

BrokerCheck Report

LIGHTSPEED TRADING, LLC

CRD# 35519

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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)



LIGHTSPEED TRADING, LLC

CRD# 35519

SEC# 8-46795

Main Office Location

1001 AVENUE OF THE AMERICAS
16TH FLOOR
NEW YORK, NY 10018

Mailing Address

1001 AVENUE OF THE AMERICAS
16TH FLOOR
NEW YORK, NY 10018

Business Telephone Number

(646) 393-4800

Report Summary for this Firm

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

Firm Profile

This firm is classified as a limited liability company.

This firm was formed in New York on 08/25/1998.

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 brokerage firm is no longer registered with FINRA or a national securities exchange.

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	18
Arbitration	1

Registration Withdrawal Information

This section provides information relating to the date the brokerage firm ceased doing business and the firm's financial obligations to customers or other brokerage firms.



**This firm terminated or
withdrew registration on:** 05/04/2018

**Does this brokerage firm owe
any money or securities to
any customer or brokerage
firm?** No



Firm Profile

This firm is classified as a limited liability company.

This firm was formed in New York on 08/25/1998.

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.

LIGHTSPEED TRADING, LLC

Doing business as LIGHTSPEED TRADING, LLC

CRD# 35519

SEC# 8-46795

Main Office Location

1001 AVENUE OF THE AMERICAS
16TH FLOOR
NEW YORK, NY 10018

Mailing Address

1001 AVENUE OF THE AMERICAS
16TH FLOOR
NEW YORK, NY 10018

Business Telephone Number

(646) 393-4800



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):	PROFESSIONAL TRADING SOLUTIONS, INC.
Is this a domestic or foreign entity or an individual?	Domestic Entity
Position	DIRECT OWNER
Position Start Date	08/2009
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):	GIBB, THOMAS ANTHONY 4750905
Is this a domestic or foreign entity or an individual?	Individual
Position	CO-PRESIDENT
Position Start Date	11/2015
Percentage of Ownership	Less than 5%
Does this owner direct the management or policies of the firm?	Yes
Is this a public reporting company?	No

Legal Name & CRD# (if any):	LYONS, JASON ROBERT 2921790
Is this a domestic or foreign entity or an individual?	Individual
Position	FINOP
Position Start Date	06/2017

Firm Profile



Direct Owners and Executive Officers (continued)

Percentage of Ownership Less than 5%

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

Is this a public reporting company? No

Legal Name & CRD# (if any): NAIB, FARID AHMED
6285310

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

Position CEO

Position Start Date 10/2014

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): PETZOLD, KEITH WILLIAM
2944070

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

Position CHIEF COMPLIANCE OFFICER

Position Start Date 11/2005

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):	LLR EQUITY PARTNERS III, LP
Is this a domestic or foreign entity or an individual?	Domestic Entity
Company through which indirect ownership is established	PROFESSIONAL TRADING SOLUTIONS, INC.
Relationship to Direct Owner	SHAREHOLDER - SERIES A SECURITIES
Relationship Established	10/2010
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

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 no longer registered.

The firm's registration was from 06/23/1994 to 09/24/2018.



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 6 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

U S. government securities broker

Put and call broker or dealer or option writer

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

Other - LIGHTSPEED TRADING, LLC IS A NFA INTRODUCING BROKER, INTRODUCING CUSTOMER FUTURES FULLY DISCLOSED TO A FCM.

Other Types of Business

This firm does not effect transactions in commodities, commodity futures, or commodity options.

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

Non-Securities Business Description:



Firm Operations

Clearing Arrangements

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

Introducing Arrangements

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

Name: INTERACTIVE BROKERS LLC
CRD #: 36418
Business Address: ONE PICKWICK PLAZA
GREENWICH, CT 06830
Effective Date: 07/01/2015
Description: LIGHTSPEED TRADING, LLC INTRODUCES CUSTOMER BUSINESS ON A FULLY DISCLOSED BASIS TO INTERACTIVE BROKERS, LLC.

Name: WEDBUSH SECURITIES INC.
CRD #: 877
Business Address: 1000 WILSHIRE BLVD
SUITE 900
LOS ANGELES, CA 90017
Effective Date: 11/05/2014
Description: LIGHTSPEED TRADING, LLC INTRODUCES CUSTOMER BUSINESS ON A FULLY DISCLOSED BASIS TO WEDBUSH SECURITIES.

Firm Operations

Industry Arrangements



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

Name: INTERACTIVE BROKERS LLC
CRD #: 36418
Business Address: ONE PICKWICK PLAZA
 GREENWICH, CT 06830
Effective Date: 07/01/2015
Description: LIGHTSPEED TRADING LLC INTRODUCES CUSTOMER BUSINESS ON A FULLY DISCLOSED BASIS TO INTERACTIVE BROKERS, LLC.

Name: WEDBUSH SECURITIES INC.
CRD #: 877
Business Address: 1000 WILSHIRE BLVD
 SUITE 900
 LOS ANGELES, CA 90017
Effective Date: 11/05/2014
Description: LIGHTSPEED TRADING LLC INTRODUCES CUSTOMER BUSINESS ON A FULLY DISCLOSED BASIS TO WEDBUSH SECURITIES INC.

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

Name: INTERACTIVE BROKERS LLC
CRD #: 36418
Business Address: ONE PICKWICK PLAZA
 GREENWICH, CT 06830
Effective Date: 07/01/2015
Description: A DEPOSIT ACCOUNT WILL BE MAINTAINED AT THE CLEARING FIRM.

Name: WEDBUSH SECURITIES INC.
CRD #: 877
Business Address: 1000 WILSHIRE BLVD
 SUITE 900
 LOS ANGELES, CA 90017
Effective Date: 11/05/2014
Description: A DEPOSIT ACCOUNT WILL BE MAINTAINED AT THE CLEARING FIRM.



Firm Operations

Industry Arrangements (continued)

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

Name: INTERACTIVE BROKERS LLC
CRD #: 36418
Business Address: ONE PICKWICK PLAZA
GREENWICH, CT 06830
Effective Date: 07/01/2015
Description: LIGHTSPEED TRADING, LLC INTRODUCES CUSTOMER BUSINESS ON A FULLY DISCLOSED BASIS TO INTERACTIVE BROKERS LLC. ALL ACCOUNTS, FUNDS AND SECURITIES WILL BE HELD AND MAINTAINED BY INTERACTIVE BROKERS.

Name: WEDBUSH SECURITIES INC.
CRD #: 877
Business Address: 100 WILSHIRE BLVD
SUITE 900
LOS ANGELES, CA 90017
Effective Date: 11/05/2014
Description: LIGHTSPEED TRADING, LLC INTRODUCES CUSTOMER BUSINESS ON A FULLY DISCLOSED BASIS TO WEDBUSH SECURITIES. ALL ACCOUNTS, FUNDS AND SECURITIES WILL BE HELD AND MAINTAINED BY WEDBUSH.

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.

STERLING TRADER EXECUTION SERVICES, INC. is under common control with the firm.

CRD #:	159128
Business Address:	1001 AVENUE OF THE AMERICAS 16TH FLOOR NEW YORK, NY 10018
Effective Date:	07/01/2015
Foreign Entity:	No
Country:	
Securities Activities:	Yes
Investment Advisory Activities:	No
Description:	THE 100% DIRECT OWNER OF LIGHTSPEED TRADING, LLC, PROFESSIONAL TRADING SOLUTIONS INC OWNS THE ENTITY (PTS FINANCIAL TECHNOLOGY LLC) THAT IS THE 100% DIRECT OWNER OF STERLING TRADER EXECUTION SERVICES, INC.

PTS FINANCIAL TECHNOLOGY, LLC is under common control with the firm.

Business Address:	1001 AVENUE OF THE AMERICAS 16TH FLOOR NEW YORK, NY 10018
Effective Date:	04/01/2014
Foreign Entity:	No
Country:	
Securities Activities:	No
Investment Advisory Activities:	No

Firm Operations



Organization Affiliates (continued)

Description: PTS FINANCIAL TECHNOLOGY, LLC IS 100% OWNED BY PROFESSIONAL TRADING SOLUTIONS INC., THE DIRECT OWNER OF THE BROKER DEALER.

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	18	0
Arbitration	N/A	1	N/A



Disclosure Event Details

What you should know about reported disclosure events:

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

Regulatory - Final

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

Disclosure 1 of 18

Reporting Source: Regulator
Current Status: Final



Allegations:	THE FIRM WAS NAMED A RESPONDENT IN A FINRA COMPLAINT ALLEGING THAT IT FAILED TO ESTABLISH, DOCUMENT AND MAINTAIN AN ADEQUATE SYSTEM OF RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES, INCLUDING CERTAIN POST-TRADE RISK CONTROLS, TO ENSURE COMPLIANCE WITH APPLICABLE FEDERAL SECURITIES LAWS AND REGULATIONS AND RULES OF FINRA AND EXCHANGES, INCLUDING BZX. THE COMPLAINT ALLEGES THAT AS A RESULT, THE FIRM ALSO FAILED TO PROPERLY SUPERVISE THE ACTIVITIES OF ITS MARKET ACCESS CUSTOMERS. AS A MARKET ACCESS PROVIDER, THE FIRM WAS RESPONSIBLE FOR MONITORING AND REVIEWING ITS MARKET ACCESS CUSTOMERS' ORDERS TO DETECT AND REPORT SUSPICIOUS AND POTENTIALLY MANIPULATIVE TRADES, AND TO ENSURE THAT ORDERS ENTERED VIA ITS REGISTERED MARKET PARTICIPANT IDENTIFIERS FULLY COMPLIED WITH APPLICABLE FEDERAL SECURITIES LAWS AND REGULATIONS AND THE RULES OF BZX. YET DESPITE APPLICABLE RULES AND GUIDANCE, THE FIRM FAILED TO ADEQUATELY SURVEIL FOR, AND PREVENT, VARIOUS FORMS OF POTENTIALLY MANIPULATIVE TRADING ACTIVITY BY ITS MARKET ACCESS CUSTOMERS ON MULTIPLE MARKETS, INCLUDING BZX. BY FAILING TO ESTABLISH ADEQUATE CONTROLS AND PROCEDURES, AND FAILING TO PROPERLY MONITOR AND SUPERVISE THE ACTIVITIES OF ITS MARKET ACCESS CUSTOMERS, THE FIRM WILLFULLY VIOLATED RULE 15C3-5 OF THE SECURITIES EXCHANGE ACT OF 1934 AND BZX RULES 3.1, 3.2, 5.1, AND 5.4.
Initiated By:	BATS BZX EXCHANGE, INC.
Date Initiated:	02/28/2017
Docket/Case Number:	2013035468205
Principal Product Type:	No Product
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Other
Other Sanction(s)/Relief Sought:	N/A
Resolution:	Decision & Order of Offer of Settlement
Resolution Date:	11/10/2017
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 \$41,428.57
Other Sanctions Ordered:	UNDERTAKING
Sanction Details:	THE FIRM IS CENSURED, FINED IN THE TOTAL AMOUNT OF \$290,000 (TO BE PAID COLLECTIVELY WITH VARIOUS EXCHANGES), OF WHICH \$41,428.57 SHALL BE PAID TO BZX, AND SHALL ALSO COMPLY WITH AN UNDERTAKING.
Regulator Statement	<p>THE FIRM SUBMITTED AN OFFER OF SETTLEMENT ("OFFER") TO COMPLAINANT DATED OCTOBER 11, 2017. PURSUANT TO BZX RULE 8.8(A), THE COMPLAINANT AND BZX'S CHIEF REGULATORY OFFICER ("CRO") HAS ACCEPTED THE OFFER. ACCORDINGLY, THIS DECISION NOW IS ISSUED PURSUANT TO BZX RULE 8.8(A). THE FINDINGS, CONCLUSIONS AND SANCTIONS SET FORTH IN THIS DECISION ARE THOSE STATED IN THE OFFER AS ACCEPTED BY THE COMPLAINANT AND APPROVED BY CRO. UNDER THE TERMS OF THE OFFER, RESPONDENT HAS CONSENTED, WITHOUT ADMITTING OR DENYING THE ALLEGATIONS OF THE STATEMENT OF CHARGES (AS AMENDED BY THE OFFER), AND SOLELY FOR THE PURPOSES OF THIS PROCEEDING AND ANY OTHER PROCEEDING BROUGHT BY OR ON BEHALF OF BZX OR TO WHICH BZX IS A PARTY, TO THE ENTRY OF FINDINGS AND VIOLATIONS CONSISTENT WITH THE ALLEGATIONS OF THE STATEMENT OF CHARGES (AS AMENDED BY THE OFFER), AND TO THE IMPOSITION OF THE SANCTIONS SET FORTH HEREIN, AND FULLY UNDERSTANDS THAT THIS DECISION WILL BECOME PART OF RESPONDENT'S PERMANENT DISCIPLINARY RECORD AND MAY BE CONSIDERED IN ANY FUTURE ACTIONS BROUGHT BY BZX. IT HAS BEEN DETERMINED THAT THE OFFER BE ACCEPTED AND THAT FINDINGS BE MADE AS FOLLOWS: FROM DECEMBER 2010 THROUGH THE PRESENT (THE "RELEVANT PERIOD"), THE FIRM FAILED TO REASONABLY ESTABLISH, DOCUMENT AND MAINTAIN AN ADEQUATE SYSTEM OF RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES, INCLUDING CERTAIN POST-TRADE RISK CONTROLS, TO ENSURE COMPLIANCE WITH APPLICABLE FEDERAL SECURITIES LAWS AND REGULATIONS AND RULES OF FINRA AND EXCHANGES, INCLUDING BZX. AS A RESULT, THE FIRM ALSO FAILED TO PROPERLY SUPERVISE THE ACTIVITIES OF ITS MARKET ACCESS CUSTOMERS. AS A MARKET ACCESS PROVIDER, THE FIRM WAS RESPONSIBLE FOR MONITORING AND REVIEWING ITS MARKET ACCESS CUSTOMERS' ORDERS TO DETECT AND REPORT SUSPICIOUS AND POTENTIALLY MANIPULATIVE TRADES, AND TO ENSURE THAT ORDERS ENTERED VIA ITS REGISTERED MARKET PARTICIPANT IDENTIFIERS FULLY COMPLIED WITH APPLICABLE FEDERAL SECURITIES LAWS AND REGULATIONS AND THE RULES OF BZX. YET DESPITE APPLICABLE RULES AND GUIDANCE, THE FIRM FAILED TO ADEQUATELY SURVEIL FOR, AND PREVENT, VARIOUS FORMS OF POTENTIALLY MANIPULATIVE TRADING ACTIVITY BY ITS MARKET ACCESS CUSTOMERS ON MULTIPLE MARKETS,</p>



INCLUDING BZX. BY FAILING TO ESTABLISH ADEQUATE CONTROLS AND PROCEDURES, AND FAILING TO PROPERLY MONITOR AND SUPERVISE THE ACTIVITIES OF ITS MARKET ACCESS CUSTOMERS, THE FIRM VIOLATED RULE 15C3-5 OF THE EXCHANGE ACT, AND BZX RULES 3.1, 3.2, 5.1, AND 5.4.

IT IS ORDERED THAT THE FIRM BE CENSURED, FINED IN THE TOTAL AMOUNT OF \$290,000 (TO BE PAID COLLECTIVELY TO BZX, FINRA, THE NASDAQ STOCK MARKET LLC; NYSE ARCA EQUITIES, INC., THE NEW YORK STOCK EXCHANGE LLC, BATS EDGA EXCHANGE, INC., BATS EDGX EXCHANGE, INC.), OF WHICH \$41,428.57 SHALL BE PAID TO BZX. THE FIRM SHALL ALSO COMPLY WITH THE UNDERTAKING IN ACCORDANCE WITH THE TERMS OF THE OFFER.

Reporting Source:	Firm
Current Status:	Final
Allegations:	<p>THE FIRM WAS NAMED A RESPONDENT IN A FINRA COMPLAINT ALLEGING THAT IT FAILED TO ESTABLISH, DOCUMENT AND MAINTAIN AN ADEQUATE SYSTEM OF RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES, INCLUDING CERTAIN POST-TRADE RISK CONTROLS, TO ENSURE COMPLIANCE WITH APPLICABLE FEDERAL SECURITIES LAWS AND REGULATIONS AND RULES OF FINRA AND EXCHANGES, INCLUDING BZX. THE COMPLAINT ALLEGES THAT AS A RESULT, THE FIRM ALSO FAILED TO PROPERLY SUPERVISE THE ACTIVITIES OF ITS MARKET ACCESS CUSTOMERS. AS A MARKET ACCESS PROVIDER, THE FIRM WAS RESPONSIBLE FOR MONITORING AND REVIEWING ITS MARKET ACCESS CUSTOMERS' ORDERS TO DETECT AND REPORT SUSPICIOUS AND POTENTIALLY MANIPULATIVE TRADES, AND TO ENSURE THAT ORDERS ENTERED VIA ITS REGISTERED MARKET PARTICIPANT IDENTIFIERS FULLY COMPLIED WITH APPLICABLE FEDERAL SECURITIES LAWS AND REGULATIONS AND THE RULES OF BZX. YET DESPITE APPLICABLE RULES AND GUIDANCE, THE FIRM FAILED TO ADEQUATELY SURVEIL FOR, AND PREVENT, VARIOUS FORMS OF POTENTIALLY MANIPULATIVE TRADING ACTIVITY BY ITS MARKET ACCESS CUSTOMERS ON MULTIPLE MARKETS, INCLUDING BZX. BY FAILING TO ESTABLISH ADEQUATE CONTROLS AND PROCEDURES, AND FAILING TO PROPERLY MONITOR AND SUPERVISE THE ACTIVITIES OF ITS MARKET ACCESS CUSTOMERS, THE FIRM WILLFULLY VIOLATED RULE 15C3-5 OF THE SECURITIES EXCHANGE ACT OF 1934 AND BZX RULES 3.1, 3.2, 5.1, AND 5.4.</p>
Initiated By:	FINRA ON BEHALF OF BATS BZX EXCHANGE, INC.
Date Initiated:	02/28/2017



Docket/Case Number: 20130354682-05

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Other

Other Sanction(s)/Relief Sought: REQUESTS PANEL TO ORDER THAT ONE OR MORE OF THE SANCTIONS PROVIDED UNDER BZX RULE 8.1(A) INCLUDING EXPULSION, SUSPENSION, DISGORGEMENT, AND MONETARY SANCTIONS BE IMPOSED;ORDER THAT LIGHTSPEED BEAR SUCH COSTS OF THE PROCEEDINGS AS ARE DEEMED FAIR AND APPROPRIATE UNDER THE CIRCUMSTANCES, IN ACCORDANCE WITH BZX RULE 8.13;MAKE SPECIFIC FINDINGS THAT LIGHTSPEED WILLFULLY VIOLATED SECTION 15C3 OF THE EXCHANGE ACT AND RULE 15C3-5; GRANT ALL FURTHER RELIEF, LEGAL OR EQUITABLE THAT IS WARRANTED

Resolution: Decision & Order of Offer of Settlement

Resolution Date: 11/10/2017

Sanctions Ordered: Censure
Monetary/Fine \$41,428.57

Other Sanctions Ordered: UNDERTAKING

Sanction Details: THE FIRM IS CENSURED, FINED IN THE TOTAL AMOUNT OF \$290,000 (TO BE PAID COLLECTIVELY WITH VARIOUS EXCHANGES), OF WHICH \$41,428.57 SHALL BE PAID TO BZX, AND SHALL ALSO COMPLY WITH AN UNDERTAKING.

Firm Statement THE FIRM SUBMITTED AN OFFER OF SETTLEMENT ("OFFER") TO COMPLAINANT DATED OCTOBER 11, 2017. PURSUANT TO BZX RULE 8.8(A), THE COMPLAINANT AND BZX'S CHIEF REGULATORY OFFICER ("CRO") HAS ACCEPTED THE OFFER. UNDER THE TERMS OF THE OFFER, RESPONDENT HAS CONSENTED, WITHOUT ADMITTING OR DENYING THE ALLEGATIONS OF THE STATEMENT OF CHARGES (AS AMENDED BY THE OFFER), AND SOLELY FOR THE PURPOSES OF THIS PROCEEDING AND ANY OTHER PROCEEDING BROUGHT BY OR ON BEHALF OF BZX OR TO WHICH BZX IS A PARTY, TO THE ENTRY OF FINDINGS AND VIOLATIONS CONSISTENT WITH THE ALLEGATIONS OF THE STATEMENT OF CHARGES (AS AMENDED BY THE OFFER), AND TO THE IMPOSITION OF THE SANCTIONS SET FORTH HEREIN. FROM DECEMBER 2010 THROUGH THE PRESENT (THE "RELEVANT PERIOD"), THE FIRM FAILED TO REASONABLY ESTABLISH, DOCUMENT AND MAINTAIN AN ADEQUATE SYSTEM OF RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES, INCLUDING CERTAIN POST-TRADE RISK CONTROLS, TO ENSURE COMPLIANCE WITH APPLICABLE FEDERAL SECURITIES LAWS AND REGULATIONS AND RULES OF FINRA AND EXCHANGES, INCLUDING BZX. AS A RESULT, THE FIRM ALSO FAILED



TO PROPERLY SUPERVISE THE ACTIVITIES OF ITS MARKET ACCESS CUSTOMERS. AS A MARKET ACCESS PROVIDER, THE FIRM WAS RESPONSIBLE FOR MONITORING AND REVIEWING ITS MARKET ACCESS CUSTOMERS' ORDERS TO DETECT AND REPORT SUSPICIOUS AND POTENTIALLY MANIPULATIVE TRADES, AND TO ENSURE THAT ORDERS ENTERED VIA ITS REGISTERED MARKET PARTICIPANT IDENTIFIERS FULLY COMPLIED WITH APPLICABLE FEDERAL SECURITIES LAWS AND REGULATIONS AND THE RULES OF BZX. YET DESPITE APPLICABLE RULES AND GUIDANCE, THE FIRM FAILED TO ADEQUATELY SURVEIL FOR, AND PREVENT, VARIOUS FORMS OF POTENTIALLY MANIPULATIVE TRADING ACTIVITY BY ITS MARKET ACCESS CUSTOMERS ON MULTIPLE MARKETS, INCLUDING BZX. BY FAILING TO ESTABLISH ADEQUATE CONTROLS AND PROCEDURES, AND FAILING TO PROPERLY MONITOR AND SUPERVISE THE ACTIVITIES OF ITS MARKET ACCESS CUSTOMERS, THE FIRM VIOLATED RULE 15C3-5 OF THE EXCHANGE ACT, AND BZX RULES 3.1, 3.2, 5.1, AND 5.4. IT IS ORDERED THAT THE FIRM BE CENSURED, FINED IN THE TOTAL AMOUNT OF \$290,000 (TO BE PAID COLLECTIVELY TO BZX, FINRA, THE NASDAQ STOCK MARKET LLC; NYSE ARCA EQUITIES, INC., THE NEW YORK STOCK EXCHANGE LLC, BATS EDGA EXCHANGE, INC., BATS EDGX EXCHANGE, INC.), OF WHICH \$41,428.57 SHALL BE PAID TO BZX.

Disclosure 2 of 18

Reporting Source: Regulator

Current Status: Final

Allegations: THE FIRM WAS NAMED A RESPONDENT IN A FINRA COMPLAINT ALLEGING THAT IT FAILED TO ESTABLISH, DOCUMENT AND MAINTAIN AN ADEQUATE SYSTEM OF RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES, INCLUDING CERTAIN POST-TRADE RISK CONTROLS, TO ENSURE COMPLIANCE WITH APPLICABLE FEDERAL SECURITIES LAWS AND REGULATIONS AND RULES OF FINRA AND EXCHANGES, INCLUDING EDGA. THE COMPLAINT ALLEGES THAT AS A RESULT, THE FIRM ALSO FAILED TO PROPERLY SUPERVISE THE ACTIVITIES OF ITS MARKET ACCESS CUSTOMERS. AS A MARKET ACCESS PROVIDER, THE FIRM WAS RESPONSIBLE FOR MONITORING AND REVIEWING ITS MARKET ACCESS CUSTOMERS' ORDERS TO DETECT AND REPORT SUSPICIOUS AND POTENTIALLY MANIPULATIVE TRADES, AND TO ENSURE THAT ORDERS ENTERED VIA ITS REGISTERED MARKET PARTICIPANT IDENTIFIERS FULLY COMPLIED WITH APPLICABLE FEDERAL SECURITIES LAWS AND REGULATIONS AND THE RULES OF EDGA. YET DESPITE APPLICABLE RULES AND GUIDANCE, THE FIRM FAILED TO ADEQUATELY SURVEIL FOR, AND PREVENT, VARIOUS FORMS OF POTENTIALLY MANIPULATIVE TRADING ACTIVITY BY ITS MARKET ACCESS CUSTOMERS ON MULTIPLE MARKETS, INCLUDING EDGA. BY FAILING TO ESTABLISH ADEQUATE



CONTROLS AND PROCEDURES, AND FAILING TO PROPERLY MONITOR AND SUPERVISE THE ACTIVITIES OF ITS MARKET ACCESS CUSTOMERS, THE FIRM WILLFULLY VIOLATED RULE 15C3-5 OF THE SECURITIES EXCHANGE ACT OF 1934 AND EDGA RULES 3.1, 3.2, 5.1, AND 5.4.

Initiated By: BATS EDGA EXCHANGE, INC.

Date Initiated: 02/28/2017

Docket/Case Number: 2013035468206

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Other

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

Resolution: Decision & Order of Offer of Settlement

Resolution Date: 11/10/2017

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 \$41,428.57

Other Sanctions Ordered: UNDERTAKING

Sanction Details: THE FIRM IS CENSURED, FINED IN THE TOTAL AMOUNT OF \$290,000 (TO BE PAID COLLECTIVELY WITH OTHER EXCHANGES), OF WHICH \$41,428.57 SHALL BE PAID TO EDGA , AND COMPLY WITH AN UNDERTAKING.

Regulator Statement THE FIRM SUBMITTED AN OFFER OF SETTLEMENT ("OFFER") TO COMPLAINANT DATED OCTOBER 11, 2017. PURSUANT TO EDGA RULE 8.8(A), THE COMPLAINANT AND EDGA'S CHIEF REGULATORY OFFICER ("CRO") HAS ACCEPTED THE OFFER. ACCORDINGLY, THIS DECISION NOW IS ISSUED PURSUANT TO EDGA RULE 8.8(A). THE FINDINGS, CONCLUSIONS AND SANCTIONS SET FORTH IN THIS DECISION ARE THOSE STATED IN THE OFFER AS ACCEPTED BY THE COMPLAINANT AND APPROVED BY CRO. UNDER THE TERMS OF THE OFFER, RESPONDENT HAS CONSENTED, WITHOUT ADMITTING OR DENYING THE ALLEGATIONS OF THE STATEMENT OF CHARGES (AS AMENDED BY THE OFFER), AND SOLELY FOR THE PURPOSES OF THIS PROCEEDING AND ANY OTHER



PROCEEDING BROUGHT BY OR ON BEHALF OF EDGA OR TO WHICH EDGA IS A PARTY, TO THE ENTRY OF FINDINGS AND VIOLATIONS CONSISTENT WITH THE ALLEGATIONS OF THE STATEMENT OF CHARGES (AS AMENDED BY THE OFFER), AND TO THE IMPOSITION OF THE SANCTIONS SET FORTH BELOW, AND FULLY UNDERSTANDS THAT THIS DECISION WILL BECOME PART OF RESPONDENT'S PERMANENT DISCIPLINARY RECORD AND MAY BE CONSIDERED IN ANY FUTURE ACTIONS BROUGHT BY EDGA. IT HAS BEEN DETERMINED THAT THE OFFER BE ACCEPTED AND THAT FINDINGS BE MADE AS FOLLOWS: FROM DECEMBER 2010 THROUGH THE PRESENT (THE "RELEVANT PERIOD"), THE FIRM FAILED REASONABLY TO ESTABLISH, DOCUMENT AND MAINTAIN AN ADEQUATE SYSTEM OF RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES, INCLUDING CERTAIN POST-TRADE RISK CONTROLS, TO ENSURE COMPLIANCE WITH APPLICABLE FEDERAL SECURITIES LAWS AND REGULATIONS AND RULES OF FINRA AND EXCHANGES, INCLUDING EDGA. AS A RESULT, THE FINN ALSO FAILED TO PROPERLY SUPERVISE THE ACTIVITIES OF ITS MARKET ACCESS CUSTOMERS. AS A MARKET ACCESS PROVIDER, THE FIRM WAS RESPONSIBLE FOR MONITORING AND REVIEWING ITS MARKET ACCESS CUSTOMERS' ORDERS TO DETECT AND REPORT SUSPICIOUS AND POTENTIALLY MANIPULATIVE TRADES, AND TO ENSURE THAT ORDERS ENTERED VIA ITS REGISTERED MARKET PARTICIPANT IDENTIFIERS FULLY COMPLIED WITH APPLICABLE FEDERAL SECURITIES LAWS AND REGULATIONS AND THE RULES OF EDGA. YET DESPITE APPLICABLE RULES AND GUIDANCE, THE FIRM FAILED TO ADEQUATELY SURVEIL FOR, AND PREVENT, VARIOUS FORMS OF POTENTIALLY MANIPULATIVE TRADING ACTIVITY BY ITS MARKET ACCESS CUSTOMERS ON MULTIPLE MARKETS, INCLUDING EDGA. BY FAILING TO ESTABLISH ADEQUATE CONTROLS AND PROCEDURES, AND FAILING TO PROPERLY MONITOR AND SUPERVISE THE ACTIVITIES OF ITS MARKET ACCESS CUSTOMERS, THE FIRM VIOLATED RULE 15C3-5 OF THE EXCHANGE ACT, AND EDGA RULES 3.1, 3.2, 5.1, AND 5.4.

IT IS ORDERED THAT RESPONDENT BE CENSURED, FINED IN THE TOTAL AMOUNT OF \$290,000 (TO BE PAID COLLECTIVELY TO EDGA, FINRA, THE NASDAQ STOCK MARKET LLC; NYSE ARCA EQUITIES, INC., THE NEW YORK STOCK EXCHANGE LLC, BATS BZX EXCHANGE, INC., BATS EDGX EXCHANGE, INC.), OF WHICH \$41,428.57 SHALL BE PAID TO EDGA. THE FIRM SHALL ALSO COMPLY WITH THE UNDERTAKING IN ACCORDANCE WITH THE FIRMS OF THE OFFER.

Reporting Source: Firm
Current Status: Final
Allegations: ALLEGE MARKET ACCESS RULE VIOLATIONS THAT LIGHTSPEED FAILED TO



ESTABLISH, DOCUMENT, AND MAINTAIN A SYSTEM OF RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES REASONABLY DESIGNED TO MANAGE RISKS OF PROVIDING MARKET ACCESS. SUPERVISORY DEFICIENCIES AND FAILURES IN THAT THE FIRM FAILED TO ESTABLISH SUPERVISORY SYSTEMS, INCLUDING WSPS REASONABLY DESIGNED TO PROVIDE FOR SUFFICIENT REVIEWS OF TRADING ACTIVITY BY ITS CUSTOMERS FOR POTENTIALLY MANIPULATIVE OR SUSPICIOUS TRADING ACTIVITY.

Initiated By: FINRA ON BEHALF OF BATS EDGA EXCHANGE, INC.

Date Initiated: 02/28/2017

Docket/Case Number: 20130354682-06

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Other

Other Sanction(s)/Relief Sought: REQUESTS PANEL TO ORDER THAT ONE OR MORE OF THE SANCTIONS PROVIDED UNDER EDGA RULE 8.1(A) INCLUDING EXPULSION, SUSPENSION, DISGORGEMENT, AND MONETARY SANCTIONS BE IMPOSED;ORDER THAT LIGHTSPEED BEAR SUCH COSTS OF THE PROCEEDINGS AS ARE DEEMED FAIR AND APPROPRIATE UNDER THE CIRCUMSTANCES, IN ACCORDANCE WITH EDGA RULE 8.13;MAKE SPECIFIC FINDINGS THAT LIGHTSPEED WILLFULLY VIOLATED SECTION 15C3 OF THE EXCHANGE ACT AND RULE 15C3-5; GRANT ALL FURTHER RELIEF, LEGAL OR EQUITABLE THAT IS WARRANTED UNDER THE

Resolution: Decision & Order of Offer of Settlement

Resolution Date: 11/10/2017

Sanctions Ordered: Censure
Monetary/Fine \$41,428.57

Other Sanctions Ordered: UNDERTAKING

Sanction Details: THE FIRM IS CENSURED, FINED IN THE TOTAL AMOUNT OF \$290,000 (TO BE PAID COLLECTIVELY WITH OTHER EXCHANGES), OF WHICH \$41,428.57 SHALL BE PAID TO EDGA , AND COMPLY WITH AN UNDERTAKING.

Firm Statement THE FIRM SUBMITTED AN OFFER OF SETTLEMENT ("OFFER") TO COMPLAINANT DATED OCTOBER 11, 2017. PURSUANT TO EDGA RULE 8.8(A), THE COMPLAINANT AND EDGA'S CHIEF REGULATORY OFFICER ("CRO") ACCEPTED THE OFFER. ACCORDINGLY, THIS DECISION NOW IS ISSUED PURSUANT TO EDGA RULE 8.8(A). UNDER THE TERMS OF THE OFFER, RESPONDENT HAS CONSENTED, WITHOUT ADMITTING OR



DENYING THE ALLEGATIONS OF THE STATEMENT OF CHARGES (AS AMENDED BY THE OFFER), AND SOLELY FOR THE PURPOSES OF THIS PROCEEDING AND ANY OTHER PROCEEDING BROUGHT BY OR ON BEHALF OF EDGA OR TO WHICH EDGA IS A PARTY, TO THE ENTRY OF FINDINGS AND VIOLATIONS CONSISTENT WITH THE ALLEGATIONS OF THE STATEMENT OF CHARGES. FROM DECEMBER 2010 THROUGH THE PRESENT (THE "RELEVANT PERIOD"), THE FIRM FAILED REASONABLY TO ESTABLISH, DOCUMENT AND MAINTAIN AN ADEQUATE SYSTEM OF RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES, INCLUDING CERTAIN POST-TRADE RISK CONTROLS, TO ENSURE COMPLIANCE WITH APPLICABLE FEDERAL SECURITIES LAWS AND REGULATIONS AND RULES OF FINRA AND EXCHANGES, INCLUDING EDGA. AS A RESULT, THE FIRM ALSO FAILED TO PROPERLY SUPERVISE THE ACTIVITIES OF ITS MARKET ACCESS CUSTOMERS. AS A MARKET ACCESS PROVIDER, THE FIRM WAS RESPONSIBLE FOR MONITORING AND REVIEWING ITS MARKET ACCESS CUSTOMERS' ORDERS TO DETECT AND REPORT SUSPICIOUS AND POTENTIALLY MANIPULATIVE TRADES, AND TO ENSURE THAT ORDERS ENTERED VIA ITS REGISTERED MARKET PARTICIPANT IDENTIFIERS FULLY COMPLIED WITH APPLICABLE FEDERAL SECURITIES LAWS AND REGULATIONS AND THE RULES OF EDGA. YET DESPITE APPLICABLE RULES AND GUIDANCE, THE FIRM FAILED TO ADEQUATELY SURVEIL FOR, AND PREVENT, VARIOUS FORMS OF POTENTIALLY MANIPULATIVE TRADING ACTIVITY BY ITS MARKET ACCESS CUSTOMERS ON MULTIPLE MARKETS, INCLUDING EDGA. BY FAILING TO ESTABLISH ADEQUATE CONTROLS AND PROCEDURES, AND FAILING TO PROPERLY MONITOR AND SUPERVISE THE ACTIVITIES OF ITS MARKET ACCESS CUSTOMERS, THE FIRM VIOLATED RULE 15C3-5 OF THE EXCHANGE ACT, AND EDGA RULES 3.1, 3.2, 5.1, AND 5.4. IT IS ORDERED THAT RESPONDENT BE CENSURED, FINED IN THE TOTAL AMOUNT OF \$290,000 (TO BE PAID COLLECTIVELY TO EDGA, FINRA, THE NASDAQ STOCK MARKET LLC; NYSE ARCA EQUITIES, INC., THE NEW YORK STOCK EXCHANGE LLC, BATS BZX EXCHANGE, INC., BATS EDGX EXCHANGE, INC.), OF WHICH \$41,428.57 SHALL BE PAID TO EDGA. THE FIRM SHALL ALSO COMPLY WITH THE UNDERTAKING IN ACCORDANCE WITH THE FIRMS OF THE OFFER.

Disclosure 3 of 18

Reporting Source:	Regulator
Current Status:	Final
Allegations:	THE FIRM WAS NAMED A RESPONDENT IN A FINRA COMPLAINT ALLEGING THAT IT FAILED TO ESTABLISH, DOCUMENT AND MAINTAIN AN ADEQUATE SYSTEM OF RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES, INCLUDING CERTAIN POST-TRADE RISK CONTROLS, TO ENSURE COMPLIANCE WITH APPLICABLE FEDERAL SECURITIES LAWS



AND REGULATIONS AND RULES OF FINRA AND EXCHANGES, INCLUDING EDGX. THE COMPLAINT ALLEGES THAT AS A RESULT, THE FIRM ALSO FAILED TO PROPERLY SUPERVISE THE ACTIVITIES OF ITS MARKET ACCESS CUSTOMERS. AS A MARKET ACCESS PROVIDER, THE FIRM WAS RESPONSIBLE FOR MONITORING AND REVIEWING ITS MARKET ACCESS CUSTOMERS' ORDERS TO DETECT AND REPORT SUSPICIOUS AND POTENTIALLY MANIPULATIVE TRADES, AND TO ENSURE THAT ORDERS ENTERED VIA ITS REGISTERED MARKET PARTICIPANT IDENTIFIERS FULLY COMPLIED WITH APPLICABLE FEDERAL SECURITIES LAWS AND REGULATIONS AND THE RULES OF EDGX. YET DESPITE APPLICABLE RULES AND GUIDANCE, THE FIRM FAILED TO ADEQUATELY SURVEIL FOR, AND PREVENT, VARIOUS FORMS OF POTENTIALLY MANIPULATIVE TRADING ACTIVITY BY ITS MARKET ACCESS CUSTOMERS ON MULTIPLE MARKETS, INCLUDING EDGX. BY FAILING TO ESTABLISH ADEQUATE CONTROLS AND PROCEDURES, AND FAILING TO PROPERLY MONITOR AND SUPERVISE THE ACTIVITIES OF ITS MARKET ACCESS CUSTOMERS, THE FIRM WILLFULLY VIOLATED RULE 15C3-5 OF THE SECURITIES EXCHANGE ACT OF 1934 AND EDGX RULES 3.1, 3.2, 5.1, AND 5.4.

Initiated By: BATS EDGX EXCHANGE, INC.

Date Initiated: 02/28/2017

Docket/Case Number: 2013035468207

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Other

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

Resolution: Decision & Order of Offer of Settlement

Resolution Date: 11/10/2017

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 \$41,428.57

Other Sanctions Ordered: UNDERTAKING

**Sanction Details:**

THE FIRM IS CENSURED, FINED IN THE TOTAL AMOUNT OF \$290,000 (TO BE PAID COLLECTIVELY TO VARIOUS EXCHANGES), OF WHICH \$41,428.57 SHALL BE PAID TO EDGX, AND SHALL COMPLY WITH AN UNDERTAKING.

Regulator Statement

THE FIRM SUBMITTED AN OFFER OF SETTLEMENT ("OFFER") TO COMPLAINANT DATED OCTOBER 11, 2017. PURSUANT TO EDGX RULE 8.8(A), THE COMPLAINANT AND EDGX'S CHIEF REGULATORY OFFICER ("CRO") HAS ACCEPTED THE OFFER. ACCORDINGLY, THIS DECISION NOW IS ISSUED PURSUANT TO EDGX RULE 8.8(A). THE FINDINGS, CONCLUSIONS AND SANCTIONS SET FORTH IN THIS DECISION ARE THOSE STATED IN THE OFFER AS ACCEPTED BY THE COMPLAINANT AND APPROVED BY CRO. UNDER THE TERMS OF THE OFFER, RESPONDENT HAS CONSENTED, WITHOUT ADMITTING OR DENYING THE ALLEGATIONS OF THE STATEMENT OF CHARGES (AS AMENDED BY THE OFFER), AND SOLELY FOR THE PURPOSES OF THIS PROCEEDING AND ANY OTHER PROCEEDING BROUGHT BY OR ON BEHALF OF EDGX OR TO WHICH EDGX IS A PARTY, TO THE ENTRY OF FINDINGS AND VIOLATIONS CONSISTENT WITH THE ALLEGATIONS OF THE STATEMENT OF CHARGES (AS AMENDED BY THE OFFER), AND TO THE IMPOSITION OF THE SANCTIONS SET FORTH BELOW, AND FULLY UNDERSTANDS THAT THIS DECISION WILL BECOME PART OF RESPONDENT'S PERMANENT DISCIPLINARY RECORD AND MAY BE CONSIDERED IN ANY FUTURE ACTIONS BROUGHT BY EDGX. IT HAS BEEN DETERMINED THAT THE OFFER BE ACCEPTED AND THAT FINDINGS BE MADE AS FOLLOWS: FROM DECEMBER 2010 THROUGH THE PRESENT (THE "RELEVANT PERIOD"), THE FIRM FAILED TO REASONABLY ESTABLISH, DOCUMENT AND MAINTAIN AN ADEQUATE SYSTEM OF RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES, INCLUDING CERTAIN POST-TRADE RISK CONTROLS, TO ENSURE COMPLIANCE WITH APPLICABLE FEDERAL SECURITIES LAWS AND REGULATIONS AND RULES OF FINRA AND EXCHANGES, INCLUDING EDGX. AS A RESULT, THE FIRM ALSO FAILED TO PROPERLY SUPERVISE THE ACTIVITIES OF ITS MARKET ACCESS CUSTOMERS. AS A MARKET ACCESS PROVIDER, THE FIRM WAS RESPONSIBLE FOR MONITORING AND REVIEWING ITS MARKET ACCESS CUSTOMERS' ORDERS TO DETECT AND REPORT SUSPICIOUS AND POTENTIALLY MANIPULATIVE TRADES, AND TO ENSURE THAT ORDERS ENTERED VIA ITS REGISTERED MARKET PARTICIPANT IDENTIFIERS FULLY COMPLIED WITH APPLICABLE FEDERAL SECURITIES LAWS AND REGULATIONS AND THE RULES OF EDGX. YET DESPITE APPLICABLE RULES AND GUIDANCE, THE FIRM FAILED TO ADEQUATELY SURVEIL FOR, AND PREVENT, VARIOUS FORMS OF POTENTIALLY MANIPULATIVE TRADING ACTIVITY BY ITS MARKET ACCESS CUSTOMERS ON MULTIPLE MARKETS, INCLUDING EDGX. BY FAILING TO ESTABLISH ADEQUATE CONTROLS AND PROCEDURES, AND FAILING TO PROPERLY MONITOR AND SUPERVISE THE ACTIVITIES OF ITS MARKET ACCESS CUSTOMERS, THE FIRM VIOLATED RULE 15C3-5 OF THE EXCHANGE ACT, AND EDGX RULES 3.1, 3.2, 5.1, AND 5.4.



IT IS ORDERED THAT RESPONDENT BE CENSURED, FINED IN THE TOTAL AMOUNT OF \$290,000 (TO BE PAID COLLECTIVELY TO EDGX, FINRA, THE NASDAQ STOCK MARKET LLC; NYSE ARCA EQUITIES, INC., THE NEW YORK STOCK EXCHANGE LLC, BATS BZX EXCHANGE, INC., BATS EDGA EXCHANGE, INC.), OF WHICH \$41,428.57 SHALL BE PAID TO EDGX. THE FIRM SHALL ALSO COMPLY WITH THE UNDERTAKING IN ACCORDANCE WITH THE TERMS OF THE OFFER.

Reporting Source: Firm

Current Status: Final

Allegations: ALLEGE MARKET ACCESS RULE VIOLATIONS THAT LIGHTSPEED FAILED TO ESTABLISH, DOCUMENT, AND MAINTAIN A SYSTEM OF RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES REASONABLY DESIGNED TO MANAGE RISKS OF PROVIDING MARKET ACCESS. SUPERVISORY DEFICIENCIES AND FAILURES IN THAT THE FIRM FAILED TO ESTABLISH SUPERVISORY SYSTEMS, INCLUDING WSPS REASONABLY DESIGNED TO PROVIDE FOR SUFFICIENT REVIEWS OF TRADING ACTIVITY BY ITS CUSTOMERS FOR POTENTIALLY MANIPULATIVE OR SUSPICIOUS TRADING ACTIVITY.

Initiated By: FINRA ON BEHALF OF BATS EDGX EXCHANGE, INC.

Date Initiated: 02/28/2017

Docket/Case Number: 20130354682-07

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Other

Other Sanction(s)/Relief Sought: REQUESTS PANEL TO ORDER THAT ONE OR MORE OF THE SANCTIONS PROVIDED UNDER EDGX RULE 8.1(A) INCLUDING EXPULSION, SUSPENSION, DISGORGEMENT, AND MONETARY SANCTIONS BE IMPOSED;ORDER THAT LIGHTSPEED BEAR SUCH COSTS OF THE PROCEEDINGS AS ARE DEEMED FAIR AND APPROPRIATE UNDER THE CIRCUMSTANCES, IN ACCORDANCE WITH EDGX RULE 8.13;MAKE SPECIFIC FINDINGS THAT LIGHTSPEED WILLFULLY VIOLATED SECTION 15C3 OF THE EXCHANGE ACT AND RULE 15C3-5; GRANT ALL FURTHER RELIEF, LEGAL OR EQUITABLE THAT IS WARRANTED

Resolution: Decision & Order of Offer of Settlement

Resolution Date: 11/10/2017



Sanctions Ordered:	Censure Monetary/Fine \$41,428.57
Other Sanctions Ordered:	UNDERTAKING
Sanction Details:	THE FIRM IS CENSURED, FINED IN THE TOTAL AMOUNT OF \$290,000 (TO BE PAID COLLECTIVELY TO VARIOUS EXCHANGES), OF WHICH \$41,428.57 SHALL BE PAID TO EDGX, AND SHALL COMPLY WITH AN UNDERTAKING.
Firm Statement	<p>THE FIRM SUBMITTED AN OFFER OF SETTLEMENT ("OFFER") TO COMPLAINANT DATED OCTOBER 11, 2017. PURSUANT TO EDGX RULE 8.8(A), THE COMPLAINANT AND EDGX'S CHIEF REGULATORY OFFICER ("CRO") HAS ACCEPTED THE OFFER. ACCORDINGLY, THIS DECISION NOW IS ISSUED PURSUANT TO EDGX RULE 8.8(A). THE FINDINGS, CONCLUSIONS AND SANCTIONS SET FORTH IN THIS DECISION ARE THOSE STATED IN THE OFFER AS ACCEPTED BY THE COMPLAINANT AND APPROVED BY CRO. UNDER THE TERMS OF THE OFFER, RESPONDENT HAS CONSENTED, WITHOUT ADMITTING OR DENYING THE ALLEGATIONS OF THE STATEMENT OF CHARGES (AS AMENDED BY THE OFFER), AND SOLELY FOR THE PURPOSES OF THIS PROCEEDING AND ANY OTHER PROCEEDING BROUGHT BY OR ON BEHALF OF EDGX OR TO WHICH EDGX IS A PARTY, TO THE ENTRY OF FINDINGS AND VIOLATIONS CONSISTENT WITH THE ALLEGATIONS OF THE STATEMENT OF CHARGES (AS AMENDED BY THE OFFER). FROM DECEMBER 2010 THROUGH THE PRESENT (THE "RELEVANT PERIOD"), THE FIRM FAILED TO REASONABLY ESTABLISH, DOCUMENT AND MAINTAIN AN ADEQUATE SYSTEM OF RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES, INCLUDING CERTAIN POST-TRADE RISK CONTROLS, TO ENSURE COMPLIANCE WITH APPLICABLE FEDERAL SECURITIES LAWS AND REGULATIONS AND RULES OF FINRA AND EXCHANGES, INCLUDING EDGX. AS A RESULT, THE FIRM ALSO FAILED TO PROPERLY SUPERVISE THE ACTIVITIES OF ITS MARKET ACCESS CUSTOMERS. AS A MARKET ACCESS PROVIDER, THE FIRM WAS RESPONSIBLE FOR MONITORING AND REVIEWING ITS MARKET ACCESS CUSTOMERS' ORDERS TO DETECT AND REPORT SUSPICIOUS AND POTENTIALLY MANIPULATIVE TRADES, AND TO ENSURE THAT ORDERS ENTERED VIA ITS REGISTERED MARKET PARTICIPANT IDENTIFIERS FULLY COMPLIED WITH APPLICABLE FEDERAL SECURITIES LAWS AND REGULATIONS AND THE RULES OF EDGX. YET DESPITE APPLICABLE RULES AND GUIDANCE, THE FIRM FAILED TO ADEQUATELY SURVEIL FOR, AND PREVENT, VARIOUS FORMS OF POTENTIALLY MANIPULATIVE TRADING ACTIVITY BY ITS MARKET ACCESS CUSTOMERS ON MULTIPLE MARKETS, INCLUDING EDGX. BY FAILING TO ESTABLISH ADEQUATE CONTROLS AND PROCEDURES, AND FAILING TO PROPERLY MONITOR AND SUPERVISE THE ACTIVITIES OF ITS MARKET ACCESS CUSTOMERS, THE FIRM VIOLATED RULE 15C3-5 OF THE EXCHANGE ACT, AND EDGX RULES 3.1, 3.2, 5.1, AND 5.4. IT IS ORDERED THAT RESPONDENT BE CENSURED,</p>



FINED IN THE TOTAL AMOUNT OF \$290,000 (TO BE PAID COLLECTIVELY TO EDGX, FINRA, THE NASDAQ STOCK MARKET LLC; NYSE ARCA EQUITIES, INC., THE NEW YORK STOCK EXCHANGE LLC, BATS BZX EXCHANGE, INC., BATS EDGA EXCHANGE, INC.), OF WHICH \$41,428.57 SHALL BE PAID TO EDGX. THE FIRM SHALL ALSO COMPLY WITH THE UNDERTAKING IN ACCORDANCE WITH THE TERMS OF THE OFFER.

Disclosure 4 of 18

Reporting Source:

Regulator

Current Status:

Final

Allegations:

THE FIRM WAS NAMED A RESPONDENT IN AN NYSE COMPLAINT ALLEGING THAT IT FAILED TO ESTABLISH, DOCUMENT AND MAINTAIN AN ADEQUATE SYSTEM OF RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES, INCLUDING CERTAIN POST-TRADE RISK CONTROLS, TO ENSURE COMPLIANCE WITH APPLICABLE FEDERAL SECURITIES LAWS AND REGULATIONS AND RULES OF FINRA AND EXCHANGES, INCLUDING THE NYSE. THE COMPLAINT ALLEGES THAT AS A RESULT, THE FIRM ALSO FAILED TO PROPERLY SUPERVISE THE ACTIVITIES OF ITS MARKET ACCESS CUSTOMERS. AS A MARKET ACCESS PROVIDER, THE FIRM WAS RESPONSIBLE FOR MONITORING AND REVIEWING ITS MARKET ACCESS CUSTOMERS' ORDERS TO DETECT AND REPORT SUSPICIOUS AND POTENTIALLY MANIPULATIVE TRADES, AND TO ENSURE THAT ORDERS ENTERED VIA ITS REGISTERED MARKET PARTICIPANT IDENTIFIERS FULLY COMPLIED WITH APPLICABLE FEDERAL SECURITIES LAWS AND REGULATIONS AND THE RULES OF THE NYSE. YET DESPITE APPLICABLE RULES AND GUIDANCE, THE FIRM FAILED TO ADEQUATELY SURVEIL FOR, AND PREVENT, VARIOUS FORMS OF POTENTIALLY MANIPULATIVE TRADING ACTIVITY BY ITS MARKET ACCESS CUSTOMERS ON MULTIPLE MARKETS, INCLUDING THE NYSE. BY FAILING TO ESTABLISH, DOCUMENT AND MAINTAIN A SYSTEM OF RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES REASONABLY DESIGNED TO SYSTEMATICALLY MANAGE THE REGULATORY AND OTHER RISKS OF PROVIDING MARKET ACCESS, THE FIRM WILLFULLY VIOLATED SECTION 15(C)(3) OF THE SECURITIES EXCHANGE ACT OF 1934 AND RULE 15C3-5 THEREUNDER AND VIOLATED NYSE RULES 342, 2010 AND 3110. THE FIRM ALSO FAILED TO ENSURE, AS REQUIRED BY RULE 15C3-5(C), THAT IT HAD IN PLACE: A SYSTEM TO DETECT THE TRANSMISSION OF DUPLICATIVE, ERRONEOUS, OR AN EXCESSIVE NUMBER OF ORDERS OR QUOTATIONS; AND APPROPRIATE REGULATORY RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES SO AS TO: PREVENT THE ENTRY OF ORDERS UNLESS THERE WAS COMPLIANCE WITH ALL REGULATORY REQUIREMENTS; AND ASSURE APPROPRIATE SURVEILLANCE PERSONNEL RECEIVE IMMEDIATE POST-TRADE EXECUTION REPORTS THAT RESULT



FROM MARKET ACCESS ACTIVITY. THE COMPLAINT ALSO ALLEGES THAT THE FIRM FAILED TO ESTABLISH SUPERVISORY SYSTEMS, INCLUDING WRITTEN SUPERVISORY PROCEDURES, REASONABLY DESIGNED TO PROVIDE FOR SUFFICIENT REVIEWS OF TRADING ACTIVITY BY ITS MARKET ACCESS CUSTOMERS FOR POTENTIALLY MANIPULATIVE OR SUSPICIOUS TRADING ACTIVITY, AND TO ACHIEVE COMPLIANCE WITH RULE 15C3-5, AS WELL AS OTHER APPLICABLE RULES AND REGULATIONS PROHIBITING MANIPULATIVE AND ABUSIVE TRADING. AS A RESULT OF ITS CONDUCT, THE FIRM VIOLATED NYSE RULES 342, 2010 AND 3110.

Initiated By: NEW YORK STOCK EXCHANGE

Date Initiated: 02/28/2017

Docket/Case Number: 2013035468204

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Other

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

Resolution: Decision & Order of Offer of Settlement

Resolution Date: 11/10/2017

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 \$41,428.57

Other Sanctions Ordered: UNDERTAKING

Sanction Details: THE FIRM IS CENSURED, FINED IN THE TOTAL AMOUNT OF \$290,000 (TO BE PAID COLLECTIVELY WITH VARIOUS EXCHANGES), OF WHICH \$41,428.57 SHALL BE PAID TO NYSE, AND MUST COMPLY WITH AN UNDERTAKING.

Regulator Statement THE FIRM SUBMITTED AN OFFER OF SETTLEMENT ("OFFER") TO THE COMPLAINANT ON OCTOBER 11, 2017. PURSUANT TO NYSE RULE 9270(F), NYSE'S CHIEF REGULATORY OFFICER HAS ACCEPTED THE UNCONTESTED OFFER. ACCORDINGLY, THIS ORDER NOW IS ISSUED PURSUANT TO NYSE RULE 9270(F)(3). THE FINDINGS, CONCLUSIONS AND SANCTIONS SET FORTH IN THIS ORDER ARE THOSE STATED IN THE



OFFER AS ACCEPTED BY THE COMPLAINANT AND APPROVED BY THE CRO. UNDER THE TERMS OF THE OFFER, RESPONDENT HAS CONSENTED, WITHOUT ADMITTING OR DENYING THE ALLEGATIONS OF THE COMPLAINT, AS AMENDED BY THE OFFER, AND SOLELY FOR THE PURPOSES OF THIS PROCEEDING AND ANY OTHER PROCEEDING BROUGHT BY OR ON BEHALF OF NYSE, OR TO WHICH NYSE IS A PARTY, TO THE ENTRY OF FINDINGS AND VIOLATIONS CONSISTENT WITH THE ALLEGATIONS OF THE COMPLAINT. AS AMENDED BY THE OFFER, AND TO THE IMPOSITION OF THE SANCTIONS SET FORTH BELOW, AND FULLY UNDERSTANDS THAT THIS ORDER WILL BECOME PART OF RESPONDENT'S PERMANENT DISCIPLINARY RECORD AND MAY BE CONSIDERED IN ANY FUTURE ACTIONS BROUGHT BY NYSE. THE FIRM FAILED TO REASONABLY ESTABLISH, DOCUMENT AND MAINTAIN AN ADEQUATE SYSTEM OF RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES, INCLUDING CERTAIN POST-TRADE RISK CONTROLS, TO ENSURE COMPLIANCE WITH APPLICABLE FEDERAL SECURITIES LAWS AND REGULATIONS AND RULES OF FINRA AND EXCHANGES, INCLUDING THE NYSE. AS A RESULT, THE FIRM ALSO FAILED TO PROPERLY SUPERVISE THE ACTIVITIES OF ITS MARKET ACCESS CUSTOMERS. AS A MARKET ACCESS PROVIDER, THE FIRM WAS RESPONSIBLE FOR MONITORING AND REVIEWING ITS MARKET ACCESS CUSTOMERS' ORDERS TO DETECT AND REPORT SUSPICIOUS AND POTENTIALLY MANIPULATIVE TRADES, AND TO ENSURE THAT ORDERS ENTERED VIA ITS REGISTERED MARKET PARTICIPANT IDENTIFIERS FULLY COMPLIED WITH APPLICABLE FEDERAL SECURITIES LAWS AND REGULATIONS AND THE RULES OF THE NYSE. YET DESPITE APPLICABLE RULES AND GUIDANCE, THE FIRM FAILED TO ADEQUATELY SURVEIL FOR, AND PREVENT, VARIOUS FORMS OF POTENTIALLY MANIPULATIVE TRADING ACTIVITY BY ITS MARKET ACCESS CUSTOMERS ON MULTIPLE MARKETS, INCLUDING THE NYSE. BY FAILING TO ESTABLISH ADEQUATE CONTROLS AND PROCEDURES, AND FAILING TO PROPERLY MONITOR AND SUPERVISE THE ACTIVITIES OF ITS MARKET ACCESS CUSTOMERS, THE FIRM VIOLATED RULE 15C3-5 OF THE EXCHANGE ACT, AS AMENDED AND NYSE RULES 342, 3110, AND 2010.

IT IS ORDERED THAT RESPONDENT BE CENSURED, FINED IN THE TOTAL AMOUNT OF \$290,000 (TO BE PAID COLLECTIVELY TO NYSE, FINRA, BATS BZX EXCHANGE, INC., BATS EDGA EXCHANGE, INC., BATS EDGX EXCHANGE, INC., THE NASDAQ STOCK MARKET LLC, AND NYSE ARCA EQUITIES, INC.), OF WHICH \$41,428.57 SHALL BE PAID TO NYSE. THE FIRM SHALL ALSO COMPLY WITH THE UNDERTAKING IN ACCORDANCE WITH THE TERMS OF THE OFFER.

Reporting Source: Firm



Current Status:	Final
Allegations:	ALLEGE MARKET ACCESS RULE VIOLATIONS THAT LIGHTSPEED FAILED TO ESTABLISH, DOCUMENT, AND MAINTAIN A SYSTEM OF RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES REASONABLY DESIGNED TO MANAGE RISKS OF PROVIDING MARKET ACCESS. SUPERVISORY DEFICIENCIES AND FAILURES IN THAT THE FIRM FAILED TO ESTABLISH SUPERVISORY SYSTEMS, INCLUDING WSPS REASONABLY DESIGNED TO PROVIDE FOR SUFFICIENT REVIEWS OF TRADING ACTIVITY BY ITS CUSTOMERS FOR POTENTIALLY MANIPULATIVE OR SUSPICIOUS TRADING ACTIVITY.
Initiated By:	FINRA ON BEHALF OF THE NEW YORK STOCK EXCHANGE LLC
Date Initiated:	02/28/2017
Docket/Case Number:	20130354682-04
Principal Product Type:	No Product
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Other
Other Sanction(s)/Relief Sought:	REQUESTS PANEL TO ORDER THAT ONE OR MORE OF THE SANCTIONS PROVIDED UNDER NYSE RULE 8310 INCLUDING EXPULSION, SUSPENSION, DISGORGEMENT, AND MONETARY SANCTIONS BE IMPOSED;ORDER THAT LIGHTSPEED BEAR SUCH COSTS OF THE PROCEEDINGS AS ARE DEEMED FAIR AND APPROPRIATE UNDER THE CIRCUMSTANCES, IN ACCORDANCE WITH NYSE RULE 8330;MAKE SPECIFIC FINDINGS THAT LIGHTSPEED WILLFULLY VIOLATED SECTION 15C3 OF THE EXCHANGE ACT AND RULE 15C3-5; GRANT ALL FURTHER RELIEF, LEGAL OR EQUITABLE THAT IS WARRANTED
Resolution:	Decision & Order of Offer of Settlement
Resolution Date:	11/10/2017
Sanctions Ordered:	Censure Monetary/Fine \$41,428.57
Other Sanctions Ordered:	UNDERTAKING
Sanction Details:	THE FIRM IS CENSURED, FINED IN THE TOTAL AMOUNT OF \$290,000 (TO BE PAID COLLECTIVELY WITH VARIOUS EXCHANGES), OF WHICH \$41,428.57 SHALL BE PAID TO NYSE, AND MUST COMPLY WITH AN UNDERTAKING.
Firm Statement	THE FIRM SUBMITTED AN OFFER OF SETTLEMENT ("OFFER") TO THE COMPLAINANT ON OCTOBER 11, 2017. PURSUANT TO NYSE RULE 9270(F), NYSE'S CHIEF REGULATORY OFFICER HAS ACCEPTED THE



UNCONTESTED OFFER. ACCORDINGLY, THIS ORDER NOW IS ISSUED PURSUANT TO NYSE RULE 9270(F)(3). FIRM HAS CONSENTED, WITHOUT ADMITTING OR DENYING THE ALLEGATIONS OF THE COMPLAINT THAT THE FIRM FAILED TO REASONABLY ESTABLISH, DOCUMENT AND MAINTAIN AN ADEQUATE SYSTEM OF RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES, INCLUDING CERTAIN POST-TRADE RISK CONTROLS, TO ENSURE COMPLIANCE WITH APPLICABLE FEDERAL SECURITIES LAWS AND REGULATIONS AND RULES OF FINRA AND EXCHANGES, INCLUDING THE NYSE. AS A RESULT, THE FIRM ALSO FAILED TO PROPERLY SUPERVISE THE ACTIVITIES OF ITS MARKET ACCESS CUSTOMERS. AS A MARKET ACCESS PROVIDER, THE FIRM WAS RESPONSIBLE FOR MONITORING AND REVIEWING ITS MARKET ACCESS CUSTOMERS' ORDERS TO DETECT AND REPORT SUSPICIOUS AND POTENTIALLY MANIPULATIVE TRADES, AND TO ENSURE THAT ORDERS ENTERED VIA ITS REGISTERED MARKET PARTICIPANT IDENTIFIERS FULLY COMPLIED WITH APPLICABLE FEDERAL SECURITIES LAWS AND REGULATIONS AND THE RULES OF THE NYSE. THE FIRM FAILED TO ADEQUATELY SURVEIL FOR, AND PREVENT, VARIOUS FORMS OF POTENTIALLY MANIPULATIVE TRADING ACTIVITY BY ITS MARKET ACCESS CUSTOMERS ON MULTIPLE MARKETS, INCLUDING THE NYSE. BY FAILING TO ESTABLISH ADEQUATE CONTROLS AND PROCEDURES, AND FAILING TO PROPERLY MONITOR AND SUPERVISE THE ACTIVITIES OF ITS MARKET ACCESS CUSTOMERS, THE FIRM VIOLATED RULE 15C3-5 OF THE EXCHANGE ACT, AS AMENDED AND NYSE RULES 342, 3110, AND 2010. IT IS ORDERED THAT RESPONDENT BE CENSURED, FINED IN THE TOTAL AMOUNT OF \$290,000 (TO BE PAID COLLECTIVELY TO NYSE, FINRA, BATS BZX EXCHANGE, INC., BATS EDGA EXCHANGE, INC., BATS EDGX EXCHANGE, INC., THE NASDAQ STOCK MARKET LLC, AND NYSE ARCA EQUITIES, INC.), OF WHICH \$41,428.57 SHALL BE PAID TO NYSE. THE FIRM SHALL ALSO COMPLY WITH THE UNDERTAKING IN ACCORDANCE WITH THE TERMS OF THE OFFER.

Disclosure 5 of 18

Reporting Source:

Regulator

Current Status:

Final

Allegations:

THE FIRM WAS NAMED A RESPONDENT IN AN NYSE ARCA EQUITIES, INC. COMPLAINT ALLEGING THAT IT FAILED TO ESTABLISH, DOCUMENT AND MAINTAIN AN ADEQUATE SYSTEM OF RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES, INCLUDING CERTAIN POST-TRADE RISK CONTROLS, TO ENSURE COMPLIANCE WITH APPLICABLE FEDERAL SECURITIES LAWS AND REGULATIONS AND RULES OF FINRA AND EXCHANGES, INCLUDING NYSE ARCA. THE COMPLAINT ALLEGES THAT AS A RESULT, THE FIRM FAILED TO PROPERLY SUPERVISE THE ACTIVITIES OF



ITS MARKET ACCESS CUSTOMERS. AS A MARKET ACCESS PROVIDER, THE FIRM WAS RESPONSIBLE FOR MONITORING AND REVIEWING ITS MARKET ACCESS CUSTOMERS' ORDERS TO DETECT AND REPORT SUSPICIOUS AND POTENTIALLY MANIPULATIVE TRADES, AND TO ENSURE THAT ORDERS ENTERED VIA ITS REGISTERED MARKET PARTICIPANT IDENTIFIERS FULLY COMPLIED WITH APPLICABLE FEDERAL SECURITIES LAWS AND REGULATIONS AND THE RULES OF NYSE ARCA. YET DESPITE APPLICABLE RULES AND GUIDANCE, THE FIRM FAILED TO ADEQUATELY SURVEIL FOR, AND PREVENT, VARIOUS FORMS OF POTENTIALLY MANIPULATIVE TRADING ACTIVITY BY ITS MARKET ACCESS CUSTOMERS ON MULTIPLE MARKETS, INCLUDING NYSE ARCA. BY FAILING TO ESTABLISH ADEQUATE CONTROLS AND PROCEDURES, AND FAILING TO PROPERLY MONITOR AND SUPERVISE THE ACTIVITIES OF ITS MARKET ACCESS CUSTOMERS, THE FIRM WILLFULLY VIOLATED SECTION 15(C)(3) OF THE SECURITIES EXCHANGE ACT OF 1934 AND RULE 15C3-5 THEREUNDER, AND VIOLATED NYSE ARCA EQUITIES RULES 6.18, 6.1(B), 6.2(B), 9.2(B), AND 2010. THE FIRM ALSO FAILED TO ENSURE, AS REQUIRED BY RULE 15C3-5(C), THAT IT HAD IN PLACE A SYSTEM TO DETECT THE TRANSMISSION OF DUPLICATIVE, ERRONEOUS, OR AN EXCESSIVE NUMBER OF ORDERS OR QUOTATIONS; APPROPRIATE REGULATORY RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES SO AS TO PREVENT THE ENTRY OF ORDERS UNLESS THERE WAS COMPLIANCE WITH ALL REGULATORY REQUIREMENTS; AND, ASSURE APPROPRIATE SURVEILLANCE PERSONNEL RECEIVE IMMEDIATE POST-TRADE EXECUTION REPORTS THAT RESULT FROM MARKET ACCESS ACTIVITY. THE COMPLAINT ALSO ALLEGES THAT THE FIRM FAILED TO ESTABLISH SUPERVISORY SYSTEMS, INCLUDING WRITTEN SUPERVISORY PROCEDURES, REASONABLY DESIGNED TO PROVIDE FOR SUFFICIENT REVIEWS OF TRADING ACTIVITY BY ITS MARKET ACCESS CUSTOMERS FOR POTENTIALLY MANIPULATIVE OR SUSPICIOUS TRADING ACTIVITY, AND TO ACHIEVE COMPLIANCE WITH RULE 15C3-5, AS WELL AS OTHER APPLICABLE RULES AND REGULATIONS PROHIBITING MANIPULATIVE AND ABUSIVE TRADING. AS A RESULT OF THE ITS CONDUCT, THE FIRM VIOLATED NYSE ARCA EQUITIES RULES 6.1(B), 6.2(B), 6.18, 9.2(B), AND 2010.

Initiated By: NYSE ARCA, INC.
Date Initiated: 02/28/2017
Docket/Case Number: 2013035468203
Principal Product Type: No Product
Other Product Type(s):
Principal Sanction(s)/Relief Sought:



Other Sanction(s)/Relief Sought:

Resolution: Decision & Order of Offer of Settlement

Resolution Date: 11/13/2017

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

Sanctions Ordered: Censure
Monetary/Fine \$41,428.57

Other Sanctions Ordered: UNDERTAKINGS

Sanction Details: THE FIRM WAS CENSURED AND FINED \$41,428.57. THE FIRM RECEIVED AN ORDER FOR UNDERTAKINGS. THE FIRM SHALL MAKE A WRITTEN SUBMISSION TO FINRA, AT INTERVALS OF 90, 180, AND 360 DAYS, CONCERNING THE FIRM'S IMPLEMENTATION AND EFFECTIVENESS OF THE FIRM'S POLICIES, SYSTEMS AND PROCEDURES (WRITTEN AND OTHERWISE) (COLLECTIVELY, THE "CONTROLS"). THIS ACTION WILL ENSURE THAT THE FIRM COMPLIES WITH ALL SPONSORED ACCESS AND/OR DIRECT MARKET ACCESS RULES OF FINRA AND ALL EXCHANGES TO WHICH THE FIRM GRANTS CUSTOMERS MARKET ACCESS. THIS ACTION WILL ALSO ENSURE THAT THE FIRM COMPLIES WITH RULE 15C3-5 OF THE SECURITIES EXCHANGE ACT OF 1934. FURTHER, IT WILL ENSURE AND THAT THE FIRM ADEQUATELY SUPERVISES TRADING OF ITS MARKET ACCESS CUSTOMERS AND ASSOCIATED PERSONS IN AREAS INCLUDING, BUT NOT LIMITED TO TRADING SURVEILLANCES AND/OR EXCEPTION REPORTS; AND PROCEDURES AND SYSTEMS OF FOLLOW-UP AND REVIEW OF POTENTIALLY VIOLATIVE TRADING ACTIVITY. UNDER THE OFFER OF SETTLEMENT AND CONSENT, THE FIRM AGREED TO PAY A TOTAL FINE OF \$290,000, OF WHICH THE FIRM WILL PAY SOME SELF-REGULATORY ORGANIZATIONS \$41,428, IN ACCORDANCE WITH THE TERMS OF PARALLEL SETTLEMENT AGREEMENTS IN RELATED MATTERS BETWEEN THE FIRM AND EACH OF THESE SROS.

Regulator Statement THE FIRM AND NYSE ARCA, INC. ENTERED INTO AN OFFER OF SETTLEMENT AND CONSENT 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 IN THE OFFER OF SETTLEMENT. THE HEARING OFFICER ACCEPTS THE OFFER OF SETTLEMENT AND CONSENT



AND ISSUES THIS DECISION IN ACCORDANCE WITH NYSE ARCA RULES. THE FIRM FAILED TO ESTABLISH, DOCUMENT, AND MAINTAIN A SYSTEM OF RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES REASONABLY DESIGNED TO MANAGE SYSTEMATICALLY THE REGULATORY AND OTHER RISKS OF PROVIDING MARKET ACCESS. THEREBY IT VIOLATED SECTION 15(C)(3) OF THE EXCHANGE ACT AND RULE 15C3-5 THEREUNDER; NYSE ARCA EQUITIES RULES 6.1(B), 6.2(B), 6.18, 9.2(B), AND 2010; AND NYSE ARCA EQUITIES RULES 6.1(B), 6.2(B), 6.18, 9.2(B), AND 2010. THE FIRM FAILED TO ESTABLISH SUPERVISORY SYSTEMS, INCLUDING WRITTEN SUPERVISORY PROCEDURES (WSPS), REASONABLY DESIGNED TO PROVIDE FOR SUFFICIENT REVIEWS OF TRADING ACTIVITY BY ITS MARKET ACCESS CUSTOMERS FOR POTENTIALLY MANIPULATIVE OR SUSPICIOUS TRADING ACTIVITY, AND TO ACHIEVE COMPLIANCE WITH RULE 15C3-5, AS WELL AS OTHER APPLICABLE RULES AND REGULATIONS PROHIBITING MANIPULATIVE AND ABUSIVE TRADING. THEREBY IT VIOLATED NYSE ARCA EQUITIES RULES 6.1(B), 6.2(B), 6.18, 9.2(B), AND 2010.

Reporting Source:	Firm
Current Status:	Final
Allegations:	ALLEGE MARKET ACCESS RULE VIOLATIONS THAT LIGHTSPEED FAILED TO ESTABLISH, DOCUMENT, AND MAINTAIN A SYSTEM OF RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES REASONABLY DESIGNED TO MANAGE RISKS OF PROVIDING MARKET ACCESS. SUPERVISORY DEFICIENCIES AND FAILURES IN THAT THE FIRM FAILED TO ESTABLISH SUPERVISORY SYSTEMS, INCLUDING WSPS REASONABLY DESIGNED TO PROVIDE FOR SUFFICIENT REVIEWS OF TRADING ACTIVITY BY ITS CUSTOMERS FOR POTENTIALLY MANIPULATIVE OR SUSPICIOUS TRADING ACTIVITY.
Initiated By:	FINRA ON BEHALF OF NYSE ARCA EQUITIES, INC.
Date Initiated:	02/28/2017
Docket/Case Number:	20130354682-03
Principal Product Type:	Equity Listed (Common & Preferred Stock)
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Other
Other Sanction(s)/Relief Sought:	REQUESTS PANEL TO ORDER THAT ONE OR MORE OF THE SANCTIONS PROVIDED UNDER NYSE ARCA RULE 10.9 INCLUDING EXPULSION, SUSPENSION, DISGORGEMENT, AND MONETARY SANCTIONS BE



IMPOSED;ORDER THAT LIGHTSPEED BEAR SUCH COSTS OF THE PROCEEDINGS AS ARE DEEMED FAIR AND APPROPRIATE UNDER THE CIRCUMSTANCES, IN ACCORDANCE WITH NYSE ARCA RULE 13.4;MAKE SPECIFIC FINDINGS THAT LIGHTSPEED WILLFULLY VIOLATED SECTION 15C3 OF THE EXCHANGE ACT AND RULE 15C3-5; GRANT ALL FURTHER RELIEF, LEGAL OR EQUITABLE THAT IS WARRANTED

Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	11/13/2017
Sanctions Ordered:	Censure Monetary/Fine \$41,428.57
Other Sanctions Ordered:	UNDERTAKINGS
Sanction Details:	THE FIRM WAS CENSURED AND FINED \$41,428.57. THE FIRM RECEIVED AN ORDER FOR UNDERTAKINGS. THE FIRM SHALL MAKE A WRITTEN SUBMISSION TO FINRA, AT INTERVALS OF 90, 180, AND 360 DAYS, CONCERNING THE FIRM'S IMPLEMENTATION AND EFFECTIVENESS OF THE FIRM'S POLICIES, SYSTEMS AND PROCEDURES (WRITTEN AND OTHERWISE) (COLLECTIVELY, THE "CONTROLS"). THIS ACTION WILL ENSURE THAT THE FIRM COMPLIES WITH ALL SPONSORED ACCESS AND/OR DIRECT MARKET ACCESS RULES OF FINRA AND ALL EXCHANGES TO WHICH THE FIRM GRANTS CUSTOMERS MARKET ACCESS. THIS ACTION WILL ALSO ENSURE THAT THE FIRM COMPLIES WITH RULE 15C3-5 OF THE SECURITIES EXCHANGE ACT OF 1934. FURTHER, IT WILL ENSURE AND THAT THE FIRM ADEQUATELY SUPERVISES TRADING OF ITS MARKET ACCESS CUSTOMERS AND ASSOCIATED PERSONS IN AREAS INCLUDING, BUT NOT LIMITED TO TRADING SURVEILLANCES AND/OR EXCEPTION REPORTS; AND PROCEDURES AND SYSTEMS OF FOLLOW-UP AND REVIEW OF POTENTIALLY VIOLATIVE TRADING ACTIVITY. UNDER THE OFFER OF SETTLEMENT AND CONSENT, THE FIRM AGREED TO PAY A TOTAL FINE OF \$290,000, OF WHICH THE FIRM WILL PAY SOME SELF-REGULATORY ORGANIZATIONS \$41,428, IN ACCORDANCE WITH THE TERMS OF PARALLEL SETTLEMENT AGREEMENTS IN RELATED MATTERS BETWEEN THE FIRM AND EACH OF THESE SROS.

Disclosure 6 of 18

Reporting Source:	Regulator
Current Status:	Final
Allegations:	THE FIRM WAS NAMED A RESPONDENT IN A NASDAQ STOCK MARKET COMPLAINT ALLEGING THAT IT FAILED TO ESTABLISH, DOCUMENT AND MAINTAIN AN ADEQUATE SYSTEM OF RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES, INCLUDING CERTAIN POST-TRADE RISK



CONTROLS, TO ENSURE COMPLIANCE WITH APPLICABLE FEDERAL SECURITIES LAWS AND REGULATIONS AND RULES OF FINRA AND EXCHANGES, INCLUDING NASDAQ. THE COMPLAINT ALLEGES THAT AS A RESULT, THE FIRM ALSO FAILED TO PROPERLY SUPERVISE THE ACTIVITIES OF ITS MARKET ACCESS CUSTOMERS. AS A MARKET ACCESS PROVIDER, THE FIRM WAS RESPONSIBLE FOR MONITORING AND REVIEWING ITS MARKET ACCESS CUSTOMERS' ORDERS TO DETECT AND REPORT SUSPICIOUS AND POTENTIALLY MANIPULATIVE TRADES, AND TO ENSURE THAT ORDERS ENTERED VIA ITS REGISTERED MARKET PARTICIPANT IDENTIFIERS FULLY COMPLIED WITH APPLICABLE FEDERAL SECURITIES LAWS AND REGULATIONS AND NASDAQ RULES. YET DESPITE APPLICABLE RULES AND GUIDANCE, THE FIRM FAILED TO ADEQUATELY SURVEIL FOR, AND PREVENT, VARIOUS FORMS OF POTENTIALLY MANIPULATIVE TRADING ACTIVITY BY ITS MARKET ACCESS CUSTOMERS ON MULTIPLE MARKETS, INCLUDING NASDAQ. THE FIRM FAILED TO ENSURE THAT IT HAD IN PLACE A SYSTEM TO DETECT THE TRANSMISSION OF DUPLICATIVE, ERRONEOUS, OR AN EXCESSIVE NUMBER OF ORDERS OR QUOTATIONS; AND APPROPRIATE REGULATORY RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES SO AS TO PREVENT THE ENTRY OF ORDERS UNLESS THERE WAS COMPLIANCE WITH ALL REGULATORY REQUIREMENTS; AND ASSURE APPROPRIATE SURVEILLANCE PERSONNEL RECEIVE IMMEDIATE POST-TRADE EXECUTION REPORTS THAT RESULT FROM MARKET ACCESS ACTIVITY. BY FAILING TO ESTABLISH, DOCUMENT AND MAINTAIN A SYSTEM OF RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES REASONABLY DESIGNED TO SYSTEMATICALLY MANAGE THE REGULATORY AND OTHER RISKS OF PROVIDING MARKET ACCESS, THE FIRM WILLFULLY VIOLATED SECTION 15(C)(3) OF THE SECURITIES EXCHANGE ACT OF 1934 AND RULE 15C3-5 THEREUNDER AND VIOLATED NASDAQ RULES 2010A, 2110 AND 3010(A). THE COMPLAINT ALSO ALLEGES THAT THE FIRM FAILED TO ESTABLISH SUPERVISORY SYSTEMS, INCLUDING WRITTEN SUPERVISORY PROCEDURES, REASONABLY DESIGNED TO PROVIDE FOR SUFFICIENT REVIEWS OF TRADING ACTIVITY BY ITS MARKET ACCESS CUSTOMERS FOR POTENTIALLY MANIPULATIVE OR SUSPICIOUS TRADING ACTIVITY, AND TO ACHIEVE COMPLIANCE WITH RULE 15C3-5, AS WELL AS OTHER APPLICABLE RULES AND REGULATIONS PROHIBITING MANIPULATIVE AND ABUSIVE TRADING. AS A RESULT OF ITS CONDUCT, THE FIRM VIOLATED NASDAQ RULES 2010A, 2110 AND 3010(A). THE COMPLAINT FURTHER ALLEGES THAT IN CONNECTION WITH THE OPENING AND MAINTENANCE OF CUSTOMER ACCOUNTS, THE FIRM ALSO FAILED TO USE REASONABLE DILIGENCE TO KNOW THE ESSENTIAL FACTS CONCERNING A CUSTOMER AND THE ESSENTIAL FACTS CONCERNING WHO HAS THE AUTHORITY TO ACT ON BEHALF OF THE CUSTOMER, VIOLATING NASDAQ RULES 2010A, 2090A, AND 3010(A).

Initiated By: NASDAQ STOCK MARKET



Date Initiated: 02/28/2017

Docket/Case Number: 2013035468202

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Other

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

Resolution: Decision & Order of Offer of Settlement

Resolution Date: 11/10/2017

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 \$41,428.57

Other Sanctions Ordered: UNDERTAKING

Sanction Details: THE FIRM IS CENSURED, FINED IN THE TOTAL AMOUNT OF \$290,000 (TO BE PAID COLLECTIVELY), OF WHICH \$41,428.57 SHALL BE PAID TO NASDAQ, AND SHALL ALSO COMPLY WITH AN UNDERTAKING.

Regulator Statement THE FIRM SUBMITTED AN OFFER OF SETTLEMENT TO THE COMPLAINANT ON OCTOBER 11, 2017. PURSUANT TO NASDAQ RULE 9270(E), THE COMPLAINANT AND THE ODA HAVE ACCEPTED THE UNCONTESTED OFFER. ACCORDINGLY, THIS ORDER NOW IS ISSUED PURSUANT TO NASDAQ RULE 9270(E)(3). THE FINDINGS, CONCLUSIONS AND SANCTIONS SET FORTH IN THIS ORDER ARE THOSE STATED IN THE OFFER AS ACCEPTED BY THE COMPLAINANT AND APPROVED BY ODA. UNDER THE TERMS OF THE OFFER, RESPONDENT HAS CONSENTED, WITHOUT ADMITTING OR DENYING THE ALLEGATIONS OF THE COMPLAINT, AS AMENDED BY THE OFFER, AND SOLELY FOR THE PURPOSES OF THIS PROCEEDING AND ANY OTHER PROCEEDING BROUGHT BY OR ON BEHALF OF NASDAQ, OR TO WHICH NASDAQ IS A PARTY, TO THE ENTRY OF FINDINGS AND VIOLATIONS CONSISTENT WITH THE ALLEGATIONS OF THE COMPLAINT, AS AMENDED BY THE OFFER, AND TO THE IMPOSITION OF THE SANCTIONS SET FORTH BELOW, AND FULLY UNDERSTANDS THAT THIS ORDER WILL BECOME PART OF RESPONDENT'S PERMANENT DISCIPLINARY RECORD AND MAY BE CONSIDERED IN ANY FUTURE



ACTIONS BROUGHT BY NASDAQ.

IT HAS BEEN DETERMINED THAT THE OFFER BE ACCEPTED AND THAT FINDINGS BE MADE AS FOLLOWS: FROM DECEMBER 2010 THROUGH THE PRESENT (THE "RELEVANT PERIOD"), THE FIRM FAILED TO REASONABLY ESTABLISH, DOCUMENT AND MAINTAIN AN ADEQUATE SYSTEM OF RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES, INCLUDING CERTAIN POST-TRADE RISK CONTROLS, TO ENSURE COMPLIANCE WITH APPLICABLE FEDERAL SECURITIES LAWS AND REGULATIONS AND RULES OF FINRA AND EXCHANGES, INCLUDING NASDAQ. AS A RESULT, THE FIRM ALSO FAILED TO PROPERLY SUPERVISE THE ACTIVITIES OF ITS MARKET ACCESS CUSTOMERS. AS A MARKET ACCESS PROVIDER, THE FIRM WAS RESPONSIBLE FOR MONITORING AND REVIEWING ITS MARKET ACCESS CUSTOMERS' ORDERS TO DETECT AND REPORT SUSPICIOUS AND POTENTIALLY MANIPULATIVE TRADES, AND TO ENSURE THAT ORDERS ENTERED VIA ITS REGISTERED MARKET PARTICIPANT IDENTIFIERS FULLY COMPLIED WITH APPLICABLE FEDERAL SECURITIES LAWS AND REGULATIONS AND THE RULES OF NASDAQ. YET DESPITE APPLICABLE RULES AND GUIDANCE, THE FIRM FAILED TO ADEQUATELY SURVEIL FOR, AND PREVENT, VARIOUS FORMS OF POTENTIALLY MANIPULATIVE TRADING ACTIVITY BY ITS MARKET ACCESS CUSTOMERS ON MULTIPLE MARKETS, INCLUDING NASDAQ. BY FAILING TO ESTABLISH ADEQUATE CONTROLS AND PROCEDURES, AND FAILING TO PROPERLY MONITOR AND SUPERVISE THE ACTIVITIES OF ITS MARKET ACCESS CUSTOMERS, THE FIRM VIOLATED RULE 15C3-5 OF THE EXCHANGE ACT AND NASDAQ RULES 2110, 2010A, AND 3010(A). IN CONNECTION WITH THE OPENING AND MAINTENANCE OF CUSTOMER ACCOUNTS, THE FIRM ALSO FAILED TO USE REASONABLE DILIGENCE TO KNOW THE ESSENTIAL FACTS CONCERNING A CUSTOMER AND THE ESSENTIAL FACTS CONCERNING WHO HAS THE AUTHORITY TO ACT ON BEHALF OF THE CUSTOMER, VIOLATING NASDAQ RULES 2090A, 2010A, AND 3010(A).

IT IS ORDERED THAT RESPONDENT BE CENSURED, FINED IN THE TOTAL AMOUNT OF \$290,000 (TO BE PAID COLLECTIVELY TO NASDAQ, FINRA, BATS BZX EXCHANGE, INC., BATS EDGA EXCHANGE, INC., BATS EDGX EXCHANGE, INC., THE NEW YORK STOCK EXCHANGE LLC, AND NYSE ARCA EQUITIES, INC.), OF WHICH \$41,428.57 SHALL BE PAID TO NASDAQ. THE FIRM SHALL ALSO COMPLY WITH AN UNDERTAKING IN ACCORDANCE WITH THE TERMS OF THE OFFER.

Reporting Source: Firm
Current Status: Final
Allegations: ALLEGE MARKET ACCESS RULE VIOLATIONS THAT LIGHTSPEED FAILED TO



ESTABLISH, DOCUMENT, AND MAINTAIN A SYSTEM OF RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES REASONABLY DESIGNED TO MANAGE RISKS OF PROVIDING MARKET ACCESS. SUPERVISORY DEFICIENCIES AND FAILURES IN THAT THE FIRM FAILED TO ESTABLISH SUPERVISORY SYSTEMS, INCLUDING WSPS REASONABLY DESIGNED TO PROVIDE FOR SUFFICIENT REVIEWS OF TRADING ACTIVITY BY ITS CUSTOMERS FOR POTENTIALLY MANIPULATIVE OR SUSPICIOUS TRADING ACTIVITY. KNOW YOUR CUSTOMER RULE VIOLATIONS IN THAT THE FIRM FAILED TO USE REASONABLE DILIGENCE TO KNOW ESSENTIAL FACTS CONCERNING AN EXECUTION ONLY CLIENT.

Initiated By: FINRA ON BEHALF OF THE NASDAQ STOCK MARKET, LLC

Date Initiated: 02/28/2017

Docket/Case Number: 20130354682-02

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Other

Other Sanction(s)/Relief Sought: REQUESTS PANEL TO ORDER THAT ONE OR MORE OF THE SANCTIONS PROVIDED UNDER NASDAQ RULE 8310(A) BE IMPOSED INCLUDING EXPULSION, SUSPENSION, DISGORGEMENT, AND MONETARY SANCTIONS;ORDER THAT LIGHTSPEED BEAR SUCH COSTS OF THE PROCEEDINGS AS ARE DEEMED FAIR AND APPROPRIATE UNDER THE CIRCUMSTANCES, IN ACCORDANCE WITH NASDAQ RULE 8330;MAKE SPECIFIC FINDINGS THAT LIGHTSPEED WILLFULLY VIOLATED SECTION 15C3 OF THE EXCHANGE ACT AND RULE 15C3-5; GRANT ALL FURTHER RELIEF, LEGAL OR EQUITABLE THAT IS WARRANTED

Resolution: Decision & Order of Offer of Settlement

Resolution Date: 11/10/2017

Sanctions Ordered: Censure
Monetary/Fine \$41,428.57

Other Sanctions Ordered: UNDERTAKING

Sanction Details: THE FIRM IS CENSURED, FINED IN THE TOTAL AMOUNT OF \$290,000 (TO BE PAID COLLECTIVELY), OF WHICH \$41,428.57 SHALL BE PAID TO NASDAQ, AND SHALL ALSO COMPLY WITH AN UNDERTAKING.

Firm Statement THE FIRM SUBMITTED AN OFFER OF SETTLEMENT TO THE COMPLAINANT ON OCTOBER 11, 2017. PURSUANT TO NASDAQ RULE 9270(E), THE COMPLAINANT AND THE ODA HAVE ACCEPTED THE UNCONTESTED OFFER. THIS ORDER NOW IS ISSUED PURSUANT TO NASDAQ RULE



9270(E)(3). THE FINDINGS, CONCLUSIONS AND SANCTIONS SET FORTH IN THIS ORDER ARE THOSE STATED IN THE OFFER AS ACCEPTED BY THE COMPLAINANT AND APPROVED BY ODA. UNDER THE TERMS OF THE OFFER, RESPONDENT HAS CONSENTED, WITHOUT ADMITTING OR DENYING THE ALLEGATIONS OF THE COMPLAINT, AS AMENDED BY THE OFFER. FROM DECEMBER 2010 THROUGH THE PRESENT (THE "RELEVANT PERIOD"), THE FIRM FAILED TO REASONABLY ESTABLISH, DOCUMENT AND MAINTAIN AN ADEQUATE SYSTEM OF RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES, INCLUDING CERTAIN POST-TRADE RISK CONTROLS, TO ENSURE COMPLIANCE WITH APPLICABLE FEDERAL SECURITIES LAWS AND REGULATIONS AND RULES OF FINRA AND EXCHANGES, INCLUDING NASDAQ. AS A RESULT, THE FIRM ALSO FAILED TO PROPERLY SUPERVISE THE ACTIVITIES OF ITS MARKET ACCESS CUSTOMERS. AS A MARKET ACCESS PROVIDER, THE FIRM WAS RESPONSIBLE FOR MONITORING AND REVIEWING ITS MARKET ACCESS CUSTOMERS' ORDERS TO DETECT AND REPORT SUSPICIOUS AND POTENTIALLY MANIPULATIVE TRADES, AND TO ENSURE THAT ORDERS ENTERED VIA ITS REGISTERED MARKET PARTICIPANT IDENTIFIERS FULLY COMPLIED WITH APPLICABLE FEDERAL SECURITIES LAWS AND REGULATIONS AND THE RULES OF NASDAQ. YET DESPITE APPLICABLE RULES AND GUIDANCE, THE FIRM FAILED TO ADEQUATELY SURVEIL FOR, AND PREVENT, VARIOUS FORMS OF POTENTIALLY MANIPULATIVE TRADING ACTIVITY BY ITS MARKET ACCESS CUSTOMERS ON MULTIPLE MARKETS, INCLUDING NASDAQ. BY FAILING TO ESTABLISH ADEQUATE CONTROLS AND PROCEDURES, AND FAILING TO PROPERLY MONITOR AND SUPERVISE THE ACTIVITIES OF ITS MARKET ACCESS CUSTOMERS, THE FIRM VIOLATED RULE 15C3-5 OF THE EXCHANGE ACT AND NASDAQ RULES 2110, 2010A, AND 3010(A). IN CONNECTION WITH THE OPENING AND MAINTENANCE OF CUSTOMER ACCOUNTS, THE FIRM ALSO FAILED TO USE REASONABLE DILIGENCE TO KNOW THE ESSENTIAL FACTS CONCERNING A CUSTOMER AND THE ESSENTIAL FACTS CONCERNING WHO HAS THE AUTHORITY TO ACT ON BEHALF OF THE CUSTOMER, VIOLATING NASDAQ RULES 2090A, 2010A, AND 3010(A). IT IS ORDERED THAT RESPONDENT BE CENSURED, FINED IN THE TOTAL AMOUNT OF \$290,000 (TO BE PAID COLLECTIVELY TO NASDAQ, FINRA, BATS BZX EXCHANGE, INC., BATS EDGA EXCHANGE, INC., BATS EDGX EXCHANGE, INC., THE NEW YORK STOCK EXCHANGE LLC, AND NYSE ARCA EQUITIES, INC.), OF WHICH \$41,428.57 SHALL BE PAID TO NASDAQ. THE FIRM SHALL ALSO COMPLY WITH AN UNDERTAKING IN ACCORDANCE WITH THE TERMS OF THE OFFER.

Disclosure 7 of 18

Reporting Source: Regulator

Current Status: Final

**Allegations:**

THE FIRM WAS NAMED A RESPONDENT IN A FINRA COMPLAINT ALLEGING THAT IT FAILED TO ESTABLISH, DOCUMENT AND MAINTAIN AN ADEQUATE SYSTEM OF RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES, INCLUDING CERTAIN PRE-TRADE AND POST-TRADE RISK CONTROLS, TO ENSURE COMPLIANCE WITH APPLICABLE FEDERAL SECURITIES LAWS AND REGULATIONS AND FINRA RULES. THE COMPLAINT ALLEGES THAT THE FIRM FAILED TO ESTABLISH A SYSTEM OF REASONABLE SUPERVISION, INCLUDING ADEQUATE WRITTEN SUPERVISORY PROCEDURES (WSPS) BY FAILING TO HAVE SUFFICIENT PROCEDURES FOR THE REVIEW OF ORDERS ENTERED BY FIRM CUSTOMERS, AND FAILED TO MAINTAIN SYSTEMS TO SURVEIL FOR POTENTIALLY MANIPULATIVE TRADING ACTIVITY. AS AN INTRODUCING BROKER, THE FIRM WAS RESPONSIBLE FOR MONITORING AND REVIEWING ITS CUSTOMERS' ORDER FLOW TO DETECT AND REPORT SUSPICIOUS AND POTENTIALLY MANIPULATIVE TRADES, AND TO ENSURE THAT ORDER FLOW ENTERED BY THE FIRM'S CUSTOMERS COMPLIED WITH APPLICABLE FEDERAL SECURITIES LAWS AND REGULATIONS AND FINRA RULES. THROUGH MULTIPLE INDUSTRY-WIDE NOTICES PUBLISHED DURING THE RELEVANT PERIOD, THE FIRM WAS ON NOTICE OF ITS OBLIGATIONS AND RESPONSIBILITIES TO IMPLEMENT RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES REASONABLY DESIGNED TO MANAGE THE FINANCIAL, REGULATORY, AND OTHER RISKS OF ITS MARKET ACCESS BUSINESS. DESPITE THE APPLICABLE RULES AND NOTICES, THE FIRM FAILED TO ADEQUATELY SURVEIL FOR, AND PREVENT, POTENTIALLY MANIPULATIVE TRADING ACTIVITY BY ITS CUSTOMERS. AS A RESULT OF THESE SUPERVISORY DEFICIENCIES, THE ORDERS ENTERED BY FIRM CUSTOMERS HAD THE POTENTIAL TO ADVERSELY IMPACT THE INTEGRITY OF THE MARKET AND CAUSE POTENTIAL HARM TO OTHER MARKET PARTICIPANTS. IN ADDITION, THE FIRM FAILED TO ADEQUATELY SUPERVISE THE ACTIVITIES OF ONE OF ITS REGISTERED REPRESENTATIVES WHO HAD ENTERED TRANSACTIONS IN CUSTOMER ACCOUNTS, USED A NON-FIRM INSTANT MESSAGE ACCOUNT TO CONDUCT FIRM BUSINESS, PROVIDED LOG-IN INFORMATION FOR CUSTOMER ACCOUNTS TO PERSONS WHO HAD NOT RECEIVED FIRM AUTHORIZATION, AND CONDUCTED AN OUTSIDE BUSINESS ACTIVITY WITHOUT NOTIFYING THE FIRM. THE FIRM ALSO FAILED TO ENFORCE ITS SUPERVISORY PROCEDURES CONCERNING THE REPORTING OF AN OUTSIDE BUSINESS ACTIVITY OF A REGISTERED REPRESENTATIVE, AND FAILED TO REVIEW THE ELECTRONIC COMMUNICATIONS OF THAT REGISTERED REPRESENTATIVE. THE COMPLAINT ALSO ALLEGES THAT THE FIRM FAILED TO MAINTAIN AND PRESERVE ELECTRONIC COMMUNICATIONS OF THE PREVIOUSLY REFERENCED REGISTERED REPRESENTATIVE AND AS A RESULT, WILLFULLY VIOLATED SECTION 17(A) OF THE SECURITIES EXCHANGE ACT OF 1934 AND RULE 17A-4(B)(4) THEREUNDER. THE COMPLAINT FURTHER ALLEGES THAT ALTHOUGH THE



FIRM HAD LEARNED THAT A REGISTERED REPRESENTATIVE WAS AFFILIATED WITH A PREVIOUSLY UNREPORTED OUTSIDE BUSINESS ACTIVITY, THE FIRM WILLFULLY FAILED TO AMEND THAT PERSON'S FORM U4 TO REPORT THE ACTIVITY.

Initiated By: FINRA

Date Initiated: 02/28/2017

Docket/Case Number: [2013035468201](#)

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Other

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

Resolution: Decision & Order of Offer of Settlement

Resolution Date: 11/10/2017

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 \$41,428.58

Other Sanctions Ordered: UNDERTAKING

Sanction Details: THE FIRM WAS CENSURED, FINED A TOTAL AMOUNT OF \$290,000 (TO PAID COLLECTIVELY WITH VARIOUS REGULATORS), OF WHICH \$41,428.58 SHALL BE PAID TO FINRA, AND SHALL COMPLY WITH AN UNDERTAKING IN WHICH IT SHALL MAKE A WRITTEN SUBMISSION TO FINRA, CONCERNING ITS IMPLEMENTATION AND EFFECTIVENESS OF THE FIRM'S POLICIES, SYSTEMS, AND PROCEDURES (WRITTEN OR OTHERWISE). FINES PAID IN FULL ON JUNE 4, 2018.

Regulator Statement WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO ESTABLISH A SYSTEM OF REASONABLE SUPERVISION, INCLUDING ADEQUATE WSPS, IN THAT IT FAILED TO HAVE SUFFICIENT PROCEDURES FOR THE REVIEW OF ORDERS ENTERED BY FIRM CUSTOMERS, AND FAILED TO MAINTAIN SYSTEMS TO SURVEIL FOR POTENTIALLY MANIPULATIVE TRADING ACTIVITY. THE FINDINGS STATED



THAT THE FIRM FAILED TO ENFORCE ITS SUPERVISORY PROCEDURES, INCLUDING ITS PROCEDURES PERTAINING TO OUTSIDE BUSINESS ACTIVITIES AND ADHERENCE TO ITS ELECTRONIC COMMUNICATIONS POLICY. THE FIRM ALSO FAILED TO ESTABLISH AND MAINTAIN THE REQUIRED SYSTEMS TO SUPERVISE THE ACTIVITIES OF ITS REGISTERED REPRESENTATIVES, REGISTERED PRINCIPALS, AND OTHER ASSOCIATED PERSONS NOTWITHSTANDING RED FLAGS SUGGESTING CLOSER SUPERVISION WAS WARRANTED. MOREOVER, BY FAILING TO DISCLOSE A PERSON'S OUTSIDE BUSINESS ACTIVITY, THE FIRM FAILED TO FOLLOW ITS SUPERVISORY PROCEDURES TO NOTIFY ITS REGISTRATION DEPARTMENT THAT A FORM U4 WAS REQUIRED TO BE FILED. THE FIRM'S WSPS STATE THAT THE CCO OR DESIGNEE IS RESPONSIBLE FOR THE SUPERVISION OF THE ELECTRONIC COMMUNICATION REVIEW PROCESS. THE WSPS FURTHER REQUIRE THAT THE FIRM RETAIN RECORDS OF BUSINESS COMMUNICATIONS IN ACCORDANCE WITH THE RULE REQUIREMENTS OF REGULATORS. THE WSPS FURTHER STATE THAT THE USE OF INSTANT MESSAGES SUBJECTS THOSE COMMUNICATIONS TO REVIEW BY THE FIRM, AND REQUIRES IT TO RETAIN SUCH MESSAGES. THEY ALSO STATE THAT EMPLOYEES ARE NOT PERMITTED TO USE INSTANT MESSAGES TO CONDUCT ITS BUSINESS, EXCEPT FOR DEPARTMENTS OR PERSONNEL SPECIFICALLY AUTHORIZED. ELECTRONIC COMMUNICATIONS WITH CUSTOMERS AND/OR THE PUBLIC ARE PERMITTED ONLY THROUGH COMPANY-SPONSORED OR ALTERNATIVE APPROVED FACILITIES. BY FAILING TO REVIEW ITS REPRESENTATIVE'S ELECTRONIC COMMUNICATIONS, THE FIRM FAILED TO ADEQUATELY SUPERVISE ITS REPRESENTATIVE'S ELECTRONIC COMMUNICATIONS. AS A RESULT OF THESE SUPERVISORY DEFICIENCIES, THE ORDERS ENTERED BY CUSTOMERS OF THE FIRM HAD THE POTENTIAL TO ADVERSELY IMPACT THE INTEGRITY OF THE MARKET AND CAUSE POTENTIAL HARM TO OTHER MARKET PARTICIPANTS. THE FINDINGS ALSO STATED THAT A REPRESENTATIVE WAS USING A NON-FIRM INSTANT MESSAGE ACCOUNT TO CONDUCT FIRM BUSINESS. THE FIRM WAS OR SHOULD HAVE BEEN AWARE OF SUCH USE, HOWEVER, THE FIRM DID NOT PRESERVE RECORDS OF THESE COMMUNICATIONS. AS A RESULT, THE FIRM FAILED TO ADEQUATELY MAKE AND PRESERVE ELECTRONIC BUSINESS RECORDS. THE FINDINGS ALSO INCLUDED THAT ALTHOUGH THE FIRM LEARNED THAT A REPRESENTATIVE WAS AFFILIATED WITH A PREVIOUSLY UNREPORTED OUTSIDE BUSINESS ACTIVITY, IT FAILED TO AMEND THAT REPRESENTATIVE'S FORM U4 TO REPORT THE ACTIVITY.

Reporting Source: Firm
Current Status: Final
Allegations: FAILED TO SUPERVISE ACTIVITY OF ITS CUSTOMER AND REGISTERED



REPRESENTATIVES AND ENFORCE FIRM PROCEDURES REGARDING
 OUTSIDE BUSINESS ACTIVITIES AND ELECTRONIC COMMUNICATIONS
 POLICY
 FAILED TO MAKE AND PRESERVE BOOKS AND RECORDS PERTAINING TO
 THE USE OF IMS
 FAILURE TO FILE AN AMENDED U4 FOR A REGISTERED REPRESENTATIVE.

Initiated By: FINRA

Date Initiated: 02/28/2017

Docket/Case Number: 20130354682-01

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Other

Other Sanction(s)/Relief Sought: REQUESTS PANEL MAKE FINDINGS OR ORDER THE FOLLOWING:
 SANCTIONS PROVIDED UNDER FINRA RULE 8310(A)
 WILLFULLY VIOLATED SECTION 17(A) OF THE EXCHANGE ACT AND RULE
 17A-4
 WILLFUL FAILURE TO FILE AN AMENDED FORM U4 IN VIOLATION OF FINRA
 BY-LAWS ARTICLE V SECTION 2 AND FINRA RULE 2010
 BEAR SUCH COSTS OF PROCEEDING UNDER FINRA RULE 8330
 ALL FURTHER RELIEF, LEGAL, EQUITABLE, THAT IS WARRANTED UNDER
 THE CIRCUMSTANCES.

Resolution: Decision & Order of Offer of Settlement

Resolution Date: 11/10/2017

Sanctions Ordered: Censure
 Monetary/Fine \$41,428.58

Other Sanctions Ordered: UNDERTAKING

Sanction Details: THE FIRM WAS CENSURED, FINED A TOTAL AMOUNT OF \$290,000 (TO PAID
 COLLECTIVELY WITH VARIOUS REGULATORS), OF WHICH \$41,428.58 SHALL
 BE PAID TO FINRA, AND SHALL COMPLY WITH AN UNDERTAKING IN WHICH
 IT SHALL MAKE A WRITTEN SUBMISSION TO FINRA, CONCERNING ITS
 IMPLEMENTATION AND EFFECTIVENESS OF THE FIRM'S POLICIES,
 SYSTEMS, AND PROCEDURES (WRITTEN OR OTHERWISE).

Firm Statement WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, THE FIRM
 CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT
 IT FAILED TO ESTABLISH A SYSTEM OF REASONABLE SUPERVISION,
 INCLUDING ADEQUATE WSPS, IN THAT IT FAILED TO HAVE SUFFICIENT
 PROCEDURES FOR THE REVIEW OF ORDERS ENTERED BY FIRM



CUSTOMERS, AND FAILED TO MAINTAIN SYSTEMS TO SURVEIL FOR POTENTIALLY MANIPULATIVE TRADING ACTIVITY. THE FINDINGS STATED THAT THE FIRM FAILED TO ENFORCE ITS SUPERVISORY PROCEDURES, INCLUDING ITS PROCEDURES PERTAINING TO OUTSIDE BUSINESS ACTIVITIES AND ADHERENCE TO ITS ELECTRONIC COMMUNICATIONS POLICY. THE FIRM FAILED TO RETAIN THE INSTANT MESSAGES OF A REGISTERED REPRESENTATIVE USING AN UNAPPROVED INSTANT MESSAGE ID. WSPS REQUIRE THAT THE FIRM RETAIN RECORDS OF BUSINESS COMMUNICATIONS IN ACCORDANCE WITH THE RULE REQUIREMENTS OF REGULATORS. BY FAILING TO REVIEW ITS REPRESENTATIVE'S ELECTRONIC COMMUNICATIONS, THE FIRM FAILED TO ADEQUATELY SUPERVISE ITS REPRESENTATIVE'S ELECTRONIC COMMUNICATIONS. THE FIRM LEARNED THAT A REPRESENTATIVE WAS AFFILIATED WITH A PREVIOUSLY UNREPORTED OUTSIDE BUSINESS ACTIVITY, IT FAILED TO AMEND THAT REPRESENTATIVE'S FORM U4 TO REPORT THE ACTIVITY. IT IS ALSO NOTED THE RR DID NOT REPORT THE ACTIVITY ON SUBSEQUENT ANNUAL OUTSIDE BUSINESS ACTIVITY QUESTIONNAIRES AFTER THE ACTIVITY WAS ACTIVE TO ENSURE ALL ACTIVITIES WERE DISCLOSED.

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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 AIDED AND ABETTED THE VIOLATION, BY THREE ENTITIES AND THEIR OWNERS, OF SECTION 15(A)(1) OF THE EXCHANGE ACT BY KNOWINGLY OR RECKLESSLY FACILITATING THE OPERATION OF THESE UNREGISTERED BROKER-DEALERS. THESE ENTITIES AND THEIR OWNERS VIOLATED SECTION 15(A)(1) OF THE EXCHANGE ACT BY SOLICITING THEIR CUSTOMERS TO ENGAGE IN SECURITIES TRADING THROUGH ACCOUNTS AT THE FIRM, AND RECEIVED TRANSACTION-BASED COMPENSATION FOR THOSE TRANSACTIONS, WHILE NOT REGISTERED IN ANY CAPACITY WITH THE SECURITIES AND EXCHANGE COMMISSION. THE FIRM KNEW OR WAS RECKLESS IN NOT KNOWING THAT THE ENTITIES WERE OPERATING AS UNREGISTERED BROKER-DEALERS AND IT PROVIDED SUBSTANTIAL ASSISTANCE TO THE ENTITIES BY EFFECTING SECURITIES TRANSACTIONS AND COLLECTING COMMISSIONS AND THEN PAYING A PORTION OF THE COMMISSIONS TO THE INDIVIDUAL REGISTERED REPRESENTATIVES WHO TURNED THEM OVER TO THE UNREGISTERED ENTITIES. BASED ON THE FIRM'S NEGOTIATION OF THE COMMISSION RATES WITH THE OWNERS OF THE UNREGISTERED BROKER DEALERS, ITS REGULAR COMMUNICATIONS BY ITS REGISTERED REPRESENTATIVES



AND OTHERS WHO WERE AFFILIATED WITH THE UNREGISTERED BROKER-DEALERS ABOUT THE FIRM'S PAYMENT OF TRANSACTION-BASED COMPENSATION, THE FIRM KNEW OR WAS RECKLESS IN NOT KNOWING THAT IT WAS FACILITATING THE OPERATIONS OF UNREGISTERED BROKER-DEALERS. THE FINDINGS STATED THAT DESPITE THE EXISTENCE OF "RED FLAGS" WITH RESPECT TO THE TRADING BY PERSONS AFFILIATED WITH ONE OF THE UNREGISTERED BROKER-DEALERS, THE FIRM FAILED TO ADEQUATELY FURTHER INVESTIGATE THEIR TRADING FOR THE PURPOSE OF DETERMINING WHETHER OR NOT IT CONSTITUTED SUSPICIOUS ACTIVITY THAT SHOULD PROPERLY BE REPORTED. THE FIRM HAD INADEQUATE AML PROCEDURES TO MONITOR, DETECT, AND CAUSE THE REPORTING OF SUSPICIOUS TRADING ACTIVITY THAT WAS TAILORED TO ITS SECURITIES BUSINESS. FURTHERMORE, THE FIRM FAILED TO IMPLEMENT THE PORTIONS OF ITS AML PROCEDURES THAT WERE RELEVANT TO THIS POTENTIALLY SUSPICIOUS TRADING ACTIVITY. AS A RESULT, THE FIRM DID NOT MAINTAIN AN ADEQUATE PROCESS FOR INVESTIGATING POTENTIALLY SUSPICIOUS ACTIVITY AND CAUSING THE FILING OF SARs, AS NECESSARY WHEN THE FACTS AND CIRCUMSTANCES WARRANTED. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO ESTABLISH REASONABLE WRITTEN SUPERVISORY PROCEDURES AND SYSTEMS TO DETECT AND PREVENT THE SHARING OF COMMISSIONS BY ITS REGISTERED REPRESENTATIVES WITH UNREGISTERED PERSONS. THE FIRM'S PROCEDURES PROHIBITED ITS EMPLOYEES "FROM REBATING TO ANYONE, DIRECTLY OR INDIRECTLY, ANY COMMISSION OR COMPENSATION RECEIVED." THE FIRM HAD AMPLE RED FLAGS THAT ITS REGISTERED REPRESENTATIVES WHO OWNED OR WERE AFFILIATED WITH THE THREE UNREGISTERED ENTITIES WERE SHARING COMMISSIONS WITH THE ENTITIES AND THEIR OWNERS.

Initiated By: FINRA

Date Initiated: 02/13/2015

Docket/Case Number: [2010023935005](#)

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: 02/13/2015

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 \$250,000.00

Other Sanctions Ordered:

Sanction Details: THE FIRM WAS CENSURED AND FINED \$250,000. FINES PAID IN FULL ON FEBRUARY 2, 2018.

Reporting Source: Firm

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTS TO THE FINDINGS THAT IT AIDED AN ABETTED THE VIOLATION OF THREE UNREGISTERED BROKERS IN VIOLATION OF SECTION 15(A)(1) OF THE SECURITIES EXCHANGE ACT OF 1934. THE REGISTERED REPRESENTATIVES OF THE FIRM WERE PAID COMMISSIONS ON ACCOUNTS AND TURNED OVER THE COMMISSIONS TO THE UNREGISTERED ENTITIES. THE FIRM WAS UNAWARE OF THE SHARING OF COMMISSIONS AND WAS RECKLESS BY NOT BEING AWARE THAT THE ENTITIES WERE OPERATING AS UNREGISTERED BROKER-DEALERS. THE FIRM FAILED TO HAVE ADEQUATE SUPERVISORY PROCEDURES TO DETECT AND PREVENT THE SHARING OF COMMISSIONS BY ITS REGISTERED REPRESENTATIVES WITH UNREGISTERED PERSONS. THE FIRM FAILED TO IMPLEMENT PORTIONS OF ITS AML PROCEDURES THAT WERE RELEVANT TO SUSPICIOUS TRADING ACTIVITY AND DID NOT MAINTAIN AN ADEQUATE PROCESS FOR INVESTIGATING POTENTIALLY SUSPICIOUS ACTIVITY AND CAUSING THE FILING OF SARS AS NECESSARY.

Initiated By: FINRA

Date Initiated: 02/13/2015

Docket/Case Number: [2010023935005](#)

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: 02/13/2015

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

Other Sanctions Ordered: THE FIRM WAS SANCTIONED AND FINED \$250,000.

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

Firm Statement THE FIRM ALLEGEDLY AIDED AND ABETTED THREE UNREGISTERED BROKER DEALERS THAT CAUSED VIOLATIONS OF SECTION 15(A)(1) OF THE EXCHANGE ACT. FAILED TO ADEQUATELY IMPLEMENT AN ADEQUATE AML PROGRAM TO MONITOR, DETECT AND CAUSE THE REPORTING OF SUSPICIOUS TRANSACTIONS REQUIRED UNDER NASD RULE 3011(A) PRIOR TO 1/1/10 AND FINRA RULE 3310(A) AFTER 1/1/10.

Disclosure 9 of 18

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 ITS SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO THE APPLICABLE SECURITIES LAWS AND REGULATIONS, AND NASDAQ RULES, CONCERNING MONITORING THE ACCURACY OF THE CAPACITY ENTERED FOR ORDERS SUBMITTED TO THE NASDAQ SYSTEM. SPECIFICALLY, THE FIRM'S SUPERVISORY SYSTEM DID NOT INCLUDE WRITTEN SUPERVISORY PROCEDURES PROVIDING FOR: (1) THE IDENTIFICATION OF THE PERSON(S) RESPONSIBLE FOR SUPERVISION WITH RESPECT TO THE APPLICABLE RULES; (2) A STATEMENT OF THE SUPERVISORY STEP(S) TO BE TAKEN BY THE IDENTIFIED PERSON(S); (3) A STATEMENT AS TO HOW OFTEN SUCH PERSON(S) SHOULD TAKE SUCH STEP(S); AND (4) A STATEMENT AS TO HOW THE COMPLETION OF THE STEP(S) INCLUDED IN THE WRITTEN SUPERVISORY PROCEDURES SHOULD BE DOCUMENTED. THE CONDUCT CONSTITUTES A VIOLATION OF NASDAQ RULES 3010 AND 2110.

Initiated By: NASDAQ STOCK MARKET

Date Initiated: 08/27/2014

Docket/Case Number: [2011029484101](#)

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:** 08/27/2014**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 \$10,000.00**Other Sanctions Ordered:** UNDERTAKING: REVISE THE FIRM'S WRITTEN SUPERVISORY PROCEDURES WITH RESPECT TO THE AREAS DESCRIBED ABOVE**Sanction Details:** SEE ABOVE**Reporting Source:** Firm**Current Status:** Final**Allegations:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE FINDINGS THAT ITS SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT APPLICABLE SECURITIES LAWS AND REGULATIONS AND NASDAQ RULES CONCERNING THE MONITORING OF THE CAPACITY ENTERED FOR ORDERS SUBMITTED TO THE NASDAQ SYSTEM.**Initiated By:** NASDAQ STOCK MARKET**Date Initiated:** 08/27/2014**Docket/Case Number:** [2011029484101](#)**Principal Product Type:** No Product**Other Product Type(s):****Principal Sanction(s)/Relief Sought:** Censure



Other Sanction(s)/Relief Sought:	FINE OF \$10,000 AND UNDERTAKING TO TO REVISE THE FIRM'S WSPS.
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	08/27/2014
Sanctions Ordered:	Censure Monetary/Fine \$10,000.00
Other Sanctions Ordered:	UNDERTAKING TO REVISE THE FIRM'S WRITTEN SUPERVISORY PROCEDURES REGARDING MONITORING THE CAPACITY OF ORDERS PLACED INTO THE NASDAQ SYSTEM.
Sanction Details:	SEE ABOVE
Firm Statement	CASE INVOLVES CERTAIN CUSTOMERS SENDING PRINCIPAL ORDERS WHEN THE ORDERS SHOULD HAVE BEEN IN AN AGENCY CAPACITY TO NASDAQ DURING THE PERIOD JANUARY 2010 THROUGH OCTOBER 2010 THROUGH SPONSORED MARKET ACCESS PROVIDED BY THE CLEARING FIRM.

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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 ITS 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 MONITORING THE ACCURACY OF THE CAPACITY ENTERED FOR TRADE REPORTS.
Initiated By:	FINRA
Date Initiated:	08/27/2014
Docket/Case Number:	2011029484102
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: 08/27/2014

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 \$10,000.00

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

Sanction Details: SEE ABOVE

Regulator Statement FINE PAID IN FULL ON SEPTEMBER 5, 2014.

Reporting Source: Firm

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT ITS 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 MONITORING THE ACCURACY OF THE CAPACITY ENTERED FOR TRADE REPORTS.

Initiated By: FINRA

Date Initiated: 08/27/2014

Docket/Case Number: [2011029484102](#)

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought: FINE IN THE AMOUNT OF \$10,000 AND AN UNDERTAKING TO REVISE THE FIRM'S WSPS

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 08/27/2014



Sanctions Ordered:	Censure Monetary/Fine \$10,000.00
Other Sanctions Ordered:	UNDERTAKING TO REVISE THE FIRM'S WRITTEN SUPERVISORY PROCEDURES.
Sanction Details:	SEE ABOVE
Firm Statement	THIS CASE INVOLVED CERTAIN CUSTOMERS ENTERING ORDERS IN A PRINCIPAL CAPACITY TO NASDAQ WHEN THEY SHOULD HAVE BEEN CODED AS AGENCY DURING THE PERIOD SEPTEMBER 1, 2009 THROUGH JULY 31, 2010 THROUGH SPONSORED MARKET ACCESS PROVIDED BY THE CLEARING FIRM. SINCE TRADE REPORTS ARE GENERATED THROUGH THE SPECIFIC ORDER DETAIL RECORDS, THEY WERE INCORRECTLY REPORTED AS PRINCIPAL IN REGARDS TO TRADE REPORTING.

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Reporting Source:	Regulator
Current Status:	Final
Allegations:	<p>SEC ADMIN RELEASE 34-71871, INVESTMENT COMPANY ACT OF 1940 RELEASE 31007, APRIL 4, 2014:</p> <p>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") AND SECTION 9(B) OF THE INVESTMENT COMPANY ACT OF 1940 ("INVESTMENT COMPANY ACT") AGAINST LIGHTSPEED TRADING LLC ("LIGHTSPEED"). A FIRM OPERATED AN OFFICE WHERE ITS OWNERS AND AS MANY AS SIXTEEN OTHER INDIVIDUALS ENGAGED IN DAY-TRADING THROUGH VARIOUS ACCOUNTS HELD AT LIGHTSPEED, A REGISTERED BROKER-DEALER. THE SIXTEEN OTHER INDIVIDUALS INCLUDED TWO GROUPS: (A) INDIVIDUALS WHO TRADED SECURITIES USING FUNDS PROVIDED BY THE FIRM'S OWNERS (THE "PROPRIETARY TRADERS"); AND (B) CUSTOMERS WHO TRADED SECURITIES USING THEIR OWN FUNDS (THE "CUSTOMERS"). IN CONNECTION WITH THEIR TRADING, THE CUSTOMERS PAID COMMISSIONS TO LIGHTSPEED, AND TWO LIGHTSPEED REGISTERED REPRESENTATIVES IMPROPERLY SHARED A PORTION OF THIS TRANSACTION-BASED COMPENSATION WITH THE FIRM, AN UNREGISTERED ENTITY. THE FIRM AND ITS OWNERS RECEIVED \$474,407 OF THE COMMISSIONS THAT WERE GENERATED BY THE CUSTOMERS' TRADING, AND LIGHTSPEED RETAINED APPROXIMATELY \$330,000 IN COMMISSIONS.</p> <p>BY VIRTUE OF THIS CONDUCT, LIGHTSPEED WILLFULLY AIDED AND</p>



ABETTED AND CAUSED THE FIRM AND THE FIRM'S OWNERS' VIOLATIONS OF SECTION 15(A)(1) OF THE EXCHANGE ACT BY KNOWINGLY OR RECKLESSLY FACILITATING THE FIRM AND ITS OWNERS' OPERATION OF AN UNREGISTERED BROKER-DEALER. LIGHTSPEED FAILED REASONABLY TO SUPERVISE ONE OWNER WHO WAS ALSO A REGISTERED REPRESENTATIVE OF LIGHTSPEED, BY FAILING TO HAVE REASONABLE POLICIES AND PROCEDURES IN PLACE DESIGNED TO PREVENT AND DETECT COMMISSION PAYMENTS FROM ITS REGISTERED REPRESENTATIVES TO PERSONS NOT REGISTERED WITH THE COMMISSION.

Initiated By: UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Date Initiated: 04/04/2014

Docket/Case Number: 3-15823

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: 04/04/2014

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 \$100,000.00
Cease and Desist/Injunction

Other Sanctions Ordered: PREJUDGMENT INTEREST AND POST-ORDER INTEREST ON DISGORGEMENT AND CIVIL MONEY PENALTY.

Sanction Details: RESPONDENT HAS SUBMITTED AN OFFER OF SETTLEMENT (THE "OFFER") WHICH THE COMMISSION HAS DETERMINED TO ACCEPT. SOLELY FOR THE PURPOSE OF THESE PROCEEDINGS AND ANY OTHER PROCEEDINGS BROUGHT BY OR ON BEHALF OF THE COMMISSION, OR TO WHICH THE COMMISSION IS A PARTY, AND WITHOUT ADMITTING OR DENYING THE FINDINGS HEREIN, EXCEPT AS TO THE COMMISSION'S JURISDICTION



OVER IT AND THE SUBJECT MATTER OF THESE PROCEEDINGS, WHICH ARE ADMITTED, RESPONDENT CONSENTS TO THE ENTRY OF THIS ORDER INSTITUTING ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS PURSUANT TO SECTIONS 15(B) AND 21C OF THE EXCHANGE ACT AND SECTION 9(B) OF THE INVESTMENT COMPANY ACT, MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS AND CEASE-AND-DESIST ORDERS ("ORDER").

LIGHTSPEED WILLFULLY AIDED AND ABETTED AND CAUSED VIOLATIONS OF SECTION 15(A)(1) OF THE EXCHANGE ACT. LIGHTSPEED FAILED REASONABLY TO SUPERVISE AN INDIVIDUAL WHILE HE WAS A REGISTERED REPRESENTATIVE ASSOCIATED WITH LIGHTSPEED WITHIN THE MEANING OF SECTION 15(B)(4)(E) OF THE EXCHANGE ACT WITH A VIEW TO PREVENTING AND DETECTING HIS VIOLATION OF THE FEDERAL SECURITIES LAWS.

IT IS ORDERED THAT LIGHTSPEED SHALL CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF SECTION 15(A)(1) OF THE EXCHANGE ACT. LIGHTSPEED IS CENSURED. LIGHTSPEED SHALL PAY DISGORGEMENT OF \$330,000 AND PREJUDGMENT INTEREST OF \$43,316.54 FOR A TOTAL OF \$373,316.54, PLUS AGREED UPON POST-ORDER INTEREST OF \$4,592.16, FOR A TOTAL OF \$377,908.70, TO THE UNITED STATES TREASURY.

LIGHTSPEED SHALL PAY A CIVIL MONEY PENALTY IN THE AMOUNT OF \$100,000 PLUS AGREED UPON POST-ORDER INTEREST OF \$308.22, FOR A TOTAL OF \$100,308.22, TO THE UNITED STATES TREASURY.

Reporting Source: Firm

Current Status: Final

Allegations: A CORPORATE CUSTOMER OF LIGHTSPEED OPERATED AN OFFICE IN WHICH INDIVIDUALS TRADED FUNDS OF THE ENTITY AND INDIVIDUALS TRADED THEIR OWN FUNDS IN ACCOUNTS HELD AT LIGHTSPEED. THE ACCOUNTS GENERATED COMMISSIONS OF \$474,407 OF WHICH LIGHTSPEED RETAINED APPROXIMATELY \$330,000. THE REGISTERED REPRESENTATIVE THAT WAS PAID THE COMMISSIONS IMPROPERLY SHARED THE COMMISSION WITH THE OTHER OWNERS OF THE CORPORATE ENTITY, WHICH WAS NOT A REGISTERED BROKER DEALER. LIGHTSPEED, WHICH WAS NOT AWARE OF THE SHARING OF THE COMMISSIONS BY THE REGISTERED REPRESENTATIVES WAS CHARGED WITH AIDING AND ABETTING AN UNREGISTERED BROKER DEALER THAT CAUSED VIOLATIONS OF SECTION 15(A)(1) OF THE EXCHANGE ACT. THE FIRM WAS ALSO CHARGED WITH FAILING TO SUPERVISE A REGISTERED REPRESENTATIVE THAT WAS SHARING COMMISSIONS PAID TO HIM BY LIGHTSPEED WITHOUT THE FIRM'S KNOWLEDGE.



Initiated By: UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Date Initiated: 04/04/2014

Docket/Case Number: 3-15823

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: 04/04/2014

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

Other Sanctions Ordered: PREJUDGMENT INTEREST AND POST-ORDER INTEREST ON DISGORGEMENT OF COMMISSIONS AND CIVIL MONEY PENALTY.

Sanction Details: WITHOUT ADMITTING OR DENYING THE CHARGES, THE FIRM ENTERED INTO THE ORDER TO CEASE AND DESIST FUTURE VIOLATIONS OF SECTION 15(*A)(1) OF THE EXCHANGE ACT. FIRM IS CENSURED AND AGREED TO PAY DISGORGEMENT OF \$330,000 AND PREJUDGMENT INTEREST OF \$43,316.54 PLUS POST-ORDER INTEREST OF \$4,592.16 FOR A TOTAL OF \$377,908.70. THE FIRM ALSO IS REQUIRED TO PAY A CIVIL MONEY PENALTY OF \$100,000 PLUS POST-ORDER INTEREST OF \$308.22.

Firm Statement THE FIRM ALLEGEDLY AIDED AND ABETTED AN UNREGISTERED BROKER DEALER THAT CAUSED VIOLATIONS OF SECTION 15(A)(1) OF THE EXCHANGE ACT. THE FIRM WAS ALSO CHARGED WITH FAILING TO SUPERVISE A REGISTERED REPRESENTATIVE THAT WAS SHARING COMMISSIONS PAID TO HIM BY LIGHTSPEED WITHOUT THE FIRM'S KNOWLEDGE.

Disclosure 12 of 18

Reporting Source: Regulator

Current Status: Final

Allegations: FINRA RULES 2010, 7450, NASD RULES 2110, 3010 - LIGHTSPEED TRADING, LLC'S CUSTOMER ORDERS WERE DIRECTLY PLACED INTO ITS AFFILIATE'S ORDER ROUTING, EXECUTION, AND TECHNOLOGY PLATFORM.



INFORMATION PERTAINING TO THESE ORDERS WAS IMMEDIATELY REPORTED TO THE ORDER AUDIT TRAIL SYSTEM (OATS) BY OTHER MEMBER FIRMS. THE FIRM FAILED TO SUBMIT NUMEROUS REQUIRED NEW ORDER REPORTS AND ROUTE REPORTS TO OATS. THIS FAILURE WAS DUE TO THE FIRM'S MISTAKEN BELIEF THAT THE REPORTS WERE NOT REQUIRED FOR ORDERS ROUTED TO ITS AFFILIATE. THE FIRM'S SUPERVISORY SYSTEM, INCLUDING ITS WRITTEN SUPERVISORY PROCEDURES (WSPS), WERE PREMISED ON THIS MISTAKEN BELIEF. THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATIONS AND FINRA RULES CONCERNING COMPLETE AND ACCURATE OATS REPORTING OF THE FIRM'S ORDERS ROUTED TO ITS AFFILIATE. THE FIRM FAILED TO TIMELY REPORT REPORTABLE ORDER EVENTS (ROES) TO OATS; TRANSMITTED NEW ORDER REPORTS AND RELATED SUBSEQUENT REPORTS TO OATS WHERE THE TIMESTAMP FOR THE RELATED SUBSEQUENT REPORT OCCURRED PRIOR TO THE RECEIPT OF THE ORDER; TRANSMITTED ROUTE OR COMBINED ORDER/ROUTE REPORTS TO OATS THAT OATS WAS UNABLE TO LINK TO THE CORRESPONDING NEW ORDER TRANSMITTED BY THE DESTINATION MEMBER FIRM DUE TO INACCURATE, INCOMPLETE OR IMPROPERLY FORMATTED DATA.

Initiated By: FINRA

Date Initiated: 11/28/2012

Docket/Case Number: [2009018253801](#)

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 11/28/2012

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 \$200,000.00

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 \$200,000 AND REQUIRED TO REVISE ITS WSPS REGARDING COMPLETE AND ACCURATE OATS REPORTING OF THE FIRM'S ORDERS ROUTED TO ITS AFFILIATE WITHIN 30 BUSINESS DAYS OF ACCEPTANCE OF THIS AWC BY THE NAC. FINE PAID IN FULL ON DECEMBER 1, 2015.

Reporting Source:

Firm

Current Status:

Final

Allegations:

DURING THE PERIOD JULY 10, 2006 TO FEBRUARY 28, 2009, THE FIRM FAILED TO REPORT TO OATS NEW ORDER REPORTS AND ROUTES THAT WERE ENTERED INTO AN AFFILIATE'S ORDER ROUTING SYSTEM DUE TO THE FIRM'S MISTAKEN BELIEF THAT THE REPORTS WERE NOT REQUIRED FOR ORDERS ROUTED TO ITS AFFILIATE RESULTING IN A VOVIOLATION OF FINRA RULE 2010 AND NASD RULES 2110 AND 3010. THE AFFILIATE SUBMITTED OATS REPORTS TO THE AUDIT TRAIL SYSTEM. THE FIRM ALSO FAILED TO TIMELY REPORT REPORTABLE ORDER EVENTS DURING THE REVIEW PERIOD OF JANUARY 1, 2010 THROUGH APRIL 30, 2010 IN VIOLATION OF FINRA RULE 7450.

Initiated By:

FINRA

Date Initiated:

11/28/2012

Docket/Case Number:

[2009018253801](#)

Principal Product Type:

No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Censure

Other Sanction(s)/Relief Sought:

FINE AND UNDERTAKING

Resolution:

Acceptance, Waiver & Consent(AWC)

Resolution Date:

11/28/2012

Sanctions Ordered:

Censure
Monetary/Fine \$200,000.00

Other Sanctions Ordered:

REQUIRED TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES



REGARDING THE COMPLETE AND ACCURATE OATS REPORTING OF THE FIRM'S ORDERS ROUTED TO ITS AFFILIATE.

Sanction Details: INITIAL PAYMENT WAS MADE ON 12/11/2012

Disclosure 13 of 18

Reporting Source: Regulator

Current Status: Final

Allegations: SECURITIES EXCHANGE ACT OF 1934 SECTION 15(C) AND RULE 15C3-3, FINRA RULE 2010, NASD RULE 2110: THE FIRM WAS APPROVED TO OPERATE AS A FULLY DISCLOSED INTRODUCING BROKER-DEALER, SUBJECT TO CERTAIN EXEMPTIONS PROVIDED WITHIN SECURITIES EXCHANGE ACT OF 1934 (SEA) RULE 15C3-3(K)(2)(II). THE FIRM, AS AN INTRODUCING BROKER, ENGAGED IN TWO PROGRAMS PURSUANT TO WHICH CUSTOMERS WHO PARTICIPATED IN THESE PROGRAMS WHO REACHED A CERTAIN VOLUME OF TRADING RECEIVED A DISCOUNTED COMMISSION RATE IN THE FORM OF A COMMISSION REBATE BACK TO THE CUSTOMERS. AS THE RESULT OF THESE COMMISSION REBATES, THE FIRM BECAME SUBJECT TO THE PROVISIONS OF SEA RULE 15C3-3. HOWEVER, THE FIRM FAILED TO PROPERLY HANDLE THE CUSTOMERS' REBATES BY FAILING TO ESTABLISH A SPECIAL RESERVE BANK ACCOUNT FOR THE EXCLUSIVE BENEFIT OF CUSTOMERS FOR PURPOSES OF EFFECTUATING THE COMMISSION REBATES BACK TO CUSTOMERS.

Initiated By: FINRA

Date Initiated: 07/06/2012

Docket/Case Number: 2010021329601

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: 07/06/2012



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

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

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE IT IS CENSURED AND FINED \$7,500. FINE PAID IN FULL ON JULY 16, 2012.

Reporting Source: Firm

Current Status: Final

Allegations: THE FIRM REBATED A PORTION OF ITS COMMISSIONS BACK TO CERTAIN CUSTOMERS WITHOUT ESTABLISHING A SPECIAL RESERVE BANK ACCOUNT FOR THE EXCLUSIVE BENEFIT OF CUSTOMERS THUS VIOLATING RULE 15C3-3 OF THE SECURITIES EXCHANGE ACT OF 1934, FINRA RULE 2010 AND NASD CONDUCT RULE 2110.

Initiated By: FINRA

Date Initiated: 07/06/2012

Docket/Case Number: 2010021329601

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Other

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 07/06/2012

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

Other Sanctions Ordered:



Sanction Details: WITHOUT ADMITTING OR DENYING GUILT THE FIRM CONSENTED TO THE SANCTIONS AND WAS CENSORED AND FINED \$7,500.

Disclosure 14 of 18

Reporting Source: Regulator

Current Status: Final

Allegations: NASDAQ RULES 2110, 3010 - LIGHTSPEED TRADING, LLC'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: 2007011269901

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: THE SUPERVISORY SYSTEM AND WRITTEN SUPERVISORY PROCEDURES WERE NOT REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH SECURITIES RULES AND REGULATIONS CONCERNING THE PREVENTION OF ERRONEOUS ORDERS AND TRANSACTIONS AND CLEARLY ERRONEOUS TRANSACTION COMPLAINTS.

Initiated By: NASDAQ STOCK MARKET

Date Initiated: 06/29/2010

Docket/Case Number: 2007011269901

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Undertaking

Other Sanction(s)/Relief Sought: ACCEPTANCE, WAIVER AND CONSENT AND \$10,000 FINE.

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 06/29/2010

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

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

Sanction Details: THE FIRM IS CENSORED, FINED AND REQUIRED TO REVISE ITS WRITTEN SUPERVORY PROCEDURES REGARDING COMPLIANCE WIHT NASD NTM 04-66.

Disclosure 15 of 18

Reporting Source: Regulator

Current Status: Final



Allegations: SEC ADMINISTRATIVE RELEASE 34-60540, AUGUST 19, 2009: THE SEC (OR "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 AGAINST LIGHTSPEED TRADING LLC FOR WILLFULLY VIOLATING SECTION 12(K)(4) OF THE EXCHANGE ACT. THE COMMISSION ALLEGES THAT FROM SEPTEMBER 19 THROUGH SEPTEMBER 29, 2008, LIGHTSPEED CONDUCTED SEVERAL HUNDRED SHORT SALES OF FINANCIAL INSTITUTION SECURITIES, ON BEHALF OF CUSTOMERS, IN CONTRAVENTION OF THE COMMISSION'S EMERGENCY ORDER OF SEPTEMBER 18, 2008 THAT PROVIDED, AMONG OTHER THINGS, THAT "ALL PERSONS ARE PROHIBITED FROM SHORT SELLING ANY PUBLICLY TRADED SECURITIES OF ANY INCLUDED FINANCIAL FIRM."

Initiated By: UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Date Initiated: 08/19/2009

Docket/Case Number: 3-13589

Principal Product Type: Other

Other Product Type(s): PUBLICLY TRADED SECURITIES IN FINANCIAL FIRMS

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Order

Resolution Date: 08/19/2009

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 \$75,000.00
Disgorgement/Restitution
Cease and Desist/Injunction

Other Sanctions Ordered:

Sanction Details: LIGHTSPEED HAS SUBMITTED AN OFFER OF SETTLEMENT WHICH THE COMMISSION HAS DETERMINED TO ACCEPT. SOLELY FOR THE PURPOSE



OF THESE PROCEEDINGS AND ANY OTHER PROCEEDINGS BROUGHT BY OR ON BEHALF OF THE COMMISSION, OR TO WHICH THE COMMISSION IS A PARTY, AND WITHOUT ADMITTING OR DENYING THE FINDINGS HEREIN, EXCEPT AS TO THE COMMISSION'S JURISDICTION OVER IT AND THE SUBJECT MATTER OF THESE PROCEEDINGS, WHICH ARE ADMITTED, LIGHTSPEED CONSENTS TO THE ENTRY OF THIS ORDER INSTITUTING ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS PURSUANT TO SECTIONS 15(B) AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934, MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS AND A CEASE-AND-DESIST ORDER. ACCORDINGLY, PURSUANT TO SECTIONS 15(B) AND 21C OF THE EXCHANGE ACT, IT IS HEREBY ORDERED THAT: LIGHTSPEED CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF SECTION 12(K)(4) OF THE EXCHANGE ACT; IS CENSURED; AND SHALL PAY DISGORGEMENT OF \$2,222 AND \$38 IN PREJUDGMENT INTEREST AND A \$75,000 CIVIL MONEY PENALTY WITHIN 30 DAYS OF THE ENTRY OF THIS ORDER.

Reporting Source:	Firm
Current Status:	Final
Allegations:	FIRM WAS CHARGED WITH VIOLATING SECTION 12(K)(4) OF THE SECURITIES EXCHANGE ACT OF 1934 BY CONDUCTING SEVERAL HUNDRED SHORT SALES FROM SEPTEMBER 19, 2008 THROUGH SEPTEMBER 29, 2008 IN FINANCIAL INSTITUTION SECURITIES ON BEHALF OF ITS CUSTOMERS IN VIOLATION OF THE SEC EMERGENCY ORDER OF SEPTEMBER 18, 2008.
Initiated By:	UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Date Initiated:	11/04/2008
Docket/Case Number:	3-13589
Principal Product Type:	Other
Other Product Type(s):	PUBLICLY TRADED SECURITIES IN FINANCIAL FIRMS
Principal Sanction(s)/Relief Sought:	Cease and Desist
Other Sanction(s)/Relief Sought:	FINE OF &75,000 DISGORGEMENT OF \$2,222 \$38 IN PREJUDGEMENT INTEREST
Resolution:	Order
Resolution Date:	08/19/2009



Sanctions Ordered: Censure
 Monetary/Fine \$75,000.00
 Disgorgement/Restitution
 Cease and Desist/Injunction

Other Sanctions Ordered:

Sanction Details: THE FIRM PAID THE \$75,000 CIVIL MONEY PENALTY AND \$2,260 IN DISGORGEMENT AND PREJUDGEMENT INTEREST ON SEPTEMBER 2, 2009.

Firm Statement THE FIRM ALLEGEDLY VIOLATED THE SEC EMERGENCY ORDER RELEASED ON THE NIGHT OF SEPTEMBER 18, 2008 PROHIBITING SHORT SALES IN CERTAIN PUBLICLY TRADED FINANCIAL INSTITUTION SECURITIES FROM SEPTEMBER 19, 2008 THROUGH SEPTEMBER 29, 2008. THE MAJORITY OF THE VIOLATIONS OCCURRED DURING THE FIRST THREE DAYS THE EMERGENCY ORDER WAS EFFECTIVE WHILE THE FIRM WORKED TO MAKE NECESSARY CHANGES TO ITS SYSTEMS WITH ALMOST HALF OF THE VIOLATIONS FOR THE ENTIRE EMERGENCY ORDER PERIOD OCCURRING ON THE FIRST DAY THE ORDER WAS EFFECTIVE (SEPTEMBER 19, 2008).

Disclosure 16 of 18

Reporting Source: Regulator

Current Status: Final

Allegations: NASD RULES 2110, 3010 - SCHONFELD & COMPANY, LLC FAILED TO SUPERVISE ADEQUATELY THE QUOTATION AND TRADING ACTIVITY OF CERTAIN RETAIL CUSTOMERS DURING THE NASDAQ STOCK MARKET'S MODIFIED OPENING PROCESS(MOP); FAILED TO PROPERLY INSTRUCT ITS SUPERVISORS AS TO THEIR RESPONSIBILITIES TO REVIEW THE EXTENDED HOURS DAY ORDERS (X ORDERS)PLACED BY RETAIL TRADERS TO ENSURE THAT SUCH X ORDERS PLACED INTO THE FIRM'S PROPRIETARY TRADING SYSTEM WERE NOT ENTERED IN ERROR OR IN A MANNER INCONSISTENT WITH NASD RULES; RELIED PRINCIPALLY ON ITS AUTOMATED COMPLIANCE SURVEILLANCE AND CONTROL MECHANISMS THAT WERE NOT PROGRAMMED TO REVIEW THE X ORDERS FOR COMPLIANCE WITH NASD RULES 3310 AND 3320; AND THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO APPLICABLE SECURITIES LAWS, REGULATIONS, AND NASD RULES CONCERNING COMPLIANCE WITH NASD RULES 3310 AND 3320 IN THAT THERE WERE NO WRITTEN PROCEDURES FOR REVIEW OF X ORDERS ENTERED BY CUSTOMERS.

Initiated By: NASD

Date Initiated: 06/15/2006



Docket/Case Number: [2005000052301](#)

Principal Product Type: Other

Other Product Type(s): NASDAQ LISTED SECURITIES

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 06/15/2006

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 \$175,000.00

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, FINED \$175,000, AND REQUIRED TO REVISE THE FIRM'S SUPERVISORY PROCEDURES REGARDING REVIEW OF X ORDERS ENTERED BY CUSTOMERS. WITHIN 60 BUSINESS DAYS OF ACCEPTANCE OF THIS AWC BY THE NAC, A REGISTERED PRINCIPAL OF THE FIRM SHALL SUBMIT TO NASD A SIGNED, DATED LETTER PROVIDING REFERENCE TO THIS MATTER, A REPRESENTATION THAT THE FIRM HAS REVISED ITS SUPERVISORY PROCEDURES TO ADDRESS THE DEFICIENCIES, AND THE DATE THE REVISED PROCEDURES WERE IMPLEMENTED.

Reporting Source: Firm

Current Status: Final

Allegations: ALLEGED VIOLATION UNDER NASD RULES 3310 AND 3320 REGARDING THE SUPERVISION OF QUOTATION AND TRADING ACTIVITY OF RETAIL CUSTOMERS DURING THE NASDAQ STOCK MARKET'S MODIFIED OPENING PROCESS ("MOP"); INSTRUCTION OF SUPERVISORS IN THE REVIEW OF EXTENDED HOURS DAY ORDERS ("X ORDERS"); ORDER ENTRY



AUTOMATED SURVEILLANCE AND CONTROL MECHANISMS; AND WRITTEN SUPERVISORY PROCEDURES FOR THE SUPERVISION OF X ORDERS.

Initiated By: NASD
Date Initiated: 08/31/2005
Docket/Case Number: 20050000523-01 (FORMERLY MRD20048903)

Principal Product Type: Other
Other Product Type(s): NASDAQ LISTED SECURITES

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 06/15/2006

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

Other Sanctions Ordered:

Sanction Details: THE FIRM WITHOUT ADMITTING OR DENYING THE FINDINGS CONSENTED TO A CENSURE, A FINE OF \$175,000, AND AN UNDERTAKING TO REVISE THE FIRM'S SUPERVISORY PROCEDURES FOR EXTENDED HOURS DAY ORDERS WITHIN 60 BUSINESS DAYS OF ACCEPTANCE OF THE AWC BY THE NASD.

Disclosure 17 of 18

Reporting Source: Regulator

Current Status: Final

Allegations: 2.THE DIVISION'S REVIEW OF THE APPLICATION REVEALED THAT THE NYSE HAS ENTERED AN ORDER AGAINST SSL, WITHIN THE PAST FIVE YEARS, WHICH HAS RESULTED IN SUSPENSIONS FROM MEMBERSHIP IN THE NYSE FOR THREE OF SSL'S OFFICERS.
 3. THE NYSE ORDER AGAINST SCL RAISED CONCERNS THAT NECESSITATE THAT THE DIVISION PLACE CONDITIONS ON ITS BROKER-DEALER REGISTRATION IN MASSACHUSETTS.

Initiated By: MASSACHUSETTS

Date Initiated: 09/30/2003



Docket/Case Number: R-2003-14

URL for Regulatory Action:

Principal Product Type: Other

Other Product Type(s): EQUITIES

Principal Sanction(s)/Relief Sought: Other

Other Sanction(s)/Relief Sought: CONSENT ORDER APPROVING REGISTRATION UPON CONDITIONS

Resolution: Consent

Resolution Date: 09/30/2003

Sanctions Ordered:

Other Sanctions Ordered: IN VIEW OF THE FOREGOING, THE SECRETARY HAS DETERMINED THAT IT IS IN THE PUBLIC INTEREST TO APPROVE SCL'S APPLICATION FOR REGISTRATION IN MASSACHUSETTS AS A BROKER-DEALER UPON THE CONDITIONS SET FORTH BELOW:

A. SCL SHALL ONLY ACCEPT AS CUSTOMERS MASSACHUSETTS RESIDENTS THAT HAD A NET INCOME OF AT LEAST \$100,000 FOR THE LAST CALENDAR YEAR AND HAVE A NET WORTH OF AT LEAST \$250,000, EXCLUSIVE OF HOME, FURNISHINGS AND AUTOMOBILES.

B. SCL SHALL OBTAIN FROM EACH NEW MASSACHUSETTS CUSTOMER A SIGNED WRITTEN STATEMENT ("CUSTOMER STATEMENT") AFFIRMING THAT HE OR SHE HAS HAD AT LEAST SIX MONTHS EXPERIENCE DAY TRADING. FOR EACH NEW MASSACHUSETTS CUSTOMER SCL SHALL DRAFT AND MAINTAIN IN ITS FILES A WRITTEN STATEMENT ("SCL STATEMENT"), SIGNED BY A PERSON AUTHORIZED TO DO SO ON BEHALF OF SCL, THAT SCL HAS MADE A REASONABLE INQUIRY OF SUCH CUSTOMER TO ASCERTAIN THAT HE OR SHE HAS HAD AT LEAST SIX MONTHS EXPERIENCE DAY TRADING.

C. ON A QUARTERLY BASIS, SCL SHALL PROVIDE TO THE DIVISION COPIES OF THE CUSTOMER STATEMENTS AND SCL STATEMENTS. THIS UNDERTAKING SHALL REMAIN IN EFFECT FOR A PERIOD OF TWO (2) YEARS FROM THE DATE OF ENTRY OF THE ORDER.

D. ON A QUARTERLY BASIS, SCL SHALL PROVIDE TO THE DIVISION A LIST OF NEW MASSACHUSETTS CUSTOMERS AND COPIES OF THE SIGNED "CLIENT AGREEMENT" FOR EACH NEW MASSACHUSETTS CUSTOMER ACCOUNT OPENED DURING THE RELEVANT QUARTER. THIS UNDERTAKING SHALL REMAIN IN EFFECT FOR A PERIOD OF TWO (2) YEARS FROM THE DATE OF ENTRY OF THE ORDER.

E. SCL SHALL COMPLY WITH ALL PROVISIONS OF M.G.L. C.110A AND THE REGULATIONS PROMULGATED THEREUNDER.

**Sanction Details:**

IN VIEW OF THE FOREGOING, THE SECRETARY HAS DETERMINED THAT IT IS IN THE PUBLIC INTEREST TO APPROVE SCL'S APPLICATION FOR REGISTRATION IN MASSACHUSETTS AS A BROKER-DEALER UPON THE CONDITIONS SET FORTH BELOW:

A. SCL SHALL ONLY ACCEPT AS CUSTOMERS MASSACHUSETTS RESIDENTS THAT HAD A NET INCOME OF AT LEAST \$100,000 FOR THE LAST CALENDAR YEAR AND HAVE A NET WORTH OF AT LEAST \$250,000, EXCLUSIVE OF HOME, FURNISHINGS AND AUTOMOBILES.

B. SCL SHALL OBTAIN FROM EACH NEW MASSACHUSETTS CUSTOMER A SIGNED WRITTEN STATEMENT ("CUSTOMER STATEMENT") AFFIRMING THAT HE OR SHE HAS HAD AT LEAST SIX MONTHS EXPERIENCE DAY TRADING. FOR EACH NEW MASSACHUSETTS CUSTOMER SCL SHALL DRAFT AND MAINTAIN IN ITS FILES A WRITTEN STATEMENT ("SCL STATEMENT"), SIGNED BY A PERSON AUTHORIZED TO DO SO ON BEHALF OF SCL, THAT SCL HAS MADE A REASONABLE INQUIRY OF SUCH CUSTOMER TO ASCERTAIN THAT HE OR SHE HAS HAD AT LEAST SIX MONTHS EXPERIENCE DAY TRADING.

C. ON A QUARTERLY BASIS, SCL SHALL PROVIDE TO THE DIVISION COPIES OF THE CUSTOMER STATEMENTS AND SCL STATEMENTS. THIS UNDERTAKING SHALL REMAIN IN EFFECT FOR A PERIOD OF TWO (2) YEARS FROM THE DATE OF ENTRY OF THE ORDER.

D. ON A QUARTERLY BASIS, SCL SHALL PROVIDE TO THE DIVISION A LIST OF NEW MASSACHUSETTS CUSTOMERS AND COPIES OF THE SIGNED "CLIENT AGREEMENT" FOR EACH NEW MASSACHUSETTS CUSTOMER ACCOUNT OPENED DURING THE RELEVANT QUARTER. THIS UNDERTAKING SHALL REMAIN IN EFFECT FOR A PERIOD OF TWO (2) YEARS FROM THE DATE OF ENTRY OF THE ORDER.

E. SCL SHALL COMPLY WITH ALL PROVISIONS OF M.G.L. C.110A AND THE REGULATIONS PROMULGATED THEREUNDER.

Regulator Statement

IN VIEW OF THE FOREGOING, THE SECRETARY HAS DETERMINED THAT IT IS IN THE PUBLIC INTEREST TO APPROVE SCL'S APPLICATION FOR REGISTRATION IN MASSACHUSETTS AS A BROKER-DEALER UPON THE CONDITIONS SET FORTH BELOW:

A. SCL SHALL ONLY ACCEPT AS CUSTOMERS MASSACHUSETTS RESIDENTS THAT HAD A NET INCOME OF AT LEAST \$100,000 FOR THE LAST CALENDAR YEAR AND HAVE A NET WORTH OF AT LEAST \$250,000, EXCLUSIVE OF HOME, FURNISHINGS AND AUTOMOBILES.

B. SCL SHALL OBTAIN FROM EACH NEW MASSACHUSETTS CUSTOMER A SIGNED WRITTEN STATEMENT ("CUSTOMER STATEMENT") AFFIRMING THAT HE OR SHE HAS HAD AT LEAST SIX MONTHS EXPERIENCE DAY TRADING. FOR EACH NEW MASSACHUSETTS CUSTOMER SCL SHALL DRAFT AND MAINTAIN IN ITS FILES A WRITTEN STATEMENT ("SCL STATEMENT"), SIGNED BY A PERSON AUTHORIZED TO DO SO ON BEHALF OF SCL, THAT SCL HAS MADE A REASONABLE INQUIRY OF SUCH CUSTOMER TO ASCERTAIN THAT HE OR SHE HAS HAD AT LEAST SIX



MONTHS EXPERIENCE DAY TRADING.

C. ON A QUARTERLY BASIS, SCL SHALL PROVIDE TO THE DIVISION COPIES OF THE CUSTOMER STATEMENTS AND SCL STATEMENTS. THIS UNDERTAKING SHALL REMAIN IN EFFECT FOR A PERIOD OF TWO (2) YEARS FROM THE DATE OF ENTRY OF THE ORDER.

D. ON A QUARTERLY BASIS, SCL SHALL PROVIDE TO THE DIVISION A LIST OF NEW MASSACHUSETTS CUSTOMERS AND COPIES OF THE SIGNED "CLIENT AGREEMENT" FOR EACH NEW MASSACHUSETTS CUSTOMER ACCOUNT OPENED DURING THE RELEVANT QUARTER. THIS UNDERTAKING SHALL REMAIN IN EFFECT FOR A PERIOD OF TWO (2) YEARS FROM THE DATE OF ENTRY OF THE ORDER.

E. SCL SHALL COMPLY WITH ALL PROVISIONS OF M.G.L. C.110A AND THE REGULATIONS PROMULGATED THEREUNDER.

Reporting Source:	Firm
Current Status:	Final
Allegations:	THE COMMONWEALTH OF MASSACHUSETTS APPROVED SCHONFELD & COMPANY LLC TO OPERATE AS A REGISTERED BROKER-DEALER CONDUCTING A CUSTOMER BUSINESS SUBJECT TO MINIMUM ACCOUNT STANDARDS.
Initiated By:	MASSACHUSETTS
Date Initiated:	09/30/2003
Docket/Case Number:	R-2003-14
Principal Product Type:	Other
Other Product Type(s):	EQUITES
Principal Sanction(s)/Relief Sought:	Other
Other Sanction(s)/Relief Sought:	
Resolution:	Consent
Resolution Date:	09/30/2003
Sanctions Ordered:	
Other Sanctions Ordered:	THE FIRM WILL ONLY ACCEPT AS CUSTOMERS MASSACHUSETTS RESIDENTS THAT MEET MINIMUM INCOME AND NET WORTH AND TO ASCERTAIN THAT EACH CUSTOMER HAS AT LEAST SIX MONTHS OF PRIOR DAY TRADING EXPERIENCE. FOR A PERIOD OF TWO YEARS THE FIRM WILL PROVIDE TO THE MASSACHUSETTS SECURITIES DIVISION A LIST OF



NEW MASSACHUSETTS CUSTOMERS, A COPY OF THE SIGNED CUSTOMER AGREEMENT AND COPIES OF CUSTOMER STATEMENTS ON A QUARTERLY BASIS.

Sanction Details:

THE REQUIREMENT TO PROVIDE A LIST OF NEW MASSACHUSETTS CUSTOMERS, CUSTOMER ACCOUNT AGREEMENTS, AND COPIES OF CUSTOMER STATEMENTS TO THE SECURITIES DIVISION ON A QUARTERLY BASIS FOR A PERIOD OF TWO YEARS ENDS SEPTEMBER 2005.

Firm Statement

THE COMMONWEALTH OF MASSACHUSETTS APPROVED SCHONFELD & COMPANY LLC TO OPERATE AS A REGISTERED BROKER-DEALER CONDUCTING A CUSTOMER BUSINESS SUBJECT TO MINIMUM ACCOUNT STANDARDS AS A RESULT OF PREVIOUS REGULATORY HISTORY OF IT'S AFFILIATED ENTITY SCHONFELD SECURITIES, LLC. THE FIRM MUST ONLY ACCEPT CUSTOMERS WITH MINIMUM INCOME AND NET WORTH STANDARDS AS WELL AS HAVING 6 MONTHS PRIOR DAY TRADING EXPERIENCE. IN ADDITION, THE FIRM MUST PROVIDE COPIES OF CUSTOMER STATEMENTS AND CLIENT AGREEMENTS FOR A PERIOD OF 2 YEARS FROM THE DATE OF THE ORDER.

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Reporting Source:	Regulator
Current Status:	Final
Allegations:	
Initiated By:	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated:	12/11/1996
Docket/Case Number:	CMS960079
Principal Product Type:	
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	12/11/1996
Sanctions Ordered:	Monetary/Fine \$2,200.00 Disgorgement/Restitution

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

LETTER OF ACCEPTANCE, WAIVER AND CONSENT NO. CMS960079 AWC.

ON DECEMBER 11, 1996, SUBERT SECURITIES, INC. (SUBE) WAS NOTIFIED THAT THE LETTER OF ACCEPTANCE, WAIVER AND CONSENT (AWC) IT SUBMITTED WAS ACCEPTED BY THE MARKET REGULATION AND THE NATIONAL BUSINESS CONDUCT COMMITTEES. THE AWC ALLEGES THAT SUBE VIOLATED NASD CONDUCT RULES 3110, 3350 AND 3370(b)(4) AND NASD MARKETPLACE RULE 6130(d)(6) FOR THE FOLLOWING ACTIVITY:

SUBE EXECUTED A 1,000 SHARE SHORT SALE IN A NASDAQ NATIONAL MARKET SYSTEM SECURITY AT OR BELOW THE CURRENT INSIDE BID WHEN THE CURRENT INSIDE BID WAS BELOW THE PRECEDING INSIDE BID IN THE SECURITY. SUBERT FAILED TO IDENTIFY THE TRANSACTION AS A SHORT SALE IN ITS AUTOMATED CONFIRMATION TRANSACTION SERVICE (ACT) REPORTING. SUBE DID NOT MAKE AN AFFIRMATIVE DETERMINATION FOR THE TRANSACTION AND THE ORDER TICKET FOR THE TRANSACTION DID NOT INDICATE THAT THE TRANSACTION WAS A SHORT SALE.

SUBE WAS FINED \$2,200 WITH REMITTAL OF \$5,250 OF PROFITS RELATING TO THE TRANSACTION AND AN UNDERTAKING TO IMMEDIATELY REVISE ITS WRITTEN SUPERVISORY PROCEDURES RELATING TO THE SHORT SALE RULES VIOLATED IN THIS AWC. IN ADDITION, SUBE IS REQUIRED TO CONDUCT TRAINING SESSIONS ON THE REVISED PROCEDURES WITH ALL RELEVANT PERSONNEL AFTER THEY HAVE BEEN DEVELOPED.

\$2,200.00 PAID ON 1/17/97, INVOICE #97-MS-046

REMITTAL OF PROFITS-\$5,250 ON 9/9/97, INVOICE #97-MS-655

Reporting Source:

Firm

Current Status:

Final

Allegations:

THE NASD FOUND THAT THE FIRM EXECUTED A SHORT SALE OF 1000 SHARES OF INTU AT 76 1/4 ON A DOWNTICK AND THE FIRM DID NOT INDICATE ON THE ORDER TICKET AS A SHORT SALE.



Initiated By: NASD
Date Initiated: 05/03/1996
Docket/Case Number: CMS 960079 AWC
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: Acceptance, Waiver & Consent(AWC)
Resolution Date: 05/14/1996
Sanctions Ordered: Monetary/Fine \$2,200.00
Other Sanctions Ordered:
Sanction Details: AWC FINE \$2200.00
REMITTAL OF \$5250 IN PROFITS

Arbitration Award - Award / Judgment

Brokerage firms are not required to report arbitration claims filed against them by customers; however, BrokerCheck provides summary information regarding FINRA arbitration awards involving securities and commodities disputes between public customers and registered securities firms in this section of the report.

The full text of arbitration awards issued by FINRA is available at www.finra.org/awardsonline.

Disclosure 1 of 1

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; DO NOT USE-OTHER-OTHER ; OTHER-CLEARING DISPUTES; TRADING DISPUTES-TRANSFERS
Arbitration Forum:	FINRA
Case Initiated:	08/21/2013
Case Number:	13-02173
Disputed Product Type:	EXCHANGE-TRADED FUNDS
Sum of All Relief Requested:	\$16,860.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	02/13/2014
Sum of All Relief Awarded:	\$8,642.00

There may be a non-monetary award associated with this arbitration. Please select the Case Number above to view more detailed information.

End of Report



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