

BrokerCheck Report

SAGETRADER, LLC

CRD# 137862

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When communicating online or investing with any professional, make sure you know who you're dealing with. [Imposters](#) might link to sites like BrokerCheck from [phishing](#) or similar scam websites, or through [social media](#), trying to steal your personal information or your money.

Please contact FINRA with any concerns.

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:
 - 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
 - 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.



SAGETRADER, LLC

CRD# 137862

SEC# 8-67169

Main Office Location

282 GRAND AVENUE
SUITE #2
ENGLEWOOD, NJ 07631
Regulated by FINRA Woodbridge Office

Mailing Address

282 GRAND AVENUE
SUITE #2
ENGLEWOOD, NJ 07631

Business Telephone Number

855-809-5941

Report Summary for this Firm

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

Firm Profile

This firm is classified as a limited liability company.
This firm was formed in Delaware on 09/29/2003.
Its fiscal year ends in September.

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
- 10 Self-Regulatory Organizations
- 48 U.S. states and territories

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

This firm conducts 3 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	16



Firm Profile

This firm is classified as a limited liability company.

This firm was formed in Delaware on 09/29/2003.

Its fiscal year ends in September.

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.

SAGETRADER, LLC

Doing business as SAGETRADER, LLC

CRD# 137862

SEC# 8-67169

Main Office Location

282 GRAND AVENUE
SUITE #2
ENGLEWOOD, NJ 07631

Regulated by FINRA Woodbridge Office

Mailing Address

282 GRAND AVENUE
SUITE #2
ENGLEWOOD, NJ 07631

Business Telephone Number

855-809-5941



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): BOGERT INVESTMENTS LLC

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

Position SOLE MEMBER

Position Start Date 01/2023

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): FORSYTHE, MICHAEL FRANCIS

2772933

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

Position CEO

Position Start Date 01/2023

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): PETERS, ROBERT WILLIAM

1704577

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

Position FINOP

Position Start Date 08/2019

Firm Profile



Direct Owners and Executive Officers (continued)

Percentage of Ownership Less than 5%

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

Is this a public reporting company? No

Legal Name & CRD# (if any): STIPANICH, RYAN CHARLES
5053220

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

Position CHIEF COMPLIANCE OFFICER

Position Start Date 05/2020

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

Firm Profile

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



Indirect Owners

Legal Name & CRD# (if any):	REDENSKY, LEON
Is this a domestic or foreign entity or an individual?	Individual
Company through which indirect ownership is established	BOGERT INVESTMENTS LLC
Relationship to Direct Owner	MANAGING MEMBER
Relationship Established	03/2022
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 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, 10 SROs and 48 U.S. states and territories.

Federal Regulator	Status	Date Effective
SEC	Approved	05/19/2006

SEC Registration Questions

This firm is registered with the SEC as:

A broker-dealer: Yes

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

A government securities broker or dealer only: No

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

Self-Regulatory Organization	Status	Date Effective
FINRA	Approved	05/19/2006
Cboe BYX Exchange, Inc.	Approved	06/05/2017
Cboe BZX Exchange, Inc.	Approved	03/01/2016
Cboe EDGA Exchange, Inc.	Approved	06/05/2017
Cboe EDGX Exchange, Inc.	Approved	06/01/2016
MIAX PEARL, LLC	Approved	09/01/2023
NYSE Arca, Inc.	Approved	10/04/2017
Nasdaq BX, Inc.	Approved	07/03/2017
Nasdaq PHLX LLC	Approved	07/03/2017
Nasdaq Stock Market	Approved	06/09/2017



Firm Operations

Registrations (continued)

U.S. States & Territories	Status	Date Effective
Alabama	Approved	06/23/2025
Alaska	Approved	05/08/2025
Arizona	Approved	05/20/2025
Arkansas	Approved	03/17/2025
California	Approved	05/19/2006
Colorado	Approved	03/11/2025
Connecticut	Approved	02/24/2025
Delaware	Approved	04/09/2025
District of Columbia	Approved	03/11/2025
Florida	Approved	08/26/2009
Georgia	Approved	02/14/2025
Hawaii	Approved	03/10/2025
Idaho	Approved	04/29/2025
Illinois	Approved	02/11/2009
Iowa	Approved	04/14/2025
Kansas	Approved	04/16/2025
Kentucky	Approved	04/10/2025
Louisiana	Approved	04/03/2025
Maine	Approved	04/22/2025
Maryland	Approved	05/22/2025
Massachusetts	Approved	06/15/2016
Michigan	Approved	03/26/2025
Minnesota	Approved	04/23/2025
Mississippi	Approved	04/30/2025
Montana	Approved	08/06/2025
Nebraska	Approved	05/16/2025
Nevada	Approved	12/02/2024
New Hampshire	Approved	06/24/2025
New Jersey	Approved	10/18/2013
New Mexico	Approved	04/23/2025
New York	Approved	06/19/2005
North Carolina	Approved	02/20/2025
Ohio	Approved	02/12/2025

U.S. States & Territories	Status	Date Effective
Oklahoma	Approved	04/10/2025
Oregon	Approved	04/16/2025
Pennsylvania	Approved	08/06/2019
Puerto Rico	Approved	04/02/2025
Rhode Island	Approved	04/03/2025
South Carolina	Approved	04/16/2025
South Dakota	Approved	05/07/2025
Tennessee	Approved	03/14/2025
Texas	Approved	02/13/2009
Utah	Approved	04/25/2025
Virgin Islands	Approved	05/12/2025
Virginia	Approved	03/08/2025
Washington	Approved	04/07/2025
West Virginia	Approved	05/21/2025
Wisconsin	Approved	05/01/2025

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 3 types of businesses.

Types of Business

Exchange member engaged in exchange commission business other than floor activities

Broker or dealer retailing corporate equity securities over-the-counter

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





Firm Operations

Clearing Arrangements

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

Introducing Arrangements

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

Name:	RQD* CLEARING, LLC
CRD #:	134284
Business Address:	ONE WORLD TRADE CENTER SUITE 47M NEW YORK, NY 10007
Effective Date:	11/22/2023
Description:	MASTER CLEARING AGREEMENT
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Name:	CLEAR STREET LLC
CRD #:	288933
Business Address:	4 WORLD TRADE CENTER, 150 GREENWICH STREET 45TH FLOOR NEW YORK, NY 10007
Effective Date:	07/01/2022
Description:	MASTER CLEARING AGREEMENT
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Firm Operations

Industry Arrangements



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

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

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

Control Persons/Financing

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

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



Firm Operations

Organization Affiliates

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

This firm is, directly or indirectly:

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

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

CRD #:	103781
Business Address:	340 CONGRESS PARKWAY LAWRENCEVILLE, GA 30044
Effective Date:	01/03/2023
Foreign Entity:	No
Country:	
Securities Activities:	Yes
Investment Advisory Activities:	No
Description:	LEONID REDENSKY ("LR") OWNS 100% OF BOTH BOGERT INVESTMENTS, LLC ("BIL") AND SAMATA HOLDINGS, LLC ("SHL"). BIL OWNS 100% OF APPLICANT AND SHL HAS A MAJORITY OWNERSHIP BETWEEN 50 AND 75% OF TRADEPRO SECURITIES, LLC., A REGISTERED BROKER-DEALER AND FINRA MEMBER. THEREFORE, APPLICANT AND TSI ARE UNDER THE COMMON CONTROL OF LR, THEIR RESPECTIVE INDIRECT OWNER

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	16	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:**
 - 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:**
 - 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:**
 - 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.
 - 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 16

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 FROM JANUARY 2021 THROUGH THE PRESENT (THE "RELEVANT PERIOD"), SAGETRADER, LLC VIOLATED RULE 15C3-5 OF THE SECURITIES EXCHANGE ACT OF 1934 ("RULE 15C3-5" OR THE "MARKET ACCESS RULE") BY FAILING TO ESTABLISH AND MAINTAIN A SYSTEM OF RISK MANAGEMENT CONTROLS REASONABLY DESIGNED TO MANAGE THE FINANCIAL AND REGULATORY RISKS OF ITS BUSINESS ACTIVITY IN CONNECTION WITH PREVENTING ERRONEOUS ORDERS AND CONDUCTING ANNUAL REVIEWS. THE FINDINGS STATED THAT THE FIRM VIOLATED NYSE ARCA RULE 11.18(B) BY FAILING TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RULE 15C3-5.
Initiated By:	NYSE ARCA, INC.
Date Initiated:	10/02/2023
Docket/Case Number:	2022-03-23-00030
Principal Product Type:	Other
Other Product Type(s):	UNSPECIFIED SECURITIES
Principal Sanction(s)/Relief Sought:	Other
Other Sanction(s)/Relief Sought:	N/A
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	10/02/2023
Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?	No
Sanctions Ordered:	Censure Monetary/Fine \$15,000.00
Other Sanctions Ordered:	
Sanction Details:	THE FIRM WAS CENSURED AND FINED IN THE AMOUNT OF \$15,000.
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Reporting Source:	Firm



Current Status:	Final
Allegations:	FROM JANUARY 2021 THROUGH THE PRESENT (THE "RELEVANT PERIOD"), SAGETRADER, LLC VIOLATED (1) RULE 15C3-5 OF THE SECURITIES EXCHANGE ACT OF 1934 ("RULE 15C3-5" OR THE "MARKET ACCESS RULE") BY FAILING TO ESTABLISH AND MAINTAIN A SYSTEM OF RISK MANAGEMENT CONTROLS REASONABLY DESIGNED TO MANAGE THE FINANCIAL AND REGULATORY RISKS OF ITS BUSINESS ACTIVITY IN CONNECTION WITH PREVENTING ERRONEOUS ORDERS AND CONDUCTING ANNUAL REVIEWS; AND (2) NYSE ARCA RULE 11.18(B) BY FAILING TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RULE 15C3-5.
Initiated By:	NYSE ARCA, INC.
Date Initiated:	10/03/2023
Docket/Case Number:	2022-03-23-00030
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:	10/03/2023
Sanctions Ordered:	Censure Monetary/Fine \$15,000.00
Other Sanctions Ordered:	
Sanction Details:	REFERENCED FINE PAID IN FULL ON 10/06/2023 TO NYSE ARCA, INC..

Disclosure 2 of 16

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 MISMARKED APPROXIMATELY 9.7 MILLION PRINCIPAL SHORT SELL ORDERS THAT RESULTED IN APPROXIMATELY 390,000 EXECUTIONS AS LONG. THE FINDINGS STATED THAT THE FIRM BEGAN EFFECTING CUSTOMER SHORT



SALE ORDERS ON A NET BASIS. THE FIRM MISMARKED ITS PRINCIPAL SHORT SALES AS LONG IN CONNECTION WITH ITS HANDLING OF NET TRADES BECAUSE IT INCORRECTLY BELIEVED THAT THE RECEIPT OF ITS CUSTOMER SELL ORDER CREATED AN UNCONDITIONAL CONTRACT FOR THE FIRM TO PURCHASE THE SECURITIES FROM THE CUSTOMER AND THE FIRM WAS, THEREFORE, DEEMED TO OWN THE SECURITIES. THE FIRM, HOWEVER, HAD NOT ENTERED INTO AN UNCONDITIONAL CONTRACT WITH ITS CUSTOMER BECAUSE IT WOULD ONLY PURCHASE THE SUBJECT SECURITIES FROM THAT CUSTOMER IF IT WAS ABLE TO SELL THOSE SECURITIES TO ANOTHER BROKER-DEALER. THE FIRM LATER BEGAN MARKING ITS PRINCIPAL SALES AS SHORT. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO LOCATE SHARES AVAILABLE FOR BORROWING FOR PRINCIPAL SHORT SALES. WHEN THE FIRM STARTED MARKING ITS PRINCIPAL SALES AS SHORT, IT ALSO BEGAN UPLOADING EASY TO BORROW LISTS (ETBLS) TO ITS SMART ORDER ROUTER (SOR) TO COMPLY WITH REGULATION SHO OF THE SECURITIES AND EXCHANGE ACT OF 1934'S LOCATE REQUIREMENT. THE FIRM, HOWEVER, FAILED TO PROGRAM THE SOR TO PREVENT THE ROUTING OF SHORT SALE ORDERS FOR SECURITIES THAT WERE NOT ON THE ETBLS. THE FIRM LATER DISCOVERED THIS PROGRAMMING ERROR AND IMPOSED A BLOCK ON ITS SOR FOR NON- ETBL SECURITIES. THE FINDINGS ALSO INCLUDED THAT THE FIRM FAILED TO ESTABLISH, MAINTAIN, AND ENFORCE A SUPERVISORY SYSTEM, INCLUDING WSPS, REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH REGULATION SHO'S ORDER MARKING AND LOCATE REQUIREMENTS. THE FIRM DID NOT CONDUCT ANY SUPERVISORY REVIEWS AND HAD NO WSPS ADDRESSING ORDER MARKING OR LOCATES FOR PRINCIPAL SHORT SALES. LATER, THE FIRM AMENDED ITS WSPS TO REQUIRE PERIODIC "SPOT CHECKS" OF PRINCIPAL ORDERS AND EXECUTIONS TO ENSURE THAT THE FIRM'S SOR WAS PROPERLY MARKING PRINCIPAL SALES AS SHORT AND THAT SECURITIES SOLD SHORT WERE ON THE ETBL. THE AMENDED WSPS, HOWEVER, FAILED TO PROVIDE REASONABLE GUIDANCE AS TO WHEN AND HOW TO CONDUCT THE REFERENCED SPOT CHECKS AND WERE NOT REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH REGULATION SHO'S ORDER MARKING AND LOCATE REQUIREMENTS.

Initiated By: FINRA

Date Initiated: 03/09/2023

Docket/Case Number: [2018057956001](#)

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:** 03/09/2023**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 \$175,000.00**Other Sanctions Ordered:****Sanction Details:** THE FIRM WAS CENSURED AND FINED \$175,000. FINE PAID IN FULL ON MARCH 21, 2023.**Reporting Source:** Firm**Current Status:** Final**Allegations:** FROM JULY 2017 THROUGH NOVEMBER 2017, SAGETRADER MISMARKED APPROXIMATELY 9.7 MILLION PRINCIPAL SHORT SELL ORDERS, THAT RESULTED IN APPROXIMATELY 390,000 EXECUTIONS, AS LONG IN VIOLATION OF RULE 200(G) OF REGULATION SHO OF THE SECURITIES AND EXCHANGE ACT OF 1934 AND FINRA RULE 2010. FROM JULY 2017 THROUGH FEBRUARY 2018, SAGETRADER FAILED TO LOCATE SHARES AVAILABLE FOR BORROWING FOR APPROXIMATELY 490,000 PRINCIPAL SHORT SALES IN VIOLATION OF RULE 203(B)(1) OF REGULATION SHO AND FINRA RULE 2010. FROM JULY 2017 THROUGH AUGUST 2022, SAGETRADER FAILED TO ESTABLISH, MAINTAIN, AND ENFORCE A SUPERVISORY SYSTEM, INCLUDING WRITTEN SUPERVISORY PROCEDURES, REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH REGULATION SHO'S ORDER MARKING AND LOCATE REQUIREMENTS IN VIOLATION OF FINRA RULES 3110 AND 2010.**Initiated By:** FINRA**Date Initiated:** 03/01/2023**Docket/Case Number:** [2018057956001](#)**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: 03/09/2023

Sanctions Ordered: Censure
Monetary/Fine \$175,000.00

Other Sanctions Ordered:

Sanction Details: A FINE OF \$175,000 THAT SHALL BE PAID TO FINRA

Disclosure 3 of 16

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 IMPLEMENT ANTI-MONEY LAUNDERING (AML) POLICIES AND PROCEDURES REASONABLY EXPECTED TO DETECT AND CAUSE THE REPORTING OF SUSPICIOUS ACTIVITY. THE FINDINGS STATED THAT THE FIRM DID NOT TAILOR ITS AML PROGRAM TO REASONABLY MONITOR FOR AND REPORT SUSPICIOUS ACTIVITY IN LIGHT OF THE FIRM'S BUSINESS MODEL AND CUSTOMER BASE. THE FIRM'S SYSTEM FOR DETECTING AND CAUSING THE REPORTING OF SUSPICIOUS ACTIVITY WAS PREDICATED ON ITS REVIEW OF ALERTS GENERATED BY ITS AUTOMATED THIRD-PARTY SURVEILLANCE SYSTEM. THE FIRM'S AML PROGRAM DIRECTED ALL ALERTS TO ONE INDIVIDUAL COMPLIANCE OFFICER AT THE FIRM. THE FIRM'S AML PROGRAM RELIED ON THE ONE COMPLIANCE OFFICER TO THEN DETERMINE WHETHER ALERTS WERE INDICATIVE OF SUSPICIOUS OR POTENTIALLY MANIPULATIVE ACTIVITY. IF SO, THE COMPLIANCE OFFICER WOULD ESCALATE THE ALERTS TO THE FIRM'S ALERT REVIEW COMMITTEE, WHICH MET WEEKLY, TO REVIEW THE ALERTS AND CONSIDER FURTHER ACTION. THE COMPLIANCE OFFICER DESIGNATED BY THE FIRM'S AML PROGRAM TO REVIEW THE ALERTS HAD NO PRIOR AML SUPERVISORY EXPERIENCE OR TRAINING AND THE FIRM'S WRITTEN AML PROCEDURES AND TRAINING MATERIALS DID NOT PROVIDE REASONABLE GUIDANCE FOR DETERMINING WHETHER THE ALERTS REQUIRED FOLLOW-UP OR COULD BE DISREGARDED. THE FIRM FAILED TO PROVIDE ANY GUIDANCE FOR DETERMINING WHETHER THE FIRM



SHOULD FILE A SUSPICIOUS ACTIVITY REPORT (SAR) BASED ON THE ALERTS. THE FIRM'S FAILURE TO DEVELOP A REASONABLE WRITTEN AML PROGRAM RESULTED IN THE FIRM CREATING A SERIES OF UNWRITTEN POLICIES FOR ADDRESSING AND ESCALATING SURVEILLANCE ALERTS. THE FIRM GENERALLY CONSIDERED FILING A SAR WHEN AT LEAST THREE VALID ALERTS INVOLVED A SINGLE TRADER. AS A RESULT, THE FIRM DID NOT TYPICALLY CONSIDER FILING A SAR IF THERE WERE LESS THAN THREE VALID ALERTS INVOLVING A SINGLE TRADER THAT WERE INDICATIVE OF A PATTERN OF POTENTIALLY SUSPICIOUS OR MANIPULATIVE ACTIVITY. THIS POLICY, IN COMBINATION WITH A SERIES OF SUBSEQUENT POLICIES THAT THE FIRM CREATED FOR ADDRESSING AND ESCALATING SURVEILLANCE ALERTS, RESULTED IN THE FIRM FAILING TO REASONABLY CONSIDER WHETHER A PARTICULAR ALERT WARRANTED THE FILING OF A SAR.

Initiated By: FINRA

Date Initiated: 02/07/2023

Docket/Case Number: [2022073705601](#)

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: 02/07/2023

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

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

Other Sanctions Ordered: UNDERTAKING

Sanction Details: THE FIRM WAS CENSURED, FINED \$100,000, AND REQUIRED TO CERTIFY THAT IT HAS REMEDIATED THE ISSUES IDENTIFIED IN THIS AWC AND IMPLEMENTED A SUPERVISORY SYSTEM, INCLUDING WRITTEN SUPERVISORY PROCEDURES, REASONABLY DESIGNED TO ACHIEVE



COMPLIANCE WITH FINRA RULES 3310 REGARDING THE ISSUES
IDENTIFIED IN THIS AWC. FINE PAID IN FULL ON FEBRUARY 16, 2023.

Reporting Source:	Firm
Current Status:	Final
Allegations:	THE FIRM FAILED TO ESTABLISH AND IMPLEMENT ANTI-MONEY LAUNDERING (AML) POLICIES AND PROCEDURES REASONABLY EXPECTED TO DETECT AND CAUSE THE REPORTING OF SUSPICIOUS ACTIVITY, IN VIOLATION OF FINRA RULE 3310(A) AND 2020.
Initiated By:	FINRA
Date Initiated:	02/07/2023
Docket/Case Number:	2022073705601
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:	02/07/2023
Sanctions Ordered:	Censure Monetary/Fine \$100,000.00
Other Sanctions Ordered:	AN UNDERTAKING TO REVIEW AND REVISE THE FIRM'S SUPERVISORY SYSTEM, INCLUDING ITS WRITTEN SUPERVISORY PROCEDURES, WITH RESPECT TO THE FINDINGS DESCRIBED ABOVE TO ACHIEVE COMPLIANCE WITH FINRA RULE 3130.
Sanction Details:	A \$100,000 FINE THAT SHALL BE PAID TO FINRA. AN UNDERTAKING TO REVIEW AND REVISE THE FIRM'S SUPERVISORY SYSTEM, INCLUDING ITS WSPS, WITH RESPECT TO THE FINDINGS DESCRIBED ABOVE CONCERNING THE FIRM'S COMPLIANCE WITH RULE 3310

Disclosure 4 of 16

Reporting Source:	Firm
Current Status:	Final



Allegations:	DURING THE PERIOD BETWEEN JUNE 1, 2016 THROUGH DECEMBER 31, 2019 (THE "RELEVANT PERIOD"), SAGETRADER FAILED TO REASONABLY SUPERVISE FOR POTENTIALLY MANIPULATIVE TRADING ON ITS PLATFORMS. THE AUTOMATED SURVEILLANCE SYSTEM THAT THE FIRM USED TO DETECT POTENTIALLY MANIPULATIVE TRADING SUCH AS LAYERING, SPOOFING, WASH TRADES AND MARKING THE CLOSE DID NOT SURVEIL FOR MARKING THE OPEN UNTIL OCTOBER 2018. IN ADDITION, THE FIRM'S REVIEW OF THE SURVEILLANCE ALERTS WAS UNREASONABLE. FURTHER, THE FIRM'S GUIDANCE TO AND SUPERVISION OF THE ASSIGNED REVIEWERS WAS UNREASONABLE. THE FIRM ALSO DISCLOSED TO CLIENTS CERTAIN TRADING PARAMETERS THE FIRM'S SURVEILLANCE SYSTEM USED TO GENERATE ALERTS FOR POTENTIALLY MANIPULATIVE TRADING.
Initiated By:	CBOE EDGX EXCHANGE, INC.
Date Initiated:	06/24/2022
Docket/Case Number:	20170532102-09
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:	06/24/2022
Sanctions Ordered:	Censure Monetary/Fine \$83,333.33
Other Sanctions Ordered:	AN UNDERTAKING TO REVIEW AND REVISE THE FIRM'S SUPERVISORY SYSTEM, INCLUDING ITS WSPS, WITH RESPECT TO THE FINDINGS DESCRIBED ABOVE CONCERNING THE FIRM'S SUPERVISION FOR POTENTIALLY MANIPULATIVE TRADING BY CUSTOMERS.
Sanction Details:	A \$775,000 FINE, OF WHICH \$83,333.33 SHALL BE PAID TO CBOE EDGX EXCHANGE, INC.. AN UNDERTAKING TO REVIEW AND REVISE THE FIRM'S SUPERVISORY SYSTEM, INCLUDING ITS WSPS, WITH RESPECT TO THE FINDINGS DESCRIBED ABOVE CONCERNING THE FIRM'S SUPERVISION FOR POTENTIALLY MANIPULATIVE TRADING BY CUSTOMERS



Disclosure 5 of 16

Reporting Source:	Firm
Current Status:	Final
Allegations:	DURING THE PERIOD BETWEEN JUNE 5, 2017 THROUGH DECEMBER 31, 2019 (THE "RELEVANT PERIOD"), SAGETRADER FAILED TO REASONABLY SUPERVISE FOR POTENTIALLY MANIPULATIVE TRADING ON ITS PLATFORMS. THE AUTOMATED SURVEILLANCE SYSTEM THAT THE FIRM USED TO DETECT POTENTIALLY MANIPULATIVE TRADING SUCH AS LAYERING, SPOOFING, WASH TRADES AND MARKING THE CLOSE DID NOT SURVEIL FOR MARKING THE OPEN UNTIL OCTOBER 2018. IN ADDITION, THE FIRM'S REVIEW OF THE SURVEILLANCE ALERTS WAS UNREASONABLE. FURTHER, THE FIRM'S GUIDANCE TO AND SUPERVISION OF THE ASSIGNED REVIEWERS WAS UNREASONABLE. THE FIRM ALSO DISCLOSED TO CLIENTS CERTAIN TRADING PARAMETERS THE FIRM'S SURVEILLANCE SYSTEM USED TO GENERATE ALERTS FOR POTENTIALLY MANIPULATIVE TRADING.
Initiated By:	CBOE EDGA EXCHANGE, INC.
Date Initiated:	06/24/2022
Docket/Case Number:	20170532102-08
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:	06/24/2022
Sanctions Ordered:	Censure Monetary/Fine \$83,333.33
Other Sanctions Ordered:	AN UNDERTAKING TO REVIEW AND REVISE THE FIRM'S SUPERVISORY SYSTEM, INCLUDING ITS WSPS, WITH RESPECT TO THE FINDINGS DESCRIBED ABOVE CONCERNING THE FIRM'S SUPERVISION FOR POTENTIALLY MANIPULATIVE TRADING BY CUSTOMERS.
Sanction Details:	A \$775,000 FINE, OF WHICH \$83,333.33 SHALL BE PAID TO CBOE EDGA EXCHANGE, INC.. AN UNDERTAKING TO REVIEW AND REVISE THE FIRM'S SUPERVISORY SYSTEM, INCLUDING ITS WSPS, WITH RESPECT TO THE FINDINGS



DESCRIBED ABOVE CONCERNING THE FIRM'S SUPERVISION FOR
POTENTIALLY MANIPULATIVE TRADING BY CUSTOMERS

Disclosure 6 of 16

Reporting Source:	Firm
Current Status:	Final
Allegations:	DURING THE PERIOD BETWEEN JUNE 5, 2017 THROUGH DECEMBER 31, 2019 (THE "RELEVANT PERIOD"), SAGETRADER FAILED TO REASONABLY SUPERVISE FOR POTENTIALLY MANIPULATIVE TRADING ON ITS PLATFORMS. THE AUTOMATED SURVEILLANCE SYSTEM THAT THE FIRM USED TO DETECT POTENTIALLY MANIPULATIVE TRADING SUCH AS LAYERING, SPOOFING, WASH TRADES AND MARKING THE CLOSE DID NOT SURVEIL FOR MARKING THE OPEN UNTIL OCTOBER 2018. IN ADDITION, THE FIRM'S REVIEW OF THE SURVEILLANCE ALERTS WAS UNREASONABLE. FURTHER, THE FIRM'S GUIDANCE TO AND SUPERVISION OF THE ASSIGNED REVIEWERS WAS UNREASONABLE. THE FIRM ALSO DISCLOSED TO CLIENTS CERTAIN TRADING PARAMETERS THE FIRM'S SURVEILLANCE SYSTEM USED TO GENERATE ALERTS FOR POTENTIALLY MANIPULATIVE TRADING.
Initiated By:	CBOE BYX EXCHANGE, INC
Date Initiated:	06/24/2022
Docket/Case Number:	20170532102-06
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:	06/24/2022
Sanctions Ordered:	Censure Monetary/Fine \$83,333.33
Other Sanctions Ordered:	AN UNDERTAKING TO REVIEW AND REVISE THE FIRM'S SUPERVISORY SYSTEM, INCLUDING ITS WSPTS, WITH RESPECT TO THE FINDINGS DESCRIBED ABOVE CONCERNING THE FIRM'S SUPERVISION FOR POTENTIALLY MANIPULATIVE TRADING BY CUSTOMERS.



Sanction Details: A \$775,000 FINE, OF WHICH \$83,333.33 SHALL BE PAID TO CBOE BYX EXCHANGE, INC.
AN UNDERTAKING TO REVIEW AND REVISE THE FIRM'S SUPERVISORY SYSTEM, INCLUDING ITS WSPS, WITH RESPECT TO THE FINDINGS DESCRIBED ABOVE CONCERNING THE FIRM'S SUPERVISIO

Disclosure 7 of 16

Reporting Source: Firm

Current Status: Final

Allegations: DURING THE PERIOD BETWEEN APRIL 1, 2016 THROUGH DECEMBER 31, 2019 (THE "RELEVANT PERIOD"), SAGETRADER FAILED TO REASONABLY SUPERVISE FOR POTENTIALLY MANIPULATIVE TRADING ON ITS PLATFORMS. THE AUTOMATED SURVEILLANCE SYSTEM THAT THE FIRM USED TO DETECT POTENTIALLY MANIPULATIVE TRADING SUCH AS LAYERING, SPOOFING, WASH TRADES AND MARKING THE CLOSE DID NOT CAPTURE 70 TRADERS OF A CLIENT FOR FIVE MONTHS. FURTHER, THE FIRM DID NOT SURVEIL FOR MARKING THE OPEN UNTIL OCTOBER 2018. IN ADDITION, THE FIRM'S REVIEW OF THE SURVEILLANCE ALERTS WAS UNREASONABLE. FURTHER, THE FIRM'S GUIDANCE TO AND SUPERVISION OF THE ASSIGNED REVIEWERS WAS UNREASONABLE. THE FIRM ALSO DISCLOSED TO CLIENTS CERTAIN TRADING PARAMETERS THE FIRM'S SURVEILLANCE SYSTEM USED TO GENERATE ALERTS FOR POTENTIALLY MANIPULATIVE TRADING.

Initiated By: CBOE BZX EXCHANGE, INC.

Date Initiated: 06/24/2022

Docket/Case Number: 20170532102-07

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: 06/24/2022

Sanctions Ordered: Censure
Monetary/Fine \$83,333.34

Other Sanctions Ordered: AN UNDERTAKING TO REVIEW AND REVISE THE FIRM'S SUPERVISORY



SYSTEM, INCLUDING ITS WSPS, WITH RESPECT TO THE FINDINGS DESCRIBED ABOVE CONCERNING THE FIRM'S SUPERVISION FOR POTENTIALLY MANIPULATIVE TRADING BY CUSTOMERS.

Sanction Details:

A \$775,000 FINE, OF WHICH \$83,333.34 SHALL BE PAID TO CBOE BZX EXCHANGE, INC..

AN UNDERTAKING TO REVIEW AND REVISE THE FIRM'S SUPERVISORY SYSTEM, INCLUDING ITS WSPS, WITH RESPECT TO THE FINDINGS DESCRIBED ABOVE CONCERNING THE FIRM'S SUPERVISION FOR POTENTIALLY MANIPULATIVE TRADING BY CUSTOMERS

Disclosure 8 of 16

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 REASONABLY SUPERVISE FOR POTENTIALLY MANIPULATIVE TRADING ON ITS PLATFORMS. THE FINDINGS STATED THAT THE FIRM'S SUPERVISORY SYSTEM, INCLUDING WSPS, FOR POTENTIAL MANIPULATIVE TRADING ON ITS PLATFORMS WAS NOT REASONABLE IN SEVERAL RESPECTS. FIRST, THE FIRM'S AUTOMATED SURVEILLANCE GENERATED POST-TRADE ALERTS FOR POTENTIAL SPOOFING, LAYERING, WASH TRADES, AND MARKING THE CLOSE, BUT ITS AUTOMATED SURVEILLANCE DID NOT SURVEIL FOR MARKING THE OPEN. SECOND, THE FIRM'S REVIEW OF THE ALERTS WAS NOT REASONABLE. FURTHER, THE FIRM'S FIRST-LEVEL REVIEWERS WERE PERMITTED TO CLOSE SURVEILLANCE ALERTS FOR POTENTIALLY MANIPULATIVE TRADING WITHOUT ANY OVERSIGHT OR SUPERVISION BY A FIRM PRINCIPAL. THIRD, THE FIRM'S WSPS FAILED TO PROVIDE REASONABLE GUIDANCE ON HOW TO REVIEW FOR POTENTIALLY MANIPULATIVE TRADING. THE FIRM'S WSPS DIRECTED REVIEWERS TO SEEK CUSTOMER EXPLANATIONS FOR ALERTS "OF CONCERN." BASED ON THEIR ANALYSIS, THE REVIEWERS COULD CLOSE THE ALERT IF IT DID NOT "APPEAR TO BE EGREGIOUS," BUT WERE SUPPOSED TO ESCALATE "SIGNIFICANT ALERTS" TO THE ALERT REVIEW COMMITTEE. THERE WAS NO GUIDANCE AS TO WHAT CONSTITUTED A "SIGNIFICANT" ALERT THAT REQUIRED ESCALATION. NOR WAS THERE ANY GUIDANCE AS TO WHAT RENDERED ALERTS "OF CONCERN" OR HOW TO DETERMINE WHETHER AN ALERT APPEARED TO BE EGREGIOUS. FOURTH, THE FIRM'S SUPERVISORY SYSTEM WAS UNREASONABLE, BECAUSE WHILE THE FIRM FOCUSED ON RESOLVING INDIVIDUAL ALERTS GENERATED BY EACH SEPARATE TRADER AT EACH CUSTOMER, AND TERMINATED SOME INDIVIDUAL TRADERS, THE FIRM DID NOT HAVE A SYSTEM IN PLACE TO CONSIDER THE TOTAL ALERTS GENERATED BY



MULTIPLE TRADERS AT THE SAME CUSTOMER IN ORDER TO EVALUATE THE AGGREGATE REGULATORY RISK PRESENTED BY A CUSTOMER'S OVERALL TRADING ACTIVITY. FIFTH, THE FIRM HAD IDENTIFIED ONE CUSTOMER AS "HIGH RISK," WHICH, ACCORDING TO THE FIRM, REQUIRED "ENHANCED" SURVEILLANCE. BUT THE FIRM HAD NO SYSTEM OR PROCEDURES FOR CONDUCTING "ENHANCED" SURVEILLANCE AND, IN FACT, DID NOT DO SO. FINALLY, THE FIRM DID NOT ROUTINELY DOCUMENT THE ALERT REVIEWS IT CONDUCTED, AND FOR THE ALERT REVIEWS THAT IT DID DOCUMENT, THE DOCUMENTATION WAS NOT ALWAYS SUFFICIENT. THEREFORE, THE FIRM VIOLATED BX GENERAL 9, SECTIONS 20(A) AND 1(A) AND BX RULES 3010 AND 2110. THE FINDINGS ALSO STATED THAT THE FIRM DID NOT COMPLY WITH BX REGISTRATION REQUIREMENTS. THE FIRM DID NOT REGISTER TEN EMPLOYEES AS GENERAL SECURITIES PRINCIPALS AND GENERAL SECURITIES REPRESENTATIVES. THE FIRM ALSO DID NOT REGISTER EIGHT OTHER EMPLOYEES AS GENERAL SECURITIES REPRESENTATIVES. THEREFORE, THE FIRM VIOLATED BX GENERAL 4, SECTIONS 1.1210, 1.1220(A)(2) AND 1.1220(B)(2), AND BX RULES 1210, 1220(A)(2), 1220(B)(2), 1021(A), 1022(A)(1), 1031(A) AND 1032(A). THE FIRM ALSO FAILED TO ESTABLISH AND MAINTAIN A SYSTEM TO SUPERVISE THE ACTIVITIES OF EACH REGISTERED REPRESENTATIVE AND ASSOCIATED PERSON THAT IS REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH BX REGISTRATION REQUIREMENTS. SPECIFICALLY, THE FIRM HAD NO SUPERVISORY SYSTEM OR WSPS IN PLACE TO ENSURE THAT IT ACHIEVED COMPLIANCE WITH BX REGISTRATION AND QUALIFICATION REQUIREMENTS. THEREFORE, THE FIRM VIOLATED BX GENERAL 9, SECTIONS 20(A) AND 1(A) AND BX RULES 3010 AND 2110.

Initiated By: NASDAQ BX, INC.

Date Initiated: 07/20/2022

Docket/Case Number: 2017053210203

Principal Product Type: Other

Other Product Type(s): UNSPECIFIED SECURITIES

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 07/20/2022



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 \$89,583.33

Other Sanctions Ordered: UNDERTAKING

Sanction Details: THE FIRM WAS CENSURED, FINED A TOTAL OF \$775,000, OF WHICH \$89,583.33 IS PAYABLE TO BX, AND REQUIRED TO REVIEW AND REVISE ITS SUPERVISORY SYSTEM, INCLUDING ITS WSPS, WITH RESPECT TO THE FINDINGS DESCRIBED IN THE AWC CONCERNING THE FIRM'S SUPERVISION FOR POTENTIALLY MANIPULATIVE TRADING BY CUSTOMERS AND COMPLIANCE WITH BX REGISTRATION REQUIREMENTS.

Reporting Source: Firm

Current Status: Final

Allegations: DURING THE PERIOD BETWEEN JULY 3, 2017 THROUGH DECEMBER 31, 2019 (THE "RELEVANT PERIOD"), SAGETRADER FAILED TO REASONABLY SUPERVISE FOR POTENTIALLY MANIPULATIVE TRADING ON ITS PLATFORMS. THE AUTOMATED SURVEILLANCE SYSTEM THAT THE FIRM USED TO DETECT POTENTIALLY MANIPULATIVE TRADING SUCH AS LAYERING, SPOOFING, WASH TRADES AND MARKING THE CLOSE DID NOT SURVEIL FOR MARKING THE OPEN UNTIL OCTOBER 2018. IN ADDITION, THE FIRM'S REVIEW OF THE SURVEILLANCE ALERTS WAS UNREASONABLE. FURTHER, THE FIRM'S GUIDANCE TO AND SUPERVISION OF THE ASSIGNED REVIEWERS WAS UNREASONABLE. IN ADDITION, SAGETRADER FAILED TO PROPERLY REGISTER 18 INDIVIDUALS WITH BX, AND FAILED TO HAVE REASONABLY DESIGNED WRITTEN SUPERVISORY PROCEDURES ("WSPS") TO ACHIEVE COMPLIANCE WITH BX REGISTRATION REQUIREMENTS DURING THE RELEVANT PERIOD.

Initiated By: NASDAQ BX, INC.

Date Initiated: 07/20/2022

Docket/Case Number: 2017053210203

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: 07/20/2022

Sanctions Ordered: Censure
Monetary/Fine \$89,583.33

Other Sanctions Ordered: AN UNDERTAKING TO REVIEW AND REVISE THE FIRM'S SUPERVISORY SYSTEM, INCLUDING ITS WSPS, WITH RESPECT TO THE FINDINGS DESCRIBED ABOVE CONCERNING THE FIRM'S SUPERVISION FOR POTENTIALLY MANIPULATIVE TRADING BY CUSTOMERS AND COMPLIANCE WITH BX REGISTRATION REQUIREMENTS.

Sanction Details: A \$775,000 FINE, OF WHICH \$89,583.33 SHALL BE PAID TO NASDAQ BX, INC. AN UNDERTAKING TO REVIEW AND REVISE THE FIRM'S SUPERVISORY SYSTEM, INCLUDING ITS WSPS, WITH RESPECT TO THE FINDINGS DESCRIBED ABOVE CONCERNING THE FIRM'S SUPERVISION FOR POTENTIALLY MANIPULATIVE TRADING BY CUSTOMERS

Disclosure 9 of 16

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 REASONABLY SUPERVISE FOR POTENTIALLY MANIPULATIVE TRADING ON ITS PLATFORMS. THE FINDINGS STATED THAT THE FIRM'S SUPERVISORY SYSTEM, INCLUDING WRITTEN SUPERVISORY PROCEDURES (WSPS), FOR POTENTIAL MANIPULATIVE TRADING ON ITS PLATFORMS WAS NOT REASONABLE IN SEVERAL RESPECTS. FIRST, THE FIRM'S AUTOMATED SURVEILLANCE GENERATED POST-TRADE ALERTS FOR POTENTIAL SPOOFING, LAYERING, WASH TRADES, AND MARKING THE CLOSE, BUT ITS AUTOMATED SURVEILLANCE DID NOT SURVEIL FOR MARKING THE OPEN. SECOND, THE FIRM'S REVIEW OF THE ALERTS WAS NOT REASONABLE. FURTHER, THE FIRM'S FIRST-LEVEL REVIEWERS WERE PERMITTED TO CLOSE SURVEILLANCE ALERTS FOR POTENTIALLY MANIPULATIVE TRADING WITHOUT ANY OVERSIGHT OR SUPERVISION BY A FIRM PRINCIPAL. THIRD, THE FIRM'S WSPS FAILED TO PROVIDE REASONABLE GUIDANCE ON HOW TO REVIEW FOR POTENTIALLY MANIPULATIVE TRADING. THE FIRM'S WSPS DIRECTED REVIEWERS TO SEEK CUSTOMER



EXPLANATIONS FOR ALERTS "OF CONCERN." BASED ON THEIR ANALYSIS, THE REVIEWERS COULD CLOSE THE ALERT IF IT DID NOT "APPEAR TO BE EGREGIOUS," BUT WERE SUPPOSED TO ESCALATE "SIGNIFICANT ALERTS" TO THE ALERT REVIEW COMMITTEE. THERE WAS NO GUIDANCE AS TO WHAT CONSTITUTED A "SIGNIFICANT" ALERT THAT REQUIRED ESCALATION. NOR WAS THERE ANY GUIDANCE AS TO WHAT RENDERED ALERTS "OF CONCERN" OR HOW TO DETERMINE WHETHER AN ALERT APPEARED TO BE EGREGIOUS. FOURTH, THE FIRM'S SUPERVISORY SYSTEM WAS UNREASONABLE, BECAUSE WHILE THE FIRM FOCUSED ON RESOLVING INDIVIDUAL ALERTS GENERATED BY EACH SEPARATE TRADER AT EACH CUSTOMER, AND TERMINATED SOME INDIVIDUAL TRADERS, THE FIRM DID NOT HAVE A SYSTEM IN PLACE TO CONSIDER THE TOTAL ALERTS GENERATED BY MULTIPLE TRADERS AT THE SAME CUSTOMER IN ORDER TO EVALUATE THE AGGREGATE REGULATORY RISK PRESENTED BY A CUSTOMER'S OVERALL TRADING ACTIVITY. FIFTH, THE FIRM HAD IDENTIFIED ONE CUSTOMER AS "HIGH RISK," WHICH, ACCORDING TO THE FIRM, REQUIRED "ENHANCED" SURVEILLANCE. BUT THE FIRM HAD NO SYSTEM OR PROCEDURES FOR CONDUCTING "ENHANCED" SURVEILLANCE AND, IN FACT, DID NOT DO SO. FINALLY, THE FIRM DID NOT ROUTINELY DOCUMENT THE ALERT REVIEWS IT CONDUCTED, AND FOR THE ALERT REVIEWS THAT IT DID DOCUMENT, THE DOCUMENTATION WAS NOT ALWAYS SUFFICIENT. THEREFORE, THE FIRM VIOLATED PHLX RULES 748 AND 707. THE FINDINGS ALSO STATED THAT THE FIRM DID NOT COMPLY WITH PHLX REGISTRATION REQUIREMENTS. THE FIRM DID NOT REGISTER FIVE EMPLOYEES AS GENERAL SECURITIES PRINCIPALS AND GENERAL SECURITIES REPRESENTATIVES. THE FIRM ALSO DID NOT REGISTER ONE OTHER EMPLOYEE AS A GENERAL SECURITIES PRINCIPAL AND FIVE OTHER EMPLOYEES AS GENERAL SECURITIES REPRESENTATIVES DURING THE RELEVANT PERIOD. THEREFORE, THE FIRM VIOLATED PHLX GENERAL 4, SECTIONS 1.1210, 1.1220(A)(2) AND 1.1220(B)(2), AND PHLX RULES 1210, 1220(A)(2), 1220(B)(2), 611(A), 612(A) AND 613(A). THE FIRM ALSO FAILED TO ESTABLISH, MAINTAIN, AND ENFORCE WSPS, AND A SYSTEM FOR APPLYING SUCH PROCEDURES, TO PREVENT AND DETECT, INSOFAR AS PRACTICABLE, VIOLATIONS OF PHLX REGISTRATION REQUIREMENTS. SPECIFICALLY, THE FIRM HAD NO SUPERVISORY SYSTEM OR WSPS IN PLACE TO PREVENT AND DETECT, INSOFAR AS PRACTICABLE, VIOLATIONS OF PHLX REGISTRATION AND QUALIFICATION REQUIREMENTS. THEREFORE, THE FIRM VIOLATED PHLX RULES 748 AND 707.

Initiated By: NASDAQ PHLX LLC
Date Initiated: 07/20/2022
Docket/Case Number: 2017053210204
Principal Product Type: Other



Other Product Type(s): UNSPECIFIED SECURITIES

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 07/20/2022

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 \$89,583.33

Other Sanctions Ordered: UNDERTAKING

Sanction Details: THE FIRM WAS CENSURED, FINED A TOTAL OF \$775,000, OF WHICH \$89,583.33 IS PAYABLE TO PHLX, AND REQUIRED TO REVIEW AND REVISE ITS SUPERVISORY SYSTEM, INCLUDING ITS WSPS, WITH RESPECT TO THE FINDINGS DESCRIBED IN THE AWC CONCERNING THE FIRM'S SUPERVISION FOR POTENTIALLY MANIPULATIVE TRADING BY CUSTOMERS AND COMPLIANCE WITH PHLX REGISTRATION REQUIREMENTS.

Reporting Source: Firm

Current Status: Final

Allegations: DURING THE PERIOD BETWEEN JULY 3, 2017 THROUGH DECEMBER 31, 2019 (THE "RELEVANT PERIOD"), SAGETRADER FAILED TO REASONABLY SUPERVISE FOR POTENTIALLY MANIPULATIVE TRADING ON ITS PLATFORMS. THE AUTOMATED SURVEILLANCE SYSTEM THAT THE FIRM USED TO DETECT POTENTIALLY MANIPULATIVE TRADING SUCH AS LAYERING, SPOOFING, WASH TRADES AND MARKING THE CLOSE DID NOT SURVEIL FOR MARKING THE OPEN UNTIL OCTOBER 2018. IN ADDITION, THE FIRM'S REVIEW OF THE SURVEILLANCE ALERTS WAS UNREASONABLE. FURTHER, THE FIRM'S GUIDANCE TO AND SUPERVISION OF THE ASSIGNED REVIEWERS WAS UNREASONABLE. IN ADDITION, SAGETRADER FAILED TO PROPERLY REGISTER 11 INDIVIDUALS WITH PHLX, AND FAILED TO HAVE REASONABLY DESIGNED WRITTEN SUPERVISORY PROCEDURES ("WSPS") TO ACHIEVE COMPLIANCE WITH



PHLX REGISTRATION REQUIREMENTS DURING THE RELEVANT PERIOD.

Initiated By:	NASDAQ PHLX LLC ("PHLX")
Date Initiated:	07/20/2022
Docket/Case Number:	2017053210204
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:	07/20/2022
Sanctions Ordered:	Censure Monetary/Fine \$89,583.33
Other Sanctions Ordered:	AN UNDERTAKING TO REVIEW AND REVISE THE FIRM'S SUPERVISORY SYSTEM, INCLUDING ITS WSPS, WITH RESPECT TO THE FINDINGS DESCRIBED ABOVE CONCERNING THE FIRM'S SUPERVISION FOR POTENTIALLY MANIPULATIVE TRADING BY CUSTOMERS AND COMPLIANCE WITH PHLX REGISTRATION REQUIREMENTS.
Sanction Details:	A \$775,000 FINE, OF WHICH \$89,583.33 SHALL BE PAID TO NASDAQ PHLX LLC ("PHLX"). AN UNDERTAKING TO REVIEW AND REVISE THE FIRM'S SUPERVISORY SYSTEM, INCLUDING ITS WSPS, WITH RESPECT TO THE FINDINGS DESCRIBED ABOVE CONCERNING THE FIRM'S SUPERVISION FOR POTENTIALLY MANIPULATIVE TRADING BY CUSTOMERS

Disclosure 10 of 16

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 REASONABLY SUPERVISE FOR POTENTIALLY MANIPULATIVE TRADING ON ITS PLATFORMS. THE FINDINGS STATED THAT THE FIRM'S SUPERVISORY SYSTEM, INCLUDING WRITTEN SUPERVISORY PROCEDURES (WSPS), FOR POTENTIAL MANIPULATIVE TRADING ON ITS PLATFORMS WAS NOT REASONABLE IN SEVERAL RESPECTS. FIRST, THE FIRM'S AUTOMATED



SURVEILLANCE GENERATED POST-TRADE ALERTS FOR POTENTIAL SPOOFING, LAYERING, WASH TRADES, AND MARKING THE CLOSE, BUT ITS AUTOMATED SURVEILLANCE DID NOT SURVEIL FOR MARKING THE OPEN. SECOND, THE FIRM'S REVIEW OF THE ALERTS WAS NOT REASONABLE. FURTHER, THE FIRM'S FIRST-LEVEL REVIEWERS WERE PERMITTED TO CLOSE SURVEILLANCE ALERTS FOR POTENTIALLY MANIPULATIVE TRADING WITHOUT ANY OVERSIGHT OR SUPERVISION BY A FIRM PRINCIPAL. THIRD, THE FIRM'S WSPS FAILED TO PROVIDE REASONABLE GUIDANCE ON HOW TO REVIEW FOR POTENTIALLY MANIPULATIVE TRADING. THE FIRM'S WSPS DIRECTED REVIEWERS TO SEEK CUSTOMER EXPLANATIONS FOR ALERTS "OF CONCERN." BASED ON THEIR ANALYSIS, THE REVIEWERS COULD CLOSE THE ALERT IF IT DID NOT "APPEAR TO BE EGREGIOUS," BUT WERE SUPPOSED TO ESCALATE "SIGNIFICANT ALERTS" TO THE ALERT REVIEW COMMITTEE. THERE WAS NO GUIDANCE AS TO WHAT CONSTITUTED A "SIGNIFICANT" ALERT THAT REQUIRED ESCALATION. NOR WAS THERE ANY GUIDANCE AS TO WHAT RENDERED ALERTS "OF CONCERN" OR HOW TO DETERMINE WHETHER AN ALERT APPEARED TO BE EGREGIOUS. FOURTH, THE FIRM'S SUPERVISORY SYSTEM WAS UNREASONABLE, BECAUSE WHILE THE FIRM FOCUSED ON RESOLVING INDIVIDUAL ALERTS GENERATED BY EACH SEPARATE TRADER AT EACH CUSTOMER, AND TERMINATED SOME INDIVIDUAL TRADERS, THE FIRM DID NOT HAVE A SYSTEM IN PLACE TO CONSIDER THE TOTAL ALERTS GENERATED BY MULTIPLE TRADERS AT THE SAME CUSTOMER IN ORDER TO EVALUATE THE AGGREGATE REGULATORY RISK PRESENTED BY A CUSTOMER'S OVERALL TRADING ACTIVITY. FIFTH, THE FIRM HAD IDENTIFIED ONE CUSTOMER AS "HIGH RISK," WHICH, ACCORDING TO THE FIRM, REQUIRED "ENHANCED" SURVEILLANCE. BUT THE FIRM HAD NO SYSTEM OR PROCEDURES FOR CONDUCTING "ENHANCED" SURVEILLANCE AND, IN FACT, DID NOT DO SO. FINALLY, THE FIRM DID NOT ROUTINELY DOCUMENT THE ALERT REVIEWS IT CONDUCTED, AND FOR THE ALERT REVIEWS THAT IT DID DOCUMENT, THE DOCUMENTATION WAS NOT ALWAYS SUFFICIENT. THEREFORE, THE FIRM VIOLATED NASDAQ GENERAL 9, SECTIONS 1(A) AND 20(A), AND NASDAQ RULES 3010(A) AND 2010A. THE FINDINGS ALSO STATED THAT THE FIRM DID NOT COMPLY WITH NASDAQ REGISTRATION REQUIREMENTS. THE FIRM DID NOT REGISTER FOUR EMPLOYEES AS A GENERAL SECURITIES PRINCIPAL AND GENERAL SECURITIES REPRESENTATIVE. THE FIRM ALSO DID NOT REGISTER TWO OTHER EMPLOYEES AS A GENERAL SECURITIES PRINCIPAL AND FIVE OTHER EMPLOYEES AS A GENERAL SECURITIES REPRESENTATIVE. THEREFORE, THE FIRM VIOLATED NASDAQ GENERAL 4, SECTIONS 1.1210, 1.1220(A)(2) AND 1.1220(B)(2), NASDAQ RULES 1210, 1220(A)(2) AND 1220(B)(2), AND NASDAQ RULES 1021(A), 1031(A), 1022(A)(1) AND 1032(A)(1). THE FIRM ALSO FAILED TO ESTABLISH AND MAINTAIN A SYSTEM TO SUPERVISE THE ACTIVITIES OF EACH REGISTERED REPRESENTATIVE AND ASSOCIATED PERSON THAT IS REASONABLY



DESIGNED TO ACHIEVE COMPLIANCE WITH NASDAQ REGISTRATION REQUIREMENTS. SPECIFICALLY, THE FIRM HAD NO SUPERVISORY SYSTEM OR WSPS IN PLACE TO ENSURE THAT IT ACHIEVED COMPLIANCE WITH NASDAQ REGISTRATION AND QUALIFICATION REQUIREMENTS. THEREFORE, THE FIRM VIOLATED NASDAQ GENERAL 9, SECTIONS 1(A) AND 20(A), AND NASDAQ RULES 3010(A) AND 2010A.

Initiated By: NASDAQ STOCK MARKET

Date Initiated: 07/20/2022

Docket/Case Number: 2017053210202

Principal Product Type: Other

Other Product Type(s): UNSPECIFIED SECURITIES

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 07/20/2022

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 \$89,583.34

Other Sanctions Ordered: UNDERTAKING

Sanction Details: THE FIRM WAS CENSURED, FINED A TOTAL OF \$775,000, OF WHICH \$89,583.34 IS PAYABLE TO NASDAQ, AND REQUIRED TO REVIEW AND REVISE ITS SUPERVISORY SYSTEM, INCLUDING ITS WSPS, WITH RESPECT TO THE FINDINGS DESCRIBED IN THE AWC CONCERNING THE FIRM'S SUPERVISION FOR POTENTIALLY MANIPULATIVE TRADING BY CUSTOMERS AND COMPLIANCE WITH NASDAQ REGISTRATION REQUIREMENTS.

Reporting Source: Firm

Current Status: Final



Allegations:	DURING THE PERIOD BETWEEN JUNE 9, 2017 THROUGH DECEMBER 31, 2019 (THE "RELEVANT PERIOD"), SAGETRADER FAILED TO REASONABLY SUPERVISE FOR POTENTIALLY MANIPULATIVE TRADING ON ITS PLATFORMS. THE AUTOMATED SURVEILLANCE SYSTEM THAT THE FIRM USED TO DETECT POTENTIALLY MANIPULATIVE TRADING SUCH AS LAYERING, SPOOFING, WASH TRADES AND MARKING THE CLOSE DID NOT SURVEIL FOR MARKING THE OPEN UNTIL OCTOBER 2018. IN ADDITION, THE FIRM'S REVIEW OF THE SURVEILLANCE ALERTS WAS UNREASONABLE. FURTHER, THE FIRM'S GUIDANCE TO AND SUPERVISION OF THE ASSIGNED REVIEWERS WAS UNREASONABLE. IN ADDITION, SAGETRADER FAILED TO PROPERLY REGISTER 11 INDIVIDUALS WITH NASDAQ, AND FAILED TO HAVE REASONABLY DESIGNED WRITTEN SUPERVISORY PROCEDURES ("WSPS") TO ACHIEVE COMPLIANCE WITH NASDAQ REGISTRATION REQUIREMENTS DURING THE RELEVANT PERIOD.
Initiated By:	THE NASDAQ STOCK MARKET LLC ("NASDAQ")
Date Initiated:	07/20/2022
Docket/Case Number:	2017053210202
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:	07/20/2022
Sanctions Ordered:	Censure Monetary/Fine \$89,583.34
Other Sanctions Ordered:	AN UNDERTAKING TO REVIEW AND REVISE THE FIRM'S SUPERVISORY SYSTEM, INCLUDING ITS WSPS, WITH RESPECT TO THE FINDINGS DESCRIBED ABOVE CONCERNING THE FIRM'S SUPERVISION FOR POTENTIALLY MANIPULATIVE TRADING BY CUSTOMERS AND COMPLIANCE WITH NASDAQ REGISTRATION REQUIREMENTS.
Sanction Details:	A \$775,000 FINE, OF WHICH \$89,583.34 SHALL BE PAID TO THE NASDAQ STOCK MARKET LLC ("NASDAQ"). AN UNDERTAKING TO REVIEW AND REVISE THE FIRM'S SUPERVISORY SYSTEM, INCLUDING ITS WSPS, WITH RESPECT TO THE FINDINGS DESCRIBED ABOVE CONCERNING THE FIRM'S SUPERVISION FOR POTENTIALLY MANIPULATIVE TRADING BY CUSTOMERS

**Disclosure 11 of 16****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 REASONABLY SUPERVISE FOR POTENTIALLY MANIPULATIVE TRADING ON ITS PLATFORMS. THE FINDINGS STATED THAT THE FIRM'S SUPERVISORY SYSTEM, INCLUDING WRITTEN SUPERVISORY PROCEDURES (WSPS), FOR POTENTIAL MANIPULATIVE TRADING ON ITS PLATFORMS WAS NOT REASONABLE IN SEVERAL RESPECTS. FIRST, THE FIRM'S AUTOMATED SURVEILLANCE GENERATED POST-TRADE ALERTS FOR POTENTIAL SPOOFING, LAYERING, WASH TRADES, AND MARKING THE CLOSE, BUT ITS AUTOMATED SURVEILLANCE DID NOT SURVEIL FOR MARKING THE OPEN. SECOND, THE FIRM'S REVIEW OF THE ALERTS WAS NOT REASONABLE. FURTHER, THE FIRM'S FIRST-LEVEL REVIEWERS WERE PERMITTED TO CLOSE SURVEILLANCE ALERTS FOR POTENTIALLY MANIPULATIVE TRADING WITHOUT ANY OVERSIGHT OR SUPERVISION BY A FIRM PRINCIPAL. THIRD, THE FIRM'S WSPS FAILED TO PROVIDE REASONABLE GUIDANCE ON HOW TO REVIEW FOR POTENTIALLY MANIPULATIVE TRADING. THE FIRM'S WSPS DIRECTED REVIEWERS TO SEEK CUSTOMER EXPLANATIONS FOR ALERTS "OF CONCERN." BASED ON THEIR ANALYSIS, THE REVIEWERS COULD CLOSE THE ALERT IF IT DID NOT "APPEAR TO BE EGREGIOUS," BUT WERE SUPPOSED TO ESCALATE "SIGNIFICANT ALERTS" TO THE ALERT REVIEW COMMITTEE. THERE WAS NO GUIDANCE AS TO WHAT CONSTITUTED A "SIGNIFICANT" ALERT THAT REQUIRED ESCALATION. NOR WAS THERE ANY GUIDANCE AS TO WHAT RENDERED ALERTS "OF CONCERN" OR HOW TO DETERMINE WHETHER AN ALERT APPEARED TO BE EGREGIOUS. FOURTH, THE FIRM'S SUPERVISORY SYSTEM WAS UNREASONABLE, BECAUSE WHILE THE FIRM FOCUSED ON RESOLVING INDIVIDUAL ALERTS GENERATED BY EACH SEPARATE TRADER AT EACH CUSTOMER, AND TERMINATED SOME INDIVIDUAL TRADERS, THE FIRM DID NOT HAVE A SYSTEM IN PLACE TO CONSIDER THE TOTAL ALERTS GENERATED BY MULTIPLE TRADERS AT THE SAME CUSTOMER IN ORDER TO EVALUATE THE AGGREGATE REGULATORY RISK PRESENTED BY A CUSTOMER'S OVERALL TRADING ACTIVITY. FIFTH, THE FIRM HAD IDENTIFIED ONE CUSTOMER AS "HIGH RISK," WHICH, ACCORDING TO THE FIRM, REQUIRED "ENHANCED" SURVEILLANCE. BUT THE FIRM HAD NO SYSTEM OR PROCEDURES FOR CONDUCTING "ENHANCED" SURVEILLANCE AND, IN FACT, DID NOT DO SO. FINALLY, THE FIRM DID NOT ROUTINELY DOCUMENT THE ALERT REVIEWS IT CONDUCTED, AND FOR THE ALERT REVIEWS THAT IT DID DOCUMENT, THE DOCUMENTATION WAS NOT ALWAYS SUFFICIENT. FOR THESE REASONS, THE FIRM VIOLATED



NYSE ARCA RULE 11.18. THE FINDINGS ALSO STATED THAT THE FIRM DID NOT COMPLY WITH NYSE ARCA REGISTRATION REQUIREMENTS. THE FIRM FAILED TO REGISTER TWO EMPLOYEES AS GENERAL SECURITIES PRINCIPALS AND GENERAL SECURITIES REPRESENTATIVES WITH NYSE ARCA. THE FIRM ALSO DID NOT REGISTER EIGHT OTHER EMPLOYEES AS GENERAL SECURITIES REPRESENTATIVES WITH NYSE ARCA. AS A RESULT, THE FIRM VIOLATED NYSE ARCA RULES 2.1210, 2.1220(A)(2), 2.1220(B)(2), AND 2.24. THE FIRM'S WSPS ALSO WERE NOT REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH NYSE ARCA REGISTRATION REQUIREMENTS. SPECIFICALLY, THE FIRM HAD NO SUPERVISORY SYSTEM OR WSPS IN PLACE TO ENSURE THAT IT COMPLIED WITH NYSE ARCA REGISTRATION AND QUALIFICATION REQUIREMENTS. THEREFORE, THE FIRM ALSO VIOLATED NYSE ARCA RULE 11.18 FOR THIS REASON.

Initiated By: NYSE ARCA, INC.

Date Initiated: 07/06/2022

Docket/Case Number: 2017053210205

Principal Product Type: Other

Other Product Type(s): UNSPECIFIED SECURITIES

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 07/06/2022

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 \$89,583.34

Other Sanctions Ordered: UNDERTAKING

Sanction Details: THE FIRM WAS CENSURED, FINED A TOTAL OF \$775,000, OF WHICH \$89,583.34 IS PAYABLE TO NYSE ARCA, AND REQUIRED TO REVIEW AND REVISE ITS SUPERVISORY SYSTEM INCLUDING ITS WSPS, WITH RESPECT TO THE FINDINGS DESCRIBED IN THE AWC CONCERNING THE FIRM'S SUPERVISION FOR POTENTIALLY MANIPULATIVE TRADING BY



CUSTOMERS AND COMPLIANCE WITH NYSE ARCA REGISTRATION REQUIREMENTS.

Reporting Source:	Firm
Current Status:	Final
Allegations:	DURING THE PERIOD BETWEEN OCTOBER 4, 2017 THROUGH DECEMBER 31, 2019 (THE "RELEVANT PERIOD"), SAGETRADER, LLC VIOLATED NYSE ARCA RULE 11.18 BY FAILING TO ESTABLISH, MAINTAIN AND ENFORCE A SUPERVISORY SYSTEM, INCLUDING WRITTEN SUPERVISORY PROCEDURES ("WSPS"), REASONABLY DESIGNED TO REVIEW FOR POTENTIALLY MANIPULATIVE TRADING AND, SEPARATELY, TO ACHIEVE COMPLIANCE WITH NYSE ARCA REGISTRATION REQUIREMENTS. IN ADDITION, SAGETRADER, LLC FAILED TO PROPERLY REGISTER TEN (10) INDIVIDUAL EMPLOYEES WITH NYSE ARCA, INC.
Initiated By:	NYSE ARCA, INC.
Date Initiated:	07/20/2022
Docket/Case Number:	2017053210205
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:	07/20/2022
Sanctions Ordered:	Censure Monetary/Fine \$89,583.34
Other Sanctions Ordered:	AN UNDERTAKING TO REVIEW AND REVISE THE FIRM'S SUPERVISORY SYSTEM, INCLUDING ITS WSPS, WITH RESPECT TO THE FINDINGS DESCRIBED ABOVE CONCERNING THE FIRM'S SUPERVISION FOR POTENTIALLY MANIPULATIVE TRADING BY CUSTOMERS AND COMPLIANCE WITH NYSE ARCA REGISTRATION REQUIREMENTS.
Sanction Details:	A \$775,000 FINE, OF WHICH \$89,583.34 SHALL BE PAID TO NYSE ARCA, INC.. AN UNDERTAKING TO REVIEW AND REVISE THE FIRM'S SUPERVISORY SYSTEM, INCLUDING ITS WSPS, WITH RESPECT TO THE FINDINGS DESCRIBED ABOVE CONCERNING THE FIRM'S SUPERVISION FOR



POTENTIALLY MANIPULATIVE TRADING BY CUSTOMERS

Disclosure 12 of 16

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 REASONABLY SUPERVISE FOR POTENTIALLY MANIPULATIVE TRADING ON ITS PLATFORMS. THE FINDINGS STATED THAT THE FIRM'S SUPERVISORY SYSTEM, INCLUDING WRITTEN SUPERVISORY PROCEDURES (WSPS), FOR POTENTIAL MANIPULATIVE TRADING ON ITS PLATFORMS WAS NOT REASONABLE IN SEVERAL RESPECTS. FIRST, THE FIRM DID NOT CONDUCT ANY SUPERVISORY REVIEWS FOR POTENTIALLY MANIPULATIVE TRADING, SUCH AS LAYERING, SPOOFING, WASH TRADES, OR MARKING THE CLOSE OR OPEN. SECOND, THE FIRM IMPLEMENTED AN AUTOMATED SURVEILLANCE SYSTEM THAT GENERATED POST-TRADE ALERTS FOR POTENTIAL SPOOFING, LAYERING, WASH TRADES, AND MARKING THE CLOSE BUT THAT SYSTEM DID NOT SURVEIL FOR MARKING THE OPEN. ALSO, DUE TO A CODING ERROR, THE SYSTEM DID NOT CAPTURE THE TRADING ACTIVITY OF APPROXIMATELY 70 INDIVIDUAL TRADERS OF ONE OF THE FIRM'S HIGH-RISK CUSTOMERS. THIRD, THE FIRM'S REVIEW OF THE ALERTS WAS NOT REASONABLE. FURTHER, THE FIRM'S FIRST-LEVEL REVIEWERS WERE PERMITTED TO CLOSE SURVEILLANCE ALERTS FOR POTENTIALLY MANIPULATIVE TRADING WITHOUT ANY OVERSIGHT OR SUPERVISION BY A FIRM PRINCIPAL. FOURTH, THE FIRM'S WSPS FAILED TO PROVIDE REASONABLE GUIDANCE ON HOW TO REVIEW FOR POTENTIALLY MANIPULATIVE TRADING. THE FIRM'S WSPS REQUIRED REVIEWERS TO ESCALATE "SIGNIFICANT" ALERTS TO AN ALERT REVIEW COMMITTEE. THE FIRM'S PROCEDURES, HOWEVER, DID NOT EXPLAIN WHAT QUALIFIED AS A "SIGNIFICANT" ALERT. NOR WAS IT CLEAR WHAT ADDITIONAL STEPS THE REVIEWERS SHOULD TAKE WHEN REVIEWING ALERTS. FIFTH, THE FIRM'S SUPERVISORY SYSTEM WAS UNREASONABLE, BECAUSE WHILE THE FIRM FOCUSED ON RESOLVING INDIVIDUAL ALERTS GENERATED BY EACH SEPARATE TRADER AT EACH CUSTOMER, AND TERMINATED SOME INDIVIDUAL TRADERS, THE FIRM DID NOT HAVE A SYSTEM IN PLACE TO CONSIDER THE TOTAL ALERTS GENERATED BY MULTIPLE TRADERS AT THE SAME CUSTOMER IN ORDER TO EVALUATE THE AGGREGATE REGULATORY RISK PRESENTED BY A CUSTOMER'S OVERALL TRADING ACTIVITY. SIXTH, THE FIRM IDENTIFIED TWO CUSTOMERS AS "HIGH RISK," WHICH, ACCORDING TO THE FIRM, REQUIRED "ENHANCED" SURVEILLANCE. BUT THE FIRM HAD NO SYSTEM OR PROCEDURES FOR CONDUCTING "ENHANCED" SURVEILLANCE AND, IN FACT, DID NOT DO SO. FINALLY, THE FIRM DID NOT ROUTINELY DOCUMENT



THE ALERT REVIEWS IT CONDUCTED, AND FOR THE ALERT REVIEWS THAT IT DID DOCUMENT, THE DOCUMENTATION WAS NOT ALWAYS SUFFICIENT.

Initiated By: FINRA

Date Initiated: 07/20/2022

Docket/Case Number: [2017053210201](#)

Principal Product Type: Other

Other Product Type(s): UNSPECIFIED SECURITIES

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 07/20/2022

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 \$83,333.33

Other Sanctions Ordered: UNDERTAKING

Sanction Details: THE FIRM WAS CENSURED, FINED A TOTAL OF \$775,000, OF WHICH \$83,333.33 IS PAYABLE TO FINRA, AND REQUIRED TO REVIEW AND REVISE ITS SUPERVISORY SYSTEM INCLUDING ITS WSPS, WITH RESPECT TO THE FINDINGS DESCRIBED IN THE AWC CONCERNING THE FIRM'S SUPERVISION FOR POTENTIALLY MANIPULATIVE TRADING BY CUSTOMERS. FINE PAID IN FULL ON JULY 28, 2022.

Reporting Source: Firm

Current Status: Final

Allegations: FROM 2013 THROUGH 2019 (THE "RELEVANT PERIOD"), SAGETRADER FAILED TO REASONABLY SUPERVISE FOR POTENTIALLY MANIPULATIVE TRADING ON ITS PLATFORMS. PRIOR TO 2015, THE FIRM LACKED A SUPERVISORY SYSTEM TO DETECT POTENTIALLY MANIPULATIVE TRADING SUCH AS LAYERING, SPOOFING, WASH TRADES, OR MARKING



THE CLOSE. IN 2015, SAGETRADER IMPLEMENTED AN AUTOMATED SURVEILLANCE SYSTEM THAT GENERATED ALERTS TO MONITOR FOR VARIOUS FORMS OF POTENTIAL MANIPULATION. HOWEVER, THE SYSTEM FAILED TO CAPTURE 70 TRADERS OF A CLIENT FOR FIVE MONTHS. IN ADDITION, THE FIRM'S REVIEW OF THE SURVEILLANCE ALERTS WAS UNREASONABLE. FURTHER, THE FIRM'S GUIDANCE TO AND SUPERVISION OF THE ASSIGNED REVIEWERS WAS UNREASONABLE.

Initiated By: FINRA

Date Initiated: 07/20/2022

Docket/Case Number: [2017053210201](#)

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: 07/20/2022

Sanctions Ordered: Censure
Monetary/Fine \$83,333.33

Other Sanctions Ordered: AN UNDERTAKING TO REVIEW AND REVISE THE FIRM'S SUPERVISORY SYSTEM, INCLUDING ITS WSPS, WITH RESPECT TO THE FINDINGS DESCRIBED ABOVE CONCERNING THE FIRM'S SUPERVISION FOR POTENTIALLY MANIPULATIVE TRADING BY CUSTOMERS.

Sanction Details: A \$775,000 FINE, OF WHICH \$83,333.33 SHALL BE PAID TO FINRA. AN UNDERTAKING TO REVIEW AND REVISE THE FIRM'S SUPERVISORY SYSTEM, INCLUDING ITS WSPS, WITH RESPECT TO THE FINDINGS DESCRIBED ABOVE CONCERNING THE FIRM'S SUPERVISION FOR POTENTIALLY MANIPULATIVE TRADING BY CUSTOMERS

Disclosure 13 of 16

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 ACCEPTED 23 MARKET ORDERS TO PURCHASE SHARES IN 11 NEW ISSUES PRIOR TO



THE COMMENCEMENT OF TRADING IN THE SECONDARY MARKET FOR THOSE NEW ISSUES. THE FINDINGS STATED THAT THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH FINRA RULE 5131.

Initiated By: FINRA

Date Initiated: 04/06/2017

Docket/Case Number: [2016049897301](#)

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: 04/06/2017

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 \$12,500.00

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

Sanction Details: THE FIRM WAS CENSURED, FINED \$12,500 AND UNDERTAKES TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES. FINES PAID IN FULL ON MAY 3, 2017.

Reporting Source: Firm

Current Status: Final

Allegations: THE FINRA MARKET QUALITY TEAM OF THE DEPARTMENT OF MARKET REGULATION REVIEWED THE FIRM'S COMPLIANCE WITH FINRA RULE 5131 DURING THE PERIOD FROM JULY 1 THROUGH DECEMBER 31, 2015. BASED ON ITS REVIEW, THE STAFF FOUND THAT THE FIRM VIOLATED FINRA



RUKLES 2010, 3110 AND 5131(D)(4).

Initiated By: FINRA

Date Initiated: 08/03/2016

Docket/Case Number: 20160498973-01

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: CENSURE, TOTAL FINE OF \$12,500 (\$7,500 FOR VIOLATION OF FINRA RULE 5131 AND \$5,000 FINE FOR SUPERVISION VIOLATION), MUST REVISE WRITTEN SUPERVISORY PROCEDURES.

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 04/06/2017

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

Other Sanctions Ordered: REVISE WRITTEN SUPERVISORY PROCEDURES.

Sanction Details: NONE

Firm Statement CENSURE, TOTAL FINE OF \$12,500 (\$7,500 FOR VIOLATION OF FINRA RULE 5131 AND \$5,000 FINE FOR SUPERVISION VIOLATION), MUST REVISE WRITTEN SUPERVISORY PROCEDURES.

Disclosure 14 of 16

Reporting Source: Firm

Current Status: Final

Allegations: VIOLATION OF PSE RULE VI SEC. 39 (B), OFPA F-4 (EATING ON FLOOR OF THE EXCHANGE)

Initiated By: PACIFIC STOCK EXCHANGE

Date Initiated: 05/26/1983

Docket/Case Number: UNKNOWN

Principal Product Type: No Product

Other Product Type(s):



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

Other Sanction(s)/Relief Sought:

Resolution: Decision & Order of Offer of Settlement

Resolution Date: 05/26/1983

Sanctions Ordered: Monetary/Fine \$10.00

Other Sanctions Ordered: NONE.

Sanction Details: THE \$10.00 FINE WAS PAID ON OR ABOUT 5/26/1983. NO PORTION OF THE FINE WAS WAIVED.

Disclosure 15 of 16

Reporting Source: Firm

Current Status: Final

Allegations: VIOLATION OF RULE VI SEC 5. 3 INSTANCES OF CONTRACT POSITION LIMIT EXCEEDED

Initiated By: PACIFIC STOCK EXCHANGE

Date Initiated: 11/30/1989

Docket/Case Number: UNKNOWN

Principal Product Type: Options

Other Product Type(s):

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

Other Sanction(s)/Relief Sought:

Resolution: Settled

Resolution Date: 11/30/1989

Sanctions Ordered: Monetary/Fine \$500.00

Other Sanctions Ordered:

Sanction Details: \$500.00 FINE PAID BY APPLICANT ON OR ABOUT 11/30/1989. NO PORTION OF FINE WAS WAIVED.

Firm Statement \$500.00 FINE PAID.



Disclosure 16 of 16

Reporting Source:	Regulator
Current Status:	Final
Allegations:	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO TIMELY REPORT REPORTABLE ORDER EVENTS (ROES). THE FINDINGS STATED THAT THE FIRM ALSO HAD A SUPERVISORY SYSTEM THAT DID NOT INCLUDE WSPS PROVIDING FOR SUPERVISORY STEPS REASONABLY DESIGNED TO ENSURE THE FIRM'S OATS SUBMISSIONS WERE TIMELY, ACCURATE, AND COMPLETE.
Initiated By:	FINRA
Date Initiated:	11/23/2015
Docket/Case Number:	2014043003201
Principal Product Type:	Other
Other Product Type(s):	REPORTABLE ORDER EVENTS
Principal Sanction(s)/Relief Sought:	Other
Other Sanction(s)/Relief Sought:	N/A
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	11/23/2015
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 \$20,000.00
Other Sanctions Ordered:	
Sanction Details:	THE FIRM WAS CENSURED AND FINED \$20,000. FINE PAID IN FULL ON DECEMBER 23, 2015.



Reporting Source:	Firm
Current Status:	Final
Allegations:	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE ENTRY OF FINDINGS THAT IT FAILED TO TIMELY REPORT REPORTABLE ORDER EVENTS (ROES). THE FINDINGS STATED THAT THE FIRM ALSO HAD A SUPERVISORY SYSTEM THAT DID NOT INCLUDE WASPS PROVIDING FOR SUPERVISORY STEPS REASONABLY DESIGNED TO ENSURE THE FIRM'S OATS SUBMISSIONS WERE TIMELY, ACCURATE, AND COMPLETE.
Initiated By:	FINRA
Date Initiated:	11/23/2015
Docket/Case Number:	2014043003201
Principal Product Type:	Other
Other Product Type(s):	REPORTABLE ORDER EVENTS
Principal Sanction(s)/Relief Sought:	Other
Other Sanction(s)/Relief Sought:	N/A
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	11/23/2015
Sanctions Ordered:	Censure Monetary/Fine \$20,000.00
Other Sanctions Ordered:	
Sanction Details:	THE FIRM WAS CENSURED AND FINED \$20,000
Firm Statement	DURING THE REVIEW PERIOD, SAGETRADER WAS MAKING A DIFFICULT TRANSITION TO A NEW ORDER MANAGEMENT SYSTEM ("OMS") THAT REQUIRED A COMPLETE CHANGE AND AUTOMATION OF THE FIRM'S OATS REPORTING PROCESS. THERE WAS NO TOTAL FAILURE OF ITS OATS REPORTING ON ANY DAY AND NO MISSING OR UNACCOUNTED FOR ROES. FURTHERMORE, 74% OF THE LATE ROES OCCURRED ON JUST 3 DAYS IN AUGUST 2014. THESE EXTENUATING CIRCUMSTANCES WERE THE CAUSE OF LATE THE ROES.

End of Report



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