT SET FORTH, WITH SPECIFICITY AS REQUIRED, THE FREQUENCY WITH WHICH REGISTERED PERSONS AT THE FIRM WOULD CONDUCT SUPERVISORY REVIEWS OF THE ACCURACY AND COMPLETENESS OF THE FIRM'S ELECTRONIC BLUE SHEET SUBMISSIONS. INSTEAD, THE FIRM'S PROCEDURE REQUIRED ONLY "PERIODIC" REVIEWS OF ELECTRONIC BLUE SHEET SUBMISSIONS. ADDITIONALLY, WHEN COMPLETED, THE FIRM'S SUPERVISORY REVIEW FAILED TO REVIEW THE ACCURACY AND COMPLETENESS OF LONG AND SHORT INDICATORS FOR ALL ELECTRONIC BLUE SHEET SUBMISSIONS. THE FIRM'S FAILURES IMPACTED ITS ABILITY TO SUBMIT ACCURATE AND COMPLETE ELECTRONIC BLUE SHEET SUBMISSIONS TO ALL REGULATORY BODIES, AND NOT JUST NYSE ARCA. STIPULATED SANCTION: 3.CENSURE; AND 4.A FINE IN THE AMOUNT OF \$50,000.

Initiated By: NYSE ARCA, INC.

Date Initiated: 06/17/2011

Docket/Case Number: NYSE/ ARCA

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought:


Other Sanction(s)/Relief Sought:

Resolution: Decision
Resolution Date: 07/18/2011
Sanctions Ordered: Censure
 Monetary/Fine \$50,000.00

Other Sanctions Ordered:

Sanction Details: **07/18/2011**DECISION NO. 11-ARCA-5 ISSUED BY NYSE ARCA HEARING BOARD. DURING THE PERIOD MARCH 1, 2009 THROUGH FEBRUARY 28, 2010, CANTOR FITZGERALD & CO. VIOLATED NYSE ARCA EQUITIES RULE 10.2(E) AND COMMENTARY .01, BY SUBMITTING, ON TWO OCCASIONS, INCOMPLETE AND/OR INACCURATE ELECTRONIC BLUE SHEET INFORMATION TO NYSE ARCA; VIOLATED NYSE AREA EQUITIES RULES 6. 18(B) AND (C) BY FAILING TO REASONABLY SUPERVISE THE ACTIVITIES OF ITS ASSOCIATED PERSONS AND THE OPERATION OF ITS BUSINESS IN THAT THE FIRM FAILED TO ESTABLISH AND MAINTAIN ADEQUATE SUPERVISORY PROCEDURES, INCLUDING WRITTEN PROCEDURES, AND A REASONABLE SYSTEM OF FOLLOW-UP AND REVIEW, DESIGNED TO REASONABLY ENSURE THE PREPARATION AND SUBMISSION OF ACCURATE ELECTRONIC BLUE SHEETS AS REQUIRED BY NYSE AREA EQUITIES RULE 10.2(E) AND COMMENTARY .01. CONSENT TO CENSURE AND \$50,000 FINE.

Disclosure 36 of 87

Reporting Source: Regulator

Current Status: Final

Allegations: SECURITIES EXCHANGE ACT OF 1934 RULE 17A-3, FINRA RULE 2010, NASD RULE 3110, MSRB RULE G-14: A REVIEW OF 48 TRANSACTIONS IN MUNICIPAL TRADES FOR THE PERIOD FROM FEBRUARY 1, 2009 TO APRIL 30, 2009 REVEALED THAT THE FIRM FAILED TO ACCURATELY REPORT THE TRANSACTION INFORMATION TO THE REAL-TIME TRANSACTION REPORTING SYSTEM (RTRS) FOR 48 OF 48, OR 100% OF THE CUSTOMER TRANSACTIONS REVIEWED. SPECIFICALLY, IN ALL INSTANCES THE FIRM FAILED TO ACCURATELY REPORT THE TRADE TIME IN RTRS. A REVIEW OF 51 TRANSACTIONS IN CORPORATE BONDS FOR THE PERIOD OF FEBRUARY 1, 2009 TO APRIL 30, 2009 REVEALED THAT THE FIRM FAILED TO MAINTAIN ACCURATE ORDER TICKETS FOR 8 OF 51, OR 16% OF THE CUSTOMER TRANSACTIONS REVIEWED. SPECIFICALLY, IN ALL 8 INSTANCES THE FIRM FAILED TO RECORD THE TIME OF RECEIPT ON THE ORDER TICKETS. FURTHERMORE, 32 OF 51, OR 63% OF THE ORDER



TICKETS SAMPLED DID NOT REFLECT THE ACCURATE TERMS AND CONDITIONS OF THE ORDER (I.E. CAPACITY).

Initiated By: FINRA

Date Initiated: 06/07/2011

Docket/Case Number: [2009016134601](#)

Principal Product Type: Debt - Corporate

Other Product Type(s): MUNICIPAL TRADES

Principal Sanction(s)/Relief Sought: Other

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

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 06/07/2011

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 \$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 IT IS CENSURED AND FINED \$12,500 (\$7,500 OF WHICH PERTAINS TO THE VIOLATIONS OF MSRB RULE G-14).

Reporting Source: Firm

Current Status: Final

Allegations: SECURITIES EXCHANGE ACT OF 1934 RULE 17A-3, FINRA RULE 2010, NASD RULE 3110, MSRB RULE G-14: A REVIEW OF 48 TRANSACTIONS IN MUNICIPAL TRADES FOR THE PERIOD FROM FEBRUARY 1, 2009 TO APRIL 30, 2009 REVEALED THAT THE FIRM FAILED TO ACCURATELY REPORT THE TRANSACTION INFORMATION TO THE REAL-TIME TRANSACTION REPORTING SYSTEM (RTRS) FOR 48 OF 48, OR 100% OF THE CUSTOMER TRANSACTIONS REVIEWED. SPECIFICALLY, IN ALL INSTANCES THE FIRM



FAILED TO ACCURATELY REPORT THE TRADE TIME IN RTRS. A REVIEW OF 51 TRANSACTIONS IN CORPORATE BONDS FOR THE PERIOD OF FEBRUARY 1, 2009 TO APRIL 30, 2009 REVEALED THAT THE FIRM FAILED TO MAINTAIN ACCURATE ORDER TICKETS FOR 8 OF 51, OR 16% OF THE CUSTOMER TRANSACTIONS REVIEWED. SPECIFICALLY, IN ALL 8 INSTANCES THE FIRM FAILED TO RECORD THE TIME OF RECEIPT ON THE ORDER TICKETS. FURTHERMORE, 32 OF 51, OR 63% OF THE ORDER TICKETS SAMPLED DID NOT REFLECT THE ACCURATE TERMS AND CONDITIONS OF THE ORDER (I.E. CAPACITY).

Initiated By: FINRA

Date Initiated: 06/07/2011

Docket/Case Number: [2009016134601](#)

Principal Product Type: Debt - Corporate

Other Product Type(s): MUNICIPAL TRADES

Principal Sanction(s)/Relief Sought: Other

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

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 06/07/2011

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 IT IS CENSURED AND FINED \$12,500 (\$7,500 OF WHICH PERTAINS TO THE VIOLATIONS OF MSRB RULE G-14).

Disclosure 37 of 87

Reporting Source: Regulator

Current Status: Final

Allegations: CFTC RELEASE 5989-11, FEBRUARY 22, 2011: THE COMMODITY FUTURES TRADING COMMISSION ("COMMISSION") ISSUED AN ORDER FILING AND SIMULTANEOUSLY SETTLING CHARGES AGAINST CANTOR FITZGERALD & CO. ("CANTOR" OR "RESPONDENT"), A REGISTERED FUTURES COMMISSION MERCHANT ("FCM"), FOR ENGAGING IN WASH SALES AND



CAUSING THE EXECUTION OF NONCOMPETITIVE TRANSACTIONS OF REFORMULATED GASOLINE BLENDSTOCK FOR OXYGEN BLENDING ("RB") GASOLINE FUTURES CONTRACTS TRADED ON THE NEW YORK MERCANTILE EXCHANGE ("NYMEX").

THE COMMISSION HAS REASON TO BELIEVE THAT CANTOR IS LIABLE FOR WASH SALES AND NON-COMPETITIVE TRADES ENTERED INTO BY ITS EMPLOYEE IN VIOLATION OF SECTION 4C(A) OF THE COMMODITY EXCHANGE ACT ("CEA"), 7 U.S.C. § 6C(A) AND COMMISSION REGULATION ("REGULATION") 1.38(A), 17 C.F.R. § 1.38(A) (2010) PURSUANT TO SECTION 2(A)(1)(B) OF THE CEA, 7 U.S.C. § 2(A)(1)(B) (2006) AND REGULATION 1.2, 17 C.F.R. § 1.2 (2010). THEREFORE, THE COMMISSION DEEMS IT APPROPRIATE AND IN THE PUBLIC INTEREST THAT PUBLIC ADMINISTRATIVE PROCEEDINGS BE INSTITUTED TO DETERMINE WHETHER RESPONDENT ENGAGED IN THE VIOLATIONS AS SET FORTH AND TO DETERMINE WHETHER ANY ORDER SHOULD BE ISSUED IMPOSING REMEDIAL SANCTIONS.

THE COMMISSION FOUND THAT, ON ONE OR MORE OCCASIONS FROM MARCH THROUGH APRIL 2007, A THEN-EMPLOYEE OF CANTOR SIMULTANEOUSLY ENTERED ORDERS WITH CERTAIN FLOOR BROKERS FROM TWO DIFFERENT FLOOR BROKERAGE OPERATIONS TO BUY AND SELL RB GASOLINE FUTURES CONTRACTS FOR THE SAME QUANTITY, PRICE AND CONTRACT MONTH. THE COMMISSION FOUND THAT IN EACH INSTANCE, THE EMPLOYEE PREARRANGED TO HAVE THESE IDENTICAL ORDERS EXECUTED OPPOSITE EACH OTHER. THE COMMISSION FOUND THAT THE EMPLOYEE PLACED A TELEPHONE CALL TO A TRADER AT A FLOOR BROKERAGE OPERATION TO SELL RB GASOLINE FUTURES CONTRACTS AT A CERTAIN PRICE ON BEHALF OF A CANTOR CUSTOMER. THE COMMISSION FOUND THAT THE EMPLOYEE THEN TELEPHONED A TRADER AT A SECOND FLOOR BROKERAGE OPERATION TO BUY THE SAME AMOUNT OF RB GASOLINE FUTURES CONTRACTS AT THE SAME PRICE AS THE SELL ORDER AND ON BEHALF OF THE SAME CUSTOMER. THE EMPLOYEE THEN INSTRUCTED THE TRADER AT THE FIRST FLOOR BROKERAGE OPERATION TO EXECUTE THIS ORDER OPPOSITE THE TRADER FROM THE SECOND FLOOR BROKERAGE OPERATION. THE COMMISSION FOUND THAT THE EMPLOYEE PREARRANGED THE PURCHASE AND SALE OF HUNDREDS OF RB GASOLINE FUTURES CONTRACTS AND THAT THE PREARRANGED TRANSACTIONS CONSTITUTED PROHIBITED WASH SALES AND NONCOMPETITIVE TRANSACTIONS.

THE COMMISSION FURTHER FOUND THAT CANTOR IS LIABLE FOR THE EMPLOYEE'S VIOLATIONS OF THE CEA AND REGULATIONS BECAUSE THE EMPLOYEE WAS ACTING WITHIN THE SCOPE OF HIS EMPLOYMENT WITH



CANTOR.

Initiated By: COMMODITY FUTURES TRADING COMMISSION**Date Initiated:** 02/22/2011**Docket/Case Number:** 11-08**Principal Product Type:** Futures - Commodity**Other Product Type(s):****Principal Sanction(s)/Relief Sought:****Other Sanction(s)/Relief Sought:****Resolution:** Order**Resolution Date:** 02/22/2011**Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?** Yes**Sanctions Ordered:** Monetary/Fine \$100,000.00
Cease and Desist/Injunction**Other Sanctions Ordered:** UNDERTAKING**Sanction Details:** IN ANTICIPATION OF THE INSTITUTION OF AN ADMINISTRATIVE PROCEEDING, RESPONDENT SUBMITTED AN OFFER OF SETTLEMENT ("OFFER"), WHICH THE COMMISSION HAS DETERMINED TO ACCEPT. WITHOUT ADMITTING OR DENYING ANY OF THE FINDINGS, RESPONDENT ACKNOWLEDGED SERVICE OF THE ORDER INSTITUTING PROCEEDINGS PURSUANT TO SECTIONS 6(C) AND 6(D) OF THE COMMODITY EXCHANGE ACT, MAKING FINDINGS AND IMPOSING REMEDIAL SANCTIONS ("ORDER").

THE COMMISSION FOUND THAT CANTOR VIOLATED SECTION 4C(A) OF THE CEA, 7 U.S.C. § 6C(A) AND REGULATION 1.38(A), 17 C.F.R. § 1.38(A) (2010) PURSUANT TO SECTION 2(A)(1)(B) OF THE CEA, 7 U.S.C. § 2(A)(1)(B) (2006) AND REGULATION 1.2, 17 C.F.R. § 1.2 (2010).

THE COMMISSION ORDERED THAT:

1. CANTOR SHALL CEASE AND DESIST FROM VIOLATING SECTION 4C(A) OF THE CEA, 7 U.S.C. § 6C(A) AND REGULATION 1.38(A), 17 C.F.R. § 1.38(A)



(2010).

2. CANTOR SHALL PAY A CIVIL MONETARY PENALTY OF \$100,000.

3. CANTOR SHALL COMPLY WITH THE FOLLOWING UNDERTAKINGS:

A. NEITHER RESPONDENT NOR ANY OF ITS AGENTS OR EMPLOYEES UNDER ITS AUTHORITY OR CONTROL SHALL TAKE ANY ACTION OR MAKE ANY PUBLIC STATEMENT DENYING, DIRECTLY OR INDIRECTLY, ANY FINDINGS OR CONCLUSIONS IN THE ORDER, OR CREATING, OR TENDING TO CREATE, THE IMPRESSION THAT THE ORDER IS WITHOUT A FACTUAL BASIS; PROVIDED, HOWEVER, THAT NOTHING IN THIS PROVISION SHALL AFFECT RESPONDENT'S (I) TESTIMONIAL OBLIGATIONS; OR (II) RIGHT TO TAKE LEGAL POSITIONS IN OTHER PROCEEDINGS TO WHICH THE COMMISSION IS NOT A PARTY. RESPONDENT SHALL UNDERTAKE ALL STEPS NECESSARY TO ENSURE THAT ALL OF ITS AGENTS AND/OR EMPLOYEES UNDER ITS AUTHORITY OR CONTROL UNDERSTAND AND COMPLY WITH THE UNDERTAKING.

B. RESPONDENT ACKNOWLEDGED THAT FAILURE TO COMPLY WITH THE ORDER SHALL CONSTITUTE A VIOLATION OF THE ORDER AND MAY SUBJECT IT TO ADMINISTRATIVE OR INJUNCTIVE PROCEEDINGS, PURSUANT TO THE CEA.

Reporting Source:

Firm

Current Status:

Final

Allegations:

CFTC RELEASE 5989-11, FEBRUARY 22, 2011: THE COMMODITY FUTURES TRADING COMMISSION ("COMMISSION") ISSUED AN ORDER FILING AND SIMULTANEOUSLY SETTling CHARGES AGAINST CANTOR FITZGERALD & CO. ("CANTOR" OR "RESPONDENT"), A REGISTERED FUTURES COMMISSION MERCHANT ("FCM"), FOR ENGAGING IN WASH SALES AND CAUSING THE EXECUTION OF NONCOMPETITIVE TRANSACTIONS OF REFORMULATED GASOLINE BLENDSTOCK FOR OXYGEN BLENDING ("RB") GASOLINE FUTURES CONTRACTS TRADED ON THE NEW YORK MERCANTILE EXCHANGE ("NYMEX"). THE COMMISSION HAS REASON TO BELIEVE THAT CANTOR IS LIABLE FOR WASH SALES AND NON-COMPETITIVE TRADES ENTERED INTO BY ITS EMPLOYEE IN VIOLATION OF SECTION 4C(A) OF THE COMMODITY EXCHANGE ACT ("CEA"), 7 U.S.C. § 6C(A) AND COMMISSION REGULATION ("REGULATION") 1.38(A), 17 C.F.R. § 1.38(A) (2010) PURSUANT TO SECTION 2(A)(1)(B) OF THE CEA, 7 U.S.C. § 2(A)(1)(B) (2006) AND REGULATION 1.2, 17 C.F.R. § 1.2 (2010). THEREFORE, THE COMMISSION DEEMS IT APPROPRIATE AND IN THE PUBLIC INTEREST THAT PUBLIC ADMINISTRATIVE PROCEEDINGS BE INSTITUTED TO



DETERMINE WHETHER RESPONDENT ENGAGED IN THE VIOLATIONS AS SET FORTH AND TO DETERMINE WHETHER ANY ORDER SHOULD BE ISSUED IMPOSING REMEDIAL SANCTIONS. THE COMMISSION FOUND THAT, ON ONE OR MORE OCCASIONS FROM MARCH THROUGH APRIL 2007, A THEN-EMPLOYEE OF CANTOR SIMULTANEOUSLY ENTERED ORDERS WITH CERTAIN FLOOR BROKERS FROM TWO DIFFERENT FLOOR BROKERAGE OPERATIONS TO BUY AND SELL RB GASOLINE FUTURES CONTRACTS FOR THE SAME QUANTITY, PRICE AND CONTRACT MONTH. THE COMMISSION FOUND THAT IN EACH INSTANCE, THE EMPLOYEE PREARRANGED TO HAVE THESE IDENTICAL ORDERS EXECUTED OPPOSITE EACH OTHER. THE COMMISSION FOUND THAT THE EMPLOYEE PLACED A TELEPHONE CALL TO A TRADER AT A FLOOR BROKERAGE OPERATION TO SELL RB GASOLINE FUTURES CONTRACTS AT A CERTAIN PRICE ON BEHALF OF A CANTOR CUSTOMER. THE COMMISSION FOUND THAT THE EMPLOYEE THEN TELEPHONED A TRADER AT A SECOND FLOOR BROKERAGE OPERATION TO BUY THE SAME AMOUNT OF RB GASOLINE FUTURES CONTRACTS AT THE SAME PRICE AS THE SELL ORDER AND ON BEHALF OF THE SAME CUSTOMER. THE EMPLOYEE THEN INSTRUCTED THE TRADER AT THE FIRST FLOOR BROKERAGE OPERATION TO EXECUTE THIS ORDER OPPOSITE THE TRADER FROM THE SECOND FLOOR BROKERAGE OPERATION. THE COMMISSION FOUND THAT THE EMPLOYEE PREARRANGED THE PURCHASE AND SALE OF HUNDREDS OF RB GASOLINE FUTURES CONTRACTS AND THAT THE PREARRANGED TRANSACTIONS CONSTITUTED PROHIBITED WASH SALES AND NONCOMPETITIVE TRANSACTIONS. THE COMMISSION FURTHER FOUND THAT CANTOR IS LIABLE FOR THE EMPLOYEE'S VIOLATIONS OF THE CEA AND REGULATIONS BECAUSE THE EMPLOYEE WAS ACTING WITHIN THE SCOPE OF HIS EMPLOYMENT WITH CANTOR.

Initiated By: COMMODITY FUTURES TRADING COMMISSION

Date Initiated: 02/22/2011

Docket/Case Number: 11-08

Principal Product Type: Futures - Commodity

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Order

Resolution Date: 02/22/2011

Sanctions Ordered: Monetary/Fine \$100,000.00



Cease and Desist/Injunction

Other Sanctions Ordered:

UNDERTAKING

Sanction Details:

IN ANTICIPATION OF THE INSTITUTION OF AN ADMINISTRATIVE PROCEEDING, RESPONDENT SUBMITTED AN OFFER OF SETTLEMENT ("OFFER"), WHICH THE COMMISSION HAS DETERMINED TO ACCEPT. WITHOUT ADMITTING OR DENYING ANY OF THE FINDINGS, RESPONDENT ACKNOWLEDGED SERVICE OF THE ORDER INSTITUTING PROCEEDINGS PURSUANT TO SECTIONS 6(C) AND 6(D) OF THE COMMODITY EXCHANGE ACT, MAKING FINDINGS AND IMPOSING REMEDIAL SANCTIONS ("ORDER"). THE COMMISSION FOUND THAT CANTOR VIOLATED SECTION 4C(A) OF THE CEA, 7 U.S.C. § 6C(A) AND REGULATION 1.38(A), 17 C.F.R. § 1.38(A) (2010) PURSUANT TO SECTION 2(A)(1)(B) OF THE CEA, 7 U.S.C. § 2(A)(1)(B) (2006) AND REGULATION 1.2, 17 C.F.R. § 1.2 (2010). THE COMMISSION ORDERED THAT: 1. CANTOR SHALL CEASE AND DESIST FROM VIOLATING SECTION 4C(A) OF THE CEA, 7 U.S.C. § 6C(A) AND REGULATION 1.38(A), 17 C.F.R. § 1.38(A) (2010). 2. CANTOR SHALL PAY A CIVIL MONETARY PENALTY OF \$100,000. 3. CANTOR SHALL COMPLY WITH THE FOLLOWING UNDERTAKINGS: A. NEITHER RESPONDENT NOR ANY OF ITS AGENTS OR EMPLOYEES UNDER ITS AUTHORITY OR CONTROL SHALL TAKE ANY ACTION OR MAKE ANY PUBLIC STATEMENT DENYING, DIRECTLY OR INDIRECTLY, ANY FINDINGS OR CONCLUSIONS IN THE ORDER, OR CREATING, OR TENDING TO CREATE, THE IMPRESSION THAT THE ORDER IS WITHOUT A FACTUAL BASIS; PROVIDED, HOWEVER, THAT NOTHING IN THIS PROVISION SHALL AFFECT RESPONDENT'S (I) TESTIMONIAL OBLIGATIONS; OR (II) RIGHT TO TAKE LEGAL POSITIONS IN OTHER PROCEEDINGS TO WHICH THE COMMISSION IS NOT A PARTY. RESPONDENT SHALL UNDERTAKE ALL STEPS NECESSARY TO ENSURE THAT ALL OF ITS AGENTS AND/OR EMPLOYEES UNDER ITS AUTHORITY OR CONTROL UNDERSTAND AND COMPLY WITH THE UNDERTAKING. B. RESPONDENT ACKNOWLEDGED THAT FAILURE TO COMPLY WITH THE ORDER SHALL CONSTITUTE A VIOLATION OF THE ORDER AND MAY SUBJECT IT TO ADMINISTRATIVE OR INJUNCTIVE PROCEEDINGS, PURSUANT TO THE CEA.

Disclosure 38 of 87

Reporting Source:

Regulator

Current Status:

Final

Allegations:

FINRA RULES 2010, 6622(A), NASD RULES 2110, 6230(C)(6), 6620(A) - CANTOR FITZGERALD & CO. FAILED TO REPORT TO THE TRADE REPORTING AND COMPLIANCE ENGINE (TRACE) THE CORRECT CONTRA-PARTY'S IDENTIFIER FOR TRANSACTIONS IN TRACE-ELIGIBLE SECURITIES. THE FIRM FAILED, WITHIN 90 SECONDS AFTER EXECUTION, TO TRANSMIT



TO THE OTC REPORTING FACILITY LAST SALE REPORTS OF TRANSACTIONS IN OTC EQUITY SECURITIES. THIS CONDUCT CONSTITUTES SEPARATE AND DISTINCT VIOLATIONS OF NASD RULE 6620(A) AND FINRA RULE 6622(A) AND A PATTERN OR PRACTICE OF LATE REPORTING WITHOUT EXCEPTIONAL CIRCUMSTANCES IN VIOLATION OF NASD RULE 2110 AND FINRA RULE 2010. THE FIRM FAILED TO DESIGNATE SOME OF THESE LAST SALE REPORTS AS LATE.

Initiated By: FINRA

Date Initiated: 02/17/2011

Docket/Case Number: [2008016384101](#)

Principal Product Type: Equity - OTC

Other Product Type(s): TRACE-ELIGIBLE SECURITIES

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 02/17/2011

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 \$15,000.00

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 \$15,000.

Reporting Source: Firm

Current Status: Final

Allegations: FINRA RULES 2010, 6622(A), NASD RULES 2110, 6230(C)(6), 6620(A) - CANTOR FITZGERALD & CO. FAILED TO REPORT TO THE TRADE REPORTING AND COMPLIANCE ENGINE (TRACE) THE CORRECT CONTRA-



PARTY'S IDENTIFIER FOR TRANSACTIONS IN TRACE-ELIGIBLE SECURITIES. THE FIRM FAILED, WITHIN 90 SECONDS AFTER EXECUTION, TO TRANSMIT TO THE OTC REPORTING FACILITY LAST SALE REPORTS OF TRANSACTIONS IN OTC EQUITY SECURITIES. THIS CONDUCT CONSTITUTES SEPARATE AND DISTINCT VIOLATIONS OF NASD RULE 6620(A) AND FINRA RULE 6622(A) AND A PATTERN OR PRACTICE OF LATE REPORTING WITHOUT EXCEPTIONAL CIRCUMSTANCES IN VIOLATION OF NASD RULE 2110 AND FINRA RULE 2010. THE FIRM FAILED TO DESIGNATE SOME OF THESE LAST SALE REPORTS AS LATE.

Initiated By: FINRA

Date Initiated: 02/17/2011

Docket/Case Number: [2008016384101](#)

Principal Product Type: Equity - OTC

Other Product Type(s): TRACE-ELIGIBLE SECURITIES

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 02/17/2011

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

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 \$15,000.

Disclosure 39 of 87

Reporting Source: Regulator

Current Status: Final

Allegations: NASDAQ RULE 4755 - CANTOR FITZGERALD & CO. ENTERED ORDERS INTO THE 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: 12/23/2010



Docket/Case Number: 2008012332901

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: 12/23/2010

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: NASDAQ RULE 4755 - CANTOR FITZGERALD & CO. ENTERED ORDERS INTO THE 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: 12/23/2010

Docket/Case Number: 2008012332901

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: 12/23/2010

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.

Disclosure 40 of 87

Reporting Source: Regulator

Current Status: Final

Allegations: FINRA RULE 7450, NASD RULES 2110, 3010, 6955(A) - CANTOR FITZGERALD & CO. TRANSMITTED REPORTABLE ORDER EVENTS (ROES) TO THE ORDER AUDIT TRAIL SYSTEM (OATS) THAT WERE REJECTED BY OATS FOR CONTEXT OR SYNTAX ERRORS AND WERE REPAIRABLE BUT THE FIRM FAILED TO REPAIR MANY OF THE REJECTED ROES SO THAT THEY WERE NOT TRANSMITTED TO OATS. THE FIRM TRANSMITTED REPORTS TO OATS THAT OMITTED ACCURATE SHARE QUANTITIES AND DESK ROUTE INFORMATION, CONTAINED INACCURATE EXCEPTION CODES AND INACCURATE TIMESTAMPS, OMITTED SPECIAL HANDLING INSTRUCTIONS AND A REQUIRED DESK REPORT, CONTAINED INACCURATE DESK AND CANCEL/REPLACE REPORTS, INACCURATE SPECIAL HANDLING CODES AND OMITTED A SPECIAL HANDLING CODE. THE FIRM FAILED TO TRANSMIT DATA TO OATS FOR ONE ORDER. THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATIONS AND NASD RULES CONCERNING SALES TRANSACTIONS. THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATIONS AND/OR NASD RULES ADDRESSING QUALITY OF MARKET TOPICS. THE FIRM'S WRITTEN SUPERVISORY PROCEDURES FAILED TO PROVIDE FOR MINIMUM REQUIREMENTS FOR ADEQUATE WRITTEN SUPERVISORY PROCEDURES IN BEST EXECUTION, ENTERING QUOTES INTO MULTIPLE REAL-TIME QUOTATION SYSTEMS AND THE SUB PENNY RULE.

Initiated By: FINRA



Date Initiated: 12/23/2010

Docket/Case Number: [2008012332902](#)

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: 12/23/2010

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 \$45,000.00

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, THE FIRM IS CENSURED, FINED \$45,000 AND REQUIRED TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES REGARDING SALES TRANSACTIONS, BEST EXECUTION, ENTERING QUOTES INTO MULTIPLE REAL-TIME QUOTATION SYSTEMS AND THE SUB PENNY RULE WITHIN 30 BUSINESS DAYS OF ACCEPTANCE OF THIS AWC BY THE NAC.

Reporting Source: Firm

Current Status: Final

Allegations: FINRA RULE 7450, NASD RULES 2110, 3010, 6955(A) - CANTOR FITZGERALD & CO. TRANSMITTED REPORTABLE ORDER EVENTS (ROES) TO THE ORDER AUDIT TRAIL SYSTEM (OATS) THAT WERE REJECTED BY OATS FOR CONTEXT OR SYNTAX ERRORS AND WERE REPAIRABLE BUT THE FIRM FAILED TO REPAIR MANY OF THE REJECTED ROES SO THAT THEY WERE NOT TRANSMITTED TO OATS. THE FIRM TRANSMITTED REPORTS TO OATS THAT OMITTED ACCURATE SHARE QUANTITIES AND DESK ROUTE INFORMATION, CONTAINED INACCURATE EXCEPTION CODES AND



INACCURATE TIMESTAMPS, OMITTED SPECIAL HANDLING INSTRUCTIONS AND A REQUIRED DESK REPORT, CONTAINED INACCURATE DESK AND CANCEL/REPLACE REPORTS, INACCURATE SPECIAL HANDLING CODES AND OMITTED A SPECIAL HANDLING CODE. THE FIRM FAILED TO TRANSMIT DATA TO OATS FOR ONE ORDER. THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATIONS AND NASD RULES CONCERNING SALES TRANSACTIONS. THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATIONS AND/OR NASD RULES ADDRESSING QUALITY OF MARKET TOPICS. THE FIRM'S WRITTEN SUPERVISORY PROCEDURES FAILED TO PROVIDE FOR MINIMUM REQUIREMENTS FOR ADEQUATE WRITTEN SUPERVISORY PROCEDURES IN BEST EXECUTION, ENTERING QUOTES INTO MULTIPLE REAL-TIME QUOTATION SYSTEMS AND THE SUB PENNY RULE.

Initiated By: FINRA

Date Initiated: 12/23/2010

Docket/Case Number: [2008012332902](#)

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: 12/23/2010

Sanctions Ordered: Censure
Monetary/Fine \$45,000.00

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, THE FIRM IS CENSURED, FINED \$45,000 AND REQUIRED TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES REGARDING SALES TRANSACTIONS, BEST EXECUTION, ENTERING QUOTES INTO MULTIPLE REAL-TIME QUOTATION SYSTEMS AND THE SUB PENNY RULE WITHIN 30 BUSINESS DAYS OF ACCEPTANCE OF THIS AWC BY THE NAC.


Disclosure 41 of 87

Reporting Source:	Regulator
Current Status:	Final
Allegations:	NASDAQ RULES 2110, 3010 - CANTOR FITZGERALD'S SUPERVISORY SYSTEM AND WRITTEN SUPERVISORY PROCEDURES WERE NOT REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS AND REGULATIONS (INCLUDING NASD NOTICE TO MEMBERS 04-66) AND NASDAQ RULES CONCERNING THE PREVENTION OF ERRONEOUS ORDERS AND TRANSACTIONS AND FRIVOLOUS CLEARLY ERRONEOUS TRANSACTION COMPLAINTS.
Initiated By:	NASDAQ STOCK MARKET
Date Initiated:	06/29/2010
Docket/Case Number:	2009019130001
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:	06/29/2010
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:	UNDERTAKING
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, FINED \$10,000 AND REQUIRED TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES REGARDING COMPLIANCE WITH NASD NOTICE TO MEMBERS 04-66 WITHIN 30 BUSINESS DAYS OF ACCEPTANCE OF THIS AWC BY THE NASDAQ REVIEW COUNCIL.



Reporting Source:	Firm
Current Status:	Final
Allegations:	CANTOR FITZGERALD'S SUPERVISORY SYSTEM AND WRITTEN SUPERVISORY PROCEDURES WERE NOT REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS AND REGULATIONS (INCLUDING NASDAQ RULES 2110, 3010 AND NASD NOTICE TO MEMBERS 04-66) AND NASDAQ RULES CONCERNING THE PREVENTION OF ERRONEOUS ORDERS AND TRANSACTIONS AND FRIVOLOUS CLEARLY ERRONEOUS TRANSACTION COMPLAINTS.
Initiated By:	NASDAQ STOCK MARKET
Date Initiated:	06/29/2010
Docket/Case Number:	2009019130001
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:	06/29/2010
Sanctions Ordered:	Censure Monetary/Fine \$10,000.00
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, THE FIRM IS CENSURED, FINED \$10,000 AND REQUIRED TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES REGARDING COMPLIANCE WITH NASD NOTICE TO MEMBERS 04-66 WITHIN 30 BUSINESS DAYS OF ACCEPTANCE OF THIS AWC BY THE NASDAQ REVIEW COUNCIL.

Disclosure 42 of 87

Reporting Source: Regulator



Current Status: Final

Allegations: **04/15/2010**OFFER OF SETTLEMENT AND CONSENT TO PENALTY FILED BY NYSE REGULATION'S DIVISION OF ENFORCEMENT AND PENDING. CONSENTED TO FINDINGS:FOR THE SOLE PURPOSE OF SETTLING THIS DISCIPLINARY PROCEEDING, WITHOUT ADJUDICATION OF ANY ISSUES OF LAW OR FACT, AND WITHOUT ADMITTING OR DENYING ANY ALLEGATIONS OR FINDINGS REFERRED TO HEREIN, CANTOR FITZGERALD & CO. STIPULATED THAT DURING 2006 IT:
 1.VIOLATED NYSE ARCA EQUITIES RULE 6.18(A) BY FAILING TO REASONABLY SUPERVISE THE PERSONAL AND PROPRIETARY EQUITIES TRADING OF THE THEN-CHIEF EXECUTIVE OFFICER ("CEO") OF THE DEBT CAPITAL MARKETS ("DCM") DIVISION TO ASSURE COMPLIANCE WITH THE FEDERAL SECURITIES LAWS,THE CONSTITUTION, AND THE RULES OF THE CORPORATION.
 2.VIOLATED NYSE ARCA EQUITIES RULE 6.3.03(C) BY FAILING TO RETAIN AND REVIEW COPIES OF MONTHLY ACCOUNT STATEMENTS AND TRADE CONFIRMATIONS FOR THE PERSONAL TRADING ACCOUNTS OF ITS THEN-DCM CEO, IN WHICH HE HAD A FINANCIAL INTEREST AND MADE INVESTMENT DECISIONS.STIPULATED SANCTION: CENSURE AND FINE IN THE AMOUNT OF \$250,000.

Initiated By: NYSE ARCA, INC.

Date Initiated: 04/15/2010

Docket/Case Number: HBD#: 10-ARCA-1

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Decision

Resolution Date: 04/16/2010

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

Other Sanctions Ordered:

Sanction Details:

****04/10/2010****DECISION NO. 10-ARCA-1 ISSUED BY NYSE HEARING BOARD. DECISION: DURING THE PERIOD OF JANUARY 2006 THROUGH DECEMBER 2006, CANTOR FITZGERALD & CO. VIOLATED NYSE ARCA EQUITIES RULE 6.18(A) BY FAILING TO REASONABLY SUPERVISE ITS THEN-DCM CEO'S PERSONAL AND PROPRIETARY EQUITIES TRADING TO ASSURE COMPLIANCE WITH FEDERAL SECURITIES LAWS, CONSTITUTION, AND RULES OF CORPORATION; VIOLATED NYSE ARCA EQUITIES RULE 6.3.03(C) BY FAILING TO RETAIN AND REVIEW COPIES OF MONTHLY ACCOUNT STATEMENTS AND TRADE CONFIRMATIONS FOR PERSONAL TRADING ACCOUNTS OF ITS THEN-DCM CEO, IN WHICH HE HAD A FINANCIAL INTEREST AND MADE INVESTMENT DECISIONS. CONSENTED TO A CENSURE AND A \$250,000 FINE.

Regulator Statement

ON APRIL 16, 2010 THE DECISION BECAME FINAL AND THE FINE IMMEDIATELY BECAME DUE.

Reporting Source:

Firm

Current Status:

Final

Allegations:

CANTOR FITZGERALD & CO. STIPULATED THAT DURING 2006 IT: 1. VIOLATED NYSE ARCA EQUITIES RULE 6.18(A) BY FAILING TO REASONABLY SUPERVISE THE PERSONAL AND PROPRIETARY EQUITIES TRADING OF THE THEN-CHIEF EXECUTIVE OFFICER ("CEO") OF THE DEBT CAPITAL MARKETS ("DCM") DIVISION TO ASSURE COMPLIANCE WITH THE FEDERAL SECURITIES LAWS, THE CONSTITUTION, AND THE RULES OF THE CORPORATION. 2. VIOLATED NYSE ARCA EQUITIES RULE 6.3.03(C) BY FAILING TO RETAIN AND REVIEW COPIES OF MONTHLY ACCOUNT STATEMENTS AND TRADE CONFIRMATIONS FOR THE PERSONAL TRADING ACCOUNTS OF ITS THEN-DCM CEO, IN WHICH HE HAD A FINANCIAL INTEREST AND MADE INVESTMENT DECISIONS.

Initiated By:

NYSE ARCA, INC.

Date Initiated:

04/15/2010

Docket/Case Number:

HBD#: 10-ARCA-1

Principal Product Type:

No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought:



Other Sanction(s)/Relief Sought:

Resolution: Decision
Resolution Date: 04/16/2010
Sanctions Ordered: Censure
 Monetary/Fine \$250,000.00

Other Sanctions Ordered:

Sanction Details: FOR THE SOLE PURPOSE OF SETTLING THIS DISCIPLINARY PROCEEDING, WITHOUT ADJUDICATION OF ANY ISSUES OF LAW OR FACT, AND WITHOUT ADMITTING OR DENYING ANY ALLEGATIONS OR FINDINGS REFERRED TO HEREIN, THE FIRM CONSENTED TO CENSURE AND A FINE OF \$250,000.

Firm Statement ON APRIL 16, 2010, THE DECISION BECAME FINAL AND THE FINE IMMEDIATELY BECAME DUE.

Disclosure 43 of 87

Reporting Source: Regulator

Current Status: Final

Allegations: SEC RULES 10B-10; 200(G)AND 203(B)(1)OF REGULATION SHO, NASD RULES 2110, 3010, 3370, 6130, 6130(B), 6955(A) - CANTOR FITZGERALD & CO. FAILED TO TIMELY REPORT REPORTABLE ORDER EVENTS (ROES) TO THE ORDER AUDIT TRAIL SYSTEM (OATS); TRANSMITTED TO OATS REPORTS THAT CONTAINED INACCURATE, INCOMPLETE OR IMPROPERLY FORMATTED DATA - THE REPORTS CONTAINED INACCURATE MARKET CENTER IDS. THE FIRM FAILED, WITHIN 90 SECONDS AFTER EXECUTION, TO TRANSMIT TO THE NASDAQ MARKET CENTER LAST SALE REPORTS OF TRANSACTIONS IN ELIGIBLE SECURITIES. THIS CONDUCT CONSTITUTES A PATTERN OR PRACTICE OF LATE REPORTING WITHOUT EXCEPTIONAL CIRCUMSTANCES IN VIOLATION OF NASD RULE 2110. THE FIRM SUBMITTED ROES TO OATS THAT WERE REJECTED FOR CONTEXT OR SYNTAX ERRORS AND THE FIRM FAILED TO REPAIR MOST OF THE REJECTED ROES. THE FIRM 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, ENTERING INTO A BONA FIDE ARRANGEMENT TO BORROW THE SECURITY; OR HAVING REASONABLE GROUNDS TO BELIEVE THAT THE SECURITY CAN BE BORROWED SO THAT IT CAN BE DELIVERED ON THE DATE DELIVERY IS DUE; AND DOCUMENTING COMPLIANCE WITH SEC RULE 203(B)(1) OF REGULATION SHO. THE FIRM ACCEPTED A CUSTOMER SHORT SALE ORDER IN A SECURITY AND FAILED



TO MAKE/ANNOTATE AN AFFIRMATIVE DETERMINATION THAT THE FIRM WOULD RECEIVE DELIVERY OF THE SECURITY ON BEHALF OF THE CUSTOMER OR THAT THE FIRM COULD BORROW THE SECURITY ON BEHALF OF THE CUSTOMER FOR DELIVERY BY SETTLEMENT DATE. THE FIRM FAILED TO ACCEPT OR DECLINE IN THE TRADE REPORTING FACILITY (TRF) TRANSACTIONS IN REPORTABLE SECURITIES WITHIN 20 MINUTES AFTER EXECUTION THAT THE FIRM HAD AN OBLIGATION TO ACCEPT OR DECLINE IN THE TRF AS THE ORDER ENTRY IDENTIFIER (OEID). THE FIRM TRANSMITTED TO OATS ROUTE OR COMBINED ORDER/ROUTE REPORTS THAT THE OATS SYSTEM WAS UNABLE TO LINK TO THE CORRESPONDING NEW ORDER TRANSMITTED BY THE DESTINATION MEMBER FIRM DUE TO INACCURATE, INCOMPLETE OR IMPROPERLY FORMATTED DATA. THE FIRM EXECUTED SHORT SALE TRANSACTIONS AND REPORTED THE TRANSACTIONS TO THE AUTOMATED CONFIRMATION TRANSACTION SERVICE (ACT) WITHOUT USING THE SHORT SALE MODIFIER ACCURATELY. THE FIRM EXECUTED SHORT SALE ORDERS AND FAILED TO PROPERLY MARK THEM AS SHORT. THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATIONS AND NASD RULES CONCERNING SOFT DOLLAR PAYMENTS. THE FIRM FAILED TO ENFORCE ITS WRITTEN SUPERVISORY PROCEDURES BY FAILING TO REVIEW TRANSACTIONS EXECUTED BY ITS "RISK/ARB" DESK. THE FIRM FAILED TO SUBMIT REQUIRED INFORMATION TO OATS; THE FIRM TRANSMITTED REPORTS THAT CONTAINED INACCURATE, INCOMPLETE OR IMPROPERLY FORMATTED DATA - THE REPORTS CONTAINED INACCURATE ORDER DESIGNATIONS (LIMIT VS MARKET ORDER), INACCURATE TIME IN FORCE INFORMATION, MISSING DESK REPORTS AND FAILED TO USE COMBINED REPORTS. THE FIRM FAILED TO PROVIDE WRITTEN NOTIFICATION DISCLOSING TO ITS CUSTOMERS ITS CORRECT CAPACITY IN TRANSACTIONS; THAT TRANSACTIONS WERE EXECUTED AT AN AVERAGE PRICE; THAT THE FIRM WAS A MARKET MAKER IN THE SECURITY WHEN IT ACTED AS PRINCIPAL FOR ITS OWN ACCOUNT; OR THE TYPE OF COMPENSATION RECEIVED BY THE FIRM AS A RESULT OF THE TRANSACTIONS. [CONTINUED IN COMMENTS]

Initiated By: FINRA

Date Initiated: 08/11/2009

Docket/Case Number: [2005001796701](#)

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

Other Product Type(s): ELIGIBLE SECURITIES, REPORTABLE SECURITIES

Principal Sanction(s)/Relief Sought:



Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 08/11/2009

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 \$135,000.00

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, THE FIRM IS CENSURED, FINED \$135,000 AND REQUIRED TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES REGARDING SOFT DOLLAR PAYMENTS WITHIN 30 BUSINESS DAYS OF ACCEPTANCE OF THIS AWC BY THE NAC.

Regulator Statement ALLEGATIONS CONTINUED: THE FIRM FAILED TO PROVIDE DOCUMENTARY EVIDENCE THAT IT PERFORMED THE SUPERVISORY REVIEWS SET FORTH IN ITS WRITTEN SUPERVISORY PROCEDURES CONCERNING TRADE REPORTING, USE OF SALES INDICATORS FOR CUSTOMER AND PROPRIETARY SALES TRANSACTIONS; OATS SUBMISSIONS BY THE FIRM AND THIRD PARTIES ON ITS BEHALF. THE FIRM FAILED TO PROVIDE WRITTEN NOTIFICATION DISCLOSING TO ITS CUSTOMERS ITS SPECIFIC CAPACITY IN TRANSACTIONS AND INCORRECTLY DISCLOSED TO ITS CUSTOMERS THAT A COMMISSION WAS CHARGED FOR A PRINCIPAL OR RISKLESS PRINCIPAL TRANSACTION. THE FIRM PROVIDED WRITTEN NOTIFICATION INCORRECTLY DISCLOSING THAT A COMMISSION WAS CHARGED FOR A PRINCIPAL OR RISKLESS PRINCIPAL TRANSACTION. THE FIRM FAILED TO PROVIDE WRITTEN NOTIFICATION DISCLOSING ITS SPECIFIC CAPACITY IN TRANSACTIONS AND NOTIFICATION ERRONEOUSLY DISCLOSING THAT IT WAS A MARKET MAKER IN THE SECURITY. THE FIRM PROVIDED WRITTEN NOTIFICATION ERRONEOUSLY DISCLOSING THAT IT WAS A MARKET MAKER IN A SECURITY. THE FIRM FAILED TO TRANSMIT REQUIRED INFORMATION TO OATS; THE FIRM FAILED TO SUBMIT REPORTS TO OATS WITH A SPECIAL HANDLING CODE OF "NH" AS REQUIRED FOR A NOT HELD ORDER AND INCORRECTLY SUBMITTED A REPORTING EXCEPTION TO OATS FOR AN EXECUTION REPORTED AS RISKLESS PRINCIPAL UNDER THE ALTERNATE METHOD.



Reporting Source: Firm

Current Status: Final

Allegations: CANTOR FITZGERALD & CO. FAILED TO TIMELY REPORT REPORTABLE ORDER EVENTS (ROES) TO THE ORDER AUDIT TRAIL SYSTEM (OATS); TRANSMITTED TO OATS REPORTS THAT CONTAINED INACCURATE, INCOMPLETE OR IMPROPERLY FORMATTED DATA - THE REPORTS CONTAINED INACCURATE MARKET CENTER IDS. THE FIRM FAILED, WITHIN 90 SECONDS AFTER EXECUTION, TO TRANSMIT TO THE NASDAQ MARKET CENTER LAST SALE REPORTS OF TRANSACTIONS IN ELIGIBLE SECURITIES. THIS CONDUCT CONSTITUTES A PATTERN OR PRACTICE OF LATE REPORTING WITHOUT EXCEPTIONAL CIRCUMSTANCES IN VIOLATION OF NASD RULE 2110. THE FIRM SUBMITTED ROES TO OATS THAT WERE REJECTED FOR CONTEXT OR SYNTAX ERRORS AND THE FIRM FAILED TO REPAIR MOST OF THE REJECTED ROES. THE FIRM 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, ENTERING INTO A BONA FIDE ARRANGEMENT TO BORROW THE SECURITY; OR HAVING REASONABLE GROUNDS TO BELIEVE THAT THE SECURITY CAN BE BORROWED SO THAT IT CAN BE DELIVERED ON THE DATE DELIVERY IS DUE; AND DOCUMENTING COMPLIANCE WITH SEC RULE 203(B)(1) OF REGULATION SHO. THE FIRM ACCEPTED A CUSTOMER SHORT SALE ORDER IN A SECURITY AND FAILED TO MAKE/ANNOTATE AN AFFIRMATIVE DETERMINATION THAT THE FIRM WOULD RECEIVE DELIVERY OF THE SECURITY ON BEHALF OF THE CUSTOMER OR THAT THE FIRM COULD BORROW THE SECURITY ON BEHALF OF THE CUSTOMER FOR DELIVERY BY SETTLEMENT DATE. THE FIRM FAILED TO ACCEPT OR DECLINE IN THE TRADE REPORTING FACILITY (TRF) TRANSACTIONS IN REPORTABLE SECURITIES WITHIN 20 MINUTES AFTER EXECUTION THAT THE FIRM HAD AN OBLIGATION TO ACCEPT OR DECLINE IN THE TRF AS THE ORDER ENTRY IDENTIFIER (OEID). THE FIRM TRANSMITTED TO OATS ROUTE OR COMBINED ORDER/ROUTE REPORTS THAT THE OATS SYSTEM WAS UNABLE TO LINK TO THE CORRESPONDING NEW ORDER TRANSMITTED BY THE DESTINATION MEMBER FIRM DUE TO INACCURATE, INCOMPLETE OR IMPROPERLY FORMATTED DATA. THE FIRM EXECUTED SHORT SALE TRANSACTIONS AND REPORTED THE TRANSACTIONS TO THE AUTOMATED CONFIRMATION TRANSACTION SERVICE (ACT) WITHOUT USING THE SHORT SALE MODIFIER ACCURATELY. THE FIRM EXECUTED SHORT SALE ORDERS AND FAILED TO PROPERLY MARK THEM AS SHORT. THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATIONS AND NASD RULES CONCERNING SOFT



DOLLAR PAYMENTS. THE FIRM FAILED TO ENFORCE ITS WRITTEN SUPERVISORY PROCEDURES BY FAILING TO REVIEW TRANSACTIONS EXECUTED BY ITS "RISK/ARB" DESK. THE FIRM FAILED TO SUBMIT REQUIRED INFORMATION TO OATS; THE FIRM TRANSMITTED REPORTS THAT CONTAINED INACCURATE, INCOMPLETE OR IMPROPERLY FORMATTED DATA - THE REPORTS CONTAINED INACCURATE ORDER DESIGNATIONS (LIMIT VS MARKET ORDER), INACCURATE TIME IN FORCE INFORMATION, MISSING DESK REPORTS AND FAILED TO USE COMBINED REPORTS. THE FIRM FAILED TO PROVIDE WRITTEN NOTIFICATION DISCLOSING TO ITS CUSTOMERS ITS CORRECT CAPACITY IN TRANSACTIONS; THAT TRANSACTIONS WERE EXECUTED AT AN AVERAGE PRICE; THAT THE FIRM WAS A MARKET MAKER IN THE SECURITY WHEN IT ACTED AS PRINCIPAL FOR ITS OWN ACCOUNT; OR THE TYPE OF COMPENSATION RECEIVED BY THE FIRM AS A RESULT OF THE TRANSACTIONS. [CONTINUED IN PART II (13)]

Initiated By: FINRA

Date Initiated: 08/11/2009

Docket/Case Number: [2005001796701](#)

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

Other Product Type(s): ELIGIBLE SECURITIES, REPORTABLE SECURITIES

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought: MONETARY/FINE, UNDERTAKING

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 08/11/2009

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

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, THE FIRM IS CENSURED, FINED \$135,000 AND REQUIRED TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES REGARDING SOFT DOLLAR PAYMENTS WITHIN 30 BUSINESS DAYS OF ACCEPTANCE OF THIS AWC BY THE NAC.

Firm Statement ALLEGATIONS CONTINUED: THE FIRM FAILED TO PROVIDE DOCUMENTARY EVIDENCE THAT IT PERFORMED THE SUPERVISORY REVIEWS SET FORTH IN ITS WRITTEN SUPERVISORY PROCEDURES CONCERNING TRADE



REPORTING, USE OF SALES INDICATORS FOR CUSTOMER AND PROPRIETARY SALES TRANSACTIONS; OATS SUBMISSIONS BY THE FIRM AND THIRD PARTIES ON ITS BEHALF. THE FIRM FAILED TO PROVIDE WRITTEN NOTIFICATION DISCLOSING TO ITS CUSTOMERS ITS SPECIFIC CAPACITY IN TRANSACTIONS AND INCORRECTLY DISCLOSED TO ITS CUSTOMERS THAT A COMMISSION WAS CHARGED FOR A PRINCIPAL OR RISKLESS PRINCIPAL TRANSACTION. THE FIRM PROVIDED WRITTEN NOTIFICATION INCORRECTLY DISCLOSING THAT A COMMISSION WAS CHARGED FOR A PRINCIPAL OR RISKLESS PRINCIPAL TRANSACTION. THE FIRM FAILED TO PROVIDE WRITTEN NOTIFICATION DISCLOSING ITS SPECIFIC CAPACITY IN TRANSACTIONS AND NOTIFICATION ERRONEOUSLY DISCLOSING THAT IT WAS A MARKET MAKER IN THE SECURITY. THE FIRM PROVIDED WRITTEN NOTIFICATION ERRONEOUSLY DISCLOSING THAT IT WAS A MARKET MAKER IN A SECURITY. THE FIRM FAILED TO TRANSMIT REQUIRED INFORMATION TO OATS; THE FIRM FAILED TO SUBMIT REPORTS TO OATS WITH A SPECIAL HANDLING CODE OF "NH" AS REQUIRED FOR A NOT HELD ORDER AND INCORRECTLY SUBMITTED A REPORTING EXCEPTION TO OATS FOR AN EXECUTION REPORTED AS RISKLESS PRINCIPAL UNDER THE ALTERNATE METHOD.

Disclosure 44 of 87

Reporting Source:	Regulator
Current Status:	Final
Allegations:	NASD RULES 2110, 3010, 3360 - CANTOR FITZGERALD & CO. SUBMITTED REPORTS TO FINRA CONCERNING NASDAQ AND OVER-THE-COUNTER (OTC) SHORT INTEREST POSITIONS AT THE FIRM THAT WERE INACCURATE. THE FIRM SUBMITTED REPORTS TO FINRA REGARDING AMERICAN STOCK EXCHANGE SHORT INTEREST POSITIONS AT THE FIRM THAT WERE INACCURATE. THE FIRM FAILED TO REPORT NEW YORK STOCK EXCHANGE-LISTED SHORT INTEREST POSITIONS AT THE FIRM TO FINRA THAT IT SHOULD HAVE REPORTED. 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.
Initiated By:	FINRA
Date Initiated:	08/11/2009
Docket/Case Number:	2006006491201
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: 08/11/2009

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 \$60,000.00

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, THE FIRM IS CENSURED, FINED \$60,000 AND REQUIRED TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES REGARDING SHORT INTEREST REPORTING WITHIN 30 BUSINESS DAYS OF ACCEPTANCE OF THIS AWC BY THE NAC.

Reporting Source: Firm

Current Status: Final

Allegations: CANTOR FITZGERALD & CO. SUBMITTED REPORTS TO FINRA CONCERNING NASDAQ AND OVER-THE-COUNTER (OTC) SHORT INTEREST POSITIONS AT THE FIRM THAT WERE INACCURATE. THE FIRM SUBMITTED REPORTS TO FINRA REGARDING AMERICAN STOCK EXCHANGE SHORT INTEREST POSITIONS AT THE FIRM THAT WERE INACCURATE. THE FIRM FAILED TO REPORT NEW YORK STOCK EXCHANGE-LISTED SHORT INTEREST POSITIONS AT THE FIRM TO FINRA THAT IT SHOULD HAVE REPORTED. 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.

Initiated By: FINRA

Date Initiated: 08/11/2009



Docket/Case Number: [2006006491201](#)

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: 08/11/2009

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

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, THE FIRM IS CENSURED, FINED \$60,000 AND REQUIRED TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES REGARDING SHORT INTEREST REPORTING WITHIN 30 BUSINESS DAYS OF ACCEPTANCE OF THIS AWC BY THE NAC.

Disclosure 45 of 87

Reporting Source: Regulator

Current Status: Final

Allegations: NASD RULE 6955(A) - CANTOR FITZGERALD & CO. TRANSMITTED TO THE ORDER AUDIT TRAIL SYSTEM (OATS) ROUTE OR COMBINED ORDER/ROUTE REPORTS THAT THE OATS SYSTEM WAS UNABLE TO LINK TO THE RELATED ORDER ROUTED TO NASDAQ DUE TO INACCURATE, INCOMPLETE OR IMPROPERLY FORMATTED DATA. THE FIRM TRANSMITTED TO OATS REPORTS THAT CONTAINED INACCURATE, INCOMPLETE OR IMPROPERLY FORMATTED DATA IN THAT THE REPORTS SHOULD NOT HAVE BEEN SUBMITTED TO OATS. THE FIRM TRANSMITTED TO OATS NEW ORDER REPORTS AND RELATED SUBSEQUENT REPORTS WHERE THE TIMESTAMP FOR THE RELATED SUBSEQUENT REPORT HAD A TIME PRIOR TO THAT OF THE TIMESTAMP FOR THE RECEIPT OF THE ORDER. BECAUSE OF THE INACCURATE TIMESTAMPS, THE OATS SYSTEM WAS UNABLE TO CREATE AN ACCURATE, TIME-SEQUENCED RECORD FROM THE RECEIPT OF THE ORDER THROUGH ITS RESOLUTION.

Initiated By: FINRA



Date Initiated: 08/11/2009

Docket/Case Number: [2006006288701](#)

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: 08/11/2009

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 \$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: CANTOR FITZGERALD & CO. TRANSMITTED TO THE ORDER AUDIT TRAIL SYSTEM (OATS) ROUTE OR COMBINED ORDER/ROUTE REPORTS THAT THE OATS SYSTEM WAS UNABLE TO LINK TO THE RELATED ORDER ROUTED TO NASDAQ DUE TO INACCURATE, INCOMPLETE OR IMPROPERLY FORMATTED DATA. THE FIRM TRANSMITTED TO OATS REPORTS THAT CONTAINED INACCURATE, INCOMPLETE OR IMPROPERLY FORMATTED DATA IN THAT THE REPORTS SHOULD NOT HAVE BEEN SUBMITTED TO OATS. THE FIRM TRANSMITTED TO OATS NEW ORDER REPORTS AND RELATED SUBSEQUENT REPORTS WHERE THE TIMESTAMP FOR THE RELATED SUBSEQUENT REPORT HAD A TIME PRIOR TO THAT OF THE TIMESTAMP FOR THE RECEIPT OF THE ORDER. BECAUSE OF THE INACCURATE TIMESTAMPS, THE OATS SYSTEM WAS UNABLE TO CREATE



AN ACCURATE, TIME-SEQUENCED RECORD FROM THE RECEIPT OF THE ORDER THROUGH ITS RESOLUTION.

Initiated By: FINRA

Date Initiated: 08/11/2009

Docket/Case Number: [2006006288701](#)

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: 08/11/2009

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.

Disclosure 46 of 87

Reporting Source: Regulator

Current Status: Final

Allegations: NASDAQ RULE 4755 - CANTOR FITZGERALD & CO. EXECUTED SALES TRANSACTIONS AND REPORTED THE TRANSACTIONS TO THE NASDAQ MARKET CENTER WITH INACCURATE INFORMATION AS TO WHETHER EACH TRANSACTION WAS A SELL, SELL SHORT OR SELL SHORT EXEMPT.

Initiated By: NASDAQ STOCK MARKET

Date Initiated: 08/11/2009

Docket/Case Number: 2005001796702

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: 08/11/2009

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 \$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: CANTOR FITZGERALD & CO. EXECUTED SALES TRANSACTIONS AND REPORTED THE TRANSACTIONS TO THE NASDAQ MARKET CENTER WITH INACCURATE INFORMATION AS TO WHETHER EACH TRANSACTION WAS A SELL, SELL SHORT OR SELL SHORT EXEMPT.

Initiated By: NASDAQ STOCK MARKET

Date Initiated: 08/11/2009

Docket/Case Number: 2005001796702

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: 08/11/2009

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.

Disclosure 47 of 87

Reporting Source: Firm

Current Status: Final

Allegations: THE FIRM EXECUTED SHORT SALES USING A THIRD PARTY TRADING SYSTEM AND NO LOCATES WERE PERFORMED ON THESE TRANSACTIONS PRIOR TO EXECUTION. THE FIRM OPENED FAIL POSITIONS IN THRESHOLD SECURITIES, FAILED TO CLOSE OUT THE AGED THRESHOLD FAIL POSITIONS AFTER 13 DAYS, AS REQUIRED UNDER SECURITIES EXCHANGE ACT RULE 203(B)(3), AND ACCEPTED ORDERS FOR CUSTOMERS SHORT SALES IN THRESHOLD SECURITIES AFTER ITS FAIL POSITIONS WERE AGED MORE THAN 13 CONSECUTIVE SETTLEMENT DAYS. THE FIRM FAILED TO DISCLOSE REQUIRED YIELD INFORMATION ON CUSTOMER CONFIRMATIONS FOR MUNICIPAL AND CORPORATE BONDS TRANSACTIONS. THE FIRM FAILED TO RECORD TIME OF RECEIPT ON THE ORDER MEMORANDA FOR PRINCIPAL TRANSACTIONS IN MUNICIPAL SECURITIES AND FOR BROKERAGE CORPORATE BOND TRANSACTIONS.

Initiated By: FINRA

Date Initiated: 07/22/2009

Docket/Case Number: [2007007309701](#)

Principal Product Type: Debt - Municipal

Other Product Type(s): CORPORATE BOND

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)



Resolution Date: 07/22/2009

Sanctions Ordered: Censure
Monetary/Fine \$140,000.00

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 \$140,000.

Disclosure 48 of 87

Reporting Source: Regulator

Current Status: Final

Allegations: SECURITIES EXCHANGE ACT RULES 10B-10, 17A-3, 203(B)(1), 203(B)(3), NASD RULES 2110, 3110, MSRB RULES G-8, G-15: THE FIRM EXECUTED LISTED, NON-MARKET-MAKING PROPRIETARY SHORT SALES USING A THIRD PARTY TRADING SYSTEM AND NO LOCATES WERE PERFORMED ON THESE TRANSACTIONS PRIOR TO EXECUTION. THE FIRM OPENED FAIL POSITIONS IN THRESHOLD SECURITIES, FAILED TO CLOSE OUT THE AGED THRESHOLD FAIL POSITIONS AFTER 13 DAYS, AS REQUIRED UNDER SECURITIES EXCHANGE ACT RULE 203(B)(3), AND ACCEPTED ORDERS FOR CUSTOMER SHORT SALES IN THRESHOLD SECURITIES AFTER ITS FAIL POSITIONS WERE AGED MORE THAN 13 CONSECUTIVE SETTLEMENT DAYS. THE FIRM FAILED TO DISCLOSE REQUIRED YIELD INFORMATION ON CUSTOMER CONFIRMATIONS FOR MUNICIPAL AND CORPORATE BOND TRANSACTIONS. THE FIRM FAILED TO RECORD TIME OF RECEIPT ON THE ORDER MEMORANDA FOR PRINCIPAL TRANSACTIONS EFFECTED IN MUNICIPAL SECURITIES AND FOR BROKERAGE CORPORATE BOND TRANSACTIONS.

Initiated By: FINRA

Date Initiated: 07/22/2009

Docket/Case Number: [2007007309701](#)

Principal Product Type: Debt - Municipal

Other Product Type(s): CORPORATE BOND

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)



Resolution Date: 07/22/2009

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 \$140,000.00

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 \$140,000.

Reporting Source: Firm

Current Status: Final

Allegations: THE FIRM EXECUTED SHORT SALES USING A THIRD PARTY TRADING SYSTEM AND NO LOCATES WERE PERFORMED ON THESE TRANSACTIONS PRIOR TO EXECUTION. THE FIRM OPENED FAIL POSITIONS IN THRESHOLD SECURITIES, FAILED TO CLOSE OUT THE AGED THRESHOLD FAIL POSITIONS AFTER 13 DAYS, AS REQUIRED UNDER SECURITIES EXCHANGE ACT RULE 203(B)(3), AND ACCEPTED ORDERS FOR CUSTOMERS SHORT SALES IN THRESHOLD SECURITIES AFTER ITS FAIL POSITIONS WERE AGED MORE THAN 13 CONSECUTIVE SETTLEMENT DAYS. THE FIRM FAILED TO DISCLOSE REQUIRED YIELD INFORMATION ON CUSTOMER CONFIRMATIONS FOR MUNICIPAL AND CORPORATE BONDS TRANSACTIONS. THE FIRM FAILED TO RECORD TIME OF RECEIPT ON THE ORDER MEMORANDA FOR PRINCIPAL TRANSACTIONS IN MUNICIPAL SECURITIES AND FOR BROKERAGE CORPORATE BOND TRANSACTIONS.

Initiated By: FINRA

Date Initiated: 07/22/2009

Docket/Case Number: [2007007309701](#)

Principal Product Type: Debt - Municipal

Other Product Type(s): CORPORATE BOND

Principal Sanction(s)/Relief Sought: Censure


Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 07/22/2009

Sanctions Ordered: Censure
Monetary/Fine \$140,000.00

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 \$140,000.

Disclosure 49 of 87

Reporting Source: Regulator

Current Status: Final

Allegations: NASAD RULES 2110, 3010, 8211, 8213 - CANTOR FITZGERALD & CO. FAILED TO SUBMIT ACCURATE TRADING INFORMATION THROUGH THE SUBMISSION OF ELECTRONIC BLUE SHEETS IN RESPONSE TO REQUESTS FOR SUCH INFORMATION BY NASD; THE INACCURACIES WERE SYSTEMIC IN NATURE AND INCLUDED THE REPORTING OF SHORT SALES AS LONG SALES; AND THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATIONS AND NASD RULES CONCERNING BLUE SHEET DATA SUBMISSION.

Initiated By: NASD

Date Initiated: 01/09/2007

Docket/Case Number: [2005002507802](#)

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: 01/09/2007



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 \$50,000.00

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 \$50,000.

Reporting Source: Firm

Current Status: Final

Allegations: NASD RULES 2110,3010,8211,8213 - CANTOR FITZGERALD & CO . FAILED TO SUBMIT ACCURATE TRADING INFORMATION THROUGH THE SUBMISSION OF ELECTRONIC BLUE SHEETS IN RESPONSE TO REQUESTS FOR SUCH INFORMATION BY NASD; THE INACCURACIES WERE SYSTEMIC IN NATURE AND INCLUDED THE REPORTING OF SHORT SALES AS LONG SALES; AND THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATIONS AND NASD RULES CONCERNING BLUE SHEET DATA SUBMISSION.

Initiated By: NASD

Date Initiated: 01/09/2007

Docket/Case Number: 2005002507802 AWC

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: 01/09/2007

Sanctions Ordered: Censure



Monetary/Fine \$50,000.00

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 \$50,000.

Disclosure 50 of 87

Reporting Source:

Regulator

Current Status:

Final

Allegations:

SEC RULE 15C2-11, NASD RULES 2110, 3010, 6740, 6955(A) - CANTOR FITZGERALD & CO. SUBMITTED TO OATS REPORTS WITH RESPECT TO EQUITY SECURITIES TRADED ON THE NASDAQ STOCK MARKET THAT WERE NOT IN THE ELECTRONIC FORM PRESCRIBED BY NASD AND WERE REPAIRABLE. THE REPORTS WERE REJECTED BY THE OATS SYSTEM AND NOTICE OF SUCH REJECTION WAS MADE AVAILABLE TO THE FIRM ON THE OATS WEBSITE BUT THE FIRM DID NOT CORRECT OR REPLACE MOST OF THE REPORTS. THE FIRM PUBLISHED QUOTATIONS IN THE OTC EQUITY SECURITIES, OR DIRECTLY OR INDIRECTLY, SUBMITTED SUCH QUOTATIONS FOR PUBLICATION IN A QUOTATION MEDIUM AND DID NOT HAVE IN ITS RECORDS THE REQUIRED DOCUMENTATION, DID NOT HAVE A REASONABLE BASIS UNDER THE CIRCUMSTANCES FOR BELIEVING THAT THE INFORMATION WAS ACCURATE IN ALL MATERIAL RESPECTS OR DID NOT HAVE A REASONABLE BASIS UNDER THE CIRCUMSTANCES FOR BELIEVING THAT THE SOURCES OF THE INFORMATION WERE RELIABLE. THE QUOTATIONS DID NOT REPRESENT A CUSTOMER'S INDICATION OF UNSOLICITED INTEREST. FOR EACH QUOTATION, THE FIRM FAILED TO FILE A FORM 211 WITH NASD AT LEAST THREE BUSINESS DAYS BEFORE THE FIRM'S QUOTATIONS WERE PUBLISHED OR DISPLAYED IN A QUOTATION MEDIUM; THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH SEC RULE 15C2-11 AND NASD MARKETPLACE RULE 6740.

Initiated By:

NASD

Date Initiated:

10/05/2006

Docket/Case Number:

[2005001812301](#)

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: 10/05/2006

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:

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 \$25,000.

Reporting Source: Firm

Current Status: Final

Allegations: SEC RULE 15C2-11, NASD RULE 2110,3010,6740,6955(A)- CANTOR FITZGERALD& CO.SUBMITTED TO OATS REPORTS WITH RESPECT TO EQUITY SECURITIES TRADED ON THE NASDAQ STOCK MARKET THAT WERE NOT IN THE ELECTRONIC FORM PRESCRIBED BY NASD AND WERE REPAIRABLE. THE REPORTS WERE REJECTED BY OATS SYSTEM AND NOTICE OF SUCH REJECTION WAS MADE AVAILABLE TO THE FIRM ON THE OATS WEBSITE BUT THE FIRM DID NOT CORRECT OR REPLACE MOST OF THE REPORTS. ALSO, THE FIRM PUBLISHED QUOTATIONS IN THE OTC EQUITY SECURITIES, OR DIRECTLY OR INDIRECTLY, SUBMITTED SUCH QUOTATIONS FOR PUBLICATION IN A QUOTATION MEDIUM AND NOT HAVE IN ITS RECORDS THE REQUIRED DOCUMENTATION. FOR EACH QUOTATION, THE FIRM FAILED TO FILE A FORM 211 WITH NASD AT LEAST THREE BUSINESS DAYS BEFORE THE FIRM'S QUOTATIONS WERE PUBLISHED OR DISPLAYED IN A QUOTATIONS MEDIUM;THE FIRM SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH SEC RULE 15C2-11 AND NASD MARKETPLACE RULE 6740.

Initiated By: NASD

Date Initiated: 10/05/2006



Docket/Case Number: 20050018123-01 AWC

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: 10/05/2006

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

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 FINE \$25,000.

Disclosure 51 of 87

Reporting Source: Regulator

Current Status: Final

Allegations: NASD RULES 6130(D), 6420(B) - CANTOR FITZGERALD & CO. FAILED TO REPORT TO NASDAQ MARKET CENTER THE CORRECT SYMBOL INDICATING WHETHER THE TRANSACTION WAS A BUY, SELL, SELL SHORT, SELL SHORT EXEMPT, OR CROSS FOR TRANSACTIONS IN ELIGIBLE SECURITIES; AND ERRONEOUSLY REPORTED THROUGH NASDAQ MARKET CENTER LAST SALE REPORTS OF TRANSACTIONS IN ELIGIBLE SECURITIES THAT SHOULD NOT HAVE REPORTED TO THE NASDAQ MARKET CENTER.

Initiated By: NASD

Date Initiated: 04/25/2006

Docket/Case Number: [2005003036801](#)

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: 04/25/2006

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, 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: NASD RULES 6130(D), 6420(B) - CANTOR FITZGERALD & CO. FAILED TO REPORT TO NASDAQ MARKET CENTER THE CORRECT SYMBOL INDICATING WHETHER THE TRANSACTION WAS A BUY , SELL, SELL SHORT, SELL SHORT EXEMPT, OR CROSS FOR TRANSACTIONS IN ELIGIBLE SECURITIES; AND ERRONEOUSLY REPORTED THROUGH NASDAQ MARKET CENTER LAST SALE REPORTS OF TRANSACTIONS IN ELIGIBLE ECURITIES THAT SHOULD NOT HAVE REPORTED TO THE NASDAQ MARKET CENTER.

Initiated By: NASD

Date Initiated: 04/25/2006

Docket/Case Number: 20050030368-01

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

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought: MONETARY FINE



Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 04/25/2006

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

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 ENSURED AND FINE \$10,000.

Disclosure 52 of 87

Reporting Source: Regulator

Current Status: Final

Allegations: SEC RULES 10B-10, 11AC1-4, 11AC1-5(B), 17A-3, 17A-4, NASD MARKETPLACE RULE 6955(A), NASD CONDUCT RULES 2110, 3010 AND 3110 - CANTOR FITZGERALD & CO. (THE "FRIM") 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 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. THE FIRM FAILED TO SUBMIT REQUIRED INFORMATION TO OATS AND TRANSMITTED TO OATS REPORTS THAT CONTAINED INACCURATE, INCOMPLETE, OR IMPROPERLY FORMATTED DATA. THE FIRM FAILED TO PROVIDE WRITTEN NOTIFICATION DISCLOSING TO ITS CUSTOMER ITS CORRECTED CAPACITY IN THE TRANSACTION. THE FIRM MADE AVAILABLE A REPORT ON THE COVERED ORDERS IN NATIONAL MARKET SYSTEM SECURITIES THAT IT RECEIVED FOR EXECUTION FROM ANY PERSON AND THIS REPORT INCLUDED INCORRECT INFORMATION AS TO AVERAGE REALIZED SPREAD AND AT-THE-QUOTE AVERAGE TIME. IN ADDITION, THE FIRM FAILED TO PRESERVE FOR A PERIOD OF NOT LESS THAN THREE YEARS, THE FIRST TWO IN AN ACCESSIBLE PLACE, THE MEMORANDUM OF CUSTOMER SALE BROKERAGE ORDERS, CUSTOMER SALE CONFIRMATION AND A CUSTOMER ACCOUNT STATEMENT. THE FIRM ALSO FAILED TO SHOW THE CORRECT TERMS, CONDITIONS AND TIMES ON THE MEMORANDUM OF BROKERAGE ORDERS. MOREOVER, THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLE DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO THE APPLICABLE SECURITIES LAWS AND REGULATIONS, AND THE RULES OF NASD, CONCERNING



RISKLESS PRINCIPAL TRADE REPORTING, AFFIRMATIVE DETERMINATION AND OATS.

Initiated By: NASD

Date Initiated: 10/13/2005

Docket/Case Number: 20042000063-01

Principal Product Type: Other

Other Product Type(s): UNSPECIFIED TYPES OF SECURITIES

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 10/13/2005

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 \$39,500.00

Other Sanctions Ordered: UNDERTAKING

Sanction Details: WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, CANTOR FITZGERALD & CO. CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE THE FIRM IS CENSURED, FINED \$39,500 AND REQUIRED TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES WITH RESPECT TO THE APPLICABLE SECURITIES LAWS AND REGULATIONS, AND THE RULES OF NASD, CONCERNING RISKLESS PRINCIPAL TRADE REPORTING, AFFIRMATIVE DETERMINATION AND OATS.

Reporting Source: Firm

Current Status: Final

Allegations: CANTOR FITZGERALD & CO. SUBMITTED A LETTER OF ACCEPTANCE, WAIVER AND CONSENT TO AN NASD COMPLAINT WITHOUT ADMITTING OR DENYING THE ASSERTIONS. THE FIRM WAS CENSURED, FINED \$39,500, AND REQUIRED TO REVISE ITS WRITTEN SUPERVISORY



PROCEDURES. THE SANCTIONS WERE BASED ON FINDINGS THAT CANTOR FITZGERALD DID NOT IMMEDIATELY DISPLAY 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 AND THE NATIONAL BEST BID OR OFFER, 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. THE FINDINGS STATED THAT THE FIRM FAILED TO SUBMIT REQUIRED INFORMATION TO OATS AND TRANSMITTED REPORTS TO OATS THAT CONTAINED INACCURATE DATA.

Initiated By: NASD

Date Initiated: 08/29/2005

Docket/Case Number: 20042000063-01-AWC

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: 10/13/2005

Sanctions Ordered: Censure
Monetary/Fine \$39,500.00

Other Sanctions Ordered:

Sanction Details: THE FIRM WAS CENSURED, FINED \$39,500 AND REQUIRED TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES. THE FINE WAS PAID VIA FIRM CHECK DATED 10/26/05.

Disclosure 53 of 87

Reporting Source: Regulator

Current Status: Final

Allegations: NASD RULES 2110, 6420(A) - RESPONDENT MEMBER FAILED, WITHIN 90 SECONDS AFTER EXECUTION, TO TRANSMIT THROUGH ACT LAST SALE REPORTS OF TRANSACTIONS IN ELIGIBLE SECURITIES; FAILED TO DESIGNATE THROUGH ACT LAST SALE REPORTS OF TRANSACTIONS IN ELIGIBLE SECURITIES AS LATE; INCORRECTLY DESIGNATED AS ".SLD"



THROUGH ACT LAST SALE REPORTS OF TRANSACTIONS IN ELIGIBLE SECURITIES REPORTED TO ACT WITHIN 90 SECONDS OF EXECUTION.

Initiated By: NASD

Date Initiated: 11/19/2004

Docket/Case Number: CMS040182

Principal Product Type: No Product

Other Product Type(s):

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

Other Sanction(s)/Relief Sought: FINE

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 11/19/2004

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 \$6,000.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, CANTOR FITZGERALD & CO., CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE THE FIRM IS CENSURED AND FINED \$6,000.

Reporting Source: Firm

Current Status: Final

Allegations: VIOLATION OF NASD CONDUCT RULE 2110 AND 2 SEPARATE AND DISTINCT VIOLATION OF NASD MARKETPLACE RULE 6420(A)

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS

Date Initiated: 08/24/2004

Docket/Case Number: CMSO40182



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: 11/19/2004
Sanctions Ordered: Censure
 Monetary/Fine \$6,000.00
Other Sanctions Ordered:
Sanction Details: CENSURE AND FINE OF \$6000.00

Disclosure 54 of 87

Reporting Source: Regulator
Current Status: Final
Allegations: SEC RULE 10B-10 - CANTOR FITZGERALD & CO. FAILED ON 16 OCCASIONS TO PROVIDE WRITTEN NOTIFICATION DISCLOSING TO ITS CUSTOMER ITS CORRECT CAPACITY IN THE TRANSACTION.
Initiated By: NASD
Date Initiated: 10/15/2004
Docket/Case Number: CMS040162
Principal Product Type: Other
Other Product Type(s): UNKNOWN TYPE OF SECURITIES
Principal Sanction(s)/Relief Sought:
Other Sanction(s)/Relief Sought:
Resolution: Acceptance, Waiver & Consent(AWC)
Resolution Date: 10/15/2004



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 ALLEGATIONS, CANTOR FITZGERALD CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE, THE FIRM IS CENSURED AND FINED \$7,500.
<hr/>	
Reporting Source:	Firm
Current Status:	Final
Allegations:	IN CONNEDTION WITH 2003 TMMS EXAM MRD200341059, IT WAS FOUND THAT THE FIRM FAILED ON 16 OCCASSIONS TO PROVIDE WRITTEN NOTIFICATION IN RIOLATION OF SEC RULE 10B-10.
Initiated By:	NASD (NATIONAL ASSOCIATION OF SECURITIES DEALERS)
Date Initiated:	08/24/2004
Docket/Case Number:	CMS040162
Principal Product Type:	No Product
Other Product Type(s):	NO PRODUCT
Principal Sanction(s)/Relief Sought:	Censure
Other Sanction(s)/Relief Sought:	FINE \$7,500
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	10/15/2004
Sanctions Ordered:	Monetary/Fine \$7,500.00
Other Sanctions Ordered:	
Sanction Details:	\$7,500
Firm Statement	THE FIRM FAILED ON 16 OCCASIONS TO PROVIDE WRITTEN NOTIFICATION



TO ITS CUSTOMER DISCLOSING ITS CORRECT CAPACITY IN TRANSACTION
WITH THE CUSTOMER IN VIOLATION OF SEC RULE 10B-10

Disclosure 55 of 87

Reporting Source: Regulator

Current Status: Final

Allegations: NASD CONDUCT RULES 2110, 3010, 3110, 3350 AND 3370, IM-2110-2, NASD MARKETPLACE RULES 4632(A), 4632(A)(9), 4632(B), 4632(C)(3), 6130(D), 6420(A) AND 6740, AND SEC RULES 10B-10, 11AC1-4, 11AC1-5(B), 15C2-11, 17A-3 AND 17A-4. - RESPONDENT MEMBER ("FIRM") FAILED TO CONTEMPORANEOUSLY OR PARTIALLY EXECUTE CUSTOMER LIMIT ORDERS IN NASDAQ SECURITIES AFTER IT TRADED EACH SUBJECT SECURITY FOR ITS OWN MARKET-MAKING ACCOUNT AT A PRICE THAT WOULD HAVE SATISFIED EACH CUSTOMER'S LIMIT ORDER. THE FIRM EXECUTED SHORT SALE TRANSACTIONS IN NASDAQ NATIONAL MARKET ("NNM") SECURITIES AT OR BELOW THE CURRENT INSIDE BID WHEN THE CURRENT INSIDE BID WAS BELOW THE PRECEDING INSIDE BID IN THE SECURITY. THE FIRM EXECUTED SHORT SALE ORDERS IN CERTAIN SECURITIES AND FAILED TO MAKE AN AFFIRMATIVE DETERMINATION PRIOR TO EXECUTING SUCH TRANSACTIONS. THE FIRM ALSO FAILED: WITHIN 90 SECONDS AFTER EXECUTION, TO TRANSMIT THROUGH ACT LAST SALE REPORT OF A TRANSACTION IN A NNM SECURITY AND FAILED TO DESIGNATE THROUGH ACT SUCH LAST SALE REPORT AS LATE; TO REPORT THROUGH ACT LAST SALE REPORTS AND CORRECT PRICE OF TRANSACTIONS IN NNM SECURITIES; TO DESIGNATE THROUGH ACT SUCH LAST SALE REPORTS AS REFLECTING A PRICE DIFFERENT FROM THE CURRENT MARKET WHEN THE EXECUTION WAS BASED ON A PRIOR REFERENCE POINT IN TIME; TO REPORT TO ACT THE CORRECT SYMBOL INDICATING WHETHER THE TRANSACTION WAS A BUY, SELL, SELL SHORT, SELL SHORT EXEMPT OR CROSS FOR TRANSACTIONS IN ELIGIBLE SECURITIES; TO REPORT TO ACT THE CORRECT SYMBOL INDICATING WHETHER THE FIRM EXECUTED TRANSACTIONS IN ELIGIBLE SECURITIES IN A PRINCIPAL OR AGENCY CAPACITY; TO PROVIDE WRITTEN NOTIFICATION DISCLOSING TO ITS CUSTOMER ITS CORRECT CAPACITY IN THE TRANSACTION; 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 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

Initiated By: NASD

Date Initiated: 01/15/2004



Docket/Case Number: CMS040008

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: 01/15/2004

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 \$29,000.00

Other Sanctions Ordered: UNDERTAKING

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, FINED \$29,000, AND REQUIRED TO UNDERTAKE TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES WITH RESPECT TO APPLICABLE SECURITIES LAWS AND REGULATIONS, AND THE RULES OF NASD REGARDING QUOTATION ACTIVITY IN OTC EQUITY SECURITIES WITHIN 30 BUSINESS DAYS.

Regulator Statement FOR EACH SUCH SECURITY, AND THE SIZE OF THE ORDER RESENTED MORE THAN A DE MINIMIS CHANGE IN RELATION TO THE SIZE ASSOCIATED WITH THE FIRM'S BID OR OFFER IN EACH SUCH SECURITY; TO SHOW THE ORDER ENTRY TIME, THE CORRECT TIME OF EXECUTION, CORRECT CAPACITY, CORRECT PRICE OF EXECUTION, CORRECT DATE OF ORDER RECEIPT, TO SHOW THE ORDER WAS LONG, AND TO SHOW THE QUOTATIONS FROM THREE DEALERS ON THE MEMORANDUM OF BROKERAGE ORDERS; AND TO PRESERVE FOR A PERIOD OF NOT LESS THAN THREE YEARS, THE FIRST TWO IN AN ACCESSIBLE PLACE, THE MEMORANDUM OF TWO BROKERAGE ORDERS. THE FIRM MADE AVAILABLE A REPORT ON THE COVERED ORDERS IN NATIONAL MARKET SYSTEM SECURITIES THAT IT RECEIVED FOR EXECUTION FROM ANY PERSON. THIS REPORT INCLUDED INCORRECT INFORMATION AS TO HOW ORDERS SHOULD BE CATEGORIZED. THE FIRM INCORRECTLY DESIGNATED AS



".SLD" THROUGH ACT LAST SALE REPORTS OF TRANSACTIONS IN ELIGIBLE SECURITIES REPORTED TO ACT WITHIN 90 SECONDS OF EXECUTION. THE FIRM PUBLISHED QUOTATIONS FOR A COMPANY, AN OTC EQUITY SECURITY, IN A QUOTATION MEDIUM AND: (I) DID NOT HAVE IN ITS RECORDS THE DOCUMENTATION REQUIRED BY SEC RULE 15C2-11(A); (II) DID NOT HAVE A REASONABLE BASIS UNDER THE CIRCUMSTANCES FOR BELIEVING THAT THE PARAGRAPH (A) INFORMATION WAS ACCURATE IN ALL MATERIAL RESPECTS; OR (III) DID NOT HAVE A REASONABLE BASIS UNDER THE CIRCUMSTANCES FOR BELIEVING THAT THE SOURCES OF THE PARAGRAPH (A) INFORMATION WERE RELIABLE. THE QUOTATIONS DID NOT REPRESENT A CUSTOMER'S INDICATION OF UNSOLICITED INTEREST. THE FIRM, FOR EACH QUOTATION DESCRIBED IN PARAGRAPH ONE, FAILED TO FILE A FORM 211 WITH NASD AT LEAST THREE BUSINESS DAYS BEFORE THE FIRM'S QUOTATIONS WERE PUBLISHED OR DISPLAYED IN A QUOTATION MEDIUM. 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 REGARDING QUOTATION ACTIVITY IN OTC EQUITY SECURITIES.

Reporting Source: Firm

Current Status: Final

Allegations: ALLEGED VIOLATIONS OF NASD CONDUCT RULES 2110 AND IM-2110-2, 3010, 3350, 3370. MARKETPLACE RULE 4632:-(A), (B), (C)(3), (A)(9), 6130(D), 6420(A), 2320(G), 6470. SEC RULES 10B-10, 11AC1-4, 17A-3, 17A-4, 11AC1-5(B), 15C2-11. AS PART OF A TMMS EXAM AND CERTAIN OTHER ROUTINE REVIEWS OF TRADE REPORTING AND TRADING IN OTC EQUITY SECURITIES, THE FIRM, WITHOUT ADMITTING OR DENYING THE ALLEGATIONS CONSENTED TO AN AWC RELATING TO THESE ALLEGED RULE VIOLATIONS.

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 01/15/2004

Docket/Case Number: CMS040008

Principal Product Type: Equity - OTC

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Other

Other Sanction(s)/Relief Sought: MONETARY FINE AND CENSURE



Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 01/15/2004

Sanctions Ordered: Censure
Monetary/Fine \$29,000.00

Other Sanctions Ordered: UNDERTAKING

Sanction Details: WITHOUT ADMITTING OR DENYING THE ALLEGATIONS CANTOR FITZGERALD & CO. CONSENTED TO A REVISION OF ITS SUPERVISORY PROCEDURES WITH RESPECT TO APPLICABLE SECURITIES LAWS AND REGULATION, AND THE RULES OF NASD REGARDING QUOTATION ACTIVITY IN OTC EQUITY SECURITIES.

Firm Statement WITHOUT ADMITTING OR DENYING THE ALLEGATIONS CANTOR FITZGERALD & CO. AGREED TO PAY A FINE OF \$29,000.00

Disclosure 56 of 87

Reporting Source: Firm

Current Status: Final

Allegations: ALLEGED VIOLATION OF CBOT REGULATION 465.01, IN THAT CERTAIN TRADING DOCUMENTS DID NOT CONTAIN AN ORDER ENTRY TIME STAMP, AND REGULATION 332.08, IN THAT THE FIRM FAILED TO MAKE TRADE DATE SUBMISSIONS IN A CORRECT MANNER.

Initiated By: CHICAGO BOARD OF TRADE

Date Initiated: 03/28/2003

Docket/Case Number: 02-RFT-108

Principal Product Type: Futures - Financial

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Other

Other Sanction(s)/Relief Sought: MONETARY FINE

Resolution: Settled

Resolution Date: 08/05/2003

Sanctions Ordered: Monetary/Fine \$750.00

Other Sanctions Ordered:



Sanction Details: WITHOUT ADMITTING OR DENYING ANY VIOLATION OF REGULATIONS 465.01 AND 332.08, AS CITED IN THE PRELIMINARY CHARGES, CANTOR AGREED TO PAY A FINE OF \$750.00 IN SETTLEMENT OF THIS MATTER.

Disclosure 57 of 87

Reporting Source: Firm

Current Status: Final

Allegations: ALLEGED VIOLATIONS OF CBOT REG. 285.05A5 AND CBOT REG. 285.05A7 IN THAT APPLICANT FAILED TO ACCURATELY COMPUTE CERTAIN BALANCES ON ITS FINANCIAL STATEMENT, AS OF JANUARY 28, 2000, AND FAILED TO ACCURATELY COMPUTE ITS SEGREGATION RECORD AS OF JANUARY 28, 2000.

Initiated By: CHICAGO BOARD OF TRADE

Date Initiated: 12/04/2000

Docket/Case Number: 00-EX-10

Principal Product Type: Futures - Financial

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Other

Other Sanction(s)/Relief Sought: MONETARY FINE

Resolution: Settled

Resolution Date: 02/06/2001

Sanctions Ordered: Monetary/Fine \$5,000.00

Other Sanctions Ordered:

Sanction Details: \$5000.00 MONETARY FINE PAID ON FEBRUARY 6, 2001.

Disclosure 58 of 87

Reporting Source: Regulator

Current Status: Final

Allegations: NASD RULES 2110, 3010, 3320, 4613(A)- WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS THAT, AS A REGISTERED



MARKET MAKER IN SECURITIES, 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. THE NASD FOUND THAT THE FIRM FAILED TO EXECUTE THE ORDERS UPON PRESENTMENT AND THEREBY FAILED TO HONOR ITS PUBLISHED QUOTATION. THE FINDINGS ALSO 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 CONCERNING THE SEC AND NASD FIRM QUOTE RULES.

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 11/09/2000

Docket/Case Number: CMS000230

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: 11/09/2000

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: UNDERTAKING

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM WAS CENSURED, FINED \$10,000, AND ORDERED TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES RELATING TO THE SEC AND NASD FIRM QUOTE RULES.

Reporting Source: Firm



Current Status:	Final
Allegations:	ALLEGED VIOLATION OF SECURITIES EXCHANGE ACT RULE 11AC1-1, NASD CONDUCT RULES 3320, 2110 AND 3010 AND NASD MARKETPLACE RULE 4613(B), IN THAT APPLICANT FAILED TO HONOR ITS PUBLISHED QUOTATIONS IN CONNECTION WITH CERTAIN SELECTNET LIABILITY ORDERS IN 1998 AND APPLICANT'S SUPERVISORY SYSTEM WAS NOT REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS AND REGULATIONS CONCERNING FIRM QUOTE RULES.
Initiated By:	NASD REGULATION, INC.
Date Initiated:	11/09/2000
Docket/Case Number:	CMS000230
Principal Product Type:	Equity - OTC
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Censure
Other Sanction(s)/Relief Sought:	MONETARY FINE AND UNDERTAKING TO REVISE THE FIRM'S WRITTEN SUPERVISORY PROCEDURES RELATING TO THE SEC AND NASD FIRM QUOTE RULES.
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	12/15/2000
Sanctions Ordered:	Censure Monetary/Fine \$10,000.00
Other Sanctions Ordered:	UNDERTAKING TO REVISE THE FIRM'S WRITTEN SUPERVISORY PROCEDURES RELATING TO THE SEC AND NASD FIRM QUOTE RULES.
Sanction Details:	APPLICANT PAID FINE OF \$10,000.00 ON DECEMBER 15, 2000.

Disclosure 59 of 87

Reporting Source:	Firm
Current Status:	Final
Allegations:	ALLEGED VIOLATION OF CBOT REG. 332.08 IN THAT APPLICANT FAILED TO MAKE CERTAIN TRADE DATA SUBMISSIONS IN A CORRECT MANNER.
Initiated By:	CHICAGO BOARD OF TRADE
Date Initiated:	02/10/2000
Docket/Case Number:	99-RFT-228



Principal Product Type: Futures - Financial
Other Product Type(s):
Principal Sanction(s)/Relief Sought: Other
Other Sanction(s)/Relief Sought: MONETARY FINE
Resolution: Settled
Resolution Date: 05/23/2000
Sanctions Ordered: Monetary/Fine \$750.00
Other Sanctions Ordered:
Sanction Details: \$750.00 MONETARY FINE PAID ON JUNE 6, 2000.

Disclosure 60 of 87

Reporting Source: Firm
Current Status: Final
Allegations: ALLEGED FAILURE TO REPORT NASDAQ VOLUME.
Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated: 12/15/1983
Docket/Case Number: N-V-428
Principal Product Type: Equity - OTC
Other Product Type(s):
Principal Sanction(s)/Relief Sought: Other
Other Sanction(s)/Relief Sought: MONETARY FINE
Resolution: Settled
Resolution Date: 12/15/1983
Sanctions Ordered: Monetary/Fine \$1,000.00
Other Sanctions Ordered:
Sanction Details: APPLICANT PAID \$1000 FINE ON APPROXIMATELY DECEMBER 15, 1983.



Disclosure 61 of 87

Reporting Source:	Firm
Current Status:	Final
Allegations:	ALLEGED FAILURE TO TIME STAMP COMMODITY OPTION ORDER TICKETS IN VIOLATION OF NFA COMPLIANCE RULE 2-11.
Initiated By:	NATIONAL FUTURES ASSOCIATION
Date Initiated:	12/12/1986
Docket/Case Number:	86-BCC-030
Principal Product Type:	Commodity Option(s)
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Other
Other Sanction(s)/Relief Sought:	MONETARY FINE
Resolution:	Settled
Resolution Date:	05/04/1987
Sanctions Ordered:	Monetary/Fine \$2,500.00
Other Sanctions Ordered:	
Sanction Details:	APPLICANT PAID THE \$2500 FINE ON APPROXIMATELY MAY 4, 1987.

Disclosure 62 of 87

Reporting Source:	Firm
Current Status:	Final
Allegations:	ALLEGED VIOLATIONS OF CBOT REG. 332.05 AND 332.08 IN THAT APPLICANT'S TRADING DOCUMENTS WERE NOT COLLECTED AND TIME STAMPED IN A TIMELY MANNER AND TRADE SUBMISSIONS WERE NOT DONE IN A CORRECT MANNER.
Initiated By:	CHICAGO BOARD OF TRADE
Date Initiated:	12/17/1993
Docket/Case Number:	93-RRR-402



Principal Product Type: Futures - Financial
Other Product Type(s):
Principal Sanction(s)/Relief Sought: Other
Other Sanction(s)/Relief Sought: MONETARY FINE
Resolution: Settled
Resolution Date: 02/01/1994
Sanctions Ordered: Monetary/Fine \$500.00
Other Sanctions Ordered:
Sanction Details: \$500 FINE WAS PAID BY APPLICANT ON FEBRUARY 10, 1994.

Disclosure 63 of 87

Reporting Source: Firm
Current Status: Final
Allegations: ALLEGED VIOLATION OF CBOT REG. 332.02 AND 332.08 REGARDING TRADE REPORTING INCLUDING FAILURE TO SUBMIT BRACKET INFORMATION AND FAILURE TO MAKE TRADE DATA SUBMISSIONS INA CORRECT MANNER.
Initiated By: CHICAGO BOARD OF TRADE
Date Initiated: 08/17/1995
Docket/Case Number: 95-RR-299
Principal Product Type: Futures - Financial
Other Product Type(s):
Principal Sanction(s)/Relief Sought: Other
Other Sanction(s)/Relief Sought: MONETARY FINE
Resolution: Settled
Resolution Date: 12/13/1995
Sanctions Ordered: Monetary/Fine \$100.00
Other Sanctions Ordered:



Sanction Details: \$100 FINE PAID BY APPLICANT ON APPROXIMATELY DECEMBER 13, 1995.

Disclosure 64 of 87

Reporting Source: Firm

Current Status: Final

Allegations: ALLEGED VIOLATIONS OF CBOT REG. 332.08 IN THAT KEYPUNCH ERRORS RESULTED IN INCORRECT TRADE DATA SUBMISSIONS.

Initiated By: CHICAGO BOARD OF TRADE

Date Initiated: 04/10/1997

Docket/Case Number: 96-RRR-360

Principal Product Type: Futures - Financial

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Other

Other Sanction(s)/Relief Sought: MONETARY FINE

Resolution: Settled

Resolution Date: 05/02/1997

Sanctions Ordered: Monetary/Fine \$1,000.00

Other Sanctions Ordered:

Sanction Details: FINE IN THE AGGREGATE AMOUNT OF \$1000 WAS PAID ON APPROXIMATELY MAY 2, 1997 AS SETTLEMENT FOR 95-RRR-402, 96-RRR-260 AND 96-RRR-360.

Disclosure 65 of 87

Reporting Source: Firm

Current Status: Final

Allegations: ALLEGED VIOLATIONS OF CBOT REG. 332.02 AND 332.08 REGARDING TRADE REPORTING BECAUSE OF KEYPUNCH ERRORS, RESULTING IN THE FAILURE TO SUBMIT BRACKET INFORMATION AND FAILURE TO MAKE TRADE DATA SUBMISSIONS IN A CORRECT MANNER.

Initiated By: CHICAGO BOARD OF TRADE



Date Initiated: 11/18/1996
Docket/Case Number: 96-RRR-260
Principal Product Type: Futures - Financial
Other Product Type(s):
Principal Sanction(s)/Relief Sought: Other
Other Sanction(s)/Relief Sought: MONETARY FINE
Resolution: Settled
Resolution Date: 05/02/1997
Sanctions Ordered: Monetary/Fine \$1,000.00
Other Sanctions Ordered:
Sanction Details: FINE IN THE AGGREGATE AMOUNT OF \$1000 WAS PAID ON APPROXIMATELY MAY 2, 1997 AS SETTLEMENT FOR 95-RRR-402, 96-RRR-260 AND 96-RRR-360.

Disclosure 66 of 87

Reporting Source: Firm
Current Status: Final
Allegations: ALLEGED VIOLATION OF CBOT REG 332.02 AND 332.08 REGARDING TRADE REPORTING BECAUSE OF KEYPUNCH ERRORS RESULTING IN THE FAILURE TO SUBMIT BRACKET INFORMATION AND FAILURE TO MADE TRADE DATA SUBMISSIONS IN A CORRECT MANNER.
Initiated By: CHICAGO BOARD OF TRADE
Date Initiated: 03/13/1996
Docket/Case Number: 95-RRR-402
Principal Product Type: Futures - Financial
Other Product Type(s):
Principal Sanction(s)/Relief Sought: Other
Other Sanction(s)/Relief Sought: MONETARY FINE



Resolution: Settled
Resolution Date: 05/02/1997
Sanctions Ordered: Monetary/Fine \$1,000.00
Other Sanctions Ordered:
Sanction Details: FINE IN THE AGGREGATE AMOUNT OF \$1000 WAS PAID ON APPROXIMATELY MAY 2,1997 AS SETTLEMENT FOR 95-RRR-402, 96-RRR-260 AND 96-RRR-360.

Disclosure 67 of 87

Reporting Source: Firm
Current Status: Final
Allegations: ALLEGED VIOLATION OF CBOT REG. 332.08 IN THAT APPLICANT FAILED TO MAKE ALL TRADE DATA SUBMISSIONS IN A CORRECT MANNER.
Initiated By: CHICAGO BOARD OF TRADE
Date Initiated: 10/22/1997
Docket/Case Number: 97-RFT-76
Principal Product Type: Futures - Financial
Other Product Type(s):
Principal Sanction(s)/Relief Sought: Other
Other Sanction(s)/Relief Sought: MONETARY FINE
Resolution: Settled
Resolution Date: 01/09/1998
Sanctions Ordered: Monetary/Fine \$750.00
Other Sanctions Ordered:
Sanction Details: \$750 PAID BY THE APPLICANT ON APPROXIMATELY JANUARY 9, 1998.

Disclosure 68 of 87

Reporting Source: Firm
Current Status: Final



Allegations: ALLEGED VIOLATION OF CBOT REG. 332.08 IN THAT APPLICANT FAILED TO MAKE CERTAIN TRADE DATA SUBMISSIONS IN A CORRECT MANNER.

Initiated By: CHICAGO BOARD OF TRADE

Date Initiated: 09/04/1998

Docket/Case Number: 98-RFT-72

Principal Product Type: Futures - Financial

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Other

Other Sanction(s)/Relief Sought: MONETARY FINE

Resolution: Settled

Resolution Date: 11/23/1998

Sanctions Ordered: Monetary/Fine \$1,500.00

Other Sanctions Ordered:

Sanction Details: \$1500 MONETARY FINE PAID ON APPROXIMATELY NOVEMBER 23, 1998.

Disclosure 69 of 87

Reporting Source: Firm

Current Status: Final

Allegations: ALLEGED VIOLATIONS OF CBOT REG. 332.02 AND 332.08 REGARDING TRADE REPORTING BECAUSE OF KEYPUNCH ERRORS, RESULTING IN FAILURE TO SUBMIT BRACKET INFORMATION AND FAILURE TO MAKE TRADE DATA SUBMISSIONS IN A CORRECT MANNER.

Initiated By: CHICAGO BOARD OF TRADE

Date Initiated: 03/25/1998

Docket/Case Number: 97-RFT-172

Principal Product Type: Futures - Financial

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Other



Other Sanction(s)/Relief Sought:	MONETARY FINE
Resolution:	Settled
Resolution Date:	06/19/1998
Sanctions Ordered:	Monetary/Fine \$500.00
Other Sanctions Ordered:	
Sanction Details:	\$500 MONETARY FINE PAID BY APPLICANT ON APPROXIMATELY JUNE 19, 1998.

Disclosure 70 of 87

Reporting Source:	Regulator
Current Status:	Final
Allegations:	RESPONDENT MEMBER ENTERED PRICED ORDERS INTO SELECTNET BROADCAST THAT WERE EACH PRICED BETTER THAN THE FIRM'S PUBLIC QUOTE, WITHOUT REFLECTING EACH SUCH ORDER IN THE FIRM'S PUBLIC QUOTE AS REQUIRED BY SEC RULE 11AC1-1(C)(5).
Initiated By:	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated:	07/26/1999
Docket/Case Number:	CMS990088
Principal Product Type:	Other
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Other
Other Sanction(s)/Relief Sought:	\$2,000.00 FINE
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	07/26/1999
Sanctions Ordered:	Monetary/Fine \$2,000.00
Other Sanctions Ordered:	
Sanction Details:	\$2,000.00 FINE
Regulator Statement	02-11-00, \$2,000 PAID ON 8/19/99, INVOICE #99-MS-710



Reporting Source: Firm
Current Status: Final
Allegations: ALLEGED THAT THE APPLICANT VIOLATED SEC RULE 11AC1-1(C)(5) REGARDING ENTERING PRICED ORDERS INTO SELECTNET BROADCAST THAT WERE PRICED BETTER THAN THE FIRM'S PUBLIC QUOTE WITHOUT REFLECTING SUCH ORDERS IN THE FIRM'S PUBLIC QUOTE.
Initiated By: NASD REGULATION, INC.
Date Initiated: 03/04/1999
Docket/Case Number: CMS990088
Principal Product Type: Equity - OTC
Other Product Type(s):
Principal Sanction(s)/Relief Sought: Other
Other Sanction(s)/Relief Sought: MONETARY FINE
Resolution: Acceptance, Waiver & Consent(AWC)
Resolution Date: 07/26/1999
Sanctions Ordered: Monetary/Fine \$2,000.00
Other Sanctions Ordered:
Sanction Details: \$2000 PAID ON AUGUST 18, 1999 BY APPLICANT.

Disclosure 71 of 87

Reporting Source: Regulator
Current Status: Final
Allegations:
Initiated By: SECURITIES AND EXCHANGE COMMISSION
Date Initiated: 03/06/1974
Docket/Case Number:
Principal Product Type:
Other Product Type(s):



Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Stipulation and Consent

Resolution Date: 03/06/1974

Sanctions Ordered: Censure
Suspension

Other Sanctions Ordered:

Sanction Details:

Regulator Statement

ND 74-45 03/06/74 LR-6269 COMPLAINT FILED AND STIPULATION AND CONSENT ENTERED WHEREIN REGISTRANT IS CENSURED AND AGREES TO A 90-DAY SUSPENSION OF ITS INSTIUTIONAL TRADING DEPT., PROVIDED THAT SUCH SUSPENSION WILL NOT BECOME EFFECTIVE IF NO AMOUNT EQUAL TO THE PROFITS OF THE DEPARTMENT DURING SUCH PERIOD, BUT NO LESS THAN \$265,000, IS DEPOSITED WITH THE COURT TO BE DISPOSED OF IN ACCORDANCE WITH A PLAN TO BE SUBMITTED TO THE COURT AFTER IT HAS BEEN APPROVED BY THE COMMISSION. IN ADDITION, REGISTRANT WILL MAINTAIN ITS INTERNAL SUPERVISORY REGULATIONS.

CANTOR FITZGERALD & CO., INC. AND B. GERALD CANTO SUBMITTED OFFERS OF SETTLEMENT IN CONNECTION WITH AN INJUNCTIVE PROCEEDING FILED BY THE SEC IN THE U.S DISTRICT COURT FOR THE CENTRAL DISTRICT OF CALIFORNIA INVOLVING THE PURCHASE, OFFER AND SALE OF SECURITIES OF THE SEABOARD CORPORATION, AND RELATED PRACTICES. RESPONDENTS CONSENTED TO A FINAL JUDGMENT ENJOINING THEM FROM VIOLATIONS OF SECTION 17(a) OF THE SECURITIES ACT OF 1933 AND SECTION 10(b) OF THE EXCHANGE ACT. THEY FURTHER CONSENTED TO THE INSTITUION OF ADMINISTRATIVE PROCEEDINS PURSUANT TO SECTION 15(b) OF THE EXCHANGE ACT AND TO THE IMPOSITION OF SPECIFIED SANCTIONS.

Reporting Source: Firm

Current Status: Final



Allegations:	ALLEGED THAT APPLICANT VIOLATED SECTION 17(A) OF THE SECURITIES ACT OF 1933 AND SECTION 10(B) OF THE SECURITIES EXCHANGE ACT OF 1934.
Initiated By:	SECURITIES AND EXCHANGE COMMISSION
Date Initiated:	03/06/1974
Docket/Case Number:	FILE # 3-4450
Principal Product Type:	Equity - OTC
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Other
Other Sanction(s)/Relief Sought:	CENSURE AND SUSPENSION OF ACTIVITIES FOR 90 DAYS, PROVIDED THAT SUCH SUSPENSION WILL NOT BECOME EFFECTIVE IF AN AMOUNT EQUAL TO THE PROFITS OF THE INSTITUTIONAL TRADING DEPARTMENT DURING SUCH PERIOD, BUT NO LESS THAN \$265,000, IS DEPOSITED WITH THE COURT; AND APPLICANT WILL MAINTAIN ITS INTERNAL SUPERVISORY REGULATIONS.
Resolution:	Settled
Resolution Date:	03/20/1974
Sanctions Ordered:	Censure Monetary/Fine \$265,000.00 Suspension
Other Sanctions Ordered:	APPLICANT WILL MAINTAIN ITS INTERNAL SUPERVISORY REGULATIONS.
Sanction Details:	SUSPENSION OF ACTIVITIES FOR 90 DAYS, PROVIDED THAT SUCH SUSPENSION WILL NOT BECOME EFFECTIVE IF AN AMOUNT EQUAL TO THE PROFITS OF THE INSTITUTIONAL TRADING DEPARTMENT DURING SUCH PERIOD, BUT NO LESS THAN \$265,000, IS DEPOSITED WITH THE COURT BY APPLICANT.

Disclosure 72 of 87

Reporting Source:	Regulator
Current Status:	Final
Allegations:	VIOLATION OF, AND COMMITTING OR CAUSING ANY FUTURE VIOLATION OF, SECTIONS 11A(C), 15(C)(1) AND (2), AND 17(A) OF THE EXCHANGE ACT, AND RULES 11AC-1-1, 15C1-2, 15C2-7 AND 17A-3 ("FRAUDULENT COORDINATION OF QUOTE MOVEMENTS")
Initiated By:	SECURITIES AND EXCHANGE COMMISSION



Date Initiated: 01/11/1999

Docket/Case Number:

Principal Product Type: Other

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Consent

Resolution Date: 01/11/1999

Sanctions Ordered: Monetary/Fine \$235,000.00
Disgorgement/Restitution
Cease and Desist/Injunction

Other Sanctions Ordered:

Sanction Details:

SHALL WITHIN 10 BUSINESS DAYS OF THE ENTRY OF THIS ORDER, PAY A CIVIL PENALTY IN THE AMOUNT OF \$235,000.00; SHALL WITHIN 10 BUSINESS DAYS PAY DISGORGEMENT IN THE AMOUNT OF \$11,380.00 PURSUANT TO SECTION 21C(E) OF THE EXCHANGE ACT; AND WITHIN 90 DAYS OF THIS ORDER, PROVIDE TO THE INDENPENDANT CONSULTANT APPOINTED BY THE COMMISSION IN CONNECTION WITH THESE PROCEEDINGS A DESCRIPTION OF ITS POLICIES, PROCEDURES AND PRACTICES RELATING TO PREVENTION AND DETECTION OF THE TYPES OF IMPROPER CONDUCT INVOLVING CANTOR FITZGERALD & CO. DESCRIBED IN SECTION II OF THIS ORDER.

Regulator Statement

[TOP] +02/11/99+ SEC NEWS DIGEST, ISSUE NO. 99-6, DATED 01/11/1999, ENFORCEMENT PROCEEDINGS DISCLOSED SEC TODAY ANNOUNCED THE INSTITUTION OF ADMINISTRATIVE PROCEEDINGS AGAINST 28 NASDAQ MARKET MAKING FIRMS AND 51 INDIVIDUALS ASSOCIATED WITH SUCH FIRMS PURSUANT TO SECTIONS 15(B) AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934 AND, AS TO ONE FIRM, PURSUANT TO SECTION 203(K) OF THE INVESTMENT ADVISERS ACT OF 1940. SIMULTANEOUSLY WITH THE FILING OF THE ACTION, ALL OF THE RESPONDENTS CONSENTED, WITHOUT ADMITTING OR DENYING SEC? FINDINGS, TO THE ENTRY OF ORDERS WHICH IMPOSE CIVIL MONETARY PENALTIES WHICH TOTALED \$26,302,500, DISGORGEMENT OF WRONGFUL GAINS TOTALING \$791,525, SUSPENSIONS OR BARS, CEASE AND DESIST ORDERS AND OTHER SANCTIONS. THE ORDERS FOUND THAT THE RESPONDENTS HAD ENGAGED VARIOUS VIOLATIONS ARISING FROM MARKET MAKING



ACTIVITIES IN THE NASDAQ STOCK MARKET, AMONG WHICH INCLUDED: FICTITIOUS QUOTATIONS AND OTHER MANIPULATIVE ACTIVITY. 2/11/99CW SEC ADMINISTRATIVE PROCEEDING FILE NO. 3-9803 DATED 01/11/1999 DISCLOSES; PURSUANT TO THE ORDER MAKING FINDINGS AND IMPOSING SANCTIONS: CANTOR FITZGERALD & CO. SHALL CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATION OF, AND COMMITTING OR CAUSING ANY FUTURE VIOLATION OF, SECTIONS 11A(C), 15(C)(1) AND (2), AND 17(A) OF THE EXCHANGE ACT, AND RULES 11AC-1-1, 15C1-2, 15C2-7 AND 17A-3 ("FRAUDULENT COORDINATION OF QUOTE MOVEMENTS") THEREUNDER; SHALL WITHIN 10 BUSINESS DAYS OF THE ENTRY OF THIS ORDER, PAY A CIVIL PENALTY IN THE AMOUNT OF \$235,000.00; SHALL WITHIN 10 BUSINESS DAYS PAY DISGORGEMENT IN THE AMOUNT OF \$11,380.00 PURSUANT TO SECTION 21C(E) OF THE EXCHANGE ACT; AND WITHIN 90 DAYS OF THIS ORDER, PROVIDE TO THE INDEPENDANT CONSULTANT APPOINTED BY THE COMMISSION IN CONNECTION WITH THESE PROCEEDINGS A DESCRIPTION OF ITS POLICIES, PROCEDURES AND PRACTICES RELATING TO PREVENTION AND DETECTION OF THE TYPES OF IMPROPER CONDUCT INVOLVING CANTOR FITZGERALD & CO. DESCRIBED IN SECTION II OF THIS ORDER.

Reporting Source: Firm

Current Status: Final

Allegations: IN AN ACTION BROUGHT AGAINST ALMOST ALL OF THE MAJOR NASDAQ MARKET MAKERS, THE SEC FOUND THAT IN 1994 MARKET MAKERS, INCLUDING APPLICANT, VIOLATED PROVISIONS OF THE FEDERAL SECURITIES LAWS IN CONNECTION WITH THEIR MARKET MAKING ACTIVITIES IN NASDAQ SECURITIES.

Initiated By: SECURITIES AND EXCHANGE COMMISSION

Date Initiated: 01/11/1999

Docket/Case Number: FILE # 3-9803

Principal Product Type: Equity - OTC

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Other

Other Sanction(s)/Relief Sought: MONETARY FINE, AND AGREED TO A CEASE AND DESIST ORDER AND TO SUBMIT CERTAIN OF ITS POLICIES TO AN INDEPENDENT CONSULTANT.

Resolution: Settled

Resolution Date: 01/11/1999



Sanctions Ordered:	Monetary/Fine \$235,000.00 Disgorgement/Restitution Cease and Desist/Injunction
Other Sanctions Ordered:	SUBMIT CERTAIN OF APPLICANT'S POLICIES TO AN INDEPENDENT CONSULTANT.
Sanction Details:	FINE OF \$235,000 AND DISGORGEMENT OF \$11,380 WAS PAID DURING THE FIRST QUARTER OF 1999.

Disclosure 73 of 87

Reporting Source:	Regulator
Current Status:	Final
Allegations:	NASD RULE 2110 AND MEMBERSHIP AND REGISTRATION RULE 1120(B) - RESPONDENT MEMBER, ACTING UNDER THE DIRECTION AND CONTROL OF AN INDIVIDUAL, FAILED TO COMPLY WITH THE FIRM ELEMENT OF THE CONTINUING EDUCATION REQUIREMENT IN THAT IT FAILED TO MAINTAIN ADEQUATE RECORDS DOCUMENTING THE CONTENT AND COMPLETION OF CONTINUING EDUCATION TRAINING BY ITS COVERED REGISTERED PERSONS IN CALENDAR YEARS 1996 AND 1997.
Initiated By:	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated:	01/08/1999
Docket/Case Number:	C02980084
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:	01/08/1999
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 \$5,000.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, CANTOR FITZGERALD & CO. CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE, THE FIRM IS CENSURED AND FINED \$5,000, JOINTLY AND SEVERALLY.

Reporting Source: Firm

Current Status: Final

Allegations: ALLEGED VIOLATION OF NASD RULE 1120(B) IN THAT APPLICANT FAILED TO MAINTAIN ADEQUATE RECORDS DOCUMENTING THE CONTENT AND COMPLETION OF CONTINUING EDUCATION TRAINING BY ITS COVERED REGISTERED PERSONS DURING 1996 AND 1997.

Initiated By: NASD REGULATION, INC.

Date Initiated: 11/24/1998

Docket/Case Number: CO2980084

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Other

Other Sanction(s)/Relief Sought: MONETARY FINE AND CENSURE

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 01/05/1999

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

Other Sanctions Ordered:

Sanction Details: \$5000 MONETARY FINE WAS PAID BY APPLICANT ON FEBRUARY 10, 1999.

Disclosure 74 of 87

Reporting Source: Regulator

Current Status: Final



Allegations:

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 01/21/1998

Docket/Case Number: CMS970073 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: 02/21/1998

Sanctions Ordered: Monetary/Fine \$1,000.00

Other Sanctions Ordered:

Sanction Details:

Regulator Statement LETTER OF ACCEPTANCE, WAIVER AND CONSENT NO. CMS970073 AWC.

ON JANUARY 21, 1998, CANTOR FITZGERALD & CO., INC. (CANT) WAS NOTIFIED THAT THE LETTER OF ACCEPTANCE, WAIVER AND CONSENT (AWC) IT SUBMITTED WAS ACCEPTED BY THE NASD REGULATION, INC.'S DEPARTMENT OF ENFORCEMENT AND THE NATIONAL BUSINESS CONDUCT COMMITTEE. THE AWC ALLEGES THAT THE FOLLOWING VIOLATION OCCURRED:

CANT FAILED TO CONTEMPORANEOUSLY EXECUTE A CUSTOMER LIMIT ORDER AFTER IT EXECUTED TRANSACTIONS FOR ITS OWN MARKET MAKING ACCOUNT AT PRICES EQUAL TO OR BETTER THAN THE CUSTOMER LIMIT ORDER.

THE ABOVE CONSTITUTES A VIOLATION OF NASD CONDUCT RULE 2110 AND IM-2110-2.

CANT WAS FINED \$1,000.

***** \$1,000 PAID ON 4/1/98, INVOICE NO. 98-MS-303 *****



Reporting Source: Firm

Current Status: Final

Allegations: ALLEGED VIOLATION OF CONDUCT RULE 2110 AND IM2110-2 WITH RESPECT TO THE HANDLING OF CUSTOMER LIMIT ORDER BY TRADING AHEAD OF A CUSTOMER'S LIMIT ORDER.

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 03/18/1997

Docket/Case Number: CMS970073

Principal Product Type: Equity - OTC

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Other

Other Sanction(s)/Relief Sought: MONETARY FINE

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 01/23/1998

Sanctions Ordered: Monetary/Fine \$1,000.00

Other Sanctions Ordered:

Sanction Details: \$1000 MONETARY FINE PAID BY APPLICANT ON APRIL 1, 1998.

Disclosure 75 of 87

Reporting Source: Regulator

Current Status: Final

Allegations:

Initiated By: COMMODITY FUTURES TRADE COMMISSION

Date Initiated: 12/31/1996

Docket/Case Number: 94-14

Principal Product Type:

Other Product Type(s):



Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Order
Resolution Date: 01/28/1997
Sanctions Ordered: Monetary/Fine \$500,000.00
 Cease and Desist/Injunction

Other Sanctions Ordered:

Sanction Details:

Regulator Statement

+04/30/97+ CFTC PROCEEDINGS BULLETIN DATED DECEMBER 31, 1996, PAGE 41, DISCLOSES; CANTOR FITZGERALD & CO. VIOLATED CFTC ACTS 4m(1) AND 4o(1)(B). CANTOR FITZGERALD & CO. WAS ISSUED A CEASE AND DESIST ORDER; PENALIZED IN THE AMOUNT OF \$500,000 AND ORDERED TO COMPLY WITH UNDERTAKINGS OF THE ORDER.
 DOCKET/CASE NO. 94-14, DATED 01/28/97.

Reporting Source: Firm
Current Status: Final
Allegations: ALLEGED THAT APPLICANT AIDED AND ABETTED VIOLATIONS OF SECTION 4M(1) AND 4O(1)(B) OF THE COMMODITY EXCHANGE ACT.
Initiated By: COMMODITY FUTURES TRADING COMMISSION
Date Initiated: 05/26/1994
Docket/Case Number: 94-14
Principal Product Type: Other
Other Product Type(s): NOT APPLICABLE; ALLEGATION RELATED TO APPLICANT'S ACCOUNT OUPENING AND WIRE TRANSFER PROCEDURES.
Principal Sanction(s)/Relief Sought: Other
Other Sanction(s)/Relief Sought: MONETARY FINE AND AGREED TO RETAIN AN INDEPENDENT CONSULTANT WITH RESPECT TO APPLICANT'S ACCOUNT OPENING AND WIRE TRANSFER PROCEDURES.
Resolution: Settled



Resolution Date: 01/28/1997

Sanctions Ordered: Monetary/Fine \$500,000.00
Cease and Desist/Injunction

Other Sanctions Ordered: RETAIN AN INDEPENDENT CONSULTANT WITH RESPECT TO APPLICANT'S ACCOUNT OPENING AND WIRE TRANSFER PROCEDURES.

Sanction Details: \$500,000 FINE WAS PAID BY APPLICANT ON APPROXIMATELY JANUARY 28, 1997.

Disclosure 76 of 87

Reporting Source: Regulator

Current Status: Final

Allegations:

Initiated By: SECURITIES AND EXCHANGE COMMISSION

Date Initiated: 03/17/1994

Docket/Case Number:

Principal Product Type:

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Consent

Resolution Date: 03/17/1994

Sanctions Ordered: Disgorgement/Restitution
Cease and Desist/Injunction

Other Sanctions Ordered:

Sanction Details:

Regulator Statement 3/24/94: SEC NEWS DIGEST, ISSUE 94-50, DATED MARCH 17, 1994 DISCLOSES ENFORCEMENT PROCEEDINGS; "CEASE AND DESIST ORDER ENTERED AGAINST CANTOR FITZGERALD & CO." THE COMMISSION HAS ISSUED AN ORDER INSTITUTING PROCEEDINGS, MAKING FINDINGS, IMPOSING MONETARY SANCTIONS AND CEASE AND DESIST ORDER AGAINST CANTOR FITZGERALD 7 CO. THE COMMISSION SIMULTANEOUSLY



ACCEPTED
AN OFFER OF SETTLEMENT FROM CANTOR FITZGERALD IN WHICH IT
CONSENTED TO THE ORDER WITHOUT ADMITTING OR DENYING THE
COMMISSION'S FINDINGS.

THE COMMISSION FOUND THAT CANTOR FITZGERALD VIOLATED
SECTION
17(a) OF THE EXCHANGE ACT AND RULE 17a-3 AND 17a-4 THEREUNDER
BY FAILING TO RECORD CERTAIN TERMS OF CUSTOMER ORDERS IN
CONNECTION WITH TRANSACTIONS IN U.S. TREASURY SECURITIES ISSUED
THROUGH THE NON-COMPETITIVE AUCTION PROCESS IN 1990 AND 1991.
CANTOR FITZGERALD'S RECORDS FAILED TO REFLECT PRE-AUCTION
AGREEMENTS BETWEEN CANTOR FITZGERALD AND ITS BIDDING
CUSTOMERS
TO SELL TO CANTOR FITZGERALD THE SECURITIES, THOSE CUSTOMERS
WOULD BE AWARDED THROUGH AUCTION. IN ADDITION, CANTOR
FITZGERALD'S RECORDS DID NOT INDICATE THE TIME OF ORDER OR
EXECUTION FOR THESE AND OTHER GOVERNMENT SECURITIES
TRANSACTIONS THE USE OF DISCRETIONARY AUTHORITY IN
TRANSACTIONS IN NON-COMPETITIVE SECURITIES.

CANTOR FITZGERALD WAS ORDERED TO CEASE AND DESIST FROM
VIOLATING SECTION 17(a) OF THE EXCHANGE ACT AND RULE 17a-3 AND
17a-4 THEREUNDER. CANTOR FITZGERALD WAS ALSO ORDERED TO PAY
THE
U.S. TREASURY DISGORGEMENT AND PREJUDGMENT INTEREST THEREON
OF
\$90,000 AND A CIVIL MONEY PENALTY \$100,000 BASED ON THESE
VIOLATIONS. REL 34-33776)

Reporting Source: Firm

Current Status: Final

Allegations: ALLEGED THAT APPLICANT VIOLATED SECTION 17(A) AND RULES 17A-23
AND 17A-24 OF THE SECURITIES EXCHANGE ACT OF 1934.

Initiated By: SECURITIES AND EXCHANGE COMMISSION

Date Initiated: 03/17/1994

Docket/Case Number: 3-8319

Principal Product Type: Debt - Government

Other Product Type(s):

Principal Sanction(s)/Relief: Other

**Sought:**

Other Sanction(s)/Relief Sought: MONETARY FINE, DISGORGEMENT OF PROFITS, CEASE AND DESIST

Resolution: Settled

Resolution Date: 03/17/1994

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

Other Sanctions Ordered:

Sanction Details: APPLICANT PAID A MONETARY FINE OF \$100,000 AND PAID \$90,000 REPRESENTING DISGORGEMENT OF PROFITS ON APPROXIMATELY MARCH 17, 1994.

Disclosure 77 of 87

Reporting Source: Regulator

Current Status: Final

Allegations:

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 06/11/1986

Docket/Case Number: MS-327-AWC

Principal Product Type:**Other Product Type(s):**

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Consent

Resolution Date: 08/19/1986

Sanctions Ordered: Monetary/Fine \$250.00

Other Sanctions Ordered:**Sanction Details:**

Regulator Statement 8/29/86: MARKET SURVEILLANCE COMMITTEE COMPLAINT #MS-327-AWC:



LETTER OF ACCEPTANCE, WAIVER AND CONSENT (AWC) ISSUED ON 6/11/86 ALLEGING VIOLATIONS OF PART I, SECTION C.3.(c) OF SCHEDULE D OF THE ASSOCIATION'S BY-LAWS IN THAT RESPONDENT FAILED TO REPORT ITS NASDAQ VOLUME IN ELEVEN SECURITIES ON 4/7/86. THE AWC WAS ACCEPTED BY THE MARKET SURVEILLANCE COMMITTEE ON 7/22/86 AND BY THE NATIONAL BUSINESS CONDUCT COMMITTEE ON 8/19/86.

11/18/86: \$250 FINE PAID 7/1/86

Reporting Source: Firm

Current Status: Final

Allegations: ALLEGED VIOLATIONS OF PART I, SECTION C.3.(C) OF SCHEDULE D OF THE ASSOCIATION'S BY-LAWS IN THAT APPLICANT FAILED TO REPORT ITS NASDAQ VOLUME.

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 06/11/1986

Docket/Case Number: MS-327 AWC

Principal Product Type: Equity - OTC

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Other

Other Sanction(s)/Relief Sought: MONETARY FINE

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 08/19/1986

Sanctions Ordered: Monetary/Fine \$250.00

Other Sanctions Ordered:

Sanction Details: \$250 FINE WAS PAID ON APPROXIMATELY JULY 1, 1986.

Disclosure 78 of 87

Reporting Source: Regulator

Current Status: Final



Allegations:

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 01/21/1976

Docket/Case Number: N-VS-186

Principal Product Type:

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Decision

Resolution Date: 01/21/1976

Sanctions Ordered: Monetary/Fine \$25.00

Other Sanctions Ordered:

Sanction Details:

Regulator Statement NASDAQ COMPLAINT N-VS-186
FILED 1-21-76

Reporting Source: Firm

Current Status: Final

Allegations: DUE TO THE AGE OF THIS MATTER, INFORMATION IS NOT AVAILABLE.

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 01/21/1976

Docket/Case Number: N-VS-186

Principal Product Type: Equity - OTC

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Other

Other Sanction(s)/Relief Sought: MONETARY FINE



Resolution: Settled
Resolution Date: 01/21/1976
Sanctions Ordered: Monetary/Fine \$25.00
Other Sanctions Ordered:
Sanction Details: APPLICANT PAID \$25 FINE ON APPROXIMATELY JANUARY 21, 1976.

Disclosure 79 of 87

Reporting Source: Regulator
Current Status: Final
Allegations:
Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated: 07/13/1978
Docket/Case Number: N-VS-388

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

Resolution: Decision
Resolution Date: 07/13/1978
Regulator Statement NASDAQ COMPLAINT N-VS-388
 7-13-78 PAID \$25.00

Reporting Source: Firm
Current Status: Final
Allegations: DUE TO THE AGE OF THIS MATTER, THIS INFORMATION IS UNAVAILABLE.
Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated: 07/13/1978
Docket/Case Number: N-VS-388



Principal Product Type: Equity - OTC
Other Product Type(s):
Principal Sanction(s)/Relief Sought: Other
Other Sanction(s)/Relief Sought: MONETARY FINE
Resolution: Settled
Resolution Date: 07/13/1978
Sanctions Ordered: Monetary/Fine \$25.00
Other Sanctions Ordered:
Sanction Details: APPLICANT PAID \$25 FINE ON APPROXIMATELY JULY 13, 1978

Disclosure 80 of 87

Reporting Source: Regulator
Current Status: Final
Allegations:
Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated: 03/29/1995
Docket/Case Number: CMS 950035 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: 08/15/1995
Sanctions Ordered: Monetary/Fine \$1,000.00
Other Sanctions Ordered:
Sanction Details:
Regulator Statement MARKET SURVEILLANCE COMMITTEE COMPLAINT NO. CMS950035 AWC

LETTER OF ACCEPTANCE, WAIVER AND CONSENT (AWC) FILED MARCH 29, 1995 AGAINST CANTOR FITZGERALD & CO. (CANT) ALLEGING VIOLATIONS IN WHICH CANT ENTERED OR CAUSED TO BE ENTERED INTO THE NASDAQ SYSTEM, REPORTS OF 8 TRANSACTIONS IN CQS SECURITIES CONTRARY TO THE PROVISIONS OF SECTION 2 OF SCHEDULE G TO THE ASSOCIATION'S BY-LAWS.

THE AWC WAS ACCEPTED BY THE NATIONAL BUSINESS CONDUCT COMMITTEE ON AUGUST 15, 1995. RESPONDENT CANT WAS FINED \$1,000. THE AWC BECAME FINAL ON AUGUST 15, 1995.

\$1,000.00 PAID ON 9/11/95, INVOICE #95-MS.504

Reporting Source: Firm

Current Status: Final

Allegations: ALLEGED VIOLATIONS OF SECTION 2 OF SCHEDULE G OF THE NASD BY-LAWS REGARDING TRADE REPORTING INCLUDING: LATE REPORTING OF TRANSACTIONS, REPORTING TRANSACTIONS AT INCORRECT PRICES, IMPROPER METHOD OF CANCELING TRADES AND FAILURE TO USE CORRECT MODIFIER.

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 03/29/1995

Docket/Case Number: CMS950035

Principal Product Type: Equity - OTC

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Other

Other Sanction(s)/Relief Sought: MONETARY FINE

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 08/15/1995

Sanctions Ordered: Monetary/Fine \$1,000.00

Other Sanctions Ordered:



Sanction Details: \$1000 FINE WAS PAID BY APPLICANT ON APPROXIMATELY AUGUST 15, 1995.

Disclosure 81 of 87

Reporting Source: Regulator

Current Status: Final

Allegations:

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 01/20/1993

Docket/Case Number: CMS920113 AWC (A)

Principal Product Type:

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Consent

Resolution Date: 03/18/1993

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

Other Sanctions Ordered:

Sanction Details:

Regulator Statement 3/22/93: MARKET SURVEILLANCE COMMITTEE COMPLAINT #CMS920113 AWC (A) LETTER OF ACCEPTANCE, WAIVER AND CONSENT FILED JANUARY 20, 1993 AGASINT RESPONDENT MEMBER CANTOR FITZGERALD & CO. ALLEGING VIOLATIONS OF NMS TRADE REPORTING RULES, PART XII, SECTION 2 OF SCHEDULE D OF THE ASSOCIATION'S BY LAWS.

THE LETTER OF ACCEPTANCE, WAIVER AND CONSENT WAS ACCEPTED BY THE MARKET SURVEILLANCE COMMITTEE ON MARCH 4, 1993 AND BY THE NATIONAL BUSINESS CONDUCT COMMITTEE ON MARCH 18, 1993. **7,500 & CENSURE & FINE.

** \$7,500.00 PAID ON 3/29/93 INVOICE #93-MS-262**



Reporting Source: Firm
Current Status: Final
Allegations: ALLEGED VIOLATION OF PART XII, SECTION 2 OF SCHEDULE D OF THE NASD BY-LAWS AND ARTICLE III, SECTIONS 1 AND 21 OF THE NASD RULES OF FAIR PRACTICE, IN THAT APPLICANT MISCLASSIFIED ITS CAPACITY IN TRANSACTIONS IT ENTERED OR CAUSED TO BE ENTERED INTO THE NASDAQ SYSTEM AND AS A RESULT INADVERTENTLY PREPARED CONFIRMATIONS CONTAINING INAPPROPRIATE DISCLOSURES OF NET PRICE.
Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated: 01/20/1993
Docket/Case Number: CMS920113
Principal Product Type: Equity - OTC
Other Product Type(s):
Principal Sanction(s)/Relief Sought: Other
Other Sanction(s)/Relief Sought: MONETARY FINE AND CENSURE
Resolution: Acceptance, Waiver & Consent(AWC)
Resolution Date: 03/19/1993
Sanctions Ordered: Censure
 Monetary/Fine \$7,500.00
Other Sanctions Ordered:
Sanction Details: APPLICANT PAID FINE OF \$7500 ON MARCH 29, 1993.

Disclosure 82 of 87

Reporting Source: Regulator
Current Status: Final
Allegations:
Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated: 06/05/1991



Docket/Case Number: MS-1085-AWC (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: 09/06/1991

Sanctions Ordered: Monetary/Fine \$500.00

Other Sanctions Ordered:

Sanction Details:

Regulator Statement MARKET SURVEILLANCE COMMITTEE COMPLAINT #MS-1085-AWC (A)
LETTER
OF ACCEPTANCE, WAIVER AND CONSENT FILED JUNE 5, 1991 AGAINST
RESPONDENT MEMBER CANTOR FITZGERALD & CO., INC. ALLEGING
VIOLATIONS OF SECTION 2 OF SCHEDULE G AND PART XII, SECTION 2
OF SCHEDULE D IN THAT RESPONDENTS FAILED TO REPORT THEIR
NASDAQ
VOLUME:

THE LETTER OF ACCEPTANCE, WAIVER AND CONSENT WAS ACCEPTED BY
THE MARKET SURVEILLANCE COMMITTEE JULY 15, 1991 AND BY THE
NATIONAL BUSINESS CONDUCT COMMITTEE ON SEPTEMBER 6, 1991.
\$500.00 FINED. ***\$500.00 PAID 10/4/91 INVOICE #91-MS-1071***

Reporting Source: Firm

Current Status: Final

Allegations: ALLEGED VIOLATIONS OF SECTION 2 OF SCHEDULE G AND PART XII,
SECTION 2 OF SCHEDULE D IN THAT APPLICANT FAILED TO REPORT
NASDAQ VOLUME.

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 06/05/1991

Docket/Case Number: MS-1085 AWC



Principal Product Type: Equity - OTC
Other Product Type(s):
Principal Sanction(s)/Relief Sought: Other
Other Sanction(s)/Relief Sought: MONETARY FINE
Resolution: Acceptance, Waiver & Consent(AWC)
Resolution Date: 09/12/1991
Sanctions Ordered: Monetary/Fine \$500.00
Other Sanctions Ordered:
Sanction Details: \$500 WAS PAID BY APPLICANT ON OCTOBER 4, 1991.

Disclosure 83 of 87

Reporting Source: Regulator
Current Status: Final
Allegations:
Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated: 07/17/1989
Docket/Case Number: MS-815-AWC
Principal Product Type:
Other Product Type(s):
Principal Sanction(s)/Relief Sought:
Other Sanction(s)/Relief Sought:
Resolution: Consent
Resolution Date: 09/25/1989
Sanctions Ordered: Monetary/Fine \$1,000.00
Other Sanctions Ordered:
Sanction Details:
Regulator Statement 11/4/89< MARKET SURVEILLANCE COMPLAINT COMMITTEE COMPLAINT



#MS-815-AWC:

LETTER OF ACCEPTANCE, WAIVER AND CONSENT (AWC) WAS FILED ON JULY 17, 1989 ALLEGING VIOLATIONS OF PART VI, SECTION 4(a) OF SCHEDULE D IN THAT RESPONDENT FAILED TO REPORT NASDAQ VOLUME. THE AWC WAS ACCEPTED BY THE MARKET SURVEILLANCE COMMITTEE ON AUGUST 30, 1989 AND BY THE NBCC ON SEPTEMBER 25, 1989. RESPONDENT FINED IN THE AMOUNT OF \$1,000.
 *** \$1,000 PAID ON 10/31/89 - INVOICE NO. 89-MS-757.

Reporting Source: Firm
Current Status: Final
Allegations: ALLEGED VIOLATIONS OF PART VI, SECTION 4(A) OF SCHEDULE D IN THAT APPLICANT FAILED TO REPORT NASDAQ VOLUME.
Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated: 07/17/1989
Docket/Case Number: MS-815 AWC
Principal Product Type: Equity - OTC
Other Product Type(s):
Principal Sanction(s)/Relief Sought: Other
Other Sanction(s)/Relief Sought: MONETARY FINE
Resolution: Acceptance, Waiver & Consent(AWC)
Resolution Date: 09/25/1989
Sanctions Ordered: Monetary/Fine \$1,000.00
Other Sanctions Ordered:
Sanction Details: \$1000 FINE PAID BY APPLICANT ON OCTOBER 31, 1989.

Disclosure 84 of 87**Reporting Source:** Regulator



Current Status: Final

Allegations: ILLINOIS HAS ISSUED A NOTICE OF HEARING TO DETERMINE WHETHER AN ORDER OF REVOCATION,SUSPENSION OR CENSURE SHOULD BE IMPOSED AGAINST RESPONDENT. ALLEGATIONS ARE THAT RESPONDENT FAILED TO TIMELY FILE FINANCIAL DOCUMENTS WITH SECRETARY OF STATE. HEARING DATE IS SET FOR SEPTEMBER 27, 1989.

Initiated By: ILLINOIS

Date Initiated: 07/20/1989

Docket/Case Number: H8900667

URL for Regulatory Action:

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Settled

Resolution Date: 08/22/1989

Sanctions Ordered:

Other Sanctions Ordered:

Sanction Details: BY MEANS OF A SETTLEMENT AGREEMENT, CANTOR, FITZGERALD & CO., INC. AND THE ILLINOIS SECURITIES DEPARTMENT RESOLVED THIS MATTER WHICH WAS BASED UPON RESPONDENT'S FAILURE TO FILE TIMELY A REPORT OF FINANCIAL CONDITION. THE ILLINOIS SECURITIES DEPARTMENT DISMISSED THE NOTICE OF HEARING. AUTHORITY: SECTION 11.F OF THE ILLINOIS SECURITIES LAW OF 1953, AS AMENDED. DOCKET/CASE NO.890667, DATED 8/22/89.

Reporting Source: Firm

Current Status: Final

Allegations: ALLEGED FAILURE TO FILE FINANCIAL INFORMATION UNDER SECTION 12D OF THE ILLINOIS SECURITIES LAW OF 1953.

Initiated By: STATE OF ILLINOIS DEPARTMENT OF SECURITIES

Date Initiated: 07/20/1989



Docket/Case Number: FILE # 8900667

Principal Product Type: No Product

Other Product Type(s): NOT APPLICABLE; FAILURE TO TIMELY FILE FINANCIAL DOCUMENTS WITH SECRETARY OF STATE.

Principal Sanction(s)/Relief Sought: Other

Other Sanction(s)/Relief Sought: APPLICANT WAS REQUIRED TO MAKE A \$250.00 ENDOWMENT TO THE ILLINOIS EDUCATION AND PROTECTION PROGRAM.

Resolution: Settled

Resolution Date: 08/22/1989

Sanctions Ordered: Monetary/Fine \$250.00

Other Sanctions Ordered:

Sanction Details: ON APPROXIMATELY AUGUST 22, 1989, APPLICANT PAID \$250 ENDOWMENT TO THE ILLINOIS EDUCATION AND PROTECTION PROGRAM.

Disclosure 85 of 87

Reporting Source: Regulator

Current Status: Final

Allegations:

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 02/17/1988

Docket/Case Number: MS-656-AWC

Principal Product Type:

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Consent

Resolution Date: 06/03/1988

Sanctions Ordered: Monetary/Fine \$500.00

**Other Sanctions Ordered:****Sanction Details:****Regulator Statement**

MARKET SURVEILLANCE COMMITTEE COMPLAINT #MS-656-AWC:

LETTER OF ACCEPTANCE, WAIVER AND CONSENT (AWC) FILED FEBRUARY 17, 1988 AGAINST RESPONDENT CANTOR, FITZGERALD & CO., INC. ALLEGING VIOLATIONS OF PART VI, SECTION 4(a) OF SCHEDULE D IN THAT RESPONDENT ENTERED INACCURATE NASDAQ VOLUME REPORTS. THE AWC WAS ACCEPTED BY THE MARKET SURVEILLANCE COMMITTEE ON APRIL 15, 1988 AND BY THE NATIONAL BUSINESS CONDUCT COMMITTEE ON JUNE 3, 1988. \$500 FINE

\$500 FINE PAID 3/22/88

Reporting Source:

Firm

Current Status:

Final

Allegations:

ALLEGED VIOLATIONS OF PART VI, SECTION 4(A) OF SCHEDULE D IN THAT APPLICANT ENTERED INACCURATE NASDAQ VOLUME REPORTS.

Initiated By:

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated:

02/17/1988

Docket/Case Number:

MS-656 AWC

Principal Product Type:

Equity - OTC

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

Other

Other Sanction(s)/Relief Sought:

MONETARY FINE

Resolution:

Acceptance, Waiver & Consent(AWC)

Resolution Date:

06/10/1988

Sanctions Ordered:

Monetary/Fine \$500.00

Other Sanctions Ordered:**Sanction Details:**

APPLICANT PAID \$500 FINE ON MARCH 22, 1988.



Disclosure 86 of 87

Reporting Source: Regulator

Current Status: Final

Allegations:

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 11/02/1970

Docket/Case Number: A-394

Principal Product Type:

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Decision

Resolution Date: 03/28/1977

Sanctions Ordered: Monetary/Fine \$1,000.00

Other Sanctions Ordered:

Sanction Details:

Regulator Statement COMPLAINT A - 394 FILED 11/02/70.
DECISION RENDERED 02/26/71 WHEREIN
MEMBER IS FINED \$1,000
AND ASSESSED COSTS OF \$55. TO BE
FINAL 03/28/77. FINE PAID: 04/12/71

Reporting Source: Firm

Current Status: Final

Allegations: DUE TO THE AGE OF THIS MATTER, THIS INFORMATION IS UNAVAILABLE.

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 11/02/1970

Docket/Case Number: A-394



Principal Product Type: Other
Other Product Type(s): DUE TO THE AGE OF THIS MATTER, THIS INFORMATION IS UNAVAILABLE.
Principal Sanction(s)/Relief Sought: Other
Other Sanction(s)/Relief Sought: MONETARY FINE
Resolution: Settled
Resolution Date: 02/26/1971
Sanctions Ordered: Monetary/Fine \$1,000.00
Other Sanctions Ordered: APPLICANT WAS ASSESSED COSTS OF \$55.
Sanction Details: APPLICANT PAID \$1000 FINE AND \$55 ASSESSMENT OF COSTS ON APRIL 12, 1971.

Disclosure 87 of 87

Reporting Source: Regulator
Current Status: Final
Allegations:
Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated: 11/16/1960
Docket/Case Number: A-96
Principal Product Type:
Other Product Type(s):
Principal Sanction(s)/Relief Sought:
Other Sanction(s)/Relief Sought:
Resolution: Decision
Resolution Date: 06/27/1961
Sanctions Ordered: Censure
 Monetary/Fine \$500.00
Other Sanctions Ordered:

**Sanction Details:****Regulator Statement**

COMPLAINT A-96 FILED 11/16/60
 CENSURED & FINED. FINAL: 11/16/60.
 BOARD OF GOVERNOR REVIEWED CASE AND ON 06/27/61 AFFIRMED
 FINDINGS BUT MODIFIED PENALTIES TO CENSURE AND FINE \$500.
 ASSESSED COSTS OF \$174.25 ALSO ORDERED

Reporting Source:

Firm

Current Status:

Final

Allegations:

DUE TO THE AGE OF THIS MATTER, THIS INFORMATION IS UNAVAILABLE.

Initiated By:

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated:

11/16/1960

Docket/Case Number:

A-96

Principal Product Type:

Other

Other Product Type(s):

DUE TO THE AGE OF THIS MATTER, THIS INFORMATION IS UNAVAILABLE.

Principal Sanction(s)/Relief Sought:

Other

Other Sanction(s)/Relief Sought:

MONETARY FINE

Resolution:

Settled

Resolution Date:

06/27/1961

Sanctions Ordered:

Monetary/Fine \$500.00

Other Sanctions Ordered:

ASSESSED COSTS OF \$174.25.

Sanction Details:

APPLICANT PAID \$500 FINE AND ASSESSED COSTS OF \$174.25 ON
 APPROXIMATELY JUNE 27, 1961.

End of Report



This page is intentionally left blank.