

BrokerCheck Report
CODA MARKETS, INC.
 CRD# 36187

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

Please contact FINRA with any concerns.

About BrokerCheck®

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

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

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

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

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

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

- **How current is this information?**

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

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

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

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

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

• **Thank you for using FINRA BrokerCheck.**



Using this site/information means that you accept the FINRA BrokerCheck Terms and Conditions. A complete list of Terms and Conditions can be found at brokercheck.finra.org



For additional information about the contents of this report, please refer to the User Guidance or www.finra.org/brokercheck. It provides a glossary of terms and a list of frequently asked questions, as well as additional resources. For more information about FINRA, visit www.finra.org.

**CODA MARKETS, INC.**

CRD# 36187

SEC# 8-47077

Main Office Location

1000 SKOKIE BLVD.
SUITE LL33
WILMETTE, IL 60091
Regulated by FINRA Chicago Office

Mailing Address

PO BOX 2326
2326
GLENNVIEW, IL 60025

Business Telephone Number

8722050187

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 corporation.

This firm was formed in Connecticut on 10/22/1993.

Its fiscal year ends in December.

Firm History

Information relating to the brokerage firm's history such as other business names and successions (e.g., mergers, acquisitions) can be found in the detailed report.

Firm Operations

This firm is registered with:

- the SEC
- 9 Self-Regulatory Organizations
- 5 U.S. states and territories

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

This firm conducts 3 types of businesses.

This firm is affiliated with financial or investment institutions.

This firm does not have referral or financial arrangements with other brokers or dealers.

Disclosure Events

Brokerage firms are required to disclose certain criminal matters, regulatory actions, civil judicial proceedings and financial matters in which the firm or one of its control affiliates has been involved.

Are there events disclosed about this firm? **Yes**

The following types of disclosures have been reported:

| Type | Count |
|------------------|-------|
| Regulatory Event | 15 |



Firm Profile

This firm is classified as a corporation.

This firm was formed in Connecticut on 10/22/1993.

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.

CODA MARKETS, INC.

Doing business as CODA MARKETS, INC.

CRD# 36187

SEC# 8-47077

Main Office Location

1000 SKOKIE BLVD.
SUITE LL33
WILMETTE, IL 60091

Regulated by FINRA Chicago Office

Mailing Address

PO BOX 2326
2326
GLENVIEW, IL 60025

Business Telephone Number

8722050187



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): | ACS GLOBAL HOLDINGS, LLC |
| Is this a domestic or foreign entity or an individual? | Domestic Entity |
| Position | SHAREHOLDER |
| Position Start Date | 05/2024 |
| 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): | DEROLF, MARK KENNETH 1924355 |
| Is this a domestic or foreign entity or an individual? | Individual |
| Position | CHIEF COMPLIANCE OFFICER |
| Position Start Date | 05/2024 |
| 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): | LANG, TIMOTHY JUDE 1109356 |
| Is this a domestic or foreign entity or an individual? | Individual |
| Position | CHIEF EXECUTIVE OFFICER |
| Position Start Date | 05/2024 |

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): MITCHELL, RYAN PATRICK
6468380

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

Position SENIOR MANAGING DIRECTOR

Position Start Date 02/2025

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, KRISTEN
2287252

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

Position FINANCIAL OPERATIONS PRINCIPAL

Position Start Date 05/2024

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): OMALLEY, EDWARD GEORGE

Firm Profile



Direct Owners and Executive Officers (continued)

| | |
|--|-------------------|
| | 5090003 |
| Is this a domestic or foreign entity or an individual? | Individual |
| Position | MANAGING DIRECTOR |
| Position Start Date | 02/2025 |
| 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

No information reported.



Firm History

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

No information reported.





Firm Operations

Registrations

This section provides information about the regulators (Securities and Exchange Commission (SEC), self-regulatory organizations (SROs), and U.S. states and territories) with which the brokerage firm is currently registered and licensed, the date the license became effective, and certain information about the firm's SEC registration.

This firm is currently registered with the SEC, 9 SROs and 5 U.S. states and territories.

| Federal Regulator | Status | Date Effective |
|-------------------|----------|----------------|
| SEC | Approved | 05/10/1994 |

SEC Registration Questions

This firm is registered with the SEC as:

A broker-dealer: Yes

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

A government securities broker or dealer only: No

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

| Self-Regulatory Organization | Status | Date Effective |
|------------------------------|----------|----------------|
| FINRA | Approved | 05/10/1994 |
| Cboe BYX Exchange, Inc. | Approved | 10/04/2010 |
| Cboe BZX Exchange, Inc. | Approved | 10/15/2008 |
| Cboe EDGA Exchange, Inc. | Approved | 05/26/2010 |
| Cboe EDGX Exchange, Inc. | Approved | 05/27/2010 |
| Investors' Exchange LLC | Approved | 03/13/2017 |
| NYSE Arca, Inc. | Approved | 02/25/2005 |
| Nasdaq BX, Inc. | Approved | 08/18/2010 |
| Nasdaq Stock Market | Approved | 02/10/2010 |

Firm Operations



Registrations (continued)

| U.S. States & Territories | Status | Date Effective |
|---------------------------|----------|----------------|
| California | Approved | 05/18/2016 |
| Connecticut | Approved | 01/28/2014 |
| Illinois | Approved | 09/09/2008 |
| Minnesota | Approved | 05/13/2016 |
| New York | Approved | 05/02/1994 |



Firm Operations

Types of Business

This section provides the types of business, including non-securities business, the brokerage firm is engaged in or expects to be engaged in.

This firm currently conducts 3 types of businesses.

Types of Business

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

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

Other - SPONSORING AN ALTERNATIVE TRADING SYSTEM (ATS)

Other Types of Business

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

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

Non-Securities Business Description:

Firm Operations



Clearing Arrangements

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

Introducing Arrangements

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

Firm Operations

Industry Arrangements



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

Name: SMARSH
Business Address: 921 SW WASHINGTON STREET
 SUITE 540
 PORTLAND, OR 97205
Effective Date: 05/01/2024
Description: ELECTRONIC MESSAGING ARCHIVAL

Name: AMAZON WEB SERVICES
Business Address: 410 TERRY AVENUE NORTH
 SEATTLE, WA 98109
Effective Date: 05/03/2023
Description: CODA UTILIZES AWS FOR WEBSITE HOSTING, BACKUP, DIGITAL MARKETING, ANALYTICS, APPLICATION INTEGRATION, BLOCKCHAIN, NETWORKING, AND OTHER RELATED SERVICES.

Name: BOFA SECURITIES, INC.
CRD #: 283942
Business Address: 1 BRYANT PARK
 222 BROADWAY
 NEW YORK, NY 10036
Effective Date: 05/13/2019
Description: CLEARING FIRM MAINTAINING CLEARING BOOKS AND RECORDS.

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

Name: BOFA SECURITIES, INC.
CRD #: 283942
Business Address: 1 BRYANT PARK
 222 BROADWAY
 NEW YORK, NY 10036
Effective Date: 05/13/2019
Description: ACCOUNTS, FUNDS OR SECURITIES OF THE APPLICANT ARE HELD OR MAINTAINED BY BOFA SECURITIES, INC.

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

Firm Operations



Industry Arrangements (continued)

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.

COMHAR CAPITAL MARKETS, LLC is under common control with the firm.

| | |
|--|---|
| CRD #: | 47955 |
| Business Address: | 1000 SKOKIE BOULEVARD, SUITE LL33 WILMETTE, IL 60091 |
| Effective Date: | 05/01/2024 |
| Foreign Entity: | No |
| Country: | |
| Securities Activities: | Yes |
| Investment Advisory Activities: | No |
| Description: | CODA MARKETS, ACS EXECUTION SERVICES, AND COMHAR CAPITAL MARKETS ARE ALL WHOLLY OWNED BY ACS GLOBAL HOLDINGS. |

ACS EXECUTION SERVICES, LLC is under common control with the firm.

| | |
|--|---|
| CRD #: | 17972 |
| Business Address: | 12 BROAD STREET, 2ND FLOOR RED BANK, NJ 07701 |
| Effective Date: | 05/01/2024 |
| Foreign Entity: | No |
| Country: | |
| Securities Activities: | Yes |
| Investment Advisory Activities: | No |
| Description: | CODA MARKETS, ACS EXECUTION SERVICES, AND COMHAR CAPITAL MARKETS ARE ALL WHOLLY OWNED BY ACS GLOBAL HOLDINGS. |

Firm Operations



Organization Affiliates (continued)

This firm is not directly or indirectly, controlled by the following:

- bank holding company
- national bank
- state member bank of the Federal Reserve System
- state non-member bank
- savings bank or association
- credit union
- or foreign bank



Disclosure Events

All firms registered to sell securities or provide investment advice are required to disclose regulatory actions, criminal or civil judicial proceedings, and certain financial matters in which the firm or one of its control affiliates has been involved. For your convenience, below is a matrix of the number and status of disclosure events involving this brokerage firm or one of its control affiliates. Further information regarding these events can be found in the subsequent pages of this report.

| | Pending | Final | On Appeal |
|------------------|---------|-------|-----------|
| Regulatory Event | 0 | 15 | 0 |

Disclosure Event Details

What you should know about reported disclosure events:

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

Regulatory - Final

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

Disclosure 1 of 15

Reporting Source: Regulator

Current Status: Final

**Allegations:**

THE FIRM HEREBY ACCEPTS AND CONSENTS, WITHOUT ADMITTING OR DENYING THE FINDINGS, AND SOLELY FOR THE PURPOSES OF THIS PROCEEDING AND ANY OTHER PROCEEDING BROUGHT BY OR ON BEHALF OF THE NYSE ARCA, OR TO WHICH THE NYSE ARCA IS A PARTY, PRIOR TO A HEARING AND WITHOUT AN ADJUDICATION OF ANY ISSUE OF LAW OR FACT, TO THE ENTRY OF THE FINDINGS BY THE NYSE ARCA THAT IT FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM, INCLUDING WRITTEN SUPERVISORY PROCEDURES (WSPS), REASONABLY DESIGNED TO ENSURE PROMPT NOTIFICATIONS OF REPORTABLE OCCURRENCES OR DISCLOSABLE EVENTS TO THE EXCHANGE AS REQUIRED BY NYSE ARCA RULE 11.13. THE FINDINGS STATED THAT THE FIRM'S WSPS DID NOT INCLUDE ANY SUPERVISORY REVIEWS TO IDENTIFY LATE REGULATORY FILINGS. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO REASONABLY DOCUMENT SUPERVISORY SYSTEMS AND KEEP CURRENT WSPS REASONABLY DESIGNED TO ENSURE THAT THE FIRM SUBMITTED ACCURATE CAPACITY CODES PURSUANT TO NYSE ARCA RULE 7.33-E. SPECIFICALLY, ALTHOUGH THE FIRM'S WSPS PROVIDED FOR A WEEKLY REVIEW OF ORDER INFORMATION SUBMITTED TO THE TRADE REPORTING FACILITIES AND TO OUTBOUND DESTINATIONS, THE FIRM FAILED TO DEMONSTRATE THAT ITS REVIEW WAS REASONABLE, GIVEN THAT IT DID NOT COVER ALL OUTBOUND DESTINATIONS. THE FINDINGS ALSO INCLUDED THAT THE FIRM FAILED TO HAVE IN PLACE A SUPERVISORY SYSTEM, INCLUDING WSPS, REASONABLY DESIGNED TO MONITOR ITS EMPLOYEES' OUTSIDE BROKERAGE ACCOUNTS AS REQUIRED BY COMMENTARY .03 OF NYSE ARCA RULE 11.3. THE FIRM HAD NO SYSTEM IN PLACE TO VERIFY THAT IT ACTUALLY RECEIVED AND REVIEWED DUPLICATE STATEMENTS FOR EACH OF THE OUTSIDE BROKERAGE ACCOUNTS, AND HAD NO PROCEDURE FOR FOLLOWING UP ON MISSING STATEMENTS. IN ADDITION, THE FIRM WAS UNABLE TO PROVIDE EVIDENCE REFLECTING ITS REVIEW OF THE OUTSIDE BROKERAGE STATEMENTS DURING THE RELEVANT PERIOD. FURTHERMORE, THE FIRM WAS UNABLE TO PROVIDE EVIDENCE REFLECTING THE FIRM'S PRE-APPROVAL OF OUTSIDE BROKERAGE ACCOUNTS OPENED DURING THE RELEVANT PERIOD.

Initiated By: NYSE ARCA, INC.

Date Initiated: 08/29/2023

Docket/Case Number: 2021069288201

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought:


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

Resolution Date: 08/29/2023

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

Sanctions Ordered: Monetary/Fine \$3,500.00

Other Sanctions Ordered:
Sanction Details: THE FIRM WAS FINED \$3,500.

Reporting Source: Firm

Current Status: Final

Allegations: THE FIRM HEREBY ACCEPTS AND CONSENTS, WITHOUT ADMITTING OR DENYING THE FINDINGS, AND SOLELY FOR THE PURPOSES OF THIS PROCEEDING AND ANY OTHER PROCEEDING BROUGHT BY OR ON BEHALF OF THE NYSE ARCA, OR TO WHICH THE NYSE ARCA IS A PARTY, PRIOR TO A HEARING AND WITHOUT AN ADJUDICATION OF ANY ISSUE OF LAW OR FACT, TO THE ENTRY OF THE FINDINGS BY THE NYSE ARCA THAT IT FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM, INCLUDING WRITTEN SUPERVISORY PROCEDURES (WSPS), REASONABLY DESIGNED TO ENSURE PROMPT NOTIFICATIONS OF REPORTABLE OCCURRENCES OR DISCLOSABLE EVENTS TO THE EXCHANGE AS REQUIRED BY NYSE ARCA RULE 11.13. THE FINDINGS STATED THAT THE FIRM'S WSPS DID NOT INCLUDE ANY SUPERVISORY REVIEWS TO IDENTIFY LATE REGULATORY FILINGS. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO REASONABLY DOCUMENT SUPERVISORY SYSTEMS AND KEEP CURRENT WSPS REASONABLY DESIGNED TO ENSURE THAT THE FIRM SUBMITTED ACCURATE CAPACITY CODES PURSUANT TO NYSE ARCA RULE 7.33-E. SPECIFICALLY, ALTHOUGH THE FIRM'S WSPS PROVIDED FOR A WEEKLY REVIEW OF ORDER INFORMATION SUBMITTED TO THE TRADE REPORTING FACILITIES AND TO OUTBOUND DESTINATIONS, THE FIRM FAILED TO DEMONSTRATE THAT ITS REVIEW WAS REASONABLE, GIVEN THAT IT DID NOT COVER ALL OUTBOUND DESTINATIONS. THE FINDINGS ALSO INCLUDED THAT THE FIRM FAILED TO HAVE IN PLACE A SUPERVISORY SYSTEM, INCLUDING WSPS, REASONABLY DESIGNED TO MONITOR ITS



EMPLOYEES' OUTSIDE BROKERAGE ACCOUNTS AS REQUIRED BY COMMENTARY .03 OF NYSE ARCA RULE 11.3. THE FIRM HAD NO SYSTEM IN PLACE TO VERIFY THAT IT ACTUALLY RECEIVED AND REVIEWED DUPLICATE STATEMENTS FOR EACH OF THE OUTSIDE BROKERAGE ACCOUNTS, AND HAD NO PROCEDURE FOR FOLLOWING UP ON MISSING STATEMENTS. IN ADDITION, THE FIRM WAS UNABLE TO PROVIDE EVIDENCE REFLECTING ITS REVIEW OF THE OUTSIDE BROKERAGE STATEMENTS DURING THE RELEVANT PERIOD. FURTHERMORE, THE FIRM WAS UNABLE TO PROVIDE EVIDENCE REFLECTING THE FIRM'S PRE-APPROVAL OF OUTSIDE BROKERAGE ACCOUNTS OPENED DURING THE RELEVANT PERIOD.

Initiated By: NYSE ARCA, INC.

Date Initiated: 08/29/2023

Docket/Case Number: 2021069288201

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: Other

Resolution Date: 08/29/2023

Sanctions Ordered: Monetary/Fine \$3,500.00

Other Sanctions Ordered:

Sanction Details: THE FIRM WAS FINED \$3,500.

Disclosure 2 of 15

Reporting Source: Regulator

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO ESTABLISH AND MAINTAIN SUPERVISORY PROCEDURES AND FINANCIAL RISK MANAGEMENT CONTROLS THAT WERE REASONABLY DESIGNED TO PREVENT THE ENTRY OF ERRONEOUS ORDERS. THE FINDINGS STATED THAT THE FIRM ROUTED TO NYSE ARCA A 19,000 SHARE CUSTOMER MARKET ORDER IN A SYMBOL, WHICH REPRESENTED MORE THAN 300



PERCENT OF THE SYMBOL'S 30-DAY AVERAGE DAILY TRADING VOLUME (THE DECEMBER ORDER). THE FINDINGS STATED THAT AS A RESULT OF A CODING ERROR, THE FIRM APPLIED NO ERRONEOUS ORDER CONTROLS TO THE MARKET PARTICIPANT IDENTIFIER ("MPID") THROUGH WHICH THE DECEMBER ORDER WAS SENT. HAD THEY APPLIED, THE FIRM'S ERRONEOUS ORDER CONTROLS WOULD HAVE PREVENTED THE ORDER FROM REACHING NYSE ARCA. THIS CODING ERROR ALSO PREVENTED ERRONEOUS ORDER CONTROLS FROM APPLYING TO A SECOND MPID DURING THE PERIOD FEBRUARY 2020 THROUGH FEBRUARY 2022. THE FIRM BECAME AWARE OF THE ISSUE AS EARLY AS AUGUST 2021, BUT UNREASONABLY FAILED TO REMEDIATE THE TWO MPIDS THAT WERE AFFECTED. THE ISSUE WAS RAISED AGAIN, BUT STILL WAS NOT REMEDIATED. THE ISSUE WAS REMEDIATED ONLY AFTER THE DECEMBER ORDER AND AFTER NYSE REGULATION INITIATED ITS INVESTIGATION.

Initiated By: NYSE ARCA, INC.

Date Initiated: 12/08/2022

Docket/Case Number: 2021-12-21-00025

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: 12/08/2022

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

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

Other Sanctions Ordered:

Sanction Details: THE FIRM WAS CENSURED AND FINED \$35,000.

Reporting Source: Firm



| | |
|---|---|
| Current Status: | Final |
| Allegations: | DURING THE PERIOD BETWEEN FEBRUARY 2020 AND FEBRUARY 2022, CODA MARKETS, INC. VIOLATED RULES 15C3-5(B) AND 15C3-5(C)(1)(II) OF THE SECURITIES EXCHANGE ACT OF 1934 (THE "EXCHANGE ACT") BY FAILING TO ESTABLISH AND MAINTAIN SUPERVISORY PROCEDURES AND FINANCIAL RISK MANAGEMENT CONTROLS THAT WERE REASONABLY DESIGNED TO PREVENT THE ENTRY OF ERRONEOUS ORDERS. |
| Initiated By: | NYSE ARCA, INC. |
| Date Initiated: | 03/28/2022 |
| Docket/Case Number: | 2021-12-21-00025 |
| Principal Product Type: | Equity Listed (Common & Preferred Stock) |
| Other Product Type(s): | |
| Principal Sanction(s)/Relief Sought: | |
| Other Sanction(s)/Relief Sought: | |
| Resolution: | Acceptance, Waiver & Consent(AWC) |
| Resolution Date: | 12/08/2022 |
| Sanctions Ordered: | Censure Monetary/Fine \$35,000.00 |
| Other Sanctions Ordered: | |
| Sanction Details: | CENSURE AND FINE IN THE AMOUNT OF \$35,000. |
| Firm Statement | THE FIRM AGREES TO PAY THE MONETARY SANCTION(S) UPON NOTICE THAT THIS AWC HAS BEEN ACCEPTED AND THAT SUCH PAYMENT(S) ARE DUE AND PAYABLE. THE FIRM HAS SUBMITTED A METHOD OF PAYMENT CONFIRMATION FORM SHOWING THE METHOD BY WHICH IT WILL PAY THE FINE IMPOSED. THE FIRM SPECIFICALLY AND VOLUNTARILY WAIVES ANY RIGHT TO CLAIM THAT IT IS UNABLE TO PAY, NOW OR AT ANY TIME HEREAFTER, THE MONETARY SANCTION(S) IMPOSED IN THIS MATTER. THE SANCTIONS IMPOSED HEREIN SHALL BE EFFECTIVE ON A DATE SET BY NYSE REGULATION STAFF. |



Disclosure 3 of 15

Reporting Source: Regulator

Current Status: Final

Allegations: THE SEC DEEMS IT APPROPRIATE AND IN THE PUBLIC INTEREST THAT PUBLIC ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS BE, AND HEREBY ARE, INSTITUTED PURSUANT TO SECTION 8A OF THE SECURITIES ACT OF 1933 AND SECTION 15(B) OF THE SECURITIES EXCHANGE ACT OF 1934 AGAINST CODA MARKETS, INC. ("CODA") AND THAT PUBLIC CEASE-AND-DESIST PROCEEDINGS BE, AND HEREBY ARE, INSTITUTED PURSUANT TO SECTION 8A OF THE SECURITIES ACT AGAINST EDWARD G. O'MALLEY ("O'MALLEY"). THE COMMISSION FINDS THAT: THESE PROCEEDINGS ARISE FROM OMISSIONS OF MATERIAL FACT AND MISLEADING STATEMENTS MADE BY CODA, A REGISTERED BROKER-DEALER, TO ITS BROKER-DEALER SUBSCRIBERS ABOUT HOW IT HANDLED AND ROUTED ORDERS FOR EXECUTION. FROM DECEMBER 2016 TO JULY 2019 (THE "RELEVANT PERIOD"), CODA FAILED TO DISCLOSE ITS USE OF A CIRCULAR ROUTING ARRANGEMENT WHEN HANDLING SUBSCRIBER ORDERS. CODA SAID IT CREATED INDIVIDUALLY CUSTOMIZED ROUTING TABLES FOR ITS SUBSCRIBERS, WITH VENUES RANKED IN THE ROUTING TABLES DEPENDING ON THE SUBSCRIBER'S TRADING PRIORITIES. TYPICALLY, WHEN CODA HAD DISCRETION OVER THE ROUTING TABLE, CODA INSERTED ONE OF TWO BROKER-DEALERS AS THE FIRST EXTERNAL DESTINATION BECAUSE, AMONG OTHER REASONS, CODA HAD AN AGREEMENT WITH THESE BROKER-DEALERS TO SHARE THE NET TRADING PROFITS ON ORDER EXECUTIONS. CODA DERIVED A MATERIAL PORTION OF ITS ANNUAL PROFITS FROM THIS UNDISCLOSED ROUTING ARRANGEMENT DURING THE RELEVANT PERIOD. O'MALLEY, CODA'S PRESIDENT, WAS THE MOST SENIOR PERSON AT CODA WHO KNEW THE DETAILS OF CODA'S CIRCULAR ROUTING ARRANGEMENT, AND REVIEWED AND APPROVED CODA'S DISCLOSURE DOCUMENTS CONTAINING MATERIAL OMISSIONS AND MISLEADING STATEMENTS. AS A RESULT OF THE CONDUCT DESCRIBED HEREIN, CODA WILLFULLY VIOLATED SECTIONS 17(A)(2) AND 17(A)(3) OF THE SECURITIES ACT AND O'MALLEY CAUSED CODA'S VIOLATIONS OF SECTIONS 17(A)(2) AND 17(A)(3) OF THE SECURITIES ACT.

Initiated By: UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Date Initiated: 09/20/2021

Docket/Case Number: 3-20576

Principal Product Type: Other

Other Product Type(s): UNSPECIFIED SECURITIES



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

Other Sanction(s)/Relief Sought:

Resolution: Order

Resolution Date: 09/20/2021

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

Sanctions Ordered: Censure
Monetary/Fine \$1,200,000.00
Cease and Desist/Injunction

Other Sanctions Ordered:

Sanction Details: THE FIRM SHALL CEASE AND DESIST; IS CENSURED; AND SHALL PAY A CIVIL MONEY PENALTY IN THE AMOUNT OF \$1.2 MILLION TO THE SEC.

Regulator Statement CODA AND O'MALLEY (COLLECTIVELY, "RESPONDENTS") HAVE SUBMITTED OFFERS OF SETTLEMENT (THE "OFFERS") WHICH THE COMMISSION HAS DETERMINED TO ACCEPT. IN DETERMINING TO ACCEPT THE OFFERS, THE COMMISSION CONSIDERED REMEDIAL ACTS PROMPTLY UNDERTAKEN BY RESPONDENTS AND COOPERATION AFFORDED THE COMMISSION STAFF, INCLUDING DATA ANALYSES PROVIDED TO THE STAFF. AS A RESULT OF THE CONDUCT DESCRIBED HEREIN, CODA WILLFULLY VIOLATED SECTIONS 17(A)(2) AND 17(A)(3) OF THE SECURITIES ACT AND O'MALLEY CAUSED CODA'S VIOLATIONS OF SECTIONS 17(A)(2) AND 17(A)(3) OF THE SECURITIES ACT. ACCORDINGLY, IT IS HEREBY ORDERED THAT: CODA CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF SECTIONS 17(A)(2) AND 17(A)(3) OF THE SECURITIES ACT; IS CENSURED; AND SHALL PAY A CIVIL MONEY PENALTY IN THE AMOUNT OF \$1.2 MILLION TO THE SEC.

Reporting Source: Firm

Current Status: Final

Allegations: THE SEC DEEMED IT APPROPRIATE AND IN THE PUBLIC INTEREST THAT PUBLIC ADMINISTRATIVE AND CEASE AND DESIST PROCEEDINGS BE AND HEREBY ARE, INSTITUTED PURSUANT TO SECTION 8A OF THE SECURITIES ACT OF 1933 AND SECTION 15(B) OF THE SECURITIES EXCHANGE ACT OF



1934 AGAINST CODA MARKETS INC. AND THAT PUBLIC CEASE AND DESIST PROCEEDINGS BE AND HEREBY ARE, INSTITUTED PURSUANT TO SECTION 8A OF THE SECURITIES ACT AGAINST EDWARD G O'MALLEY. THE COMMISSION FINDS THAT THESE PROCEEDINGS ARISE FROM OMISSIONS OF MATERIAL FACT AND MISLEADING STATEMENTS MADE BY CODA, A REGISTERED BROKER DEALER, A REGISTERED BROKER DEALER TO ITS BROKER DEALER SUBSCRIBERS ABOUT HOW IT HANDLED AND ROUTED ORDERS FOR EXECUTION. FROM DECEMBER 2016 TO JULY 2019, CODA FAILED TO DISCLOSE ITS USE OF A CIRCULAR ROUTING ARRANGEMENT WHEN HANDLING SUBSCRIBER ORDERS. CODA SAID IT CREATED INDIVIDUALLY CUSTOMIZED ROUTING TABLES FOR ITS SUBSCRIBERS WITH VENUES RANKED IN THE ROUTING TABLES DEPENDING ON THE SUBSCRIBERS TRADING PRIORITIES. TYPICALLY WHEN CODA HAD DISCRETION OVER THE ROUTING TABLE IT INSERTED ONE OF TWO BROKER DEALERS AS THE FIRST EXTERNAL DESTINATION BECAUSE, AMONG OTHER REASONS IT HAD AN AGREEMENT WITH THESE BROKER DEALERS TO SHARE THE NET TRADING PROFITS ON ORDER EXECUTIONS. CODA DERIVED A MATERIAL PORTION OF ITS ANNUAL PROFITS FROM THIS UNDISCLOSED ROUTING ARRANGEMENT DURING THE RELEVANT PERIOD. O'MALLEY, CODA'S PRESIDENT WAS THE MOST SENIOR PERSON AT CODA WHO KNEW THE DETAILS OF ITS CIRCULAR ROUTING ARRANGEMENT AND REVIEWED AND APPROVED CODA'S DISCLOSURE DOCUMENTS CONTAINING MATERIAL OMISSIONS AND MISLEADING STATEMENTS. AS A RESULT OF THE CONDUCT DESCRIBE HEREIN, CODA WILLFULLY VIOLATED SECTIONS 17(A)(2) AND 17(A)(3) OF THE SECURITIES ACT AND O'MALLEY CAUSED CODA'S VIOLATIONS OF SECTIONS 17(A)(2) AND 17(A)(3) OF THE SECURITIES ACT.

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| Initiated By: | UNITED STATES SECURITIES AND EXCHANGE COMMISSION |
| Date Initiated: | 09/20/2021 |
| Docket/Case Number: | 3-20576 |
| Principal Product Type: | Other |
| Other Product Type(s): | UNSPECIFIED SECURITIES |
| Principal Sanction(s)/Relief Sought: | Cease and Desist |
| Other Sanction(s)/Relief Sought: | FINE |
| Resolution: | Order |
| Resolution Date: | 09/20/2021 |
| Sanctions Ordered: | Censure Monetary/Fine \$1,200,000.00 |



Cease and Desist/Injunction

Other Sanctions Ordered:

Sanction Details:

THE FIRM SHALL CEASE AND DESIST; IS CENSURED; AND SHALL PAY A CIVIL PENALTY IN THE AMOUNT OF \$1.2 MILLION TO THE SEC.

Firm Statement

CODA AND O'MALLEY (COLLECTIVELY RESPONDENTS, SUBMITTED OFFERS WHICH THE COMMISSION HAS DETERMINED TO ACCEPT. IN DETERMINING TO ACCEPT THE OFFERS, THE COMMISSION CONSIDERED REMEDIAL ACTS PROMPTLY UNDERTAKEN BY THE RESPONDENTS AND COOPERATION AFFORDED THE COMMISSION STAFF, INCLUDING DATA ANALYSES PROVIDED TOT HE STAFF. AS A RESULT OF THE CONDUCT DESCRIBED HEREIN, CODA WILLFULLY VIOLATED SECTIONS 17(A)(2) AND 17(A)(3) OF THE SECURITIES ACT AND O'MALLEY CAUSED CODA'S VIOLATIONS OF THE SECTIONS 17(A)(2) AND 17(A)(3) OF THE SECURITIES ACT. ACCORDINGLY, IT IS HEREBY ORDERED THAT CODA: CEASE AND DESIST FROM COMMITTING OR CAUSING T ANY VIOLATIONS AND ANY FURTHER VIOLATIONS OF SECTION 17(A)(2) AND 17(A)(3) OF THE SECURITIES ACT; IS CENSURED; AND SHALL PAY A CIVIL MONEY PENALTY IN THE AMOUNT OF \$1.2 MILLION TO THE SEC.

Disclosure 4 of 15

Reporting Source:

Regulator

Current Status:

Final

Allegations:

CODA MARKETS, INC. (F/K/A PDQ ATS, INC.) VIOLATED THE EXCHANGE ACT RULE 15C3-5(B) AND (C)(2) AND EDGA RULES 3.2 AND 5.1 IN THAT THE FIRM FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM, INCLUDING WSPS, AND REGULATORY RISK MANAGEMENT CONTROLS REASONABLY DESIGNED TO MONITOR FOR POTENTIALLY MANIPULATIVE TRADING, SUCH AS POTENTIAL LAYERING, SPOOFING, WASH TRADES, PREARRANGED TRADES, MARKING THE CLOSE, AND ODD-LOT MANIPULATION.

Initiated By:

CBOE EDGA EXCHANGE, INC.

Date Initiated:

07/08/2021

Docket/Case Number:

STAR NO. 20150440782-08 | FILE NO. USRI-7261-08

Principal Product Type:

Equity Listed (Common & Preferred Stock)

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Civil and Administrative Penalt(ies) /Fine(s)


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

Resolution Date: 07/28/2021

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

Sanctions Ordered: Censure
Monetary/Fine \$115,000.00

Other Sanctions Ordered:
Sanction Details: A CENSURE AND A MONETARY FINE IN THE AMOUNT OF \$115,000.

Reporting Source: Firm

Current Status: Final

Allegations: CODA MARKETS, INC. VIOLATED THE EXCHANGE ACT RULE 15C-5(B) AND (C)(2) AND EDGA RULES A 3.2 AND 5.1 IN THAT THE FIRM FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM, INCLUDING WSPS, AND REGULATORY RISK MANAGEMENT CONTROLS REASONABLY DESIGNED TO MONITOR FOR POTENTIALLY MANIPULATIVE TRADING SUCH AS POTENTIAL LAYERING, SPOOFING, WASH TRADES, PREARRANGED TRADES, MARKING THE CLOSE AND ODD-LOT MANIPULATION.

Initiated By: CBOE EDGA EXCHANGE, INC.

Date Initiated: 07/08/2021

Docket/Case Number: STAR NO. 20150440782-8 FILE NO USRI 7261-08

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

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

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



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| Resolution Date: | 07/28/2021 |
| Sanctions Ordered: | Censure Monetary/Fine \$115,000.00 |
| Other Sanctions Ordered: | |
| Sanction Details: | A CENSURE AND A MONETARY FINE IN THE AMOUNT OF \$115,000.00. |
| Firm Statement | THE FIRM HAS SETTLED THE MATTER AND PAID ITS FINE. INDEPENDENT CONSULTANT WAS ENGAGED AUGUST 30, 2021. |

Disclosure 5 of 15

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| Reporting Source: | Regulator |
| Current Status: | Final |
| Allegations: | CODA MARKETS, INC. (F/K/A PDQ ATS, INC.) VIOLATED THE EXCHANGE ACT RULE 15C3-5(B) AND (C)(2) AND EDGX RULES 3.2 AND 5.1 IN THAT THE FIRM FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM, INCLUDING WSPS, AND REGULATORY RISK MANAGEMENT CONTROLS REASONABLY DESIGNED TO MONITOR FOR POTENTIALLY MANIPULATIVE TRADING, SUCH AS POTENTIAL LAYERING, SPOOFING, WASH TRADES, PREARRANGED TRADES, MARKING THE CLOSE, AND ODD-LOT MANIPULATION. |
| Initiated By: | CBOE EDGX EXCHANGE, INC. |
| Date Initiated: | 07/09/2021 |
| Docket/Case Number: | STAR NO. 20150440782-09 FILE NO. USRI-7261-07 |
| Principal Product Type: | Equity Listed (Common & Preferred Stock) |
| Other Product Type(s): | |
| Principal Sanction(s)/Relief Sought: | Civil and Administrative Penalt(ies) /Fine(s) |
| Other Sanction(s)/Relief Sought: | |
| Resolution: | Consent |
| Resolution Date: | 07/28/2021 |



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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: | Censure Monetary/Fine \$115,000.00 |
| Other Sanctions Ordered: | |
| Sanction Details: | A CENSURE AND A MONETARY FINE IN THE AMOUNT OF \$115,000. |
| <hr/> | |
| Reporting Source: | Firm |
| Current Status: | Final |
| Allegations: | CODA MARKETS, INC. VIOLATED THE EXCHANGE ACT RULE 15C-5(B) AND (C)(2) AND EDGX RULES A 3.2 AND 5.1 IN THAT THE FIRM FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM, INCLUDING WSPS, AND REGULATORY RISK MANAGEMENT CONTROLS REASONABLY DESIGNED TO MONITOR FOR POTENTIALLY MANIPULATIVE TRADING SUCH AS POTENTIAL LAYERING, SPOOFING, WASH TRADES, PREARRANGED TRADES, MARKING THE CLOSE AND ODD-LOT MANIPULATION. |
| Initiated By: | CBOE EDGX EXCHANGE, INC. |
| Date Initiated: | 07/09/2021 |
| Docket/Case Number: | STAR NO 20150440782-09 FILE NO USRI-7261-07 |
| Principal Product Type: | Equity Listed (Common & Preferred Stock) |
| Other Product Type(s): | |
| Principal Sanction(s)/Relief Sought: | Civil and Administrative Penalt(ies) /Fine(s) |
| Other Sanction(s)/Relief Sought: | |
| Resolution: | Consent |
| Resolution Date: | 07/28/2021 |
| Sanctions Ordered: | Censure Monetary/Fine \$115,000.00 |
| Other Sanctions Ordered: | |
| Sanction Details: | A CENSURE AND A MONETARY FINE IN THE AMOUNT OF \$115,000.00. |



Firm Statement THE FIRM HAS SETTLED THE MATTER AND PAID ITS FINE. INDEPENDENT CONSULTANT WAS ENGAGED AUGUST 30, 2021.

Disclosure 6 of 15

Reporting Source: Regulator

Current Status: Final

Allegations: CODA MARKETS, INC. (F/K/A PDQ ATS, INC.) VIOLATED THE EXCHANGE ACT RULE 15C3-5(B) AND (C)(2) AND BYX RULES 3.2 AND 5.1 IN THAT THE FIRM FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM, INCLUDING WSPS, AND REGULATORY RISK MANAGEMENT CONTROLS REASONABLY DESIGNED TO MONITOR FOR POTENTIALLY MANIPULATIVE TRADING, SUCH AS POTENTIAL LAYERING, SPOOFING, WASH TRADES, PREARRANGED TRADES, MARKING THE CLOSE, AND ODD-LOT MANIPULATION.

Initiated By: CBOE BYX EXCHANGE, INC.

Date Initiated: 07/08/2021

Docket/Case Number: STAR NO. 20150440782-06 | FILE NO. USRI-7261-06

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

Other Product Type(s):

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

Other Sanction(s)/Relief Sought:

Resolution: Consent

Resolution Date: 07/28/2021

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

Sanctions Ordered: Censure
Monetary/Fine \$115,000.00

Other Sanctions Ordered:

Sanction Details: A CENSURE AND A MONETARY FINE IN THE AMOUNT OF \$115,000.



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| Reporting Source: | Firm |
| Current Status: | Final |
| Allegations: | CODA MARKETS, INC. VIOLATED THE EXCHANGE ACT RULE 15C-5(B) AND (C)(2) AND BYX RULES A 3.2 AND 5.1 IN THAT THE FIRM FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM, INCLUDING WSPS, AND REGULATORY RISK MANAGEMENT CONTROLS REASONABLY DESIGNED TO MONITOR FOR POTENTIALLY MANIPULATIVE TRADING SUCH AS POTENTIAL LAYERING, SPOOFING, WASH TRADES, PREARRANGED TRADES, MARKING THE CLOSE AND ODD-LOT MANIPULATION. |
| Initiated By: | CBOE BYX EXCHANGE, INC. |
| Date Initiated: | 07/08/2021 |
| Docket/Case Number: | STAR NO 20150440782-06 FILE NO USRI-7261-06 |
| Principal Product Type: | Equity Listed (Common & Preferred Stock) |
| Other Product Type(s): | |
| Principal Sanction(s)/Relief Sought: | Civil and Administrative Penalt(ies) /Fine(s) |
| Other Sanction(s)/Relief Sought: | |
| Resolution: | Consent |
| Resolution Date: | 07/28/2021 |
| Sanctions Ordered: | Censure Monetary/Fine \$115,000.00 |
| Other Sanctions Ordered: | |
| Sanction Details: | A CENSURE AND A MONETARY FINE IN THE AMOUNT OF \$115,000.00. |
| Firm Statement | THE FIRM HAS SETTLED THE MATTER AND PAID ITS FINE. INDEPENDENT CONSULTANT WAS ENGAGED AUGUST 30, 2021. |

Disclosure 7 of 15

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| Reporting Source: | Regulator |
| Current Status: | Final |
| Allegations: | CODA MARKETS, INC. (F/K/A PDQ ATS, INC.) VIOLATED THE EXCHANGE ACT RULE 15C3-5(B) AND (C)(2) AND BZX RULES 3.2 AND 5.1 IN THAT THE FIRM FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM, |



INCLUDING WSPS, AND REGULATORY RISK MANAGEMENT CONTROLS REASONABLY DESIGNED TO MONITOR FOR POTENTIALLY MANIPULATIVE TRADING, SUCH AS POTENTIAL LAYERING, SPOOFING, WASH TRADES, PREARRANGED TRADES, MARKING THE CLOSE, AND ODD-LOT MANIPULATION.

Initiated By: CBOE BZX EXCHANGE, INC.

Date Initiated: 07/08/2021

Docket/Case Number: STAR NO. 20150440782-07 | FILE NO. USRI-7261-05

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

Other Product Type(s):

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

Other Sanction(s)/Relief Sought:

Resolution: Consent

Resolution Date: 07/28/2021

Sanctions Ordered: Censure
Monetary/Fine \$115,000.00

Other Sanctions Ordered:

Sanction Details: A CENSURE AND A MONETARY FINE IN THE AMOUNT OF \$115,000.

Reporting Source: Firm

Current Status: Final

Allegations: CODA MARKETS, INC. VIOLATED THE EXCHANGE ACT RULE 15C-5(B) AND (C)(2) AND BZX RULES A 3.2 AND 5.1 IN THAT THE FIRM FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM, INCLUDING WSPS, AND REGULATORY RISK MANAGEMENT CONTROLS REASONABLY DESIGNED TO MONITOR FOR POTENTIALLY MANIPULATIVE TRADING SUCH AS POTENTIAL LAYERING, SPOOFING, WASH TRADES, PREARRANGED TRADES, MARKING THE CLOSE AND ODD-LOT MANIPULATION.

Initiated By: CBOE BZX EXCHANGE, INC.

Date Initiated: 07/08/2021

Docket/Case Number: STAR NO 20150440782-07 FILE NO USRI-7261-05



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| Principal Product Type: | Equity Listed (Common & Preferred Stock) |
| Other Product Type(s): | |
| Principal Sanction(s)/Relief Sought: | Civil and Administrative Penalt(ies) /Fine(s) |
| Other Sanction(s)/Relief Sought: | |
| Resolution: | Consent |
| Resolution Date: | 07/28/2021 |
| Sanctions Ordered: | Censure Monetary/Fine \$115,000.00 |
| Other Sanctions Ordered: | |
| Sanction Details: | A CENSURE AND A MONETARY FINE IN THE AMOUNT OF \$115,000.00. |
| Firm Statement | THE FIRM HAS SETTLED THE MATTER AND PAID ITS FINE. INDEPENDENT CONSULTANT WAS ENGAGED AUGUST 30, 2021. |

Disclosure 8 of 15

| | |
|--------------------------|---|
| Reporting Source: | Regulator |
| Current Status: | Final |
| Allegations: | <p>WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM, INCLUDING WRITTEN SUPERVISORY PROCEDURES (WSPS), AND REGULATORY RISK MANAGEMENT CONTROLS REASONABLY DESIGNED TO MONITOR FOR POTENTIALLY MANIPULATIVE TRADING, SUCH AS POTENTIAL LAYERING, SPOOFING, WASH TRADES, PREARRANGED TRADES, MARKING THE CLOSE, AND ODD-LOT MANIPULATION. THE FINDINGS STATED THAT THE FIRM FAILED TO ESTABLISH, DOCUMENT, AND MAINTAIN FINANCIAL RISK MANAGEMENT CONTROLS AND WSPS REASONABLY DESIGNED TO PREVENT THE ENTRY OF ERRONEOUS ORDERS. IN ADDITION, THE FIRM FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM, INCLUDING WSPS, REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH EXCHANGE ACT RULE 15C3-5(E)'S REQUIREMENT TO REGULARLY REVIEW THE EFFECTIVENESS OF ITS RISK MANAGEMENT CONTROLS. THE FIRM'S CERTIFICATIONS FAILED TO COMPLY WITH EXCHANGE ACT RULE 15C3-5(E)(2). THE FIRM'S FAILURES HAVE RESULTED IN POTENTIALLY MANIPULATIVE TRADING OCCURRING THROUGH ITS MARKET PARTICIPANT IDENTIFIERS AND HUNDREDS OF MILLIONS OF ORDERS ENTERING THE MARKETS WITHOUT BEING SUBJECTED TO REASONABLY</p> |



DESIGNED RISK MANAGEMENT CONTROLS OR REASONABLY DESIGNED
POST-TRADE SUPERVISORY REVIEWS.

Initiated By: NYSE ARCA, INC.

Date Initiated: 07/28/2021

Docket/Case Number: 2015044078205

Principal Product Type: No Product

Other Product Type(s):

**Principal Sanction(s)/Relief
Sought:**

**Other Sanction(s)/Relief
Sought:**

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 07/28/2021

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

Sanctions Ordered: Censure
Monetary/Fine \$115,000.00

Other Sanctions Ordered: UNDERTAKING

Sanction Details: THE FIRM WAS CENSURED, FINED A TOTAL OF \$1,250,000, OF WHICH \$115,000 IS PAYABLE TO NYSE ARCA AND REQUIRED TO RETAIN AN INDEPENDENT CONSULTANT TO CONDUCT A COMPREHENSIVE REVIEW OF THE ADEQUACY OF THE FIRM'S COMPLIANCE WITH EXCHANGE ACT RULE 15C3-5 AND NYSE ARCA RULE 11.18. ACCEPTANCE OF THIS AWC IS CONDITIONED UPON ACCEPTANCE OF PARALLEL SETTLEMENT AGREEMENTS IN RELATED MATTERS BETWEEN THE FIRM AND BX, BYX, BZX, EDGA, EDGX, FINRA, IEX, AND NASDAQ.

Reporting Source: Firm

Current Status: Final

Allegations: THE WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM,



INCLUDING WRITTEN SUPERVISORY PROCEDURES (WSPS) AND REGULATORY RISK MANAGEMENT CONTROLS REASONABLY DESIGNED TO MONITOR FOR POTENTIALLY MANIPULATIVE TRADING, SUCH AS POTENTIAL LAYERING, SPOOFING, WASH TRADES, PREARRANGED TRADES, MARKING THE CLOSE AND ODD-LOT MANIPULATION. THE FINDINGS STATED THAT THE FIRM FAILED TO ESTABLISH, DOCUMENT, AND MAINTAIN FINANCIAL RISK MANAGEMENT CONTROLS AND WSPS REASONABLY DESIGNED TO PREVENT THE ENTRY OF ERRONEOUS ORDERS. IN ADDITION, THE FIRM FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM, INCLUDING WSPS REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH EXCHANGE ACT RULE 15C3-5 (E)S REQUIREMENT TO REGULARLY REVIEW THE EFFECTIVENESS OF ITS RISK MANAGEMENT CONTROLS. THE FIRM'S CERTIFICATIONS FAILED TO COMPLY WITH EXCHANGE ACT RULE 15D3-5(E)(2). THE FIRM'S FAILURES HAVE RESULTED IN POTENTIALLY MANIPULATIVE TRADING OCCURRING THROUGH ITS MARKET PARTICIPANT IDENTIFIERS AND HUNDREDS OF MILLIONS OF ORDERS ENTERING THE MARKETS WITHOUT BEING SUBJECT TO REASONABLY DESIGNED RISK MANAGEMENT CONTROLS OR REASONABLY DESIGNED POST-TRADE SUPERVISORY REVIEWS.

Initiated By: NYSE ARCA, INC.

Date Initiated: 07/08/2021

Docket/Case Number: 2015044078205

Principal Product Type: No Product

Other Product Type(s):

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

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 07/28/2021

Sanctions Ordered: Censure
Monetary/Fine \$115,000.00

Other Sanctions Ordered: UNDERTAKING

Sanction Details: THE FIRM WAS CENSURED, FINED A TOTAL OF \$1,250,000, OF WHICH \$115,000.00 IS PAYABLE TO NYSE ARCA AND REQUIRED TO RETAIN AN INDEPENDENT CONSULTANT TO CONDUCT A COMPREHENSIVE REVIEW OF THE ADEQUACY OF THE FIRM'S COMPLIANCE WITH EXCHANGE ACT RULE 15C3-5 AND NYSE ARCA RULE 11.18. ACCEPTANCE OF THIS AWC IS



CONDITIONED UPON PARALLEL SETTLEMENT AGREEMENTS IN RELATED MATTERS BETWEEN THE FIRM AND BX, BYX, BZX, EDGA, EDGX, IEX AND NASDAQ.

Firm Statement

THE SETTLED THE MATTER AND HAS PAID THE FINE OF 115,000.00 AND HAS ENGAGED AN INDEPENDENT CONSULTANT.

Disclosure 9 of 15

Reporting Source: Regulator

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM, INCLUDING WRITTEN SUPERVISORY PROCEDURES (WSPS), AND REGULATORY RISK MANAGEMENT CONTROLS REASONABLY DESIGNED TO MONITOR FOR POTENTIALLY MANIPULATIVE TRADING, SUCH AS POTENTIAL LAYERING, SPOOFING, WASH TRADES, PREARRANGED TRADES, MARKING THE CLOSE, AND ODD LOT MANIPULATION. THE FINDINGS STATED THAT THE FIRM'S FAILURES HAVE RESULTED IN POTENTIALLY MANIPULATIVE TRADING OCCURRING THROUGH ITS MARKET PARTICIPANT IDENTIFIERS AND HUNDREDS OF MILLIONS OF ORDERS ENTERING THE MARKETS WITHOUT BEING SUBJECTED TO REASONABLY DESIGNED RISK MANAGEMENT CONTROLS OR REASONABLY DESIGNED POST TRADE SUPERVISORY REVIEWS.

Initiated By: INVESTORS' EXCHANGE LLC

Date Initiated: 07/28/2021

Docket/Case Number: 2015044078204

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 07/28/2021



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

Sanctions Ordered: Censure
Monetary/Fine \$52,500.00

Other Sanctions Ordered: UNDERTAKING

Sanction Details: THE FIRM WAS CENSURED, FINED A TOTAL OF \$1,250,000, OF WHICH \$52,500 IS PAYABLE TO IEX AND REQUIRED TO RETAIN AN INDEPENDENT CONSULTANT TO CONDUCT A COMPREHENSIVE REVIEW OF THE ADEQUACY OF THE FIRM'S COMPLIANCE WITH EXCHANGE ACT RULE 15C3-5 AND IEX RULE 5.110. ACCEPTANCE OF THIS AWC IS CONDITIONED UPON ACCEPTANCE OF PARALLEL SETTLEMENT AGREEMENTS IN RELATED MATTERS BETWEEN THE FIRM AND BX, BYX, BZX, EDGA, EDGX, FINRA, NASDAQ, AND NYSE ARCA.

Reporting Source: Firm

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM, INCLUDING WRITTEN SUPERVISORY PROCEDURES (WSPS) AND REGULATORY RISK MANAGEMENT CONTROLS REASONABLY DESIGNED TO MONITOR FOR POTENTIALLY MANIPULATIVE TRADING, SUCH AS POTENTIAL LAYERING, SPOOFING, WASH TRADES, PREARRANGED TRADES, MARKING THE CLOSE AND ODD-LOT MANIPULATION. THE FINDINGS STATED THAT THE FIRM'S FAILURES HAVE RESULTED IN POTENTIALLY MANIPULATIVE TRADING OCCURRING THROUGH ITS MARKET PARTICIPANT IDENTIFIERS AND HUNDREDS OF MILLIONS OF ORDERS ENTERING THE MARKETS WITHOUT BEING SUBJECT TO REASONABLY DESIGNED RISK MANAGEMENT CONTROLS OR REASONABLY DESIGNED POST-TRADE SUPERVISORY REVIEWS.

Initiated By: INVESTORS' EXCHANGE LLC

Date Initiated: 07/28/2021

Docket/Case Number: 2015044078204

Principal Product Type: No Product

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

Civil and Administrative Penalt(ies) /Fine(s)

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

Acceptance, Waiver & Consent(AWC)

Resolution Date:

07/28/2021

Sanctions Ordered:Censure
Monetary/Fine \$52,500.00**Other Sanctions Ordered:**

UNDERTAKING

Sanction Details:

THE FIRM WAS CENSURED, FINED A TOTAL OF \$1,250,000, OF WHICH \$52,000.00 IS PAYABLE TO IEX AND REQUIRED TO RETAIN AN INDEPENDENT CONSULTANT TO CONDUCT A COMPREHENSIVE REVIEW OF THE ADEQUACY OF THE FIRM'S COMPLIANCE WITH EXCHANGE ACT RULE 15C3-5 AND IEX RULE 5.110. ACCEPTANCE OF THIS AWC IS CONDITIONED UPON PARALLEL SETTLEMENT AGREEMENTS IN RELATED MATTERS BETWEEN THE FIRM AND FINRA, BX, BYX, BZX, EDGA, EDGX, NYSE ARCA AND NASDAQ.

Firm Statement

THE FIRM HAS SETTLED THE MATTER AND PAID ITS FINE. INDEPENDENT CONSULTANT WAS ENGAGED AUGUST 30, 2021.

Disclosure 10 of 15**Reporting Source:**

Regulator

Current Status:

Final

Allegations:

WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM, INCLUDING WRITTEN SUPERVISORY PROCEDURES (WSPS), AND REGULATORY RISK MANAGEMENT CONTROLS REASONABLY DESIGNED TO MONITOR FOR POTENTIALLY MANIPULATIVE TRADING, SUCH AS POTENTIAL LAYERING, SPOOFING, WASH TRADES, PREARRANGED TRADES, MARKING THE CLOSE, AND ODD LOT MANIPULATION. THE FINDINGS STATED THAT THE FIRM'S FAILURES HAVE RESULTED IN POTENTIALLY MANIPULATIVE TRADING OCCURRING THROUGH ITS MARKET PARTICIPANT IDENTIFIERS AND HUNDREDS OF MILLIONS OF ORDERS ENTERING THE MARKETS WITHOUT BEING SUBJECTED TO REASONABLY DESIGNED RISK MANAGEMENT CONTROLS OR REASONABLY DESIGNED POST TRADE SUPERVISORY REVIEWS.



Initiated By: NASDAQ BX, INC.

Date Initiated: 07/28/2021

Docket/Case Number: 2015044078203

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 07/28/2021

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

Sanctions Ordered: Censure
Monetary/Fine \$102,500.00

Other Sanctions Ordered: UNDERTAKING

Sanction Details: THE FIRM WAS CENSURED, FINED A TOTAL OF \$1,250,000, OF WHICH \$102,500 IS PAYABLE TO BX AND REQUIRED TO RETAIN AN INDEPENDENT CONSULTANT TO CONDUCT A COMPREHENSIVE REVIEW OF THE ADEQUACY OF THE FIRM'S COMPLIANCE WITH EXCHANGE ACT RULE 15C3-5 AND BX GENERAL RULE 9, SECTION 20(A). ACCEPTANCE OF THIS AWC IS CONDITIONED UPON ACCEPTANCE OF PARALLEL SETTLEMENT AGREEMENTS IN RELATED MATTERS BETWEEN THE FIRM AND BYX, BZX, EDGA, EDGX, FINRA, IEX, NASDAQ AND NYSE ARCA.

Reporting Source: Firm

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM, INCLUDING WRITTEN SUPERVISORY PROCEDURES (WSPS) AND REGULATORY RISK MANAGEMENT CONTROLS REASONABLY DESIGNED TO MONITOR FOR



POTENTIALLY MANIPULATIVE TRADING, SUCH AS POTENTIAL LAYERING, SPOOFING, WASH TRADES, PREARRANGED TRADES, MARKING THE CLOSE AND ODD-LOT MANIPULATION. THE FINDINGS STATED THAT THE FIRM'S FAILURES HAVE RESULTED IN POTENTIALLY MANIPULATIVE TRADING OCCURRING THROUGH ITS MARKET PARTICIPANT IDENTIFIERS AND HUNDREDS OF MILLIONS OF ORDERS ENTERING THE MARKETS WITHOUT BEING SUBJECT TO REASONABLY DESIGNED RISK MANAGEMENT CONTROLS OR REASONABLY DESIGNED POST-TRADE SUPERVISORY REVIEWS.

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| Initiated By: | NASDAQ BX, INC. |
| Date Initiated: | 07/28/2021 |
| Docket/Case Number: | 2015044078203 |
| Principal Product Type: | No Product |
| Other Product Type(s): | |
| Principal Sanction(s)/Relief Sought: | Civil and Administrative Penalt(ies) /Fine(s) |
| Other Sanction(s)/Relief Sought: | |
| Resolution: | Acceptance, Waiver & Consent(AWC) |
| Resolution Date: | 07/28/2021 |
| Sanctions Ordered: | Censure Monetary/Fine \$102,500.00 |
| Other Sanctions Ordered: | UNDERTAKING |
| Sanction Details: | THE FIRM WAS CENSURED, FINED A TOTAL OF \$1,250,000, OF WHICH \$102,500.00 IS PAYABLE TO NASDAQ BX, INC. AND REQUIRED TO RETAIN AN INDEPENDENT CONSULTANT TO CONDUCT A COMPREHENSIVE REVIEW OF THE ADEQUACY OF THE FIRM'S COMPLIANCE WITH EXCHANGE ACT RULE 15C3-5 AND BX GENERAL RULE 9, SECTION 20(A). ACCEPTANCE OF THIS AWC IS CONDITIONED UPON PARALLEL SETTLEMENT AGREEMENTS IN RELATED MATTERS BETWEEN THE FIRM AND FINRA, BYX, BZX, EDGA, EDGX, NYSE ARCA AND NASDAQ. |
| Firm Statement | THE FIRM HAS SETTLED THE MATTER AND PAID ITS FINE. INDEPENDENT CONSULTANT WAS ENGAGED AUGUST 30, 2021. |

Disclosure 11 of 15

Reporting Source: Regulator



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|---|---|
| Current Status: | Final |
| Allegations: | <p>WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM, INCLUDING WRITTEN SUPERVISORY PROCEDURES (WSPS), AND REGULATORY RISK MANAGEMENT CONTROLS REASONABLY DESIGNED TO MONITOR FOR POTENTIALLY MANIPULATIVE TRADING, SUCH AS POTENTIAL LAYERING, SPOOFING, WASH TRADES, PREARRANGED TRADES, MARKING THE CLOSE, AND ODD LOT MANIPULATION. THE FINDINGS STATED THAT THE FIRM FAILED TO ESTABLISH, DOCUMENT, AND MAINTAIN FINANCIAL RISK MANAGEMENT CONTROLS AND WSPS REASONABLY DESIGNED TO PREVENT THE ENTRY OF ERRONEOUS ORDERS. THE FIRM'S PRICE CONTROL WAS NOT REASONABLY DESIGNED TO PREVENT THE ENTRY OF ERRONEOUS ORDERS BECAUSE IT WAS UNABLE TO PROVIDE A REASONABLE BASIS SUFFICIENT TO JUSTIFY SETTING ITS PARAMETERS SUBSTANTIALLY HIGHER THAN THE NUMERICAL GUIDELINES FOR CLEARLY ERRONEOUS EXECUTIONS UNDER FINRA RULES AND EXCHANGE RULES. THE PARAMETERS WERE ALSO UNREASONABLE BECAUSE THEY WERE DIFFERENT THAN THE FIRM'S OWN ERRONEOUS TRADE PROCEDURES. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM, INCLUDING WSPS, REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE REQUIREMENT UNDER RULE 15C3-5(E) OF THE SECURITIES EXCHANGE ACT OF 1934 (THE EXCHANGE ACT) TO REGULARLY REVIEW THE EFFECTIVENESS OF ITS RISK MANAGEMENT CONTROLS. THE FINDINGS ALSO INCLUDED THAT THE FIRM'S CERTIFICATIONS FAILED TO COMPLY WITH EXCHANGE ACT RULE 15C3-5(E)(2). THE FIRM'S FAILURES HAVE RESULTED IN POTENTIALLY MANIPULATIVE TRADING OCCURRING THROUGH ITS MARKET PARTICIPANT IDENTIFIERS AND HUNDREDS OF MILLIONS OF ORDERS ENTERING THE MARKETS WITHOUT BEING SUBJECTED TO REASONABLY DESIGNED RISK MANAGEMENT CONTROLS OR REASONABLY DESIGNED POST TRADE SUPERVISORY REVIEWS.</p> |
| Initiated By: | NASDAQ STOCK MARKET |
| Date Initiated: | 07/28/2021 |
| Docket/Case Number: | 2015044078202 |
| Principal Product Type: | No Product |
| Other Product Type(s): | |
| Principal Sanction(s)/Relief Sought: | |
| Other Sanction(s)/Relief Sought: | |



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| Resolution: | Acceptance, Waiver & Consent(AWC) |
| Resolution Date: | 07/28/2021 |
| Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? | No |
| Sanctions Ordered: | Censure Monetary/Fine \$115,000.00 |
| Other Sanctions Ordered: | UNDERTAKING |
| Sanction Details: | THE FIRM WAS CENSURED, FINED A TOTAL OF \$1,250,000, OF WHICH \$115,000 IS PAYABLE TO NASDAQ AND REQUIRED TO RETAIN AN INDEPENDENT CONSULTANT TO CONDUCT A COMPREHENSIVE REVIEW OF THE ADEQUACY OF THE FIRM'S COMPLIANCE WITH EXCHANGE ACT RULE 15C3-5 AND NASDAQ GENERAL RULE 9, SECTION 20(A). ACCEPTANCE OF THIS AWC IS CONDITIONED UPON ACCEPTANCE OF PARALLEL SETTLEMENT AGREEMENTS IN RELATED MATTERS BETWEEN THE FIRM AND BX, BYX, BZX, EDGA, EDGX, FINRA, IEX, AND NYSE ARCA. |
| <hr/> | |
| Reporting Source: | Firm |
| Current Status: | Final |
| Allegations: | WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM, INCLUDING WRITTEN SUPERVISORY PROCEDURES (WSPS) AND REGULATORY RISK MANAGEMENT CONTROLS REASONABLY DESIGNED TO MONITOR FOR POTENTIALLY MANIPULATIVE TRADING, SUCH AS POTENTIAL LAYERING, SPOOFING, WASH TRADES, PREARRANGED TRADES, MARKING THE CLOSE AND ODD-LOT MANIPULATION. THE FINDINGS STATED THAT THE FIRM FAILED TO ESTABLISH, DOCUMENT, AND MAINTAIN FINANCIAL RISK MANAGEMENT CONTROLS AND WSPS REASONABLY DESIGNED TO PREVENT THE ENTRY OF ERRONEOUS ORDERS. THE FIRM'S PRICE CONTROL WAS NOT REASONABLY DESIGNED TO PREVENT THE ENTRY OF ERRONEOUS ORDERS BECAUSE IT WAS UNABLE TO PROVIDE A REASONABLE BASIS SUFFICIENT TO JUSTIFY SETTING ITS PARAMETERS SUBSTANTIALLY HIGHER THAN THE NUMERICAL GUIDELINES FOR CLEARLY ERRONEOUS EXECUTION UNDER FINRA RULES AND EXCHANGE RULES. THE PARAMETERS WERE ALSO UNREASONABLE BECAUSE THEY WERE DIFFERENT THAN THE FIRM'S OWN ERRONEOUS TRADE |



PROCEDURES. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM, INCLUDING WSPS, REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE REQUIREMENTS UNDER THE RULE 15C3-5 ? OF THE SECURITIES EXCHANGE ACT OF 1934 (THE EXCHANGE ACT) TO REGULARLY REVIEW THE EFFECTIVENESS OF ITS RISK MANAGEMENT CONTROLS. THE FIRM'S FAILURES HAVE RESULTED IN POTENTIALLY MANIPULATIVE TRADING OCCURRING THROUGH ITS MARKET PARTICIPANT IDENTIFIERS AND HUNDREDS OF MILLIONS OF ORDERS ENTERING THE MARKETS WITHOUT BEING SUBJECT TO REASONABLY DESIGNED RISK MANAGEMENT CONTROLS OR REASONABLY DESIGNED POST-TRADE SUPERVISORY REVIEWS.

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| Initiated By: | NASDAQ STOCK MARKET |
| Date Initiated: | 07/28/2021 |
| Docket/Case Number: | 2015044078202 |
| Principal Product Type: | No Product |
| Other Product Type(s): | |
| Principal Sanction(s)/Relief Sought: | Civil and Administrative Penalt(ies) /Fine(s) |
| Other Sanction(s)/Relief Sought: | |
| Resolution: | Acceptance, Waiver & Consent(AWC) |
| Resolution Date: | 07/28/2021 |
| Sanctions Ordered: | Censure Monetary/Fine \$115,000.00 |
| Other Sanctions Ordered: | UNDERTAKING |
| Sanction Details: | THE FIRM WAS CENSURED, FINED A TOTAL OF \$1,250,000, OF WHICH \$115,000.00 IS PAYABLE TO NASDAQ AND REQUIRED TO RETAIN AN INDEPENDENT CONSULTANT TO CONDUCT A COMPREHENSIVE REVIEW OF THE ADEQUACY OF THE FIRM'S COMPLIANCE WITH EXCHANGE ACT RULE 15C3-5 AND NASDAQ GENERAL RULE 9, SECTION 20(A). ACCEPTANCE OF THIS AWC IS CONDITIONED UPON PARALLEL SETTLEMENT AGREEMENTS IN RELATED MATTERS BETWEEN THE FIRM AND FINRA, BYX, BZX, EDGA, EDGX, NYSE ARCA AND NASDAQ BX. |
| Firm Statement | THE FIRM HAS SETTLED THE MATTER AND PAID ITS FINE. INDEPENDENT CONSULTANT WAS ENGAGED AUGUST 30, 2021. |



Disclosure 12 of 15

Reporting Source: Regulator

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO ESTABLISH, DOCUMENT, AND MAINTAIN A SUPERVISORY SYSTEM, INCLUDING WRITTEN SUPERVISORY PROCEDURES (WSPS), AND REGULATORY RISK MANAGEMENT CONTROLS REASONABLY DESIGNED TO MONITOR FOR POTENTIALLY MANIPULATIVE TRADING, SUCH AS POTENTIAL LAYERING, SPOOFING, WASH TRADES, PREARRANGED TRADES, MARKING THE CLOSE, AND ODD-LOT MANIPULATION, BY ITS SUBSCRIBERS AND THEIR CUSTOMERS. THE FINDINGS STATED THAT THE FIRM FAILED TO DEVELOP AND IMPLEMENT AN ANTI-MONEY LAUNDERING (AML) PROGRAM REASONABLY DESIGNED TO DETECT AND CAUSE THE REPORTING OF POTENTIALLY SUSPICIOUS TRANSACTIONS AND ITS AML TESTING AND TRAINING WERE NOT REASONABLE. THE FIRM'S AML PROGRAM WAS NOT REASONABLY TAILORED TO THE RISKS OF ITS DIRECT MARKET ACCESS BUSINESS. THE FIRM RECOGNIZED THAT POTENTIALLY MANIPULATIVE TRADING, SUCH AS LAYERING, WAS A RISK OF ITS BUSINESS. YET, PRIOR TO A FINRA EXAMINATION, THE FIRM'S WRITTEN AML PROCEDURES DID NOT ADDRESS POTENTIALLY MANIPULATIVE TRADING AT ALL. IN ADDITION, THE FIRM'S AML TESTING WAS NOT REASONABLE BECAUSE IT FAILED TO ASSESS WHETHER THE FIRM'S SURVEILLANCE REPORTS WERE REASONABLY DESIGNED TO DETECT POTENTIALLY SUSPICIOUS TRANSACTIONS AND WHETHER THE FIRM REASONABLY REVIEWED THE SURVEILLANCE REPORTS AND REASONABLY INVESTIGATED POTENTIALLY SUSPICIOUS TRANSACTIONS. THE FIRM'S TRAINING FAILED TO ADDRESS HOW TO IDENTIFY RED FLAGS OF SUSPICIOUS TRANSACTIONS. EVEN AFTER FINRA NOTIFIED THE FIRM OF THIS DEFICIENCY, ITS SUBSEQUENT AML TRAINING MATERIALS LISTED RED FLAGS OF SUSPICIOUS TRANSACTIONS AND INSTRUCTED PERSONNEL TO WATCH FOR THEM, WITHOUT PROVIDING ANY GUIDANCE ON HOW TO IDENTIFY SUCH RED FLAGS. IN ADDITION, THE FIRM DID NOT CONDUCT AML TRAINING ON AT LEAST AN ANNUAL BASIS. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO ESTABLISH, DOCUMENT, AND MAINTAIN FINANCIAL RISK MANAGEMENT CONTROLS AND WSPS REASONABLY DESIGNED TO PREVENT THE ENTRY OF ORDERS THAT EXCEED APPROPRIATE PRE-SET CREDIT THRESHOLDS AND ERRONEOUS ORDERS. THE FIRM'S WSPS DID NOT DESCRIBE THE DUE DILIGENCE TO BE PERFORMED OR HOW CREDIT THRESHOLDS SHOULD BE DETERMINED. THE FIRM HAS NEVER CONSIDERED A SUBSCRIBER'S FINANCIAL CONDITION IN DETERMINING CREDIT THRESHOLDS, CONTRARY TO SEC GUIDANCE. AS A RESULT, THE FIRM SET CREDIT THRESHOLDS FOR CERTAIN SUBSCRIBERS THAT WERE UNREASONABLY



HIGH IN LIGHT OF THEIR FINANCIAL CONDITIONS. THE FINDINGS ALSO INCLUDED THAT THE FIRM FAILED TO ESTABLISH, DOCUMENT, AND MAINTAIN A SUPERVISORY SYSTEM REASONABLY DESIGNED TO REVIEW THE EFFECTIVENESS OF ITS RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES. THE FIRM'S WSPS DID NOT DESCRIBE HOW THE REVIEW WAS TO BE CONDUCTED. MOREOVER, BESIDES AN AD HOC REVIEW, THE FIRM DID NOT ACTUALLY REVIEW THE EFFECTIVENESS OF ITS RISK MANAGEMENT CONTROLS DURING THE RELEVANT PERIOD. THE FIRM'S ANNUAL CERTIFICATION RECORDS DID NOT DESCRIBE OR DOCUMENT ANY SUCH REVIEWS. FINRA FOUND THAT THE FIRM FAILED TO PROVIDE ANNUAL CERTIFICATIONS IN COMPLIANCE WITH EXCHANGE ACT RULE 15C3-5 AND FINRA RULE 3130. THE FIRM FAILED TO COMPLETE ITS CERTIFICATIONS NO LATER THAN ON THE ANNIVERSARY DATE OF THE PREVIOUS YEAR'S CERTIFICATION. FINRA ALSO FOUND THAT THE FIRM FAILED TO REASONABLY TEST ITS WSPS AND PREPARE ANNUAL REPORTS SUMMARIZING THE TEST RESULTS. THE FIRM TESTED ITS WSPS IN TWO OR THREE SUBJECT AREAS ONLY, WHICH WAS NOT SUFFICIENT TO VERIFY THAT THE FIRM'S WSPS WERE REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS AND REGULATIONS, AND WITH APPLICABLE FINRA RULES. FURTHERMORE, THE FIRM'S SUPERVISORY CONTROLS REPORTS DID NOT INCLUDE A SUMMARY OF THE TEST RESULTS AND SIGNIFICANT IDENTIFIED EXCEPTIONS, NOR DID THEY DETAIL ANY ADDITIONAL OR AMENDED SUPERVISORY PROCEDURES CREATED IN RESPONSE TO THE TEST RESULTS.

Initiated By: FINRA

Date Initiated: 07/28/2021

Docket/Case Number: [2015044078201](#)

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 07/28/2021



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

Sanctions Ordered: Censure
Monetary/Fine \$405,000.00

Other Sanctions Ordered: UNDERTAKING

Sanction Details: THE FIRM WAS CENSURED, FINED A TOTAL OF \$1,250,000.00, OF WHICH \$405,000 IS PAYABLE TO FINRA AND REQUIRED TO RETAIN AN INDEPENDENT CONSULTANT TO CONDUCT A COMPREHENSIVE REVIEW OF THE ADEQUACY OF THE FIRM'S COMPLIANCE WITH RULE 15C3-5 OF THE SECURITIES EXCHANGE ACT OF 1934 (EXCHANGE ACT) AND FINRA RULES 3110, 3120, AND 3310. ACCEPTANCE OF THIS AWC IS CONDITIONED UPON ACCEPTANCE OF PARALLEL SETTLEMENT AGREEMENTS IN RELATED MATTERS BETWEEN THE FIRM AND BX, BYX, BZX, EDGA, EDGX, IEX, NASDAQ, AND NYSE ARCA. FINE PAID IN FULL ON AUGUST 17, 2021.

Reporting Source: Firm

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IF FAILED TO DO ESTABLISH DOCUMENT AND MAINTAIN A SUPERVISORY SYSTEM INCLUDING WRITTEN SUPERVISORY PROCEDURES AND REGULATORY RISK MANAGEMENT CONTROLS REASONABLY DESIGNED TO MONITOR FOR POTENTIALLY MANIPULATIVE TRADING BY ITS SUBSCRIBERS AND THEIR CUSTOMERS. THE FINDINGS STATED THAT THE FIRM FAILED TO DEVELOP AND IMPLEMENT AN ANTI-MONEY LAUNDERING PROGRAM REASONABLY DESIGNED TO DETECT AND CAUSE THE REPORTING OF POTENTIALLY SUSPICIOUS TRANSACTIONS AND IT'S AML TESTING AND TRAINING WERE NOT REASONABLE. THE FIRMS AML PROGRAM WAS NOT REASONABLY TAILORED TO THE RISKS OF ITS DIRECT MARKET EXCESS BUSINESS. THE FIRM RECOGNIZED THAT POTENTIALLY MANIPULATIVE TRADING SUCH AS LAYERING WAS A RISK OF ITS BUSINESS. YET, PRIOR TO A GENERAL EXAMINATION, THE FIRM'S WRITTEN AML PROCEDURES DID NOT ADDRESS POTENTIALLY MANIPULATIVE TRADING AT ALL. IN ADDITION, THE FIRMS AML TESTING WAS NOT REASONABLE BECAUSE IT FAILED TO ASSESS WHETHER THE FIRMS SURVEILLANCE REPORTS WERE REASONABLY DESIGNED TO DETECT POTENTIALLY SUSPICIOUS TRANSACTIONS AND WHETHER THE FIRM REASONABLY REVIEWED THE SURVEILLANCE REPORTS AND REASONABLY INVESTIGATED POTENTIALLY



SUSPICIOUS TRANSACTIONS.THE FIRMS TRAINING FAILED TO ADDRESS HOW TO IDENTIFY RED FLAGS OF SUSPICIOUS TRANSACTIONS EVEN AFTER FINRA NOTIFIED THE FIRM OF THIS DEFICIENCY, IT'S SUBSEQUENT AML TRAINING MATERIALS LISTED RED FLAGS OF SUSPICIOUS TRANSACTIONS AND INSTRUCTED PERSONNEL TO WATCH FOR THEM WITHOUT PROVIDING ANY GUIDANCE ON HOW TO IDENTIFY SUCH RED FLAGS. IN ADDITION, THE FIRM DID NOT CONDUCT AML TRAINING ON AT LEAST AN ANNUAL BASIS.THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO ESTABLISH DOCUMENT AND MAINTAIN FINANCIAL RISK MANAGEMENT CONTROLS AND WSPS REASONABLY DESIGNED TO PREVENT THE ENTRY OF ORDERS THAT EXCEED APPROPRIATE PRESET CREDIT THRESHOLD AND ERRONEOUS ORDERS. THE FIRMS WSPS DID NOT DESCRIBE THE DUE DILIGENCE TO BE PERFORMED OR HOW CREDIT THRESHOLD SHOULD BE DETERMINED. THE FIRM HAS NEVER CONSIDERED A SUBSCRIBERS FINANCIAL CONDITION IN DETERMINING CREDIT THRESHOLD CONTRARY TO SEC GUIDANCE. AS A RESULT THE FIRM SET CREDIT THRESHOLD FOR CERTAIN SUBSCRIBERS THAT WERE UNREASONABLY HIGH IN LIGHT OF THEIR FINANCIAL CONDITIONS. THE FINDINGS ALSO INCLUDED THAT THE FIRM FAILED TO ESTABLISH DOCUMENT AND MAINTAIN A SUPERVISORY SYSTEM REASONABLY DESIGNED TO REVIEW THE EFFECTIVENESS OF ITS RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES. THE FIRMS WSP'S DID NOT DESCRIBE HOW THE REVIEW WAS TO BE CONDUCTED. MOREOVER, BESIDES AN AD HOC REVIEW THE FIRM DID NOT ACTUALLY REVIEW THE EFFECTIVENESS OF ITS RISK MANAGEMENT CONTROLS DURING THE RELEVANT PERIOD. THE FIRM'S ANNUAL CERTIFICATION RECORDS DID NOT DESCRIBE OR DOCUMENT ANY SUCH REVIEWS. FINRA FOUND THAT THE FIRM FAILED TO PROVIDE ANNUAL CERTIFICATIONS IN COMPLIANCE WITH EXCHANGE ACT RULE 15C3-5 AND FIN RAW RULE 3130. THE FIRM FAILED TO COMPLETE ITS CERTIFICATIONS NO LATER THAN ON THE ANNIVERSARY DATE OF THE PREVIOUS YEAR'S CERTIFICATION. FINRA ALSO FOUND THAT THE FIRM FAILED TO REASONABLY TEST ITS WSPS AND PREPARE ANNUAL REPORTS SUMMARIZING THE TEST RESULTS. THE FIRM TESTED IT'S WS PEAS IN TWO OR THREE SUBJECT AREAS ONLY WHICH WAS NOT SUFFICIENT TO VERIFY THAT THE FIRMS WSPS WERE REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS AND REGULATIONS AND WITH APPLICABLE FINRA RULES. FURTHERMORE THE FIRMS SUPERVISORY CONTROLS REPORTS DID NOT INCLUDE A SUMMARY OF THE TEST RESULTS AND SIGNIFICANT IDENTIFIED EXCEPTIONS NOR DID THEY DETAIL ANY ADDITIONAL OR AMENDED SUPERVISORY PROCEDURES CREATED IN RESPONSE TO THE TEST RESULTS.

Initiated By: FINANCIAL REGULATORY REGULATORY AGENCY

Date Initiated: 07/28/2021



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| Docket/Case Number: | 2015044078201 |
| Principal Product Type: | Equity Listed (Common & Preferred Stock) |
| Other Product Type(s): | |
| Principal Sanction(s)/Relief Sought: | Censure |
| Other Sanction(s)/Relief Sought: | FINE |
| Resolution: | Acceptance, Waiver & Consent(AWC) |
| Resolution Date: | 07/28/2021 |
| Sanctions Ordered: | Censure Monetary/Fine \$405,000.00 |
| Other Sanctions Ordered: | UNDERTAKING |
| Sanction Details: | THE FIRM WAS CENSURED, FINED A TOTAL OF \$1250000.00 OF WHICH \$405000 IS PAYABLE TO FINRA AND REQUIRED TO RETAIN AN INDEPENDENT CONSULTANT TO CONDUCT A COMPREHENSIVE REVIEW OF ADEQUACY OF THE FIRM'S COMPLIANCE WITH RULE 15C3C-5 OF THE SECURITIES EXCHANGE ACT OF 1934 AND FINRA RULES 3110, 3120 AND 3310. FINE PAID N FULL ON AUGUST 17, 2021. |
| Firm Statement | FINE PAID AUGUST 17, 2021. INDEPENDENT CONSULTANT RETAINED ON AUGUST 27, 2021. |

Disclosure 13 of 15

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| Reporting Source: | Regulator |
| Current Status: | Final |
| Allegations: | WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT PUBLISHED INACCURATE DATA IN MONTHLY REPORTS IT WAS REQUIRED TO MAKE PUBLIC PURSUANT TO RULE 605 OF REGULATION NMS. THE FINDINGS STATED THAT TWO SEPARATE SYSTEM FLAWS AT THE FIRM CAUSED THESE INACCURACIES, AND THESE FLAWS AFFECTED ALL OF THE ORDERS THAT RECEIVED PARTIAL EXECUTIONS. BOTH SYSTEM FLAWS BEGAN WHEN THE FIRM CONTRACTED WITH A THIRD-PARTY VENDOR TO PRODUCE THE FIRM'S REPORTS. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM AND WRITTEN SUPERVISORY PROCEDURES REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RULE 605 OF REGULATION NMS. THE FIRM'S WSPS DID NOT REQUIRE, NOR DID THE FIRM CONDUCT, A REVIEW FOR |



THE ACCURACY OF THE DATA CONTAINED WITHIN ITS RULE 605 REPORTS, INCLUDING THE ACCURACY OF THE TOTAL NUMBER OF CUMULATIVE SHARES, IN COVERED ORDERS THAT WERE EXECUTED OR CANCELLED.

Initiated By: FINRA

Date Initiated: 05/18/2020

Docket/Case Number: [2016048498401](#)

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: 05/18/2020

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

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

Other Sanctions Ordered:

Sanction Details: THE FIRM WAS CENSURED AND FINED \$125,000. FINES PAID IN FULL ON MAY 25, 2020.

Reporting Source: Firm

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS THE FIRM CONSENTED TO SANCTIONS AND TO THE ENTRY OF FINDINGS PUBLISHED INACCURATE DATA IN MONTHLY REPORTS IT WAS REQUIRED TO MAKE PUBLIC PURSUANT TO RULE 605 OF REGULATION NMS ("RULE 605") AND FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM AND WRITTEN SUPERVISORY PROCEDURES ("WSPS") REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RULE 605, IN VIOLATION OF NASD RULE 3010 (PRIOR TO DECEMBER 1, 2014), AND FINRA RULES 3110 (ON AND



AFTER DECEMBER 1, 2014) AND 2010. IN NOVEMBER 2017, THE FIRM CONTRACTED WITH A NEW THIRD-PARTY VENDOR THAT DEVELOPED AN AUTOMATED SUPERVISORY REVIEW TO DETECT INACCURACIES IN THE FIRM'S RULE 605 REPORTS, AND ESTABLISHED DAILY COMPLIANCE REVIEWS DESIGNED TO DETERMINE THE ACCURACY OF THE INFORMATION THAT IT PUBLISHED IN ITS RULE 605 REPORTS.

Initiated By: FINANCIAL REGULATORY AUTHORITY

Date Initiated: 05/18/2020

Docket/Case Number: [2016048498401](#)

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

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Censure

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

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 05/18/2020

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

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS THE FIRM CONSENTED TO SANCTIONS AND TO THE ENTRY OF FINDINGS PUBLISHED INACCURATE DATA IN MONTHLY REPORTS IT WAS REQUIRED TO MAKE PUBLIC PURSUANT TO RULE 605 OF REGULATION NMS ("RULE 605") AND FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM AND WRITTEN SUPERVISORY PROCEDURES ("WSPS") REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RULE 605, IN VIOLATION OF NASD RULE 3010 (PRIOR TO DECEMBER 1, 2014), AND FINRA RULES 3110 (ON AND AFTER DECEMBER 1, 2014) AND 2010. IN NOVEMBER 2017, THE FIRM CONTRACTED WITH A NEW THIRD-PARTY VENDOR THAT DEVELOPED AN AUTOMATED SUPERVISORY REVIEW TO DETECT INACCURACIES IN THE FIRM'S RULE 605 REPORTS, AND ESTABLISHED DAILY COMPLIANCE REVIEWS DESIGNED TO DETERMINE THE ACCURACY OF THE INFORMATION THAT IT PUBLISHED IN ITS RULE 605 REPORTS.

Firm Statement FIRM CONTRACTED WITH A NEW THIRD-PARTY VENDOR THAT DEVELOPED AN AUTOMATED SUPERVISORY REVIEW TO DETECT INACCURACIES IN THE FIRM'S RULE 605 REPORTS, AND ESTABLISHED DAILY COMPLIANCE REVIEWS DESIGNED TO DETERMINE THE ACCURACY OF THE

INFORMATION THAT IT PUBLISHED IN ITS RULE 605 REPORTS.

Disclosure 14 of 15

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| Reporting Source: | Regulator |
| Current Status: | Final |
| Allegations: | <p>WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO REPORT REPORTABLE ORDER EVENTS (ROES) TO THE ORDER AUDIT TRAIL SYSTEM (OATS) AND REPORTED ROES THAT CONTAINED INACCURATE, INCOMPLETE OR IMPROPERLY FORMATTED DATA. THE FINDINGS STATED THAT THE FIRM SUBMITTED REPORTS WITH INACCURATE TIMESTAMPS. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO MAINTAIN A SUPERVISORY SYSTEM, INCLUDING WSPS, REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH FINRA RULES CONCERNING OATS REPORTING. THE FIRM'S WSPS DID NOT INCLUDE A PROCEDURE AND IT DID NOT HAVE A SYSTEM FOR REVIEWING THE COMPLETENESS AND ACCURACY OF OATS SUBMISSIONS UNTIL LATER. ALTHOUGH THE FIRM DID PUT IN PLACE A PROCEDURE PROVIDING FOR AN ANNUAL REVIEW OF ROES, THAT PROCEDURE WAS NOT REASONABLY DESIGNED TO PROMPTLY IDENTIFY AND CORRECT ERRORS. IN ADDITION, UNTIL LATER, THE FIRM DID NOT HAVE PROCEDURES OR A SYSTEM TO ACHIEVE COMPLIANCE WITH THE REQUIREMENT TO SYNCHRONIZE ITS CLOCK DAILY, PRIOR TO THE OPEN, AND TO MONITOR FOR INTRADAY DRIFT. FINALLY, THE FIRM FAILED TO PROVIDE EVIDENCE THAT IT CONDUCTED THE SUPERVISORY REVIEWS REQUIRED BY ITS WSPS WITH RESPECT TO CLOCK SYNCHRONIZATION, CONSISTENCY OF OATS INFORMATION WITH TRF INFORMATION AND CONSISTENCY OF ROUTED ORDER IDS.</p> |
| Initiated By: | FINRA |
| Date Initiated: | 11/21/2019 |
| Docket/Case Number: | 2016049105201 |
| Principal Product Type: | Other |
| Other Product Type(s): | REPORTABLE ORDER EVENTS |
| Principal Sanction(s)/Relief Sought: | |
| Other Sanction(s)/Relief Sought: | |
| Resolution: | Acceptance, Waiver & Consent(AWC) |



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| Resolution Date: | 11/21/2019 |
| Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? | No |
| Sanctions Ordered: | Censure Monetary/Fine \$90,000.00 |
| Other Sanctions Ordered: | UNDERTAKING |
| Sanction Details: | THE FIRM WAS CENSURED, FINED \$90,000 AND REQUIRED TO REVIEW AND REVISE ITS SYSTEMS AND WRITTEN PROCEDURES REGARDING THE SUPERVISION OF ITS OATS REPORTING TO ENSURE THAT THE SYSTEMS AND PROCEDURES ARE REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH FINRA RULE 7450 AND TO IMPLEMENT AND TEST ALL CODING CHANGES NECESSARY TO REMEDIATE THE VIOLATIONS IDENTIFIED IN THE AWC. |
| Regulator Statement | FINES PAID IN FULL ON DECEMBER 3, 2019. |

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| Reporting Source: | Firm |
| Current Status: | Final |
| Allegations: | THE FIRM FAILED TO TRANSMIT CERTAIN REPORTS TO OATS 1) DURING THE PERIOD FROM 1/1/15 THROUGH 6/30/15, THE FIRM FAILED TO TRANSMIT TO OATS CANCEL REPORTS, WHICH CONSTITUTED A VIOLATION RATE OF 0.1% THE FIRM CORRECTED THE ERROR ON 5/31/16. 2) DURING THE PERIOD FROM 2/2/15 THROUGH 2/29/16, THE FIRM FAILED TO TRANSMIT TO OATS ROUTE REPORTS, WHICH CONSTITUTED A VIOLATION RATE OF 0.01 %. THE FIRM RESOLVED THE ISSUE ON 2/12/16. 3) DURING THE PERIOD FROM 2/1/15 THROUGH 7/2018, THE FIRM FAILED TO TRANSMIT ROUTE REPORTS FROM THE FIRM TO THE ATS WHICH CONSTITUTED A VIOLATION RATE OF 0.2%. THE FIRM RESOLVED BY REVERTING TO USE OF A SINGLE MPID ON 11/1/18. THE FIRM SUBMITTED INACCURATE, INCOMPLETE OR INCORRECTLY FORMATTED REPORTS TO OATS 4) DURING THE PERIOD 1/1/2015 THROUGH 6/30/15 THE FIRM SUBMITTED NEW ORDER REPORTS THAT DID NOT INCLUDE THE SPECIAL HANDLING CODE OF IMMEDIATE OR CANCEL, WHICH CONSTITUTED A VIOLATION RATE OF 4.9%. THIS ISSUE WAS CORRECTED AS OF 2/12/16. 5) DURING THE PERIOD 11/1/2015THROUGH 6/30/15, THE FIRM SUBMITTED EXECUTION REPORTS TO OATS THAT CONTAINED AN INACCURATE "LEAVES QUANTITY" OF "0" AFTER A PARTIAL FILL, WHICH CONSTITUTED A |



VIOLATION RATE OF 0.1 %. THE FIRM CORRECTED THE ISSUE AS OF 2/12/16. 6) DURING THE PERIOD 1/1/15 THROUGH 6/30/15, THE FIRM SUBMITTED EXECUTION REPORTS TO OATS THAT CONTAINED AN INACCURATE EXECUTION TYPE INDICATOR OF "P" (PARTIAL) WHEN IT SHOULD HAVE READ "F" (FULL), WHICH CONSTITUTED A VIOLATION RATE OF 0.2%. THE FIRM CORRECTED THE ERROR AS OF 2/12/16. THE FIRM SUBMITTED REPORTS WITH INACCURATE TIMESTAMPS. NEW ORDER REPORTS CONTAINED AN INACCURATE ORDER SENT AND ORDER RECEIVED TIMESTAMP, RESPECTIVELY WHICH CONSTITUTED A VIOLATION RATE OF 6.5%. THE FIRM CORRECTED THE ERROR WHEN IT REVERTED TO USING A SINGLE MPID ON 11/1/18. 9) THE FIRM'S SUPERVISORY SYSTEM WAS NOT REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO FINRA RULES CONCERNING OATS. THE FIRM'S WSPS DID NOT INCLUDE A PROCEDURE AND THE FIRM DID NOT HAVE A SYSTEM FOR REVIEWING THE COMPLETENESS AND ACCURACY OF OATS SUBMISSIONS UNTIL 10/1/17. IN ADDITION, UNTIL 2016, THE FIRM DID NOT HAVE PROCEDURES OR A SYSTEM TO ACHIEVE COMPLIANCE WITH THE REQUIREMENT TO SYNCHRONIZE ITS CLOCK DAILY AND TO MONITOR FOR INTRADAY DRIFT AND FAILED TO PROVIDE EVIDENCE THAT THE FIRM CONDUCTED THE SUPERVISORY REVIEWS REQUIRED BY ITS WSPS WITH RESPECT TO CLOCK SYNCHRONIZATION, CONSISTENCY OF OATS DATA WITH TRF INFORMATION AND CONSISTENCY OF ROUTED ORDER IDS.

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| Initiated By: | FINANCIAL REGULATORY AUTHORITY (FINRA) |
| Date Initiated: | 11/21/2019 |
| Docket/Case Number: | 2016049105201 |
| 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: | 11/21/2019 |
| Sanctions Ordered: | Censure Monetary/Fine \$90,000.00 |
| Other Sanctions Ordered: | AN UNDERTAKING TO REVIEW AND REVISE THE FIRM'S SYSTEMS AND WRITTEN PROCEDURES REGARDING THE SUPERVISION OF ITS OATS REPORTING TO ENSURE THAT THE SYSTEMS AND PROCEDURES ARE REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH FINRA RULE |



7450 AND TO IMPLEMENT AND TEST ALL CODING CHANGES NECESSARY TO REMEDIATE THE VIOLATIONS IDENTIFIED HEREIN. WITHIN 90 DAYS OF THE NOTICE OF ACCEPTANCE OF THE AWC, OR SUCH ADDITIONAL PERIOD AS AGREED BY A FINRA STAFF MEMBER IN WRITING, THE FIRM'S CHIEF EXECUTIVE OFFICER, ON BEHALF OF THE FIRM, SHALL SUBMIT TO FROM A WORK-RELATED ACCOUNT OF THE REGISTERED PRINCIPAL OF RESPONDENT FIRM A WRITTEN CERTIFICATION THAT (1) THE FIRM HAS COMPLETED ITS REVIEW, (2) AS OF THE DATE OF THE CERTIFICATION, THE FIRM'S SYSTEMS AND WRITTEN POLICIES AND PROCEDURES, ARE REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH FINRA RULE 7450 AND ADDRESS THE DEFICIENCIES IDENTIFIED IN PARAGRAPH 9 ABOVE, AND (3) THAT AS OF THE DATE OF THE CERTIFICATION, THE FIRM HAS IMPLEMENTED AND TESTED ALL CODING CHANGES NECESSARY TO REMEDIATE THE VIOLATIONS IDENTIFIED HEREIN

Sanction Details:

90,000.00 ON 12/3/2019

Firm Statement

WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO REPORT REPORTABLE EVENTS (ROES) TO OATS AND REPORTABLE ROES THAT CONTAINED INACCURATE OR INCOMPLETE DATA, INCLUDING INACCURATE TIMESTAMPS. THE TIMESTAMP INACCURACIES WERE A RESULT OF THE FIRM IMPLEMENTING THE USE OF TWO MARKET PARTICIPANT IDENTIFIER'S (MPIDS) TO CAPTURE THE ROUTE FROM ITS ALTERNATIVE TRADING SYSTEM TO ITS BROKER DEALER OPERATOR FOR SUBSEQUENT ROUTING TO AWAY MARKETS. THE FIRM RESOLVED THE INACCURATE REPORTING BY REVERTING TO THE USE OF ONE MPID IN NOVEMBER 2018. ADDITIONALLY, THE FIRM FAILED TO MAINTAIN A SUPERVISORY SYSTEM, INCLUDING WSPS REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH FINRA RULES CONCERNING OATS REPORTING. THE FIRM'S WSPS DID NOT INCLUDE A PROCEDURE AND IT DID NOT HAVE A SYSTEM FOR REVIEWING THE COMPLETENESS AND ACCURACY OF OATS SUBMISSIONS UNTIL LATER. THAT ANNUAL REVIEW PROCEDURE FOR REVIEWING ROES WAS DETERMINED NOT TO BE REASONABLY DESIGNED TO PROMPTLY IDENTIFY AND CORRECT ERRORS. UNTIL LATER, THE FIRM DID NOT HAVE PROCEDURES OR A SYSTEM TO ACHIEVE COMPLIANCE WITH THE REQUIREMENT TO SYNCHRONIZE ITS CLOCK DAILY, PRIOR TO THE OPEN, AND TO MONITOR FOR INTRADAY DRIFT. LASTLY, THE FIRM FAILED TO PROVIDE EVIDENCE THAT IT CONDUCTED THE SUPERVISORY REVIEWS REQUIRED BY ITS WSPS WITH RESPECT TO CLOCK SYNCHRONIZATION, CONSISTENCY OF OATS INFORMATION WITH TRF INFORMATION AND CONSISTENCY OF ROUTED ORDER IDS. THE FIRM HAS UPDATED ITS PROCEDURES AND STORE ITS EVIDENCE OF REVIEW.



Disclosure 15 of 15

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| Reporting Source: | Regulator |
| Current Status: | Final |
| Allegations: | WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO ESTABLISH, MAINTAIN AND ENFORCE WRITTEN SUPERVISORY PROCEDURES REASONABLY DESIGNED TO PREVENT THE EXECUTION OR DISPLAY OF A NON-EXEMPT SHORT SALE IN A SECURITY SUBJECT TO A SHORT SALE CIRCUIT BREAKER AT A PRICE AT OR BELOW THE NATIONAL BEST BID. THE FINDINGS STATED THAT THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO THE APPLICABLE SECURITIES LAWS AND REGULATIONS, AND FINRA RULES, CONCERNING COMPLIANCE WITH THE SHORT SALE CIRCUIT BREAKER RULE. |
| Initiated By: | FINRA |
| Date Initiated: | 12/05/2014 |
| Docket/Case Number: | 2013036598201 |
| Principal Product Type: | No Product |
| Other Product Type(s): | |
| Principal Sanction(s)/Relief Sought: | |
| Other Sanction(s)/Relief Sought: | |
| Resolution: | Acceptance, Waiver & Consent(AWC) |
| Resolution Date: | 12/05/2014 |
| Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? | No |
| Sanctions Ordered: | Censure Monetary/Fine \$15,000.00 |
| Other Sanctions Ordered: | |
| Sanction Details: | THE FIRM WAS CENSURED AND FINED \$15,000. FINE PAID IN FULL ON DECEMBER 24, 2014. |



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| Reporting Source: | Firm |
| Current Status: | Final |
| Allegations: | <p>WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO ESTABLISH, MAINTAIN AND ENFORCE WRITTEN SUPERVISORY PROCEDURES REASONABLY DESIGNED TO PREVENT THE EXECUTION OR DISPLAY OF A NON-EXEMPT SHORT SALE IN A SECURITY SUBJECT TO A SHORT SALE CIRCUIT BREAKER AT A PRICE AT OR BELOW THE NATIONAL BEST BID ON THE FOLLOWING BUSINESS DAY AFTER A SHORT SALE CIRCUIT BREAKER WAS IN EFFECT. THE FINDINGS STATED THAT THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO THE APPLICABLE SECURITIES LAWS AND REGULATIONS, AND FINRA RULES, CONCERNING COMPLIANCE WITH THE SHORT SALE CIRCUIT BREAKER RULE.</p> |
| Initiated By: | FINANCIAL REGULATORY AUTHORITY (FINRA) |
| Date Initiated: | 12/05/2014 |
| Docket/Case Number: | 2013036598201 |
| Principal Product Type: | No Product |
| Other Product Type(s): | |
| Principal Sanction(s)/Relief Sought: | Censure |
| Other Sanction(s)/Relief Sought: | FINE |
| Resolution: | Acceptance, Waiver & Consent(AWC) |
| Resolution Date: | 12/05/2014 |
| Sanctions Ordered: | <p>Censure</p> <p>Monetary/Fine \$15,000.00</p> |
| Other Sanctions Ordered: | |
| Sanction Details: | THE FIRM WAS CENSURED AND FINED \$15,000.00 |

End of Report



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