

BrokerCheck Report

NEWEDGE USA, LLC

CRD# 36118

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Please contact FINRA with any concerns.

About BrokerCheck®



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

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

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

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

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

- The information contained in BrokerCheck comes from FINRA's Central Registration Depository, or CRD® and is a combination of:
 - information FINRA and/or the Securities and Exchange Commission (SEC) require brokers and brokerage firms to submit as part of the registration and licensing process, and
 - information that regulators report regarding disciplinary actions or allegations against firms or brokers.

- **How current is this information?**

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

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

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

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

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

-

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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)

**NEWEDGE USA, LLC**

CRD# 36118

SEC# 8-47023

Main Office Location

550 W. JACKSON
SUITE 500
CHICAGO, IL 60661

Mailing Address

550 W. JACKSON
SUITE 500
CHICAGO, IL 60661

Business Telephone Number

312-762-1000

Report Summary for this Firm

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

Firm Profile

This firm is classified as a limited liability company.

This firm was formed in Delaware on 01/01/2005.

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 | 60 |
| Arbitration | 1 |

The number of disclosures from non-registered control affiliates is 11

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.



Date firm ceased business: 01/02/2015

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 Delaware on 01/01/2005.

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.

NEWEDGE USA, LLC

Doing business as NEWEDGE USA, LLC

CRD# 36118

SEC# 8-47023

Main Office Location

550 W. JACKSON
SUITE 500
CHICAGO, IL 60661

Mailing Address

550 W. JACKSON
SUITE 500
CHICAGO, IL 60661

Business Telephone Number

312-762-1000



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): | NEWEDGE GROUP |
| Is this a domestic or foreign entity or an individual? | Foreign Entity |
| Position | 100% OWNER OF NEWEDGE USA, LLC - CLASS A AND CLASS C MEMBER |
| Position Start Date | 01/2008 |
| 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): | BABULE, ANTOINE JULIEN 5778863 |
| Is this a domestic or foreign entity or an individual? | Individual |
| Position | CEO |
| Position Start Date | 06/2012 |
| Percentage of Ownership | Less than 5% |
| Does this owner direct the management or policies of the firm? | Yes |
| Is this a public reporting company? | No |

| | |
|---|----------------------------|
| Legal Name & CRD# (if any): | BOND, ROBERT 4121948 |
| Is this a domestic or foreign entity or an individual? | Individual |
| Position | HEAD OF FFOE & FI NEW YORK |
| Position Start Date | 04/2010 |

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): COHEN, ADAM MICHAEL
2560856

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

Position HEAD OF US INSTITUTIONAL SALES PCS

Position Start Date 11/2010

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): CULLEN, EDWARD PATRICK
1551615

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

Position CHIEF FINANCIAL OFFICER AMERICAS/FINOP

Position Start Date 07/2014

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): DAVY, STEPHEN P

Firm Profile



Direct Owners and Executive Officers (continued)

| | |
|---|---|
| | 5644503 |
| Is this a domestic or foreign entity or an individual? | Individual |
| Position | HEAD OF IT |
| Position Start Date | 05/2008 |
| 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 |
| <hr/> | |
| Legal Name & CRD# (if any): | EICKBUSH, GREGORY FRANCIS 2533204 |
| Is this a domestic or foreign entity or an individual? | Individual |
| Position | HEAD OF OPERATIONS, AMERCIAS |
| Position Start Date | 02/2014 |
| 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 |
| <hr/> | |
| Legal Name & CRD# (if any): | GAUGHAN, SUSAN KATHLEEN 2530985 |
| Is this a domestic or foreign entity or an individual? | Individual |
| Position | REGISTERED OPTIONS PRINCIPAL AND BRANCH MANAGER CHICAGO |
| Position Start Date | 08/2013 |
| Percentage of Ownership | Less than 5% |

Firm Profile



Direct Owners and Executive Officers (continued)

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

Is this a public reporting company? No

Legal Name & CRD# (if any): GERLESITS, WILLIAM R
5457051

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

Position CHIEF COMPLIANCE OFFICER

Position Start Date 09/2012

Percentage of Ownership Less than 5%

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

Is this a public reporting company? No

Legal Name & CRD# (if any): LOPRESTI, JOHN
1999981

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

Position HEAD OF SECURITIES OPERATIONS AMERICAS

Position Start Date 12/2012

Percentage of Ownership Less than 5%

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

Is this a public reporting company? No

Legal Name & CRD# (if any): MURPHY, ANGELIQUE REGINA
2355417



Firm Profile

Direct Owners and Executive Officers (continued)

| | |
|---|--|
| Is this a domestic or foreign entity or an individual? | Individual |
| Position | GLOBAL CHIEF OPERATING OFFICER ACTING AMERICAS HEAD OF FFOE & FI |
| Position Start Date | 03/2014 |
| 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 |
| <hr/> | |
| Legal Name & CRD# (if any): | PIETANZA, ELIZABETH CATHERINE 2192911 |
| Is this a domestic or foreign entity or an individual? | Individual |
| Position | BRANCH MANAGER, NEW YORK |
| Position Start Date | 09/2010 |
| 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 |
| <hr/> | |
| Legal Name & CRD# (if any): | RICHTER, DAVID JAMES 1853383 |
| Is this a domestic or foreign entity or an individual? | Individual |
| Position | HEAD OF US HIGH FREQUENCY SALES PCS |
| Position Start Date | 09/2012 |
| Percentage of Ownership | Less than 5% |

Firm Profile



Direct Owners and Executive Officers (continued)

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

Yes

Is this a public reporting company?

No

Legal Name & CRD# (if any):

SARGENT, JEFFREY JOSEPH

2648637

Is this a domestic or foreign entity or an individual?

Individual

Position

HEAD OF SECURITIES COMPLIANCE AMERICAS

Position Start Date

06/2014

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

Firm Profile

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



Indirect Owners

| | |
|--|-----------------------------|
| Legal Name & CRD# (if any): | SOCIETE GENERALE |
| Is this a domestic or foreign entity or an individual? | Foreign Entity |
| Company through which indirect ownership is established | NEWEDGE GROUP |
| Relationship to Direct Owner | 100% OWNER OF NEWEDGE GROUP |
| Relationship Established | 05/2014 |
| Percentage of Ownership | 75% or more |
| Does this owner direct the management or policies of the firm? | Yes |
| Is this a public reporting company? | No |



Firm History

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

| | |
|----------------------------------|--|
| This firm was previously: | FIMAT USA, INC. |
| Date of Succession: | 01/01/2005 |
| Predecessor CRD#: | 36118 |
| Predecessor SEC#: | 8-47023 |
| Description | THE SUCCESSOR IS ASSUMING ANY ASSETS AND/OR LIABILITIES OF THE PREDECESSOR. FIMAT USA, LLC WILL ASSUME ALL ASSETS AND LIABILITIES OF FIMAT USA, INC. THERE IS NO CHANGE IN OWNERSHIP OR CONTROL AS A RESULT. |

| | |
|----------------------------------|--|
| This firm was previously: | FIMAT USA, INC. |
| Date of Succession: | 01/01/2005 |
| Predecessor CRD#: | 36118 |
| Predecessor SEC#: | 8-47023 |
| Description | THE SUCCESSOR IS ASSUMING ANY ASSETS AND/OR LIABILITIES OF THE PREDECESSOR. THE LEGAL ENTITY AND THE TAX IDENTIFICATION NUMBER REMAIN THE SAME. FIMAT USA, LLC WILL ASSUME ALL ASSETS AND LIABILITIES OF FIMAT USA, INC. THERE IS NO CHANGE IN OWNERSHIP OR CONTROL AT SUCCESSION AS THE SOCIÉTÉ GÉNÉRALE REMAINS THE ULTIMATE AND BENEFICIAL O |

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 05/31/1994 to 06/15/2016.



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 15 types of businesses.

Types of Business

| |
|---|
| Exchange member engaged in exchange commission business other than floor activities |
| Exchange member engaged in floor activities |
| Broker or dealer retailing corporate equity securities over-the-counter |
| Broker or dealer selling corporate debt securities |
| Underwriter or selling group participant (corporate securities other than mutual funds) |
| U S. government securities dealer |
| U S. government securities broker |
| Municipal securities dealer |
| Municipal securities broker |
| Put and call broker or dealer or option writer |
| Non-exchange member arranging for transactions in listed securities by exchange member |
| Trading securities for own account |
| Private placements of securities |
| Broker or dealer selling interests in mortgages or other receivables |
| Other - FOREIGN GOVERNMENT SECURITIES,GSE SELLING GROUP MEMBER, EQUITY SELLING GROUP MEMBER, OTC EQUITY OPTIONS |

Other Types of Business

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

This firm does engage in other non-securities business.

Non-Securities Business Description: FOREIGN EXCHANGE TRADING, COMMODITY FINANCING, BROKER OF CREDIT DERIVATIVE SWAPS, INTEREST RATE SWAPS, COMMODITY SWAPS, EQUITY SWAPS AND EQUITY DERIVATIVE SWAPS

Firm Operations



Clearing Arrangements

This firm does hold or maintain funds or securities or provide clearing services for other broker-dealer(s).

Introducing Arrangements

This firm does not refer or introduce customers to other brokers and dealers.

Firm Operations

Industry Arrangements



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

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

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

Control Persons/Financing

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

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



Firm Operations

Organization Affiliates

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

This firm is, directly or indirectly:

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

CITIC NEWEDGE FUTURES CO. LTD is under common control with the firm.

| | |
|--|--|
| Business Address: | 1085 PUDONG ROOM 406 SHANGHAI, CHINA |
| Effective Date: | 10/11/2012 |
| Foreign Entity: | Yes |
| Country: | CHINA |
| Securities Activities: | Yes |
| Investment Advisory Activities: | No |
| Description: | UNDER COMMON CONTROL OF NEWEDGE GROUP |

NEWEDGE FINANCIAL HONG KONG LIMITED is under common control with the firm.

| | |
|--|---|
| Business Address: | LEVEL 35, THREE PACIFIC PLACE 1 QUEENS ROAD EADT HONG KONG, CHINA 1 |
| Effective Date: | 10/11/2012 |
| Foreign Entity: | Yes |
| Country: | HONG KONG |
| Securities Activities: | Yes |
| Investment Advisory Activities: | No |
| Description: | UNDER COMMOM CONTROL OF NEWEDGE GROUP |

NEWEDGE GROUP DUBAI BRANCH is under common control with the firm.

| | |
|--------------------------|------------------------------------|
| Business Address: | GATE VILLAGE- UNITED ARAB EMIRATES |
|--------------------------|------------------------------------|

Firm Operations



Organization Affiliates (continued)

| | |
|--|---------------------------------------|
| | DUBAI, UAE |
| Effective Date: | 10/11/2012 |
| Foreign Entity: | Yes |
| Country: | UAE |
| Securities Activities: | Yes |
| Investment Advisory Activities: | No |
| Description: | UNDER COMMON CONTROL OF NEWEDGE GROUP |

NEWEDGE GROUP PARIS (ZURICH BRANCH)) is under common control with the firm.

| | |
|--|--|
| Business Address: | TALSTRASSE 70 ZURICH, SWITZERLAND CH-8001 |
| Effective Date: | 10/11/2012 |
| Foreign Entity: | Yes |
| Country: | SWITZERLAND |
| Securities Activities: | Yes |
| Investment Advisory Activities: | No |
| Description: | UNDER COMMON CONTROL OF NEWEDGE GROUP |

NEWEDGE GROUP PARIS(GENEVA BRANCH) is under common control with the firm.

| | |
|--|---|
| Business Address: | 6-8, RUE DE CANDOLLE GENEVA, SWITZERLAND CH 1211 |
| Effective Date: | 10/11/2012 |
| Foreign Entity: | Yes |
| Country: | SWITZERLAND |
| Securities Activities: | Yes |
| Investment Advisory Activities: | No |
| Description: | UNDER COMMON CONTROL OF NEWEDGE GROUP |

NEWEDGE GROUP PARIS BRANCH) is under common control with the firm.

Firm Operations



Organization Affiliates (continued)

Business Address: 52/60, AV. DES CHAMPS ELYSEES
PARIS, FRANCE 75008

Effective Date: 02/05/1992

Foreign Entity: Yes

Country: FRANCE

Securities Activities: Yes

Investment Advisory Activities: No

Description: UNDER COMMON CONTROL OF NEWEDGE GROUP

SETCLEAR PTE LTD is under common control with the firm.

Business Address: 6 TEMASEK BOULEVARD
#19-01 SUNTEK TOWER 4
SINGAPORE, SINGAPORE 038986

Effective Date: 01/08/2007

Foreign Entity: Yes

Country: SINGAPORE

Securities Activities: Yes

Investment Advisory Activities: No

Description: AFFILIATE AND APPLICANT ARE UNDER COMMON CONTROL BY CREDIT AGRICOLE

NEWEDGE CANADA INC is under common control with the firm.

Business Address: 1501 MCGILL COLLEGE
MONTREAL, CANADA H3A 3MB

Effective Date: 02/15/2011

Foreign Entity: Yes

Country: CANADA

Securities Activities: Yes

Investment Advisory Activities: No

Description: THE AFFILIATE AND APPLICANT ARE UNDER COMMON CONTROL BY

Firm Operations



Organization Affiliates (continued)

CREDIT AGRICOLE SA

NEWEDGE GROUP (FRANKFORT BRANCH) is under common control with the firm.

| | |
|--|--|
| Business Address: | NEUE MAINZER STRAUSSE 52 29TH FLOOR MAIN TOWERE FRANKFURT, GERMANY 60311 |
| Effective Date: | 09/30/1993 |
| Foreign Entity: | Yes |
| Country: | GERMANY |
| Securities Activities: | Yes |
| Investment Advisory Activities: | No |
| Description: | APPLICANT AND AFFILIATE ARE UNDER COMMON CONTROL OF NEWEDGE GROUP |

NEWEDGE UK FINANCIAL LTD is under common control with the firm.

| | |
|--|--|
| Business Address: | 10 BISHOPS SQUARE LONDON, UK E1 6EG |
| Effective Date: | 03/30/2005 |
| Foreign Entity: | Yes |
| Country: | UK |
| Securities Activities: | Yes |
| Investment Advisory Activities: | No |
| Description: | APPLICANT IS UNDER COMMON CONTROL WITH AFFILIATE |

NEWEDGE GROUP (HONG KONG BRANCH) is under common control with the firm.

| | |
|--------------------------|--|
| Business Address: | LEVEL 35 3 PACIFIC PLACE 1 QUEENS ROAD EAST HONG KONG, HONG KONG |
| Effective Date: | 12/11/2006 |
| Foreign Entity: | Yes |
| Country: | HONG KONG |

Firm Operations



Organization Affiliates (continued)

| | |
|--|--|
| Securities Activities: | Yes |
| Investment Advisory Activities: | No |
| Description: | BOTH NEWEDGE GROUP (HONG KONG BRANCH) AND NEWEDGE USA, LLC ARE BOTH UNDER THE COMMON CONTROL OF THE SAME PARENT, NEWEDGE GROUP |

NEWEDGE JAPAN INC is under common control with the firm.

| | |
|--|--|
| Business Address: | ROPPONGI HILLS MORI TOWER 6-10-1 ROPPONGI, MINATO-KU TOKYO, JAPAN 106-6117 |
| Effective Date: | 03/14/2008 |
| Foreign Entity: | Yes |
| Country: | JAPAN |
| Securities Activities: | Yes |
| Investment Advisory Activities: | No |
| Description: | BOTH NEWEDGE JAPAN INC. AND NEWEDGE USA, LLC ARE BOTH UNDER THE COMMON CONTROL OF THE SAME PARENT, NEWEDGE GROUP |

NEWEDGE FINANCIAL HK LTD,SEOUL BRANCH is under common control with the firm.

| | |
|--|--|
| Business Address: | 21F, KYOBO BUILDING-1 1-GA JONGNO SEOUL, SOUTH KOREA 110-714 |
| Effective Date: | 01/02/2010 |
| Foreign Entity: | Yes |
| Country: | HK |
| Securities Activities: | Yes |
| Investment Advisory Activities: | No |
| Description: | BOTH NEWEDGE FINANCIAL HONG KONG LIMITED-SEOUL BRANCH AND NEWEDGE USA, LLC ARE BOTH UNDER THE COMMON CONTROL OF THE SAME PARENT, NEWEDGE GROUP |

NEWEDGE BROKER INDIA PRIVATE LIMITED is under common control with the firm.

Firm Operations



Organization Affiliates (continued)

Business Address: CEEJAY HOUSE 9TH FL
DR. ANNIE BESANT ROAD
MUMBAI, INDIA 400018

Effective Date: 06/04/2010

Foreign Entity: Yes

Country: INDIA

Securities Activities: Yes

Investment Advisory Activities: No

Description: NEWEDGE BROKER INDIA PRIVATE LIMITED IS UNDER COMMON CONTROL WITH APPLICANT

SGAM NEWEDGE MANAGEMENT, INC. is under common control with the firm.

Business Address: 1221 AVENUE OF THE AMERICAS
NEW YORK, NY 10020

Effective Date: 06/20/2005

Foreign Entity: No

Country:

Securities Activities: No

Investment Advisory Activities: Yes

Description: BOTH SGAM NEWEDGE MGMT. INC AND NEWEDGE USA, LLC ARE UNDER THE COMMON CONTROL OF THE SAME PARENT , SOCIETE GENERALE.

SGAM JAPAN ASSET MANAGEMENT (FORMERLY SG YAMAICHI ASEST MGMT.) is under common control with the firm.

Business Address: AIG KABUTO -CHO BLDG.
CHOU-K
TOKYO, JAPAN 103-026

Effective Date: 04/13/2004

Foreign Entity: No

Country: JAPAN

Securities Activities: No

Investment Advisory No

Firm Operations



Organization Affiliates (continued)

Activities:

Description: SGAM JAPAN ASSET MGMT. AND NEWEDGE USA, LLC ARE UNDER COMMON CONTROL OF THE SAME PARENT, SOCIETE GENERAL

SGAM ARGENTINA is under common control with the firm.

Business Address: RECONQUISTA 379
CAPITAL FEDERAL
BUENOS AIRES, ARGENTINA A1003ABH

Effective Date: 04/26/2004

Foreign Entity: Yes

Country: ARGENTINA

Securities Activities: No

Investment Advisory Activities: Yes

Description: BOTH SGAM ARGENTINA AND NEWEDGE USA, LLC ARE UNDER THE COMMON CONTROL OF THE SAME PARENT, SOCIETE GENERALE

SG STRUCTURED PRODUCTS, INC. is under common control with the firm.

Business Address: 1221 AVENUE OF THE AMERICAS
NEW YORK, NY

Effective Date: 01/14/2000

Foreign Entity: No

Country:

Securities Activities: No

Investment Advisory Activities: No

Description: 100% SUBSIDIARY OF SG AMERICAS INC.

SG OPTION EUROPE is under common control with the firm.

Business Address: TOUR SOCIETE GENERALE, 17 COURS VALMY
PARIS LA DEFENSE CEDEX, FRANCE 92987

Effective Date: 04/26/2004

Foreign Entity: Yes

Firm Operations



Organization Affiliates (continued)

| | |
|--|--|
| Country: | FRANCE |
| Securities Activities: | Yes |
| Investment Advisory Activities: | No |
| Description: | BOTH SG OPTION EUROPE AND NEWEDGE USA, LLC ARE UNDER COMMON CONTROL OF THE SAME PARENT, SOCIETE GENERALE |

SG AUSTRALIA LIMITED is under common control with the firm.

| | |
|--|--|
| Business Address: | LEVEL 22, 400 GEORGE STREET SYDNEY, AUSTRALIA NSW 2000 |
| Effective Date: | 02/18/2004 |
| Foreign Entity: | Yes |
| Country: | NEW SOUTH WALES |
| Securities Activities: | Yes |
| Investment Advisory Activities: | No |
| Description: | BOTH NEWEDGE USA, LLC AND SG AUSTRALIA LIMITED ARE UNDER THE COMMON CONTROL OF THE SAME ULTIMATE PARENT, SOCIETE GENERALE. |

ROCKEFELLER FINANCIAL SERVICES is under common control with the firm.

| | |
|--|--|
| Business Address: | 30 ROCKEFELLER PLAZA NEW YORK, NY 10112 |
| Effective Date: | 06/10/2008 |
| Foreign Entity: | No |
| Country: | |
| Securities Activities: | No |
| Investment Advisory Activities: | No |
| Description: | SOCIETE GENERALE PARTICIPATION S.A. OWNS 37.74% OF ROCKEFELLER FINANCIAL SERVICES COMMON STOCK |

SG AMERICAS INC. is controlled by the firm.

| | |
|--------------------------|-----------------------------|
| Business Address: | 1221 AVENUE OF THE AMERICAS |
|--------------------------|-----------------------------|

Firm Operations



Organization Affiliates (continued)

NEW YORK, NY 10020

Effective Date: 04/26/1999

Foreign Entity: No

Country:

Securities Activities: No

Investment Advisory Activities: No

Description: S.G. AMERICAS IS THE U.S. HOLDING COMPANY OF 100% OF SG AMERICAS SECURITIES HOLDING INC.

NEWEDGE FINANCIAL SINGAPORE PTE. LTD. is under common control with the firm.

Business Address: 80 ROBINSON ROAD
#13-01
SINGAPORE, SINGAPORE 068898

Effective Date: 11/28/2008

Foreign Entity: Yes

Country: SINGAPORE

Securities Activities: Yes

Investment Advisory Activities: No

Description: NEWEDGE DERIVATIVES SINGAPORE PTE. LTD. AND NEWEDGE USA, LLC ARE UNDER COMMON CONTROL WITH PARENT NEWEDGE GROUP.

NEWEDGE AUSTRALIA PTY LTD. is under common control with the firm.

Business Address: LEVEL 23. 400, GEORGE STREET
2000 NSW
SYDNEY, AUSTRALIA

Effective Date: 01/02/2008

Foreign Entity: Yes

Country: AUSTRALIA

Securities Activities: Yes

Investment Advisory Activities: No

Firm Operations



Organization Affiliates (continued)

Description: BOTH NEWEDGE AUSTRALIA AND NEWEDGE USA, LLC ARE UNDER COMMON CONTROL WITH OUR PARENT NEWEDGE GROUP.

SG AMERICAS SECURITIES, LLC is under common control with the firm.

CRD #: 128351

Business Address: 1221 AVENUE OF THE AMERICAS
NEW YORK, NY 10020

Effective Date: 04/23/2004

Foreign Entity: No

Country:

Securities Activities: Yes

Investment Advisory Activities: Yes

Description: UNDER COMMON CONTROL FOR FIMAT USA'S PARENT COMPANY SOCIETE GENERALE.

SG TANDEM INC. is under common control with the firm.

Business Address: 1221 AVENUE OF AMERICAS
NEW YORK, NY 10020

Effective Date: 01/01/2005

Foreign Entity: No

Country:

Securities Activities: No

Investment Advisory Activities: No

Description: SG TANDEM IS THE HOLDING COMPANY OF 50% OF FIMAT USA, LLC

SG AMERICAS SECURITIES HOLDINGS, INC. is under common control with the firm.

Business Address: 1221 AVENUE OF THE AMERICAS
NEW YORK, NY 10020

Effective Date: 07/22/2003

Foreign Entity: No

Country:

Firm Operations



Organization Affiliates (continued)

| | |
|--|---|
| Securities Activities: | No |
| Investment Advisory Activities: | No |
| Description: | SG AMERICAS SECURITIES HOLDINGS, INC. IS UNDER COMMON CONTROL WITH APPLICANT. |

SOGECAPITAL S.G.I.I.C., S.A. is under common control with the firm.

| | |
|--|--|
| Business Address: | TORRE PICASSO PLAZA PABLO RUIZ PICASSO 1 MADRID, SPAIN 2820 |
| Effective Date: | 04/23/2004 |
| Foreign Entity: | Yes |
| Country: | SPAIN |
| Securities Activities: | No |
| Investment Advisory Activities: | Yes |
| Description: | SOGECAPITAL S.G.I.I.C., S.A. IS UNDER COMMON CONTROL WITH APPLICANT. |

SOGEBOURSE (SOCIETE GENERALE DE BOURSE EN COTE D'IVOIRE) is under common control with the firm.

| | |
|--|--|
| Business Address: | 5 & 7 AVENUE JOSEPH ANOMA ABIDJAN 01, IVORY COAST 01 BP 1355 |
| Effective Date: | 04/26/2004 |
| Foreign Entity: | Yes |
| Country: | IVORY COAST |
| Securities Activities: | Yes |
| Investment Advisory Activities: | No |
| Description: | BOTH SOGEBOURSE (SOCIETE GENERALE DE BOURSE EN COTE D'IVOIRE) AND FIMAT USA, LLC ARE UNDER COMMON CONTROL OF THE SAME ULTIMATE PARENT, SOCIETE GENERALE. |

SOCIETE GENERALE WERTPAPIERHANDELSGESELLSCHAFT MBH is under common control with the firm.

| | |
|--------------------------|--|
| Business Address: | MAINZER LANDSTRABE 36, 60325 FRANKFURT AM MAIN FRANKFURT, GERMANY |
|--------------------------|--|

Firm Operations



Organization Affiliates (continued)

Effective Date: 04/26/2004

Foreign Entity: Yes

Country: GERMANY

Securities Activities: Yes

Investment Advisory Activities: No

Description: BOTH SOCIETE GENERALE WERPAPIERHANDELSGESELLSCHAFT MBH AND FIMAT USA, LLC ARE UNDER THE COMMON CONTROL OF THE SAME ULTIMATE PARENT, SOCIETE GENERALE.

SOCIETE GENERALE VALEURS MOBILIERES, INC. is under common control with the firm.

Business Address: 1501 AV. MCGILL COLLEGE
MONTREAL, QUEBEC, CANADA H3A 3M8

Effective Date: 02/18/2004

Foreign Entity: Yes

Country: CANADA

Securities Activities: Yes

Investment Advisory Activities: No

Description: BOTH FIMAT USA, LLC AND SOCIETE GENERALE VALEURS MOBILIERES, INC. ARE UNDER THE COMMON CONTROL OF THE SAME ULTIMATE PARENT, SOCIETE GENERALE.

SOCIETE GENERALE SECURITIES (NORTH PACIFIC) LTD. is under common control with the firm.

Business Address: 1-12-32 AKASAKA, MINATO-KU
TOKYO, JAPAN 107-6015

Effective Date: 12/30/2003

Foreign Entity: Yes

Country: JAPAN

Securities Activities: Yes

Investment Advisory Activities: No

Description: BOTH FIMAT USA, LLC AND SOCIETE GENERALE SECURITIES (NORTH

Firm Operations



Organization Affiliates (continued)

PACIFIC) LTD. ARE UNDER THE COMMON CONTROL OF THE SAME ULTIMATE PARENT, SOCIETE GENERALE.

SOCIETE GENERALE OPTIONS EUROPE is under common control with the firm.

Business Address: TOUR S.G. 17 COURS VALMY
PARIS LA DEFENSE CEDEX
PARIS, FRANCE 92987

Effective Date: 05/23/2000

Foreign Entity: Yes

Country: FRANCE

Securities Activities: Yes

Investment Advisory Activities: No

Description: SOCIETE GENERALE OPTIONS EUROPE IS UNDER COMMON CONTROL WITH APPLICANT.

SOCIETE GENERALE INVESTMENT FUNDS LIMITED is under common control with the firm.

Business Address: 100 LUDGATE HILL
LONDON, UNITED KINGDOM

Effective Date: 04/26/2004

Foreign Entity: Yes

Country: UNITED KINGDOM

Securities Activities: No

Investment Advisory Activities: Yes

Description: BOTH SOCIETE GENERALE INVESTMENT FUNDS LIMITED AND FIMAT USA, LLC ARE UNDER COMMON CONTROL OF THE SAME ULTIMATE PARENT, SOCIETE GENERALE.

SOCIETE GENERALE EFFEKTEN GMBH is under common control with the firm.

Business Address: MAINZER LANDSTRABE 35, 60325 FRANKFURK AM MAIN
FRANKFURT, GERMANY

Effective Date: 04/26/2004

Foreign Entity: Yes

Firm Operations



Organization Affiliates (continued)

| | |
|--|--|
| Country: | GERMANY |
| Securities Activities: | Yes |
| Investment Advisory Activities: | No |
| Description: | BOTH SOCIETE GENERALE EFFEKTEN GMBH AND FIMAT USA, LLC ARE UNDER THE COMMON CONTROL OF THE SAME ULTIMATE PARENT, SOCIETE GENERALE. |

SOCIETE GENERALE DE BOURSE is under common control with the firm.

| | |
|--|---|
| Business Address: | 55 BOULEVARD ABDELMOUMEN CASABLANCA, MOROCCO 20100 |
| Effective Date: | 04/26/2004 |
| Foreign Entity: | Yes |
| Country: | MOROCCO |
| Securities Activities: | Yes |
| Investment Advisory Activities: | No |
| Description: | BOTH SOCIETE GENERALE DE BOURSE AND FIMAT USA, LLC ARE UNDER TO COMMON CONTROL OF THE SAME ULTIMATE PARENT, SOCIETE GENERALE. |

SOCIETE GENERALE AUSTRALIA LIMITED is under common control with the firm.

| | |
|--|--|
| Business Address: | LEVEL 22, 400 GEORGE STREET SYDNEY, AUSTRALIA NSW 2000 |
| Effective Date: | 02/18/2004 |
| Foreign Entity: | Yes |
| Country: | NEW SOUTH WALES |
| Securities Activities: | Yes |
| Investment Advisory Activities: | No |
| Description: | SOCIETE GENERALE AUSTRALIA LIMITED IS UNDER COMMON CONTROL WITH APPLICANT. |

SOCIETE GENERALE ASSET MANAGEMENT, SA is under common control with the firm.

Firm Operations



Organization Affiliates (continued)

Business Address: 865 SOUTH FIGUEROA STREET
LOS ANGELES, CA 90017

Effective Date: 07/06/2001

Foreign Entity: No

Country:

Securities Activities: No

Investment Advisory Activities: Yes

Description: SOCIETE GENERALE ASSET MANAGEMENT, SA IS UNDER COMMON CONTROL WITH APPLICANT.

SOCIETE GENERALE ASSET MANAGEMENT INTERNATIONAL LIMITED is under common control with the firm.

Business Address: 100 LUDGATE HILL
LONDON, UNITED KINGDOM

Effective Date: 04/26/2004

Foreign Entity: Yes

Country: UNITED KINGDOM

Securities Activities: No

Investment Advisory Activities: Yes

Description: BOTH SOCIETE GENERALE ASSET MANAGEMENT INTERNATIONAL LIMITED AND FIMAT USA, LLC ARE UNDER THE COMMON CONTROL OF THE SAME ULTIMATE PARENT, SOCIETE GENERALE.

SOCIETE GENERALE ASIA LTD. is under common control with the firm.

Business Address: 42/F EDINBURGH TOWER
HONG KONG, HONG KONG

Effective Date: 03/30/2004

Foreign Entity: Yes

Country: HONG KONG

Securities Activities: Yes

Firm Operations



Organization Affiliates (continued)

Investment Advisory Activities: No

Description: SOCIETE GENERALE ASIA LTD. IS UNDER COMMON CONTROL WITH APPLICANT.

SGAM-BRD S.A. is under common control with the firm.

Business Address: 51, ALEEA ALEXANDRU SECTOR 1
BUCAREST, ROMANIA

Effective Date: 04/23/2004

Foreign Entity: Yes

Country: ROMANIA

Securities Activities: No

Investment Advisory Activities: Yes

Description: SGAM-BRD S.A. IS UNDER COMMON CONTROL WITH APPLICANT.

SGAM NORTH PACIFIC LTD is under common control with the firm.

Business Address: ARK MORI BUILDING 12-32
AKASAKA 1 CHOME MINATO-KU
TOKYO, JAPAN 107-6015

Effective Date: 04/23/2004

Foreign Entity: Yes

Country: JAPAN

Securities Activities: No

Investment Advisory Activities: Yes

Description: SGAM NORTH PACIFIC IS UNDER COMMON CONTROL WITH APPLICANT.

SGAM IBERIA, A.V., S.A. is under common control with the firm.

Business Address: TORRE PICASSO PLAZA PABLO RUIZ PICASSO 1
MADRID, SPAIN 2820

Effective Date: 04/23/2004

Foreign Entity: Yes

Firm Operations



Organization Affiliates (continued)

Country: SPAIN

Securities Activities: No

Investment Advisory Activities: Yes

Description: SGAM IBERIA, A.V., S.A. IS UNDER COMMON CONTROL WITH APPLICANT.

SGAM HONG KONG is under common control with the firm.

Business Address: 38/F EDINBURGH TOWER
HONG KONG, HONG KONG

Effective Date: 04/23/2004

Foreign Entity: Yes

Country: HONG KONG

Securities Activities: No

Investment Advisory Activities: Yes

Description: SGAM HONG KONG IS UNDER COMMON CONTROL WITH APPLICANT.

SGAM BAHRAIN is under common control with the firm.

Business Address: NBB TOWER 17 FLOOR
PO BOX 5255
MANAMA, KINGDOM OF BAHRAIN

Effective Date: 04/23/2004

Foreign Entity: Yes

Country: KINGDOM OF BAHRAIN

Securities Activities: No

Investment Advisory Activities: Yes

Description: SGAM BAHRAIN IS UNDER COMMON CONTROL WITH APPLICANT.

SGAM ALTERNATIVE INVESTMENTS is under common control with the firm.

Business Address: 2 PLACE DE LA COUPOLE PARIS LA DEFENSE
PARIS, FRANCE 92078

Effective Date: 04/26/2004

Firm Operations



Organization Affiliates (continued)

| | |
|--|---|
| Foreign Entity: | Yes |
| Country: | FRANCE |
| Securities Activities: | No |
| Investment Advisory Activities: | Yes |
| Description: | SGAM AI AND FIMAT USA, LLC ARE BOTH UNDER THE COMMON CONTROL OF THE SAME ULTIMATE PARENT, SOCIETE GENERALE. |

SGAM (ITALIA) SGR SPA is under common control with the firm.

| | |
|--|---|
| Business Address: | CORSO ITALIA 1 MILANO, ITALIA 20122 |
| Effective Date: | 04/23/2004 |
| Foreign Entity: | Yes |
| Country: | ITALIA |
| Securities Activities: | No |
| Investment Advisory Activities: | Yes |
| Description: | SGAM (ITALIA) SGR SPA IS UNDER COMMON CONTROL WITH APPLICANT. |

SGAM (IRELAND) LIMITED is under common control with the firm.

| | |
|--|--|
| Business Address: | 6 EXCHANGE PLACE DUBLIN, IRELAND 1 |
| Effective Date: | 04/23/2004 |
| Foreign Entity: | Yes |
| Country: | IRELAND |
| Securities Activities: | No |
| Investment Advisory Activities: | Yes |
| Description: | SGAM (IRELAND) LIMITED IS UNDER COMMON CONTROL WITH APPLICANT. |

SGAM (ASIA) PTE LTD is under common control with the firm.

| | |
|--------------------------|--|
| Business Address: | 80 ROBINSON ROAD #13-03 SINGAPORE, REPUBLIC OF SINGAPORE 068898 |
|--------------------------|--|

Firm Operations



Organization Affiliates (continued)

| | |
|--|---|
| Effective Date: | 04/23/2004 |
| Foreign Entity: | Yes |
| Country: | SINGAPORE |
| Securities Activities: | No |
| Investment Advisory Activities: | Yes |
| Description: | SGAM (ASIA) PTE LTD IS UNDER COMMON CONTROL WITH APPLICANT. |

SGAM is under common control with the firm.

| | |
|--|--|
| Business Address: | 2 PLACE DE LA COUPOLE PARIS LA DEFENSE CEDEX, FRANCE 92078 |
| Effective Date: | 04/23/2004 |
| Foreign Entity: | Yes |
| Country: | FRANCE |
| Securities Activities: | No |
| Investment Advisory Activities: | Yes |
| Description: | SGAM IS UNDER COMMON CONTROL WITH APPLICANT. |

SG YAMAICHI ASSET MANAGEMENT is under common control with the firm.

| | |
|--|--|
| Business Address: | AIG KABUTO-CHO BLG KABUTO-CHO NIHONBASHI, CHUO-KU TOKYO, JAPAN 103-026 |
| Effective Date: | 04/23/2004 |
| Foreign Entity: | Yes |
| Country: | JAPAN |
| Securities Activities: | No |
| Investment Advisory Activities: | Yes |
| Description: | SG YAMAICHI ASSET MANAGEMENT IS UNDER COMMON CONTROL WITH APPLICANT. |

Firm Operations



Organization Affiliates (continued)

SG SECURITIES, PARIS is under common control with the firm.

| | |
|--|--|
| Business Address: | TOUR S.G. 17 COURS VALMY-PARIS LA DEFENSE CEDEX PARIS, FRANCE 92987 |
| Effective Date: | 02/18/2004 |
| Foreign Entity: | Yes |
| Country: | FRANCE |
| Securities Activities: | Yes |
| Investment Advisory Activities: | No |
| Description: | SG SECURITIES, PARIS IS UNDER COMMON CONTROL WITH APPLICANT. |

SG SECURITIES (SINGAPORE) PTE LTD is under common control with the firm.

| | |
|--|--|
| Business Address: | 80 ROBINSON ROAD #21-00 SINGAPORE, REPUBLIC OF SINGAPORE 068898 |
| Effective Date: | 04/26/2004 |
| Foreign Entity: | Yes |
| Country: | REPUBLIC OF SINGAPORE |
| Securities Activities: | Yes |
| Investment Advisory Activities: | No |
| Description: | BOTH SG SECURITIES (SINGAPORE) PTE LTD, AND FIMAT USA, LLC ARE UNDER THE COMMON CONTROL OF THE SAME ULTIMATE PARENT, SOCIETE GENERALE. |

SG SECURITIES (HK) NOMINEES LIMITED is under common control with the firm.

| | |
|--|---|
| Business Address: | 41F, EDINBURGH TOWER QUEEN'S ROAD CENTRAL HONG KONG, CHINA |
| Effective Date: | 04/26/2004 |
| Foreign Entity: | Yes |
| Country: | CHINA |
| Securities Activities: | Yes |
| Investment Advisory Activities: | No |

Firm Operations



Organization Affiliates (continued)

Description: BOTH SG SECURITIES (HK) NOMINEES AND FIMAT USA, LLC ARE BOTH UNDER THE COMMON CONTROL OF THE SAME ULTIMATE PARENT, SOCIETE GENERALE.

SG SECURITIES (HK) LIMITED is under common control with the firm.

Business Address: 41 F, EDINBURGH TOWER QUEEN'S ROAD CENTRAL
HONG KONG, CHINA

Effective Date: 04/26/2004

Foreign Entity: Yes

Country: CHINA

Securities Activities: Yes

Investment Advisory Activities: No

Description: BOTH SG SECURITIES (HK) LIMITED AND FIMAT USA, LLC ARE BOTH UNDER THE COMMON CONTROL OF THE SAME ULTIMATE PARENT, SOCIETE GENERALE.

SG RUSSELL AM is under common control with the firm.

Business Address: 6 EXCHANGE PLACE
DUBLIN, IRELAND 1

Effective Date: 04/23/2004

Foreign Entity: Yes

Country: IRELAND

Securities Activities: No

Investment Advisory Activities: Yes

Description: SG RUSSELL AM IS UNDER COMMON CONTROL WITH APPLICANT.

SG PRIVATE EQUITY FUND II LIMITED is under common control with the firm.

Business Address: SG HOUSE, 41 TOWER HILL
LONDON, UNITED KINGDOM

Effective Date: 04/26/2004

Foreign Entity: Yes

Country: UNITED KINGDOM

Firm Operations



Organization Affiliates (continued)

| | |
|--|---|
| Securities Activities: | No |
| Investment Advisory Activities: | Yes |
| Description: | BOTH SG PRIVATE EQUITY FUND II LIMITED AND FIMAT USA, LLC ARE UNDER THE COMMON CONTROL OF THE SAME ULTIMATE PARENT, SOCIETE GENERALE. |

SG INVESTMENT SERVICES LABUAN is under common control with the firm.

| | |
|--|---|
| Business Address: | LEVEL 7(F2) MAIN TOWER FINANCIAL PARK LABUAN COMPLEX JALAN MERDEKA, MALAYSIA 87000 |
| Effective Date: | 04/26/2004 |
| Foreign Entity: | Yes |
| Country: | MALAYSIA |
| Securities Activities: | Yes |
| Investment Advisory Activities: | No |
| Description: | BOTH SG INVESTMENT SERVICES LABUAN FIMAT USA, LLC ARE UNDER THE COMMON CONTROL OF THE SAME ULTIMATE PARENT, SOCIETE GENERALE. |

SG EURO C.T. is under common control with the firm.

| | |
|--|--|
| Business Address: | 50 BD HAUSSMANN PARIS, FRANCE 75009 |
| Effective Date: | 04/26/2004 |
| Foreign Entity: | Yes |
| Country: | FRANCE |
| Securities Activities: | Yes |
| Investment Advisory Activities: | No |
| Description: | BOTH SG EURO C.T. AND FIMAT USA, LLC ARE UNDER THE COMMON CONTROL OF THE SAME ULTIMATE PARENT, SOCIETE GENERALE. |

SG ASSET MANAGEMENT, INC. is under common control with the firm.

Firm Operations



Organization Affiliates (continued)

Business Address: 1221 AVENUE OF THE AMERICAS
NEW YORK, NY 10020

Effective Date: 09/07/1999

Foreign Entity: No

Country:

Securities Activities: No

Investment Advisory Activities: Yes

Description: SG ASSET MANAGEMENT IS UNDER COMMON CONTROL WITH APPLICANT.

SG ASSET MANAGEMENT UK, LTD is under common control with the firm.

Business Address: 100 LUDGATE HILL
LONDON, UNITED KINGDOM EC 4M NL

Effective Date: 04/23/2004

Foreign Entity: Yes

Country: UNITED KINGDOM

Securities Activities: No

Investment Advisory Activities: Yes

Description: SG ASSET MANAGEMENT UK, LTD IS UNDER COMMON CONTROL WITH APPLICANT.

SG ASSET MANAGEMENT SINGAPORE LIMITED is under common control with the firm.

Business Address: 80 ROBINSON ROAD #13-03
SINGAPORE, SINGAPORE 068898

Effective Date: 04/23/2004

Foreign Entity: Yes

Country: SINGAPORE

Securities Activities: No

Investment Advisory Activities: Yes

Firm Operations



Organization Affiliates (continued)

Description: SG ASSET MANAGEMENT SINGAPORE LIMITED IS UNDER COMMON CONTROL WITH APPLICANT.

SG ASIA HOLDINGS (INDIA) PVT. LTD is under common control with the firm.

Business Address: 13F, MARKET CHAMBER IV, NARIMAN POINT
MUMBAI, INDIA

Effective Date: 04/26/2004

Foreign Entity: Yes

Country: INDIA

Securities Activities: Yes

Investment Advisory Activities: No

Description: BOTH SG ASIA HOLDING (INDIA) PVT. LTD AND FIMAT USA, LLC ARE UNDER THE COMMON CONTROL OF THE SAME ULTIMATE PARENT, SOCIETE GENERALE.

PAREL is under common control with the firm.

Business Address: 50 BD HAUSSMANN
PARIS, FRANCE 75009

Effective Date: 04/26/2004

Foreign Entity: Yes

Country: FRANCE

Securities Activities: Yes

Investment Advisory Activities: No

Description: BOTH PAREL AND FIMAT USA, INC. UNDER THE COMMON CONTROL OF THE SAME ULTIMATE PARENT, SOCIETE GENERALE.

LYXOR ASSET MANAGEMENT S.A. is under common control with the firm.

Business Address: TOUR SG 17 COURS VALMY
PARIS-LA DEFENSE CEDEX, FRANCE 92987

Effective Date: 04/26/2004

Foreign Entity: Yes

Country: FRANCE

Firm Operations



Organization Affiliates (continued)

| | |
|--|---|
| Securities Activities: | Yes |
| Investment Advisory Activities: | Yes |
| Description: | BOTH LYXOR ASSET MANAGEMENT SA AND FIMAT USA, LLC ARE UNDER THE COMMON CONTROL OF THE SAME ULTIMATE PARENT, SOCIETE GENERALE. |

INVESTICNI KAPITALOVA SPOLECNOST KB, A.S. is under common control with the firm.

| | |
|--|--|
| Business Address: | DLOUHA 34, C.P. 713 PRAHA 1, CZECH REPUBLIC 11015 |
| Effective Date: | 04/26/2004 |
| Foreign Entity: | Yes |
| Country: | CZECH REPUBLIC |
| Securities Activities: | Yes |
| Investment Advisory Activities: | No |
| Description: | BOTH INVESTICNI KAPITALOVA SPOLECNOST KB, A.S. AND FIMAT USA, LLC ARE UNDER TO COMMON CONTROL OF THE SAME ULTIMATE PARENT, SOCIETE GENERALE. |

INTER EUROPE CONSEIL is under common control with the firm.

| | |
|--|--|
| Business Address: | 29 BD HAUSSMANN PARIS, FRANCE 75009 |
| Effective Date: | 04/26/2004 |
| Foreign Entity: | Yes |
| Country: | FRANCE |
| Securities Activities: | Yes |
| Investment Advisory Activities: | No |
| Description: | BOTH INTER EUROPE CONSEIL AND FIMAT USA, LLC ARE UNDER THE COMMON CONTROL OF THE SAME ULTIMATE PARENT, SOCIETE GENERALE. |

FORTUNE SGAM FUND MANAGEMENT CO., LTD. is under common control with the firm.

| | |
|--------------------------|---------------------------------------|
| Business Address: | 48/F JIN MAO TOWER, 88 CENTURY AVENUE |
|--------------------------|---------------------------------------|

Firm Operations



Organization Affiliates (continued)

| | |
|--|---|
| | SHANG HAI, CHINA 200121 |
| Effective Date: | 04/23/2004 |
| Foreign Entity: | Yes |
| Country: | CHINA |
| Securities Activities: | No |
| Investment Advisory Activities: | Yes |
| Description: | FORTUNE SGAM FUND MANAGEMENT CO., LTD IS UNDER COMMON CONTROL WITH APPLICANT. |

FINANCIERE DES MARCHES A TERME (FIMAT SNC) is under common control with the firm.

| | |
|--|---|
| Business Address: | 50 BD HAUSSMAN PARIS, FRANCE 75439 |
| Effective Date: | 04/26/2004 |
| Foreign Entity: | Yes |
| Country: | FRANCE |
| Securities Activities: | Yes |
| Investment Advisory Activities: | No |
| Description: | BOTH FINANCIERE DES MARCHES A TERME (FIMAT SNC) AND FIMAT USA, LL ARE UNDER THE COMMON CONTROL OF THE SAME ULTIMATE PARENT, SOCIETE GENERALE. |

FIDUS SAL is under common control with the firm.

| | |
|--|---|
| Business Address: | RIAD EL SOLH STREET, UNION BUILDING P.O. BOX 116-5214 BEIRUT, LEBANON |
| Effective Date: | 04/25/2004 |
| Foreign Entity: | Yes |
| Country: | LEBANON |
| Securities Activities: | Yes |
| Investment Advisory Activities: | No |

Firm Operations



Organization Affiliates (continued)

Description: FIDUS SAL AND FIMAT USA, LLC ARE BOTH UNDER THE COMMON CONTROL OF THE SAME ULTIMATE PARENT, SOCIETE GENERALE.

ETOILE GESTION is under common control with the firm.

Business Address: 2 PLACE DE LA COUPOLE
PARIS-LA DEFENSE-CEDEX, FRANCE 92078

Effective Date: 04/26/2004

Foreign Entity: Yes

Country: FRANCE

Securities Activities: No

Investment Advisory Activities: Yes

Description: BOTH ETOILE GESTION AND FIMAT USA, LLC ARE UNDER THE COMMON CONTROL OF THE SAME ULTIMATE PARENT, SOCIETE GENERALE.

CLICKOPTIONS S.A. (SOCIETE ANONYME) is under common control with the firm.

Business Address: TOUR SG, COURS VALMY
PUTEAUX, FRANCE 92800

Effective Date: 04/26/2004

Foreign Entity: Yes

Country: FRANCE

Securities Activities: Yes

Investment Advisory Activities: No

Description: BOTH CLICKOPTIONS S.A. (SOCIETE ANONYME) AND FIMAT USA, LLC BOTH UNDER THE COMMON CONTROL OF THE SAME ULTIMATE PARENT, SOCIETE GENERALE

CENTRADIO LIMITED is under common control with the firm.

Business Address: 32 LOMBARD STREET
LONDON, UNITED KINGDOM EC3V 9BQ

Effective Date: 04/26/2004

Foreign Entity: Yes

Country: ENGLAND AND WALES

Firm Operations



Organization Affiliates (continued)

| | |
|--|---|
| Securities Activities: | Yes |
| Investment Advisory Activities: | No |
| Description: | BOTH CENTRADIA LIMITED AND FIMAT USA, LLC ARE UNDER THE COMMON CONTROL OF THE SAME ULTIMATE PARENT, SOCIETE GENERALE. |

BRD SECURITIES SOCIETE GENERAL S.A. is under common control with the firm.

| | |
|--|---|
| Business Address: | 1-7 ION MIHALACHE BLVD SECTOR 1 BUCHAREST, ROMANIA |
| Effective Date: | 04/26/2004 |
| Foreign Entity: | Yes |
| Country: | ROMANIA |
| Securities Activities: | Yes |
| Investment Advisory Activities: | No |
| Description: | BOTH BRD SECURITIES SOCIETE GENERALE S.A. AND FIMAT USA, LLC ARE UNDER THE COMMON CONTROL OF THE SAME ULTIMATE PARENT, SOCIETE GENERALE |

BOURSORAMA is under common control with the firm.

| | |
|--|--|
| Business Address: | 18 QUAI DU PONT JOUR BOULOGNE BILLANCOURT, FRANCE 92100 |
| Effective Date: | 04/26/2004 |
| Foreign Entity: | Yes |
| Country: | FRANCE |
| Securities Activities: | Yes |
| Investment Advisory Activities: | No |
| Description: | BOTH BOURSORAMA AND FIMAT USA, LLC ARE UNDER THE COMMON CONTROL OF THE SAME ULTIMATE PARENT, SOCIETE GENERALE. |

BAREP ASSET MANAGEMENT IRELAND LTD is under common control with the firm.

| | |
|--------------------------|--|
| Business Address: | 6 EXCHANGE PLACE IFSC DUBLIN 1, IRELAND |
|--------------------------|--|

Firm Operations



Organization Affiliates (continued)

Effective Date: 04/26/2004

Foreign Entity: Yes

Country: IRELAND

Securities Activities: No

Investment Advisory Activities: Yes

Description: BAREP ASSET MANAGEMENT IRELAND LTD AND FIMAT USA, LLC ARE BOTH UNDER THE COMMON CONTROL OF THE SAME ULTIMATE PARENT, SOCIETE GENERALE.

BAREP AM is under common control with the firm.

Business Address: 3 RUE LAFAYETTE
PARIS, FRANCE 75009

Effective Date: 04/23/2004

Foreign Entity: Yes

Country: FRANCE

Securities Activities: No

Investment Advisory Activities: Yes

Description: BAREP AM IS UNDER COMMON CONTROL WITH APPLICANT.

ASIA FUND MANAGEMENT COMPANY is under common control with the firm.

Business Address: 11A, BOULEVARD PRINCE HENRI
LUXEMBOURG, GERMANY L-1724

Effective Date: 04/26/2004

Foreign Entity: Yes

Country: GERMANY

Securities Activities: No

Investment Advisory Activities: Yes

Description: BOTH ASIA FUND MANAGEMENT COMPANY AND FIMAT USA, LLC ARE UNDER COMMON CONTROL OF THE SAME ULTIMATE PARENT, SOCIETE GENERALE.

Firm Operations



Organization Affiliates (continued)

SG CAPITAL PARTNERS LLC is under common control with the firm.

| | |
|--|--|
| Business Address: | 1221 AVENUE OF THE AMERICAS NEW YORK, NY 10020 |
| Effective Date: | 07/01/1998 |
| Foreign Entity: | No |
| Country: | |
| Securities Activities: | Yes |
| Investment Advisory Activities: | No |
| Description: | SG CAPITAL PARTNERS LLC IS UNDER COMMON CONTROL WITH APPLICANT |

NEWEDGE GROUP controls the firm.

| | |
|--|---|
| Business Address: | 50 BOULEVARD HAUSSMANN CED09 PARIS, FRANCE 75439 |
| Effective Date: | 01/04/1989 |
| Foreign Entity: | Yes |
| Country: | FRANCE |
| Securities Activities: | Yes |
| Investment Advisory Activities: | No |
| Description: | 100 % OWNER OF NEWEDGE USA, LLC |

This firm is 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

SG HAMBROS BANK & TRUST (JERSEY) LIMITED is a Foreign Bank and controls the firm.

Firm Operations



Organization Affiliates (continued)

Business Address: SG HAMBROS HOUSE, PO BOX 78
18 ESPLANDE ST. HEILER
JERSEY, CHANNEL ISLANDS JE7 8PR

Effective Date: 03/22/2004

Description: BOTH NEWEDGE USA, LLC AND SG HAMBROS BANK & TRUST (JERSEY) LIMITED ARE UNDER COMMON CONTROL OF THE SAME PARENT, SOCIETE GENERALE.

SOCIETE GENERALE S/A CCTVM is a Foreign Bank and controls the firm.

Business Address: AVENIDA PAULISTA, 2300 - 9 ANDAR CEPT 01310-300
SAO PAULO, BRAZIL

Effective Date: 04/26/2004

Description: BOTH SOCIETE GENERALE S/A CCTVM AND FIMAT USA, LLC ARE UNDER THE COMMON CONTROL OF THE SAME ULTIMATE PARENT SOCIETE GENERALE.

SOCIETE GENERALE BANK & TRUST SA is a Foreign Bank and controls the firm.

Business Address: 11 AVENUE EMILE REUTER, L-2420
LUXEMBOURG, GERMANY

Effective Date: 03/12/2004

Description: BOTH FIMAT USA, LLC AND SOCIETE GENERALE BANK & TRUST SA ARE UNDER COMMON CONTROL OF THE SAME ULTIMATE PARENT, SOCIETE GENERALE.

SKB BANKA D.D. LJUBLJANA is a Foreign Bank and controls the firm.

Business Address: AJDOVSCINA 4 1000
LJUBLIJANA, SLOVENIA

Effective Date: 04/26/2004

Description: BOTH SKB BANKA D.D. LJUBLJANA AND FIMAT USA, LLC ARE BOTH UNDER THE COMMON CONTROL OF THE SAME ULTIMATE PARENT, SOCIETE GENERALE.

SG PRIVATE BANKING (SUISSE) SA is a Foreign Bank and controls the firm.

Business Address: RUE DE LA CORRATERIE, 6
CASE POSTALE 5022
GENEVA, SWITZERLAND CH-1211

Firm Operations



Organization Affiliates (continued)

Effective Date: 04/26/2004

Description: SG PRIVATE BANKING (SUISSE) SA AND FIMAT USA, LLC ARE UNDER THE COMMON CONTROL OF THE SAME ULTIMATE PARENT, SOCIETE GENERAL.

SG PRIVATE BANKING (LAUGANO SWIZZERA) SA is a Foreign Bank and controls the firm.

Business Address: VIALE FRANSCINI 22 CP 22
LUGANO, SWITZERLAND CH-6901

Effective Date: 04/26/2004

Description: BOTH SG PRIVATE BANKING (LUGANO SWIZZERA) SA AND FIMAT USA, LLC ARE UNDER THE COMMON CONTROL OF THE SAME ULTIMATE PARENT, SOCIETE GENERALE.

SG HAMBROS BANK & TRUST LIMITED is a Foreign Bank and controls the firm.

Business Address: SG HOUSE 41 TOWER HILL
LONDON, UNITED KINGDOM EC3N-4SG

Effective Date: 03/26/2004

Description: BOTH SG HAMBROS BANK & TRUST LIMITED AND FIMAT USA, LLC ARE CONTROLLED BY THE SAME ULTIMATE PARENT, SOCIETE GENERALE.

SG HAMBROS BANK & TRUST (GUERNSEY) LIMITED is a Foreign Bank and controls the firm.

Business Address: PO BOX 6, HAMBROS HOUSE
ST. JULIAN'S AVENUE, ST. PETER PORT
GUERNSEY, CHANNEL ISLANDS GY1 3AE

Effective Date: 04/26/2004

Description: BOTH SG HAMBROS BANK & TRUST (GUERNSEY) LIMITED AND FIMAT USA, LLC ARE UNDER COMMON CONTROL OF THE SAME ULTIMATE PARENT, SOCIETE GENERALE.

SG HAMBROS BANK & TRUST (GIBRALTAR) LIMITED is a Foreign Bank and controls the firm.

Business Address: 32 LINE WALL ROAD
GIBRALTAR, GIBRALTAR

Effective Date: 04/26/2004

Description: BOTH SG HAMBROS BANK & TRUST (GIBRALTAR) LIMITED AND FIMAT USA, LLC ARE UNDER COMMON CONTROL OF THE SAME ULTIMATE PARENT, SOCIETE GENERALE.

Firm Operations



Organization Affiliates (continued)

SG HAMBROS BANK & TRUST (BAHAMAS) LIMITED is a Foreign Bank and controls the firm.

Business Address: WEST BAY STREET
NASSAU, BAHAMAS

Effective Date: 03/22/2004

Description: BOTH HAMBROS BANK & TRUST (BAHAMAS) LIMITED AND FIMAT USA, LLC ARE UNDER COMMON CONTROL OF THE SAME ULTIMATE PARENT, SOCIETE GENERALE.

SG BANK DE MAERTELAERE is a Foreign Bank and controls the firm.

Business Address: RIJSENBERGSTRAAT 148 B-9000 GENT
BELGIUM, BELGIUM

Effective Date: 04/26/2004

Description: BOTH SG BANK DE MAERTELAERE AND FIMAT USA, LLC ARE UNDER THE COMMON CONTROL OF THE SAME ULTIMATE PARENT, SOCIETE GENERALE.

KOREAN FRENCH BANKING CORP - SOGEKO is a Foreign Bank and controls the firm.

Business Address: 5F, MARINE CENTER, 118, 2-GA NAMDAEMUN-RO CHUNG-G
SEOUL, KOREA 100-770

Effective Date: 03/19/2004

Description: BOTH KOREAN FRENCH BANKING CORP-SOGEKO AND FIMAT USA, LLC ARE UNDER COMMON CONTROL OF THE SAME ULTIMATE PARENT, SOCIETE GENERALE.

KOMERCNI BANKA, A.S. is a Foreign Bank and controls the firm.

Business Address: NA PRIKOPE 33 CP.969
PRAHA 1, CZECH REPUBLIC 11407

Effective Date: 04/26/2004

Description: BOTH KOMERCNI BANKA, A.S. AND FIMAT USA, LLC ARE UNDER COMMON CONTROL OF THE SAME ULTIMATE PARENT, SOCIETE GENERALE.

KOMERCNI BANKA BRATISLAVA A.S. is a Foreign Bank and controls the firm.

Business Address: MEDENA 6, P.O. BOX 137
BRATISLAVA, 81100, SLOVAK REPUBLIC

Effective Date: 04/26/2004

Firm Operations



Organization Affiliates (continued)

Description: BOTH KOMERCNI BANKA BRATISLAVA A.S. AND FIMAT USA, LLC ARE UNDER THE COMMON CONTROL OF THE SAME ULTIMATE PARENT, SOCIETE GENERALE.

BANCO SOCIETE GENERALE BRASIL SA is a Foreign Bank and controls the firm.

Business Address: AVENIDA PAULISTA, 2300-9 ANDAR CEP 01310-300
SAO PAULO, SP, BRAZIL

Effective Date: 04/26/2004

Description: BOTH BANCO SOCIETE GENERALE BRASIL SA AND FIMAT USA, LLC ARE UNDER COMMON CONTROL OF THE SAME ULTIMATE PARENT, SOCIETE GENERALE.

SOCIETE GENERALE is a Foreign Bank and controls the firm.

Business Address: 17, COURS VALMY LA DEFENSE CEDEX
PARIS, FRANCE 92972

Effective Date: 01/04/1989

Description: 50% OWNER OF NEWEDGE GROUP



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 | 60 | 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:**
 - A law enforcement agency must file formal charges before a brokerage firm is required to disclose a particular criminal event.
3. **Disclosure events in BrokerCheck reports come from different sources:**
 - Disclosure events for this brokerage firm were reported by the firm and/or regulators. When the firm and a regulator report information for the same event, both versions of the event will appear in the BrokerCheck report. The different versions will be separated by a solid line with the reporting source labeled.
4. **There are different statuses and dispositions for disclosure events:**
 - A disclosure event may have a status of *pending*, *on appeal*, or *final*.
 - A "pending" event involves allegations that have not been proven or formally adjudicated.
 - An event that is "on appeal" involves allegations that have been adjudicated but are currently being appealed.
 - A "final" event has been concluded and its resolution is not subject to change.
 - A final event generally has a disposition of *adjudicated*, *settled* or *otherwise resolved*.
 - An "adjudicated" matter includes a disposition by (1) a court of law in a criminal or civil matter, or (2) an administrative panel in an action brought by a regulator that is contested by the party charged with some alleged wrongdoing.
 - A "settled" matter generally involves an agreement by the parties to resolve the matter. Please note that firms may choose to settle customer disputes or regulatory matters for business or other reasons.
 - A "resolved" matter usually involves no payment to the customer and no finding of wrongdoing on the part of the individual broker. Such matters generally involve customer disputes.
5. **You may wish to contact the brokerage firm to obtain further information regarding any of the disclosure events contained in this BrokerCheck report.**

Regulatory - Final

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

Disclosure 1 of 60

Reporting Source: Regulator

Current Status: Final



| | |
|---|---|
| Allegations: | NEWEDGE USA, LLC, AN EXCHANGE TPH ORGANIZATION, WAS CENSURED AND FINED \$650,000 FOR: (I) FAILING TO REPORT OR ACCURATELY REPORT "REPORTABLE POSITIONS" MAINTAIN A SYSTEM TO REVIEW AND MONITOR THE FIRM'S REJECTED OCC LOPR RECORDS TO ENSURE ACCURATE REPORTING OF "REPORTABLE POSITIONS" TO THE LOPR; AND REPORT OR ACCURATELY REPORT APPLICABLE CUSTOMER ADDRESS FIELDS TO THE LOPR; (II) FAILING TO ESTABLISH AND MAINTAIN ADEQUATE SUPERVISORY PROCEDURES PERTAINING TO ITS LOPR REQUIREMENTS; AND (III) FAILING TO ADEQUATELY SUPERVISE THE FIRM'S NOMINEES, AGENTS, AND EMPLOYEES WITH RESPECT TO COMPLIANCE WITH EXCHANGE RULE 4.13. (EXCHANGE RULES 4.2 - ADHERENCE TO LAW AND 4.13 - REPORTS RELATED TO POSITION LIMITS) |
| Initiated By: | CHICAGO BOARD OPTIONS EXCHANGE |
| Date Initiated: | 12/02/2015 |
| Docket/Case Number: | 15-0089/ 20150469773 |
| Principal Product Type: | Options |
| Other Product Type(s): | |
| Principal Sanction(s)/Relief Sought: | Civil and Administrative Penalt(ies) /Fine(s) |
| Other Sanction(s)/Relief Sought: | |
| Resolution: | Consent |
| Resolution Date: | 12/29/2015 |
| Sanctions Ordered: | Censure Monetary/Fine \$650,000.00 |
| Other Sanctions Ordered: | |
| Sanction Details: | A \$650,000 FINE AND A CENSURE. |

Disclosure 2 of 60

| | |
|--------------------------|---|
| Reporting Source: | Regulator |
| Current Status: | Final |
| Allegations: | DURING THE REVIEW PERIOD (APRIL 2011 AND DECEMBER 2012), NEWEDGE HAD IMPROPERLY MARKED CERTAIN OPTIONS ORDERS ON BEHALF OF A BROKER-DEALER AS "CUSTOMER" INSTEAD OF "BROKER-DEALER CUSTOMER" WHEN SENDING OPTIONS ORDERS TO THE EXCHANGE, RESULTING IN: (I) AN INACCURATE AUDIT TRAIL; AND (II) THE |



POTENTIAL THAT, IN CERTAIN SITUATIONS, ORDERS AND QUOTATIONS WERE NOT PROPERLY PRIORITIZED AND MATCHED, GIVEN THAT ORDERS MARKED AS "CUSTOMER" HAD PRIORITY OVER OTHER ORDER TYPES. THIS CONDUCT CONSTITUTES SEPARATE AND DISTINCT VIOLATIONS OF ISE RULE 712(A).

Initiated By: INTERNATIONAL SECURITIES EXCHANGE

Date Initiated: 05/19/2015

Docket/Case Number: 20130358463

Principal Product Type: Options

Other Product Type(s):

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

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 05/20/2015

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

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

Other Sanctions Ordered:

Sanction Details: FIRM FINED \$35,000

Disclosure 3 of 60

Reporting Source: Firm

Current Status: Final

Allegations: PURSUANT TO AN OFFER OF SETTLEMENT IN WHICH NEWEDGE USA, LLC NEITHER ADMITTED NOR DENIED THE RULE VIOLATIONS UPON WHICH THE PENALTY IS BASED, ON OCTOBER 23, 2014, THE CLEARING HOUSE RISK COMMITTEE FOUND THAT NEWEDGE USA, LLC VIOLATED CBOT RULES 971.A.2.



PENALTY: IN ACCORDANCE WITH THE SETTLEMENT OFFER, THE CLEARING HOUSE RISK COMMITTEE FINED NEWEDGE USA, LLC \$25,000.

Initiated By: NYMEX

Date Initiated: 10/24/2014

Docket/Case Number: NYME 14-CH-1409

Principal Product Type: Futures - Commodity

Other Product Type(s):

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

Other Sanction(s)/Relief Sought:

Resolution: Decision & Order of Offer of Settlement

Resolution Date: 10/24/2014

Sanctions Ordered: Monetary/Fine \$25,000.00

Other Sanctions Ordered:

Sanction Details: PURSUANT TO AN OFFER OF SETTLEMENT IN WHICH NEWEDGE USA, LLC NEITHER ADMITTED NOR DENIED THE RULE VIOLATIONS UPON WHICH THE PENALTY IS BASED, ON OCTOBER 23, 2014, THE CLEARING HOUSE RISK COMMITTEE FOUND THAT NEWEDGE USA, LLC VIOLATED CBOT RULES 971.A.2.

PENALTY: IN ACCORDANCE WITH THE SETTLEMENT OFFER, THE CLEARING HOUSE RISK COMMITTEE FINED NEWEDGE USA, LLC \$25,000.

Disclosure 4 of 60

Reporting Source: Firm

Current Status: Final

Allegations: NEWEDGE MISREPORTED OPEN INTEREST IN LIVE CATTLE FUTURES BY 36,803 CONTRACTS OR 27.33% AND IN AUSTRALIAN DOLLAR FUTURES BY 10.23 CONTRACTS OR 6.55%. THE OMISSION OF A HOUSE OR CUSTOMER ORIGIN IDENTIFIER RESULTED IN REPORTED CUSTOMER ORIGIN POSITIONS BEING OVERWRITTEN BY HOUSE ORIGIN POSITIONS. WHILE NEWEDGE IDENTIFIED THE REPORTING ERRORS PRIOR TO THE 8:00 AM ADJUSTMENT DEADLINE OF MARCH 19, 2012, NEWEDGE WAS ULTIMATELY UNABLE TO COMPLETE ALL ADJUSTMENTS PRIOR TO THE DEADLINE DUE TO THE LARGE NUMBER THAT WERE NECESSARY TO CORRECT THE



INACCURATELY-REPORTED OPEN INTEREST.

Initiated By: CMEGROUP

Date Initiated: 03/16/2012

Docket/Case Number: CME 12-8820-BC

Principal Product Type: Futures - Commodity

Other Product Type(s):

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

Other Sanction(s)/Relief Sought:

Resolution: Decision & Order of Offer of Settlement

Resolution Date: 08/21/2014

Sanctions Ordered: Monetary/Fine \$3,000.00

Other Sanctions Ordered:

Sanction Details: IN ACCORDANCE WITH THE SETTLEMENT OFFER, THE PANEL ORDERED NEWEDGE TO PAY A FINE OF \$3,000.

Firm Statement PURSUANT TO AN OFFER OF SETTLEMENT IN WHICH NEWEDGE USA, LLC ("NEWEDGE") NEITHER ADMITTED NOR DENIED THE RULE VIOLATIONS UPON WHICH THE PENALTY IS BASED, ON AUGUST 19, 2014, A PANEL OF THE CHICAGO MERCANTILE EXCHANGE ("CME") BUSINESS CONDUCT COMMITTEE ("PANEL") FOUND THAT IT HAD JURISDICTION OVER NEWEDGE PURSUANT TO RULES 400 AND 402 AS THE CONDUCT OCCURRED WHILE NEWEDGE WAS A CME MEMBER, AND THAT ON MARCH 16, 2012, NEWEDGE MISREPORTED OPEN INTEREST IN LIVE CATTLE FUTURES BY 36,803 CONTRACTS OR 27.33% AND IN AUSTRALIAN DOLLAR FUTURES BY 10.23 CONTRACTS OR 6.55%. THE OMISSION OF A HOUSE OR CUSTOMER ORIGIN IDENTIFIER RESULTED IN REPORTED CUSTOMER ORIGIN POSITIONS BEING OVERWRITTEN BY HOUSE ORIGIN POSITIONS. WHILE NEWEDGE IDENTIFIED THE REPORTING ERRORS PRIOR TO THE 8:00 AM ADJUSTMENT DEADLINE OF MARCH 19, 2012, NEWEDGE WAS ULTIMATELY UNABLE TO COMPLETE ALL ADJUSTMENTS PRIOR TO THE DEADLINE DUE TO THE LARGE NUMBER THAT WERE NECESSARY TO CORRECT THE INACCURATELY-REPORTED OPEN INTEREST. THE PANEL CONCLUDED THAT NEWEDGE THEREBY VIOLATED CME RULE 811.



Reporting Source: Firm

Current Status: Final

Allegations: FOR TRADE DATE APRIL 16, 2014, NEWEDGE USA LLC OVERSTATED OPEN INTEREST FOR THE PHYSICALLY DELIVERED APRIL 2014 NYMEX PLATINUM FUTURES CONTRACT IN VIOLATION OF RULE 811.

FOR TRADE DATE APRIL 17, 2014, NEWEDGE USA LLC, OVERSTATED OPEN INTEREST FOR THE PHYSICALLY DELIVERED APRIL 2014 NYMEX PLATINUM FUTURES CONTRACT IN VIOLATION OF RULE 854.

Initiated By: NYMEX

Date Initiated: 04/17/2014

Docket/Case Number: NYME RSRH-14-2631

Principal Product Type: Futures - Commodity

Other Product Type(s):

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

Other Sanction(s)/Relief Sought:

Resolution: Decision & Order of Offer of Settlement

Resolution Date: 06/05/2014

Sanctions Ordered: Monetary/Fine \$7,500.00

Other Sanctions Ordered:

Sanction Details: PURSUANT TO RULE 512, NEWEDGE USA LLC WAS ISSUED A FINE OF \$7,500 FOR ITS VIOLATION OF RULES 811 AND 854

Firm Statement FOR TRADE DATE APRIL 16, 2014, NEWEDGE USA LLC OVERSTATED OPEN INTEREST FOR THE PHYSICALLY DELIVERED APRIL 2014 NYMEX PLATINUM FUTURES CONTRACT IN VIOLATION OF RULE 811.

FOR TRADE DATE APRIL 17, 2014, NEWEDGE USA LLC, OVERSTATED OPEN INTEREST FOR THE PHYSICALLY DELIVERED APRIL 2014 NYMEX PLATINUM FUTURES CONTRACT IN VIOLATION OF RULE 854.

Disclosure 6 of 60

Reporting Source: Firm

Current Status: Final



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|---|--|
| Allegations: | PURSUANT TO AN OFFER OF SETTLEMENT IN WHICH NEWEDGE USA LLC ("NEWEDGE") NEITHER ADMITTED NOR DENIED THE RULE VIOLATIONS UPON WHICH THE PENALTY IS BASED, ON MAY 28, 2014, A PANEL OF THE CME BUSINESS CONDUCT COMMITTEE ("PANEL") FOUND THAT FOR THE TIME PERIODS OF MAY 24, 2012, THROUGH JUNE 6, 2012, AND JULY 2, 2012, THROUGH JULY 16, 2012, NEWEDGE SUBMITTED NUMEROUS INSTANCES OF INCORRECT CTI CODES. |
| | THE PANEL CONCLUDED THAT NEWEDGE VIOLATED CME RULE 536.D. |
| Initiated By: | CME GROUP |
| Date Initiated: | 05/28/2014 |
| Docket/Case Number: | CME 12-7428-BC |
| Principal Product Type: | Futures - Commodity |
| Other Product Type(s): | |
| Principal Sanction(s)/Relief Sought: | Civil and Administrative Penalt(ies) /Fine(s) |
| Other Sanction(s)/Relief Sought: | |
| Resolution: | Decision & Order of Offer of Settlement |
| Resolution Date: | 05/30/2014 |
| Sanctions Ordered: | Monetary/Fine \$5,500.00 |
| Other Sanctions Ordered: | NONE |
| Sanction Details: | THE PANEL CONCLUDED THAT NEWEDGE VIOLATED CME RULE 536.D. |
| Firm Statement | PURSUANT TO AN OFFER OF SETTLEMENT IN WHICH NEWEDGE USA LLC ("NEWEDGE") NEITHER ADMITTED NOR DENIED THE RULE VIOLATIONS UPON WHICH THE PENALTY IS BASED, ON MAY 28, 2014, A PANEL OF THE CME BUSINESS CONDUCT COMMITTEE ("PANEL") FOUND THAT FOR THE TIME PERIODS OF MAY 24, 2012, THROUGH JUNE 6, 2012, AND JULY 2, 2012, THROUGH JULY 16, 2012, NEWEDGE SUBMITTED NUMEROUS INSTANCES OF INCORRECT CTI CODES. |
| | THE PANEL CONCLUDED THAT NEWEDGE VIOLATED CME RULE 536.D. |

Disclosure 7 of 60

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|--------------------------|-------|
| Reporting Source: | Firm |
| Current Status: | Final |



Allegations: ICE CLEAR U.S., INC. RECORDS INDICATE THAT NEWEDGE USA FAILED TO ACCURATELY REPORT OPEN INTEREST IN ACCORDANCE WITH ICE CLEAR RULE 403(A)

Initiated By: ICE CLEAR US

Date Initiated: 12/13/2013

Docket/Case Number:

Principal Product Type: Futures - Commodity

Other Product Type(s):

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

Other Sanction(s)/Relief Sought:

Resolution: Consent

Resolution Date: 12/31/2013

Sanctions Ordered: Monetary/Fine \$5,000.00

Other Sanctions Ordered:

Sanction Details: THIS IS A 2ND VIOLATION SUMMARY FINE.

Disclosure 8 of 60

Reporting Source: Firm

Current Status: Final

Allegations: THAT ON JULY 22, 2013, THE LAST TRADING DATE FOR THE PHYSICALLY SETTLED AUGUST 2013 CRUDE OIL FUTURES CONTRACT ("AUG13 CRUDE OIL"), NEWEDGE FAILED TO ENSURE THAT OPEN POSITIONS HELD ON ITS BOOKS IN THE PHYSICALLY DELIVERED AUG13 CRUDE OIL CONTRACT WERE LIQUIDATED IN AN ORDERLY MANNER PRIOR TO THE EXPIRATION OF TRADING IN VIOLATION OF NYMEX RULE 716 (DUTIES OF CLEARING MEMBERS). THE PANEL FOUND THAT IN SO DOING, NEWEDGE VIOLATED NYMEX RULE 716.

Initiated By: NYMEX

Date Initiated: 07/22/2013

Docket/Case Number: NYME 13-9534-BC

Principal Product Type: Futures - Commodity

**Other Product Type(s):**

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

Other Sanction(s)/Relief Sought:

Resolution: Settled

Resolution Date: 12/23/2013

Sanctions Ordered: Monetary/Fine \$20,000.00

Other Sanctions Ordered:

Sanction Details: IN ACCORDANCE WITH THE SETTLEMENT OFFER, THE PANEL ORDERED NEWEDGE TO PAY A FINE TO THE EXCHANGE IN THE AMOUNT OF \$20,000

Firm Statement IN ACCORDANCE WITH THE SETTLEMENT OFFER, THE PANEL ORDERED NEWEDGE TO PAY A FINE TO THE EXCHANGE IN THE AMOUNT OF \$20,000. THIS ACTION BECAME FINAL ON DECEMBER 19, 2013 AND EFFECTIVE DECEMBER 23, 2013

Disclosure 9 of 60

Reporting Source: Regulator

Current Status: Final

Allegations: FROM 4/11 TO 12/11 & FROM 4/12-12/12, ("REVIEW PERIOD") NEWEDGE ENTERED NON MARKETABLE ORDERS ON THE ISE LIMIT ORDER BOOK THAT LOCKED OR CROSSED THE NBBO WITHOUT TAKING CORRECTIVE ACTION IN A TIMELY MANNER ON 768 OCCASIONS. THIS CONSTITUTES A SEPARATE & DISTINCTIVE VIOLATION OF ISE RULE 1902. ALSO IN THE REVIEW PERIOD, NEWEDGE FAILED TO ADEQUATE WRITTEN SUPERVISORY PROCEDURES TO PREVENT SUCH SITUATIONS WHERE AN ORDER PLACED BY A FIRM CREATED A LOCKED OR CROSSED MARKET CONDITION. THIS CONDUCT CONSTITUTES A VIOLATION OF ISE RULE 401.

Initiated By: INTERNATIONAL SECURITIES EXCHANGE

Date Initiated: 07/09/2013

Docket/Case Number: 2011-137, 2011-211, 2012-025 & 2012-160

Principal Product Type: Options

Other Product Type(s):

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


Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 08/23/2013

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

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

Other Sanctions Ordered:

Sanction Details: FIRM FINES \$25,000

Reporting Source: Firm

Current Status: Final

Allegations: WITHOUT NEWEDGE ADMITTING OR DENYING THE ALLEGATIONS, ISE ALLEGED THAT DURING THE REVIEW PERIODS APRIL 2011 AND DECEMBER 2011 AND BETWEEN APRIL 2012 AND JUNE 2012, NEWEDGE ENTERED NON-MARKETABLE LIMIT ORDERS ON THE ISE ORDER BOOK THAT LOCKED OR CROSSED THE NATIONAL BEST BID OR OFFER WITHOUT TAKING CORRECTIVE ACTION IN A TIMELY MANNER ON APPROXIMATELY 768 OCCASIONS.

Initiated By: INTERNATIONAL SECURITIES EXCHANGE (ISE)

Date Initiated: 08/23/2012

Docket/Case Number: 2011-137, 2011-211, 2012-025 7 2012-160

Principal Product Type: Options

Other Product Type(s):

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

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)



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|---------------------------------|--|
| Resolution Date: | 08/27/2013 |
| Sanctions Ordered: | Censure Monetary/Fine \$25,000.00 |
| Other Sanctions Ordered: | |
| Sanction Details: | NEWEDGE CONSENTS TO A CENSURE AND \$25,000.00 FINE |
| Firm Statement | NEWEDGE CONSENTS TO A CENSURE AND \$25,000.00 FINE |

Disclosure 10 of 60

| | |
|---|---|
| Reporting Source: | Firm |
| Current Status: | Final |
| Allegations: | THE DISCIPLINARY COMMITTEE CHARGED NEWEDGE USA, LLC WITH VIOLATING MGEX RULE 718.01. FOR OFFSETTING DELIVERY MONTH POSITIONS WITHOUT THE BENEFIT OF TRADE ACTIVITY AND MGEX RESOLUTION 2101.00.C. FOR REPORTING LONG POSITIONS LISTS FOR DELIVERY AFTER THE DEADLINE. |
| Initiated By: | MINNEAPOLIS GRAIN EXCHANGE INC "MGEX" |
| Date Initiated: | 08/12/2013 |
| Docket/Case Number: | MGE 13-I-12 |
| Principal Product Type: | Futures - Commodity |
| 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: | 08/12/2013 |
| Sanctions Ordered: | Monetary/Fine \$50,000.00 |
| Other Sanctions Ordered: | |
| Sanction Details: | WITHOUT ADMITTING OR DENYING THE CHARGES, NEWEDGE USA, LLC SUBMITTED AN OFFER OF SETTLEMENT AND PAID A FINE. |
| Firm Statement | WITHOUT ADMITTING OR DENYING THE CHARGES, NEWEDGE USA, LLC SUBMITTED AN OFFER OF SETTLEMENT WHICH WAS ACCEPTED IN SATISFACTION OF THE CHARGES. |



Disclosure 11 of 60

| | |
|---|---|
| Reporting Source: | Regulator |
| Current Status: | Final |
| Allegations: | SEC RULE 611(A)(1), (A)(2), AND (C) OF REGULATION SHO, FINRA RULE 2010, NASD RULE 3010 - NEWEDGE USA, LLC FAILED TO ESTABLISH, MAINTAIN AND ENFORCE WRITTEN POLICIES AND PROCEDURES REASONABLY DESIGNED TO PREVENT TRADE-THROUGHS OF PROTECTED QUOTATIONS IN NATIONAL MARKET SYSTEM (NMS) STOCKS THAT DO NOT FALL WITHIN ANY APPLICABLE EXCEPTION, AND IF RELYING ON AN EXCEPTION, ARE REASONABLY DESIGNED TO ASSURE COMPLIANCE WITH THE TERMS OF THE EXCEPTION. THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH SEC RULES 611(A)(1), (A)(2), AND (C) OF REGULATION NMS. |
| Initiated By: | FINRA |
| Date Initiated: | 07/31/2013 |
| Docket/Case Number: | 2010023727301 |
| Principal Product Type: | Other |
| Other Product Type(s): | NATIONAL MARKET SYSTEM (NMS) STOCKS |
| Principal Sanction(s)/Relief Sought: | |
| Other Sanction(s)/Relief Sought: | |
| Resolution: | Acceptance, Waiver & Consent(AWC) |
| Resolution Date: | 07/31/2013 |
| Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? | No |
| Sanctions Ordered: | Censure Monetary/Fine \$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 SEC RULES 611(A)(1), (A)(2), AND (C) OF REGULATION
NMS WITHIN 30 BUSINESS DAYS OF ACCEPTANCE OF THIS AWC BY THE
NAC. FINE PAID ON AUGUST 9, 2013.

Reporting Source: Firm

Current Status: Final

Allegations: SEC RULE 611(A)(1), (A)(2), AND (C) OF REGULATION SHO, FINRA RULE 2010, NASD RULE 3010 - NEWEDGE USA, LLC FAILED TO ESTABLISH, MAINTAIN AND ENFORCE WRITTEN POLICIES AND PROCEDURES REASONABLY DESIGNED TO PREVENT TRADE-THROUGHS OF PROTECTED QUOTATIONS IN NATIONAL MARKET SYSTEM (NMS) STOCKS THAT DO NOT FALL WITHIN ANY APPLICABLE EXCEPTION, AND IF RELYING ON AN EXCEPTION, ARE REASONABLY DESIGNED TO ASSURE COMPLIANCE WITH THE TERMS OF THE EXCEPTION. THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH SEC RULES 611(A)(1), (A)(2), AND (C) OF REGULATION NMS.

Initiated By: FINRA

Date Initiated: 07/31/2013

Docket/Case Number: 2010023727301

Principal Product Type: Other

Other Product Type(s): NATIONAL MARKET SYSTEM (NMS) STOCKS

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 07/31/2013

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 SEC RULES 611(A)(1), (A)(2), AND (C) OF REGULATION NMS WITHIN 30 BUSINESS DAYS OF ACCEPTANCE OF THIS AWC BY THE NAC.

Disclosure 12 of 60

Reporting Source:

Regulator

Current Status:

Final

Allegations:

BATS RULES 3.1, 5.1, 5.3 - NEWEDGE USA, LLC DID NOT ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM OR ESTABLISH, MAINTAIN AND ENFORCE WRITTEN SUPERVISORY PROCEDURES (WSPS) REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATIONS INCLUDING BATS RULES, ADDRESSING THE DETECTION, MONITORING, PREVENTION AND REPORTING OF POTENTIALLY MANIPULATIVE AND SUSPICIOUS TRADING ACTIVITY VIOLATIVE OF BATS RULES AND APPLICABLE SECURITIES LAWS. WHILE THE FIRM PROVIDED CLIENTS ACCESS TO EQUITIES EXCHANGES THROUGH DIRECT MARKET ACCESS (DMA) AND SPONSORED ACCESS (SA) ARRANGEMENTS, IT DID NOT ESTABLISH ANY POLICIES OR PROCEDURES TO MONITOR SUCH CUSTOMER ACTIVITY UNTIL A LATER DATE. AFTER THAT DATE, THE FIRM'S EXISTING PROCEDURES WERE INCONSISTENT AND INADEQUATE. THE FIRM DID NOT HAVE ADEQUATE PROCEDURES OR CONTROLS TO TRACK OR MONITOR WHICH EQUITIES CLIENTS USED DMA AND SA ACCESS AND HAD NOT CLEARLY DELEGATED RESPONSIBILITY FOR SUPERVISING THE DMA/SA PROGRAM. THE FIRM RECEIVED ADDITIONAL RED FLAGS IN THE FORM OF CONTINUED WARNINGS BY ITS COMPLIANCE GROUP. A SIGNIFICANT NUMBER OF THE FIRM'S CLIENTS WERE NOT "ON-BOARDED" IN COMPLIANCE WITH ITS INTERNAL POLICIES. IN SPITE OF RED FLAGS, REGARDING ITS INCONSISTENT ON-BOARDING, THE FIRM DID NOT TAKE ADEQUATE STEPS TO REMEDY THESE ISSUES. THE POLICIES AND PROCEDURES THAT DID EXIST AT THE FIRM DEALT PRIMARILY WITH CREDIT AND RISK MANAGEMENT. THESE PROCEDURES WERE NOT ADEQUATE. THE FIRM FAILED TO TAKE STEPS TO ENSURE THAT ITS EQUITIES ORDER ROUTING SYSTEMS CONTAINED APPROPRIATE BLOCKS AND FILTERS WITH REGARD TO CREDIT AND RISK MANAGEMENT UNTIL A LATER DATE. THE FIRM FAILED TO PERFORM ADEQUATE REAL-TIME AND POST-TRADE SURVEILLANCE REVIEWS, AND IN SOME INSTANCES USED INCOMPLETE DATA FOR THE FEW REVIEWS IT DID CONDUCT. THE FIRM'S INTERNAL AUDITORS AND AN OUTSIDE CONSULTANT WARNED THAT THE FIRM RELIED TOO HEAVILY ON CLIENTS TO ACHIEVE COMPLIANCE WITH REGULATORY REQUIREMENTS, AND HAD INSUFFICIENT CONTROLS IN PLACE TO SUPERVISE AND SURVEIL CLIENT



DMA AND SA EQUITIES TRADING ACTIVITY. THE FIRM DID NOT TAKE ADEQUATE STEPS TO DEVELOP APPROPRIATE SYSTEMS OR SURVEILLANCES TO DETECT AND PREVENT POTENTIALLY MANIPULATIVE AND OTHER SUSPICIOUS CONDUCT. THE FIRM FAILED TO REASONABLY AND EFFECTIVELY MONITOR FOR POTENTIAL MARKING THE CLOSE ACTIVITY BY ITS DMA AND SA CLIENTS; AND FAILED TO HAVE REASONABLE WSPS WITH REGARD TO SAME. THE FIRM FAILED TO REASONABLY AND EFFECTIVELY MONITOR FOR POTENTIAL WASH TRADING ACTIVITIES BY ITS DMA AND SA CLIENTS; FAILED TO IMPLEMENT A WASH TRADING SURVEILLANCE REPORT UNTIL A LATER DATE, NOTWITHSTANDING NUMEROUS REQUESTS FROM ITS COMPLIANCE DEPARTMENT. EVEN AFTER IMPLEMENTATION OF A FIRM WASH TRADE SURVEILLANCE REPORT, THE FIRM FAILED TO REASONABLY REVIEW THE REPORT. THE FIRM DID NOT RECEIVE ORDER DATA FROM CERTAIN SA CLIENTS, MANY OF WHICH HAD MASTER ACCOUNTS ASSOCIATED WITH SUB-ACCOUNTS, SO TRADING COULD HAVE ORIGINATED FROM A NUMBER OF DIFFERENT ACCOUNTS NOT SPECIFIED IN ITS BOOKS AND RECORDS. THE FIRM FAILED TO PRESERVE CERTAIN ORDER AND TRADE DATA FROM AN ORDER MANAGEMENT SYSTEM AND FAILED TO KEEP ACCURATE RECORDS AS TO WHICH ENTITIES IT GRANTED DMA OR SA, AND TO WHICH EXCHANGES IT HAD GRANTED ACCESS. BECAUSE THE FIRM FAILED TO OBTAIN CERTAIN ORDER DATA FROM SA CLIENTS, FAILED TO RETAIN CERTAIN ORDER AND EXECUTION DATA FROM DMA AND SA CLIENTS, THE FEW REVIEWS IT COMPLETED WERE BASED ON INADEQUATE AND INCOMPLETE INFORMATION. THE FIRM FAILED TO RETAIN CERTAIN INFORMATION ON EMAIL CORRESPONDENCE, INCLUDING "BCC" INFORMATION AND ATTACHMENTS TO CERTAIN EMAILS AND ALSO FAILED TO RETAIN CERTAIN TEXT MESSAGES. THE FIRM FAILED TO OBTAIN OR RETAIN REQUIRED DOCUMENTATION RELATED TO DMA AND SA CLIENTS, SUCH AS ACCOUNT DOCUMENTS AND CLIENT AGREEMENTS.

Initiated By: BATS Z-EXCHANGE, INC.

Date Initiated: 07/02/2013

Docket/Case Number: 2010021583601

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

Other Product Type(s): EQUITY OPTIONS, EXCHANGE-TRADED FUNDS

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)



Resolution Date: 07/31/2013

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

Sanctions Ordered: Censure
Monetary/Fine \$1,750,000.00

Other Sanctions Ordered: ORDERED TO COMPLY WITH THE UNDERTAKING

Sanction Details: WITHOUT ADMITTING OR DENYING ANY ALLEGATIONS OR FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED, FINED \$1,750,000 AND ORDERED TO COMPLY WITH THE UNDERTAKING. A FINE OF \$9,500,000 TO BE PAID JOINTLY TO BATS EXCHANGE, INC., NEW YORK STOCK EXCHANGE LLC, NYSE ARCA, INC., THE NASDAQ STOCK MARKET LLC AND FINRA, OF WHICH \$1,750,000 OF THE TOTAL AMOUNT TO BE PAID TO BATS EXCHANGE, INC.
DECISION BECAME FINAL JULY 31, 2013.

Reporting Source: Firm

Current Status: Final

Allegations: BATS EXCHANGE ALLEGED THAT DURING THE PERIOD BETWEEN JANUARY 2008 AND DECEMBER 2011, NEWEDGE USA, LLC (THE "FIRM") FAILED TO ESTABLISH, IMPLEMENT, MAINTAIN AND ENFORCE A SUPERVISORY SYSTEM (INCLUDING ADEQUATE WRITTEN SUPERVISORY PROCEDURES) WITH RESPECT TO ITS DIRECT MARKET ACCESS AND SPONSORED ACCESS BUSINESS. BATS EXCHANGE ALSO ALLEGED THE FIRM FAILED TO ESTABLISH A SUPERVISORY SYSTEM TO DETECT, MONITOR AND PREVENT POTENTIALLY MANIPULATIVE AND SUSPICIOUS TRADING ACTIVITY BY ITS CLIENTS. THE FIRM FAILED TO OBTAIN AND MAINTAIN CERTAIN REQUIRED ORDER AND TRADE DATA FROM SPONSORED ACCESS CLIENTS, ACCOUNT RECORDS AND CERTAIN E-MAIL CORRESPONDENCE AS WELL AS CERTAIN TEXT MESSAGES, AND CERTAIN REQUIRED DOCUMENTATION RELATED TO DIRECT MARKET ACCESS AND SPONSORED ACCESS CLIENTS. SIMILAR ALLEGATIONS WERE MADE BY THE BATS EXCHANGE, NYSE, NYSE ARCA, AND NASDAQ EXCHANGE AND SIMILAR SETTLEMENTS WERE ENTERED INTO WITH EACH OF THEM.

Initiated By: BATS Z-EXCHANGE, INC

Date Initiated: 07/02/2013



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| Docket/Case Number: | 2010021583601 |
| Principal Product Type: | Equity Listed (Common & Preferred Stock) |
| Other Product Type(s): | EQUITY OPTIONS,ETFS |
| Principal Sanction(s)/Relief Sought: | |
| Other Sanction(s)/Relief Sought: | |
| Resolution: | Acceptance, Waiver & Consent(AWC) |
| Resolution Date: | 07/31/2013 |
| Sanctions Ordered: | Censure Monetary/Fine \$1,750,000.00 |
| Other Sanctions Ordered: | |
| Sanction Details: | WITHOUT ADMITTING OR DENYING THE FINDINGS, THROUGH AN OFFER OF SETTLEMENT, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS. THE FIRM WAS CENSURED AND FINED IN THE TOTAL AMOUNT OF \$9,500,000 OF WHICH \$4,000,000 IS TO BE PAID TO FINRA FOR VIOLATIONS OF APPLICABLE SECURITIES LAWS AND REGULATIONS, INCLUDING FINRA AND EXCHANGE RULES RELATING TO, AMONG OTHER ISSUES, SUPERVISORY FAILURES IN CONNECTION WITH ITS DIRECT MARKET ACCESS AND SPONSORED ACCESS BUSINESS, VIOLATIONS OF REGULATION SHO AND THE JULY AND SEPTEMBER 2008 EMERGENCY ORDERS AND VIOLATIONS OF RECORD RETENTION REQUIREMENTS, AND HAS AGREED TO RETAIN AN INDEPENDENT CONSULTANT TO CONDUCT A REVIEW OF, AMONG OTHER THINGS, THE FIRM'S POLICIES, SYSTEMS, PROCEDURES AND TRAINING WITH THE SPONSORED ACCESS AND DIRECT MARKET ACCESS RULES AND A SUBSEQUENT FOLLOW-UP REVIEW. IN ADDITION, THE FIRM IS RESTRICTED FROM ACCEPTING NEW SPONSORED ACCESS OR DIRECT MARKET ACCESS EQUITIES CLIENTS DURING THE PERIOD OF REVIEW |
| Firm Statement | SANCTIONS INCLUDE MONETARY FINE AND CENSURE IN THE AMOUNT OF \$1,750,000.00 THE TOTAL FINE FOR THE FINRA AND RELATED SETTLEMENTS WITH BATS, NYSE, NYSE ARCA, AND NASDAQ IS \$9,500,000. |

Disclosure 13 of 60

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| Reporting Source: | Regulator |
| Current Status: | Final |

**Allegations:**

SECTIONS 12(K)(4) AND 17(A) OF THE SECURITIES EXCHANGE ACT OF 1934, RULE 17A-3 AND 17A-4 THEREUNDER, RULES 200(F), 203(B), 203(B)(1) OF REGULATION SHO, FINRA RULE 2010, NASD RULES 2110, 3010, 3010(A), 3110: THE FIRM FAILED TO ESTABLISH, MAINTAIN AND ENFORCE ADEQUATE SUPERVISORY SYSTEMS AND PROCEDURES, INCLUDING WRITTEN SUPERVISORY PROCEDURES THAT WERE REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS AND REGULATIONS, INCLUDING FINRA AND EXCHANGE RULES, ADDRESSING ANTI-MONEY LAUNDERING AND OTHER POTENTIALLY MANIPULATIVE AND SUSPICIOUS TRADING ACTIVITY BY THE FIRM'S DIRECT MARKET ACCESS (DMA) AND SPONSORED ACCESS (SA) CLIENTS, SUCH AS SPOOFING, MARKING THE CLOSE, EXCESSIVE REPETITIVE ORDER ENTRY, AND WASH SALE TRANSACTIONS, NUMEROUS INSTANCES OF WHICH MAY HAVE OCCURRED ON AS MANY AS FOUR EXCHANGES. FROM ITS INCEPTION, THE FIRM KNEW THAT IT WAS UNAWARE OF WHAT CONTROLS ITS CLIENTS HAD IMPLEMENTED, BUT CHOSE TO LARGELY RELY ON ITS CLIENTS TO ACHIEVE COMPLIANCE WITH APPLICABLE RULES AND IGNORED, OR OTHERWISE INADEQUATELY RESPONDED TO "RED FLAGS" REGARDING SUPERVISORY FAILURES HIGHLIGHTED BY ITS OWN INTERNAL AUDITORS, AN OUTSIDE CONSULTANT IT ENGAGED, AND NUMEROUS REGULATORY INQUIRIES IT RECEIVED REGARDING THE ACTIVITY OF ONE PARTICULAR FIRM CLIENT. DURING THE RELEVANT PERIOD, RESPONSIBILITY FOR RESPONDING TO REGULATORY INQUIRIES WAS TOO SPREAD OUT TO BE EFFECTIVE AND ENSURE ACCOUNTABILITY, AND TESTIMONY FROM EMPLOYEES CONFIRMED THAT THE FIRM LACKED THE ABILITY TO EFFECTIVELY PROMOTE COMPLIANCE WITH THE APPLICABLE RULES AND REGULATIONS DURING THE RELEVANT PERIOD, AND DID NOT HAVE MONITORING TOOLS SUFFICIENT TO MONITOR CLIENTS' TRADING ACTIVITY. THE FIRM FAILED TO ESTABLISH, MAINTAIN AND ENFORCE ADEQUATE SUPERVISORY SYSTEMS AND PROCEDURES THAT WERE REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH REGULATION SHO. THE FIRM ACCEPTED CUSTOMER'S SHORT SALE ORDERS WITHOUT A REASONABLE BASIS TO BELIEVE THE SECURITIES COULD BE BORROWED AND THE FIRM COULD NOT DETERMINE ITS NET POSITION FOR APPROPRIATE SELL ORDER MARKING IN A GIVEN SECURITY FIRM-WIDE, AND COULD NOT REASONABLY DETERMINE WHETHER SELL ORDERS ENTERED BY CLIENTS WERE ACCURATELY MARKED. THE FIRM FURTHER FAILED TO ESTABLISH, MAINTAIN, AND ENFORCE ADEQUATE SUPERVISORY PROCEDURES, AND A REASONABLE SYSTEM OF FOLLOW-UP AND REVIEW, THAT WERE REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE JULY AND SEPTEMBER 2008 EMERGENCY ORDERS ISSUED BY THE SECURITIES AND EXCHANGE COMMISSION. THE FIRM ENTERED SHORT SALE ORDERS ON THE NYSE IN COVERED FINANCIAL INSTITUTIONS IN VIOLATION OF THE SEPTEMBER 2008 EMERGENCY ORDER. THE FIRM DID NOT RECEIVE ORDER DATA



FROM CERTAIN SA CLIENTS, MANY OF WHICH HAD MASTER ACCOUNTS THAT WERE ASSOCIATED WITH SUB-ACCOUNTS, SO TRADING COULD HAVE ORIGINATED FROM A NUMBER OF DIFFERENT ACCOUNTS NOT SPECIFIED IN THE FIRM'S BOOKS AND RECORDS. THE FIRM FAILED TO PRESERVE CERTAIN ORDER AND TRADE DATA FROM A PARTICULAR ORDER MANAGEMENT SYSTEM AND FAILED TO KEEP ACCURATE RECORDS AS TO WHICH ENTITIES IT GRANTED DMA OR SA, AND TO WHICH EXCHANGES THE FIRM HAD GRANTED ACCESS. AS A RESULT, THE FEW REVIEWS COMPLETED BY THE FIRM WERE BASED ON INADEQUATE AND INCOMPLETE INFORMATION. THE FIRM FAILED TO OBTAIN, MAINTAIN AND RETAIN CERTAIN REQUIRED RECORDS, SUCH AS OPENING ACCOUNT DOCUMENTS, ATTACHMENTS TO E-MAILS, "BCC" EMAIL INFORMATION, TEXT MESSAGES, AND CERTAIN REQUIRED DOCUMENTATION RELATED TO ITS DMA AND SA CLIENT ACCOUNTS, SUCH AS ACCOUNT DOCUMENTS AND CLIENT AGREEMENTS.

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| Initiated By: | FINRA |
| Date Initiated: | 07/10/2013 |
| Docket/Case Number: | 2009018694401 |
| Principal Product Type: | Other |
| Other Product Type(s): | UNSPECIFIED SECURITIES |
| Principal Sanction(s)/Relief Sought: | |
| Other Sanction(s)/Relief Sought: | |
| Resolution: | Acceptance, Waiver & Consent(AWC) |
| Resolution Date: | 07/10/2013 |
| Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? | No |
| Sanctions Ordered: | Censure Monetary/Fine \$9,500,000.00 |
| Other Sanctions Ordered: | UNDERTAKINGS |
| Sanction Details: | WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE IT IS CENSURED AND FINED A TOTAL OF \$9,500,000, TO BE |



PAID JOINTLY TO FINRA, BATS EXCHANGE, INC., NEW YORK STOCK EXCHANGE LLC, NYSE ARCA, INC., AND THE NASDAQ STOCK MARKET LLC, OF WHICH \$4,000,000 OF THAT TOTAL AMOUNT SHALL BE PAID TO FINRA. THE FIRM FURTHER UNDERTAKES TO: RETAIN, WITHIN 60 DAYS OF THE DATE OF THE NOTICE OF ACCEPTANCE OF THIS AWC, AN INDEPENDENT CONSULTANT (IC), NOT UNACCEPTABLE TO FINRA STAFF, TO CONDUCT A COMPREHENSIVE REVIEW OF THE ADEQUACY OF THE FIRM'S POLICIES, SYSTEMS AND PROCEDURES AND TRAINING RELATING TO THE SPECIFIC AREAS DESCRIBED WITHIN; EXCLUSIVELY BEAR ALL COSTS, INCLUDING COMPENSATION AND EXPENSES, ASSOCIATED WITH THE RETENTION OF THE IC; COOPERATE WITH THE IC IN ALL RESPECTS, INCLUDING BY PROVIDING STAFF SUPPORT. THE FIRM SHALL PLACE NO RESTRICTIONS ON THE IC'S COMMUNICATIONS WITH FINRA STAFF AND, UPON REQUEST, SHALL MAKE AVAILABLE TO FINRA STAFF ANY AND ALL COMMUNICATIONS BETWEEN THE IC AND THE FIRM, AND DOCUMENTS REVIEWED BY THE IC IN CONNECTION WITH HIS OR HER ENGAGEMENT. AT THE CONCLUSION OF THE REVIEW, WHICH SHALL BE NO MORE THAN 100 DAYS AFTER THE RETENTION OF THE IC, THE IC SHALL SUBMIT TO THE FIRM AND FINRA STAFF A CONSULTANT'S REPORT; REQUIRE THE IC TO ENTER INTO A WRITTEN AGREEMENT THAT PROVIDES THAT FOR THE PERIOD OF ENGAGEMENT AND FOR A PERIOD OF TWO YEARS FROM COMPLETION OF THE ENGAGEMENT, THE IC SHALL NOT ENTER INTO ANY OTHER EMPLOYMENT, CONSULTANT, ATTORNEY-CLIENT, AUDITING OR OTHER PROFESSIONAL RELATIONSHIP WITH THE FIRM, OR ANY OF ITS PRESENT OR FORMER AFFILIATES, DIRECTORS, OFFICERS, EMPLOYEES, OR AGENTS ACTING IN THEIR CAPACITY AS SUCH. [CONTINUED IN COMMENT]

Regulator Statement

[CONTINUED FROM SANCTION DETAIL]: WITHIN 90 DAYS AFTER DELIVERY OF THE IC'S REPORT, THE FIRM SHALL ADOPT AND IMPLEMENT THE RECOMMENDATIONS OF THE IC OR, IF IT DETERMINES THAT A RECOMMENDATION IS UNDULY BURDENSOME OR IMPRACTICAL, PROPOSE AN ALTERNATIVE PROCEDURE TO THE IC DESIGNED TO ACHIEVE THE SAME OBJECTIVE. THE FIRM SHALL SUBMIT SUCH PROPOSED ALTERNATIVES IN WRITING SIMULTANEOUSLY TO THE IC AND FINRA STAFF. WITHIN 30 DAYS AFTER THE ISSUANCE OF THE LATER OF THE IC'S INITIAL REPORT OR WRITTEN DETERMINATION REGARDING ALTERNATIVE PROCEDURES (IF ANY), THE FIRM SHALL PROVIDE FINRA STAFF WITH A WRITTEN IMPLEMENTATION REPORT, CERTIFIED BY AN OFFICER OF THE FIRM, ATTESTING TO, CONTAINING DOCUMENTATION OF, AND SETTING FORTH THE DETAILS OF THE FIRM'S IMPLEMENTATION OF THE IC'S RECOMMENDATIONS; AND THE FIRM SHALL FURTHER RETAIN THE IC TO CONDUCT A FOLLOW UP REVIEW AND SUBMIT A WRITTEN FINAL REPORT TO THE FIRM AND TO FINRA STAFF NO LATER THAN ONE YEAR FROM THE DATE OF THE NOTICE OF ACCEPTANCE OF THIS AWC. IN THE FINAL REPORT, THE IC SHALL ADDRESS THE FIRM'S IMPLEMENTATION OF THE SYSTEMS, POLICIES, PROCEDURES, AND TRAINING AND MAKE ANY



FURTHER RECOMMENDATION HE OR SHE DEEMS NECESSARY. WITHIN 30 DAYS OF RECEIPT OF THE IC'S FINAL REPORT, THE FIRM SHALL ADOPT AND IMPLEMENT RECOMMENDATIONS CONTAINED IN THE FINAL REPORT. THE FIRM SHALL BE RESTRICTED FROM ACCEPTING ANY NEW SPONSORED ACCESS OR DIRECT MARKET ACCESS EQUITIES CLIENTS UNTIL SUCH TIME AS THE IC PROVIDES FINRA STAFF WITH A WRITTEN DETERMINATION THAT THERE ARE NO MATERIAL ISSUES RELATED TO THE SCOPE OF THE TERMS OF THIS UNDERTAKING OR THE FINDINGS DESCRIBED HEREIN THAT SHOULD PROHIBIT THE FIRM FROM ACCEPTING NEW SPONSORED ACCESS OR DIRECT MARKET ACCESS EQUITIES CLIENTS.

FINE PAID IN FULL ON JULY 31, 2013.

Reporting Source: Firm

Current Status: Final

Allegations: FINRA ALLEGED THAT DURING THE PERIOD BETWEEN JANUARY 2008 AND DECEMBER 2011, NEWEDGE USA, LLC (THE "FIRM") FAILED TO ESTABLISH, IMPLEMENT, MAINTAIN AND ENFORCE A SUPERVISORY SYSTEM (INCLUDING ADEQUATE WRITTEN SUPERVISORY PROCEDURES) WITH RESPECT TO (I) ITS DIRECT MARKET ACCESS AND SPONSORED ACCESS BUSINESS AND (II) COMPLIANCE WITH REGULATION SHO, INCLUDING VIOLATION OF RULE 203, (B) AND RULES 200(F) AND 200(G) OF REGULATION SHO, AND THE JULY AND SEPTEMBER 2008 EMERGENCY ORDERS ISSUED BY THE SECURITIES AND EXCHANGE COMMISSION. FINRA ALSO ALLEGED THAT THE FIRM FAILED TO ESTABLISH A SUPERVISORY SYSTEM TO DETECT, MONITOR AND PREVENT POTENTIALLY MANIPULATIVE AND SUSPICIOUS TRADING ACTIVITY BY ITS CLIENTS AND FAILED TO OBTAIN AND MAINTAIN CERTAIN REQUIRED ORDER AND TRADE DATA FROM SPONSORED ACCESS CLIENTS, ACCOUNT OPENING DOCUMENTS, CERTAIN E-MAIL CORRESPONDENCE AS WELL AS CERTAIN TEXT MESSAGES, AND CERTAIN REQUIRED DOCUMENTATION RELATED TO DIRECT MARKET ACCESS AND SPONSORED ACCESS CLIENTS. SIMILAR ALLEGATIONS WERE MADE BY THE BATS EXCHANGE, NYSE, NYSE ARCA, AND NASDAQ EXCHANGE AND SIMILAR SETTLEMENTS WERE ENTERED INTO WITH EACH OF THEM.

Initiated By: FINRA

Date Initiated: 07/10/2013

Docket/Case Number: 2009018694401

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

Other Product Type(s): EQUITY OPTIONS AND ETFS



Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 07/10/2013

Sanctions Ordered: Censure
Monetary/Fine \$4,000,000.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THROUGH AN OFFER OF SETTLEMENT, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS. THE FIRM WAS CENSURED AND FINED IN THE TOTAL AMOUNT OF \$9,500,000 OF WHICH \$4,000,000 IS TO BE PAID TO FINRA FOR VIOLATIONS OF APPLICABLE SECURITIES LAWS AND REGULATIONS, INCLUDING FINRA AND EXCHANGE RULES RELATING TO, AMONG OTHER ISSUES, SUPERVISORY FAILURES IN CONNECTION WITH ITS DIRECT MARKET ACCESS AND SPONSORED ACCESS BUSINESS, VIOLATIONS OF REGULATION SHO AND THE JULY AND SEPTEMBER 2008 EMERGENCY ORDERS AND VIOLATIONS OF RECORD RETENTION REQUIREMENTS, AND HAS AGREED TO RETAIN AN INDEPENDENT CONSULTANT TO CONDUCT A REVIEW OF, AMONG OTHER THINGS, THE FIRM'S POLICIES, SYSTEMS, PROCEDURES AND TRAINING WITH THE SPONSORED ACCESS AND DIRECT MARKET ACCESS RULES AND A SUBSEQUENT FOLLOW-UP REVIEW. IN ADDITION, THE FIRM IS RESTRICTED FROM ACCEPTING NEW SPONSORED ACCESS OR DIRECT MARKET ACCESS EQUITIES CLIENTS DURING THE PERIOD OF REVIEW

Firm Statement THE TOTAL FINE FOR THE FINRA AND RELATED SETTLEMENTS WITH BATS, NYSE, NYSE ARCA, AND NASDAQ IS \$9,500,000.

Disclosure 14 of 60

Reporting Source: Regulator

Current Status: Final

Allegations: SECTION 17(A) OF THE SECURITIES EXCHANGE ACT, RULES 17A-3, 17A-4 THEREUNDER, NASDAQ RULES 2110, 3010(A) AND (B), 3110 - NEWEDGE USA, LLC DID NOT ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM OR ESTABLISH, MAINTAIN AND ENFORCE WRITTEN SUPERVISORY PROCEDURES (WSPS) REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATIONS, INCLUDING NASDAQ RULES, ADDRESSING THE DETECTION, MONITORING, PREVENTION AND



REPORTING OF POTENTIALLY MANIPULATIVE AND SUSPICIOUS TRADING ACTIVITY. THE FIRM'S EXISTING PROCEDURES WERE INCONSISTENT AND INADEQUATE. THE FIRM DID NOT HAVE ADEQUATE PROCEDURES OR CONTROLS TO TRACK OR MONITOR WHICH EQUITIES CLIENTS USED DIRECT MARKET ACCESS (DMA) AND SPONSORED ACCESS (SA). A SIGNIFICANT NUMBER OF THE FIRM'S CLIENTS WERE NOT "ON-BOARDED" IN COMPLIANCE WITH ITS INTERNAL POLICIES. IN SPITE OF RED FLAGS, REGARDING ITS INCONSISTENT ON-BOARDING, THE FIRM DID NOT TAKE ADEQUATE STEPS TO REMEDY THESE ISSUES. THE POLICIES AND PROCEDURES THAT DID EXIST AT THE FIRM DEALT PRIMARILY WITH CREDIT AND RISK MANAGEMENT. THE FIRM FAILED TO TAKE STEPS TO ENSURE THAT ITS EQUITIES ORDER ROUTING SYSTEMS CONTAINED APPROPRIATE BLOCKS AND FILTERS WITH REGARD TO CREDIT AND RISK MANAGEMENT UNTIL A LATER DATE. THE FIRM FAILED TO PERFORM ADEQUATE REAL-TIME AND POST-TRADE SURVEILLANCE REVIEWS, AND IN SOME INSTANCES USED INCOMPLETE DATA FOR THE FEW REVIEWS IT DID CONDUCT. THE FIRM'S INTERNAL AUDITORS AND AN OUTSIDE CONSULTANT WARNED THAT THE FIRM RELIED TOO HEAVILY ON CLIENTS TO ACHIEVE COMPLIANCE WITH REGULATORY REQUIREMENTS, AND HAD INSUFFICIENT CONTROLS IN PLACE TO SUPERVISE AND SURVEIL CLIENT DMA AND SA EQUITIES TRADING ACTIVITY. THE FIRM KNEW IT WAS UNAWARE OF WHAT CONTROLS ITS CLIENTS HAD IMPLEMENTED, BUT STILL CHOSE TO LARGELY RELY ON ITS EQUITIES CLIENTS TO ACHIEVE COMPLIANCE WITH APPLICABLE RULES. THE FIRM FAILED TO IMPLEMENT APPROPRIATE RISK CONTROLS AND FILTERS TO MONITOR FOR, DETECT AND PREVENT POTENTIALLY MANIPULATIVE CONDUCT. THE FIRM FAILED TO CONFIRM THAT THE CONTROLS ITS CLIENTS AGREED TO IMPLEMENT AS SPECIFIED IN THE CONTRACTS THE FIRM HAD WITH ITS DMA CLIENTS WERE IN FACT CURRENT AND FUNCTIONING WITHIN ACCEPTABLE PARAMETERS TO DETECT POTENTIALLY VIOLATIVE TRADING ACTIVITY. THE FIRM FAILED TO REASONABLY AND EFFECTIVELY MONITOR FOR POTENTIAL MARKING THE CLOSE ACTIVITY BY ITS DMA AND SA CLIENTS, FAILED TO HAVE REASONABLE SYSTEMS AND CONTROLS, INCLUDING SURVEILLANCE SYSTEMS DESIGNED TO DETECT OR PREVENT POTENTIAL MARKING THE CLOSE ACTIVITY BY ITS DMA AND SA CLIENTS AND FAILED TO HAVE REASONABLE WSPS WITH REGARD TO SAME. THE FIRM FAILED TO REASONABLY AND EFFECTIVELY MONITOR FOR POTENTIAL WASH TRADING ACTIVITIES BY ITS DMA AND SA CLIENTS; FAILED TO IMPLEMENT A WASH TRADING SURVEILLANCE REPORT UNTIL A LATER DATE, NOTWITHSTANDING NUMEROUS REQUESTS FROM ITS COMPLIANCE DEPARTMENT; FAILED TO REASONABLY AND EFFECTIVELY MONITOR FOR POTENTIAL EXCESSIVE REPETITIVE ORDER ENTRY BY ITS DMA AND SA CLIENTS. BECAUSE THE FIRM DID NOT RECEIVE ORDER DATA FROM CERTAIN SA CLIENTS, MANY OF WHICH HAD MASTER ACCOUNTS ASSOCIATED WITH SUB-ACCOUNTS, SO TRADING COULD HAVE



ORIGINATED FROM A NUMBER OF DIFFERENT ACCOUNTS NOT SPECIFIED IN THE FIRM'S BOOKS AND RECORDS. THE FIRM FAILED TO PRESERVE CERTAIN ORDER AND TRADE DATA FROM AN ORDER MANAGEMENT SYSTEM AND FAILED TO KEEP ACCURATE RECORDS AS TO WHICH ENTITIES IT GRANTED DMA OR SA, AND TO WHICH EXCHANGES IT HAD GRANTED ACCESS. BECAUSE THE FIRM FAILED TO OBTAIN CERTAIN ORDER DATA FROM SA CLIENTS AND IT FAILED TO RETAIN CERTAIN ORDER AND EXECUTION DATA FROM DMA AND SA CLIENTS, THE FEW REVIEWS IT COMPLETED WERE BASED ON INADEQUATE AND INCOMPLETE INFORMATION. THE FIRM FAILED TO RETAIN CERTAIN INFORMATION IN EMAIL CORRESPONDENCE, INCLUDING "BCC" INFORMATION AND ATTACHMENTS TO CERTAIN EMAILS AND ALSO FAILED TO RETAIN CERTAIN TEXT MESSAGES. THE FIRM FAILED TO OBTAIN OR RETAIN REQUIRED DOCUMENTATION RELATED TO DMA AND SA CLIENTS, SUCH AS ACCOUNT DOCUMENTS AND CLIENT AGREEMENTS.

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|---|---|
| Initiated By: | NASDAQ STOCK MARKET |
| Date Initiated: | 07/10/2013 |
| Docket/Case Number: | 2012032525701 |
| Principal Product Type: | Equity Listed (Common & Preferred Stock) |
| Other Product Type(s): | EQUITY OPTIONS, EXCHANGE-TRADED FUNDS |
| Principal Sanction(s)/Relief Sought: | |
| Other Sanction(s)/Relief Sought: | |
| Resolution: | Acceptance, Waiver & Consent(AWC) |
| Resolution Date: | 07/10/2013 |
| Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? | No |
| Sanctions Ordered: | Censure Monetary/Fine \$1,750,000.00 |
| Other Sanctions Ordered: | UNDERTAKING: ORDERED TO RETAIN, WITHIN 60 DAYS OF THE NOTICE OF ACCEPTANCE, AN INDEPENDENT CONSULTANT (IC) TO CONDUCT A COMPREHENSIVE REVIEW OF THE ADEQUACY OF ITS POLICIES, SYSTEMS, PROCEDURES (WRITTEN AND OTHERWISE), AND TRAINING TO ENSURE THE FIRM IS IN COMPLIANCE WITH THE SA OR DMA RULES OF ALL |



EXCHANGES AND ALTERNATIVE TRADING SYSTEMS TO WHICH IT GRANTS CLIENTS MARKET ACCESS WITH RESPECT TO ITS EQUITIES BUSINESS; THE FIRM IS IN COMPLIANCE WITH EXCHANGE RULE 15C3-5, IS IN COMPLIANCE WITH AND ADEQUATELY SUPERVISING COMPLIANCE WITH REGULATION SHO, INCLUDING BUT NOT LIMITED TO RULE 204 AND THE FIRM ADEQUATELY SUPERVISES TRADING ON BOTH OPTION AND EQUITIES EXCHANGES BY ITS DMA AND SA CLIENTS. WITHIN 90 DAYS AFTER THE INITIAL REPORT, THE FIRM SHALL ADOPT AND IMPLEMENT THE IC'S RECOMMENDATIONS. WITHIN 30 DAYS AFTER ISSUANCE OF THE IC'S REPORT OR WRITTEN DETERMINATION REGARDING ALTERNATIVE PROCEDURES (IF ANY), THE FIRM SHALL PROVIDE FINRA WITH A WRITTEN IMPLEMENTATION REPORT, CERTIFIED BY A FIRM OFFICER, SETTING FORTH DETAILS OF THE IMPLEMENTATION OF THE IC'S RECOMMENDATIONS. THE FIRM SHALL RETAIN THE IC TO CONDUCT A FOLLOW-UP REVIEW NO LATER THAN ONE YEAR AFTER THE DATE OF THIS DECISION. THE FIRM SHALL BE RESTRICTED FROM ACCEPTING ANY NEW SA OR DMA EQUITIES CLIENTS UNTIL THE IC PROVIDES FINRA WITH A WRITTEN DETERMINATION THAT THERE ARE NO MATERIAL ISSUES RELATED TO THE SCOPE OF THE TERMS OF THIS UNDERTAKING OR THE FINDINGS THAT SHOULD PROHIBIT THE FIRM FROM ACCEPTING NEW SA OR DMA EQUITIES CLIENTS. THE UNDERTAKING SHALL ALSO APPLY TO SUCCESSORS OR AFFILIATED ENTITIES OF THE FIRM THAT UNDERTAKE TO PERFORM, OR PERFORM, IN LIEU OF OR IN ADDITION TO THE FIRM, ANY OF THE FUNCTIONS OR RESPONSIBILITIES DESCRIBED HEREIN.

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 \$9,500,000 IS TO BE PAID JOINTLY TO NYSE LLC, NYSE ARCA, INC., THE NASDAQ STOCK MARKET, LLC, FINRA, AND THE BATS EXCHANGE, INC., OF WHICH \$1,750,000 IS TO BE PAID TO THE NASDAQ STOCK MARKET LLC. THE FIRM WAS ORDERED TO COMPLY WITH THE UNDERTAKING.

Reporting Source:

Firm

Current Status:

Final

Allegations:

NASDAQ EXCHANGE ALLEGED THAT DURING THE PERIOD BETWEEN JANUARY 2008 AND DECEMBER 2011, NEWEDGE USA, LLC (THE "FIRM") FAILED TO ESTABLISH, IMPLEMENT, MAINTAIN AND ENFORCE A SUPERVISORY SYSTEM (INCLUDING ADEQUATE WRITTEN SUPERVISORY PROCEDURES) WITH RESPECT TO ITS DIRECT MARKET ACCESS AND SPONSORED ACCESS BUSINESS. NASDAQ EXCHANGE ALSO ALLEGED THAT THE FIRM FAILED TO ESTABLISH A SUPERVISORY SYSTEM TO DETECT, MONITOR AND PREVENT POTENTIALLY MANIPULATIVE AND



SUSPICIOUS TRADING ACTIVITY BY ITS CLIENTS. THE FIRM FAILED TO OBTAIN AND MAINTAIN CERTAIN REQUIRED ORDER AND TRADE DATA FROM SPONSORED ACCESS CLIENTS, ACCOUNT OPENING DOCUMENTS, CERTAIN E-MAIL CORRESPONDENCE AS WELL AS CERTAIN TEXT MESSAGES, AND CERTAIN REQUIRED DOCUMENTATION RELATED TO DIRECT MARKET ACCESS AND SPONSORED ACCESS CLIENTS. SIMILAR ALLEGATIONS WERE MADE BY THE BATS EXCHANGE, NYSE, NYSE ARCA, AND NASDAQ EXCHANGE AND SIMILAR SETTLEMENTS WERE ENTERED INTO WITH EACH OF THEM.

Initiated By: NASDAQ STOCK MARKET

Date Initiated: 07/10/2013

Docket/Case Number: 2012032525701

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

Other Product Type(s): EQUITY OPTIONS AND ETFS

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 07/10/2013

Sanctions Ordered: Censure
Monetary/Fine \$1,750,000.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THROUGH AN OFFER OF SETTLEMENT, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS. THE FIRM WAS CENSURED AND FINED IN THE TOTAL AMOUNT OF \$9,500,000 OF WHICH \$1,750,000 IS TO BE PAID TO NASDAQ EXCHANGE FOR ALLEGED VIOLATIONS OF NASDAQ RULES RELATING TO, AMONG OTHER ISSUES, SUPERVISORY FAILURES IN CONNECTION WITH ITS DIRECT MARKET ACCESS AND SPONSORED ACCESS BUSINESS AND VIOLATIONS OF RECORD RETENTION REQUIREMENTS, AND HAS AGREED TO RETAIN AN INDEPENDENT CONSULTANT TO CONDUCT A REVIEW OF, AMONG OTHER THINGS, THE FIRM'S POLICIES, SYSTEMS, PROCEDURES AND TRAINING WITH THE SPONSORED ACCESS AND DIRECT MARKET ACCESS RULES AND A SUBSEQUENT FOLLOW-UP REVIEW. IN ADDITION, THE FIRM IS RESTRICTED FROM ACCEPTING NEW SPONSORED ACCESS OR DIRECT MARKET ACCESS EQUITIES CLIENTS DURING THE PERIOD OF REVIEW.

**Firm Statement**

THE TOTAL FINE FOR THE FINRA AND RELATED SETTLEMENTS WITH BATS, NYSE, NYSE ARCA, AND NASDAQ IS \$9,500,000.

Disclosure 15 of 60**Reporting Source:**

Regulator

Current Status:

Final

Allegations:

SECTION 12(K)(4) OF THE EXCHANGE ACT, SECTION 17(A) OF THE SECURITIES EXCHANGE ACT, RULES 17A-3, 17A-4, NYSE RULES 342, 440, 476(A)(6), 2010 - NEWEDGE USA, LLC DID NOT ESTABLISH, IMPLEMENT AND MAINTAIN A SUPERVISORY SYSTEM REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATIONS AND NYSE RULES, OR HAVE IN PLACE ADEQUATE WRITTEN SUPERVISORY PROCEDURES (WSPS) WITH RESPECT TO SUPERVISION OF ITS DIRECT MARKET ACCESS (DMA) AND SPONSORED ACCESS (SA) PARTICIPANT CLIENTS, ADDRESSING THE DETECTION, MONITORING, PREVENTION AND REPORTING OF POTENTIALLY MANIPULATIVE AND SUSPICIOUS TRADING ACTIVITY VIOLATIVE OF NYSE RULES. WHILE THE FIRM PROVIDED CLIENTS ACCESS TO EQUITIES EXCHANGES THROUGH DMA AND SA ARRANGEMENTS, IT DID NOT ESTABLISH ANY POLICIES OR PROCEDURES TO MONITOR SUCH CUSTOMER ACTIVITY. A SIGNIFICANT NUMBER OF THE FIRM'S CLIENTS WERE NOT "ON-BOARDED" IN COMPLIANCE WITH ITS INTERNAL POLICIES. IN SPITE OF RED FLAGS, REGARDING ITS INCONSISTENT ON-BOARDING, THE FIRM DID NOT TAKE ADEQUATE STEPS TO REMEDY THESE ISSUES. THE POLICIES AND PROCEDURES THAT DID EXIST AT THE FIRM DEALT PRIMARILY WITH CREDIT AND RISK MANAGEMENT. THESE PROCEDURES WERE NOT ADEQUATE. THE FIRM FAILED TO TAKE STEPS TO ENSURE THAT ITS EQUITIES ORDER ROUTING SYSTEMS CONTAINED APPROPRIATE BLOCK AND FILTERS WITH REGARD TO CREDIT AND RISK MANAGEMENT UNTIL A LATER DATE. THE FIRM FAILED TO PERFORM ADEQUATE REAL-TIME AND POST-TRADE SURVEILLANCE REVIEWS, AND IN SOME INSTANCES USED INCOMPLETE DATA FOR THE FEW REVIEWS IT DID CONDUCT. THE FIRM'S INTERNAL AUDITORS AND AN OUTSIDE CONSULTANT WARNED THAT THE FIRM RELIED TOO HEAVILY ON CLIENTS TO ACHIEVE COMPLIANCE WITH REGULATORY REQUIREMENTS, AND HAD INSUFFICIENT CONTROLS IN PLACE TO SUPERVISE AND SURVEIL CLIENT DMA AND SA EQUITIES TRADING ACTIVITY. THE FIRM KNEW IT WAS UNAWARE OF WHAT CONTROLS ITS CLIENTS HAD IMPLEMENTED, BUT STILL CHOSE TO LARGELY RELY ON ITS EQUITIES CLIENTS TO ACHIEVE COMPLIANCE WITH APPLICABLE RULES. THE FIRM FAILED TO IMPLEMENT APPROPRIATE RISK CONTROLS AND FILTERS TO MONITOR FOR, DETECT AND PREVENT POTENTIALLY MANIPULATIVE CONDUCT. THE FIRM FAILED TO REASONABLY AND EFFECTIVELY MONITOR FOR POTENTIAL WASH



TRADING ACTIVITIES BY ITS DMA AND SA CLIENTS; FAILED TO IMPLEMENT A WASH TRADING SURVEILLANCE REPORT UNTIL A LATER DATE, NOTWITHSTANDING NUMEROUS REQUESTS FROM ITS COMPLIANCE DEPARTMENT; FAILED TO REASONABLY AND EFFECTIVELY MONITOR FOR POTENTIAL EXCESSIVE REPETITIVE ORDER ENTRY BY ITS DMA AND SA CLIENTS. BECAUSE THE FIRM FAILED TO OBTAIN CERTAIN ORDER DATA FROM SA CLIENTS, FAILED TO RETAIN CERTAIN ORDER AND EXECUTION DATA FROM DMA AND SA CLIENTS, ITS REVIEWS WERE BASED ON INADEQUATE AND INCOMPLETE INFORMATION. THE FIRM DID NOT RECEIVE ORDER DATA FROM CERTAIN SA CLIENTS, MANY OF WHICH HAD MASTER ACCOUNTS ASSOCIATED WITH SUB-ACCOUNTS, SO TRADING COULD HAVE ORIGINATED FROM A NUMBER OF DIFFERENT ACCOUNTS NOT SPECIFIED IN ITS BOOKS AND RECORDS. THE FIRM FAILED TO PRESERVE CERTAIN ORDER AND TRADE DATA FROM AN ORDER MANAGEMENT SYSTEM AND FAILED TO KEEP ACCURATE RECORDS AS TO WHICH ENTITIES IT GRANTED DMA OR SA, AND TO WHICH EXCHANGES IT HAD GRANTED ACCESS. BECAUSE THE FIRM FAILED TO OBTAIN CERTAIN ORDER DATA FROM SA CLIENTS, FAILED TO RETAIN CERTAIN ORDER AND EXECUTION DATA FROM DMA AND SA CLIENTS, THE FEW REVIEWS IT COMPLETED WERE BASED ON INADEQUATE AND INCOMPLETE INFORMATION.[CONTINUED IN COMMENT]

Initiated By: NEW YORK STOCK EXCHANGE

Date Initiated: 06/27/2013

Docket/Case Number: 20110270196

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

Other Product Type(s): EQUITY OPTIONS, EXCHANGE-TRADED FUNDS

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Decision & Order of Offer of Settlement

Resolution Date: 07/22/2013

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

Sanctions Ordered: Censure



Monetary/Fine \$1,125,000.00

Other Sanctions Ordered:

UNDERTAKING: ORDERED TO RETAIN, WITHIN 60 DAYS OF THE NOTICE OF ACCEPTANCE, AN INDEPENDENT CONSULTANT (IC) TO CONDUCT A COMPREHENSIVE REVIEW OF THE ADEQUACY OF ITS POLICIES, SYSTEMS, PROCEDURES (WRITTEN AND OTHERWISE), AND TRAINING TO ENSURE THE FIRM IS IN COMPLIANCE WITH THE SA OR DMA RULES OF ALL EXCHANGES AND ALTERNATIVE TRADING SYSTEMS TO WHICH IT GRANTS CLIENTS MARKET ACCESS WITH RESPECT TO ITS EQUITIES BUSINESS; THE FIRM IS IN COMPLIANCE WITH EXCHANGE RULE 15C3-5, IS IN COMPLIANCE WITH AND ADEQUATELY SUPERVISING COMPLIANCE WITH REGULATION SHO, INCLUDING BUT NOT LIMITED TO RULE 204 AND THE FIRM ADEQUATELY SUPERVISES TRADING ON BOTH OPTION AND EQUITIES EXCHANGES BY ITS DMA AND SA CLIENTS. WITHIN 90 DAYS AFTER THE INITIAL REPORT, THE FIRM SHALL ADOPT AND IMPLEMENT THE IC'S RECOMMENDATIONS. WITHIN 30 DAYS AFTER ISSUANCE OF THE IC'S REPORT OR WRITTEN DETERMINATION REGARDING ALTERNATIVE PROCEDURES (IF ANY), THE FIRM SHALL PROVIDE FINRA WITH A WRITTEN IMPLEMENTATION REPORT, CERTIFIED BY A FIRM OFFICER, SETTING FORTH DETAILS OF THE IMPLEMENTATION OF THE IC'S RECOMMENDATIONS. THE FIRM SHALL RETAIN THE IC TO CONDUCT A FOLLOW-UP REVIEW NO LATER THAN ONE YEAR AFTER THE DATE OF THIS DECISION. THE FIRM SHALL BE RESTRICTED FROM ACCEPTING ANY NEW SA OR DMA EQUITIES CLIENTS UNTIL THE IC PROVIDES FINRA WITH A WRITTEN DETERMINATION THAT THERE ARE NO MATERIAL ISSUES RELATED TO THE SCOPE OF THE TERMS OF THIS UNDERTAKING OR THE FINDINGS THAT SHOULD PROHIBIT THE FIRM FROM ACCEPTING NEW SA OR DMA EQUITIES CLIENTS.

Sanction Details:

FINRA HEARING OFFICER ACCEPTED AN OFFER OF SETTLEMENT AND CONSENT ENTERED INTO BETWEEN FINRA ON BEHALF OF NYSE REGULATION, INC. AND THE FIRM. WITHOUT ADMITTING OR DENYING ANY ALLEGATIONS OR FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED, FINED \$1,125,000, AND ORDERED TO COMPLY WITH AN UNDERTAKING. IF NO REVIEW IS REQUESTED, THE DECISION WILL BECOME FINAL AT THE CLOSE OF BUSINESS ON JULY 22, 2013. [CONTINUED IN COMMENT.]

Regulator Statement

OTHER CASE NUMBERS: 20110270426, 13 NYSE-10

ALLEGATIONS CONTINUED: THE FIRM FAILED TO RETAIN CERTAIN INFORMATION IN EMAIL CORRESPONDENCE, INCLUDING "BCC" INFORMATION AND ATTACHMENTS TO CERTAIN EMAILS AND ALSO FAILED TO RETAIN CERTAIN TEXT MESSAGES. THE FIRM FAILED TO OBTAIN OR RETAIN REQUIRED DOCUMENTATION RELATED TO DMA AND SA CLIENTS, SUCH AS ACCOUNT DOCUMENTS AND CLIENT AGREEMENTS. ON



NUMEROUS OCCASIONS, THE FIRM PERMITTED ITS CLIENTS TO SUBMIT NUMEROUS ORDERS FOR SHORT SALES IN SECURITIES COVERED BY A SEPTEMBER 2008 EMERGENCY ORDER ISSUED BY THE SEC, WHICH WERE EXECUTED ON THE NYSE. THE FIRM DID NOT ADEQUATELY SUPERVISE ORDERS IT ROUTED TO U.S. EQUITIES MARKETS, INCLUDING THE NYSE, TO ENSURE THEY COMPLIED WITH THE ORDER; DID NOT CONSISTENTLY PLACE TIMELY BLOCKS IN ITS DMA ORDER MANAGEMENT SYSTEM TO PREVENT SHORT SALES IN RESTRICTED BLOCKS. BLOCKS PLACED BY THE FIRM DID NOT AFFECT THE ABILITY OF BYPASS CLIENTS TO EFFECT PROHIBITED SHORT SALES AND THE FIRM TOOK INADEQUATE STEPS TO IMPOSE RESTRICTIONS ON BY-PASS ACCOUNTS, RESULTING IN VIOLATIVE SHORT SALES BY THE ACCOUNTS. THE FIRM DID NOT BLOCK SA ACCOUNTS FROM ENTERING SHORT SALE ORDERS IN RESTRICTED STOCKS, RESULTING IN VIOLATIONS. THE FIRM ALSO FAILED ON SEVERAL OCCASIONS TO TIMELY UPDATE ITS EASY TO BORROW (ETB) LISTS TO REMOVE SECURITIES SUBJECT TO THE EMERGENCY ORDER, AND THUS SIGNALLED TO ALL RECIPIENTS OF THESE INACCURATE ETB LISTS THAT SHORT SALES IN PROHIBITED SECURITIES WERE PERMISSIBLE.

SANCTION DETAIL CONT.: THE OFFER PROVIDES FOR A TOTAL FINE OF \$9,500,000 TO BE PAID JOINTLY TO NYSE LLC, NYSE ARCA, INC., THE NASDAQ STOCK MARKET, LLC, FINRA, AND THE BATS EXCHANGE, INC. THE UNDERTAKING SHALL ALSO APPLY TO SUCCESSORS OR AFFILIATED ENTITIES OF THE FIRM THAT UNDERTAKE TO PERFORM, OR PERFORM, IN LIEU OF OR IN ADDITION TO THE FIRM, ANY OF THE FUNCTIONS OR RESPONSIBILITIES DESCRIBED HEREIN.

Reporting Source:

Firm

Current Status:

Final

Allegations:

NYSE ALLEGED THAT DURING THE PERIOD BETWEEN JANUARY 2008 AND DECEMBER 2011, NEWEDGE USA, LLC (THE "FIRM") FAILED TO ESTABLISH, IMPLEMENT, MAINTAIN AND ENFORCE A SUPERVISORY SYSTEM (INCLUDING ADEQUATE WRITTEN SUPERVISORY PROCEDURES) WITH RESPECT TO ITS WITH RESPECT TO (I) ITS DIRECT MARKET ACCESS AND SPONSORED ACCESS BUSINESS AND (II) COMPLIANCE WITH THE SEPTEMBER 2008 EMERGENCY ORDER ISSUED BY THE SECURITIES AND EXCHANGE COMMISSION. NYSE ALSO ALLEGED THE FIRM FAILED TO ESTABLISH A SUPERVISORY SYSTEM TO DETECT, MONITOR AND PREVENT POTENTIALLY MANIPULATIVE AND SUSPICIOUS TRADING ACTIVITY BY ITS CLIENTS. THE FIRM FAILED TO OBTAIN AND MAINTAIN CERTAIN REQUIRED ORDER AND TRADE DATA FROM SPONSORED ACCESS CLIENTS, ACCOUNT OPENING DOCUMENTS, CERTAIN E-MAIL CORRESPONDENCE AS WELL AS CERTAIN TEXT MESSAGES, AND CERTAIN REQUIRED DOCUMENTATION



RELATED TO DIRECT MARKET ACCESS AND SPONSORED ACCESS CLIENTS. SIMILAR ALLEGATIONS WERE MADE BY THE BATS EXCHANGE, NYSE, NYSE ARCA, AND NASDAQ EXCHANGE AND SIMILAR SETTLEMENTS WERE ENTERED INTO WITH EACH OF THEM

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|---|---|
| Initiated By: | NYSE |
| Date Initiated: | 06/27/2013 |
| Docket/Case Number: | 20110270196 |
| Principal Product Type: | Equity Listed (Common & Preferred Stock) |
| Other Product Type(s): | EQUITY OPTIONS, EXCHANGE-TRADED FUNDS |
| Principal Sanction(s)/Relief Sought: | |
| Other Sanction(s)/Relief Sought: | |
| Resolution: | Decision & Order of Offer of Settlement |
| Resolution Date: | 07/22/2013 |
| Sanctions Ordered: | Censure Monetary/Fine \$1,125,000.00 |
| Other Sanctions Ordered: | |
| Sanction Details: | WITHOUT ADMITTING OR DENYING THE FINDINGS, THROUGH AN OFFER OF SETTLEMENT, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS. THE FIRM WAS CENSURED AND FINED IN THE TOTAL AMOUNT OF \$9,500,000 OF WHICH \$1,125,000 IS TO BE PAID TO NYSE FOR VIOLATIONS OF NYSE RULES RELATING TO, AMONG OTHER ISSUES, SUPERVISORY FAILURES IN CONNECTION WITH ITS DIRECT MARKET ACCESS AND SPONSORED ACCESS BUSINESS, VIOLATIONS OF THE SEPTEMBER 2008 EMERGENCY ORDER AND VIOLATIONS OF RECORD RETENTION REQUIREMENTS, AND HAS AGREED TO RETAIN AN INDEPENDENT CONSULTANT TO CONDUCT A REVIEW OF, AMONG OTHER THINGS, THE FIRM'S POLICIES, SYSTEMS, PROCEDURES AND TRAINING WITH THE SPONSORED ACCESS AND DIRECT MARKET ACCESS RULES AND A SUBSEQUENT FOLLOW-UP REVIEW. IN ADDITION, THE FIRM IS RESTRICTED FROM ACCEPTING NEW SPONSORED ACCESS OR DIRECT MARKET ACCESS EQUITIES CLIENTS DURING THE PERIOD OF REVIEW. |
| Firm Statement | THE TOTAL FINE FOR THE FINRA AND RELATED SETTLEMENTS WITH BATS, NYSE, NYSE ARCA, AND NASDAQ IS \$9,500,000. |



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|--------------------------|---|
| Reporting Source: | Regulator |
| Current Status: | Final |
| Allegations: | <p>SECTION 17(A) OF THE SECURITIES EXCHANGE ACT OF 1934, RULES 17A-3, 17A-4 THEREUNDER, NYSE ARCA EQUITIES RULES 2.24, 6.2, 6.18(B) AND (C), 9.2(B) - NEWEDGE USA, LLC DID NOT ESTABLISH, IMPLEMENT AND MAINTAIN A SUPERVISORY SYSTEM REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATIONS AND NYSE ARCA EQUITIES RULES, OR HAVE IN PLACE ADEQUATE WRITTEN SUPERVISORY PROCEDURES (WSPS) WITH RESPECT TO SUPERVISION OF ITS DIRECT MARKET ACCESS (DMA) AND SPONSORED ACCESS (SA) PARTICIPANT CLIENTS, ADDRESSING THE DETECTION, MONITORING, PREVENTION AND REPORTING OF POTENTIALLY MANIPULATIVE AND SUSPICIOUS TRADING ACTIVITY VIOLATIVE OF NYSE ARCA RULES. WHILE THE FIRM PROVIDED CLIENTS ACCESS TO EQUITIES EXCHANGES THROUGH DMA AND SA ARRANGEMENTS, IT DID NOT ESTABLISH ANY POLICIES OR PROCEDURES TO MONITOR SUCH CUSTOMER ACTIVITY. A SIGNIFICANT NUMBER OF THE FIRM'S CLIENTS WERE NOT "ON-BOARDED" IN COMPLIANCE WITH ITS INTERNAL POLICIES. IN SPITE OF RED FLAGS, REGARDING ITS INCONSISTENT ON-BOARDING, THE FIRM DID NOT TAKE ADEQUATE STEPS TO REMEDY THESE ISSUES. THE POLICIES AND PROCEDURES THAT DID EXIST AT THE FIRM DEALT PRIMARILY WITH CREDIT AND RISK MANAGEMENT. THESE PROCEDURES WERE NOT ADEQUATE. THE FIRM FAILED TO TAKE STEPS TO ENSURE THAT ITS EQUITIES ORDER ROUTING SYSTEMS CONTAINED APPROPRIATE BLOCK AND FILTERS WITH REGARD TO CREDIT AND RISK MANAGEMENT UNTIL A LATER DATE. THE FIRM FAILED TO PERFORM ADEQUATE REAL-TIME AND POST-TRADE SURVEILLANCE REVIEWS, AND IN SOME INSTANCES USED INCOMPLETE DATA FOR THE FEW REVIEWS IT DID CONDUCT. THE FIRM'S INTERNAL AUDITORS AND AN OUTSIDE CONSULTANT WARNED THAT THE FIRM RELIED TOO HEAVILY ON CLIENTS TO ACHIEVE COMPLIANCE WITH REGULATORY REQUIREMENTS, AND HAD INSUFFICIENT CONTROLS IN PLACE TO SUPERVISE AND SURVEIL CLIENT DMA AND SA EQUITIES TRADING ACTIVITY. THE FIRM KNEW IT WAS UNAWARE OF WHAT CONTROLS ITS CLIENTS HAD IMPLEMENTED, BUT STILL CHOSE TO LARGELY RELY ON ITS EQUITIES CLIENTS TO ACHIEVE COMPLIANCE WITH APPLICABLE RULES. THE FIRM FAILED TO IMPLEMENT APPROPRIATE RISK CONTROLS AND FILTERS TO MONITOR FOR, DETECT AND PREVENT POTENTIALLY MANIPULATIVE CONDUCT. THE FIRM FAILED TO REASONABLY AND EFFECTIVELY MONITOR FOR POTENTIAL WASH TRADING ACTIVITIES BY ITS DMA AND SA CLIENTS; FAILED TO IMPLEMENT A WASH TRADING SURVEILLANCE REPORT UNTIL A LATER DATE, NOTWITHSTANDING NUMEROUS REQUESTS FROM ITS COMPLIANCE DEPARTMENT; FAILED TO REASONABLY AND EFFECTIVELY MONITOR FOR POTENTIAL EXCESSIVE REPETITIVE ORDER ENTRY BY ITS DMA AND SA</p> |



CLIENTS. BECAUSE THE FIRM FAILED TO OBTAIN CERTAIN ORDER DATA FROM SA CLIENTS, FAILED TO RETAIN CERTAIN ORDER AND EXECUTION DATA FROM DMA AND SA CLIENTS, ITS REVIEWS WERE BASED ON INADEQUATE AND INCOMPLETE INFORMATION. THE FIRM DID NOT RECEIVE ORDER DATA FROM CERTAIN SA CLIENTS, MANY OF WHICH HAD MASTER ACCOUNTS ASSOCIATED WITH SUB-ACCOUNTS, SO TRADING COULD HAVE ORIGINATED FROM A NUMBER OF DIFFERENT ACCOUNTS NOT SPECIFIED IN ITS BOOKS AND RECORDS. THE FIRM FAILED TO PRESERVE CERTAIN ORDER AND TRADE DATA FROM AN ORDER MANAGEMENT SYSTEM AND FAILED TO KEEP ACCURATE RECORDS AS TO WHICH ENTITIES IT GRANTED DMA OR SA, AND TO WHICH EXCHANGES IT HAD GRANTED ACCESS. BECAUSE THE FIRM FAILED TO OBTAIN CERTAIN ORDER DATA FROM SA CLIENTS, FAILED TO RETAIN CERTAIN ORDER AND EXECUTION DATA FROM DMA AND SA CLIENTS, THE FEW REVIEWS IT COMPLETED WERE BASED ON INADEQUATE AND INCOMPLETE INFORMATION.[CONTINUED IN COMMENT.]

Initiated By: NYSE ARCA, INC.

Date Initiated: 06/27/2013

Docket/Case Number: 20110270196

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

Other Product Type(s): EQUITY OPTIONS, EXCHANGE-TRADED FUNDS

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Decision & Order of Offer of Settlement

Resolution Date: 06/27/2013

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

Sanctions Ordered: Censure
Monetary/Fine \$875,000.00

Other Sanctions Ordered: UNDERTAKING: ORDERED TO RETAIN, WITHIN 60 DAYS OF THE NOTICE OF ACCEPTANCE, AN INDEPENDENT CONSULTANT (IC) TO CONDUCT A COMPREHENSIVE REVIEW OF THE ADEQUACY OF ITS POLICIES, SYSTEMS, PROCEDURES (WRITTEN AND OTHERWISE), AND TRAINING TO



ENSURE THE FIRM IS IN COMPLIANCE WITH THE SA OR DMA RULES OF ALL EXCHANGES AND ALTERNATIVE TRADING SYSTEMS TO WHICH IT GRANTS CLIENTS MARKET ACCESS WITH RESPECT TO ITS EQUITIES BUSINESS; THE FIRM IS IN COMPLIANCE WITH EXCHANGE RULE 15C3-5, IS IN COMPLIANCE WITH AND ADEQUATELY SUPERVISING COMPLIANCE WITH REGULATION SHO, INCLUDING BUT NOT LIMITED TO RULE 204 AND THE FIRM ADEQUATELY SUPERVISES TRADING ON BOTH OPTION AND EQUITIES EXCHANGES BY ITS DMA AND SA CLIENTS. WITHIN 90 DAYS AFTER THE INITIAL REPORT, THE FIRM SHALL ADOPT AND IMPLEMENT THE IC'S RECOMMENDATIONS. WITHIN 30 DAYS AFTER ISSUANCE OF THE IC'S REPORT OR WRITTEN DETERMINATION REGARDING ALTERNATIVE PROCEDURES (IF ANY), THE FIRM SHALL PROVIDE FINRA WITH A WRITTEN IMPLEMENTATION REPORT, CERTIFIED BY A FIRM OFFICER, SETTING FORTH DETAILS OF THE IMPLEMENTATION OF THE IC'S RECOMMENDATIONS. THE FIRM SHALL RETAIN THE IC TO CONDUCT A FOLLOW-UP REVIEW NO LATER THAN ONE YEAR AFTER THE DATE OF THIS DECISION. THE FIRM SHALL BE RESTRICTED FROM ACCEPTING ANY NEW SA OR DMA EQUITIES CLIENTS UNTIL THE IC PROVIDES FINRA WITH A WRITTEN DETERMINATION THAT THERE ARE NO MATERIAL ISSUES RELATED TO THE SCOPE OF THE TERMS OF THIS UNDERTAKING OR THE FINDINGS THAT SHOULD PROHIBIT THE FIRM FROM ACCEPTING NEW SA OR DMA EQUITIES CLIENTS. THE OFFER PROVIDES FOR A TOTAL FINE OF \$9,500,000 TO BE PAID JOINTLY TO NYSE LLC, NYSE ARCA, INC., THE NASDAQ STOCK MARKET, LLC, FINRA, AND THE BATS EXCHANGE, INC. THE UNDERTAKING SHALL ALSO APPLY TO SUCCESSORS OR AFFILIATED ENTITIES OF THE FIRM THAT UNDERTAKE TO PERFORM, OR PERFORM, IN LIEU OF OR IN ADDITION TO THE FIRM, ANY OF THE FUNCTIONS OR RESPONSIBILITIES DESCRIBED HEREIN.

Sanction Details:

FINRA HEARING OFFICER ACCEPTED AN OFFER OF SETTLEMENT AND CONSENT ENTERED INTO BETWEEN FINRA ON BEHALF OF NYSE REGULATION, INC. AND THE FIRM. WITHOUT ADMITTING OR DENYING ANY ALLEGATIONS OR FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED, FINED \$875,000 AND ORDERED TO COMPLY WITH THE UNDERTAKING.

Regulator Statement

OTHER CASE NUMBERS: 20110270452, ARCA DECISION 13-ARCA-16
 ALLEGATIONS CONTINUED: THE FIRM FAILED TO RETAIN CERTAIN INFORMATION IN EMAIL CORRESPONDENCE, INCLUDING "BCC" INFORMATION AND ATTACHMENTS TO CERTAIN EMAILS AND ALSO FAILED TO RETAIN CERTAIN TEXT MESSAGES. THE FIRM FAILED TO OBTAIN OR RETAIN REQUIRED DOCUMENTATION RELATED TO DMA AND SA CLIENTS, SUCH AS ACCOUNT DOCUMENTS AND CLIENT AGREEMENTS.



Reporting Source: Firm

Current Status: Final

Allegations: NYSE ARCA ALLEGED THAT DURING THE PERIOD BETWEEN JANUARY 2008 AND DECEMBER 2011, NEWEDGE USA, LLC (THE "FIRM") FAILED TO ESTABLISH, IMPLEMENT, MAINTAIN AND ENFORCE A SUPERVISORY SYSTEM (INCLUDING ADEQUATE WRITTEN SUPERVISORY PROCEDURES) WITH RESPECT TO (I) ITS DIRECT MARKET ACCESS AND SPONSORED ACCESS BUSINESS AND (II) COMPLIANCE WITH THE SEPTEMBER 2008 EMERGENCY ORDER ISSUED BY THE SECURITIES AND EXCHANGE COMMISSION. NYSE ARCA ALSO ALLEGED THE FIRM FAILED TO ESTABLISH A SUPERVISORY SYSTEM TO DETECT, MONITOR AND PREVENT POTENTIALLY MANIPULATIVE AND SUSPICIOUS TRADING ACTIVITY BY ITS CLIENTS. THE FIRM FAILED TO OBTAIN AND MAINTAIN CERTAIN REQUIRED ORDER AND TRADE DATA FROM SPONSORED ACCESS CLIENTS, ACCOUNT OPENING DOCUMENTS, CERTAIN E-MAIL CORRESPONDENCE AS WELL AS CERTAIN TEXT MESSAGES, AND CERTAIN REQUIRED DOCUMENTATION RELATED TO DIRECT MARKET ACCESS AND SPONSORED ACCESS CLIENTS. SIMILAR ALLEGATIONS WERE MADE BY THE BATS EXCHANGE, NYSE, NYSE ARCA, AND NASDAQ EXCHANGE AND SIMILAR SETTLEMENTS WERE ENTERED INTO WITH EACH OF THEM

Initiated By: NYSE ARCA, INC

Date Initiated: 06/27/2013

Docket/Case Number: 20110270196

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

Other Product Type(s): EQUITY OPTIONS, EXCHANGE TRADED FUNDS

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Decision & Order of Offer of Settlement

Resolution Date: 06/27/2013

Sanctions Ordered: Censure
Monetary/Fine \$875,000.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THROUGH AN OFFER OF SETTLEMENT, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS. THE FIRM WAS CENSURED AND FINED



IN THE TOTAL AMOUNT OF \$9,500,000 OF WHICH \$875,000 IS TO BE PAID TO NYSE ARCA FOR VIOLATIONS OF NYSE ARCA RULES RELATING TO, AMONG OTHER ISSUES, SUPERVISORY FAILURES IN CONNECTION WITH ITS DIRECT MARKET ACCESS AND SPONSORED ACCESS BUSINESS, VIOLATIONS OF THE SEPTEMBER 2008 EMERGENCY ORDER AND VIOLATIONS OF RECORD RETENTION REQUIREMENTS, AND HAS AGREED TO RETAIN AN INDEPENDENT CONSULTANT TO CONDUCT A REVIEW OF, AMONG OTHER THINGS, THE FIRM'S POLICIES, SYSTEMS, PROCEDURES AND TRAINING WITH THE SPONSORED ACCESS AND DIRECT MARKET ACCESS RULES AND A SUBSEQUENT FOLLOW-UP REVIEW. IN ADDITION, THE FIRM IS RESTRICTED FROM ACCEPTING NEW SPONSORED ACCESS OR DIRECT MARKET ACCESS EQUITIES CLIENTS DURING THE PERIOD OF REVIEW.

Firm Statement

THE TOTAL FINE FOR THE FINRA AND RELATED SETTLEMENTS WITH BATS, NYSE, NYSE ARCA, AND NASDAQ IS \$9,500,000.

Disclosure 17 of 60

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| Reporting Source: | Firm |
| Current Status: | Final |
| Allegations: | ICE CLEAR RULE 403(A) BY REPORTING INACCURATE OPEN INTERET DATA ON DECEMBER 13, 2011 AND ICE FUTURES RULE 4.13 BY FAILING TO COMPLY WITH THE TEMS OF AN EXISTING ORDER TO CEASE AND DESIST FROM VIOLATIONS OF ICE CLEAR RULE 403(A). |
| Initiated By: | ICE CLEAR |
| Date Initiated: | 04/15/2013 |
| Docket/Case Number: | 2012-002;2012-0828 |
| Principal Product Type: | Futures - Commodity |
| Other Product Type(s): | |
| Principal Sanction(s)/Relief Sought: | |
| Other Sanction(s)/Relief Sought: | |
| Resolution: | Settled |
| Resolution Date: | 04/30/2013 |
| Sanctions Ordered: | Monetary/Fine \$20,000.00 |
| Other Sanctions Ordered: | |



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| Sanction Details: | FINE PAID \$20000.00 |
| Firm Statement | ICE CLEAR RULE 403(A) BY REPORTING INACCURATE OPEN INTERET DATA ON DECEMBER 13, 2011 AND ICE FUTURES RULE 4.13 BY FAILING TO COMPLY WITH THE TEMS OF AN EXISTING ORDER TO CEASE AND DESIST FROM VIOLATIONS OF ICE CLEAR RULE 403(A). |

Disclosure 18 of 60

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| Reporting Source: | Regulator |
| Current Status: | Final |
| Allegations: | SEC RULE 17A-3, FINRA RULES 2010, 6730(A), 6730(C)(8), 7450, 7450(A), NASD RULES 3010, 3110 - NEWEDGE USA, LLC FAILED TO TRANSMIT TO THE ORDER AUDIT TRAIL SYSTEM (OATS) REPORTABLE ORDER EVENTS (ROES) ON NUMEROUS BUSINESS DAYS AND TRANSMITTED ROES TO OATS THAT WERE REJECTED BY OATS FOR SYNTAX ERRORS AND WERE REPAIRABLE BUT THE FIRM FAILED TO REPAIR MANY OF THE REJECTED ROES SO THAT THEY WERE NOT TRANSMITTED TO OATS DURING THE REVIEWED PERIOD. THE FIRM FAILED TO TIMELY REPORT ROES TO OATS; TRANSMITTED COMBINED ORDER/ROUTE REPORTS TO OATS THAT OATS WAS UNABLE TO LINK TO THE RELATED ORDER ROUTED TO NASDAQ OR THE CORRESPONDING NEW ORDER TRANSMITTED BY THE DESTINATION MEMBER FIRM, DUE TO INACCURATE, INCOMPLETE OR IMPROPERLY FORMATTED DATA. THE FIRM FAILED TO TRANSMIT TO OATS ALL OF THE ROES FOR A PARTICULAR MARKET PARTICIPANT IDENTIFIER (MPID) FOR SEVERAL DAYS AND FAILED TO TRANSMIT NUMEROUS ROES TO OATS FOR ANOTHER MPID FOR ALMOST TWO MONTHS. THE FIRM FAILED TO REPORT TO THE TRADE REPORTING AND COMPLIANCE ENGINE (TRACE) THE CORRECT TRADE EXECUTION TIME FOR TRANSACTIONS IN TRACE-ELIGIBLE SECURITIES. THE FIRM FAILED TO REPORT TO TRACE TRANSACTIONS IN TRACE-ELIGIBLE SECURITIES WITHIN 15 MINUTES OF THE EXECUTION TIME. THIS CONDUCT CONSTITUTES SEPARATE AND DISTINCT VIOLATIONS OF FINRA RULE 6730(A) AND A PATTERN OR PRACTICE OF LATE REPORTING WITHOUT EXCEPTIONAL CIRCUMSTANCES IN VIOLATION OF FINRA RULE 2010. THE FIRM FAILED TO SHOW THE CORRECT EXECUTION TIME ON BROKERAGE ORDER MEMORANDUM. THE FIRM FAILED TO PROVIDE DOCUMENTARY EVIDENCE THAT IT PERFORMED THE SUPERVISORY REVIEWS SET FORTH IN ITS WRITTEN SUPERVISORY PROCEDURE CONCERNING OATS. |
| Initiated By: | FINRA |
| Date Initiated: | 04/25/2013 |
| Docket/Case Number: | 2011027294101 |



Principal Product Type: Other

Other Product Type(s): TRACE-ELIGIBLE SECURITIES

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 04/25/2013

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

Sanctions Ordered: Censure
Monetary/Fine \$125,000.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED AND FINED \$125,000. FINE PAID MAY 16, 2013.

Reporting Source: Firm

Current Status: Final

Allegations: SEC RULE 17A-3, FINRA RULES 2010, 6730(A), 6730(C)(8), 7450, 7450(A), NASD RULES 3010, 3110 - NEWEDGE USA, LLC FAILED TO TRANSMIT TO THE ORDER AUDIT TRAIL SYSTEM (OATS) REPORTABLE ORDER EVENTS (ROES) ON NUMEROUS BUSINESS DAYS AND TRANSMITTED ROES TO OATS THAT WERE REJECTED BY OATS FOR SYNTAX ERRORS AND WERE REPAIRABLE BUT THE FIRM FAILED TO REPAIR MANY OF THE REJECTED ROES SO THAT THEY WERE NOT TRANSMITTED TO OATS DURING THE REVIEWED PERIOD. THE FIRM FAILED TO TIMELY REPORT ROES TO OATS; TRANSMITTED COMBINED ORDER/ROUTE REPORTS TO OATS THAT OATS WAS UNABLE TO LINK TO THE RELATED ORDER ROUTED TO NASDAQ OR THE CORRESPONDING NEW ORDER TRANSMITTED BY THE DESTINATION MEMBER FIRM, DUE TO INACCURATE, INCOMPLETE OR IMPROPERLY FORMATTED DATA. THE FIRM FAILED TO TRANSMIT TO OATS ALL OF THE ROES FOR A PARTICULAR MARKET PARTICIPANT IDENTIFIER (MPID) FOR



SEVERAL DAYS AND FAILED TO TRANSMIT NUMEROUS ROES TO OATS FOR ANOTHER MPID FOR ALMOST TWO MONTHS. THE FIRM FAILED TO REPORT TO THE TRADE REPORTING AND COMPLIANCE ENGINE (TRACE) THE CORRECT TRADE EXECUTION TIME FOR TRANSACTIONS IN TRACE-ELIGIBLE SECURITIES. THE FIRM FAILED TO REPORT TO TRACE TRANSACTIONS IN TRACE-ELIGIBLE SECURITIES WITHIN 15 MINUTES OF THE EXECUTION TIME. THIS CONDUCT CONSTITUTES SEPARATE AND DISTINCT VIOLATIONS OF FINRA RULE 6730(A) AND A PATTERN OR PRACTICE OF LATE REPORTING WITHOUT EXCEPTIONAL CIRCUMSTANCES IN VIOLATION OF FINRA RULE 2010. THE FIRM FAILED TO SHOW THE CORRECT EXECUTION TIME ON BROKERAGE ORDER MEMORANDUM. THE FIRM FAILED TO PROVIDE DOCUMENTARY EVIDENCE THAT IT PERFORMED THE SUPERVISORY REVIEWS SET FORTH IN ITS WRITTEN SUPERVISORY PROCEDURE CONCERNING OATS.

Initiated By: FINRA

Date Initiated: 04/25/2013

Docket/Case Number: 2011027294101

Principal Product Type: Other

Other Product Type(s): TRACE-ELIGIBLE SECURITIES

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 04/25/2013

Sanctions Ordered: Censure
Monetary/Fine \$125,000.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED AND FINED \$125,000.

Disclosure 19 of 60

Reporting Source: Firm

Current Status: Final

Allegations: ICE FUTURES EUROPE IMPOSED A 15,000.00 GBP PENALTY TO NEWEDGE



USA FOR BEING IN BREACH OF EXCHNAGE RULE G.17(A) BY FAILING TO COMPLETE ITS CLOSE OUT PROCEDURE BY THE 10 AM CUT-OFF TIME IN RELATION TO AN OCT 2012 BREACH.

Initiated By: ICE FUTURES EUROPE

Date Initiated: 12/14/2012

Docket/Case Number: 011214

Principal Product Type: Futures - Financial

Other Product Type(s):

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

Other Sanction(s)/Relief Sought:

Resolution: Settled

Resolution Date: 12/21/2012

Sanctions Ordered: Monetary/Fine \$24,103.00

Other Sanctions Ordered:

Sanction Details: FINE WAS 15,000.00 GBP CONVERSION TO 24,103.00 USD

Firm Statement ICE FUTURES EUROPE IMPOSED A 15,000.00 GBP PENALTY TO NEWEDGE USA FOR BEING IN BREACH OF EXCHNAGE RULE G.17(A) BY FAILING TO COMPLETE ITS CLOSE OUT PROCEDURE BY THE 10 AM CUT-OFF TIME IN RELATION TO AN OCT 2012 BREACH.

Disclosure 20 of 60

Reporting Source: Firm

Current Status: Final

Allegations: ICE FUTURES EUROPE IMPOSED A 10,000. 00GBP PENALTY TO NEWEDGE USA FOR BEING IN BREACH OF EXCHANGE RULE G.17.4(A)BY FAILING TO COMPLETE ITS CLOSE OUT PROCEDURES BY THE 10 AM CUT-OFF TIME

Initiated By: ICE FUTURES EUROPE

Date Initiated: 12/14/2012

Docket/Case Number: 011212

Principal Product Type: Futures - Financial

**Other Product Type(s):**

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

Other Sanction(s)/Relief Sought:

Resolution: Settled

Resolution Date: 12/21/2012

Sanctions Ordered: Monetary/Fine \$16,068.00

Other Sanctions Ordered:

Sanction Details: FINE OF 10,000.00 GBP CONVERSION IS 16068.00 USD

Firm Statement ICE FUTURES EUROPE IMPOSED A 10,000.00GBP PENALTY TO NEWEDGE USA FOR BEING IN BREACH OF EXCHANGE RULE G.17.4(A)BY FAILING TO COMPLETE ITS CLOSE OUT PROCEDURES BY THE 10 AM CUT-OFF TIME IN RELATION TO A SEPTMEBER 2012 BREACH

Disclosure 21 of 60

Reporting Source: Regulator

Current Status: Final

Allegations: MSRB RULES G-14, G-27 - NEWEDGE USA, LLC FAILED TO REPORT INFORMATION REGARDING PURCHASE AND SALE TRANSACTIONS EFFECTED IN MUNICIPAL SECURITIES TO THE REAL-TIME TRANSACTION REPORTING SYSTEM (RTRS) IN THE MANNER PRESCRIBED BY RULE G-14 RTRS PROCEDURES AND THE RTRS USERS MANUAL. THE FIRM FAILED TO INCLUDE SPECIFIC ITEMS OF INFORMATION LISTED FOR SUCH TRANSACTIONS IN THE SPECIFICATIONS FOR REAL-TIME REPORTING OF MUNICIPAL SECURITIES TRANSACTIONS, NAMELY THE YIELD. THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATIONS AND MSRB RULES CONCERNING TRADE REPORTING OF TRANSACTIONS IN MUNICIPAL SECURITIES.

Initiated By: FINRA

Date Initiated: 09/14/2012

Docket/Case Number: 2010022815101

Principal Product Type: Debt - Municipal

Other Product Type(s):



Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 09/14/2012

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 \$20,000.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED AND FINED \$20,000 FOR MSRB RULE VIOLATIONS. FINE PAID IN FULL ON 10/03/2012

Reporting Source: Firm

Current Status: Final

Allegations: MSRB RULES G-14, G-27 - NEWEDGE USA, LLC FAILED TO REPORT INFORMATION REGARDING PURCHASE AND SALE TRANSACTIONS EFFECTED IN MUNICIPAL SECURITIES TO THE REAL-TIME TRANSACTION REPORTING SYSTEM (RTRS) IN THE MANNER PRESCRIBED BY RULE G-14 RTRS PROCEDURES AND THE RTRS USERS MANUAL. THE FIRM FAILED TO INCLUDE SPECIFIC ITEMS OF INFORMATION LISTED FOR SUCH TRANSACTIONS IN THE SPECIFICATIONS FOR REAL-TIME REPORTING OF MUNICIPAL SECURITIES TRANSACTIONS, NAMELY THE YIELD. THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATIONS AND MSRB RULES CONCERNING TRADE REPORTING OF TRANSACTIONS IN MUNICIPAL SECURITIES

Initiated By: FINRA

Date Initiated: 09/14/2012

Docket/Case Number: 2010022815101



Principal Product Type: Debt - Municipal

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 09/14/2012

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

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF THE FINDINGS, THEREFOR THR FIRM IS CENSURED AND FINES \$20,000.00FOR MSRB RULE VIOLATIONS.

Disclosure 22 of 60

Reporting Source: Firm

Current Status: Final

Allegations: MEM 1.13(4) - FAIL TO FURNISH OR FURNISH FALSE INFO

Initiated By: CSCE

Date Initiated: 05/02/1997

Docket/Case Number: 197-16

Principal Product Type: Futures - Commodity

Other Product Type(s):

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

Other Sanction(s)/Relief Sought:

Resolution: Settled

Resolution Date: 05/02/1997

Sanctions Ordered: Monetary/Fine \$5,000.00



Other Sanctions Ordered: ? CEASE AND DESIST
Sanction Details: FINE \$5000

Disclosure 23 of 60

Reporting Source: Firm
Current Status: Final
Allegations: PURSUANT TO AN OFFER OF SETTLEMENT IN WHICH FIMAT FUTURES USA INC. NEITHER ADMITTED NOR DENIED THE FINDINGS, ON JUNE 30, 1993, A PANEL OF THE FLOOR PRACTICES COMMITTEE, FINANCIAL DIVISION, FOUND THAT ON SEPTEMBER 11, 1992, FIMAT ACCEPTED FROM A CUSTOMER SIMULTANEOUS BUYING AND SELLING ORDERS IN THE SAME SWISS FRANC FUTURES AND DEUTSCHE MARK FUTURES DELIVERY MONTHS. THE PANEL FOUND THAT THIS CONDUCT CONSTITUTED A VIOLATION OF EXCHANGE RULE 433.B. A MINOR OFFENSE
Initiated By: CHICAGO MERCANTILE EXCHANGE
Date Initiated: 06/30/1993
Docket/Case Number: 921370FP
Principal Product Type: Futures - Financial
Other Product Type(s): FUTURES COMMODITIES
Principal Sanction(s)/Relief Sought: Civil and Administrative Penalt(ies) /Fine(s)
Other Sanction(s)/Relief Sought:
Resolution: Settled
Resolution Date: 06/30/1993
Sanctions Ordered: Monetary/Fine \$10,000.00
Other Sanctions Ordered:
Sanction Details: IN ACCORDANCE WITH THE SETTLEMENT OFFER, THE PANEL IMPOSED A \$10,000 FINE.
Firm Statement IN ACCORDANCE WITH THE SETTLEMENT OFFER, THE PANEL IMPOSED A \$10,000 FINE.

Disclosure 24 of 60



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| Reporting Source: | Firm |
| Current Status: | Final |
| Allegations: | ON APRIL 24, 1995, THE COMPUTERIZED TRADE RECONSTRUCTION COMMITTEE DETERMINED FROM THE RESULTS OF A CTR AUDIT THAT ON MARCH 15, 1995, FIMAT FUTURES USA, INC. WAS IN NON-COMPLIANCE WITH CTR RULES IN THAT FIMAT DID NOT ACCURATELY SUBMIT TO THE EXCHANGE THE FLOOR BROKERS' RECORDED TIME OF EXECUTION FOR VERBAL ORDERS, DID NOT TIMESTAMP ORDERS, DID NOT PICK UP AND TIMESTAMP CARDS WITHIN THE SPECI- FIED PICK-UP TIME, AND DID NOT ACCURATELY SUBMIT ORDER TYPE INDICATORS. THE COMMITTEE FOUND THAT IN SO DOING, FIMAT VIOLATED EXCHANGE RULE 536, A MINOR OFFENSE. |
| Initiated By: | CHICAGO MERCANTILE EXCHANGE |
| Date Initiated: | 04/25/1995 |
| Docket/Case Number: | 953279CTR |
| Principal Product Type: | Futures - Financial |
| Other Product Type(s): | FUTURES- COMMODITIES |
| Principal Sanction(s)/Relief Sought: | Civil and Administrative Penalt(ies) /Fine(s) |
| Other Sanction(s)/Relief Sought: | |
| Resolution: | Settled |
| Resolution Date: | 04/24/1995 |
| Sanctions Ordered: | Monetary/Fine \$3,000.00 |
| Other Sanctions Ordered: | |
| Sanction Details: | THE COMMITTEE IMPOSED A \$3,000 FINE |
| Firm Statement | THE COMMITTEE IMPOSED A \$3,000 FINE |

Disclosure 25 of 60

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| Reporting Source: | Firm |
| Current Status: | Final |
| Allegations: | ON DECEMBER 12, 1996, A PANEL OF THE FLOOR PRACTICES COMMITTEE, OPTIONS DIVISION, FOUND THAT ON OCTOBER 6, 1995, AND FEBRUARY 2 AND MARCH 11, 1996, FIMAT ACCEPTED SOME ORDERS FROM SOME |



CUSTOMERS WITHOUT OBTAINING AND RECORDING AT THE SAME TIME OF THE ATTEMPTED EXECUTION THE SPECIFIC ACCOUNTS FOR WHICH THE ORDERS WERE PLACED. THE PANEL FOUND THAT IN SO DOING, FIMAT VIOLATED EXCHANGE RULE 536.E, A MINOR OFFENSE.

Initiated By: CHICAGO MERCANTILE EXCHANGE

Date Initiated: 12/12/1996

Docket/Case Number: 953433 FP

Principal Product Type: Futures - Commodity

Other Product Type(s): FUTURES-FINANCIALS ;INDEX OPTIONS

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

Other Sanction(s)/Relief Sought:

Resolution: Settled

Resolution Date: 12/12/1996

Sanctions Ordered: Monetary/Fine \$10,000.00

Other Sanctions Ordered:

Sanction Details: IN ACCORDANCE WITH THE SETTLEMENT OFFER, THE PANEL FINED FIMAT \$10,000, AND ORDERED THAT FIMAT PROVIDE THE EXCHANGE WITH EVIDENCE THAT WRITTEN PROCEDURES EXIST TO ENSURE COMPLIANCE WITH EXCHANGE RULES REGARDING ORDER ENTRY.

Firm Statement IN ACCORDANCE WITH THE SETTLEMENT OFFER, THE PANEL FINED FIMAT \$10,000, AND ORDERED THAT FIMAT PROVIDE THE EXCHANGE WITH EVIDENCE THAT WRITTEN PROCEDURES EXIST TO ENSURE COMPLIANCE WITH EXCHANGE RULES REGARDING ORDER ENTRY.

Disclosure 26 of 60

Reporting Source: Firm

Current Status: Final

Allegations: BUSINESS CONDUCT COMMITTEE HAD REASON TO BELIEVE THAT THE FIRM VIOLATED:

REGULATION 1049.02, IN THAT THE FIRM FAILED TO REPORT TO THE CLEARING HOUSE SOYBEAN AND SOYBEAN OIL CONTRACT PURCHASES WHICH WERE ELIGIBLE FOR DELIVERY; AND



RULE 504.00, IN THAT, BY VIRTUE OF THE ABOVE VIOLATION, THE FIRM ENGAGED IN ACTS WHICH MAY BE DETRIMENTAL TO THE INTEREST OR WELFARE OF THE ASSOCIATION.

Initiated By: CHICAGO BOARD OF TRADE

Date Initiated: 03/28/2000

Docket/Case Number: 00-MSI-01

Principal Product Type: Futures - Financial

Other Product Type(s): FUTURES-COMMODITIES

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

Other Sanction(s)/Relief Sought:

Resolution: Consent

Resolution Date: 03/28/2000

Sanctions Ordered: Monetary/Fine \$30,000.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING ANY VIOLATION, FIMAT USA, INC. CONSENTED TO THE ENTRY OF A CONCLUSION THAT THE BUSINESS CONDUCT COMMITTEE HAD REASON TO BELIEVE THAT THE FIRM VIOLATED RULES AND PAID A FINE OF \$30000.00

Firm Statement WITHOUT ADMITTING OR DENYING ANY VIOLATION, FIMAT USA, INC. CONSENTED TO THE ENTRY OF A CONCLUSION THAT THE BUSINESS CONDUCT COMMITTEE HAD REASON TO BELIEVE THAT THE FIRM VIOLATED RULES AND PAID A FINE OF \$30000.00

Disclosure 27 of 60

Reporting Source: Firm

Current Status: Final

Allegations: DURING OCTOBER 2008, NEWEDGE FINANCIAL INC'S TIMESTAMP EXCEPTION RATE WAS 8% OR GREATER, WHICH EXCEEDED THE ALLOWABLE LEVEL.

Initiated By: CHICAGO BOARD OF TRADE

Date Initiated: 12/08/2008



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| Docket/Case Number: | 0802810CTRT |
| Principal Product Type: | Futures - Financial |
| Other Product Type(s): | FUTURES-COMMODITIES |
| Principal Sanction(s)/Relief Sought: | Civil and Administrative Penalt(ies) /Fine(s) |
| Other Sanction(s)/Relief Sought: | |
| Resolution: | Settled |
| Resolution Date: | 12/08/2008 |
| Sanctions Ordered: | Monetary/Fine \$5,000.00 |
| Other Sanctions Ordered: | |
| Sanction Details: | PURSUANT TO THE RULE 536.F. SANCTION SCHEDULE, NEWEDGE FINANCIAL INC WAS ISSUED A \$5,000 FINE FOR ITS THIRD VIOLATION OF RULE 536.A.1. WITHIN 12 MONTHS. |
| Firm Statement | PURSUANT TO THE RULE 536.F. SANCTION SCHEDULE, NEWEDGE FINANCIAL INC WAS ISSUED A \$5,000 FINE FOR ITS THIRD VIOLATION OF RULE 536.A.1. WITHIN 12 MONTHS. |

Disclosure 28 of 60

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| Reporting Source: | Firm |
| Current Status: | Final |
| Allegations: | <p>REGULATION 301.05 AND APPENDIX 3B, IN THAT FIMAT COMPENSATED A FLOOR CLERK EMPLOYED BY THE FIRM AS A VARIABLE PERCENTAGE OF THE NET INCOME PAID TO A FLOOR BROKER WHO WAS PAID COMMISSIONS WITH REGARD TO FUTURES AND OPTIONS TRANSACTIONS AND IN THAT A FLOOR CLERK EMPLOYED BY THE FIRM EXPRESSED HIS PERSONAL OPINION REGARDING MARKET DIRECTION TO ONE OF THE FIRM'S CUSTOMERS; AND,</p> <p>REGULATION 480.10, IN THAT FIMAT FAILED TO ENSURE COMPLIANCE WITH EXCHANGE RULES BY ITS EMPLOYEE IN THAT FIMAT COMPENSATED A FLOOR CLERK EMPLOYED BY THE FIRM AS A VARIABLE PERCENTAGE OF THE NET INCOME PAID TO A FLOOR BROKER WHO WAS PAID COMMISSIONS WITH REGARD TO FUTURES AND OPTIONS TRANSACTIONS AND IN THAT A FLOOR CLERK EMPLOYED BY THE FIRM EXPRESSED HIS PERSONAL OPINION REGARDING MARKET DIRECTION TO ONE OF THE</p> |



FIRM'S CUSTOMERS.

Initiated By: CHICAGO BOARD OF TRADE

Date Initiated: 05/15/1998

Docket/Case Number: 97INV-20A

Principal Product Type: Futures - Financial

Other Product Type(s):

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

Other Sanction(s)/Relief Sought:

Resolution: Settled

Resolution Date: 05/15/1998

Sanctions Ordered: Monetary/Fine \$10,000.00

Other Sanctions Ordered:

Sanction Details: THE FLOOR GOVERNORS COMMITTEE ACCEPTED AN OFFER OF SETTLEMENT FROM FIMAT USA, INC. WITHOUT ADMITTING OR DENYING ANY VIOLATION, FIMAT USA INC. AGREED TO PAY A FINE

Firm Statement THE FLOOR GOVERNORS COMMITTEE ACCEPTED AN OFFER OF SETTLEMENT FROM FIMAT USA, INC. WITHOUT ADMITTING OR DENYING ANY VIOLATION, FIMAT USA INC. AGREED TO PAY A FINE

Disclosure 29 of 60

Reporting Source: Firm

Current Status: Final

Allegations: REGULATION 332.02, IN THAT THE FIRM FAILED TO SUBMIT ONLY THE BRACKET INFORMATION SUBMITTED TO IT BY THE MEMBERS EXECUTING THE TRADES ON THE RECORD OF TRANSACTIONS SUBMITTED TO THE CLEARING HOUSE.

REGULATION 332.05, IN THAT TRADING DOCUMENTS WERE NOT COLLECTED AND TIME STAMPED IN A TIMELY MANNER.

REGULATION 332.08, IN THAT THE FIRM FAILED TO MAKE ALL TRADE DATA SUBMISSIONS IN A CORRECT MANNER.



Initiated By: CHICAGO BOARD OF TRADE

Date Initiated: 01/09/1998

Docket/Case Number: 97-RFT-080

Principal Product Type: Futures - Financial

Other Product Type(s): FUTURES-COMMODITIES

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

Other Sanction(s)/Relief Sought:

Resolution: Consent

Resolution Date: 01/09/1998

Sanctions Ordered: Monetary/Fine \$3,000.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING ANY VIOLATION, FIMAT FUTURES USA, INC. CONSENTED TO AN ENTRY OF A FINDING THAT THE BUSINESS CONDUCT COMMITTEE AND PAID A FINE OF \$3000.00

Firm Statement WITHOUT ADMITTING OR DENYING ANY VIOLATION, FIMAT FUTURES USA, INC. CONSENTED TO AN ENTRY OF A FINDING THAT THE BUSINESS CONDUCT COMMITTEE AND PAID A FINE OF \$3000.00

Disclosure 30 of 60

Reporting Source: Firm

Current Status: Final

Allegations: REGULATION 332.02, IN THAT THE FIRM FAILED TO SUBMIT ONLY THE BRACKET INFORMATION SUBMITTED TO IT BY THE MEMBERS EXECUTING THE TRADES ON THE RECORD OF TRANSACTIONS SUBMITTED TO THE CLEARING HOUSE. REGULATION 332.05, IN THAT THE TRADING DOCUMENTS WERE NOT COLLECTED AND TIME STAMPED IN A TIMELY MANNER.

REGULATION 332.08, IN THAT THE FIRM FAILED TO MAKE ALL TRADE DATA SUBMISSIONS IN A CORRECT MANNER

Initiated By: CHICAGO BOARD OF TRADE

Date Initiated: 12/15/1997



Docket/Case Number: CBOT 97-RFT-80

Principal Product Type: Futures - Financial

Other Product Type(s):

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

Other Sanction(s)/Relief Sought:

Resolution: Settled

Resolution Date: 12/15/1997

Sanctions Ordered: Monetary/Fine \$3,000.00

Other Sanctions Ordered:

Sanction Details: THE BUSINESS CONDUCT COMMITTEE VOTED TO ACCEPT AN OFFER OF SETTLEMENT SUBMITTED BY FIMAT FUTURES USA, INC. WITHOUT ADMITTING OR DENYING ANY VIOLATION, FIMAT AGREED TO PAY A \$ 3000.00 FINE.

Disclosure 31 of 60

Reporting Source: Firm

Current Status: Final

Allegations: THE FLOOR GOVERNORS COMMITTEE ACCEPTED AN OFFER OF SETTLEMENT FROM FIMAT USA, INC. WITHOUT ADMITTING OR DENYING ANY VIOLATION, FIMAT USA, INC. AGREED TO PAY A FINE WITH RESPECT TO THE BELOW LISTED REGULATION:

REGULATION 9B.07, IN THAT FIMAT EMPLOYEES ENTERED ORDERS, AND FIMAT PERMITTED EMPLOYEES TO ENTER ORDERS, INTO THE PROJECT A TRADING SYSTEM UNDER LOGIN IDS OTHER THAN THE RESPECTIVE EMPLOYEE'S LOGIN ID.

Initiated By: CHICAGO BOARD OF TRADE

Date Initiated: 12/02/1998

Docket/Case Number: CBOT-99-INV-12B

Principal Product Type: Futures - Commodity

Other Product Type(s):



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

Other Sanction(s)/Relief Sought:

Resolution: Settled

Resolution Date: 12/02/1998

Sanctions Ordered: Monetary/Fine \$5,000.00

Other Sanctions Ordered:

Sanction Details: NEWEDGE AGREED TO PAY \$5000.00 FINE

Disclosure 32 of 60

Reporting Source: Firm

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING ANY VIOLATION, FIMAT USA, INC. CONSENTED TO THE ENTRY OF A CONCLUSION THAT THE BUSINESS CONDUCT COMMITTEE HAD REASON TO BELIEVE THAT THE FIRM VIOLATED:

REGULATION 444.03, IN THAT DURING THE DELIVERY MONTH FIMAT OFFSET EXISTING POSITIONS WHERE NO CHANGE IN OWNERSHIP OCCURRED AND THE DATE OF EXECUTION OF THE POSITIONS WAS NOT THE SAME AS THE OFFSET DATE.

Initiated By: CHICAGO BOARD OF TRADE

Date Initiated: 03/28/2000

Docket/Case Number: CBOT 99-RRI-46

Principal Product Type: Futures - Commodity

Other Product Type(s): FUTURES-FINANCIALS

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

Other Sanction(s)/Relief Sought:

Resolution: Settled

Resolution Date: 03/28/2000



Sanctions Ordered: Monetary/Fine \$5,000.00

Other Sanctions Ordered:

Sanction Details: BCC FINE OF \$5000.00

Firm Statement BCC FINE OF \$5000.00

Disclosure 33 of 60

Reporting Source: Firm

Current Status: Final

Allegations: PURSUANT TO AN OFFER OF SETTLEMENT, IN WHICH CALYON FINANCIAL INC. (WHICH CHANGED ITS NAME TO NEWEDGE FINANCIAL INC. IN JANUARY 2008) NEITHER ADMITTED NOR DENIED THE FINDING, ON NOVEMBER 13, 2008, A PANEL OF THE CBOT BUSINESS CONDUCT COMMITTEE FOUND THAT, ON FIVE TRADE DATES BETWEEN FEBRUARY 2006 AND NOVEMBER 2007, CALYON FINANCIAL EMPLOYEES CROSSED ELEVEN TRANSACTIONS ON THE E-CBOT TRADING PLATFORM WITH INSUFFICIENT EXPOSURE TIME. THE PANEL FOUND THAT IN SO DOING CALYON VIOLATED LEGACY CBOT REGULATION 9B.13.

Initiated By: CHICAGO BOARD OF TRADE

Date Initiated: 11/13/2008

Docket/Case Number: 06ETI44BC CALYON FINANCIAL

Principal Product Type: Futures - Commodity

Other Product Type(s): FUTURES-FINANCIALS

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

Other Sanction(s)/Relief Sought:

Resolution: Settled

Resolution Date: 11/17/2008

Sanctions Ordered: Monetary/Fine \$10,000.00

Other Sanctions Ordered:

Sanction Details: IN ACCORDANCE WITH THE SETTLEMENT OFFER, THE PANEL FINED CALYON FINANCIAL \$10,000

Firm Statement IN ACCORDANCE WITH THE SETTLEMENT OFFER, THE PANEL FINED CALYON FINANCIAL \$10,000



Disclosure 34 of 60

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| Reporting Source: | Firm |
| Current Status: | Final |
| Allegations: | PURSUANT TO THE RESULTS OF A BACK OFFICE CTR AUDIT, FOR TRADE DATES MAY 4 & 5, 2009, NEWEDGE USA, LLC'S COLLECTION DEADLINE ERROR RATE EXCEEDED THE 20% THRESHOLD LEVEL AND DATA ENTRY ERROR RATE EXCEEDED THE 10% THRESHOLD LEVEL |
| Initiated By: | CHICAGO MERCANTILE EXCHANGE |
| Date Initiated: | 05/04/2009 |
| Docket/Case Number: | 0906090CTRA |
| Principal Product Type: | Futures - Commodity |
| Other Product Type(s): | FUTURES-FINANCIAL |
| Principal Sanction(s)/Relief Sought: | Civil and Administrative Penalt(ies) /Fine(s) |
| Other Sanction(s)/Relief Sought: | |
| Resolution: | Settled |
| Resolution Date: | 10/09/2009 |
| Sanctions Ordered: | Monetary/Fine \$5,000.00 |
| Other Sanctions Ordered: | |
| Sanction Details: | PURSUANT TO THE RULE 536.F SANCTION SCHEDULE, NEWEDGE USA, LLC WAS ISSUED A \$5,000 FINE FOR ITS SECOND VIOLATION OF RULE 536.F. WITHIN 24 MONTHS. |
| Firm Statement | PURSUANT TO THE RULE 536.F SANCTION SCHEDULE, NEWEDGE USA, LLC WAS ISSUED A \$5,000 FINE FOR ITS SECOND VIOLATION OF RULE 536.F. WITHIN 24 MONTHS. |

Disclosure 35 of 60

| | |
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| Reporting Source: | Firm |
| Current Status: | Final |
| Allegations: | PURSUANT TO THE RESULTS OF A BACK OFFICE CTR AUDIT, ON MAY 18, 2010 AND MAY 19, 2010, NEWEDGE USA, LLC WAS FOUND TO BE IN |



VIOLATION OF THE CTR COLLECTION DEADLINE ERROR RATE BY
EXCEEDING THE 20% ERROR LEVEL MANDATED BY CME RULE 536.F.

Initiated By: CME GROUP

Date Initiated: 05/18/2010

Docket/Case Number: 1007333CTRA

Principal Product Type: Futures - Commodity

Other Product Type(s):

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

Other Sanction(s)/Relief Sought:

Resolution: Settled

Resolution Date: 03/04/2011

Sanctions Ordered: Monetary/Fine \$5,000.00

Other Sanctions Ordered:

Sanction Details: PURSUANT TO THE CME RULE 536.F SANCTION SCHEDULE, NEWEDGE USA, LLC WAS ISSUED A \$5,000 FINE FOR ITS SECOND VIOLATION OF CME RULE 536.F. WITHIN 24 MONTHS.

Firm Statement PURSUANT TO THE CME RULE 536.F SANCTION SCHEDULE, NEWEDGE USA, LLC WAS ISSUED A \$5,000 FINE FOR ITS SECOND VIOLATION OF CME RULE 536.F. WITHIN 24 MONTHS.

Disclosure 36 of 60

Reporting Source: Firm

Current Status: Final

Allegations: PURSUANT TO THE RESULTS OF A BACK OFFICE CTR AUDIT, ON APRIL 18 THROUGH APRIL 20, 2011, NEWEDGE USA, LLC WAS FOUND TO BE IN VIOLATION OF THE CTR COLLECTION DEADLINE ERROR RATE BY EXCEEDING THE 20% ERROR LEVEL MANDATED BY RULE 536.F

Initiated By: CHICAGO MERCANTILE EXCHANGE

Date Initiated: 04/18/2011

Docket/Case Number: 1108071CTRA

Principal Product Type: Futures - Commodity



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| Other Product Type(s): | |
| Principal Sanction(s)/Relief Sought: | Civil and Administrative Penalt(ies) /Fine(s) |
| Other Sanction(s)/Relief Sought: | |
| Resolution: | Settled |
| Resolution Date: | 12/09/2011 |
| Sanctions Ordered: | Monetary/Fine \$10,000.00 |
| Other Sanctions Ordered: | |
| Sanction Details: | PURSUANT TO THE RULE 536.F. SANCTION SCHEDULE, NEWEDGE USA, LLC WAS ISSUED A \$10,000 FINE FOR ITS THIRD VIOLATION OF RULE 536.F. WITHIN 24 MONTHS. |
| Firm Statement | FINDINGS: PURSUANT TO THE RESULTS OF A BACK OFFICE CTR AUDIT, ON APRIL 18 THROUGH APRIL 20, 2011, NEWEDGE USA, LLC WAS FOUND TO BE IN VIOLATION OF THE CTR COLLECTION DEADLINE ERROR RATE BY EXCEEDING THE 20% ERROR LEVEL MANDATED BY RULE 536.F. |

Disclosure 37 of 60

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| Reporting Source: | Firm |
| Current Status: | Final |
| Allegations: | ICE CLEAR U.S. RULE 403(A) BY REPORTING INACCURATE POSITION AND OPEN INTEREST. |
| Initiated By: | ICE CLEAR U.S |
| Date Initiated: | 04/21/2010 |
| Docket/Case Number: | 2009-012 |
| Principal Product Type: | Futures - Commodity |
| Other Product Type(s): | |
| Principal Sanction(s)/Relief Sought: | Civil and Administrative Penalt(ies) /Fine(s) |
| Other Sanction(s)/Relief Sought: | CEASE AND DESIST |
| Resolution: | Settled |
| Resolution Date: | 05/12/2010 |



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| Sanctions Ordered: | Monetary/Fine \$30,000.00 |
| Other Sanctions Ordered: | |
| Sanction Details: | NEWEDGE USA WAS FINED \$30,000.00 |
| Firm Statement | ICE CLEAR U.S. RULE 403(A) BY REPORTING INACCURATE POSITION AND OPEN INTEREST. |

Disclosure 38 of 60

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| Reporting Source: | Firm |
| Current Status: | Final |
| Allegations: | FOR TRADE DATE DECEMBER 15, 2010, DUE TO HUMAN CLERICAL ERROR, NEWEDGE OVERSTATED OPEN INTEREST DURING THE CURRENT DELIVERY MONTH IN THE JANUARY 2011 CRUDE OIL FUTURES CONTRACT BY 11,694 CONTRACTS, OR 12.3%. FOR PURPOSES OF NYMEX RULE 854, THE CURRENT DELIVERY MONTH FOR ENERGY FUTURES CONTRACTS COMMENCES ON THE OPEN OF TRADING ON THE THIRD BUSINESS DAY PRIOR TO THE TERMINATION OF THE RESPECTIVE FUTURES CONTRACT, INCLUDING THE TERMINATION DATE. |
| Initiated By: | NYMEX |
| Date Initiated: | 05/22/2012 |
| Docket/Case Number: | NYME 10-07964 |
| Principal Product Type: | Futures - Commodity |
| Other Product Type(s): | |
| Principal Sanction(s)/Relief Sought: | Civil and Administrative Penalt(ies) /Fine(s) |
| Other Sanction(s)/Relief Sought: | |
| Resolution: | Settled |
| Resolution Date: | 05/22/2012 |
| Sanctions Ordered: | Monetary/Fine \$30,000.00 |
| Other Sanctions Ordered: | |
| Sanction Details: | IN ACCORDANCE WITH THE SETTLEMENT OFFER,IN WHICH NEWEDGE NEITHER ADMITTED NOR DENIED THE RULE VIOLATIONS UPON WHICH THE PENALTY IS BASED,THE PANEL OF THE NYMEX BUSINESS CONDUCT COMMITTEE ORDERED NEWEDGE TO PAY A FINE TO THE EXCHANGE IN THE |



AMOUNT OF \$30,000.

Firm Statement

PURSUANT TO AN OFFER OF SETTLEMENT NEWEDGE USA, LLC ("NEWEDGE") PRESENTED AT A HEARING ON MAY 22, 2012, IN WHICH NEWEDGE NEITHER ADMITTED NOR DENIED THE RULE VIOLATIONS UPON WHICH THE PENALTY IS BASED, A PANEL OF THE NYMEX BUSINESS CONDUCT COMMITTEE ("BCC") FOUND THAT FOR TRADE DATE DECEMBER 15, 2010, DUE TO HUMAN CLERICAL ERROR, NEWEDGE OVERSTATED OPEN INTEREST DURING THE CURRENT DELIVERY MONTH IN THE JANUARY 2011 CRUDE OIL FUTURES CONTRACT BY 11,694 CONTRACTS, OR 12.3%. FOR PURPOSES OF NYMEX RULE 854, THE CURRENT DELIVERY MONTH FOR ENERGY FUTURES CONTRACTS COMMENCES ON THE OPEN OF TRADING ON THE THIRD BUSINESS DAY PRIOR TO THE TERMINATION OF THE RESPECTIVE FUTURES CONTRACT, INCLUDING THE TERMINATION DATE.

THE PANEL FOUND THAT AS A RESULT, NEWEDGE VIOLATED RULE 854.

IN ACCORDANCE WITH THE SETTLEMENT OFFER, THE PANEL ORDERED NEWEDGE TO PAY A FINE TO THE EXCHANGE IN THE AMOUNT OF \$30,000.

Disclosure 39 of 60

Reporting Source:

Regulator

Current Status:

Final

Allegations:

CFTC PRESS RELEASE 6167-12, JANUARY 9, 2012: THE CFTC HAS REASON TO BELIEVE THAT RESPONDENT NEWEDGE USA, LLC ("NEWEDGE USA" OR "RESPONDENT"), HAS VIOLATED SECTION 4G OF THE COMMODITY EXCHANGE ACT ("ACT"), 7 U.S.C. § 6G (SUPP. III 2009) AND COMMISSION REGULATION ("REGULATION") 17.00, 17 C.F.R § 17.00 (2011), AND SECTION 6(C) OF THE ACT, 7 U.S.C. § 9 (2006). THEREFORE, THE COMMISSION DEEMS IT APPROPRIATE AND IN THE PUBLIC INTEREST THAT PUBLIC ADMINISTRATIVE PROCEEDINGS BE, AND HEREBY ARE, INSTITUTED AGAINST NEWEDGE USA.

FROM AT LEAST 2009 TO FEBRUARY 2011, THE COMMISSION'S DIVISION OF MARKET OVERSIGHT ("DMO") WAS FRUSTRATED IN ITS EFFORTS TO PERFORM ITS DUTIES DUE TO THE CONTINUING INABILITY OF RESPONDENT TO FILE ACCURATE AND TIMELY LARGE TRADER REPORTS. NEWEDGE USA FILES LARGE TRADER REPORTS CONCERNING ITS CUSTOMERS AND ALSO HANDLES ALL LARGE TRADER REPORTING ERRORS FOR ITS PARENT COMPANY'S AFFILIATES.



NEWEDGE USA'S LARGE TRADER SUBMISSIONS INCLUDED NUMEROUS ERRORS THAT OCCURRED ACROSS MULTIPLE CONTRACT MARKETS AND ACCOUNTS, AND HANDLING AND RESOLVING THESE ERRORS AND THE ERRORS COMMITTED BY OTHER AFFILIATES HAVE RESULTED IN A CONSIDERABLE DRAIN ON COMMISSION RESOURCES. ADDITIONALLY, NEWEDGE USA CONSISTENTLY FAILED TO TIMELY CORRECT SPECIFIC ERRORS AFTER THE DMO STAFF BROUGHT THEM TO NEWEDGE USA'S ATTENTION, AND FAILED TO TIMELY UNDERTAKE SATISFACTORY STEPS TO ENSURE THAT THE SAME OR SIMILAR TYPES OF ERRORS DID NOT REOCCUR. IN AN ATTEMPT TO ADDRESS THIS CONDUCT, ON FEBRUARY 7, 2011, THE COMMISSION ENTERED AN ADMINISTRATIVE ORDER INSTITUTING PROCEEDINGS PURSUANT TO SECTIONS 6(C) AND 6(D) OF THE COMMODITY EXCHANGE ACT, MAKING FINDINGS AND IMPOSING REMEDIAL SANCTIONS ("FEBRUARY 7TH ORDER") AGAINST NEWEDGE USA. THE FEBRUARY 7TH ORDER FOUND, AMONG OTHER THINGS, THAT FROM JUNE 2009 TO DECEMBER 10, 2011, NEWEDGE USA ENGAGED IN MULTIPLE LARGE TRADER REPORTING ERRORS IN VIOLATION OF REGULATION 17.00, AND ORDERED NEWEDGE USA TO CEASE AND DESIST FROM COMMITTING THOSE VIOLATIONS. NOTWITHSTANDING THE FEBRUARY 7TH ORDER, FROM AT LEAST FEBRUARY 2011 TO JULY 2011, NEWEDGE USA CONTINUED TO MAKE A SIGNIFICANT NUMBER OF ERRORS IN LARGE TRADER REPORTS TO THE COMMISSION. CONSEQUENTLY, RESPONDENT HAS FAILED TO FILE ACCURATE AND TIMELY REPORTS WITH THE COMMISSION AND FAILED TO REPORT CERTAIN LARGE TRADER INFORMATION TO THE COMMISSION, IN VIOLATION OF SECTION 4G OF THE ACT, 7 U.S.C. § 6G (2006 AND SUPP. III 2009), AND REGULATION 17.00, 17 C.F.R § 17.00 (2011), AND VIOLATED THE FEBRUARY 7TH ORDER, IN VIOLATION OF SECTION 6(C) OF THE ACT, 7 U.S.C. § 9 (2006).

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| Initiated By: | COMMODITY FUTURES TRADING COMMISSION |
| Date Initiated: | 01/09/2012 |
| Docket/Case Number: | 12-06 |
| Principal Product Type: | No Product |
| Other Product Type(s): | |
| Principal Sanction(s)/Relief Sought: | Other |
| Other Sanction(s)/Relief Sought: | N/A |
| Resolution: | Order |
| Resolution Date: | 01/09/2012 |



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| Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? | No |
| Sanctions Ordered: | Monetary/Fine \$700,000.00 Cease and Desist/Injunction |
| Other Sanctions Ordered: | UNDERTAKINGS |
| Sanction Details: | <p>IN ANTICIPATION OF THE INSTITUTION OF AN ADMINISTRATIVE PROCEEDING, NEWEDGE USA HAS SUBMITTED AN OFFER OF SETTLEMENT ("OFFER"), WHICH THE COMMISSION HAS DETERMINED TO ACCEPT. WITHOUT ADMITTING OR DENYING THE FINDINGS OF FACT, NEWEDGE USA CONSENTS TO THE ENTRY OF AND ACKNOWLEDGES SERVICE OF THE ORDER INSTITUTING PROCEEDINGS PURSUANT TO SECTIONS 6(C) AND 6(D) OF THE COMMODITY EXCHANGE ACT, MAKING FINDINGS AND IMPOSING REMEDIAL SANCTIONS ("ORDER"). THE COMMISSION FOUND THAT NEWEDGE USA VIOLATED SECTION 4G OF THE ACT, 7 U.S.C § 6G (2006 AND SUPP. III 2009) AND REGULATION 17.00, 17 C.F.R. §17.00 (2011), BY SUBMITTING INACCURATE LARGE TRADER REPORTS, AND THEREBY ALSO VIOLATED THE FEBRUARY 7, 2011</p> <p>ORDER AND SECTION 6(C) OF THE ACT, 7 U.S.C. § 9 (2006) AND ORDERED NEWEDGE USA TO CEASE AND DESIST FROM VIOLATING SECTIONS 4G AND 6(C) OF THE ACT, AS AMENDED BY THE DODD-FRANK ACT, TO BE CODIFIED 7 U.S.C. §§ 6G AND 9 AND REGULATION 17.00, 17 C.F.R. §17.00 (2011). IN ADDITION, THE COMMISSION ORDERED TO PAY A \$700,000 CIVIL MONETARY PENALTY PLUS POST-JUDGMENT INTEREST AND COMPLY WITH UNDERTAKINGS WITH RESPECT TO THEIR LARGE TRADER REPORTING PURSUANT TO REGULATION 17.00, 17 CFR § 17.00 (SEE COMMENTS FOR UNDERTAKINGS).</p> |
| Regulator Statement | <p>UNDERTAKINGS: 1) NEWEDGE USA SHALL CORRECT ALL LARGE TRADER REPORTING ERRORS (A) WITHIN TWO BUSINESS DAYS AFTER NEWEDGE USA DISCOVERS THE ERRORS OR IS NOTIFIED OF THEM IF THE DISCOVERY OR NOTIFICATION OCCURS BEFORE 12:00 PM CENTRAL TIME OR (B) WITHIN THREE BUSINESS DAYS AFTER NEWEDGE USA DISCOVERS THE ERRORS OR IS NOTIFIED OF THEM IF THE DISCOVERY OR NOTIFICATION OCCURS AFTER 12:00 PM CENTRAL TIME. THE CFTC WILL NOTIFY NEWEDGE USA OF ANY FUTURES LARGE TRADER REPORTING ERRORS BY CONTACTING THE FOLLOWING EMAIL ADDRESS: REGULATORYREQUESTSFUTURES@NEWEDGE.COM. IF SUCH EMAIL ADDRESS CHANGES, NEWEDGE USA WILL CONTACT THE CFTC WITHIN ONE BUSINESS DAY. IF NEWEDGE USA IS NOT ABLE TO CORRECT A</p> |



PARTICULAR ERROR WITHIN TWO OR THREE BUSINESS DAYS, RESPECTIVELY, NEWEDGE USA WILL ADVISE THE CFTC IN WRITING OF THAT INABILITY TO CORRECT, WITHIN THE TWO OR THREE BUSINESS DAY DEADLINE, AND SHALL PROVIDE A WRITTEN EXPLANATION AS TO WHY THE ERROR HAS NOT BEEN CORRECTED, THE AMOUNT OF TIME ESTIMATED TO CORRECT THE ERROR, NOT TO EXCEED TWO WEEKS FROM THE DATE THE ERROR WAS IDENTIFIED, AND WHY THE ADDITIONAL TIME IS NEEDED. IF NEWEDGE USA NEEDS MORE THAN TWO WEEKS TO CORRECT A PARTICULAR LARGE TRADER REPORTING ERROR, ITS CHIEF COMPLIANCE OFFICER, CHIEF LEGAL OFFICER, OR OTHER DESIGNATED SENIOR LEVEL OFFICER SHALL PROVIDE A WRITTEN EXPLANATION TO THE CFTC STATING HOW MUCH ADDITIONAL TIME IS NEEDED TO CORRECT THE ERROR, WHY THE ADDITIONAL TIME IS NEEDED TO CORRECT THE ERROR, THE STEPS NEWEDGE USA HAS TAKEN AND INTENDS TO TAKE TO CORRECT THE ERROR, AND THE DATE NEWEDGE USA EXPECTS THE ERROR TO BE CORRECTED. NEWEDGE USA'S CHIEF COMPLIANCE OFFICER, CHIEF LEGAL OFFICER, OR OTHER DESIGNATED SENIOR LEVEL OFFICER SHALL PROVIDE THE WRITTEN EXPLANATION WITHIN TWO WEEKS FROM THE TIME THE ERROR IS IDENTIFIED. 2) NEWEDGE USA SHALL FIX ANY LARGE TRADER REPORTING SYSTEMIC ISSUES (E.G. THOSE REQUIRING SOFTWARE MODIFICATIONS) THAT ARE CAUSING OR HAVE CAUSED ONE OR MORE LARGE TRADER REPORTING ERRORS WITHIN TWO WEEKS FROM THE TIME IT DISCOVERS OR IS NOTIFIED OF THEM. IF MORE THAN TWO WEEKS IS NEEDED TO FIX A PARTICULAR LARGE TRADER REPORTING SYSTEMIC ISSUE, NEWEDGE USA SHALL PROVIDE A WRITTEN EXPLANATION TO THE CFTC SIGNED BY NEWEDGE USA'S CHIEF COMPLIANCE OFFICER, CHIEF LEGAL OFFICER, OR OTHER DESIGNATED SENIOR LEVEL OFFICER. THE EXPLANATION SHALL STATE WHY THE ADDITIONAL TIME IS NEEDED, THE STEPS NEWEDGE USA HAS TAKEN AND INTENDS TO TAKE TO FIX THE SYSTEMIC ISSUE SO THAT IT DOES NOT CAUSE THE SAME OR SIMILAR TYPES OF LARGE TRADER REPORTING ERRORS TO REOCCUR, AND THE DATE NEWEDGE USA EXPECTS THE SYSTEMIC ISSUE TO BE FIXED. NEWEDGE USA'S CHIEF COMPLIANCE OFFICER, CHIEF LEGAL OFFICER, OR OTHER DESIGNATED SENIOR LEVEL OFFICER SHALL PROVIDE THE WRITTEN EXPLANATION WITHIN TWO WEEKS OF THE TIME THE REPORTING ISSUE IS IDENTIFIED. 3) PUBLIC STATEMENTS: NEWEDGE USA AGREES THAT NEITHER NEWEDGE USA NOR ANY OF ITS AGENTS OR EMPLOYEES UNDER ITS AUTHORITY OR CONTROL SHALL TAKE ANY ACTION OR MAKE ANY PUBLIC STATEMENT DENYING, DIRECTLY OR INDIRECTLY, ANY FINDINGS OR CONCLUSIONS IN THIS ORDER OR CREATING, OR TENDING TO CREATE, THE IMPRESSION THAT THIS ORDER IS WITHOUT A FACTUAL BASIS; PROVIDED, HOWEVER, THAT NOTHING IN THIS PROVISION



SHALL AFFECT NEWEDGE USA'S (I) TESTIMONIAL OBLIGATIONS; OR (II) RIGHT TO TAKE LEGAL POSITIONS IN OTHER PROCEEDINGS TO WHICH THE COMMISSION IS NOT A PARTY. NEWEDGE USA SHALL UNDERTAKE ALL STEPS NECESSARY TO ENSURE THAT ALL OF ITS AGENTS AND/OR EMPLOYEES UNDER ITS AUTHORITY OR CONTROL UNDERSTAND AND COMPLY WITH THIS AGREEMENT.

Reporting Source:

Firm

Current Status:

Final

Allegations:

CFTC PRESS RELEASE 6167-12, JANUARY 9, 2012: THE CFTC HAS REASON TO BELIEVE THAT RESPONDENT NEWEDGE USA, LLC ("NEWEDGE USA" OR "RESPONDENT"), HAS VIOLATED SECTION 4G OF THE COMMODITY EXCHANGE ACT ("ACT"), 7 U.S.C. § 6G (SUPP. III 2009) AND COMMISSION REGULATION ("REGULATION") 17.00, 17 C.F.R § 17.00 (2011), AND SECTION 6(C) OF THE ACT, 7 U.S.C. § 9 (2006). THEREFORE, THE COMMISSION DEEMS IT APPROPRIATE AND IN THE PUBLIC INTEREST THAT PUBLIC ADMINISTRATIVE PROCEEDINGS BE, AND HEREBY ARE, INSTITUTED AGAINST NEWEDGE USA. FROM AT LEAST 2009 TO FEBRUARY 2011, THE COMMISSION'S DIVISION OF MARKET OVERSIGHT ("DMO") WAS FRUSTRATED IN ITS EFFORTS TO PERFORM ITS DUTIES DUE TO THE CONTINUING INABILITY OF RESPONDENT TO FILE ACCURATE AND TIMELY LARGE TRADER REPORTS. NEWEDGE USA FILES LARGE TRADER REPORTS CONCERNING ITS CUSTOMERS AND ALSO HANDLES ALL LARGE TRADER REPORTING ERRORS FOR ITS PARENT COMPANY'S AFFILIATES. NEWEDGE USA'S LARGE TRADER SUBMISSIONS INCLUDED NUMEROUS ERRORS THAT OCCURRED ACROSS MULTIPLE CONTRACT MARKETS AND ACCOUNTS, AND HANDLING AND RESOLVING THESE ERRORS AND THE ERRORS COMMITTED BY OTHER AFFILIATES HAVE RESULTED IN A CONSIDERABLE DRAIN ON COMMISSION RESOURCES. ADDITIONALLY, NEWEDGE USA CONSISTENTLY FAILED TO TIMELY CORRECT SPECIFIC ERRORS AFTER THE DMO STAFF BROUGHT THEM TO NEWEDGE USA'S ATTENTION, AND FAILED TO TIMELY UNDERTAKE SATISFACTORY STEPS TO ENSURE THAT THE SAME OR SIMILAR TYPES OF ERRORS DID NOT REOCCUR. IN AN ATTEMPT TO ADDRESS THIS CONDUCT, ON FEBRUARY 7, 2011, THE COMMISSION ENTERED AN ADMINISTRATIVE ORDER INSTITUTING PROCEEDINGS PURSUANT TO SECTIONS 6(C) AND 6(D) OF THE COMMODITY EXCHANGE ACT, MAKING FINDINGS AND IMPOSING REMEDIAL SANCTIONS ("FEBRUARY 7TH ORDER") AGAINST NEWEDGE USA. THE FEBRUARY 7TH ORDER FOUND, AMONG OTHER THINGS, THAT FROM JUNE 2009 TO DECEMBER 10, 201, NEWEDGE USA ENGAGED IN MULTIPLE LARGE TRADER REPORTING ERRORS IN VIOLATION OF REGULATION 17.00, AND ORDERED NEWEDGE USA TO CEASE AND DESIST FROM COMMITTING THOSE VIOLATIONS. NOTWITHSTANDING THE



FEBRUARY 7TH ORDER, FROM AT LEAST FEBRUARY 2011 TO JULY 2011, NEWEDGE USA CONTINUED TO MAKE A SIGNIFICANT NUMBER OF ERRORS IN LARGE TRADER REPORTS TO THE COMMISSION. CONSEQUENTLY, RESPONDENT HAS FAILED TO FILE ACCURATE AND TIMELY REPORTS WITH THE COMMISSION AND FAILED TO REPORT CERTAIN LARGE TRADER INFORMATION TO THE COMMISSION, IN VIOLATION OF SECTION 4G OF THE ACT, 7 U.S.C. § 6G (2006 AND SUPP. III 2009), AND REGULATION 17.00, 17 C.F.R § 17.00 (2011), AND VIOLATED THE FEBRUARY 7TH ORDER, IN VIOLATION OF SECTION 6(C) OF THE ACT, 7 U.S.C. § 9 (2006).

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| Initiated By: | COMMODITY FUTURES TRADING COMMISSION (CFTC) |
| Date Initiated: | 01/09/2012 |
| Docket/Case Number: | 12-06 |
| Principal Product Type: | No Product |
| Other Product Type(s): | |
| Principal Sanction(s)/Relief Sought: | Other |
| Other Sanction(s)/Relief Sought: | N/A |
| Resolution: | Order |
| Resolution Date: | 01/09/2012 |
| Sanctions Ordered: | Monetary/Fine \$700,000.00 Cease and Desist/Injunction |
| Other Sanctions Ordered: | UNDERTAKINGS |
| Sanction Details: | IN ANTICIPATION OF THE INSTITUTION OF AN ADMINISTRATIVE PROCEEDING, NEWEDGE USA HAS SUBMITTED AN OFFER OF SETTLEMENT ("OFFER"), WHICH THE COMMISSION HAS DETERMINED TO ACCEPT. WITHOUT ADMITTING OR DENYING THE FINDINGS OF FACT, NEWEDGE USA CONSENTS TO THE ENTRY OF AND ACKNOWLEDGES SERVICE OF THE ORDER INSTITUTING PROCEEDINGS PURSUANT TO SECTIONS 6(C) AND 6(D) OF THE COMMODITY EXCHANGE ACT, MAKING FINDINGS AND IMPOSING REMEDIAL SANCTIONS ("ORDER"). THE COMMISSION FOUND THAT NEWEDGE USA VIOLATED SECTION 4G OF THE ACT, 7 U.S.C § 6G (2006 AND SUPP. III 2009) AND REGULATION 17.00, 17 C.F.R. §17.00 (2011), BY SUBMITTING INACCURATE LARGE TRADER REPORTS, AND THEREBY ALSO VIOLATED THE FEBRUARY 7, 2011 ORDER AND SECTION 6(C) OF THE ACT, 7 U.S.C. § 9 (2006) AND ORDERED NEWEDGE USA TO CEASE AND DESIST FROM VIOLATING SECTIONS 4G AND 6(C) OF THE ACT, AS AMENDED BY THE DODD-FRANK ACT, TO BE |



CODIFIED 7 U.S.C. §§ 6G AND 9 AND REGULATION 17.00, 17 C.F.R. §17.00 (2011). IN ADDITION, THE COMMISSION ORDERED TO PAY A \$700,000 CIVIL MONETARY PENALTY PLUS POST-JUDGMENT INTEREST AND COMPLY WITH UNDERTAKINGS WITH RESPECT TO THEIR LARGE TRADER REPORTING PURSUANT TO REGULATION 17.00, 17 CFR § 17.00 (SEE COMMENTS FOR UNDERTAKINGS).

Firm Statement

UNDERTAKINGS: 1) NEWEDGE USA SHALL CORRECT ALL LARGE TRADER REPORTING ERRORS (A) WITHIN TWO BUSINESS DAYS AFTER NEWEDGE USA DISCOVERS THE ERRORS OR IS NOTIFIED OF THEM IF THE DISCOVERY OR NOTIFICATION OCCURS BEFORE 12:00 PM CENTRAL TIME OR (B) WITHIN THREE BUSINESS DAYS AFTER NEWEDGE USA DISCOVERS THE ERRORS OR IS NOTIFIED OF THEM IF THE DISCOVERY OR NOTIFICATION OCCURS AFTER 12:00 PM CENTRAL TIME. THE CFTC WILL NOTIFY NEWEDGE USA OF ANY FUTURES LARGE TRADER REPORTING ERRORS BY CONTACTING THE FOLLOWING EMAIL ADDRESS: REGULATORYREQUESTSFUTURES@NEWEDGE.COM. IF SUCH EMAIL ADDRESS CHANGES, NEWEDGE USA WILL CONTACT THE CFTC WITHIN ONE BUSINESS DAY. IF NEWEDGE USA IS NOT ABLE TO CORRECT A PARTICULAR ERROR WITHIN TWO OR THREE BUSINESS DAYS, RESPECTIVELY, NEWEDGE USA WILL ADVISE THE CFTC IN WRITING OF THAT INABILITY TO CORRECT, WITHIN THE TWO OR THREE BUSINESS DAY DEADLINE, AND SHALL PROVIDE A WRITTEN EXPLANATION AS TO WHY THE ERROR HAS NOT BEEN CORRECTED, THE AMOUNT OF TIME ESTIMATED TO CORRECT THE ERROR, NOT TO EXCEED TWO WEEKS FROM THE DATE THE ERROR WAS IDENTIFIED, AND WHY THE ADDITIONAL TIME IS NEEDED. IF NEWEDGE USA NEEDS MORE THAN TWO WEEKS TO CORRECT A PARTICULAR LARGE TRADER REPORTING ERROR, ITS CHIEF COMPLIANCE OFFICER, CHIEF LEGAL OFFICER, OR OTHER DESIGNATED SENIOR LEVEL OFFICER SHALL PROVIDE A WRITTEN EXPLANATION TO THE CFTC STATING HOW MUCH ADDITIONAL TIME IS NEEDED TO CORRECT THE ERROR, WHY THE ADDITIONAL TIME IS NEEDED TO CORRECT THE ERROR, THE STEPS NEWEDGE USA HAS TAKEN AND INTENDS TO TAKE TO CORRECT THE ERROR, AND THE DATE NEWEDGE USA EXPECTS THE ERROR TO BE CORRECTED. NEWEDGE USA'S CHIEF COMPLIANCE OFFICER, CHIEF LEGAL OFFICER, OR OTHER DESIGNATED SENIOR LEVEL OFFICER SHALL PROVIDE THE WRITTEN EXPLANATION WITHIN TWO WEEKS FROM THE TIME THE ERROR IS IDENTIFIED. 2) NEWEDGE USA SHALL FIX ANY LARGE TRADER REPORTING SYSTEMIC ISSUES (E.G. THOSE REQUIRING SOFTWARE MODIFICATIONS) THAT ARE CAUSING OR HAVE CAUSED ONE OR MORE LARGE TRADER REPORTING ERRORS WITHIN TWO WEEKS FROM THE TIME IT DISCOVERS OR IS NOTIFIED OF THEM. IF MORE THAN TWO WEEKS IS NEEDED TO FIX A PARTICULAR LARGE TRADER REPORTING SYSTEMIC ISSUE, NEWEDGE USA SHALL PROVIDE A WRITTEN EXPLANATION TO THE CFTC SIGNED BY NEWEDGE USA'S CHIEF COMPLIANCE OFFICER, CHIEF LEGAL OFFICER,



OR OTHER DESIGNATED SENIOR LEVEL OFFICER. THE EXPLANATION SHALL STATE WHY THE ADDITIONAL TIME IS NEEDED, THE STEPS NEWEDGE USA HAS TAKEN AND INTENDS TO TAKE TO FIX THE SYSTEMIC ISSUE SO THAT IT DOES NOT CAUSE THE SAME OR SIMILAR TYPES OF LARGE TRADER REPORTING ERRORS TO REOCCUR, AND THE DATE NEWEDGE USA EXPECTS THE SYSTEMIC ISSUE TO BE FIXED. NEWEDGE USA'S CHIEF COMPLIANCE OFFICER, CHIEF LEGAL OFFICER, OR OTHER DESIGNATED SENIOR LEVEL OFFICER SHALL PROVIDE THE WRITTEN EXPLANATION WITHIN TWO WEEKS OF THE TIME THE REPORTING ISSUE IS IDENTIFIED. 3) PUBLIC STATEMENTS: NEWEDGE USA AGREES THAT NEITHER NEWEDGE USA NOR ANY OF ITS AGENTS OR EMPLOYEES UNDER ITS AUTHORITY OR CONTROL SHALL TAKE ANY ACTION OR MAKE ANY PUBLIC STATEMENT DENYING, DIRECTLY OR INDIRECTLY, ANY FINDINGS OR CONCLUSIONS IN THIS ORDER OR CREATING, OR TENDING TO CREATE, THE IMPRESSION THAT THIS ORDER IS WITHOUT A FACTUAL BASIS; PROVIDED, HOWEVER, THAT NOTHING IN THIS PROVISION SHALL AFFECT NEWEDGE USA'S (I) TESTIMONIAL OBLIGATIONS; OR (II) RIGHT TO TAKE LEGAL POSITIONS IN OTHER PROCEEDINGS TO WHICH THE COMMISSION IS NOT A PARTY. NEWEDGE USA SHALL UNDERTAKE ALL STEPS NECESSARY TO ENSURE THAT ALL OF ITS AGENTS AND/OR EMPLOYEES UNDER ITS AUTHORITY OR CONTROL UNDERSTAND AND COMPLY WITH THIS AGREEMENT.

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| Reporting Source: | Firm |
| Current Status: | Final |
| Allegations: | ON DECEMBER 20, 2011. CBOT BCC FOUND THAT ON JANUARY 11,2011, NEWEDGE SUBMITTED AN IN-HOUSE TRANSFER WITH INACCURATE TRADE DATA FOR AN EXPIRING CONTRACT.AS A RESULT THE OPEN INTEREST IN JAN 2011 SOYBEAN FUTURES WAS OVERSTATED AND CMEGROUP WAS REQUIRED TO PUBLISH A CORRECTION, REMOVE THE OPEN INTEREST AND RERUN THE FINAL DAILY BULLETIN. THIS CONDUCT VIOLATED CBOT RULE 809.A |
| Initiated By: | CHICAGO BOARD OF TRADE |
| Date Initiated: | 12/13/2011 |
| Docket/Case Number: | CBOT 11-08067-BC |
| Principal Product Type: | Futures - Commodity |
| Other Product Type(s): | |
| Principal Sanction(s)/Relief Sought: | |


Other Sanction(s)/Relief Sought:
Resolution: Settled

Resolution Date: 12/22/2011

Sanctions Ordered: Monetary/Fine \$25,000.00

Other Sanctions Ordered:
Sanction Details: IN ACCORDANCE WITH THE SETTLEMENT OFFER, THE PANEL FINED NEWEDGE \$25,000.00

Disclosure 41 of 60
Reporting Source: Firm

Current Status: Final

Allegations: NEWEDGE VIOLATED OCC RULES 502(A) AND 605 IN THAT NEWEDGE FAILED TO TIMELY MEET ITS MORNING SETTLEMENT OBLIGATION IN THE AMOUNT OF \$792,257,905.83, AS ITS DESIGNATED SETTLEMENT BANK, JP MORGAN CHASE BANK, NA, DID NOT APPROVE MORNING SETTLEMENTS INSTRUCTIONS ISSUED BY OCC UNTIL APPROXIMATELY 9:11 A.M., CENTRAL TIME, AT WHICH TIME FULL PAYMENT OF THE AMOUNT DUE WAS MADE.

Initiated By: OPTIONS CLEARING CORPORATION

Date Initiated: 10/17/2011

Docket/Case Number: 2011-04

Principal Product Type: Options

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

Other Sanction(s)/Relief Sought:
Resolution: Decision & Order of Offer of Settlement

Resolution Date: 12/06/2011

Sanctions Ordered: Monetary/Fine \$25,000.00

Other Sanctions Ordered:



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| Sanction Details: | IMPOSITION OF A FINE IN THE AMOUNT OF TWENTY-FIVE THOUSAND AND NO/100 DOLLARS (\$25,000.00) |
| Firm Statement | WITHOUT ADMITTING OR DENYING THE ALLEGATIONS CONTAINED IN THE CHARGES, NEWEDGE CONSENTS TO THE ENTRY OF A FINAL DECISION BY THE DISCIPLINARY COMMITTEE PROVIDING FOR THE IMPOSITION OF A FINE IN THE AMOUNT OF TWENTY-FIVE THOUSAND AND NO/100 DOLLARS (\$25,000.00) |

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| Reporting Source: | Regulator |
| Current Status: | Final |
| Allegations: | FINRA RULE 7450 - NEWEDGE USA, LLC FAILED TO TIMELY REPORT REPORTABLE ORDER EVENTS (ROES) TO THE AUDIT ORDER TRAIL SYSTEM (OATS); TRANSMITTED ROUTE OR COMBINED ORDER/ROUTE REPORTS TO OATS THAT THE OATS SYSTEM WAS UNABLE TO LINK TO THE RELATED ORDER ROUTED TO NASDAQ DUE TO INACCURATE, INCOMPLETE OR IMPROPERLY FORMATTED DATA OR 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: | 10/28/2011 |
| Docket/Case Number: | 2010021306801 |
| Principal Product Type: | No Product |
| Other Product Type(s): | |
| Principal Sanction(s)/Relief Sought: | |
| Other Sanction(s)/Relief Sought: | |
| Resolution: | Acceptance, Waiver & Consent(AWC) |
| Resolution Date: | 10/28/2011 |
| Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? | No |



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

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED AND FINED \$10,000.

Reporting Source: Firm

Current Status: Final

Allegations: FINRA RULE 7450 - NEWEDGE USA, LLC FAILED TO TIMELY REPORT REPORTABLE ORDER EVENTS (ROES) TO THE AUDIT ORDER TRAIL SYSTEM (OATS); TRANSMITTED ROUTE OR COMBINED ORDER/ROUTE REPORTS TO OATS THAT THE OATS SYSTEM WAS UNABLE TO LINK TO THE RELATED ORDER ROUTED TO NASDAQ DUE TO INACCURATE, INCOMPLETE OR IMPROPERLY FORMATTED DATA OR 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: 10/28/2011

Docket/Case Number: 2010021306801

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 10/28/2011

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

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS,THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS: THEREFORE, THE FIRM IS CENSURED AND FINES \$10,000.00.



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| Reporting Source: | Regulator |
| Current Status: | Final |
| Allegations: | FINRA RULE 7450(A), NASD RULES 2110, 3010, 3360,6955(A) - NEWEDGE USA, LLC SUBMITTED INCORRECT SHORT INTEREST POSITION REPORTS TO FINRA AND FAILED TO REPORT SOME SHORT INTEREST POSITIONS FOR CERTAIN SECURITIES. THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATIONS AND FINRA RULES CONCERNING SHORT INTEREST REPORTING. THE FIRM FAILED TO TRANSMIT ROUTE REPORTS AFTER A CANCEL/REPLACE REPORT PREVIOUSLY ENTERED FOR AN ORDER ROUTED AWAY; THESE ROUTE REPORTS REPRESENTED MOST OF ITS CANCEL/REPLACE ORDERS THAT WERE PREVIOUSLY ROUTED AWAY. THE FIRM FAILED TO TRANSMIT NUMEROUS ROUTE OR COMBINED ORDER/ROUTE REPORTS FOR ORDERS ROUTED TO OTHER MEMBER FIRMS. THE FIRM TRANSMITTED REPORTABLE ORDER EVENTS (ROES) TO THE ORDER AUDIT TRAIL SYSTEM (OATS) THAT WERE REJECTED BY OATS FOR CONTEXT OR SYNTAX ERRORS AND WERE REPAIRABLE BUT THE FIRM FAILED TO REPAIR MOST OF THE REJECTED ROES SO THAT THE FIRM FAILED TO TRANSMIT THEM TO OATS. |
| Initiated By: | FINRA |
| Date Initiated: | 10/17/2011 |
| Docket/Case Number: | 2008014507301 |
| Principal Product Type: | No Product |
| Other Product Type(s): | |
| Principal Sanction(s)/Relief Sought: | |
| Other Sanction(s)/Relief Sought: | |
| Resolution: | Acceptance, Waiver & Consent(AWC) |
| Resolution Date: | 10/17/2011 |



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

Sanctions Ordered: Censure
Monetary/Fine \$47,500.00

Other Sanctions Ordered: UNDERTAKING

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED, FINED \$47,500 AND REQUIRED TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES REGARDING SHORT INTEREST REPORTING WITHIN 30 BUSINESS DAYS OF ACCEPTANCE OF THE AWC BY THE NAC.

Reporting Source: Firm

Current Status: Final

Allegations: FINRA RULE 7450(A), NASD RULES 2110, 3010, 3360, 6955(A) - NEWEDGE USA, LLC SUBMITTED INCORRECT SHORT INTEREST POSITION REPORTS TO FINRA AND FAILED TO REPORT SOME SHORT INTEREST POSITIONS FOR CERTAIN SECURITIES. THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATIONS AND FINRA RULES CONCERNING SHORT INTEREST REPORTING. THE FIRM FAILED TO TRANSMIT ROUTE REPORTS AFTER A CANCEL/REPLACE REPORT PREVIOUSLY ENTERED FOR AN ORDER ROUTED AWAY; THESE ROUTE REPORTS REPRESENTED MOST OF ITS CANCEL/REPLACE ORDERS THAT WERE PREVIOUSLY ROUTED AWAY. THE FIRM FAILED TO TRANSMIT NUMEROUS ROUTE OR COMBINED ORDER/ROUTE REPORTS FOR ORDERS ROUTED TO OTHER MEMBER FIRMS. THE FIRM TRANSMITTED REPORTABLE ORDER EVENTS (ROES) TO THE ORDER AUDIT TRAIL SYSTEM (OATS) THAT WERE REJECTED BY OATS FOR CONTEXT OR SYNTAX ERRORS AND WERE REPAIRABLE BUT THE FIRM FAILED TO REPAIR MOST OF THE REJECTED ROES SO THAT THE FIRM FAILED TO TRANSMIT THEM TO OATS.

Initiated By: FINRA

Date Initiated: 10/17/2011

Docket/Case Number: 2008014507301



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| Principal Product Type: | No Product |
| Other Product Type(s): | |
| Principal Sanction(s)/Relief Sought: | Censure |
| Other Sanction(s)/Relief Sought: | |
| Resolution: | Acceptance, Waiver & Consent(AWC) |
| Resolution Date: | 10/17/2011 |
| Sanctions Ordered: | Censure Monetary/Fine \$47,500.00 |
| Other Sanctions Ordered: | UNDERTAKING |
| Sanction Details: | WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED, FINED \$47,500 AND REQUIRED TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES REGARDING SHORT INTEREST REPORTING WITHIN 30 BUSINESS DAYS OF ACCEPTANCE OF THE AWC BY THE NAC. |

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| Reporting Source: | Regulator |
| Current Status: | Final |
| Allegations: | FINRA RULE 2010, 7230A(D), NASD RULES 2110, 3010, 4632(B), 6130(D), 6955(A): THE FIRM TRANSMITTED TO OATS NUMEROUS ROES THAT WERE REJECTED BY OATS FOR CONTEXT OR SYNTAX ERRORS AND WERE REPAIRABLE. THE FIRM FAILED TO REPAIR MANY OF THESE REJECTED ROES; AS A RESULT OF THE FIRM'S FAILURE TO REPAIR THESE ROES, THE FIRM FAILED TO TRANSMIT NUMEROUS ROES TO OATS. THE FIRM RE-SUBMITTED NUMEROUS REJECTED ROES WITHOUT MARKING THESE ROES WITH THE REJECTED ROE RESUBMIT FLAG OF "Y." THE FIRM FAILED TO TRANSMIT NUMEROUS ROES TO OATS ON SEVERAL BUSINESS DAYS. THE FIRM FAILED TO TIMELY REPORT TO OATS NUMEROUS ROES; TRANSMITTED TO OATS NUMEROUS ROUTE OR COMBINED ORDER/ROUTE REPORTS THAT THE OATS SYSTEM WAS UNABLE TO LINK TO THE RELATED ORDER ROUTED TO NASDAQ DUE TO INACCURATE, INCOMPLETE OR IMPROPERLY FORMATTED DATE; TRANSMITTED TO OATS SEVERAL EXECUTION OR COMBINED ORDER/ EXECUTION REPORTS THAT CONTAINED INACCURATE, INCOMPLETE OR IMPROPERLY FORMATTED DATE; TRANSMITTED TO OATS SEVERAL NEW ORDER REPORTS AND RELATED SUBSEQUENT REPORTS WHERE THE TIMESTAMP FOR THE |



RELATED SUBSEQUENT REPORT OCCURRED PRIOR TO THE RECEIPT OF THE ORDER. BECAUSE OF THE INACCURATE TIMESTAMPS, THE OATS SYSTEM WAS UNABLE TO CREATE AN ACCURATE TIME-SEQUENCED RECORD FROM THE RECEIPT OF THE ORDER THROUGH ITS RESOLUTION. THE FIRM FAILED TO REPORT TO THE FINRA/NASDAQ TRADE REPORTING FACILITY (FNTRF) THE CORRECT SYMBOL INDICATING THE CAPACITY IN WHICH THE FIRM EXECUTED SEVERAL TRANSACTIONS IN REPORTABLE SECURITIES. THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO THE APPLICABLE SECURITIES LAWS AND REGULATIONS, AND FINRA RULES, CONCERNING TRADE REPORTING FOR TRANSACTIONS EXECUTED AND REPORTED BY WAY OF A GIVE-UP AGREEMENT. THE FIRM REPORTED TO THE FNTRF SEVERAL LAST SALE REPORTS OF TRANSACTIONS IN DESIGNATED SECURITIES IT WAS NOT REQUIRED TO REPORT.

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| Initiated By: | FINRA |
| Date Initiated: | 10/07/2011 |
| Docket/Case Number: | 2008012333101 |
| 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: | 10/07/2011 |
| Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? | No |
| Sanctions Ordered: | Censure Monetary/Fine \$45,000.00 |
| Other Sanctions Ordered: | UNDERTAKING |
| Sanction Details: | WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE THE FIRM IS CENSURED, FINED \$45,000, CONSISTING OF |



\$30,000 FOR OATS VIOLATIONS, \$10,000 FOR TRADE REPORTING VIOLATIONS AND \$5,000 FOR SUPERVISION VIOLATIONS, AND AN UNDERTAKING TO REVISE THE FIRM'S WRITTEN SUPERVISORY PROCEDURES WITH RESPECT TO ACHIEVING COMPLIANCE TO THE APPLICABLE SECURITIES LAWS AND REGULATIONS, AND FINRA RULES, CONCERNING TRADE REPORTING FOR TRANSACTIONS EXECUTED AND REPORTED BY WAY OF A GIVE-UP AGREEMENT. WITHIN 30 BUSINESS DAY OF THE ACCEPTANCE OF THE AWC A REGISTERED PRINCIPAL OF THE FIRM SHALL SUBMIT TO FINRA A SIGNED, DATED LETTER, OR AN E-MAIL FROM A WORK-RELATED ACCOUNT OF THE REGISTERED PRINCIPAL PROVIDING INFORMATION ON A REFERENCE TO THIS MATTER, A REPRESENTATION THAT THE FIRM HAS REVISED ITS WRITTEN SUPERVISORY PROCEDURES TO ADDRESS THE DEFICIENCIES AND THE DATE THE REVISED PROCEDURES WERE IMPLEMENTED.

Reporting Source:

Firm

Current Status:

Final

Allegations:

FINRA RULE 2010, 7230A(D), NASD RULES 2110, 3010, 4632(B), 6130(D), 6955(A): THE FIRM TRANSMITTED TO OATS NUMEROUS ROES THAT WERE REJECTED BY OATS FOR CONTEXT OR SYNTAX ERRORS AND WERE REPAIRABLE. THE FIRM FAILED TO REPAIR MANY OF THESE REJECTED ROES; AS A RESULT OF THE FIRM'S FAILURE TO REPAIR THESE ROES, THE FIRM FAILED TO TRANSMIT NUMEROUS ROES TO OATS. THE FIRM RE-SUBMITTED NUMEROUS REJECTED ROES WITHOUT MARKING THESE ROES WITH THE REJECTED ROE RESUBMIT FLAG OF "Y." THE FIRM FAILED TO TRANSMIT NUMEROUS ROES TO OATS ON SEVERAL BUSINESS DAYS. THE FIRM FAILED TO TIMELY REPORT TO OATS NUMEROUS ROES; TRANSMITTED TO OATS NUMEROUS ROUTE OR COMBINED ORDER/ROUTE REPORTS THAT THE OATS SYSTEM WAS UNABLE TO LINK TO THE RELATED ORDER ROUTED TO NASDAQ DUE TO INACCURATE, INCOMPLETE OR IMPROPERLY FORMATTED DATE; TRANSMITTED TO OATS SEVERAL EXECUTION OR COMBINED ORDER/ EXECUTION REPORTS THAT CONTAINED INACCURATE, INCOMPLETE OR IMPROPERLY FORMATTED DATE; TRANSMITTED TO OATS SEVERAL NEW ORDER REPORTS AND RELATED SUBSEQUENT REPORTS WHERE THE TIMESTAMP FOR THE RELATED SUBSEQUENT REPORT OCCURRED PRIOR TO THE RECEIPT OF THE ORDER. BECAUSE OF THE INACCURATE TIMESTAMPS, THE OATS SYSTEM WAS UNABLE TO CREATE AN ACCURATE TIME-SEQUENCED RECORD FROM THE RECEIPT OF THE ORDER THROUGH ITS RESOLUTION. THE FIRM FAILED TO REPORT TO THE FINRA/NASDAQ TRADE REPORTING FACILITY (FNTRF) THE CORRECT SYMBOL INDICATING THE CAPACITY IN WHICH THE FIRM EXECUTED SEVERAL TRANSACTIONS IN REPORTABLE SECURITIES. THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR



SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO THE APPLICABLE SECURITIES LAWS AND REGULATIONS, AND FINRA RULES, CONCERNING TRADE REPORTING FOR TRANSACTIONS EXECUTED AND REPORTED BY WAY OF A GIVE-UP AGREEMENT. THE FIRM REPORTED TO THE FNTRF SEVERAL LAST SALE REPORTS OF TRANSACTIONS IN DESIGNATED SECURITIES IT WAS NOT REQUIRED TO REPORT

Initiated By: FINRA

Date Initiated: 10/07/2011

Docket/Case Number: 2008012333101

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Other

Other Sanction(s)/Relief Sought: NA

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 10/07/2011

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

Other Sanctions Ordered: UNDERTAKING

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE THE FIRM IS CENSURED, FINED \$45,000, CONSISTING OF \$30,000 FOR OATS VIOLATIONS, \$10,000 FOR TRADE REPORTING VIOLATIONS AND \$5,000 FOR SUPERVISION VIOLATIONS, AND AN UNDERTAKING TO REVISE THE FIRM'S WRITTEN SUPERVISORY PROCEDURES WITH RESPECT TO ACHIEVING COMPLIANCE TO THE APPLICABLE SECURITIES LAWS AND REGULATIONS, AND FINRA RULES, CONCERNING TRADE REPORTING FOR TRANSACTIONS EXECUTED AND REPORTED BY WAY OF A GIVE-UP AGREEMENT. WITHIN 30 BUSINESS DAY OF THE ACCEPTANCE OF THE AWC A REGISTERED PRINCIPAL OF THE FIRM SHALL SUBMIT TO FINRA A SIGNED, DATED LETTER, OR AN E-MAIL FROM A WORK-RELATED ACCOUNT OF THE REGISTERED PRINCIPAL PROVIDING INFORMATION ON A REFERENCE TO THIS MATTER, A REPRESENTATION THAT THE FIRM HAS REVISED ITS WRITTEN SUPERVISORY PROCEDURES TO ADDRESS THE DEFICIENCIES AND THE DATE THE REVISED PROCEDURES WERE IMPLEMENTED.



Firm Statement WITHOUT ADMITTING OR DENYING ANY FINDINGS, NEWEDGE USA
CONSENTED TO A \$45,000.00 FINE

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Reporting Source: Regulator

Current Status: Final

Allegations: BOSTON OPTIONS EXCHANGE TRADING RULES CHAPTER III, SECTIONS 2, 10 - NEWEDGE USA, LLC MISREPORTED OR FAILED TO REPORT NUMEROUS POSITIONS SUBMITTED UNDER DIFFERENT CLEARING NUMBERS TO THE OPTIONS CLEARING CORPORATION LARGE OPTIONS POSITIONS REPORT (LOPR) FOR AN UNKNOWN NUMBER OF UNIDENTIFIED ACCOUNTS. THE FIRM FAILED TO MAINTAIN ADEQUATE WRITTEN SUPERVISORY PROCEDURES AND FAILED TO ESTABLISH AN ADEQUATE SYSTEM OF SUPERVISION TO ENSURE COMPLIANCE WITH EXCHANGE RULES RELATING TO REPORTING TO LOPR.

Initiated By: NASDAQ OMX BX, INC.

Date Initiated: 06/03/2011

Docket/Case Number: 20100214911

Principal Product Type: Options

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 06/03/2011

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

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

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED



TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS;
THEREFORE, THE FIRM IS CENSURED AND FINED \$200,000.

Reporting Source: Firm

Current Status: Final

Allegations: NEWEDGE VIPLATED BOX TRADING RULE CHAPTER III, BUSINESS CONDUCT, SECTION 10 AND BOX TRADING RULE CAPTER III, BUSINESS CONDUCT , SECTION 2, CCONDUCT AN COMPLIANCE WITH RULES

Initiated By: BOSTON OPTIONS EXCHANGE

Date Initiated: 12/14/2010

Docket/Case Number: 20100214911

Principal Product Type: Options

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought: FINE

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 06/03/2011

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

Other Sanctions Ordered:

Sanction Details: CENSURE AND FINE

Firm Statement EXCHANGE STAFF DETER MINED THAT DURING THE REVIEW PERIOD JANUARY 19,2010 THROUGH MARCH 2,2010, NEWEDGE MISREPORTED OR FAILED TO REPORT APPROXIMATELY 109,367 POSITIONS SUBMITTED UNDER 5 DIFFERENT CLEARING NUMBERS TO LOPR FOR A UNKNOWN NUMBER OF UNIDENTIFIED ACCOUNTS. ALSO NEWEDGE FAILED TO MAINTAIN ADEQUATE SUPERVISORY PROCEDURES TO ENSURE COMPLIANCE WITH EXCHANGE RULES.

Disclosure 46 of 60

Reporting Source: Regulator

Current Status: Final



Allegations: BOSTON OPTIONS EXCHANGE TRADING RULES CHAPTER III, SECTIONS 2 AND 7: ONE OF NEWEDGE USA, LLC'S CUSTOMERS ON NUMEROUS CONSECUTIVE TRADING DAYS EXCEEDED THE POSITION LIMIT ON THE BULLISH SIDE OF THE MARKET IN ONE SECURITY AND ON NUMEROUS NON-CONSECUTIVE TRADING DAYS, A SECOND CUSTOMER EXCEEDED THE POSITION LIMIT ON THE BEARISH SIDE OF THE MARKET IN THE SAME SECURITY. THE FIRM FAILED TO MAINTAIN ADEQUATE WRITTEN SUPERVISORY PROCEDURES AND FAILED TO ESTABLISH AN ADEQUATE SYSTEM OF SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH EXCHANGE RULES RELATING TO POSITION LIMITS. THE FIRM'S WRITTEN SUPERVISORY PROCEDURES CONTAINED AN INACCURATE STATEMENT REGARDING THE NETTING OF OPTION POSITIONS TO REDUCE THE OVERALL POSITION.

Initiated By: NASDAQ OMX BX, INC.

Date Initiated: 05/06/2011

Docket/Case Number: 20090175398

Principal Product Type: Options

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 05/06/2011

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

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

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED AND FINED \$30,000. FINE PAID MAY 27, 2011.



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| Reporting Source: | Firm |
| Current Status: | Final |
| Allegations: | BETWEEN JUNE 9, 2009 AND JULY 29,2009, A NEWEDGE CUSTOMER EXCEEDED TEH POSITION LIMIT ON THE BULLISH SIDE OF THE MARKET IN CITIGROUP, INC("C")AND AND ON 48 NON-CONSECUTIVE DAYS ANOTHER CLIENT EXCEEDED THE LIMITS IN C ON THE BEARISH SIDE. ADDITIONALLY, NEWEDGE FAILED TO PROVIDE ADEQUATE SUPERVISORY PROCEDURES AND TO ESTABLISH A SYSTEM ADEQUATE TO ACHIEVE COMPLIANCE WITH EXCHANGE RULES |
| Initiated By: | BOSTON OPTIONS EXCHANGE |
| Date Initiated: | 04/05/2011 |
| Docket/Case Number: | 20090175398 |
| Principal Product Type: | Options |
| Other Product Type(s): | |
| Principal Sanction(s)/Relief Sought: | Censure |
| Other Sanction(s)/Relief Sought: | |
| Resolution: | Acceptance, Waiver & Consent(AWC) |
| Resolution Date: | 05/03/2011 |
| Sanctions Ordered: | Censure Monetary/Fine \$30,000.00 |
| Other Sanctions Ordered: | NONE |
| Sanction Details: | NEWEDGE CONSENTS TO THE IMPOSITION OF A SANCTION CONSISTING OF A CENSURE AND A FINE IN THE AMOUNT OF THIRTY THOUSAND DOLLARS. |
| Firm Statement | NEWEDGE CONSENTS TO THE IMPOSITION OF A SANCTION CONSISTING OF A CENSURE AND A FINE IN THE AMOUNT OF THIRTY THOUSAND DOLLARS. |

Disclosure 47 of 60

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| Reporting Source: | Firm |
| Current Status: | Final |



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| Allegations: | CBOT BUSINESS CONDUCT COMMITTEE FOUND THAT ON DECEMBER 3, 2009, A NON-MEMBER CUSTOMER OF NEWEDGE HELD A SHORT DECEMBER 2009 DENATURED FUEL ETHANOL ("ETHANOL") FUTURES POSITION OF 103 CONTRACTS BEYOND THE CONTRACT'S EXPIRATION AT A TIME WHEN THE CUSTOMER HAD BEEN AUTHORIZED TO ISSUE AND REGISTER A MAXIMUM OF ONLY 92 SHIPPING CERTIFICATES FOR DELIVERY. AS THE CLEARING MEMBER CARRYING AN ACCOUNT REQUIRED TO MAKE DELIVERY, NEWEDGE BORE COMPLETE RESPONSIBILITY FOR THE PERFORMANCE OF ALL DELIVERY REQUIREMENTS. THREE HOURS AFTER THE 10:00 A.M. DECEMBER 4, 2009, DELIVERY DEADLINE, NEWEDGE'S CUSTOMER WAS ABLE TO CONTACT AN ELIGIBLE COUNTERPARTY FOR AN EXCHANGE FOR PHYSICAL ("EFP") TRANSACTION, THE EXECUTION OF WHICH DISCHARGED NEWEDGE'S DELIVERY OBLIGATIONS FOR THE REMAINING 11 SHORT POSITIONS. AS THE COUNTER-PARTY WAS NOT IDENTIFIED UNTIL AFTER THE 10:00 A.M. DELIVERY DEADLINE, THE EXCHANGE'S CLEARING AND DELIVERY PROCESSES WERE LIKEWISE DELAYED. THE PANEL FOUND THAT IN SO DOING NEWEDGE VIOLATED CBOT RULE 716. |
| Initiated By: | THE CHICAGO BOARD OF TRADE |
| Date Initiated: | 12/03/2009 |
| Docket/Case Number: | CBOT 09-04448-MS-BC |
| Principal Product Type: | Futures - Commodity |
| Other Product Type(s): | ETHANOL FUTURES |
| Principal Sanction(s)/Relief Sought: | Civil and Administrative Penalt(ies) /Fine(s) |
| Other Sanction(s)/Relief Sought: | |
| Resolution: | Decision & Order of Offer of Settlement |
| Resolution Date: | 04/13/2011 |
| Sanctions Ordered: | Monetary/Fine \$50,000.00 |
| Other Sanctions Ordered: | IN ACCORDANCE WITH THE SETTLEMENT OFFER THE PANEL FINED NEWEDGE \$50,000, AND DIRECTED NEWEDGE TO PROVIDE DOCUMENTED PROOF OF ITS POLICIES AND PROCEDURES REGARDING SETTLEMENTS AND DELIVERIES OF PHYSICALLY DELIVERED CONTRACTS IMPLEMENTED PURSUANT TO CBOT RULE 716 |
| Sanction Details: | IN ACCORDANCE WITH THE SETTLEMENT OFFER THE PANEL FINED NEWEDGE \$50,000, AND DIRECTED NEWEDGE TO PROVIDE DOCUMENTED PROOF OF ITS POLICIES AND PROCEDURES REGARDING SETTLEMENTS |



AND DELIVERIES OF PHYSICALLY DELIVERED CONTRACTS IMPLEMENTED
PURSUANT TO CBOT RULE 716

Firm Statement

IN ACCORDANCE WITH THE SETTLEMENT OFFER THE PANEL FINED
NEWEDGE \$50,000, AND DIRECTED NEWEDGE TO PROVIDE DOCUMENTED
PROOF OF ITS POLICIES AND PROCEDURES REGARDING SETTLEMENTS
AND DELIVERIES OF PHYSICALLY DELIVERED CONTRACTS IMPLEMENTED
PURSUANT TO CBOT RULE 716

Disclosure 48 of 60

Reporting Source: Regulator

Current Status: Final

Allegations: CHAPTER III, SECTIONS 2(A)(I), 10 OF THE NASDAQ OPTIONS MARKET, LLC (NOM) RULES, NASDAQ RULES 2110, 3010(A) - NEWEDGE USA, LLC EITHER FAILED TO REPORT OPTIONS POSITIONS TO THE LARGE OPTION POSITION REPORT (LOPR) OR FAILED TO ACCURATELY REPORT THE EFFECTIVE DATE FOR OPTIONS POSITIONS TO LOPR. THE FIRM EITHER FAILED TO REPORT OPTIONS POSITIONS CORRECTLY TO LOPR OR FAILED TO ACCURATELY REPORT THE EFFECTIVE DATE FOR OPTIONS POSITIONS TO LOPR. THE FIRM FAILED TO ENSURE THAT IT HAD ADEQUATE ARRANGEMENTS AND SYSTEMS IN CONNECTION WITH BUSINESS CONDUCTED ON NOM THAT PROVIDED FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATIONS AND NASDAQ RULES CONCERNING LOPR REPORTING. THE FIRM'S SUPERVISORY SYSTEM DID NOT INCLUDE ADEQUATE WRITTEN SUPERVISORY PROCEDURES REGARDING REPORTING TO LOPR.

Initiated By: NASDAQ STOCK MARKET

Date Initiated: 03/18/2011

Docket/Case Number: 2008014454601

Principal Product Type: Options

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 03/18/2011



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

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

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED AND FINED \$15,000.

Reporting Source: Firm

Current Status: Final

Allegations: IN CONNECTION WITH MATTER 20080144546, FINRA CONDUCTEDA REVIEW OF NEWEDGE'S OPTION POSITION REPORTING TO SIAC FOR INCLUSION ON THE LOPR DURING THE PERIOD BETWEEN MARCH 31, 2008 AND JUNE 30, 2008.
IN CONNECTION WITH MATTER 20090189141, THE STAFF CONDUCTED AN ADITIONAL REVIEW FOR THE PERIOD BETWEEN APRIL 1, 2009 AND JUNE 30, 2009. STAFF DISCOVERED NEWEDGE HAD FAILED TO REPORT OPTION POSITIONS PROPERLY. ALSO, STAFF DISCOVERED THAT NEWEDGE DID NOT ADEQUATE SUPERVISION IN PLACE AND DID NOT HAVE ADEQUATE WRITTEN SUPERVISORY PROCEDURES IN PLACE.

Initiated By: THE NASDAQ OPTIONS MARKET

Date Initiated: 03/31/2008

Docket/Case Number: 20080144546-01

Principal Product Type: Commodity Option(s)

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought: 15000.00 FINE

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 03/18/2011



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| Sanctions Ordered: | Censure Monetary/Fine \$15,000.00 |
| Other Sanctions Ordered: | A CENSURE AND FINE OF \$15000(CONSISTING OF A \$7,500 FINE FOR LOPR VIOLATIONS AND A \$7,500 FINE FOR SUPERVISION VIOLATIONS) |
| Sanction Details: | A CENSURE AND FINE OF \$15000(CONSISTING OF A \$7,500 FINE FOR LOPR VIOLATIONS AND A \$7,500 FINE FOR SUPERVISION VIOLATIONS) |
| Firm Statement | FINAL (AWC) |

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| Reporting Source: | Firm |
| Current Status: | Final |
| Allegations: | <p>? 538 - TRANSFER OF SPOT FOR FUTURES</p> <p>? 443.B - SPECULATIVE AND HEDGE POSITION LIMIT VIOLATIONS</p> <p>? 432.Q - DETRIMENTAL ACT</p> <p>PURSUANT TO AN OFFER OF SETTLEMENT IN WHICH NEWEDGE USA, LLC ("NEWEDGE") NEITHER ADMITTED NOR DENIED RULE VIOLATIONS UPON WHICH THE PENALTY IS BASED, ON DECEMBER 17, 2010, A PANEL OF THE CME BUSINESS CONDUCT COMMITTEE FOUND THAT ON OCTOBER 9, 2009, NEWEDGE EXECUTED THREE OCTOBER 2009 LIVE CATTLE EFRPS AS A COUNTERPARTY TO ITS CUSTOMER WITH THE INTENT OF EXECUTING AN EQUAL, OFFSETTING EFRP TRANSACTION ON OCTOBER 12, 2009. NEWEDGE CLEARED THE EFRP TRANSACTION ON BEHALF OF ITSELF, BUT FAILED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE TRANSACTIONS WERE BONA FIDE. WHILE EXECUTING THE EFRP TRANSACTIONS NEWEDGE CARRIED A POSITION OF 4495 CONTRACTS IN THE EXPIRING LIVE CATTLE FUTURES CONTRACT, WHICH EXCEEDED THE APPLICABLE SPECULATIVE POSITION LIMIT OF 450 CONTRACTS.</p> |
| Initiated By: | CME GROUP |
| Date Initiated: | 10/09/2009 |
| Docket/Case Number: | CME 09-06448-BC |
| Principal Product Type: | Futures - Commodity |
| Other Product Type(s): | |
| Principal Sanction(s)/Relief Sought: | Civil and Administrative Penalt(ies) /Fine(s) |
| Other Sanction(s)/Relief Sought: | |
| Resolution: | Settled |



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| Resolution Date: | 12/21/2010 |
| Sanctions Ordered: | Monetary/Fine \$80,000.00 |
| Other Sanctions Ordered: | IN ACCORDANCE WITH THE SETTLEMENT OFFER, THE PANEL ORDERED NEWEDGE USA, LLC TO PAY A FINE OF \$80,000. |
| Sanction Details: | NEWEDGE VIOLATED CME RULE 538 AND ASSOCIATED MRAN RA0910-5, RULE 443, AND RULE 432.Q. IN ACCORDANCE WITH THE SETTLEMENT OFFER, THE PANEL ORDERED NEWEDGE USA, LLC TO PAY A FINE OF \$80,000. |
| Firm Statement | NEWEDGE VIOLATED CME RULE 538 AND ASSOCIATED MRAN RA0910-5, RULE 443, AND RULE 432.Q. IN ACCORDANCE WITH THE SETTLEMENT OFFER, THE PANEL ORDERED NEWEDGE USA, LLC TO PAY A FINE OF \$80,000. |

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| Reporting Source: | Regulator |
| Current Status: | Final |
| Allegations: | <p>CFTC RELEASE 5981-11, FEBRUARY 7, 2011: THE COMMODITY FUTURES TRADING COMMISSION ("COMMISSION") ANNOUNCED THAT NEWEDGE USA, LLC ("NEWEDGE" OR "RESPONDENT"), A FUTURES COMMISSION MERCHANT ("FCM"), SETTLED CHARGES OF EXCEEDING SPECULATIVE POSITION LIMITS IN THE OCTOBER 2009 LIVE CATTLE FUTURES CONTRACT ON THE CHICAGO MERCANTILE EXCHANGE ("CME") BY MORE THAN 4,000 CONTRACTS AND FAILING TO PROVIDE ACCURATE AND TIMELY REPORTS TO THE COMMISSION REGARDING ITS LARGE TRADER POSITIONS.</p> <p>THE COMMISSION HAS REASON TO BELIEVE THAT NEWEDGE VIOLATED SECTION 4A(E) OF THE COMMODITY EXCHANGE ACT ("CEA"), AS AMENDED BY THE FOOD, CONSERVATION, AND ENERGY ACT OF 2008, PUB. L. NO. 110-246, TITLE XIII (THE CFTC REAUTHORIZATION ACT OF 2008 ("CRA")), § 13101-13204, 122 STAT. 1651 (ENACTED JUNE 18, 2008), AND THE DODD-FRANK WALL STREET REFORM AND CONSUMER PROTECTION ACT OF 2010, PUB. L. NO. 111-203, TITLE VII ("WALL STREET TRANSPARENCY AND ACCOUNTABILITY ACT OF 2010" OR "DODD-FRANK"), §§ 701-774, 124 STAT. 1376 (ENACTED JULY 21, 2010), TO BE CODIFIED AT 7 U.S.C. §§ 6A(E) AND COMMISSION REGULATION ("REGULATION") 17.00, 17 C.F.R. § 17.00 (2010). THE COMMISSION DEEMS IT APPROPRIATE AND IN THE PUBLIC INTEREST THAT PUBLIC ADMINISTRATIVE PROCEEDINGS BE INSTITUTED TO DETERMINE WHETHER NEWEDGE ENGAGED IN THE VIOLATIONS AS SET FORTH AND TO DETERMINE WHETHER ANY ORDER SHOULD BE ISSUED</p> |



IMPOSING REMEDIAL SANCTIONS.

THE COMMISSION FOUND THAT NEWEDGE PURCHASED 4,495 OCTOBER 2009 LIVE CATTLE FUTURES CONTRACTS ON THE CME FROM ITS CLIENT, A MEAT PACKING COMPANY, AND SOLD TO THE CLIENT AN OVER-THE-COUNTER SWAP IN LIVE CATTLE ON OCTOBER 9, 2009. NEWEDGE'S PURCHASE OF 4,495 OCTOBER 2009 FUTURES CONTRACTS ON OCTOBER 9 GAVE NEWEDGE A LONG POSITION OF 4,495 OCTOBER FUTURES CONTRACTS. THAT LONG POSITION EXCEEDED THE 450 CONTRACT SPECULATIVE LIMIT FOR TRADING LIVE CATTLE FUTURES ON THE CME IN THE CURRENT DELIVERY MONTH BY 4,045 CONTRACTS, IN VIOLATION OF THE CEA'S PROHIBITION AGAINST EXCEEDING SPECULATIVE POSITION LIMITS.

THE COMMISSION ALSO FOUND THAT BETWEEN JUNE 2009 AND JULY 2010, NEWEDGE'S LARGE TRADER POSITION REPORTS SUBMITTED TO THE COMMISSION OVERSTATED POSITIONS IN OMNIBUS ACCOUNTS, REPORTED TRANSACTIONS THAT DID NOT OCCUR AND REPORTED POSITIONS FOR ACCOUNTS AS NET WHEN THEY SHOULD BE REPORTED AS GROSS, AMONG OTHER VIOLATIONS.

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| Initiated By: | COMMODITY FUTURES TRADING COMMISSION |
| Date Initiated: | 02/07/2011 |
| Docket/Case Number: | 11-07 |
| Principal Product Type: | Futures - Commodity |
| Other Product Type(s): | |
| Principal Sanction(s)/Relief Sought: | |
| Other Sanction(s)/Relief Sought: | |
| Resolution: | Order |
| Resolution Date: | 02/07/2011 |
| Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? | No |
| Sanctions Ordered: | Monetary/Fine \$140,000.00 Disgorgement/Restitution |



Cease and Desist/Injunction

Other Sanctions Ordered:

UNDERTAKING

Sanction Details:

IN ANTICIPATION OF THE INSTITUTION OF AN ADMINISTRATIVE PROCEEDING, RESPONDENT SUBMITTED AN OFFER OF SETTLEMENT ("OFFER"), WHICH THE COMMISSION HAS DETERMINED TO ACCEPT. WITHOUT ADMITTING OR DENYING ANY OF THE FINDINGS, RESPONDENT CONSENTED TO THE ENTRY OF THE ORDER INSTITUTING PROCEEDINGS PURSUANT TO SECTIONS 6(C) AND 6(D) OF THE COMMODITY EXCHANGE ACT, MAKING FINDINGS AND IMPOSING REMEDIAL SANCTIONS ("ORDER") AND ACKNOWLEDGED SERVICE OF THE ORDER.

THE COMMISSION FOUND THAT NEWEDGE VIOLATED SECTION 4A(E) OF THE CEA, AS AMENDED, TO BE CODIFIED AT 7 U.S.C. §§ 6A(E) AND REGULATION 17.00, 17 C.F.R. § 17.00 (2010).

THE COMMISSION ORDERED THAT:

1. NEWEDGE SHALL CEASE AND DESIST FROM VIOLATING SECTION 4A(E) OF THE CEA, AS AMENDED, TO BE CODIFIED AT 7 U.S.C. §§ 6A(E) AND REGULATION 17.00, 17 C.F.R. § 17.00 (2010).

2. NEWEDGE SHALL PAY A CIVIL MONETARY PENALTY OF \$140,000.

3. NEWEDGE SHALL COMPLY WITH THE FOLLOWING UNDERTAKINGS:

A. NEWEDGE SHALL PAY DISGORGEMENT OF \$80,910.
[SANCTIONS CONTINUED IN COMMENTS]

Regulator Statement

[SANCTIONS CONTINUED]

B. NEWEDGE SHALL IMPLEMENT AND MAINTAIN A PROGRAM DESIGNED TO PREVENT AND DETECT REPORTING VIOLATIONS OF THE CEA AND REGULATIONS. NEWEDGE AGREED TO:

(1) REVIEW ALL NEWEDGE EUROPEAN AND ASIAN CUSTOMER ACCOUNTS TO CONFIRM THAT ALL CUSTOMER ACCOUNTS HAVE BEEN ESTABLISHED IN COMPLIANCE WITH REGULATIONS;

(2) RESTRUCTURE ITS LARGE TRADER REPORTING SYSTEM IN EUROPE AND ASIA TO RELATE EACH CUSTOMER ACCOUNT TO NEWEDGE GLOBAL OMNIBUS ACCOUNTS THROUGH NEW CUSTOMER REPORTING IDENTIFICATION AND REFERENCE NUMBERS. ON A DAILY BASIS, NEWEDGE'S UNITED KINGDOM AFFILIATE SHALL MANUALLY REVIEW OFFSETS OF CUSTOMER ACCOUNTS IN NEWEDGE'S OMNIBUS ACCOUNTS, UPDATE AND CORRECT ANY RECONCILIATION DEFICIENCIES, AND ELECTRONICALLY SUBMIT ITS LARGE TRADER REPORTS TO THE



COMMISSION BY 9:00 A.M. (C.S.T.)

(3) HAVE A STATISTICALLY RELEVANT SAMPLE OF ALL NEW CUSTOMER ACCOUNTS REVIEWED BY NEWEDGE'S COMPLIANCE DEPARTMENT, IN ADDITION TO NEWEDGE'S CREDIT AND SALES FACILITATION DEPARTMENTS ALREADY EXISTING REVIEW OF ALL NEW ACCOUNTS, TO CONFIRM THAT CUSTOMER ACCOUNTS ARE ESTABLISHED IN COMPLIANCE WITH REGULATIONS;

(4) ESTABLISH AT LEAST THREE NEW DAILY EXCEPTION REPORTS TO MONITOR NEWEDGE'S GLOBAL REPORTING PROCESS. THE FIRST EXCEPTION REPORT SHALL BE A DETAILED LARGE TRADER REPORTING ANALYSIS THAT SHOWS ALL REPORTABLE POSITIONS UNDER THE RESTRUCTURED LARGE TRADER REPORTING SYSTEM. THE SECOND EXCEPTION REPORT SHALL BE A LARGE TRADER AND OMNIBUS ACCOUNT REPORT THAT COMPARE NEWEDGE CUSTOMER REPORTABLE POSITIONS TO NEWEDGE GLOBAL OMNIBUS ACCOUNTS TO ASSURE THAT CUSTOMER REPORTABLE POSITIONS ARE PROPERLY OFFSET. THE THIRD EXCEPTION REPORT SHALL COMPARE LARGE TRADER POSITIONS TO TOTAL EXCHANGE OPEN INTEREST; AND

(5) HAVE A STATIC DATA TEAM IN OPERATIONS PERFORM, ON A QUARTERLY BASIS, A PERMANENT SUPERVISION TEST, IN WHICH A SAMPLE OF INTERNAL AND EXTERNAL CUSTOMER ACCOUNTS ARE REVIEWED TO ENSURE THAT NEWEDGE IS ESTABLISHING CUSTOMER ACCOUNTS IN COMPLIANCE WITH REGULATIONS. THE RESULTS OF THE PERMANENT SUPERVISION TESTS WILL BE REVIEWED BY NEWEDGE'S OPERATIONAL RISK DEPARTMENT, WHICH WILL SUMMARIZE ITS RESULTS AND REPORT ITS FINDINGS TO NEWEDGE'S EXECUTIVE COMMITTEE.

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

Reporting Source: Firm



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| Current Status: | Final |
| Allegations: | <p>\$140,000 CIVIL MONETARY PENALTY AND DISGORGE \$80,910 TO SETTLE CFTC CHARGES OF EXCEEDING SPECULATIVE POSITION LIMITS IN THE OCTOBER 2009 LIVE CATTLE FUTURES CONTRACT ON THE CHICAGO MERCANTILE EXCHANGE (CME) BY MORE THAN 4,000 CONTRACTS AND FAILING TO PROVIDE ACCURATE AND TIMELY REPORTS TO THE CFTC REGARDING THEIR LARGE TRADER POSITIONS.</p> <p>ACCORDING TO THE CFTC ORDER, ENTERED ON FEBRUARY 7, 2011, NEWEDGE PURCHASED 4,495 OCTOBER 2009 LIVE CATTLE FUTURES CONTRACTS ON THE CME FROM ITS CLIENT, JBS USA, LLC (JBS), A MEAT PACKING COMPANY, AND SOLD TO JBS AN OVER-THE-COUNTER SWAP IN LIVE CATTLE ON OCTOBER 9, 2009. NEWEDGE'S PURCHASE OF 4,495 OCTOBER 2009 FUTURES CONTRACTS ON OCTOBER 9 GAVE NEWEDGE A LONG POSITION OF 4,495 OCTOBER FUTURES CONTRACTS. THAT LONG POSITION EXCEEDED THE 450 CONTRACT SPECULATIVE LIMIT FOR TRADING LIVE CATTLE FUTURES ON THE CME IN THE CURRENT DELIVERY MONTH BY 4,045 CONTRACTS, IN VIOLATION OF THE COMMODITY EXCHANGE ACT'S (CEA'S) PROHIBITION AGAINST EXCEEDING SPECULATIVE POSITION LIMITS.</p> <p>ADDITIONALLY, THE ORDER FINDS THAT, BETWEEN JUNE 2009 AND JULY 2010, NEWEDGE'S LARGE TRADER POSITION REPORTS SUBMITTED TO THE CFTC OVERSTATED POSITIONS IN OMNIBUS ACCOUNTS, REPORTED TRANSACTIONS THAT DID NOT OCCUR AND REPORTED POSITIONS FOR ACCOUNTS AS NET WHEN THEY SHOULD BE REPORTED AS GROSS, AMONG OTHER VIOLATIONS.</p> |
| Initiated By: | CFTC |
| Date Initiated: | 10/09/2009 |
| Docket/Case Number: | 11-07 |
| Principal Product Type: | Futures - Commodity |
| Other Product Type(s): | |
| Principal Sanction(s)/Relief Sought: | Civil and Administrative Penalt(ies) /Fine(s) |
| Other Sanction(s)/Relief Sought: | CEASE AND DESIST ORDER COMMISSION ORDER DISGORGEMENT |
| Resolution: | Decision & Order of Offer of Settlement |



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| Resolution Date: | 02/07/2011 |
| Sanctions Ordered: | Monetary/Fine \$140,000.00 Disgorgement/Restitution Cease and Desist/Injunction |
| Other Sanctions Ordered: | NEWEDGE USA, LLC WILL PAY A \$140,000 CIVIL MONETARY PENALTY AND DISGORGE \$80,910 TO SETTLE CFTC CHARGES OF EXCEEDING SPECULATIVE POSITION LIMITS IN THE OCTOBER 2009 LIVE CATTLE FUTURES CONTRACT ON THE CHICAGO MERCANTILE EXCHANGE (CME) BY MORE THAN 4,000 CONTRACTS AND FAILING TO PROVIDE ACCURATE AND TIMELY REPORTS TO THE CFTC REGARDING THEIR LARGE TRADER POSITIONS |
| Sanction Details: | IN ADDITION TO IMPOSING A CIVIL MONETARY PENALTY AND DISGORGEMENT, THE CFTC'S ORDER REQUIRES NEWEDGE TO IMPLEMENT AND MAINTAIN A PROGRAM DESIGNED TO PREVENT AND DETECT REPORTING VIOLATIONS OF THE CEA AND CFTC REGULATIONS. |
| Firm Statement | IN ADDITION TO IMPOSING A CIVIL MONETARY PENALTY AND DISGORGEMENT, THE CFTC'S ORDER REQUIRES NEWEDGE TO IMPLEMENT AND MAINTAIN A PROGRAM DESIGNED TO PREVENT AND DETECT REPORTING VIOLATIONS OF THE CEA AND CFTC REGULATIONS. |

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| Reporting Source: | Firm |
| Current Status: | Final |
| Allegations: | ICE FUTURES U.S., INC RULE 27.22(B) |
| Initiated By: | ICE FUTURES U.S. INC |
| Date Initiated: | 08/23/2010 |
| Docket/Case Number: | 2008-037,2009-019 |
| Principal Product Type: | Futures - Financial |
| 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: | 11/25/2010 |



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| Sanctions Ordered: | Monetary/Fine \$60,000.00 |
| Other Sanctions Ordered: | NONE |
| Sanction Details: | NEWEDGE USA,LLC PAID A \$60,000.00 FINE |
| Firm Statement | ICE FUTURES U.S., INC. RULE 27.22(B) IN FOUR (4) INSTANCES WHEN EMPLOYEES ENGAGED IN PROHIBITED PRE-EXECUTION COMMUNICATIONS AND EXECUTED TRANSACTIONS ARISING FROM THE PRE-EXECUTION COMMUNICATIONS; RULE 2.29(K) IN TWO (2) INSTANCES WHEN EMPLOYEES EXECUTED PRE-ARRANGED TRADES; AND RULE 2.29(E) IN THREE (3) INSTANCES WHEN EMPLOYEES ENGAGED IN CONDUCT DETRIMENTAL TO THE BEST INTERESTS OF THE EXCHANGE |

Disclosure 52 of 60

| | |
|---|---|
| Reporting Source: | Regulator |
| Current Status: | Final |
| Allegations: | <p>IMPROPER USE OF THE SOLICITED ORDER ("SO") MECHANISM. FIRM INCORRECTLY ENTERED SO IN THEIR PROPRIETARY ACCOUNT INSTEAD OF THEIR SOLICITED ACCOUNT ON 22 OCCASIONS IN VIOLATION OF THE SUPPLEMENTARY MATERIAL .05 TO ISE RULES 716 & 717 (D). THE FIRM ALSO IMPROPERLY UTILIZED THE SO MECHANISM BY FLIPPING THE SOLICITED & UNSOLICITED SIDES OF EIGHT CROSSING ORDERS IT HAD REPRESENTED AS AGENT, THEREBY FAILING TO PROPERLY ENTER AND EXPOSE SUCH ORDERS. THIS CONDUCT WAS IN VIOLATION OF ISE RULES 716 (E) & 717 (E).</p> <p>FINALLY THE FIRM IMPROPERLY MARKED NINE ORDERS REPRESENTING 57,164 CONTRACTS WITH INCORRECT ACCOUNT INFORMATION TYPE THEREBY VIOLATING ISE RULE 712 (A)</p> |
| Initiated By: | INTERNATIONAL SECURITIES EXCHANGE, LLC |
| Date Initiated: | 07/06/2010 |
| Docket/Case Number: | 2008-182, 2008-200, 2009-032, 2009-095, 2009-156, 2009-230 |
| Principal Product Type: | Options |
| Other Product Type(s): | |
| Principal Sanction(s)/Relief Sought: | Civil and Administrative Penalt(ies) /Fine(s) |
| Other Sanction(s)/Relief Sought: | |



Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 11/10/2010

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: Monetary/Fine \$20,000.00
Disgorgement/Restitution

Other Sanctions Ordered:

Sanction Details: FIRM AGREED TO PAY \$20,000 FINE AND RESTITUTION OF UNPAID EXECUTION FEES OF \$10,289.52

Reporting Source: Firm

Current Status: Final

Allegations: ICE CLEAR U.S., INC. RULE 403(2) IN FOUR INSTANCES BY FAILING TO REPORT ACCURATE POSITION AND OPEN INTEREST DATA TO THE EXCHANGE AND EXCHANGE RULE 2.29(H) IN FOUR INSTANCES BY FAILING TO COMPLY WITH THE TERMS OF AN EXISTING AGREEMENT WITH THE EXCHANGE IN WHICH NUSA AGREED TO CEASE AND DESIST FROM FUTURE VIOLATION OF ICE CLEAR U.S RULE 403(A)

Initiated By: ICE FUTURES U.S

Date Initiated: 10/20/2010

Docket/Case Number: 2010-044

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: Settled

Resolution Date: 12/21/2010

Sanctions Ordered: Monetary/Fine \$100,000.00

**Other Sanctions Ordered:**

| | |
|--------------------------|---|
| Sanction Details: | NEWEDGE AGREES TO PAY A FINE OF \$100000.00 NO LATER THAN JANUARY 15,2010 |
| Firm Statement | WITHOUT ADMITTING OR DENYING THE VIOLATION, NEWEDGE AGREES TO PAY A FINE OF \$100000.00 |

Disclosure 53 of 60

| | |
|---|---|
| Reporting Source: | Firm |
| Current Status: | Final |
| Allegations: | THE CHICAGO BOARD OF TRADE FOUND THAT ON 7 DATES BETWEEN FEBRUARY 2005 AND NOVEMBER 2007, FIMAT(NOW DOING BUSINESS AS NEWEDGE) EMPLOYEES OR EMPLOYEES OF FIMAT AFFILIATES, EXECUTED A TOTAL OF 13 TRANSACTIONS IN CONTRAVENTION TO CBOT'S THEN EXISTING RULES. CBOT/CME FOUND FIMAT TO BE IN VIOLATION OF RULES 9B.13 (B), 9B.13 (C) AND 9B.14. |
| Initiated By: | CME (CHICAGO BOARD OF TRADE) |
| Date Initiated: | 07/23/2009 |
| Docket/Case Number: | CBOT 06-ET-19-BC |
| Principal Product Type: | No Product |
| Other Product Type(s): | |
| Principal Sanction(s)/Relief Sought: | Civil and Administrative Penalt(ies) /Fine(s) |
| Other Sanction(s)/Relief Sought: | |
| Resolution: | Decision & Order of Offer of Settlement |
| Resolution Date: | 07/27/2009 |
| Sanctions Ordered: | Monetary/Fine \$30,000.00 |
| Other Sanctions Ordered: | |
| Sanction Details: | CBOT ORDERED NEWEDGE USA TO PAY A FINE IN THE AMOUNT OF \$30,000. THIS AMOUNT WAS PAID OUT ON 7/31/2009 |
| Firm Statement | CBOT ORDERED NEWEDGE USA TO PAY A FINE IN THE AMOUNT OF \$30,000. THIS AMOUNT WAS PAID OUT ON 7/31/2009 |



Disclosure 54 of 60

| | |
|---|---|
| Reporting Source: | Regulator |
| Current Status: | Final |
| Allegations: | SEC RULE 15C3-1, ARTICLE VI, SECTION 2 AND SCHEDULE A, SECTION 1 OF THE FINRA BYLAWS AND NASD RULE 2110: ON JANUARY 31, 2006, APRIL 28, 2006 AND MAY 31, 2006, THE FIRM ENGAGED IN A SECURITIES BUSINESS WHILE IT DIALED TO MAINTAIN SUFFICIENT NET CAPITAL. FROM APRIL 2005 THROUGH JULY 2006, THE FIRM'S CALCULATION, PAYMENT AND REPORTING OF TRADING ACTIVITY FEES (TAF) OMITTED CORPORATE BOND AND MUNICIPAL SECURITIES TRANSACTIONS RESULTING IN UNDERPAYMENT OF TAF OF APPROXIMATELY \$26,000. |
| Initiated By: | FINRA |
| Date Initiated: | 12/20/2007 |
| Docket/Case Number: | 2006003755001 |
| Principal Product Type: | No Product |
| Other Product Type(s): | |
| Principal Sanction(s)/Relief Sought: | |
| Other Sanction(s)/Relief Sought: | |
| Resolution: | Acceptance, Waiver & Consent(AWC) |
| Resolution Date: | 12/20/2007 |
| Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? | No |
| Sanctions Ordered: | Censure Monetary/Fine \$7,500.00 |
| Other Sanctions Ordered: | |
| Sanction Details: | WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE THE FIRM IS CENSURED AND FINED \$7,500. |



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|---|--|
| Reporting Source: | Firm |
| Current Status: | Final |
| Allegations: | FIMAT USA, LLC WAS FINED FOR FAILURE TO PAY CERTAIN TRANSACTION ACTIVITY INVOLVING CORPORATE BOND TRANSACTIONS AND FOR CERTAIN NET CAPITAL VIOLATIONS OCCURRING IN 2005 AND 2006 RESPECTIVELY. |
| Initiated By: | FINRA |
| Date Initiated: | 12/04/2007 |
| Docket/Case Number: | 2006003755001 |
| Principal Product Type: | Debt - Corporate |
| Other Product Type(s): | |
| Principal Sanction(s)/Relief Sought: | Censure |
| Other Sanction(s)/Relief Sought: | |
| Resolution: | Acceptance, Waiver & Consent(AWC) |
| Resolution Date: | 12/20/2007 |
| Sanctions Ordered: | Censure Monetary/Fine \$7,500.00 |
| Other Sanctions Ordered: | |
| Sanction Details: | AMOUNT IS \$7500 ALL OF WHICH IS LEVIED AGAINST FIMAT USA, LLC. THIS FINE WAS PAID AS OF 1/24/2008. |
| Firm Statement | FINAL (AWC) |

Disclosure 55 of 60

| | |
|--------------------------|---|
| Reporting Source: | Firm |
| Current Status: | Final |
| Allegations: | IMPROPER USE OF THE SOLICITED ORDER("SO")MECHANISM. FIRM INCORRECTLY ENTERED SO IN THE PROPRIETARY ACCOUNT INSTEAD OF THE SOLICITED ACCOUNT ON 22 OCCASIONS IN VIOLATION OF THE SUPPLEMENTARY MATERIAL .05 TO ICE RULES 716 & 717(D).THE FIRM ALSO IMPROPERLY UTILIZED THE SO MECHANISM BY FLIPPING THE SOLICITED & UNSOLICITED SIDES OF EIGHT CROSSING ORDERS REPRESENTED AS AGENT,THEREBY FAILING TO PROPERLY ENTER AND |



EXPOSE SUCH ORDERS. THIS CONDUCT WAS IN VIOLATION OF ISE RULES 716(E)&717(E).FINALLY,THE FIRM IMPROPERLY MARKED NINE ORDERS REPRESENTING 57,164CONTRACTS WITH INCORRECT ACCOUNT NUMBERS

Initiated By: INTERNATIONAL SECURITIES EXCHANGE,LLC

Date Initiated: 07/06/2010

Docket/Case Number: 2008-182,2008-200,2009-032,2009-095,2009-156,2009-230

Principal Product Type: Options

Other Product Type(s):

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

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 11/10/2010

Sanctions Ordered: Monetary/Fine \$20,000.00
Disgorgement/Restitution

Other Sanctions Ordered:

Sanction Details: FIRM AGREED TO PAY \$20,000.00 FINE AND RESTITUTION OF UNPAID EXECUTION FEES OF \$10,289.52

Firm Statement ISE ASSISTANT GENERAL COUNSEL NOTIFIED NEWEDGE THAT THE AWC WAS APPROVED AND SIGNED ON 12/15/2010

Disclosure 56 of 60

Reporting Source: Regulator

Current Status: Final

Allegations: NASD RULES 2110, 6955(A), 3010 - RESPONDENT MEMBER FAILED TO TIMELY REPORT TO THE ORDER AUDIT TRAIL SYSTEM (OATS) REPORTABLE ORDER EVENTS. NASD FOUND THAT THE FIRM FAILED TO ENFORCE ITS WRITTEN SUPERVISORY PROCEDURES THAT SPECIFIED THAT THE DESIGNATED PRINCIPAL MUST CONDUCT A DAILY REVIEW OF THE OATS WEBSITE TO ENSURE THAT ALL OATS FILES ARE ACCEPTED AND TO IDENTIFY ANY LATE OATS REPORTS.

Initiated By: NASD

Date Initiated: 01/10/2006



Docket/Case Number: 2005000636601

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 01/10/2006

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

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

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, FIMAT USA, LLC., CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE THE FIRM IS CENSURED AND FINED \$10,000.

Reporting Source: Firm

Current Status: Final

Allegations: NASD RULES 2110, 6955(A), 3010 - RESPONDENT MEMBER FAILED TO TIMELY REPORT TO THE ORDER AUDIT TRAIL SYSTEM (OATS) REPORTABLE ORDER EVENTS. NASD FOUND THAT THE FIRM FAILED TO ENFORCE ITS WRITTEN SUPERVISORY PROCEDURES THAT SPECIFIED THAT THE DESIGNATED PRINCIPAL MUST CONDUCT A DAILY REVIEW OF THE OATS WEBSITE TO ENSURE THAT ALL OATS FILES ARE ACCEPTED AND TO IDENTIFY ANY LATE OATS REPORTS.

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 01/10/2006

Docket/Case Number: 20050006366-01



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|---|--|
| Principal Product Type: | Equity - OTC |
| Other Product Type(s): | |
| Principal Sanction(s)/Relief Sought: | Other |
| Other Sanction(s)/Relief Sought: | FINE OF \$10,000 (\$5,000 FINE FOR OATS VIOLATIONS, \$5,000 FOR SUPERVISORY VIOLATIONS) AND CENSURE |
| Resolution: | Acceptance, Waiver & Consent(AWC) |
| Resolution Date: | 01/10/2006 |
| Sanctions Ordered: | Censure Monetary/Fine \$10,000.00 |
| Other Sanctions Ordered: | NONE |
| Sanction Details: | WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, FIMAT USA, LLC., CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE THE FIRM IS CENSURED AND FINED \$10,000. |
| Firm Statement | FINAL DISPOSITION OF MATTER. RESOLVED BY AWC EFFECTIVE 01/09/2006. |

Disclosure 57 of 60

| | |
|---|---|
| Reporting Source: | Firm |
| Current Status: | Final |
| Appealed To and Date Appeal Filed: | N/A |
| Allegations: | WITHOUT ADMITTING OR DENYING ANY VIOLATION, FIMAT CONSENTED TO THE ENTRY OF A CONCLUSION THAT THE CBOT HAS REASON TO BELIEVE THAT IT FAILED TO SUPERVISE ITS A/C/E TERMINAL OPERATORS' COMPLIANCE WITH EXCHANGE RULES AND REGULATIONS; PERMITTED A TERMINAL OPERATOR TO ENTER DISCRETIONARY TRADES FOR A PROPRIETARY ACCOUNT AND HANDLE CUSTOMER ORDERS WITHOUT BEING REGISTERED AS AN AP OR FLOOR BROKER, AND ALLOWED ORDERS TO BE ENTERED WITH INACCURATE ACCOUNT DESIGNATIONS AND USER ID'S; FAILED TO PREPARE ORDER TICKETS IN THE SALES OFFICE UPON RECEIPT OF THE ORDER FROM THE CUSTOMER; FAILED TO ENSURE COMPLIANCE WITH THE RULES, REGULATIONS AND BYLAWS OF THE CBOT BY ITS EMPLOYEES; WAS UNABLE TO PRODUCE SALES OFFICE RECORDS OF ORIGINAL CUSTOMER ORDERS; ENGAGED IN CONDUCT INCONSISTENT WITH JUST AND EQUITABLE PRINCIPLES OF TRADE; AND ENGAGED IN ACTS DETRIMENTAL TO THE INTEREST AND WELFARE OF THE CBOT. |



Initiated By: CHICAGO BOARD OF TRADE (CBOT)
Date Initiated: 12/17/2002
Docket/Case Number: CBOT 2002-INV-33B
Principal Product Type: Futures - Financial
Other Product Type(s): OTHER - OPTIONS ON TREASURY FUTURES
Principal Sanction(s)/Relief Sought: Civil and Administrative Penalt(ies) /Fine(s)
Other Sanction(s)/Relief Sought: RESTITUTION
Resolution: Settled
Resolution Date: 12/31/2002
Sanctions Ordered: Monetary/Fine \$500,000.00
Other Sanctions Ordered: RESTITUTION - \$858,652
Sanction Details: MONETARY FINE - \$500,000
 RESTITUTION - \$858,652
Firm Statement ACTION IS FINAL.

Disclosure 58 of 60

Reporting Source: Regulator
Current Status: Final
Allegations: NASD RULE 2110 - WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, THE RESPONDENT MEMBER CONSENTED TO THE ENTRY OF FINDINGS THAT IT FAILED TO REPORT TO FIXED INCOME PRICING SYSTEM ("FIPS") TRANSACTIONS IN FIPS SECURITIES WITHIN FIVE MINUTES AFTER EXECUTION. SUCH CONDUCT CONSTITUTES A PATTERN OR PRACTICE OF THE LATE REPORTING AND IS CONSIDERED CONDUCT INCONSISTENT WITH HIGH STANDARDS OF COMMERCIAL HONOR AND JUST AND EQUITABLE PRINCIPALS OF TRADE.
Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated: 10/24/2002
Docket/Case Number: CMS020191
Principal Product Type: Other



Other Product Type(s): UNKNOWN TYPE OF SECURITIES

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 10/24/2002

Sanctions Ordered: Monetary/Fine \$5,000.00

Other Sanctions Ordered:

Sanction Details: A FINE OF \$5,000.

Reporting Source: Firm

Current Status: Final

Appealed To and Date Appeal Filed: N/A

Allegations: WITHOUT ADMITTING OR DENYING ANY VIOLATION, FIMAT AGREED TO PAY A \$5,000 FINE FOR LATE SUBMISSIONS TO FIPS.

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 08/14/2001

Docket/Case Number: CMS020191 AWC

Principal Product Type: Debt - Corporate

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Other

Other Sanction(s)/Relief Sought: FINE OF \$5,000

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 10/24/2002

Sanctions Ordered: Monetary/Fine \$5,000.00

Other Sanctions Ordered: NONE

Sanction Details: \$5,000 FINE ASSESSED AGAINST THE APPLICANT.



Firm Statement FINAL DISPOSITION OF MATTER. RESOLVED BY AWC EFFECTIVE 10/24/2002.

Disclosure 59 of 60

Reporting Source: Firm

Current Status: Final

Allegations: REG 444.03, WITHOUT ADMITTING OR DENYING ANY VIOLATION FIMAT AGREED TO PAY \$50,000 AND CONSENTED TO THE ENTRY OF A CONCLUSION THE THE BUSINESS CONDUCT COMMITTEE HAD REASON TO BELIEVE THE FIRM VIOLATED: REG 444.03, IN THAT, LESS THEN 2 BUSINESS DAYS PRIOR TO THE FIRST DELIVERY DAY, THE FIRM MADE TRANSFER TRADES FOR THE PURPOSE OF OFFSETTING EXISTING POSITIONS WHERE NO CHANGE OF OWNERSHIP WAS INVOLVED, AND WHEN THE DATE OF EXECUTION OF THE POSITIONS BEING TRANSFERRED WAS NOT THE SAME AS THE TRANSFER DATE. WITHOUT ADMITTING OR DENYING AN VIOLATION OF REG 2536.01 ,2549.03, 2542.01 FIMAT AGREED TO PAY \$75,000 AND CONSENTED TO THE ENTRY OF CONCLUSION THE THE BUSINESS CONDUCT COMMITTEE HAD REASON TO BELIEVE THE FIRM VIOLATED: REG 2536.01 IN THAT THE FIRM MADE DELIVERY ON 5YR NOTES THAT DID NOT MEE CONTRACT GRADE STANDARD. REG 2549.03 IN THAT THE FIRM DID NOT DELIVER THE SAME 5YR NOTES IT INVOICED TO ITS BUYER, REG 2542.01 IN THAT THE FIRM DID NOT HAVE CONTRACT GRADE 5YR NOTES AT ITS BANK IN ACCEPTABLE DELIVERY FORM BY 10AM ON DELIVERY DAY, NOR DID IT TRANSFER CONTACT GRADE 5YR T-NOTES TO THE LONG CLEARING MEMBERS ACCOUNT BEFORE 1PM ON DELIVERY DAY.

Initiated By: THE CHICAGO BOARD OF TRADE

Date Initiated: 04/29/2002

Docket/Case Number: 01-MSI-27 / 01-MSI-46 / 02MSI-04A

Principal Product Type: Futures - Financial

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Other

Other Sanction(s)/Relief Sought:

Resolution: Settled

Resolution Date: 05/17/2002



Sanctions Ordered: Monetary/Fine \$125,000.00

Other Sanctions Ordered:

Sanction Details: \$125,000 FINE PAID- OUT OF THAT AMOUNT,FIMAT USA CALCULTED THE MONETARY LOSS THAT THE OPPOSITE FIRMS HAD BECAUSE OF INCORRECT ASSIGNMENTS, WHICH INCLUDED STORAGE AND INSURANCE COSTS, THE APRIL 29 SETTLEMENT PRICE, AND THE APPLICABLE OVERNIGHT INTEREST RATE, AND SENT CHECKS TO THOSE FIRMS TO CORRECT THE ERROR.

Disclosure 60 of 60

Reporting Source: Firm

Current Status: Final

Allegations: ON MARCH 2,2001 A FIMAT EMPLOYEE ATTEMPTED TO COMPEL A FLOOR BROKER TO MAKE A MONETARY ADJUSTMENT FOR AN EXECUTED EURODOLLAR FUTURES ORDER, AND THREATENED TO WITHHOLD FUTURE FIMAT BUSINESS FROM THE BROKER AND ENCOURAGED OTHERS TO DO LIKEWISE IF THE BROKER DID NOT COMPLY. FIMAT DID NOT PERMIT THE EMPLOYEE TO CARRY THROUGH ON THE THREATS AND DID TAKE APPROPRIATE MEASURES. FIMATS FAILURE TO SUPERVISE THE EMPLOYEE IN CONNECTION WITH THE INCIDENT VIOLATED CME RULE 432.Q, A MAJOR OFFENSE.

Initiated By: THE CHICAGO MERCANTILE EXCHANGE

Date Initiated: 08/16/2001

Docket/Case Number: 01-18556-BC

Principal Product Type: Futures - Financial

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Settled

Resolution Date: 08/20/2001

Sanctions Ordered: Monetary/Fine \$20,000.00

Other Sanctions Ordered:

Sanction Details: THE CME ORDERED THE FIRM TO COMPLY WITH ITS UNDERTAKING TO



ADOPT AND ENFORCE INTERNAL PROCEDURES TO HELP ENSURE THAT THE FIRMS EMPLOYEES ENGAGE IN APPROPRIATE BUSINESS CONDUCT WHILE RESOLVING OR ATTEMPTING TO RESOLVE FUTURE DISPUTES OVER SERVICE AND ORDER EXECUTION.



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-UNAUTHORIZED TRADING; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-NEGLIGENCE |
| Arbitration Forum: | NASD |
| Case Initiated: | 02/26/2001 |
| Case Number: | 00-04320 |
| Disputed Product Type: | NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES |
| Sum of All Relief Requested: | \$2,239,434.00 |
| Disposition: | AWARD AGAINST PARTY |
| Disposition Date: | 06/28/2002 |
| Sum of All Relief Awarded: | \$176,000.00 |

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

Disclosure Events for Non-Registered Control Affiliates



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 | 8 | 1 |
| Criminal | 0 | 1 | 0 |



Disclosure Event Details

Regulatory - Final

Disclosure 1 of 8

| | |
|---|---|
| Reporting Source: | Firm |
| Affiliate: | NEWEDGE GROUP PARIS BRANCH |
| Current Status: | Final |
| Allegations: | <p>ON SEVERAL OCCASIONS BETWEEN FEBRUARY 2010 AND MARCH 2011, CERTAIN NEWEDGE PARIS EMPLOYEES ENTERED BUY AND SELL ORDERS ON THE CME GLOBEX ELECTRONIC TRADING PLATFORM IN A MANNER THAT DID NOT ALLOW FOR EXPOSURE OF THE FIRST ORDER FOR THE PRESCRIBED 5 SECONDS IN THE CASE OF FUTURES ORDERS, AND 15 SECONDS IN THE CASE OF OPTIONS ORDERS, BEFORE ENTRY OF THE SECOND ORDER.</p> <p>ADDITIONALLY, THE PANEL FOUND THAT DURING THE RELEVANT TIME PERIOD, NEWEDGE PARIS HAD ISSUED WARNING LETTERS TO SOME OF ITS EMPLOYEES AS A RESULT OF THE ABOVE DESCRIBED CONDUCT, DESPITE THAT, SOME OF THE EMPLOYEES CONTINUED TO ENGAGE IN THE SIMILAR VIOLATIVE ACTIVITY DESCRIBED ABOVE. THE PANEL THEREFORE, FOUND THAT NEWEDGE PARIS VIOLATED CME 432.W</p> |
| Initiated By: | CME GROUP |
| Date Initiated: | 09/26/2012 |
| Docket/Case Number: | CME 10-07268-BC |
| Principal Product Type: | Futures - Commodity |
| Other Product Type(s): | |
| Principal Sanction(s)/Relief Sought: | Civil and Administrative Penalt(ies) /Fine(s) |
| Other Sanction(s)/Relief Sought: | |
| Resolution: | Settled |
| Resolution Date: | 09/26/2012 |
| Sanctions Ordered: | Monetary/Fine \$125,000.00 |
| Other Sanctions Ordered: | |
| Sanction Details: | IN ACCORDANCE WITH THE OFFER OF SETTLEMENT, THE PANEL FINED |



Firm Statement NEWEDGE GROUP PARIS BRANCH \$125,000
 IN ACCORDANCE WITH THE OFFER OF SETTLEMENT, THE PANEL FINED
 NEWEDGE GROUP PARIS BRANCH \$125,000

Disclosure 2 of 8

Reporting Source: Firm

Affiliate: SOCIETE GENERALI

Current Status: Final

Allegations: THE SECURITIES AND FUTURES COMMISSION ("SFC") ALLEGED THAT, IN OVER 3000 TRANSACTIONS BETWEEN APRIL 2003 AND JANUARY 2006 SOCIETE GENERALE, HONG KONG BRANCH FAILED TO ADEQUATELY DISCLOSE TO ITS CUSTOMERS OF ITS WEALTH MANAGEMENT UNIT CERTAIN FEES AND CHARGES IN SECONDARY MARKET TRANSACTIONS OF OVER-THE-COUNTER BONDS, OPTIONS, AND STRUCTURES NOTES("OTC TRANSACTIONS")

Initiated By: THE SECURITIES AND FUTURES COMMISSION (SFC) (HONG KONG)

Date Initiated: 07/17/2012

Docket/Case Number:

Principal Product Type: Other

Other Product Type(s): OVER-THE-COUNTER BONDS, OPTIONS AND STRUCTURED NOTES

Principal Sanction(s)/Relief Sought: Reprimand

Other Sanction(s)/Relief Sought: REIMBURSEMENT OF CUSTOMERS; ENGAGEMENT OF INDEPENDENT REVIEWER

Resolution: Other

Resolution Date: 07/17/2012

Sanctions Ordered: Censure
Disgorgement/Restitution

Other Sanctions Ordered: ENGAGEMENT OF INDEPENDENT REVIEWER

Sanction Details: WITHOUT ADMITTING LIABILITY, SOCIETE GENERALI AGREED TO ACCEPT A REPRIMAND FROM THE SFC AND TO REIMBURSE AFFECTED CUSTOMERS THE FULL VALUE OF THE ALLEGEDLY UNDISCLOSED FEES, TOGETHER WITH INTEREST. SOCIETE GENERALI ALSO AGREED TO ENGAGE AN INDEPENDENT REVIEWER TO ASSESS THE AMOUNT TO BE PAID TO ELIGIBLE CUSTOMERS. THE TOTAL AMOUNT TO BE REIMBURSED IS



EXPECTED TO BE IN EXCESS OF \$11 MILLION USD. SOCIETE GENERALI ALSO AGREED TO ENGAGE AN INDEPENDENT REVIEWER TO REVIEW THE CONTROLS, SYSTEMS AND PROCEDURES OF ITS WEALTH MANAGEMENT UNIT IN HONG KONG IN RELATION TO ITS CURRENT CUSTOMERS IN OTC TRANSACTIONS TO ENSURE THAT THEY ARE COMPLIANT WITH LEGAL AND REGULATORY REQUIREMENTS.

Firm Statement

WITHOUT ADMITTING LIABILITY, SOCIETE GENERALE AGREED TO ACCEPT A REPRIMAND FROM THE SFC AND REIMBURSE AFFECTED CUSTOMERS THE FULL VALUE OF THE ALLEGEDLY UNDISCLOSED FEES, TOGETHER WITH INTEREST. SOCIETE GENERALE ALSO AGREED TO ENGAGE AN INDEPENDENT REVIEWER TO ACCESS THE AMOUNT TO BE PAID TO ELIGIBLE CUSTOMERS. THE TOTAL AMOUNT TO BE REIMBURSED IS EXPECTED TO BE IN EXCESS OF \$11 MILLION USD. SOCIETE GENERALE ALSO AGREED TO ENGAGE AN INDEPENDENT REVIEWER TO REVIEW THE CONTROLS, SYSTEMS, AND PROCEDURES OF ITS WEALTH MANAGEMENT UNIT IN HONG KONG IN RELATION TO ITS CURRENT PRACTICE IN CHARGING CUSTOMERS IN OTC TRANSACTIONS TO ENSURE THAT THEY ARE COMPLIANT WITH LEGAL AND REGULATORY REQUIREMENTS.

Disclosure 3 of 8

| | |
|---|---|
| Reporting Source: | Firm |
| Affiliate: | SOCIETE GENERALI |
| Current Status: | Final |
| Allegations: | THE AMF FINED SOCIETE GENERALI AND ANOTHER FRENCH BANK 500,000 EUR (651,200.00 USD) EACH FOR FAILING TO ENSURE THE CONFIDENTIALITY OF INFORMATION WHEN TESTING INTEREST IN BOND SALES IN 2009 |
| Initiated By: | AUTORITE DES MARCHES FINANCIERS ("AMF") |
| Date Initiated: | 11/01/2010 |
| Docket/Case Number: | |
| Principal Product Type: | No Product |
| Other Product Type(s): | |
| Principal Sanction(s)/Relief Sought: | Civil and Administrative Penalt(ies) /Fine(s) |
| Other Sanction(s)/Relief Sought: | |
| Resolution: | Decision |



| | |
|---------------------------------|---|
| Resolution Date: | 03/22/2012 |
| Sanctions Ordered: | Monetary/Fine \$651,200.00 |
| Other Sanctions Ordered: | |
| Sanction Details: | THE AMF FINED SOCIETE GENERALI AND ANOTHER FRENCH BANK 500,000 EUR (651,200.00 USD) EACH FOR FAILING TO ENSURE THE CONFIDENTIALITY OF INFORMATION WHEN TESTING INTEREST IN BOND SALES IN 2009 |
| Firm Statement | THE AMF FINED SOCIETE GENERALI AND ANOTHER FRENCH BANK 500,000 EUR (651,200.00 USD) EACH FOR FAILING TO ENSURE THE CONFIDENTIALITY OF INFORMATION WHEN TESTING INTEREST IN BOND SALES IN 2009 |

Disclosure 4 of 8

| | |
|---|---|
| Reporting Source: | Firm |
| Affiliate: | SG ASSET MANAGEMENT |
| Current Status: | Final |
| Allegations: | FOLLOWING AN INVESTIGATION,THE AMF ISSUED A DECISION FINDING THAT,IN CONNECTION WITH SELLING ASSETS BETWEEN JUNE 2007 AND JUNE 2008, SG ASSET MANAGEMENT(SGAM)FAILED TO EXECUTE OR EFFECTIVELY FUFILL CERTAIN RISK CONTROL AND COMPLIANCE FUNCTIONS. FOLLOWING AN INVESTIGATION, THE AMF ISSUED A DECISION FINDING THAT SG ASSET MANAGEMENT ALTERNATIVE INVESTMENT (SGAM AI)FAILED TO EXECUTE OR EFFECTIVELY FUFILL CERTAIN RISK AND COMPLIANCE FUNCTIONS IN CONNECTION WITH OVERTAKING RATIOS AND CONFLICTS OF INTEREST WITHAFFILIATE SGAM BANK. IN ADDITION IN CONNECTION WITH ONE INVESTMENT FUND, THE AMF FOUND THAT SGAM AI PUT ITS INTEREST BEFORE THOSE OF THE INVESTORS IN THE FUND BY MAINTAINING THE FUND'S INVESTMENT IN SGAM AI CREDIT COURT TERME. |
| Initiated By: | AUTORITE DES MARCHES FINANCIERS (AMF) |
| Date Initiated: | 11/22/2011 |
| Docket/Case Number: | |
| 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: Settled

Resolution Date: 11/22/2011

Sanctions Ordered: Monetary/Fine \$3,280,000.00

Other Sanctions Ordered:

Sanction Details: SGAM WAS FINED 1 MILLION EUROS, SGAM IA WAS FINED 1.5 MILLION EUROS = \$3,280,000.00 US DOLLARS

Firm Statement SGAM WAS FINED 1 MILLION EUROS, SGAM IA WAS FINED 1.5 MILLION EUROS = \$3,280,000.00 US DOLLARS

Reporting Source: Firm

Affiliate: SG ASSET MANAGEMENT ALTERNATIVE INVESTMENTS

Current Status: Final

Allegations: FOLLOWING AN INVESTIGATION, THE AMF ISSUED A DECISION FINDING THAT, IN CONNECTION WITH SELLING ASSETS BETWEEN JUNE 2007 AND JUNE 2008, SG ASSET MANAGEMENT (SGAM) FAILED TO EXECUTE OR EFFECTIVELY FULFILL CERTAIN RISK CONTROL AND COMPLIANCE FUNCTIONS. FOLLOWING AN INVESTIGATION, THE AMF ISSUED A DECISION FINDING THAT SG ASSET MANAGEMENT ALTERNATIVE INVESTMENT (SGAM AI) FAILED TO EXECUTE OR EFFECTIVELY FULFILL CERTAIN RISK AND COMPLIANCE FUNCTIONS IN CONNECTION WITH OVERTAKING RATIOS AND CONFLICTS OF INTEREST WITH AFFILIATE SGAM BANK. IN ADDITION IN CONNECTION WITH ONE INVESTMENT FUND, THE AMF FOUND THAT SGAM AI PUT ITS INTEREST BEFORE THOSE OF THE INVESTORS IN THE FUND BY MAINTAINING THE FUND'S INVESTMENT IN SGAM AI CREDIT COURT TERME.

Initiated By: AUTORITE DES MARCHES FINANCIERS (AMF)

Date Initiated: 11/22/2011

Docket/Case Number:

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:

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|---------------------------------|---|
| Resolution: | Settled |
| Resolution Date: | 11/22/2011 |
| Sanctions Ordered: | Monetary/Fine \$3,280,000.00 |
| Other Sanctions Ordered: | |
| Sanction Details: | SGAM WAS FINED 1 MILLION EUROS, SGAM IA WAS FINED 1.5 MILLION EUROS = \$3,280,000.00 US DOLLARS |
| Firm Statement | SGAM WAS FINED 1 MILLION EUROS, SGAM IA WAS FINED 1.5 MILLION EUROS = \$3,280,000.00 US DOLLARS |

Disclosure 5 of 8

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|---|---|
| Reporting Source: | Firm |
| Affiliate: | SOCIETE GENERALE |
| Current Status: | Final |
| Allegations: | DURING THE PERIOD FROM NOVEMBER 2007 TO FEBRUARY 2010, SOCIETE GENERALE IN THE UNITED KINGDOM (1) DID NOT SUBMIT TRADE REPORTING DATA FOR REPORTABLE TRANSACTIONS OR SUBMITTED INACCURATE DATA IN SUCH REPORTS IN 18.8 MILLION OF ITS 23.5 MILLION REPORTABLE TRANSACTIONS , AND(2)DID NOT RETAIN AND HAVE AVAILABLE SUCH TRADE REPORTING DATA, IN VILATION OF FSA RULES. |
| Initiated By: | THE FINANCIAL SERVICES AUTHORITY -UNITED KINGDOM |
| Date Initiated: | 08/25/2010 |
| Docket/Case Number: | N/A |
| Principal Product Type: | No Product |
| Other Product Type(s): | |
| Principal Sanction(s)/Relief Sought: | Other |
| Other Sanction(s)/Relief Sought: | FINE |
| Resolution: | Settled |
| Resolution Date: | 08/25/2010 |



Sanctions Ordered: Monetary/Fine \$2,420,000.00

Other Sanctions Ordered:

Sanction Details: SOCIETE GENERALE WAS FINED 1.575 BRITISH POUNDS

Firm Statement SEE ABOVE

Disclosure 6 of 8

Reporting Source: Firm

Affiliate: SOCIETE GENERALE, S.A.

Current Status: Final

Allegations: THE FINANCIAL MARKET AUTHORITY (AMF) FINED SOCIETE GENERALE 500,000,EUROS FOR (I) BREACHING ARTICLE 332-6 OF THE GENERAL REGULATION OF AMF BY FAILING TO PROVE THE EXISTENCE OF CLIENT INSTRUCTIONS FOR A SIGNIFICANT NUMBER OF SUBSCRIPTIONS TO THE PUBLIC OFFERING BY THE EDF GROUP AND (II) BREACHING ARTICLES 321-24, 321-42, 321-43, 321-47, AND 321-76 OF THE GENERAL REGULATION OF THE AMF BY REDUCING THE SIZE OF CERTAIN SUBSCRIPTION ORDERS AND FAILING TO HAVE IN PLACE SUFFICIENT SUPERVISORY TOOLS IN THIS AREA.

Initiated By: FINANCIAL MARKET AUTHORITY

Date Initiated: 09/11/2008

Docket/Case Number: N/A

Principal Product Type: Other

Other Product Type(s): EQUITY LISTED ON EURONEXT

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

Other Sanction(s)/Relief Sought:

Resolution: Decision

Resolution Date: 11/07/2008

Sanctions Ordered: Monetary/Fine \$636,610.00

Other Sanctions Ordered: 500,000.00 EUROS = \$636,610.00 U.S. AS OF 11/07/2008

Sanction Details: THE AMF FINED SOCIETE GENERAL 500,000.00 EUROS = \$636,610.00 U.S. AS OF 11/7/2008



Disclosure 7 of 8

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|---|---|
| Reporting Source: | Firm |
| Affiliate: | FIMAT INTERNATIONAL BANQUE SA (UK BRANCH) ("FIMAT UK") |
| Current Status: | Final |
| Allegations: | THE CFTC ORDERS, ISSUED ON SEPTEMBER 29, 2004, FIND THAT BETWEEN NOVEMBER 2001 AND JULY 2002, A FIMAT UK ACCOUNT EXECUTIVE, ON AT LEAST ONE OCCASION, RECEIVED AND ENTERED FOR EXECUTION ORDERS THAT WERE STRUCTURED BY THE FIRM'S CUSTOMERS TO MEET AND BE CROSSED ON THE FLOOR OF THE CSCE COCOA PIT. ON EACH SUCH OCCASION, THE ORDERS DID CROSS AND THE TRANSACTIONS THEREFORE RESULTED IN A VIRTUAL FINANCIAL NULLITY, EXCLUDING COMMISSIONS, FOR THE CUSTOMER, ACCORDING TO THE ORDERS. |
| Initiated By: | THE COMMODITY FUTURES TRADING COMMISSION |
| Date Initiated: | 08/02/2004 |
| Docket/Case Number: | CFTC DOCKET NO: 04-26 |
| Principal Product Type: | Futures - Commodity |
| Other Product Type(s): | |
| Principal Sanction(s)/Relief Sought: | Cease and Desist |
| Other Sanction(s)/Relief Sought: | A CIVIL MONETARY PENALTY IN THE AMOUNT OF TWENTY-FIVE THOUSAND DOLLARS (\$25,000) DUE WITHIN TEN DAYS OF THE DATE OF THE ORDER. |
| Resolution: | Acceptance, Waiver & Consent(AWC) |
| Resolution Date: | 09/29/2004 |
| Sanctions Ordered: | Monetary/Fine \$25,000.00 Cease and Desist/Injunction |
| Other Sanctions Ordered: | |
| Sanction Details: | IN CONNECTION WITH THIS SETTLEMENT AND WITHOUT ADMITTING OR DENYING ANY OF THE FINDINGS IN THE CFTC ORDER, FIMAT UK HAS AGREED TO FINDING BY THE CFTC THAT FIMAT UK HAS VIOLATED SECTION 4C(A) OF THE COMMODITY EXCHANGE ACT AND SECTION 1.38(A) OF THE REGULATIONS; A DIRECTION THAT FIMAT UK CEASE AND DESIST FROM VIOLATING THESE PROVISIONS; AND A PAYMENT BY FIMAT UK OF A FINE OF \$25,000. |



Disclosure 8 of 8

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| Reporting Source: | Firm |
| Affiliate: | SOCIETE GENERALE SECURITIES (NORTH PACIFIC), LTD. |
| Current Status: | Final |
| Allegations: | ON JUNE 27, 2001, THE JAPANESE FINANCIAL SERVICES AGENCY IMPOSED SANCTIONS ON THE TOKYO BRANCH OF SOCIETE GENERALE SECURITIES (NORTH PACIFIC), LTD. THE FSA FOUND THAT SGNP HAD, DURING 1995-1998, SOLICITED CERTAIN OF ITS CORPORATE CUSTOMERS TO AVOID LOSSES ON NIKKEI INDEX-LINKED NOTES UNDER AN ARRANGEMENT THAT WOULD DEFER LOSSES. IT WAS ALSO DETERMINED BY FSA THAT SGNP SOLICITED A CORPORATE CUSTOMER WITH A PROMISE TO PROVIDE A REBATE FOR COMMISSIONS GENERATED UNDER THE GUISE OF AN ADVISORY FEE. |
| Initiated By: | JAPANESE FINANCIAL SERVICES AGENCY ("FSA") |
| Date Initiated: | 06/27/2001 |
| Docket/Case Number: | KINKAN #3492 |
| Principal Product Type: | Other |
| Other Product Type(s): | NIKKEI INDEX-LINKED NOTES |
| Principal Sanction(s)/Relief Sought: | Suspension |
| Other Sanction(s)/Relief Sought: | SEPARATELY, ON AUGUST 2, 2001, SGNP WAS REPRIMANDED AND FINED 3 MILLION YEN IN A JOINT ACTION BY THE JAPANESE SECURITIES DEALERS ASSOCIATION AND THE TOKYO STOCK EXCHANGE FOR THESE SAME INFRACTIONS |
| Resolution: | Order |
| Resolution Date: | 06/27/2001 |
| Sanctions Ordered: | Monetary/Fine \$3,000,000.00 Suspension |
| Other Sanctions Ordered: | THE ABOVE AMOUNT OF \$3,000,000.00 WAS IN YEN. |
| Sanction Details: | FROM JULY 4, 2001 THROUGH JULY 6, 2001 SGNP WAS REQUIRED TO SUSPEND ITS STRUCTURED PRODUCT DEPARTMENT, FINANCIAL ENGINEERING DEPARTMENT AND EQUITIES BROKERAGE ACTIVITIES. |
| Firm Statement | FROM JULY 4, THROUGH JULY 6, 2001 THE ACTIVITIES OF STRUCTURAL PRODUCT SALES DEPARTMENT AND FINANCIAL ENGINEERING |



DEPARTMENT WERE SUSPENDED (EXCLUDING ACCEPTANCE OF TRANSACTION ORDERS INVOLVING CLIENT SETTLEMENTS, ETC, WITHOUT SOLICITATION).



Regulatory - On Appeal

Disclosure 1 of 1

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| Reporting Source: | Firm |
| Affiliate: | CREDIT DU NORD |
| Current Status: | On Appeal |
| Appealed To and Date Appeal Filed: | COURT OF APPEAL OF PARIS (COUR D'APPEL DE PARIS) |
| Allegations: | <p>FOLLOWING AN INVESTIGATION, THE FRENCH COMPETITION AUTHORITY (AUTORITE DE LA CONCURRENCE) HAS ISSUED A DECISION FINDING THAT ELEVEN (11) MAJOR FRENCH RETAIL BANKS, INCLUDING SOCIETE GENERALE AND ITS SUBSIDIARY , CREDIT DU NORD, HAD ENGAGED IN ANTICOMPETITIVE ACTIVITY IN CONNECTION WITH FEES ASSOCIATED WITH ELECTRONIC CHECK PROCESSING SERVICES AND CERTAIN OTHER FEES FOR RELATED SERVICES IN FRANCE. THE AUTHORITY FOUND THAT A FEE OF 0.043 EUROS PER CHECK WAS UNJUSTIFIED AND AN INFRINGEMENT OF THE COMPETITION RULES IN FRANCE AND THAT CERTAIN OTHER FEES WERE NOT PROPORTIONATE TO COSTS INCURRED BY THE BANKS. THE PRIMARY PROCESSING FEES WERE CHARGED BETWEEN JANUARY 2002 AND JULY 2007. THE GROUP OF ELEVEN BANKS WAS FINED A TOTAL OF 384.92 MILLION EUROS . SOCIETE GENERALE WAS FINED 53.47 MILLION EUROS AND CREDIT DU NORD WAS FINED 6.98 MILLION EUROS.</p> |
| Initiated By: | THE FRENCH COMPETITION AUTHORITY(AUTORITE DE LA CONCURRENCE) |
| Date Initiated: | 09/20/2010 |
| Docket/Case Number: | |
| Principal Product Type: | Banking Products (Other than CD(s)) |
| Other Product Type(s): | |
| Principal Sanction(s)/Relief Sought: | Civil and Administrative Penalt(ies) /Fine(s) |
| Other Sanction(s)/Relief Sought: | FINE |
| Resolution: | Decision |
| Resolution Date: | 09/20/2010 |
| Sanctions Ordered: | Monetary/Fine \$0.00 |
| Other Sanctions Ordered: | FINE 53.47 MILLION EURO FOR SOCIETE GENERALE AND 6.98 MILLION |



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|---|--|
| | EURO FOR CREDIT DU NORD |
| Sanction Details: | FINE 53.47 MILLION EURO FOR SOCIETE GENERALE AND 6.98 MILLION EURO FOR CREDIT DU NORD |
| Firm Statement | THA MATTER IS CURRENTLY BEING APPEALED |
| <hr/> | |
| Reporting Source: | Firm |
| Affiliate: | SOCIETE GENERALE |
| Current Status: | On Appeal |
| Appealed To and Date Appeal Filed: | COURT OF APPEAL OF PARIS (COUR D'APPEL DE PARIS) |
| Allegations: | FOLLOWING AN INVESTIGATION, THE FRENCH COMPETITION AUTHORITY (AUTORITE DE LA CONCURRENCE) HAS ISSUED A DECISION FINDING THAT ELEVEN (11) MAJOR FRENCH RETAIL BANKS, INCLUDING SOCIETE GENERALE AND ITS SUBSIDIARY , CREDIT DU NORD, HAD ENGAGED IN ANTICOMPETITIVE ACTIVITY IN CONNECTION WITH FEES ASSOCIATED WITH ELECTRONIC CHECK PROCESSING SERVICES AND CERTAIN OTHER FEES FOR RELATED SERVICES IN FRANCE. THE AUTHORITY FOUND THAT A FEE OF 0.043 EUROS PER CHECK WAS UNJUSTIFIED AND AN INFRINGEMENT OF THE COMPETITION RULES IN FRANCE AND THAT CERTAIN OTHER FEES WERE NOT PROPORTIONATE TO COSTS INCURRED BY THE BANKS. THE PRIMARY PROCESSING FEES WERE CHARGED BETWEEN JANUARY 2002 AND JULY 2007. THE GROUP OF ELEVEN BANKS WAS FINED A TOTAL OF 384.92 MILLION EUROS . SOCIETE GENERALE WAS FINED 53.47 MILLION EUROS AND CREDIT DU NORD WAS FINED 6.98 MILLION EUROS. |
| Initiated By: | THE FRENCH COMPETITION AUTHORITY(AUTORITE DE LA CONCURRENCE) |
| Date Initiated: | 09/20/2010 |
| Docket/Case Number: | |
| Principal Product Type: | Banking Products (Other than CD(s)) |
| Other Product Type(s): | |
| Principal Sanction(s)/Relief Sought: | Civil and Administrative Penalt(ies) /Fine(s) |
| Other Sanction(s)/Relief Sought: | FINE |
| Resolution: | Decision |



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|--------------------------|---|
| Resolution Date: | 09/20/2010 |
| Sanctions Ordered: | Monetary/Fine \$0.00 |
| Other Sanctions Ordered: | FINE 53.47 MILLION EURO FOR SOCIETE GENERALE AND 6.98 MILLION EURO FOR CREDIT DU NORD |
| Sanction Details: | FINE 53.47 MILLION EURO FOR SOCIETE GENERALE AND 6.98 MILLION EURO FOR CREDIT DU NORD |
| Firm Statement | THA MATTER IS CURRENTLY BEING APPEALED |



Criminal - Final Disposition

Disclosure 1 of 1

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|-----------------------------|--|
| Reporting Source: | Firm |
| Affiliate: | SOCIETE GENERALE S.A. |
| Current Status: | Final |
| Status Date: | 12/11/2008 |
| Charge Details: | (1) ONE COUNT OF "AGGRAVATED MONEY LAUNDERING", (2) EQUIVALENT TO A FELONY, (3) IN FRANCE, PLEAS ARE NOT ENTERED WHEN CHARGED AND (4) PRODUCT TYPE IS BANKING. |
| Felony: | Yes |
| Court Details: | TRIBUNAL DE GRANDE INSTANCE DE PARIS, 11E CHAMBRE 4E SECTION - PARIS, FRANCE - CASE NO. 9818469054 |
| Charge Date: | 07/19/2006 |
| Disposition Details: | A PARIS COURT RENDERED ITS VERDICT IN THE ABOVE REFERENCED MATTER, THE EVENTS OF WHICH TOOK PLACE BETWEEN 1998 AND 2001. THE COURT ACQUITTED SOCIETE GENERALE, S.A. |
| Firm Statement | AS PREVIOUSLY DISCLOSED, BY ORDER DATED JULY 20, 2006, SOCIETE GENERALE (SG) WAS FORMALLY CHARGED BY A FRENCH INVESTIGATING MAGISTRATE AND REFERRED TO THE PARIS CRIMINAL COURT FOR TRIAL. THE CHARGES AGAINST SG ARE FOR "AGGRAVATING MONEY LAUNDERING" IN PROCESSING CHECK-CASHING TRANSACTIONS BETWEEN FRANCE AND ISREAL FROM EARLY 1998 TO DECEMBER 2001. ON 12/11/2008, SG AMERICAS SECURITIES, LLC BECAME AWARE THAT THE COURT ACQUITTED SOCIETE GENERALE, S.A. OF ALL CHARGES. NEWEDGE USA, LLC BECAME AWARE OF THIS IN LATE DECEMBER 2008. |

End of Report



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