

BrokerCheck Report

INTERACTIVE BROKERS LLC

CRD# 36418

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About BrokerCheck®



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

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

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

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

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

- The information contained in BrokerCheck comes from FINRA's Central Registration Depository, or CRD® and is a combination of:

- o information FINRA and/or the Securities and Exchange Commission (SEC) require brokers and brokerage firms to submit as part of the registration and licensing process, and
- o information that regulators report regarding disciplinary actions or allegations against firms or brokers.

- **How current is this information?**

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

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

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

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

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

Thank you for using FINRA BrokerCheck.



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

brokercheck.finra.org



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

[For more information about FINRA, visit www.finra.org.](http://www.finra.org)



INTERACTIVE BROKERS LLC

CRD# 36418

SEC# 8-47257

Main Office Location

ONE PICKWICK PLAZA-2ND FL.
GREENWICH, CT 06830
Regulated by FINRA Boston Office

Mailing Address

ONE PICKWICK PLAZA-2ND FL.
GREENWICH, CT 06830

Business Telephone Number

203 618-5710

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 Connecticut on 03/09/1998.

Its fiscal year ends in December.

Firm History

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

Firm Operations

This firm is registered with:

- the SEC
- 21 Self-Regulatory Organizations
- 53 U.S. states and territories

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

This firm conducts 10 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	50
Arbitration	13



Firm Profile

This firm is classified as a limited liability company.

This firm was formed in Connecticut on 03/09/1998.

Its fiscal year ends in December.

Firm Names and Locations

This section provides the brokerage firm's full legal name, "Doing Business As" name, business and mailing addresses, telephone number, and any alternate name by which the firm conducts business and where such name is used.

INTERACTIVE BROKERS LLC

Doing business as INTERACTIVE BROKERS LLC

CRD# 36418

SEC# 8-47257

Main Office Location

ONE PICKWICK PLAZA-2ND FL.
GREENWICH, CT 06830

Regulated by FINRA Boston Office

Mailing Address

ONE PICKWICK PLAZA-2ND FL.
GREENWICH, CT 06830

Business Telephone Number

203 618-5710



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):	IBG LLC
Is this a domestic or foreign entity or an individual?	Domestic Entity
Position	MANAGING MEMBER
Position Start Date	01/2002
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):	BATTAN, DAVID MICHAEL 4079605
Is this a domestic or foreign entity or an individual?	Individual
Position	EXECUTIVE VICE PRESIDENT, LEGAL
Position Start Date	10/1999
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):	BAUCH, JEFFREY ALEXANDER 4110351
Is this a domestic or foreign entity or an individual?	Individual
Position	ROSFP
Position Start Date	01/1999



Firm Profile

Direct Owners and Executive Officers (continued)

Percentage of Ownership Less than 5%

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

Is this a public reporting company? No

Legal Name & CRD# (if any): BRODY, PAUL JONATHAN
1722066

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

Position SECRETARY

Position Start Date 04/1994

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): CHAIT, JONATHAN
4582696

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

Position EXECUTIVE VICE PRESIDENT, COO

Position Start Date 04/2004

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): CRAMER, SUSAN JOY

Firm Profile



Direct Owners and Executive Officers (continued)

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

Position TREASURER

Position Start Date 01/2004

Percentage of Ownership Less than 5%

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

Is this a public reporting company? No

Legal Name & CRD# (if any): FEIST, ARNOLD J
1296808

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

Position CHIEF COMPLIANCE OFFICER

Position Start Date 06/2006

Percentage of Ownership Less than 5%

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

Is this a public reporting company? No

Legal Name & CRD# (if any): FRIEDLAND, DAVID ERIC
2715164

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

Position MANAGING DIRECTOR-ASIAN OPERATIONS

Position Start Date 09/1998

Percentage of Ownership Less than 5%

Firm Profile



Direct Owners and Executive Officers (continued)

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

Is this a public reporting company? No

Legal Name & CRD# (if any): IOFFE, ALEXANDER M
4287661

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

Position CHIEF FINANCIAL OFFICER

Position Start Date 01/2004

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): JACOBOWITZ, BRADFORD L
2615208

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

Position VICE PRESIDENT, COMPLIANCE

Position Start Date 04/1995

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): PETERFFY, THOMAS PECHY
1722064

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

Is this a domestic or foreign entity or an individual?	Individual
Position	CEO, PRESIDENT
Position Start Date	04/1994
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):	SANDERS, STEVEN JAY 2812548
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Is this a domestic or foreign entity or an individual?	Individual
Position	SENIOR VICE PRESIDENT, MARKETING AND PRODUCT DEVELOPMENT
Position Start Date	04/2004
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):	IBG HOLDINGS LLC
Is this a domestic or foreign entity or an individual?	Domestic Entity
Company through which indirect ownership is established	IBG LLC
Relationship to Direct Owner	MEMBER
Relationship Established	08/1998
Percentage of Ownership	75% or more
Does this owner direct the management or policies of the firm?	Yes
Is this a public reporting company?	No

Firm History

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

No information reported.





Firm Operations

Registrations

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

This firm is currently registered with the SEC, 21 SROs and 53 U.S. states and territories.

Federal Regulator	Status	Date Effective
SEC	Approved	09/06/1994

SEC Registration Questions

This firm is registered with the SEC as:

A broker-dealer: Yes

A broker-dealer and government securities broker or dealer: Yes

A government securities broker or dealer only: No

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

Self-Regulatory Organization	Status	Date Effective
FINRA	Approved	01/06/1995
BOX Exchange LLC	Approved	05/07/2012
Cboe BYX Exchange, Inc.	Approved	09/15/2010
Cboe BZX Exchange, Inc.	Approved	08/18/2008
Cboe EDGA Exchange, Inc.	Approved	05/25/2010
Cboe EDGX Exchange, Inc.	Approved	05/27/2010
Investors' Exchange LLC	Approved	08/11/2016
MIAX Emerald, LLC	Approved	03/01/2019
MIAX PEARL, LLC	Approved	02/06/2017
Miami International Securities Exchange, LLC	Approved	12/07/2012
NYSE American LLC	Approved	12/30/1994
NYSE Arca, Inc.	Approved	02/11/2000
NYSE Chicago, Inc.	Approved	07/29/1996
NYSE National, Inc.	Approved	05/18/2018
Nasdaq BX, Inc.	Approved	01/12/2009

Nasdaq GEMX, LLC	Approved	07/29/2013
Nasdaq ISE, LLC	Approved	05/01/2000
Nasdaq MRX, LLC	Approved	02/10/2016
Nasdaq PHLX LLC	Approved	02/14/1995
Nasdaq Stock Market	Approved	07/12/2006
New York Stock Exchange	Approved	09/09/1994



Firm Operations

Registrations (continued)

U.S. States & Territories	Status	Date Effective
Alabama	Approved	07/26/1999
Alaska	Approved	07/02/1999
Arizona	Approved	03/25/1998
Arkansas	Approved	07/02/1999
California	Approved	07/27/1999
Colorado	Approved	03/20/1998
Connecticut	Approved	04/21/1998
Delaware	Approved	06/21/1999
District of Columbia	Approved	08/15/1999
Florida	Approved	07/21/1999
Georgia	Approved	04/21/1998
Hawaii	Approved	08/24/1999
Idaho	Approved	03/13/1998
Illinois	Approved	05/08/1996
Indiana	Approved	07/08/1999
Iowa	Approved	07/27/1999
Kansas	Approved	07/16/1999
Kentucky	Approved	07/09/1999
Louisiana	Approved	06/22/1999
Maine	Approved	10/05/1999
Maryland	Approved	03/23/1998
Massachusetts	Approved	07/27/1999
Michigan	Approved	07/13/1999
Minnesota	Approved	11/16/1999
Mississippi	Approved	05/25/1999
Missouri	Approved	07/28/1999
Montana	Approved	07/12/1999
Nebraska	Approved	07/19/1999
Nevada	Approved	06/23/1999
New Hampshire	Approved	07/30/1999
New Jersey	Approved	04/06/1998
New Mexico	Approved	07/06/1999
New York	Approved	01/01/1997

U.S. States & Territories	Status	Date Effective
North Carolina	Approved	07/07/1999
North Dakota	Approved	06/23/1999
Ohio	Approved	07/07/1999
Oklahoma	Approved	06/25/1999
Oregon	Approved	07/08/1999
Pennsylvania	Approved	11/13/1996
Puerto Rico	Approved	07/09/1999
Rhode Island	Approved	07/08/1999
South Carolina	Approved	07/07/1999
South Dakota	Approved	06/28/1999
Tennessee	Approved	08/19/1999
Texas	Approved	10/01/1999
Utah	Approved	03/23/1998
Vermont	Approved	08/24/1999
Virgin Islands	Approved	03/16/2017
Virginia	Approved	03/17/1998
Washington	Approved	04/07/1998
West Virginia	Approved	06/17/1999
Wisconsin	Approved	08/02/1999
Wyoming	Approved	06/25/1999



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 10 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)

Mutual fund retailer

U S. government securities broker

Put and call broker or dealer or option writer

Private placements of securities

Other - ACTING AS AGENCY BROKER FOR SECURITY FUTURES PRODUCTS.

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 AS A BROKER FOR CUSTOMERS.

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 have books or records maintained by a third party.

Name: AUTOMATIC DATA PROCESSING
Business Address: 1 ADP PLAZA
 MILFORD, CT 06460
Effective Date: 01/01/1996
Description: APPLICANT'S PAYROLL RECORDS ARE PROCESSED BY AUTOMATIC DATA PROCESSING ("ADP")

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

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

Name: JP MORGAN CHASE BANK, N.A.
Business Address: 4 NEW YORK PLAZA
 NEW YORK, NY 10004
Effective Date: 01/28/2013
Description: JP MORGAN CHASE BANK, N.A. HOLDS CASH AND SECURITIES OF APPLICANT'S CUSTOMERS INCLUDING GOVERNMENT AND AGENCY DEBT SECURITIES.

Name: CITIBANK, N.A.
Business Address: 111 WALL STREET
 NEW YORK, NY 10005
Effective Date: 04/22/1999
Description: CITIBANK, N.A. HOLDS CASH AND SECURITIES OF APPLICANT'S CUSTOMERS.

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.

COVESTOR LTD. is under common control with the firm.

Business Address:	1 DUCHESS STREET LONDON, UNITED KINGDOM W1W 6AN
Effective Date:	05/01/2015
Foreign Entity:	Yes
Country:	UNITED KINGDOM
Securities Activities:	Yes
Investment Advisory Activities:	Yes
Description:	COVESTOR LTD. IS A U.S. SEC REGISTERED INVESTMENT ADVISOR; BOTH FIRMS ARE UNDER COMMON CONTROL THROUGH IBG LLC.

INTERACTIVE BROKERS SECURITIES JAPAN, INC. is under common control with the firm.

Business Address:	4TH FLOOR, TEKKO KAIKAN 3-2-10 NIHONBASHI KAYABACHO, CHUO-KU TOKYO, JAPAN 103-002
Effective Date:	10/27/2011
Foreign Entity:	Yes
Country:	JAPAN
Securities Activities:	Yes
Investment Advisory Activities:	No
Description:	INTERACTIVE BROKERS SECURITIES JAPAN, INC. IS A MEMBER OF THE JAPAN SECURITIES DEALERS ASSOCIATION; BOTH FIRMS ARE UNDER COMMON CONTROL THROUGH IBG LLC.

Firm Operations



Organization Affiliates (continued)

INTERACTIVE BROKERS (INDIA) PRIVATE LIMITED is under common control with the firm.

Business Address: A-605, DYNASTY BUSINESS PARK
151 ANDHERI KURLA ROAD, ANDHERI (E)
MUMBAI, INDIA 400059

Effective Date: 10/27/2011

Foreign Entity: Yes

Country: INDIA

Securities Activities: Yes

Investment Advisory Activities: No

Description: INTERACTIVE BROKERS (INDIA) PVT. LTD IS A MEMBER OF THE SECURITIES AND EXCHANGE BOARD OF INDIA. BOTH FIRMS ARE UNDER COMMON CONTROL THROUGH IBG LLC.

IBG LLC controls the firm.

Business Address: ONE PICKWICK PLAZA
2ND FLOOR
GREENWICH, CT 06830

Effective Date: 10/27/2011

Foreign Entity: No

Country:

Securities Activities: Yes

Investment Advisory Activities: No

Description: IBG LLC (FORMERLY KNOWN AS INTERACTIVE BROKERS GROUP LLC) IS A HOLDING COMPANY WHICH OWNS 99.99% OR MORE OF APPLICANTS AFFILIATES.

INTERACTIVE BROKERS CORP. is under common control with the firm.

CRD #: 117942

Business Address: 8 GREENWICH OFFICE PARK
GREENWICH, CT 06831

Effective Date: 12/18/2007

Foreign Entity: No

Firm Operations**Organization Affiliates (continued)****Country:****Securities Activities:** Yes**Investment Advisory Activities:** No**Description:** INTERACTIVE BROKERS CORP. IS A U.S. REGISTERED BROKER DEALER AND A SUBSIDIARY OF INTERACTIVE BROKERS LLC. BOTH FIRMS ARE UNDER COMMON CONTROL THROUGH IBG LLC.**INTERACTIVE BROKERS CANADA INC. is under common control with the firm.****Business Address:** 1800 MCGILL COLLEGE
SUITE 2106
MONTREAL, CANADA H3A 3J6**Effective Date:** 05/14/2002**Foreign Entity:** Yes**Country:** CANADA**Securities Activities:** Yes**Investment Advisory Activities:** No**Description:** INTERACTIVE BROKERS CANADA INC. IS A CORPORATION REGISTERED UNDER THE CANADA CORPORATIONS ACT, THE INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA AND VARIOUS CANADIAN PROVINCIAL SECURITIES COMMISSIONS. BOTH FIRMS ARE UNDER COMMON CONTROL THROUGH IBG LLC.**INTERACTIVE BROKERS (U.K.) LIMITED is under common control with the firm.****Business Address:** LEVEL 20 HERON TOWER
110 BISHOPSGATE
LONDON, UNITED KINGDOM EC2N 4AY**Effective Date:** 08/01/2005**Foreign Entity:** Yes**Country:** UNITED KINGDOM**Securities Activities:** Yes**Investment Advisory Activities:** No**Description:** INTERACTIVE BROKERS (U.K.) LIMITED IS A UNITED KINGDOM

Firm Operations



Organization Affiliates (continued)

ORGANIZATION THAT HAS BEEN AUTHORIZED BY THE FINANCIAL CONDUCT AUTHORITY TO CONDUCT INVESTMENT BUSINESS IN THE U.K. AND OTHER EUROPEAN COUNTRIES. BOTH FIRMS ARE UNDER COMMON CONTROL THROUGH IBG LLC.

TIMBER HILL CANADA COMPANY is under common control with the firm.

Business Address: 1800 MCGILL COLLEGE
SUITE 2106
MONTREAL, CANADA H3A 3J6

Effective Date: 02/13/1998

Foreign Entity: Yes

Country: CANADA

Securities Activities: Yes

Investment Advisory Activities: No

Description: TIMBER HILL CANADA COMPANY IS AN UNLIMITED LIABILITY COMPANY REGISTERED WITH THE ONTARIO SECURITIES COMMISSION AND THE INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA. BOTH FIRMS ARE UNDER COMMON CONTROL THROUGH IBG LLC.

TIMBER HILL AUSTRALIA PTY LIMITED is under common control with the firm.

Business Address: LEVEL 42, GROSVENOR PLACE
225 GEORGE STREET
SYDNEY, AUSTRALIA NSW 2000

Effective Date: 09/08/1997

Foreign Entity: Yes

Country: AUSTRALIA

Securities Activities: Yes

Investment Advisory Activities: No

Description: TIMBER HILL AUSTRALIA PTY LIMITED IS AN AUSTRALIAN CORPORATION REGISTERED WITH THE AUSTRALIAN SECURITIES & INVESTMENTS COMMISSION. BOTH FIRMS ARE UNDER COMMON CONTROL THROUGH IBG LLC.

INTERACTIVE BROKERS HONG KONG LIMITED is under common control with the firm.

Firm Operations**Organization Affiliates (continued)**

Business Address: TWO PACIFIC PLACE, SUITE 1512
88 QUEENSWAY
ADMIRALTY, HONG KONG

Effective Date: 04/03/1996

Foreign Entity: Yes

Country: HONG KONG

Securities Activities: Yes

Investment Advisory Activities: No

Description: INTERACTIVE BROKERS SECURITIES HONG KONG LIMITED IS A CORPORATION REGISTERED WITH THE SECURITIES AND FUTURES COMMISSION IN HONG KONG. BOTH FIRMS ARE UNDER COMMON CONTROL THROUGH IBG LLC.

TIMBER HILL EUROPE AG is under common control with the firm.

Business Address: GOTTHARDSTRASSE 3 OST
ZUG, SWITZERLAND CH-6300

Effective Date: 09/03/1993

Foreign Entity: Yes

Country: SWITZERLAND

Securities Activities: Yes

Investment Advisory Activities: No

Description: TIMBER HILL EUROPE AG IS A CORPORATION REGISTERED TO DO BUSINESS IN SWITZERLAND. BOTH FIRMS ARE UNDER COMMON CONTROL THROUGH IBG LLC.

TIMBER HILL LLC is under common control with the firm.

CRD #: 33319

Business Address: ONE PICKWICK PLAZA
GREENWICH, CT 06830

Effective Date: 07/01/1996

Foreign Entity: No

Country:

Firm Operations



Organization Affiliates (continued)

Securities Activities: Yes

Investment Advisory Activities: No

Description: TIMBER HILL LLC IS A U.S. REGISTERED BROKER/DEALER AND FUTURES COMMISSION MERCHANT. BOTH FIRMS ARE UNDER COMMON CONTROL THROUGH IBG LLC.

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	3	47	0
Arbitration	N/A	13	N/A



Disclosure Event Details

What you should know about reported disclosure events:

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

Regulatory - Final

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

Disclosure 1 of 47

Reporting Source: Regulator
Current Status: Final



Allegations: INTERACTIVE FAILED TO DISCOVER AN INDIVIDUAL'S NFA BAR DURING THE ACCOUNT OPENING PROCESS.

Initiated By: NEW JERSEY BUREAU OF SECURITIES

Date Initiated: 02/11/2019

Docket/Case Number: N/A

URL for Regulatory Action: [HTTPS://WWW.NJCONSUMERAFFAIRS.GOV/ACTIONS/INTERACTIVE_BROKERS_CONSENT_11FEB2019.PDF](https://www.njconsumeraffairs.gov/actions/interactive_brokers_consent_11feb2019.pdf)

Principal Product Type: Other

Other Product Type(s): HEDGE FUND

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

Other Sanction(s)/Relief Sought: CEASE AND DESIST.

Resolution: Consent

Resolution Date: 02/11/2019

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: Monetary/Fine \$100,000.00

Other Sanctions Ordered: INTERACTIVE SHALL COMPLY WITH THE SECURITIES LAW. INTERACTIVE SHALL REVIEW AND REVISE AS NECESSARY (TO THE EXTENT IT HAS NOT DONE SO ALREADY), ITS POLICIES AND PROCEDURES REGARDING ITS CLIENT ACCOUNT OPENING PROCEDURES, INCLUDING BUT NOT LIMITED TO, ACCOUNTS OVER WHICH AN ADVISER OR OTHER THIRD PARTY EXERCISED DISCRETION OVER A CLIENT ACCOUNT, SO THAT THEY ARE REASONABLY DESIGNED TO PREVENT THE TYPE OF CONDUCT DESCRIBED IN THIS CONSENT ORDER FROM OCCURRING IN THE FUTURE.

Sanction Details: INTERACTIVE'S FAILURE TO CONDUCT THE NFA BASIC SEARCH DURING THE ACCOUNT OPENING PROCESS FOR A CLIENT AND RELATED ACCOUNTS CONSTITUTES A FAILURE TO REASONABLY SUPERVISE PURSUANT TO N.J.S.A. 49:3-58(A)(2)(XI). IT IS IN THE PUBLIC INTEREST TO TAKE ACTION AGAINST INTERACTIVE PURSUANT TO N.J.S.A. 49:3-58(A)(1). PURSUANT TO N.J.S.A. 49:3-70.1, VIOLATIONS DESCRIBED ABOVE CONSTITUTE A BASIS FOR THE ASSESSMENT OF CIVIL MONETARY PENALTIES AGAINST INTERACTIVE.



Regulator Statement

DURING THE RELEVANT TIME PERIOD, INTERACTIVE'S RELEVANT WRITTEN SUPERVISORY PROCEDURES ("INTERACTIVE'S POLICIES") REQUIRED INTERACTIVE TO OBTAIN AND VERIFY CERTAIN INFORMATION FROM NEW ACCOUNT APPLICANTS PRIOR TO OPENING AND APPROVING AN ACCOUNT TO TRADE. UNDER INTERACTIVE'S POLICIES, THE REQUIRED INFORMATION DIFFERED BASED ON THE TYPE OF APPLICANT (E.G., INDIVIDUAL, ORGANIZATION, UNINCORPORATED BUSINESS, FINANCIAL ADVISOR ("FA"), BROKER). WHILE THE SUBJECT PROVIDED RESPONSES TO THE REQUIRED DISCLOSURE QUESTIONS, HE DID NOT DISCLOSE HIS REGULATORY AND CRIMINAL HISTORY ON ANY OF THE ACCOUNT APPLICATIONS SUBMITTED TO INTERACTIVE. AS PART OF ITS ACCOUNT OPENING PROCESS, INTERACTIVE CONDUCTED CERTAIN AUTOMATED CHECKS, WHICH INCLUDED A SEARCH OF TWO DATABASES PROVIDED BY OUTSIDE VENDORS CONTAINING ADVERSE PUBLIC INFORMATION SUCH AS CRIMINAL AND REGULATORY ISSUES, LITIGATION HISTORY, CREDIT PROBLEMS AND OTHER ADVERSE MATERIAL. INTERACTIVE PERSONNEL ALSO CONDUCTED MANUAL GOOGLE SEARCHES IN ADDITION TO THESE TWO DATABASE CHECKS. THE BACKGROUND CHECKS THAT INTERACTIVE CONDUCTED DID NOT REVEAL THE SUBJECT'S CRIMINAL HISTORY OR THE NFA BAR. DURING THE RELEVANT TIME PERIOD, THE NFA'S ONLINE PUBLIC INFORMATION DATABASE, BACKGROUND AFFILIATION STATUS INFORMATION CENTER ("BASIC") WAS PUBLICLY AVAILABLE TO REVIEW THE DISCIPLINARY HISTORY AND THE REGISTRATION STATUS OF INTERACTIVE'S CUSTOMERS. NOTWITHSTANDING THE AVAILABILITY OF THIS DATABASE, INTERACTIVE FAILED TO PERFORM A SEPARATE SEARCH OF THE NFA BASIC SYSTEM, AND DID NOT DETECT THE SUBJECT'S NFA BAR.

Reporting Source: Firm

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS OF FACT AND CONCLUSIONS OF LAW, AND SOLELY FOR THE PURPOSE OF SETTLING THIS PROCEEDING, INTERACTIVE ACCEPTED AND CONSENTED TO THE FINDINGS THAT INTERACTIVE FAILED TO DISCOVER AN INDIVIDUAL'S NFA BAR DURING THE ACCOUNT OPENING PROCESS.

Initiated By: NEW JERSEY BUREAU OF SECURITIES

Date Initiated: 02/11/2019

Docket/Case Number: N/A

Principal Product Type: Other



Other Product Type(s):	HEDGE FUND ACCOUNT
Principal Sanction(s)/Relief Sought:	Cease and Desist
Other Sanction(s)/Relief Sought:	
Resolution:	Consent
Resolution Date:	02/11/2019
Sanctions Ordered:	Monetary/Fine \$100,000.00
Other Sanctions Ordered:	INTERACTIVE CONSENTED TO COMPLY WITH THE NJ SECURITIES LAW AND REVIEW AND REVISE, AS NECESSARY, ITS POLICIES AND PROCEDURES REGARDING ITS CLIENT ACCOUNT OPENING PROCESS, INCLUDING BUT NOT LIMITED TO, ACCOUNTS OVER WHICH AN ADVISER OR OTHER THIRD PARTY EXERCISES DISCRETION, SO THAT THE PROCEDURES ARE REASONABLY DESIGNED TO PREVENT THE TYPE OF CONDUCT DESCRIBED IN THE CONSENT ORDER FROM OCCURRING IN THE FUTURE.
Sanction Details:	WITHOUT ADMITTING OR DENYING THE FINDINGS OF FACT AND CONCLUSIONS OF LAW, AND SOLELY FOR THE PURPOSE OF SETTLING THIS PROCEEDING, INTERACTIVE ACCEPTED AND CONSENTED TO THE ENTRY OF THIS CONSENT ORDER, WHICH STATED THAT INTERACTIVE FAILED TO CONDUCT THE NFA BASIC SEARCH DURING THE ACCOUNT OPENING PROCESS FOR A CLIENT AND RELATED ACCOUNTS WHICH CONSTITUTES A FAILURE TO REASONABLY SUPERVISE PURSUANT TO N.J.S.A. 49:3-58(A)(2)(XI) AND THE ASSESSMENT OF A CIVIL MONETARY PENALTY.
Firm Statement	AS PART OF ITS ACCOUNT OPENING PROCESS, INTERACTIVE CONDUCTED CERTAIN AUTOMATED CHECKS, INCLUDING A SEARCH OF TWO DATABASES PROVIDED BY VENDORS CONTAINING ADVERSE PUBLIC INFORMATION SUCH AS CRIMINAL AND REGULATORY ISSUES, LITIGATION HISTORY, CREDIT PROBLEMS AND OTHER ADVERSE INFORMATION. INTERACTIVE PERSONNEL ALSO CONDUCTED MANUAL GOOGLE SEARCHES IN ADDITION TO THESE TWO DATABASE CHECKS. THE BACKGROUND CHECKS THAT INTERACTIVE CONDUCTED DID NOT REVEAL ZUCK'S CRIMINAL HISTORY NOR THE NFA BAR. IN ADDITION, ZUCK AND HIS CO-DEFENDANTS' FRAUDULENT CONDUCT WAS NOT KNOWN BY INTERACTIVE BROKERS OR ITS PERSONNEL; AND ZUCK'S CONVERSION OF INVESTOR FUNDS AND LEVYING OF MANAGEMENT FEES DID NOT TAKE PLACE IN THE ACCOUNTS HELD AT INTERACTIVE BROKERS.



Reporting Source: Regulator

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO ESTABLISH, MAINTAIN, AND ENFORCE A SUPERVISORY SYSTEM, INCLUDING WRITTEN SUPERVISORY PROCEDURES (WSPS), REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE REQUIREMENTS OF THE SECURITIES AND EXCHANGE COMMISSION (SEC) REGULATION SHO. THE FINDINGS STATED THAT THE FIRM ALSO REPEATEDLY IGNORED RED FLAGS - INCLUDING INTERNAL AUDIT FINDINGS AND RECOMMENDATIONS, MULTIPLE INTERNAL WARNINGS FROM MEMBERS OF ITS CLEARING AND COMPLIANCE DEPARTMENTS, AND ITS OWN ANNUAL RISK ASSESSMENTS -INDICATING TO THE FIRM THAT ITS REGULATION SHO SUPERVISORY SYSTEMS AND PROCEDURES WERE UNREASONABLE. EVEN WHEN THE FIRM LEARNED OF DEFICIENCIES IN ITS SYSTEMS, IT FAILED TO ACT TIMELY TO REMEDIATE THOSE ISSUES, RESULTING IN SHORT SELLING ACTIVITY. THE FINDINGS ALSO STATED THAT THE INTERNAL AUDIT DEPARTMENT ALSO ADVISED SENIOR MANAGEMENT THAT THE WSPS MAY NOT REFLECT THE FIRM'S ACTUAL SUPERVISORY PROCESSES AND CONTROLS FOR REGULATION SHO. IN FACT, THE FIRM'S WSPS DID NOT ACCURATELY REFLECT THE SUPERVISORY REVIEWS CONDUCTED BY FIRM PERSONNEL, OR THE TOOLS USED TO CONDUCT THOSE REVIEWS. THE WSPS ALSO DID NOT SPECIFY WHEN ISSUES WITH THE FIRM'S SYSTEMS, OR OPEN FAILED TO CLOSE-OUT FAIL-TO-DELIVER (FTDS), SHOULD BE ESCALATED FOR FURTHER REVIEW, OR HOW AND BY WHOM THOSE ISSUES SHOULD BE RESOLVED. THE WSPS ALSO CONTAINED NO SUPERVISORY TASKS, REVIEWS OR REPORTS THAT TESTED THE FIRM'S COMPLIANCE. ALTHOUGH THE FIRM WAS AWARE OF THESE SUPERVISORY DEFICIENCIES, IT DID NOT REVISE ITS SUPERVISORY SYSTEMS AND WSPS RELATING TO THE APPLICABLE SEC RULES UNTIL LATER. AS A RESULT OF ITS FAILURE TO ESTABLISH AND MAINTAIN REASONABLE SUPERVISORY SYSTEMS AND PROCEDURES, THE FIRM DID NOT TIMELY CLOSE-OUT FTDS ON AT LEAST 2,329 OCCASIONS. APPROXIMATELY HALF OF THE FIRM'S VIOLATIONS OCCURRED WHEN IT BORROWED OR RECALLED SHARES TO CURE AN OPEN FTD, BUT THE SHARES WERE NOT DELIVERED TO AN ENTITY DUE TO A CORRESPONDING SEGREGATION DEFICIT IN THE SECURITY. IN ADDITION, BECAUSE THE FIRM TOOK CLOSE-OUT CREDIT FOR BORROWED SHARES THAT WERE NOT DELIVERED PRIOR TO MARKET OPEN, AND DID NOT TRACK OR OTHERWISE CONFIRM DELIVERY, IT DID NOT IDENTIFY CONTINUING FAILS. SIMILARLY, BECAUSE THE FIRM'S CUSTOMERS OFTEN SOLD SHARES IN A SECURITY ON THE SAME DAY IT BORROWED OR PURCHASED SHARES TO CLOSE FTDS, IT WAS NOT A NET PURCHASER ON THE CLOSE-OUT DATE AND THUS DID NOT CLOSE THE OPEN FAIL. THE FIRM ALSO EFFECTED PURCHASES OR BORROWS AFTER



THE MARKET OPEN, AND TOOK LATE CLOSE-OUT ACTIONS TO ADDRESS EARLIER CLOSEOUTS THAT WERE NOT COMPLETED, SUCH AS BORROWS THAT WERE SUBSEQUENTLY CANCELLED OR DROPPED BY THE COUNTER-PARTY. - (CONTINUE IN COMMENTS SECTION) -

Initiated By: FINRA

Date Initiated: 08/17/2018

Docket/Case Number: [2014043143401](#)

Principal Product Type: Other

Other Product Type(s): EQUITY SECURITIES SHORT SALES

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 08/17/2018

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

Sanctions Ordered: Censure
Monetary/Fine \$5,500,000.00

Other Sanctions Ordered:

Sanction Details: THE FIRM WAS CENSURED AND FINED \$5,500,000. FINES PAID IN FULL ON SEPTEMBER 5, 2018.

Regulator Statement (CONTINUE FROM ALLEGATIONS SECTION) -
THE FINDINGS ALSO INCLUDED THAT THE FIRM Routed AND/OR EXECUTED SHORT SALES IN SECURITIES FOR WHICH THEY HAD OPEN FTDS APPROXIMATELY 28,000 TIMES. BECAUSE ITS AUTOMATED SYSTEM DID NOT IDENTIFY THAT IT HAD AN OPEN FAIL IN THESE INSTANCES, IT DID NOT RESTRICT TRADING IN THE SECURITIES OR ENFORCE THE PRE-BORROW REQUIREMENT. IN ADDITION, BECAUSE THE AUTOMATED SYSTEM DID NOT RESTRICT SHORT SALES IN THE SUBJECT SECURITY UNTIL THE CLOSE-OUT TRANSACTION CLEARED AND SETTLED, THE FIRM ENGAGED IN SHORT SALES EVEN WHERE IT PROPERLY IDENTIFIED OPEN FAILS. FINRA FOUND THAT THE FIRM DID NOT ISSUE NOTICE TO CLIENTS PLACING SHORT SALE ORDERS IN A SECURITY WITH AN EXISTING OPEN



FTD THAT A PRE-BORROW WAS REQUIRED. ADDITIONALLY, THE FIRM PERMITTED THE EXECUTION OR DISPLAY OF SHORT SALE ORDERS OF A SECURITY SUBJECT TO A PRICE RESTRICTION, AT A PRICE LESS THAN OR EQUAL TO THE CURRENT NATIONAL BEST BID, ON AT LEAST 4,709 OCCASIONS.

Reporting Source: Firm

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO A CENSURE AND FINDINGS THAT STATED IT FAILED TO ESTABLISH, MAINTAIN, AND ENFORCE A SUPERVISORY SYSTEM, INCLUDING WRITTEN SUPERVISORY PROCEDURES (WSPS), REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE REQUIREMENTS OF THE SECURITIES AND EXCHANGE COMMISSION (SEC) REGULATION SHO. THE FINDINGS STATED THAT THE FIRM IGNORED RED FLAGS, INCLUDING INTERNAL AUDIT FINDINGS AND RECOMMENDATIONS, MULTIPLE INTERNAL WARNINGS FROM MEMBERS OF ITS CLEARING AND COMPLIANCE STAFF, AND ITS OWN ANNUAL RISK ASSESSMENTS, INDICATING THAT ITS REGULATION SHO SUPERVISORY SYSTEMS AND PROCEDURES WERE NOT REASONABLE. THE FINDINGS STATED THAT THE FIRM DID NOT TIMELY REMEDIATE THOSE ISSUES, RESULTING IN SHORT SELLING ACTIVITY. THE FINDINGS STATED THAT THE INTERNAL AUDIT DEPARTMENT ADVISED SENIOR MANAGEMENT THAT THE WSPS MAY NOT REFLECT THE FIRM'S ACTUAL SUPERVISORY PROCESSES AND CONTROLS FOR REGULATION SHO. THE FINDINGS STATED THAT THE FIRM'S WSPS DID NOT ACCURATELY REFLECT THE SUPERVISORY REVIEWS CONDUCTED BY FIRM PERSONNEL OR THE TOOLS USED TO CONDUCT THOSE REVIEWS. THE FINDINGS STATED THAT THE WSPS DID NOT SPECIFY WHEN ISSUES WITH THE FIRM'S SYSTEMS, OR OPEN FAILED TO CLOSE-OUT FAIL-TO-DELIVER (FTDS), SHOULD BE ESCALATED OR HOW AND BY WHOM THOSE ISSUES SHOULD BE RESOLVED. THE FINDINGS STATED THAT THE WSPS ALSO CONTAINED NO SUPERVISORY TASKS, REVIEWS OR REPORTS THAT TESTED THE FIRM'S COMPLIANCE. FINRA STATED ALTHOUGH THE FIRM WAS AWARE OF THESE SUPERVISORY DEFICIENCIES, IT DID NOT REVISE ITS SUPERVISORY SYSTEMS AND WSPS RELATING TO THE APPLICABLE SEC RULES UNTIL LATER. THE FINDINGS STATED AS A RESULT OF THE FIRM'S FAILURE TO ESTABLISH AND MAINTAIN REASONABLE SUPERVISORY SYSTEMS AND PROCEDURES, THE FIRM DID NOT TIMELY CLOSE-OUT FTDS ON AT LEAST 2,329 OCCASIONS. IN ADDITION, THE FINDINGS STATED BECAUSE THE FIRM TOOK CLOSE-OUT CREDIT FOR BORROWED SHARES THAT WERE NOT DELIVERED PRIOR TO MARKET OPEN AND DID NOT TRACK OR OTHERWISE CONFIRM DELIVERY, IT DID NOT IDENTIFY CONTINUING FAILS. FINRA STATED BECAUSE THE FIRM'S



CUSTOMERS OFTEN SOLD SHARES IN A SECURITY ON THE SAME DAY IT BORROWED OR PURCHASED SHARES TO CLOSE FTDS, IT WAS NOT A NET PURCHASER ON THE CLOSE-OUT DATE AND THUS DID NOT CLOSE THE OPEN FAIL. THE FINDINGS STATED THE FIRM ALSO EFFECTED PURCHASES OR BORROWS AFTER THE MARKET OPEN AND TOOK LATE CLOSE-OUT ACTIONS TO ADDRESS EARLIER CLOSEOUTS THAT WERE NOT COMPLETED, SUCH AS BORROWS THAT WERE SUBSEQUENTLY CANCELLED OR DROPPED BY THE COUNTER-PARTY. THE FINDINGS ALSO STATED THAT THE FIRM ROUTED AND/OR EXECUTED SHORT SALES IN SECURITIES FOR WHICH THEY HAD OPEN FTDS APPROXIMATELY 28,000 TIMES AND DID NOT RESTRICT TRADING IN THE SECURITIES OR ENFORCE THE PRE-BORROW REQUIREMENT IN THESE INSTANCES. THE FINDINGS STATED BECAUSE THE AUTOMATED SYSTEM DID NOT RESTRICT SHORT SALES IN THE SUBJECT SECURITY UNTIL THE CLOSE-OUT TRANSACTION CLEARED AND SETTLED, THE FIRM ENGAGED IN SHORT SALES EVEN WHERE IT PROPERLY IDENTIFIED OPEN FAILS AND THE FIRM DID NOT ISSUE NOTICES THAT A PRE-BORROW WAS REQUIRED. THE FINDINGS STATED THAT THE FIRM PERMITTED THE EXECUTION OR DISPLAY OF SHORT SALE ORDERS OF A SECURITY SUBJECT TO A PRICE RESTRICTION, AT A PRICE LESS THAN OR EQUAL TO THE CURRENT NATIONAL BEST BID, ON AT LEAST 4,709 OCCASIONS.

Initiated By: FINRA

Date Initiated: 08/17/2018

Docket/Case Number: [2014043143401](#)

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

Other Product Type(s):

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

Other Sanction(s)/Relief Sought: CENSURE

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 08/17/2018

Sanctions Ordered: Censure
Monetary/Fine \$5,500,000.00

Other Sanctions Ordered:

Sanction Details: THE FIRM WAS CENSURED AND FINED \$5,500,000.00

Firm Statement WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM SIGNED AN ACCEPTANCE, WAIVER & CONSENT AGREEMENT CONSENTING TO THE



 FINDINGS, A CIVIL/ADMINISTRATIVE PENALTY AND A CENSURE.

Disclosure 3 of 47

Reporting Source:	Firm
Current Status:	Final
Allegations:	DURING THE PERIOD JULY 7, 2017 THROUGH NOVEMBER 9, 2017, INTERACTIVE BROKERS' STAFF ENTERED 97 ORDERS INTO THE ONECHICAGO SYSTEM WITH THE INTENT TO CONFIRM THAT ITS CONNECTIONS TO ONECHICAGO WERE FUNCTIONING PROPERLY AND NOT TO EXECUTE THOSE TRANSACTIONS.
Initiated By:	ONECHICAGO, LLC
Date Initiated:	04/10/2018
Docket/Case Number:	2017-52
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:	Decision & Order of Offer of Settlement
Resolution Date:	04/10/2018
Sanctions Ordered:	Monetary/Fine \$10,000.00
Other Sanctions Ordered:	
Sanction Details:	THE REGULATORY OVERSIGHT COMMITTEE ("ROC") OF ONECHICAGO, LLC APPROVED AN OFFER OF SETTLEMENT SUBMITTED BY INTERACTIVE BROKERS LLC ON FEBRUARY 16, 2018 IN RELATION TO ONECHICAGO INVESTIGATION 2017-52. THE ROC FOUND THAT, DURING THE PERIOD JULY 7, 2017 THROUGH NOVEMBER 9, 2017, INTERACTIVE BROKERS' STAFF HAD ENTERED 97 ORDERS INTO THE ONECHICAGO SYSTEM WITH THE SOLE INTENT TO CONFIRM THAT ITS CONNECTIONS TO ONECHICAGO WERE FUNCTIONING PROPERLY AND NOT TO EXECUTE THOSE TRANSACTIONS. INTERACTIVE BROKERS CONSENTED TO A FINDING THAT THE FIRM VIOLATED ONECHICAGO RULE 617 AND AGREED TO PAY A \$10,000 FINE. THIS ACTION BECAME FINAL ON APRIL 10, 2018.



Disclosure 4 of 47

Reporting Source: Regulator

Current Status: Final

Allegations: A FINRA HEARING OFFICER CONSIDERED AN OFFER OF SETTLEMENT AND CONSENT ENTERED INTO BETWEEN FINRA ON BEHALF OF NYSE ARCA INC. AND THE FIRM.

THE FIRM ENTERED INTO AN OFFER OF SETTLEMENT AND CONSENT FOR THE SOLE PURPOSE OF SETTLING THIS DISCIPLINARY PROCEEDING, WITHOUT ADJUDICATION OF ANY ISSUES OF LAW OR FACT, AND WITHOUT ADMITTING OR DENYING ANY ALLEGATIONS OR FINDINGS REFERRED TO IN THE OFFER OF SETTLEMENT.

THE HEARING OFFICER ACCEPTS THE OFFER OF SETTLEMENT AND CONSENT AND ISSUES THIS DECISION THAT THE FIRM ON CERTAIN OCCASIONS, DUE TO VARIOUS SYSTEMS ISSUES AND DATA LATENCIES, ITS SMART ROUTING SYSTEM FAILED TO CAPTURE PROTECTED QUOTATIONS FOR ALL RELEVANT MARKET CENTERS, OR CERTAIN DIRECT FEED QUOTATIONS WERE STALE, FOR PURPOSES OF COMPLYING WITH ITS OBLIGATION TO TAKE REASONABLE STEPS TO ESTABLISH THAT INTERMARKET SWEEP ORDERS (ISOS) IT ROUTED MET THE DEFINITIONAL REQUIREMENTS SET FORTH IN REGULATION NMS RULE 600(B)(30). CONSEQUENTLY, ON THESE OCCASIONS, THE FIRM FAILED TO SIMULTANEOUSLY SEND ISOS TO EXECUTE AGAINST THE FULL DISPLAYED SIZE OF CERTAIN PROTECTED QUOTATIONS WHEN ROUTING ISOS TO OTHER MARKET CENTERS, INCLUDING TO THE EXCHANGE, WHICH LED TO TRADE-THROUGHS OF SUCH PROTECTED QUOTATIONS.

THE FINDINGS STATED THAT THE FIRM FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM THAT WAS REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH REGULATION NMS RULE 611(C), THE EXCHANGE RULE, AND APPLICABLE SECURITIES LAWS AND REGULATIONS REGARDING THE USE OF ISOS. SPECIFICALLY, GIVEN THE RECURRING NATURE OF THE VIOLATIONS FROM JULY 2014 THROUGH DECEMBER 2015, THE FIRM'S SUPERVISORY SYSTEM WAS INADEQUATE.

Initiated By: NYSE ARCA, INC.

Date Initiated: 10/17/2017

Docket/Case Number: 2014041235401

Principal Product Type: Other

Other Product Type(s): UNSPECIFIED SECURITIES



Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Decision & Order of Offer of Settlement

Resolution Date: 10/17/2017

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

Sanctions Ordered: Censure
Monetary/Fine \$9,000.00

Other Sanctions Ordered:

Sanction Details: UNDER THE OFFER OF SETTLEMENT AND CONSENT, THE FIRM WAS CENSURED AND FINED THE AMOUNT OF \$70,000, OF WHICH \$9,000 IS PAYABLE TO THE EXCHANGE AND THE BALANCE PAID TO OTHER SELF-REGULATORY ORGANIZATIONS.

Regulator Statement CASE NO. 20140412354 (INCLUDES MERGED CASE NOS. 20140437871, 20150444718, 20150468005, 20160492977)

Reporting Source: Firm

Current Status: Final

Allegations: A FINRA HEARING OFFICER CONSIDERED AN OFFER OF SETTLEMENT AND CONSENT ENTERED INTO BETWEEN FINRA ON BEHALF OF NYSE ARCA INC. AND THE FIRM. THE FIRM ENTERED INTO AN OFFER OF SETTLEMENT AND CONSENT FOR THE SOLE PURPOSE OF SETTLING THIS DISCIPLINARY PROCEEDING, WITHOUT ADJUDICATION OF ANY ISSUES OF LAW OR FACT, AND WITHOUT ADMITTING OR DENYING ANY ALLEGATIONS OR FINDINGS REFERRED TO IN THE OFFER OF SETTLEMENT. THE HEARING OFFICER ACCEPTS THE OFFER OF SETTLEMENT AND CONSENT AND ISSUED A DECISION THAT THE FIRM'S SYSTEM, ON CERTAIN OCCASIONS, DUE TO VARIOUS SYSTEMS ISSUES AND DATA LATENCIES, DID NOT CAPTURE PROTECTED QUOTATIONS FOR ALL RELEVANT MARKET CENTERS, OR CERTAIN DIRECT FEED QUOTATIONS WERE STALE, FOR PURPOSES OF COMPLYING WITH ITS OBLIGATION TO TAKE REASONABLE STEPS TO ESTABLISH THAT INTERMARKET SWEEP ORDERS (ISOS) IT ROUTED MET THE DEFINITIONAL REQUIREMENTS SET FORTH IN REGULATION NMS



RULE 600(B)(30). CONSEQUENTLY, ON THESE OCCASIONS, THE FIRM DID NOT SIMULTANEOUSLY SEND ISOS TO EXECUTE AGAINST THE FULL DISPLAYED SIZE OF CERTAIN PROTECTED QUOTATIONS WHEN ROUTING ISOS TO OTHER MARKET CENTERS, INCLUDING TO THE EXCHANGE, WHICH LED TO TRADE-THROUGHS OF SUCH PROTECTED QUOTATIONS. THE FINDINGS STATED THAT THE FIRM DID NOT ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM THAT WAS REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH REGULATION NMS RULE 611(C), THE EXCHANGE RULE, AND APPLICABLE SECURITIES LAWS AND REGULATIONS REGARDING THE USE OF ISOS. SPECIFICALLY, GIVEN THE RECURRING NATURE OF THE VIOLATIONS FROM JULY 2014 THROUGH DECEMBER 2015, THE FIRM'S SUPERVISORY SYSTEM WAS NOT ADEQUATE.

Initiated By: NYSE ARCA, INC.

Date Initiated: 10/17/2017

Docket/Case Number: 2014041235401

Principal Product Type: Other

Other Product Type(s): UNSPECIFIED SECURITIES

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought: FINE

Resolution: Decision & Order of Offer of Settlement

Resolution Date: 10/17/2017

Sanctions Ordered: Censure
Monetary/Fine \$9,000.00

Other Sanctions Ordered:

Sanction Details: UNDER THE OFFER OF SETTLEMENT AND CONSENT, THE FIRM WAS CENSURED AND FINED THE AMOUNT OF \$70,000, OF WHICH \$9,000 IS PAYABLE TO THE EXCHANGE AND THE BALANCE PAID TO OTHER SELF-REGULATORY ORGANIZATIONS.

Firm Statement CASE NO. 20140412354 (INCLUDES MERGED CASE NOS. 20140437871, 20150444718, 20150468005, 20160492977).

Disclosure 5 of 47

Reporting Source: Regulator

Current Status: Final



Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO REASONABLY AVOID DISPLAYING, AND ENGAGED IN A PATTERN OR PRACTICE OF DISPLAYING, NUMEROUS QUOTATIONS THAT LOCKED OR CROSSED A PROTECTED QUOTATION ON THE EXCHANGE. THE FIRM FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM THAT WAS REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE EXCHANGE RULE. IN ADDITION, THE FIRM'S SUPERVISORY SYSTEM DID NOT INCLUDE SUFFICIENT WRITTEN SUPERVISORY PROCEDURES TO ENSURE COMPLIANCE WITH THE EXCHANGE RULE.

THE FINDINGS STATED THAT ON CERTAIN OCCASIONS, DUE TO VARIOUS SYSTEMS ISSUES AND DATA LATENCIES, THE FIRM'S SMART ROUTING SYSTEM FAILED TO CAPTURE PROTECTED QUOTATIONS FOR ALL RELEVANT MARKET CENTERS, OR CERTAIN DIRECT FEED QUOTATIONS WERE STALE, FOR PURPOSES OF COMPLYING WITH ITS OBLIGATION TO TAKE REASONABLE STEPS TO ESTABLISH THAT INTERMARKET SWEEP ORDERS (ISOS) IT ROUTED MET THE DEFINITIONAL REQUIREMENTS SET FORTH IN REGULATION NMS RULE 600(B)(30). AS A CONSEQUENCE, ON THESE OCCASIONS, THE FIRM FAILED TO SIMULTANEOUSLY SEND ISOS TO EXECUTE AGAINST THE FULL DISPLAYED SIZE OF CERTAIN PROTECTED QUOTATIONS WHEN ROUTING ISOS TO OTHER MARKET CENTERS, INCLUDING TO THE EXCHANGE, WHICH LED TO TRADE-THROUGHS OF SUCH PROTECTED QUOTATIONS.

THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM THAT WAS REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH REGULATION NMS RULE 611(C), THE EXCHANGE RULE, AND APPLICABLE SECURITIES LAWS AND REGULATIONS REGARDING THE USE OF ISOS. SPECIFICALLY, GIVEN THE RECURRING NATURE OF THE VIOLATIONS FROM JANUARY 2015 THROUGH DECEMBER 2015, THE FIRM'S SUPERVISORY SYSTEM WAS INADEQUATE.

Initiated By: BATS BYX EXCHANGE, INC.

Date Initiated: 10/18/2017

Docket/Case Number: 2014041235406

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: 11/15/2017

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

Sanctions Ordered: Censure
Monetary/Fine \$18,000.00

Other Sanctions Ordered:

Sanction Details: THE FIRM WAS CENSURED AND FINED THE AMOUNT OF \$70,000, OF WHICH \$18,000 IS PAYABLE TO THE EXCHANGE AND THE BALANCE PAID TO OTHER SELF-REGULATORY ORGANIZATIONS. PURSUANT TO BYX RULE 8.8, THE DECISION IN THIS MATTER IS FINAL 20 BUSINESS DAYS AFTER THE ISSUANCE OF THE DECISION. THEREFORE, THIS AWC BECAME FINAL NOVEMBER 15, 2017.

Regulator Statement ACCEPTANCE OF THE AWC IS CONDITIONED UPON ACCEPTANCE OF SIMILAR SETTLEMENT AGREEMENTS IN RELATED MATTERS BETWEEN THE FIRM AND THE OTHER SELF-REGULATORY ORGANIZATIONS.

CASE NO. 20140412354 (INCLUDES MERGED CASE NOS. 20140437871, 20150444718, 20150468005, 20160492977)

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 DID NOT REASONABLY AVOID DISPLAYING, AND ENGAGED IN A PATTERN OR PRACTICE OF DISPLAYING, NUMEROUS QUOTATIONS THAT LOCKED OR CROSSED A PROTECTED QUOTATION ON THE EXCHANGE. THE FIRM DID NOT ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM THAT WAS REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE EXCHANGE RULE. IN ADDITION, THE FIRM'S SUPERVISORY SYSTEM DID NOT INCLUDE SUFFICIENT WRITTEN SUPERVISORY PROCEDURES TO ENSURE COMPLIANCE WITH THE EXCHANGE RULE. THE FINDINGS STATED THAT ON CERTAIN OCCASIONS, DUE TO VARIOUS SYSTEMS ISSUES AND DATA LATENCIES, THE FIRM'S SMART ROUTING SYSTEM DID NOT CAPTURE PROTECTED QUOTATIONS FOR ALL RELEVANT MARKET CENTERS, OR CERTAIN DIRECT FEED QUOTATIONS WERE STALE, FOR PURPOSES OF



COMPLYING WITH ITS OBLIGATION TO TAKE REASONABLE STEPS TO ESTABLISH THAT INTERMARKET SWEEP ORDERS (ISOS) IT ROUTED MET THE DEFINITIONAL REQUIREMENTS SET FORTH IN REGULATION NMS RULE 600(B)(30). AS A CONSEQUENCE, ON THESE OCCASIONS, THE FIRM DID NOT SIMULTANEOUSLY SEND ISOS TO EXECUTE AGAINST THE FULL DISPLAYED SIZE OF CERTAIN PROTECTED QUOTATIONS WHEN ROUTING ISOS TO OTHER MARKET CENTERS, INCLUDING TO THE EXCHANGE, WHICH LED TO TRADE-THROUGHS OF SUCH PROTECTED QUOTATIONS. THE FINDINGS ALSO STATED THAT THE FIRM DID NOT ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM THAT WAS REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH REGULATION NMS RULE 611(C), THE EXCHANGE RULE, AND APPLICABLE SECURITIES LAWS AND REGULATIONS REGARDING THE USE OF ISOS. SPECIFICALLY, GIVEN THE RECURRING NATURE OF THE VIOLATIONS FROM JANUARY 2015 THROUGH DECEMBER 2015, THE FIRM'S SUPERVISORY SYSTEM WAS NOT ADEQUATE.

Initiated By: BATS BYX EXCHANGE, INC.

Date Initiated: 10/18/2017

Docket/Case Number: 2014041235406

Principal Product Type: Other

Other Product Type(s): UNSPECIFIED SECURITIES

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought: FINE

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 11/15/2017

Sanctions Ordered: Censure
Monetary/Fine \$18,000.00

Other Sanctions Ordered:

Sanction Details: THE FIRM WAS CENSURED AND FINED THE AMOUNT OF \$70,000, OF WHICH \$18,000 WAS PAYABLE TO THE EXCHANGE AND THE BALANCE PAID TO OTHER SELF-REGULATORY ORGANIZATIONS. PURSUANT TO BYX RULE 8.8, THE DECISION IN THIS MATTER BECAME FINAL ON NOVEMBER 15, 2017, 20 BUSINESS DAYS AFTER THE ISSUANCE OF THE DECISION.

Firm Statement ACCEPTANCE OF THE AWC IS CONDITIONED UPON ACCEPTANCE OF SIMILAR SETTLEMENT AGREEMENTS IN RELATED MATTERS BETWEEN THE FIRM AND THE OTHER SELF-REGULATORY ORGANIZATIONS. CASE NO. 20140412354 (INCLUDES MERGED CASE NOS. 20140437871, 20150444718,



20150468005, 20160492977).

Disclosure 6 of 47**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 ON CERTAIN OCCASIONS, DUE TO VARIOUS SYSTEMS ISSUES AND DATA LATENCIES, ITS SMART ROUTING SYSTEM FAILED TO CAPTURE PROTECTED QUOTATIONS FOR ALL RELEVANT MARKET CENTERS, OR CERTAIN DIRECT FEED QUOTATIONS WERE STALE, FOR PURPOSES OF COMPLYING WITH ITS OBLIGATION TO TAKE REASONABLE STEPS TO ESTABLISH THAT INTERMARKET SWEEP ORDERS (ISOS) IT ROUTED MET THE DEFINITIONAL REQUIREMENTS SET FORTH IN REGULATION NMS RULE 600(B)(30). THE FINDINGS STATED THAT ON THESE OCCASIONS THE FIRM FAILED TO SIMULTANEOUSLY SEND ISOS TO EXECUTE AGAINST THE FULL DISPLAYED SIZE OF CERTAIN PROTECTED QUOTATIONS WHEN ROUTING ISOS TO OTHER MARKET CENTERS, INCLUDING TO THE EXCHANGE, WHICH LED TO TRADE-THROUGHS OF SUCH PROTECTED QUOTATIONS.

THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM THAT WAS REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH REGULATION NMS RULE 611(C), THE EXCHANGE RULE, AND APPLICABLE SECURITIES LAWS AND REGULATIONS REGARDING THE USE OF ISOS. SPECIFICALLY, GIVEN THE RECURRING NATURE OF THE VIOLATIONS FROM JULY 2014 THROUGH DECEMBER 2015, THE FIRM'S SUPERVISORY SYSTEM WAS INADEQUATE.

Initiated By: BATS EDGX EXCHANGE, INC.**Date Initiated:** 10/18/2017**Docket/Case Number:** 2014041235408**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:** 11/15/2017



Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?	No
Sanctions Ordered:	Censure Monetary/Fine \$9,000.00
Other Sanctions Ordered:	
Sanction Details:	THE FIRM WAS CENSURED AND FINED THE AMOUNT OF \$70,000, OF WHICH \$9,000 IS PAYABLE TO THE EXCHANGE AND THE BALANCE PAID TO OTHER SELF-REGULATORY ORGANIZATIONS. PURSUANT TO EDGX RULE 8.8, THE DECISION IN THIS MATTER IS FINAL 20 BUSINESS DAYS AFTER THE ISSUANCE OF THE DECISION. THEREFORE, THIS AWC BECAME FINAL NOVEMBER 15, 2017.
Regulator Statement	ACCEPTANCE OF THE AWC IS CONDITIONED UPON ACCEPTANCE OF SIMILAR SETTLEMENT AGREEMENTS IN RELATED MATTERS BETWEEN THE FIRM AND THE OTHER SELF-REGULATORY ORGANIZATIONS. CASE NO. 20140412354 (INCLUDES MERGED CASE NOS. 20140437871, 20150444718, 20150468005, 20160492977)
<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 ON CERTAIN OCCASIONS, DUE TO VARIOUS SYSTEMS ISSUES AND DATA LATENCIES, ITS SMART ROUTING SYSTEM DID NOT CAPTURE PROTECTED QUOTATIONS FOR ALL RELEVANT MARKET CENTERS, OR CERTAIN DIRECT FEED QUOTATIONS WERE STALE, FOR PURPOSES OF COMPLYING WITH ITS OBLIGATION TO TAKE REASONABLE STEPS TO ESTABLISH THAT INTERMARKET SWEEP ORDERS (ISOS) IT Routed MET THE DEFINITIONAL REQUIREMENTS SET FORTH IN REGULATION NMS RULE 600(B)(30). THE FINDINGS STATED THAT ON THESE OCCASIONS THE FIRM DID NOT SIMULTANEOUSLY SEND ISOS TO EXECUTE AGAINST THE FULL DISPLAYED SIZE OF CERTAIN PROTECTED QUOTATIONS WHEN ROUTING ISOS TO OTHER MARKET CENTERS, INCLUDING TO THE EXCHANGE, WHICH LED TO TRADE-THROUGHS OF SUCH PROTECTED QUOTATIONS. THE FINDINGS ALSO STATED THAT THE FIRM DID NOT ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM THAT WAS REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH REGULATION NMS RULE 611(C), THE EXCHANGE RULE, AND APPLICABLE SECURITIES LAWS AND REGULATIONS REGARDING THE



USE OF ISOS. SPECIFICALLY, GIVEN THE RECURRING NATURE OF THE VIOLATIONS FROM JULY 2014 THROUGH DECEMBER 2015, THE FIRM'S SUPERVISORY SYSTEM WAS NOT ADEQUATE.

Initiated By: BATS EDGX EXCHANGE, INC.
Date Initiated: 10/18/2017
Docket/Case Number: 2014041235408
Principal Product Type: Other
Other Product Type(s): UNSPECIFIED SECURITIES
Principal Sanction(s)/Relief Sought: Censure
Other Sanction(s)/Relief Sought: FINE
Resolution: Acceptance, Waiver & Consent(AWC)
Resolution Date: 11/15/2017
Sanctions Ordered: Censure
 Monetary/Fine \$9,000.00

Other Sanctions Ordered:

Sanction Details: THE FIRM WAS CENSURED AND FINED THE AMOUNT OF \$70,000, OF WHICH \$18,000 WAS PAYABLE TO THE EXCHANGE AND THE BALANCE PAID TO OTHER SELF-REGULATORY ORGANIZATIONS. PURSUANT TO BZX RULE 8.8, THE DECISION IN THIS MATTER BECAME FINAL ON NOVEMBER 15, 2017, 20 BUSINESS DAYS AFTER THE ISSUANCE OF THE DECISION.

Firm Statement ACCEPTANCE OF THE AWC IS CONDITIONED UPON ACCEPTANCE OF SIMILAR SETTLEMENT AGREEMENTS IN RELATED MATTERS BETWEEN THE FIRM AND THE OTHER SELF-REGULATORY ORGANIZATIONS. CASE NO. 20140412354 (INCLUDES MERGED CASE NOS. 20140437871, 20150444718, 20150468005, 20160492977)

Disclosure 7 of 47

Reporting Source: Regulator

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO REASONABLY AVOID DISPLAYING, AND ENGAGED IN A PATTERN OR PRACTICE OF DISPLAYING, NUMEROUS QUOTATIONS THAT LOCKED OR CROSSED A PROTECTED QUOTATION ON THE EXCHANGE. THE FIRM



FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM THAT WAS REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE EXCHANGE RULE. IN ADDITION, THE FIRM'S SUPERVISORY SYSTEM DID NOT INCLUDE SUFFICIENT WRITTEN SUPERVISORY PROCEDURES TO ENSURE COMPLIANCE WITH THE EXCHANGE RULE.

THE FINDINGS STATED THAT ON CERTAIN OCCASIONS, DUE TO VARIOUS SYSTEMS ISSUES AND DATA LATENCIES, THE FIRM'S SMART ROUTING SYSTEM FAILED TO CAPTURE PROTECTED QUOTATIONS FOR ALL RELEVANT MARKET CENTERS, OR CERTAIN DIRECT FEED QUOTATIONS WERE STALE, FOR PURPOSES OF COMPLYING WITH ITS OBLIGATION TO TAKE REASONABLE STEPS TO ESTABLISH THAT INTERMARKET SWEEP ORDERS (ISOS) IT ROUTED MET THE DEFINITIONAL REQUIREMENTS SET FORTH IN REGULATION NMS RULE 600(B)(30). AS A CONSEQUENCE, ON THESE OCCASIONS, THE FIRM FAILED TO SIMULTANEOUSLY SEND ISOS TO EXECUTE AGAINST THE FULL DISPLAYED SIZE OF CERTAIN PROTECTED QUOTATIONS WHEN ROUTING ISOS TO OTHER MARKET CENTERS, INCLUDING TO THE EXCHANGE, WHICH LED TO TRADE-THROUGHS OF SUCH PROTECTED QUOTATIONS.

THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM THAT WAS REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH REGULATION NMS RULE 611(C), THE EXCHANGE RULE, AND APPLICABLE SECURITIES LAWS AND REGULATIONS REGARDING THE USE OF ISOS. SPECIFICALLY, GIVEN THE RECURRING NATURE OF THE VIOLATIONS FROM JULY 2014 THROUGH DECEMBER 2015, THE FIRM'S SUPERVISORY SYSTEM WAS INADEQUATE.

Initiated By: BATS BZX EXCHANGE, INC.
Date Initiated: 10/18/2017
Docket/Case Number: 2014041235405
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: 11/15/2017



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

No

Sanctions Ordered:

Censure
Monetary/Fine \$18,000.00

Other Sanctions Ordered:

Sanction Details:

THE FIRM WAS CENSURED AND FINED THE AMOUNT OF \$70,000, OF WHICH \$18,000 IS PAYABLE TO THE EXCHANGE AND THE BALANCE PAID TO OTHER SELF-REGULATORY ORGANIZATIONS. PURSUANT TO BZX RULE 8.8, THE DECISION IN THIS MATTER IS FINAL 20 BUSINESS DAYS AFTER THE ISSUANCE OF THE DECISION. THEREFORE, THIS AWC BECAME FINAL NOVEMBER 15, 2017.

Regulator Statement

ACCEPTANCE OF THE AWC IS CONDITIONED UPON ACCEPTANCE OF SIMILAR SETTLEMENT AGREEMENTS IN RELATED MATTERS BETWEEN THE FIRM AND THE OTHER SELF-REGULATORY ORGANIZATIONS.

CASE NO. 20140412354 (INCLUDES MERGED CASE NOS. 20140437871, 20150444718, 20150468005, 20160492977)

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 DID NOT REASONABLY AVOID DISPLAYING, AND ENGAGED IN A PATTERN OR PRACTICE OF DISPLAYING, NUMEROUS QUOTATIONS THAT LOCKED OR CROSSED A PROTECTED QUOTATION ON THE EXCHANGE. THE FIRM DID NOT ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM THAT WAS REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE EXCHANGE RULE. IN ADDITION, THE FIRM'S SUPERVISORY SYSTEM DID NOT INCLUDE SUFFICIENT WRITTEN SUPERVISORY PROCEDURES TO ENSURE COMPLIANCE WITH THE EXCHANGE RULE. THE FINDINGS STATED THAT ON CERTAIN OCCASIONS, DUE TO VARIOUS SYSTEMS ISSUES AND DATA LATENCIES, THE FIRM'S SMART ROUTING SYSTEM DID NOT CAPTURE PROTECTED QUOTATIONS FOR ALL RELEVANT MARKET CENTERS, OR CERTAIN DIRECT FEED QUOTATIONS WERE STALE, FOR PURPOSES OF COMPLYING WITH ITS OBLIGATION TO TAKE REASONABLE STEPS TO ESTABLISH THAT INTERMARKET SWEEP ORDERS (ISOS) IT ROUTED MET THE DEFINITIONAL REQUIREMENTS SET FORTH IN REGULATION NMS



RULE 600(B)(30). AS A CONSEQUENCE, ON THESE OCCASIONS, THE FIRM DID NOT SIMULTANEOUSLY SEND ISOS TO EXECUTE AGAINST THE FULL DISPLAYED SIZE OF CERTAIN PROTECTED QUOTATIONS WHEN ROUTING ISOS TO OTHER MARKET CENTERS, INCLUDING TO THE EXCHANGE, WHICH LED TO TRADE-THROUGHS OF SUCH PROTECTED QUOTATIONS. THE FINDINGS ALSO STATED THAT THE FIRM DID NOT ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM THAT WAS REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH REGULATION NMS RULE 611(C), THE EXCHANGE RULE, AND APPLICABLE SECURITIES LAWS AND REGULATIONS REGARDING THE USE OF ISOS. SPECIFICALLY, GIVEN THE RECURRING NATURE OF THE VIOLATIONS FROM JULY 2014 THROUGH DECEMBER 2015, THE FIRM'S SUPERVISORY SYSTEM WAS NOT ADEQUATE.

Initiated By: BATS BZX EXCHANGE, INC.

Date Initiated: 10/18/2017

Docket/Case Number: 2014041235405

Principal Product Type: Other

Other Product Type(s): UNSPECIFIED SECURITIES

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought: FINE

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 11/15/2017

Sanctions Ordered: Censure
Monetary/Fine \$18,000.00

Other Sanctions Ordered:

Sanction Details: THE FIRM WAS CENSURED AND FINED THE AMOUNT OF \$70,000, OF WHICH \$18,000 WAS PAYABLE TO THE EXCHANGE AND THE BALANCE PAID TO OTHER SELF-REGULATORY ORGANIZATIONS. PURSUANT TO BZX RULE 8.8, THE DECISION IN THIS MATTER BECAME FINAL ON NOVEMBER 15, 2017, 20 BUSINESS DAYS AFTER THE ISSUANCE OF THE DECISION.

Firm Statement ACCEPTANCE OF THE AWC IS CONDITIONED UPON ACCEPTANCE OF SIMILAR SETTLEMENT AGREEMENTS IN RELATED MATTERS BETWEEN THE FIRM AND THE OTHER SELF-REGULATORY ORGANIZATIONS. CASE NO. 20140412354 (INCLUDES MERGED CASE NOS. 20140437871, 20150444718, 20150468005, 20160492977)



Disclosure 8 of 47

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 ON NUMEROUS OCCASIONS, DUE TO VARIOUS SYSTEMS ISSUES AND DATA LATENCIES, ITS SMART ROUTING SYSTEM FAILED TO CAPTURE PROTECTED QUOTATIONS FOR ALL RELEVANT MARKET CENTERS, OR CERTAIN DIRECT FEED QUOTATIONS WERE STALE, FOR PURPOSES OF COMPLYING WITH ITS OBLIGATION TO TAKE REASONABLE STEPS TO ESTABLISH THAT INTERMARKET SWEEP ORDERS (ISOS) IT ROUTED MET THE DEFINITIONAL REQUIREMENTS SET FORTH IN REGULATION NMS RULE 600(B)(30).</p> <p>THE FINDINGS STATED THAT ON THESE OCCASIONS THE FIRM FAILED TO SIMULTANEOUSLY SEND ISOS TO EXECUTE AGAINST THE FULL DISPLAYED SIZE OF CERTAIN PROTECTED QUOTATIONS WHEN ROUTING ISOS TO OTHER MARKET CENTERS, INCLUDING TO THE EXCHANGE, WHICH LED TO TRADE-THROUGHS OF SUCH PROTECTED QUOTATIONS.</p> <p>THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM THAT WAS REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH REGULATION NMS RULE 611(C), THE EXCHANGE RULE, AND APPLICABLE SECURITIES LAWS AND REGULATIONS REGARDING THE USE OF ISOS. SPECIFICALLY, GIVEN THE RECURRING NATURE OF THE VIOLATIONS FROM JULY 2014 THROUGH DECEMBER 2015, THE FIRM'S SUPERVISORY SYSTEM WAS INADEQUATE.</p>
Initiated By:	BATS EDGA EXCHANGE, INC.
Date Initiated:	10/18/2017
Docket/Case Number:	2014041235407
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:	11/15/2017



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

No

Sanctions Ordered:

Censure
Monetary/Fine \$4,000.00

Other Sanctions Ordered:

Sanction Details:

THE FIRM WAS CENSURED AND FINED THE AMOUNT OF \$70,000, OF WHICH \$4,000 IS PAYABLE TO THE EXCHANGE AND THE BALANCE PAID TO OTHER SELF-REGULATORY ORGANIZATIONS. PURSUANT TO EDGA RULE 8.8, THE DECISION IN THIS MATTER IS FINAL 20 BUSINESS DAYS AFTER THE ISSUANCE OF THE DECISION. THEREFORE, THIS AWC BECAME FINAL NOVEMBER 15, 2017.

Regulator Statement

ACCEPTANCE OF THE AWC IS CONDITIONED UPON ACCEPTANCE OF SIMILAR SETTLEMENT AGREEMENTS IN RELATED MATTERS BETWEEN THE FIRM AND THE OTHER SELF-REGULATORY ORGANIZATIONS. CASE NO. 20140412354 (INCLUDES MERGED CASE NOS. 20140437871, 20150444718, 20150468005, 20160492977)

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 ON NUMEROUS OCCASIONS, DUE TO VARIOUS SYSTEMS ISSUES AND DATA LATENCIES, ITS SMART ROUTING SYSTEM DID NOT CAPTURE PROTECTED QUOTATIONS FOR ALL RELEVANT MARKET CENTERS, OR CERTAIN DIRECT FEED QUOTATIONS WERE STALE, FOR PURPOSES OF COMPLYING WITH ITS OBLIGATION TO TAKE REASONABLE STEPS TO ESTABLISH THAT INTERMARKET SWEEP ORDERS (ISOS) IT ROUTED MET THE DEFINITIONAL REQUIREMENTS SET FORTH IN REGULATION NMS RULE 600(B)(30). THE FINDINGS STATED THAT, ON THESE OCCASIONS, THE FIRM DID NOT SIMULTANEOUSLY SEND ISOS TO EXECUTE AGAINST THE FULL DISPLAYED SIZE OF CERTAIN PROTECTED QUOTATIONS WHEN ROUTING ISOS TO OTHER MARKET CENTERS, INCLUDING TO THE EXCHANGE, WHICH LED TO TRADE-THROUGHS OF SUCH PROTECTED QUOTATIONS. THE FINDINGS ALSO STATED THAT THE FIRM DID NOT ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM THAT WAS REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH REGULATION NMS RULE 611(C), THE EXCHANGE RULE, AND APPLICABLE SECURITIES LAWS AND REGULATIONS REGARDING THE



USE OF ISOS. SPECIFICALLY, GIVEN THE RECURRING NATURE OF THE VIOLATIONS FROM JULY 2014 THROUGH DECEMBER 2015, THE FIRM'S SUPERVISORY SYSTEM WAS NOT ADEQUATE.

Initiated By: BATS EDGA EXCHANGE, INC.
Date Initiated: 10/18/2017
Docket/Case Number: 2014041235407
Principal Product Type: Other
Other Product Type(s): UNSPECIFIED SECURITIES
Principal Sanction(s)/Relief Sought: Censure
Other Sanction(s)/Relief Sought: FINE
Resolution: Acceptance, Waiver & Consent(AWC)
Resolution Date: 11/15/2017
Sanctions Ordered: Censure
 Monetary/Fine \$4,000.00

Other Sanctions Ordered:

Sanction Details: THE FIRM WAS CENSURED AND FINED THE AMOUNT OF \$70,000, OF WHICH \$4,000 WAS PAYABLE TO THE EXCHANGE AND THE BALANCE PAID TO OTHER SELF-REGULATORY ORGANIZATIONS. PURSUANT TO EDGA RULE 8.8, THE DECISION IN THIS MATTER BECAME FINAL ON NOVEMBER 15, 2017, 20 BUSINESS DAYS AFTER THE ISSUANCE OF THE DECISION.

Firm Statement ACCEPTANCE OF THE AWC IS CONDITIONED UPON ACCEPTANCE OF SIMILAR SETTLEMENT AGREEMENTS IN RELATED MATTERS BETWEEN THE FIRM AND THE OTHER SELF-REGULATORY ORGANIZATIONS. CASE NO. 20140412354 (INCLUDES MERGED CASE NOS. 20140437871, 20150444718, 20150468005, 20160492977)

Disclosure 9 of 47

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 ON NUMEROUS OCCASIONS, DUE TO VARIOUS SYSTEMS ISSUES AND DATA LATENCIES, ITS SMART ROUTING SYSTEM FAILED TO CAPTURE PROTECTED QUOTATIONS FOR ALL RELEVANT MARKET CENTERS, OR



CERTAIN DIRECT FEED QUOTATIONS WERE STALE, FOR PURPOSES OF COMPLYING WITH ITS OBLIGATION TO TAKE REASONABLE STEPS TO ESTABLISH THAT INTERMARKET SWEEP ORDERS (ISOS) IT ROUTED MET THE DEFINITIONAL REQUIREMENTS SET FORTH IN REGULATION NMS RULE 600(B)(30).

THE FINDINGS STATED THAT ON THESE OCCASIONS THE FIRM FAILED TO SIMULTANEOUSLY SEND ISOS TO EXECUTE AGAINST THE FULL DISPLAYED SIZE OF CERTAIN PROTECTED QUOTATIONS WHEN ROUTING ISOS TO OTHER MARKET CENTERS, INCLUDING TO THE EXCHANGE, WHICH LED TO TRADE-THROUGHS OF SUCH PROTECTED QUOTATIONS.

THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM THAT WAS REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH REGULATION NMS RULE 611(C), THE EXCHANGE RULE, AND APPLICABLE SECURITIES LAWS AND REGULATIONS REGARDING THE USE OF ISOS. SPECIFICALLY, GIVEN THE RECURRING NATURE OF THE VIOLATIONS FROM JANUARY 2015 THROUGH DECEMBER 2015, THE FIRM'S SUPERVISORY SYSTEM WAS INADEQUATE.

Initiated By: NYSE AMERICAN LLC

Date Initiated: 10/11/2017

Docket/Case Number: 2014041235403

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: 11/06/2017

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

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

Other Sanctions Ordered:



Sanction Details: THE FIRM WAS CENSURED AND FINED THE AMOUNT OF \$70,000, OF WHICH \$4,000 IS PAYABLE TO THE EXCHANGE AND THE BALANCE PAID TO OTHER SELF-REGULATORY ORGANIZATIONS.

ACCEPTANCE OF THIS AWC IS CONDITIONED UPON ACCEPTANCE OF SIMILAR SETTLEMENT AGREEMENTS IN RELATED MATTERS BETWEEN THE FIRM AND THE OTHER SELF-REGULATORY ORGANIZATIONS.

PURSUANT TO NYSE AMERICAN RULE 9310(A)(1)(B), THIS AWC BECAME FINAL ON NOVEMBER 6, 2017.

Regulator Statement CASE NO. 20140412354 (INCLUDES MERGED CASE NOS. 20140437871, 20150444718, 20150468005, 20160492977)

Reporting Source: Firm

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO CERTAIN SANCTIONS AND TO THE ENTRY OF FINDINGS THAT ON NUMEROUS OCCASIONS, THE FIRM'S SYSTEM, DUE TO VARIOUS SYSTEMS ISSUES AND DATA LATENCIES, DID NOT CAPTURE PROTECTED QUOTATIONS FOR ALL RELEVANT MARKET CENTERS, OR CERTAIN DIRECT FEED QUOTATIONS WERE STALE, FOR PURPOSES OF COMPLYING WITH ITS OBLIGATION TO TAKE REASONABLE STEPS TO ESTABLISH THAT INTERMARKET SWEEP ORDERS (ISOS) IT ROUTED MET THE DEFINITIONAL REQUIREMENTS SET FORTH IN REGULATION NMS RULE 600(B)(30). THE FINDINGS STATED THAT, ON THESE OCCASIONS, THE FIRM DID NOT SIMULTANEOUSLY SEND ISOS TO EXECUTE AGAINST THE FULL DISPLAYED SIZE OF CERTAIN PROTECTED QUOTATIONS WHEN ROUTING ISOS TO OTHER MARKET CENTERS, INCLUDING TO THE EXCHANGE, WHICH LED TO TRADE-THROUGHS OF SUCH PROTECTED QUOTATIONS. THE FINDINGS ALSO STATED THAT THE FIRM DID NOT ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM THAT WAS REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH REGULATION NMS RULE 611(C), THE EXCHANGE RULE, AND APPLICABLE SECURITIES LAWS AND REGULATIONS REGARDING THE USE OF ISOS. SPECIFICALLY, GIVEN THE RECURRING NATURE OF THE VIOLATIONS FROM JANUARY 2015 THROUGH DECEMBER 2015, THE FIRM'S SUPERVISORY SYSTEM WAS NOT ADEQUATE.

Initiated By: NYSE AMERICAN LLC

Date Initiated: 10/11/2017

Docket/Case Number: 2014041235403



Principal Product Type:	Other
Other Product Type(s):	UNSPECIFIED SECURITIES
Principal Sanction(s)/Relief Sought:	Censure
Other Sanction(s)/Relief Sought:	FINE
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	11/06/2017
Sanctions Ordered:	Censure Monetary/Fine \$4,000.00
Other Sanctions Ordered:	
Sanction Details:	THE FIRM WAS CENSURED AND FINED THE AMOUNT OF \$70,000, OF WHICH \$4,000 IS PAYABLE TO THE EXCHANGE AND THE BALANCE PAID TO OTHER SELF-REGULATORY ORGANIZATIONS. ACCEPTANCE OF THIS AWC IS CONDITIONED UPON ACCEPTANCE OF SIMILAR SETTLEMENT AGREEMENTS IN RELATED MATTERS BETWEEN THE FIRM AND THE OTHER SELF-REGULATORY ORGANIZATIONS. PURSUANT TO NYSE AMERICAN RULE 9310(A)(1)(B), THIS AWC BECAME FINAL ON NOVEMBER 6, 2017.
Firm Statement	CASE NO. 20140412354 (INCLUDES MERGED CASE NOS. 20140437871, 20150444718, 20150468005, 20160492977).

Disclosure 10 of 47

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 ON NUMEROUS OCCASIONS, DUE TO VARIOUS SYSTEMS ISSUES AND DATA LATENCIES, ITS SMART ROUTING SYSTEM FAILED TO CAPTURE PROTECTED QUOTATIONS FOR ALL RELEVANT MARKET CENTERS, OR CERTAIN DIRECT FEED QUOTATIONS WERE STALE, FOR PURPOSES OF COMPLYING WITH ITS OBLIGATION TO TAKE REASONABLE STEPS TO ESTABLISH THAT INTERMARKET SWEEP ORDERS (ISOS) IT ROUTED MET THE DEFINITIONAL REQUIREMENTS SET FORTH IN REGULATION NMS RULE 600(B)(30).</p> <p>THE FINDINGS STATED THAT ON THESE OCCASIONS THE FIRM FAILED TO SIMULTANEOUSLY SEND ISOS TO EXECUTE AGAINST THE FULL DISPLAYED SIZE OF CERTAIN PROTECTED QUOTATIONS WHEN ROUTING ISOS TO</p>



OTHER MARKET CENTERS, INCLUDING TO THE EXCHANGE, WHICH LED TO TRADE-THROUGHS OF SUCH PROTECTED QUOTATIONS.

THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM THAT WAS REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH REGULATION NMS RULE 611(C), THE EXCHANGE RULE, AND APPLICABLE SECURITIES LAWS AND REGULATIONS REGARDING THE USE OF ISOS. SPECIFICALLY, GIVEN THE RECURRING NATURE OF THE VIOLATIONS FROM JANUARY 2015 THROUGH DECEMBER 2015, THE FIRM'S SUPERVISORY SYSTEM WAS INADEQUATE.

Initiated By: NEW YORK STOCK EXCHANGE

Date Initiated: 10/11/2017

Docket/Case Number: 2014041235402

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: 11/06/2017

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

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

Other Sanctions Ordered:

Sanction Details: THE FIRM WAS CENSURED AND FINED THE AMOUNT OF \$70,000, OF WHICH \$4,000 IS PAYABLE TO THE EXCHANGE AND THE BALANCE PAID TO OTHER SELF-REGULATORY ORGANIZATIONS.

ACCEPTANCE OF THIS AWC IS CONDITIONED UPON ACCEPTANCE OF SIMILAR SETTLEMENT AGREEMENTS IN RELATED MATTERS BETWEEN THE FIRM AND THE OTHER SELF-REGULATORY ORGANIZATIONS.



PURSUANT TO NYSE RULE 9310(A)(1)(B), THIS AWC BECAME FINAL ON NOVEMBER 6, 2017.

Regulator Statement

CASE NO. 20140412354 (INCLUDES MERGED CASE NOS. 20140437871, 20150444718, 20150468005, 20160492977)

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 ON NUMEROUS OCCASIONS, DUE TO VARIOUS SYSTEMS ISSUES AND DATA LATENCIES, ITS SMART ROUTING SYSTEM DID NOT CAPTURE PROTECTED QUOTATIONS FOR ALL RELEVANT MARKET CENTERS, OR CERTAIN DIRECT FEED QUOTATIONS WERE STALE, FOR PURPOSES OF COMPLYING WITH ITS OBLIGATION TO TAKE REASONABLE STEPS TO ESTABLISH THAT INTERMARKET SWEEP ORDERS (ISOS) IT ROUTED MET THE DEFINITIONAL REQUIREMENTS SET FORTH IN REGULATION NMS RULE 600(B)(30). THE FINDINGS STATED THAT, ON THESE OCCASIONS, THE FIRM DID NOT SIMULTANEOUSLY SEND ISOS TO EXECUTE AGAINST THE FULL DISPLAYED SIZE OF CERTAIN PROTECTED QUOTATIONS WHEN ROUTING ISOS TO OTHER MARKET CENTERS, INCLUDING TO THE EXCHANGE, WHICH LED TO TRADE-THROUGHS OF SUCH PROTECTED QUOTATIONS. THE FINDINGS ALSO STATED THAT THE FIRM DID NOT ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM THAT WAS REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH REGULATION NMS RULE 611(C), THE EXCHANGE RULE, AND APPLICABLE SECURITIES LAWS AND REGULATIONS REGARDING THE USE OF ISOS. SPECIFICALLY, GIVEN THE RECURRING NATURE OF THE VIOLATIONS FROM JANUARY 2015 THROUGH DECEMBER 2015, THE FIRM'S SUPERVISORY SYSTEM WAS NOT ADEQUATE.

Initiated By:

NEW YORK STOCK EXCHANGE

Date Initiated:

10/11/2017

Docket/Case Number:

2014041235402

Principal Product Type:

Other

Other Product Type(s):

UNSPECIFIED SECURITIES

Principal Sanction(s)/Relief Sought:

Censure

Other Sanction(s)/Relief Sought:

FINE

Resolution:

Acceptance, Waiver & Consent(AWC)



Resolution Date:	11/06/2017
Sanctions Ordered:	Censure Monetary/Fine \$4,000.00
Other Sanctions Ordered:	
Sanction Details:	THE FIRM WAS CENSURED AND FINED THE AMOUNT OF \$70,000, OF WHICH \$4,000 IS PAYABLE TO THE EXCHANGE AND THE BALANCE PAID TO OTHER SELF-REGULATORY ORGANIZATIONS. ACCEPTANCE OF THIS AWC IS CONDITIONED UPON ACCEPTANCE OF SIMILAR SETTLEMENT AGREEMENTS IN RELATED MATTERS BETWEEN THE FIRM AND THE OTHER SELF-REGULATORY ORGANIZATIONS. PURSUANT TO NYSE RULE 9310(A)(1)(B), THIS AWC BECAME FINAL ON NOVEMBER 6, 2017.
Firm Statement	CASE NO. 20140412354 (INCLUDES MERGED CASE NOS. 20140437871, 20150444718, 20150468005, 20160492977).

Disclosure 11 of 47

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 ON NUMEROUS OCCASIONS, DUE TO VARIOUS SYSTEMS ISSUES AND DATA LATENCIES, ITS SMART ROUTING SYSTEM FAILED TO CAPTURE PROTECTED QUOTATIONS FOR ALL RELEVANT MARKET CENTERS, OR CERTAIN DIRECT FEED QUOTATIONS WERE STALE, FOR PURPOSES OF COMPLYING WITH ITS OBLIGATION TO TAKE REASONABLE STEPS TO ESTABLISH THAT INTERMARKET SWEEP ORDERS (ISOS) IT ROUTED MET THE DEFINITIONAL REQUIREMENTS SET FORTH IN REGULATION NMS RULE 600(B)(30).</p> <p>THE FINDINGS STATED THAT ON THESE OCCASIONS THE FIRM FAILED TO SIMULTANEOUSLY SEND ISOS TO EXECUTE AGAINST THE FULL DISPLAYED SIZE OF CERTAIN PROTECTED QUOTATIONS WHEN ROUTING ISOS TO OTHER MARKET CENTERS, INCLUDING TO THE FINRA ALTERNATIVE DISPLAY FACILITY (ADF), WHICH LED TO TRADE-THROUGHS OF SUCH PROTECTED QUOTATIONS.</p> <p>THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM THAT WAS REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH REGULATION NMS RULE 611(C) AND APPLICABLE SECURITIES LAWS AND REGULATIONS REGARDING THE USE OF ISOS. SPECIFICALLY, GIVEN THE RECURRING NATURE OF THE VIOLATIONS FROM JANUARY 2015 THROUGH DECEMBER 2015, THE FIRM'S SUPERVISORY SYSTEM WAS INADEQUATE.</p>



Initiated By: FINRA
Date Initiated: 10/18/2017
Docket/Case Number: [2014041235404](#)
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: 10/18/2017
Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? No
Sanctions Ordered: Censure
 Monetary/Fine \$4,000.00
Other Sanctions Ordered:
Sanction Details: THE FIRM WAS CENSURED AND FINED THE AMOUNT OF \$70,000, OF WHICH \$4,000 IS PAYABLE TO FINRA AND THE BALANCE PAID TO BATS BZX EXCHANGE, INC., BATS BYX EXCHANGE, INC., BATS EDGA EXCHANGE, INC., BATS EDGX EXCHANGE, INC., NEW YORK STOCK EXCHANGE LLC, NYSE ARCA, INC., AND NYSE AMERICAN LLC. FINES PAID IN FULL ON NOVEMBER 23, 2017.
Regulator Statement FINRA CASE NO. 20140412354 (INCLUDES MERGED CASE NOS. 20140437871, 20150444718, 20150468005, 20160492977)

Reporting Source: Firm
Current Status: Final
Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO SANCTIONS AND TO THE ENTRY OF FINDINGS THAT ON NUMEROUS OCCASIONS, DUE TO VARIOUS SYSTEMS ISSUES AND DATA LATENCIES, ITS SMART ROUTING SYSTEM DID NOT CAPTURE PROTECTED QUOTATIONS FOR ALL RELEVANT MARKET CENTERS, OR CERTAIN DIRECT



FEED QUOTATIONS WERE STALE, FOR PURPOSES OF COMPLYING WITH ITS OBLIGATION TO TAKE REASONABLE STEPS TO ESTABLISH THAT INTERMARKET SWEEP ORDERS (ISOS) IT ROUTED MET THE DEFINITIONAL REQUIREMENTS SET FORTH IN REGULATION NMS RULE 600(B)(30). THE FINDINGS STATED THAT, ON THESE OCCASIONS, THE FIRM DID NOT SIMULTANEOUSLY SEND ISOS TO EXECUTE AGAINST THE FULL DISPLAYED SIZE OF CERTAIN PROTECTED QUOTATIONS WHEN ROUTING ISOS TO OTHER MARKET CENTERS, INCLUDING TO THE FINRA ALTERNATIVE DISPLAY FACILITY (ADF), WHICH LED TO TRADE-THROUGHS OF SUCH PROTECTED QUOTATIONS. THE FINDINGS ALSO STATED THAT THE FIRM DID NOT ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM THAT WAS REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH REGULATION NMS RULE 611(C) AND APPLICABLE SECURITIES LAWS AND REGULATIONS REGARDING THE USE OF ISOS. SPECIFICALLY, GIVEN THE RECURRING NATURE OF THE VIOLATIONS FROM JANUARY 2015 THROUGH DECEMBER 2015, THE FIRM'S SUPERVISORY SYSTEM WAS NOT ADEQUATE.

Initiated By: FINRA

Date Initiated: 10/18/2017

Docket/Case Number: [2014041235404](#)

Principal Product Type: Other

Other Product Type(s): UNSPECIFIED SECURITIES

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought: FINE

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 10/18/2017

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

Other Sanctions Ordered:

Sanction Details: THE FIRM WAS CENSURED AND FINED THE AMOUNT OF \$70,000, OF WHICH \$4,000 IS PAYABLE TO FINRA AND THE BALANCE PAID TO BATS BZX EXCHANGE, INC., BATS BYX EXCHANGE, INC., BATS EDGA EXCHANGE, INC., BATS EDGX EXCHANGE, INC., NEW YORK STOCK EXCHANGE LLC, NYSE ARCA, INC., AND NYSE AMERICAN LLC.

Firm Statement FINRA CASE NO. 20140412354 (INCLUDES MERGED CASE NOS. 20140437871, 20150444718, 20150468005, 20160492977).

**Disclosure 12 of 47****Reporting Source:** Regulator**Current Status:** Final

Allegations: A FINRA HEARING OFFICER CONSIDERED AN OFFER OF SETTLEMENT AND CONSENT ENTERED INTO BETWEEN FINRA ON BEHALF OF NYSE ARCA INC. AND THE FIRM. THE FIRM SUBMITTED AN OFFER OF SETTLEMENT AND CONSENT FOR THE SOLE PURPOSE OF SETTLING THIS DISCIPLINARY PROCEEDING, WITHOUT ADJUDICATION OF ANY ISSUES OF LAW OR FACT, AND WITHOUT ADMITTING OR DENYING ANY ALLEGATIONS OR FINDINGS REFERRED TO IN THE OFFER OF SETTLEMENT. THE HEARING OFFICER ACCEPTS THE OFFER OF SETTLEMENT AND CONSENT AND ISSUES THIS DECISION. WITHOUT ADMITTING OR DENYING ANY ALLEGATIONS OR FINDINGS REFERRED TO IN THE OFFER OF SETTLEMENT, THE FIRM (OR IBKR) ENTERED INTO AN OFFER OF SETTLEMENT AND CONSENT THAT NOTWITHSTANDING THE PRE-TRADE CONTROLS IT HAD, IN MULTIPLE INSTANCES DURING APPROXIMATELY THREE YEAR PERIOD, IT FAILED TO PREVENT THE TRANSMISSION OF ERRONEOUS CUSTOMER EQUITY ORDERS TO THE SELF-REGULATORY ORGANIZATIONS (SROS) DUE TO INADEQUATE RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES, RESULTING IN 81 CLEARLY ERRONEOUS EXECUTION (CEE) EVENTS ON TRADE DATES, INCLUDING 71 CEES FILED ON THE EXCHANGE. THE FINDINGS STATED THAT ALTHOUGH THE FIRM IMPLEMENTED A NUMBER OF PRE-TRADE PRICE CONTROLS TO PREVENT THE ENTRY OF ERRONEOUS ORDERS, ITS PRE-TRADE PRICE CONTROLS WERE INADEQUATE. THERE WERE SEVERAL PRIMARY DEFICIENCIES IN IBKR'S PRE-TRADE PRICE CONTROLS. FIRST, PRIOR TO APRIL 2014, IBKR DID NOT HAVE ANY PRE-TRADE PRICE CONTROL FOR ORDERS ENTERED OUTSIDE OF REGULAR MARKET HOURS WHEN TYPICALLY THERE IS NO LAST SALE OR NATIONAL BEST BID AND OFFER (NBBO) TO USE AS A REFERENCE PRICE. IN ADDITION, PRIOR TO NOVEMBER 2014, THERE WERE GAPS IN THE APPLICATION OF THE FIRM'S PRE-TRADE PRICE CONTROLS OUTSIDE OF REGULAR TRADING HOURS. SECOND, THE FIRM'S PRE-TRADE PRICE CONTROLS AS DESIGNED DID NOT REASONABLY PREVENT, ON AN ORDER BY ORDER BASIS, THE ENTRY OF ERRONEOUS ORDERS TO THE MARKET. THE FINDINGS ALSO STATED THAT IN NOVEMBER 2012, THE FIRM IMPLEMENTED PRE-TRADE SIZE CONTROLS TO PREVENT THE ENTRY OF ERRONEOUS ORDERS, WHICH INCLUDED AN ORDER SIZE FILTER. HOWEVER, PRIOR TO AUGUST 2016, THESE PRE-TRADE SIZE CONTROLS WERE INADEQUATE AS THE PARAMETERS FOR THE ORDER SIZE FILTER WERE TOO WIDE TO EFFECTIVELY PREVENT ERRONEOUSLY ENTERED ORDERS FOR SECURITIES THAT WERE NOT ACTIVELY TRADED AS THE CONTROLS FAILED TO TAKE INTO ACCOUNT



THE INDIVIDUAL CHARACTERISTIC OF THE SECURITIES, SUCH AS THE AVERAGE DAILY TRADE VOLUME (ADTV). THE FINDINGS ALSO INCLUDED THAT THE FIRM'S WRITTEN SUPERVISORY PROCEDURES FAILED TO PROVIDE FOR THE SUPERVISORY STEPS AND REVIEWS TO BE TAKEN BY THE APPROPRIATE SUPERVISOR WHEN CONDUCTING REVIEWS OF THE FIRM'S PRE-TRADE PRICE OR SIZE CONTROLS TO PREVENT THE ENTRY OF ERRONEOUS ORDERS. FINRA FOUND THAT IBKR FAILED TO ADEQUATELY SUPERVISE ITS CUSTOMERS' TRADING TO DETECT AND PREVENT CERTAIN KINDS OF POTENTIALLY VIOLATIVE ACTIVITY OVER A SPAN OF APPROXIMATELY TWO AND ONE-HALF YEARS. THERE WERE SEVERAL IDENTIFIED DEFICIENCIES WITH CERTAIN OF IBKR'S SURVEILLANCE REPORTS AND REVIEWS. FIRST, PRIOR TO JULY 30, 2015, THE FIRM HAD NO SPECIFIC, DEDICATED SURVEILLANCE REPORTS OR REVIEWS SPECIFICALLY DESIGNED TO DETECT UNUSUAL PATTERNS OF CANCELLATIONS, INCLUDING SPOOFING OR LAYERING. IN ADDITION, AS OF DECEMBER 31, 2015, THE FIRM DID NOT HAVE ANY SURVEILLANCE REPORTS OR REVIEWS, SUCH AS AN ADTV FILTER, SPECIFICALLY DESIGNED TO DETECT UNUSUAL PRICE AND/OR VOLUME ACTIVITY IN THINLY TRADED SECURITIES WHICH COULD BE INDICATIVE OF MANIPULATIVE TRADING. FINALLY, AS OF DECEMBER 31, 2015, THE FIRM'S MARKING THE CLOSE SURVEILLANCE WAS DEFICIENT. IBKR'S SURVEILLANCE DETECTED EXECUTIONS IN THINLY TRADED STOCKS WITHIN THE LAST 20 MINUTES OF A SECURITY'S CLOSE OVER ROLLING PERIODS OF DAYS. HOWEVER, BECAUSE THE SURVEILLANCE WAS DESIGNED TO DETECT ONLY PATTERNS OF POTENTIAL MARKING ACTIVITY AND WAS NOT DESIGNED TO ALSO CAPTURE INSTANCES OF SUCH ACTIVITY ON KEY INDIVIDUAL TRADE DATES (E.G., MONTH-END, QUARTER-END, YEAR-END, ETC.), IBKR'S SURVEILLANCE WAS INADEQUATE.

Initiated By: NYSE ARCA, INC.

Date Initiated: 05/23/2017

Docket/Case Number: 2012034773001

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

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Decision & Order of Offer of Settlement

Resolution Date: 05/23/2017

Does the order constitute a No



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

Sanctions Ordered: Censure
Monetary/Fine \$230,000.00

Other Sanctions Ordered: UNDERTAKING

Sanction Details: THE FIRM WAS CENSURED AND FINED \$230,000. GIVEN AN UNDERTAKING REQUIRING THE FIRM TO ADDRESS THE MARKET ACCESS RULE DEFICIENCIES DESCRIBED IN THE OFFER OF SETTLEMENT AND TO ENSURE THAT IT HAS IMPLEMENTED CONTROLS AND PROCEDURES THAT ARE REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE RULES AND REGULATIONS CITED IN THE OFFER OF SETTLEMENT.

Regulator Statement THE FIRM VIOLATED EXCHANGE ACT RULES 15C3-5(B) AND (C)(1)(II), AND NYSE ARCA EQUITIES RULES 6.18 AND 2010, BY FAILING TO ESTABLISH, DOCUMENT, AND MAINTAIN A SYSTEM OF RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES, INCLUDING WRITTEN SUPERVISORY PROCEDURES AND AN ADEQUATE SYSTEM OF FOLLOW-UP AND REVIEW, REASONABLY DESIGNED TO MANAGE THE FINANCIAL, REGULATORY, AND OTHER RISKS OF ITS MARKET ACCESS BUSINESS, INCLUDING PRE-TRADE CONTROLS TO PREVENT THE ENTRY OF ERRONEOUS ORDERS BY REJECTING ORDERS THAT EXCEED APPROPRIATE PRICE OR SIZE PARAMETERS. VIOLATED EXCHANGE ACT RULES 15C3-5(B) AND (C)(2), AND NYSE ARCA EQUITIES RULES 6.18 AND 2010, BY FAILING TO ESTABLISH, DOCUMENT, AND MAINTAIN A SYSTEM OF RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES, INCLUDING WRITTEN SUPERVISORY PROCEDURES AND AN ADEQUATE SYSTEM OF FOLLOW-UP AND REVIEW, REASONABLY DESIGNED TO MANAGE THE FINANCIAL, REGULATORY, AND OTHER RISKS OF ITS MARKET ACCESS BUSINESS TO ENSURE COMPLIANCE WITH ALL REGULATORY REQUIREMENTS, INCLUDING SUPERVISING CUSTOMER TRADING TO DETECT AND PREVENT POTENTIALLY VIOLATIVE ACTIVITY. INCLUDES MERGED STAR NOS. 20130358268, 20130392978, 20140399418, 20150448964, 20150460127, 20150474721, AND 20160494473- UNDER THE OFFER OF SETTLEMENT AND CONSENT, THE FIRM AGREED TO PAY A TOTAL FINE OF \$450,000, OF WHICH \$230,000 SHALL BE PAID TO NYSE ARCA AND THE REMAINING AMOUNT SHALL BE PAID TO BATS BZX EXCHANGE, INC., BATS EDGA EXCHANGE, INC., BATS EDGX EXCHANGE, INC., AND NASDAQ STOCK MARKET LLC IN ACCORDANCE WITH THE TERMS OF PARALLEL SETTLEMENT AGREEMENTS IN RELATED MATTER, BETWEEN INTERACTIVE BROKERS LLC AND EACH OF THESE SELF-REGULATORY ORGANIZATIONS.



Reporting Source: Firm

Current Status: Final

Allegations: THE FIRM SUBMITTED AN OFFER OF SETTLEMENT AND CONSENT FOR THE SOLE PURPOSE OF SETTLING THIS DISCIPLINARY PROCEEDING, WITHOUT ADJUDICATION OF ANY ISSUES OF LAW OR FACT, AND WITHOUT ADMITTING OR DENYING ANY ALLEGATIONS OR FINDINGS REFERRED TO IN THE OFFER OF SETTLEMENT. THE FINRA HEARING OFFICER ACCEPTED THE OFFER OF SETTLEMENT AND CONSENT AND ISSUED A DECISION. WITHOUT ADMITTING OR DENYING ANY ALLEGATIONS OR FINDINGS REFERRED TO IN THE OFFER OF SETTLEMENT, THE FIRM (IBKR) ENTERED INTO AN OFFER OF SETTLEMENT AND CONSENT THAT INCLUDED FINDINGS THAT, NOTWITHSTANDING THE PRE-TRADE CONTROLS IT HAD, IN MULTIPLE INSTANCES DURING APPROXIMATELY THREE YEAR PERIOD, IT FAILED TO PREVENT THE TRANSMISSION OF ERRONEOUS CUSTOMER EQUITY ORDERS TO THE SELF-REGULATORY ORGANIZATIONS (SROS) DUE TO INADEQUATE RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES, RESULTING IN 81 CLEARLY ERRONEOUS EXECUTION (CEE) EVENTS ON TRADE DATES, INCLUDING 71 CEES FILED ON THE EXCHANGE. THE FINDINGS STATED THAT ALTHOUGH THE FIRM IMPLEMENTED A NUMBER OF PRE-TRADE PRICE CONTROLS TO PREVENT THE ENTRY OF ERRONEOUS ORDERS, ITS PRE-TRADE PRICE CONTROLS WERE NOT ADEQUATE AND THAT THERE WERE SEVERAL PRIMARY DEFICIENCIES IN IBKR'S PRE-TRADE PRICE CONTROLS. THE FINDINGS INCLUDED THAT, PRIOR TO APRIL 2014, IBKR DID NOT HAVE ANY PRE-TRADE PRICE CONTROL FOR ORDERS ENTERED OUTSIDE OF REGULAR MARKET HOURS WHEN TYPICALLY THERE IS NO LAST SALE OR NATIONAL BEST BID AND OFFER (NBBO) TO USE AS A REFERENCE PRICE. THE FINDINGS INCLUDED THAT, PRIOR TO NOVEMBER 2014, THERE WERE GAPS IN THE APPLICATION OF THE FIRM'S PRE-TRADE PRICE CONTROLS OUTSIDE OF REGULAR TRADING HOURS. THE FINDINGS STATED THAT THE FIRM'S PRE-TRADE PRICE CONTROLS AS DESIGNED DID NOT REASONABLY PREVENT, ON AN ORDER BY ORDER BASIS, THE ENTRY OF ERRONEOUS ORDERS TO THE MARKET. THE FINDINGS ALSO STATED THAT IN NOVEMBER 2012, THE FIRM IMPLEMENTED PRE-TRADE SIZE CONTROLS TO PREVENT THE ENTRY OF ERRONEOUS ORDERS, WHICH INCLUDED AN ORDER SIZE FILTER. THE FINDINGS INCLUDED THAT, PRIOR TO AUGUST 2016, THESE PRE-TRADE SIZE CONTROLS WERE NOT ADEQUATE AS THE PARAMETERS FOR THE ORDER SIZE FILTER WERE TOO WIDE TO EFFECTIVELY PREVENT ERRONEOUSLY ENTERED ORDERS FOR SECURITIES THAT WERE NOT ACTIVELY TRADED AS THE CONTROLS FAILED TO TAKE INTO ACCOUNT THE INDIVIDUAL CHARACTERISTIC OF THE SECURITIES, SUCH AS THE AVERAGE DAILY TRADE VOLUME (ADTV). THE FINDINGS ALSO INCLUDED THAT THE FIRM'S WRITTEN SUPERVISORY PROCEDURES DID NOT PROVIDE FOR THE SUPERVISORY STEPS AND



REVIEWS TO BE TAKEN BY THE APPROPRIATE SUPERVISOR WHEN CONDUCTING REVIEWS OF THE FIRM'S PRE-TRADE PRICE OR SIZE CONTROLS TO PREVENT THE ENTRY OF ERRONEOUS ORDERS. THE FINDINGS STATED THAT IBKR FAILED TO ADEQUATELY SUPERVISE ITS CUSTOMERS' TRADING TO DETECT AND PREVENT CERTAIN KINDS OF POTENTIALLY VIOLATIVE ACTIVITY OVER A SPAN OF APPROXIMATELY TWO AND ONE-HALF YEARS. THE FINDINGS STATED THAT THERE WERE SEVERAL IDENTIFIED DEFICIENCIES WITH CERTAIN OF IBKR'S SURVEILLANCE REPORTS AND REVIEWS. THE FINDINGS INCLUDED THAT, PRIOR TO JULY 30, 2015, THE FIRM HAD NO SPECIFIC, DEDICATED SURVEILLANCE REPORTS OR REVIEWS SPECIFICALLY DESIGNED TO DETECT UNUSUAL PATTERNS OF CANCELLATIONS, INCLUDING SPOOFING OR LAYERING. IN ADDITION, THE FINDINGS INCLUDED THAT, AS OF DECEMBER 31, 2015, THE FIRM DID NOT HAVE ANY SURVEILLANCE REPORTS OR REVIEWS, SUCH AS AN ADTV FILTER, SPECIFICALLY DESIGNED TO DETECT UNUSUAL PRICE AND/OR VOLUME ACTIVITY IN THINLY TRADED SECURITIES WHICH COULD BE INDICATIVE OF MANIPULATIVE TRADING. THE FINDINGS INCLUDED THAT, AS OF DECEMBER 31, 2015, THE FIRM'S MARKING THE CLOSE SURVEILLANCE WAS DEFICIENT. IBKR'S SURVEILLANCE DETECTED EXECUTIONS IN THINLY TRADED STOCKS WITHIN THE LAST 20 MINUTES OF A SECURITY'S CLOSE OVER ROLLING PERIODS OF DAYS. THE FINDINGS INCLUDED THAT, BECAUSE THE SURVEILLANCE WAS DESIGNED TO DETECT ONLY PATTERNS OF POTENTIAL MARKING ACTIVITY AND WAS NOT DESIGNED TO ALSO CAPTURE INSTANCES OF SUCH ACTIVITY ON KEY INDIVIDUAL TRADE DATES.

Initiated By: NYSE ARCA, INC.

Date Initiated: 05/23/2017

Docket/Case Number: 2012034773001

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

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought:

Resolution: Decision & Order of Offer of Settlement

Resolution Date: 05/23/2017

Sanctions Ordered: Censure
Monetary/Fine \$230,000.00



Other Sanctions Ordered:	UNDERTAKING
Sanction Details:	THE FIRM WAS CENSURED, FINED \$230,000 AND AN UNDERTAKING WAS REQUIRED BY THE FIRM TO ADDRESS THE MARKET ACCESS RULE DEFICIENCIES DESCRIBED IN THE OFFER OF SETTLEMENT AND TO ENSURE THAT IT HAS IMPLEMENTED CONTROLS AND PROCEDURES THAT ARE REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE RULES AND REGULATIONS CITED IN THE OFFER OF SETTLEMENT.
Firm Statement	THIS MATTER INCLUDES MERGED STAR NOS. 20130358268, 20130392978, 20140399418, 20150448964, 20150460127, 20150474721, AND 20160494473. UNDER THE OFFER OF SETTLEMENT AND CONSENT, THE FIRM AGREED TO PAY A TOTAL FINE OF \$450,000, OF WHICH \$230,000 WAS ALLOCATED TO NYSE ARCA AND THE REMAINING AMOUNT PAID TO BATS BZX EXCHANGE, INC., BATS EDGA EXCHANGE, INC., BATS EDGX EXCHANGE, INC., AND NASDAQ STOCK MARKET LLC IN ACCORDANCE WITH THE TERMS OF PARALLEL SETTLEMENT AGREEMENTS IN RELATED MATTERS BETWEEN INTERACTIVE BROKERS LLC AND EACH OF THESE SELF-REGULATORY ORGANIZATIONS.

Disclosure 13 of 47

Reporting Source:	Regulator
Current Status:	Final
Allegations:	<p>WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM (OR IBKR) CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT ALTHOUGH THE FIRM IMPLEMENTED A NUMBER OF PRE-TRADE PRICE CONTROLS TO PREVENT THE ENTRY OF ERRONEOUS ORDERS DURING THE REVIEW PERIOD, IBKR'S PRE-TRADE PRICE CONTROLS WERE INADEQUATE.</p> <p>THE FINDINGS STATED THAT THERE WERE SEVERAL PRIMARY DEFICIENCIES IN IBKR'S PRE-TRADE PRICE CONTROLS. FIRST, PRIOR TO APRIL 2014, IBKR DID NOT HAVE ANY PRE-TRADE PRICE CONTROL FOR ORDERS ENTERED OUTSIDE OF REGULAR MARKET HOURS WHEN TYPICALLY THERE IS NO LAST SALE OR NATIONAL BEST BID AND OFFER (NBBO) TO USE AS A REFERENCE PRICE. IN ADDITION, PRIOR TO NOVEMBER 2014, THERE WERE GAPS IN THE APPLICATION OF THE FIRM'S PRE-TRADE PRICE CONTROLS OUTSIDE OF REGULAR TRADING HOURS. SECOND, THE FIRM'S PRE-TRADE PRICE CONTROLS AS DESIGNED DID NOT REASONABLY PREVENT, ON AN ORDER BY ORDER BASIS, THE ENTRY OF ERRONEOUS ORDERS TO THE MARKET. THE FIRM DID NOT PROVIDE A MECHANISM BY WHICH TO ENSURE THAT A RE-PRICED OR CAPPED ORDER FIT WITHIN A CUSTOMER'S INTENDED LIMIT PRICE, BY CONFIRMING WITH THE CUSTOMER WHETHER THE NEW PRICE OF THE ORDER WAS INTENDED OR ACCEPTABLE AND THUS WAS NOT</p>



ERRONEOUS. AS A RESULT, IBKR'S PRE-TRADE PRICE CONTROLS STILL PERMITTED CERTAIN POTENTIALLY ERRONEOUS ORDERS TO ENTER THE MARKET.

THE FINDINGS ALSO STATED THAT IN NOVEMBER 2012, THE FIRM IMPLEMENTED PRE-TRADE SIZE CONTROLS TO PREVENT THE ENTRY OF ERRONEOUS ORDERS, WHICH INCLUDED AN ORDER SIZE FILTER. HOWEVER, PRIOR TO AUGUST 2016, THESE PRE-TRADE SIZE CONTROLS WERE INADEQUATE AS THE PARAMETERS FOR THE ORDER SIZE FILTER WERE TOO WIDE TO EFFECTIVELY PREVENT ERRONEOUSLY ENTERED ORDERS FOR SECURITIES THAT WERE NOT ACTIVELY TRADED AS THE CONTROLS FAILED TO TAKE INTO ACCOUNT THE INDIVIDUAL CHARACTERISTIC OF THE SECURITIES, SUCH AS THE AVERAGE DAILY TRADE VOLUME (ADTV).

THE FINDINGS ALSO INCLUDED THAT THE FIRM'S WRITTEN SUPERVISORY PROCEDURES FAILED TO PROVIDE FOR THE SUPERVISORY STEPS AND REVIEWS TO BE TAKEN BY THE APPROPRIATE SUPERVISOR WHEN CONDUCTING REVIEWS OF THE FIRM'S PRE-TRADE PRICE OR SIZE CONTROLS TO PREVENT THE ENTRY OF ERRONEOUS ORDERS.

Initiated By: BATS EDGX EXCHANGE, INC.

Date Initiated: 05/23/2017

Docket/Case Number: 2012034773005

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: 05/23/2017

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

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

Other Sanctions Ordered: UNDERTAKING



Sanction Details:	THE FIRM WAS CENSURED AND FINED \$12,500. AND AN UNDERTAKING REQUIRING THE FIRM TO ADDRESS THE MARKET ACCESS RULE DEFICIENCIES DESCRIBED IN THE AWC AND TO ENSURE THAT IT HAS IMPLEMENTED CONTROLS AND PROCEDURES THAT ARE REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE RULES AND REGULATIONS CITED IN THE AWC.
Regulator Statement	STAR NO. 20120347730 (INCLUDED THE MERGED STAR NOS. 20130358268 AND 20140399418 ACCEPTANCE OF THIS AWC IS CONDITIONED UPON ACCEPTANCE OF SIMILAR SETTLEMENT AGREEMENTS IN RELATED MATTERS BETWEEN IBKR AND EACH OF THE FOLLOWING SELF-REGULATORY ORGANIZATIONS: BATS BZX EXCHANGE, INC., BATS EDGA EXCHANGE, INC., NASDAQ STOCK MARKET LLC, AND NYSE ARCA.

Reporting Source:	Firm
Current Status:	Final
Allegations:	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM (IBKR) CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT, ALTHOUGH THE FIRM IMPLEMENTED A NUMBER OF PRE-TRADE PRICE CONTROLS TO PREVENT THE ENTRY OF ERRONEOUS ORDERS DURING THE REVIEW PERIOD, IBKR'S PRE-TRADE PRICE CONTROLS WERE NOT ADEQUATE. THE FINDINGS STATED THAT THERE WERE SEVERAL PRIMARY DEFICIENCIES IN IBKR'S PRE-TRADE PRICE CONTROLS INCLUDING THAT, PRIOR TO APRIL 2014, IBKR DID NOT HAVE ANY PRE-TRADE PRICE CONTROL FOR ORDERS ENTERED OUTSIDE OF REGULAR MARKET HOURS WHEN TYPICALLY THERE IS NO LAST SALE OR NATIONAL BEST BID AND OFFER (NBBO) TO USE AS A REFERENCE PRICE. THE FINDINGS INCLUDED THAT PRIOR TO NOVEMBER 2014, THERE WERE GAPS IN THE APPLICATION OF THE FIRM'S PRE-TRADE PRICE CONTROLS OUTSIDE OF REGULAR TRADING HOURS. THE FINDINGS STATED THAT THE FIRM'S PRE-TRADE PRICE CONTROLS AS DESIGNED DID NOT REASONABLY PREVENT, ON AN ORDER BY ORDER BASIS, THE ENTRY OF ERRONEOUS ORDERS TO THE MARKET AND THAT THE FIRM DID NOT PROVIDE A MECHANISM BY WHICH TO ENSURE THAT A RE-PRICED OR CAPPED ORDER FIT WITHIN A CUSTOMER'S INTENDED LIMIT PRICE, BY CONFIRMING WITH THE CUSTOMER WHETHER THE NEW PRICE OF THE ORDER WAS INTENDED OR ACCEPTABLE AND THUS WAS NOT ERRONEOUS. THE FINDINGS STATED THAT IBKR'S PRE-TRADE PRICE CONTROLS PERMITTED CERTAIN POTENTIALLY ERRONEOUS ORDERS TO ENTER THE MARKET. THE FINDINGS ALSO STATED THAT, IN NOVEMBER 2012, THE FIRM IMPLEMENTED PRE-TRADE SIZE CONTROLS TO PREVENT THE ENTRY OF



ERRONEOUS ORDERS, WHICH INCLUDED AN ORDER SIZE FILTER. HOWEVER, PRIOR TO AUGUST 2016, THESE PRE-TRADE SIZE CONTROLS WERE NOT ADEQUATE AS THE PARAMETERS FOR THE ORDER SIZE FILTER WERE TOO WIDE TO EFFECTIVELY PREVENT ERRONEOUSLY ENTERED ORDERS FOR SECURITIES THAT WERE NOT ACTIVELY TRADED AS THE CONTROLS FAILED TO TAKE INTO ACCOUNT THE INDIVIDUAL CHARACTERISTIC OF THE SECURITIES, SUCH AS THE AVERAGE DAILY TRADE VOLUME (ADTV). THE FINDINGS ALSO INCLUDED THAT THE FIRM'S WRITTEN SUPERVISORY PROCEDURES DID NOT PROVIDE FOR THE SUPERVISORY STEPS AND REVIEWS TO BE TAKEN BY THE APPROPRIATE SUPERVISOR WHEN CONDUCTING REVIEWS OF THE FIRM'S PRE-TRADE PRICE OR SIZE CONTROLS TO PREVENT THE ENTRY OF ERRONEOUS ORDERS.

Initiated By: BATS EDGX EXCHANGE, INC.

Date Initiated: 05/23/2017

Docket/Case Number: 2012034773005

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: 05/23/2017

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

Other Sanctions Ordered: UNDERTAKING

Sanction Details: THE FIRM WAS CENSURED, FINED \$12,500 AND AN UNDERTAKING WAS REQUIRED BY THE FIRM TO ADDRESS THE MARKET ACCESS RULE DEFICIENCIES DESCRIBED IN THE AWC AND TO ENSURE THAT IT HAS IMPLEMENTED CONTROLS AND PROCEDURES THAT ARE REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE RULES AND REGULATIONS CITED IN THE AWC.

STAR NO. 20120347730 (INCLUDED THE MERGED STAR NOS. 20130358268 AND 20140399418. ACCEPTANCE OF THIS AWC IS CONDITIONED UPON ACCEPTANCE OF SIMILAR SETTLEMENT AGREEMENTS IN RELATED MATTERS BETWEEN IBKR AND EACH OF THE FOLLOWING SELF-



REGULATORY ORGANIZATIONS: BATS BZX EXCHANGE, INC., BATS EDGA EXCHANGE, INC., NASDAQ STOCK MARKET LLC, AND NYSE ARCA.

Disclosure 14 of 47

Reporting Source: Regulator

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM (OR IBKR) CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT ALTHOUGH THE FIRM IMPLEMENTED A NUMBER OF PRE-TRADE PRICE CONTROLS TO PREVENT THE ENTRY OF ERRONEOUS ORDERS DURING THE REVIEW PERIOD, IBKR'S PRE-TRADE PRICE CONTROLS WERE INADEQUATE.

THE FINDINGS STATED THAT THERE WERE SEVERAL PRIMARY DEFICIENCIES IN IBKR'S PRE-TRADE PRICE CONTROLS. FIRST, PRIOR TO APRIL 2014, IBKR DID NOT HAVE ANY PRE-TRADE PRICE CONTROL FOR ORDERS ENTERED OUTSIDE OF REGULAR MARKET HOURS WHEN TYPICALLY THERE IS NO LAST SALE OR NATIONAL BEST BID AND OFFER (NBBO) TO USE AS A REFERENCE PRICE. IN ADDITION, PRIOR TO NOVEMBER 2014, THERE WERE GAPS IN THE APPLICATION OF THE FIRM'S PRE-TRADE PRICE CONTROLS OUTSIDE OF REGULAR TRADING HOURS. SECOND, THE FIRM'S PRE-TRADE PRICE CONTROLS AS DESIGNED DID NOT REASONABLY PREVENT, ON AN ORDER BY ORDER BASIS, THE ENTRY OF ERRONEOUS ORDERS TO THE MARKET. THE FIRM DID NOT PROVIDE A MECHANISM BY WHICH TO ENSURE THAT A RE-PRICED OR CAPPED ORDER FIT WITHIN A CUSTOMER'S INTENDED LIMIT PRICE, BY CONFIRMING WITH THE CUSTOMER WHETHER THE NEW PRICE OF THE ORDER WAS INTENDED OR ACCEPTABLE AND THUS WAS NOT ERRONEOUS. AS A RESULT, IBKR'S PRE-TRADE PRICE CONTROLS STILL PERMITTED CERTAIN POTENTIALLY ERRONEOUS ORDERS TO ENTER THE MARKET.

THE FINDINGS ALSO STATED THAT IN NOVEMBER 2012, THE FIRM IMPLEMENTED PRE-TRADE SIZE CONTROLS TO PREVENT THE ENTRY OF ERRONEOUS ORDERS, WHICH INCLUDED AN ORDER SIZE FILTER. HOWEVER, PRIOR TO AUGUST 2016, THESE PRE-TRADE SIZE CONTROLS WERE INADEQUATE AS THE PARAMETERS FOR THE ORDER SIZE FILTER WERE TOO WIDE TO EFFECTIVELY PREVENT ERRONEOUSLY ENTERED ORDERS FOR SECURITIES THAT WERE NOT ACTIVELY TRADED AS THE CONTROLS FAILED TO TAKE INTO ACCOUNT THE INDIVIDUAL CHARACTERISTIC OF THE SECURITIES, SUCH AS THE AVERAGE DAILY TRADE VOLUME (ADTV).

THE FINDINGS ALSO INCLUDED THAT THE FIRM'S WRITTEN SUPERVISORY PROCEDURES FAILED TO PROVIDE FOR THE SUPERVISORY STEPS AND



REVIEWS TO BE TAKEN BY THE APPROPRIATE SUPERVISOR WHEN CONDUCTING REVIEWS OF THE FIRM'S PRE-TRADE PRICE OR SIZE CONTROLS TO PREVENT THE ENTRY OF ERRONEOUS ORDERS.

Initiated By: BATS EDGA EXCHANGE, INC.

Date Initiated: 05/23/2017

Docket/Case Number: 2012034773004

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: 05/23/2017

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

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

Other Sanctions Ordered: UNDERTAKING

Sanction Details: THE FIRM WAS CENSURED AND FINED \$12,500. GIVEN AN UNDERTAKING REQUIRING THE FIRM TO ADDRESS THE MARKET ACCESS RULE DEFICIENCIES DESCRIBED IN THE AWC AND TO ENSURE THAT IT HAS IMPLEMENTED CONTROLS AND PROCEDURES THAT ARE REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE RULES AND REGULATIONS CITED IN THE AWC.

Regulator Statement STAR NO. 20120347730 (INCLUDED THE MERGED STAR NOS. 20130358268 AND 20140399418-

ACCEPTANCE OF THIS AWC IS CONDITIONED UPON ACCEPTANCE OF SIMILAR SETTLEMENT AGREEMENTS IN RELATED MATTERS BETWEEN IBKR AND EACH OF THE FOLLOWING SELF-REGULATORY ORGANIZATIONS: BATS BZX EXCHANGE, INC., BATS EDGX EXCHANGE, INC., NASDAQ STOCK MARKET LLC, AND NYSE ARCA.



Reporting Source: Firm

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM (OR IBKR) CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT ALTHOUGH THE FIRM IMPLEMENTED A NUMBER OF PRE-TRADE PRICE CONTROLS TO PREVENT THE ENTRY OF ERRONEOUS ORDERS DURING THE REVIEW PERIOD, IBKR'S PRE-TRADE PRICE CONTROLS WERE NOT ADEQUATE. THE FINDINGS STATED THAT THERE WERE SEVERAL PRIMARY DEFICIENCIES IN IBKR'S PRE-TRADE PRICE CONTROLS. THE FINDINGS STATED THAT, PRIOR TO APRIL 2014, IBKR DID NOT HAVE ANY PRE-TRADE PRICE CONTROL FOR ORDERS ENTERED OUTSIDE OF REGULAR MARKET HOURS WHEN TYPICALLY THERE IS NO LAST SALE OR NATIONAL BEST BID AND OFFER (NBBO) TO USE AS A REFERENCE PRICE. THE FINDINGS INCLUDED THAT, PRIOR TO NOVEMBER 2014, THERE WERE GAPS IN THE APPLICATION OF THE FIRM'S PRE-TRADE PRICE CONTROLS OUTSIDE OF REGULAR TRADING HOURS. THE FINDINGS STATED THAT THE FIRM'S PRE-TRADE PRICE CONTROLS AS DESIGNED DID NOT REASONABLY PREVENT, ON AN ORDER BY ORDER BASIS, THE ENTRY OF ERRONEOUS ORDERS TO THE MARKET. THE FINDINGS STATED THAT THE FIRM DID NOT PROVIDE A MECHANISM BY WHICH TO ENSURE THAT A RE-PRICED OR CAPPED ORDER FIT WITHIN A CUSTOMER'S INTENDED LIMIT PRICE, BY CONFIRMING WITH THE CUSTOMER WHETHER THE NEW PRICE OF THE ORDER WAS INTENDED OR ACCEPTABLE AND THUS WAS NOT ERRONEOUS. THE FINDINGS STATED THAT, AS A RESULT, IBKR'S PRE-TRADE PRICE CONTROLS PERMITTED CERTAIN POTENTIALLY ERRONEOUS ORDERS TO ENTER THE MARKET. THE FINDINGS ALSO STATED THAT, IN NOVEMBER 2012, THE FIRM IMPLEMENTED PRE-TRADE SIZE CONTROLS TO PREVENT THE ENTRY OF ERRONEOUS ORDERS, WHICH INCLUDED AN ORDER SIZE FILTER. THE FINDINGS STATED THAT, PRIOR TO AUGUST 2016, THESE PRE-TRADE SIZE CONTROLS WERE NOT ADEQUATE AS THE PARAMETERS FOR THE ORDER SIZE FILTER WERE TOO WIDE TO EFFECTIVELY PREVENT ERRONEOUSLY ENTERED ORDERS FOR SECURITIES THAT WERE NOT ACTIVELY TRADED AS THE CONTROLS FAILED TO TAKE INTO ACCOUNT THE INDIVIDUAL CHARACTERISTIC OF THE SECURITIES, SUCH AS THE AVERAGE DAILY TRADE VOLUME (ADTV). THE FINDINGS ALSO INCLUDED THAT THE FIRM'S WRITTEN SUPERVISORY PROCEDURES DID NOT PROVIDE FOR THE SUPERVISORY STEPS AND REVIEWS TO BE TAKEN BY THE APPROPRIATE SUPERVISOR WHEN CONDUCTING REVIEWS OF THE FIRM'S PRE-TRADE PRICE OR SIZE CONTROLS TO PREVENT THE ENTRY OF ERRONEOUS ORDERS.

Initiated By: BATS EDGA EXCHANGE, INC.



Date Initiated: 05/23/2017

Docket/Case Number: 2012034773004

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: 05/23/2017

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

Other Sanctions Ordered: UNDERTAKING

Sanction Details: THE FIRM WAS CENSURED, FINED \$12,500 AND AN UNDERTAKING WAS REQUIRED BY THE FIRM TO ADDRESS THE MARKET ACCESS RULE DEFICIENCIES DESCRIBED IN THE AWC AND TO ENSURE THAT IT HAS IMPLEMENTED CONTROLS AND PROCEDURES THAT ARE REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE RULES AND REGULATIONS CITED IN THE AWC.

STAR NO. 20120347730 (INCLUDED THE MERGED STAR NOS. 20130358268 AND 20140399418. ACCEPTANCE OF THIS AWC IS CONDITIONED UPON ACCEPTANCE OF SIMILAR SETTLEMENT AGREEMENTS IN RELATED MATTERS BETWEEN IBKR AND EACH OF THE FOLLOWING SELF-REGULATORY ORGANIZATIONS: BATS BZX EXCHANGE, INC., BATS EDGX EXCHANGE, INC., NASDAQ STOCK MARKET LLC, AND NYSE ARCA.

Disclosure 15 of 47

Reporting Source: Regulator

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM (OR IBKR) CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT ALTHOUGH THE FIRM IMPLEMENTED A NUMBER OF PRE-TRADE PRICE CONTROLS TO PREVENT THE ENTRY OF ERRONEOUS ORDERS DURING THE REVIEW PERIOD, IBKR'S PRE-TRADE PRICE CONTROLS WERE INADEQUATE.
THE FINDINGS STATED THAT THERE WERE SEVERAL PRIMARY



DEFICIENCIES IN IBKR'S PRE-TRADE PRICE CONTROLS. FIRST, PRIOR TO APRIL 2014, IBKR DID NOT HAVE ANY PRE-TRADE PRICE CONTROL FOR ORDERS ENTERED OUTSIDE OF REGULAR MARKET HOURS WHEN TYPICALLY THERE IS NO LAST SALE OR NATIONAL BEST BID AND OFFER (NBBO) TO USE AS A REFERENCE PRICE. IN ADDITION, PRIOR TO NOVEMBER 2014, THERE WERE GAPS IN THE APPLICATION OF THE FIRM'S PRE-TRADE PRICE CONTROLS OUTSIDE OF REGULAR TRADING HOURS. SECOND, THE FIRM'S PRE-TRADE PRICE CONTROLS AS DESIGNED DID NOT REASONABLY PREVENT, ON AN ORDER BY ORDER BASIS, THE ENTRY OF ERRONEOUS ORDERS TO THE MARKET. THE FIRM DID NOT PROVIDE A MECHANISM BY WHICH TO ENSURE THAT A RE-PRICED OR CAPPED ORDER FIT WITHIN A CUSTOMER'S INTENDED LIMIT PRICE, BY CONFIRMING WITH THE CUSTOMER WHETHER THE NEW PRICE OF THE ORDER WAS INTENDED OR ACCEPTABLE AND THUS WAS NOT ERRONEOUS. AS A RESULT, IBKR'S PRE-TRADE PRICE CONTROLS STILL PERMITTED CERTAIN POTENTIALLY ERRONEOUS ORDERS TO ENTER THE MARKET.

THE FINDINGS ALSO STATED THAT IN NOVEMBER 2012, THE FIRM IMPLEMENTED PRE-TRADE SIZE CONTROLS TO PREVENT THE ENTRY OF ERRONEOUS ORDERS, WHICH INCLUDED AN ORDER SIZE FILTER. HOWEVER, PRIOR TO AUGUST 2016, THESE PRE-TRADE SIZE CONTROLS WERE INADEQUATE AS THE PARAMETERS FOR THE ORDER SIZE FILTER WERE TOO WIDE TO EFFECTIVELY PREVENT ERRONEOUSLY ENTERED ORDERS FOR SECURITIES THAT WERE NOT ACTIVELY TRADED AS THE CONTROLS FAILED TO TAKE INTO ACCOUNT THE INDIVIDUAL CHARACTERISTIC OF THE SECURITIES, SUCH AS THE AVERAGE DAILY TRADE VOLUME (ADTV).

THE FINDINGS ALSO INCLUDED THAT THE FIRM'S WRITTEN SUPERVISORY PROCEDURES FAILED TO PROVIDE FOR THE SUPERVISORY STEPS AND REVIEWS TO BE TAKEN BY THE APPROPRIATE SUPERVISOR WHEN CONDUCTING REVIEWS OF THE FIRM'S PRE-TRADE PRICE OR SIZE CONTROLS TO PREVENT THE ENTRY OF ERRONEOUS ORDERS. FINRA FOUND THAT IBKR FAILED TO ADEQUATELY SUPERVISE ITS CUSTOMERS' TRADING TO DETECT AND PREVENT CERTAIN KINDS OF POTENTIALLY VIOLATIVE ACTIVITY OVER A SPAN OF APPROXIMATELY TWO AND ONE-HALF YEARS. THERE WERE SEVERAL IDENTIFIED DEFICIENCIES WITH CERTAIN OF IBKR'S SURVEILLANCE REPORTS AND REVIEWS. TO BEGIN WITH, PRIOR TO JULY 30, 2015, THE FIRM HAD NO SPECIFIC, DEDICATED SURVEILLANCE REPORTS OR REVIEWS SPECIFICALLY DESIGNED TO DETECT UNUSUAL PATTERNS OF CANCELLATIONS, INCLUDING SPOOFING OR LAYERING. IN ADDITION, AS OF DECEMBER 31, 2015, THE FIRM DID NOT HAVE ANY SURVEILLANCE REPORTS OR REVIEWS, SUCH AS AN ADTV FILTER, SPECIFICALLY DESIGNED TO DETECT UNUSUAL PRICE AND/OR VOLUME ACTIVITY IN THINLY TRADED SECURITIES WHICH COULD BE INDICATIVE OF MANIPULATIVE TRADING.



FINALLY, AS OF DECEMBER 31, 2015, THE FIRM'S MARKING THE CLOSE SURVEILLANCE WAS DEFICIENT. IBKR'S SURVEILLANCE DETECTED EXECUTIONS IN THINLY TRADED STOCKS WITHIN THE LAST 20 MINUTES OF A SECURITY'S CLOSE OVER ROLLING PERIODS OF DAYS. HOWEVER, BECAUSE THE SURVEILLANCE WAS DESIGNED TO DETECT ONLY PATTERNS OF POTENTIAL MARKING ACTIVITY AND WAS NOT DESIGNED TO ALSO CAPTURE INSTANCES OF SUCH ACTIVITY ON KEY INDIVIDUAL TRADE DATES (E.G., MONTH-END, QUARTER-END, YEAR-END, ETC.), IBKR'S SURVEILLANCE WAS INADEQUATE.

Initiated By: BATS BZX EXCHANGE, INC.

Date Initiated: 05/23/2017

Docket/Case Number: 2012034773003

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

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Other

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

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 06/21/2017

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

Sanctions Ordered: Censure
Monetary/Fine \$40,000.00

Other Sanctions Ordered: UNDERTAKING

Sanction Details: THE FIRM WAS CENSURED AND FINED \$40,000. GIVEN AN UNDERTAKING REQUIRING THE FIRM TO ADDRESS THE MARKET ACCESS RULE DEFICIENCIES DESCRIBED IN THE AWC AND TO ENSURE THAT IT HAS IMPLEMENTED CONTROLS AND PROCEDURES THAT ARE REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE RULES AND REGULATIONS CITED IN THE AWC. PURSUANT TO BZX RULE 8.8, THE DECISION IN THIS MATTER IS FINAL 20 BUSINESS DAYS AFTER THE ISSUANCE OF THE DECISION. THEREFORE, THIS AWC BECAME FINAL JUNE 21, 2017.

**Regulator Statement**

STAR NO. 20120347730 (INCLUDED THE MERGED STAR NOS. 20130392978, 20140399418, AND 20140407291)-

ACCEPTANCE OF THIS AWC IS CONDITIONED UPON ACCEPTANCE OF SIMILAR SETTLEMENT AGREEMENTS IN RELATED MATTERS BETWEEN IBKR AND EACH OF THE FOLLOWING SELF-REGULATORY ORGANIZATIONS: BATS EDGA EXCHANGE, INC., BATS EDGX EXCHANGE, INC., NASDAQ STOCK MARKET LLC, AND NYSE ARCA.

Reporting Source:

Firm

Current Status:

Final

Allegations:

WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM (IBKR) CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT, ALTHOUGH THE FIRM IMPLEMENTED A NUMBER OF PRE-TRADE PRICE CONTROLS TO PREVENT THE ENTRY OF ERRONEOUS ORDERS DURING THE REVIEW PERIOD, IBKR'S PRE-TRADE PRICE CONTROLS WERE NOT ADEQUATE. THE FINDINGS STATED THAT THERE WERE SEVERAL PRIMARY DEFICIENCIES IN IBKR'S PRE-TRADE PRICE CONTROLS. THE FINDINGS STATED THAT PRIOR TO APRIL 2014, IBKR DID NOT HAVE ANY PRE-TRADE PRICE CONTROL FOR ORDERS ENTERED OUTSIDE OF REGULAR MARKET HOURS WHEN TYPICALLY THERE IS NO LAST SALE OR NATIONAL BEST BID AND OFFER (NBBO) TO USE AS A REFERENCE PRICE. THE FINDINGS INCLUDED THAT PRIOR TO NOVEMBER 2014, THERE WERE GAPS IN THE APPLICATION OF THE FIRM'S PRE-TRADE PRICE CONTROLS OUTSIDE OF REGULAR TRADING HOURS. THE FINDINGS STATED THAT THE FIRM'S PRE-TRADE PRICE CONTROLS AS DESIGNED DID NOT REASONABLY PREVENT, ON AN ORDER BY ORDER BASIS, THE ENTRY OF ERRONEOUS ORDERS TO THE MARKET. THE FINDINGS STATED THAT THE FIRM DID NOT PROVIDE A MECHANISM BY WHICH TO ENSURE THAT A RE-PRICED OR CAPPED ORDER FIT WITHIN A CUSTOMER'S INTENDED LIMIT PRICE, BY CONFIRMING WITH THE CUSTOMER WHETHER THE NEW PRICE OF THE ORDER WAS INTENDED OR ACCEPTABLE AND THUS WAS NOT ERRONEOUS. AS A RESULT, IBKR'S PRE-TRADE PRICE CONTROLS PERMITTED CERTAIN POTENTIALLY ERRONEOUS ORDERS TO ENTER THE MARKET. THE FINDINGS ALSO STATED THAT IN NOVEMBER 2012, THE FIRM IMPLEMENTED PRE-TRADE SIZE CONTROLS TO PREVENT THE ENTRY OF ERRONEOUS ORDERS, WHICH INCLUDED AN ORDER SIZE FILTER. HOWEVER, PRIOR TO AUGUST 2016, THESE PRE-TRADE SIZE CONTROLS WERE NOT ADEQUATE AS THE PARAMETERS FOR THE ORDER SIZE FILTER WERE TOO WIDE TO EFFECTIVELY PREVENT ERRONEOUSLY ENTERED ORDERS FOR SECURITIES THAT WERE NOT ACTIVELY TRADED AS THE CONTROLS FAILED TO TAKE INTO ACCOUNT THE INDIVIDUAL CHARACTERISTIC OF THE SECURITIES, SUCH AS THE AVERAGE DAILY



TRADE VOLUME (ADTV). THE FINDINGS ALSO INCLUDED THAT THE FIRM'S WRITTEN SUPERVISORY PROCEDURES FAILED TO PROVIDE FOR THE SUPERVISORY STEPS AND REVIEWS TO BE TAKEN BY THE APPROPRIATE SUPERVISOR WHEN CONDUCTING REVIEWS OF THE FIRM'S PRE-TRADE PRICE OR SIZE CONTROLS TO PREVENT THE ENTRY OF ERRONEOUS ORDERS. FINRA FOUND THAT IBKR DID NOT ADEQUATELY SUPERVISE ITS CUSTOMERS' TRADING TO DETECT AND PREVENT CERTAIN KINDS OF POTENTIALLY VIOLATIVE ACTIVITY OVER A SPAN OF APPROXIMATELY TWO AND ONE-HALF YEARS. THE FINDINGS STATED THAT THERE WERE SEVERAL IDENTIFIED DEFICIENCIES WITH CERTAIN OF IBKR'S SURVEILLANCE REPORTS AND REVIEWS. THE FINDINGS STATED THAT, PRIOR TO JULY 30, 2015, THE FIRM HAD NO SPECIFIC, DEDICATED SURVEILLANCE REPORTS OR REVIEWS SPECIFICALLY DESIGNED TO DETECT UNUSUAL PATTERNS OF CANCELLATIONS, INCLUDING SPOOFING OR LAYERING. IN ADDITION, THE FINDINGS INCLUDED THAT AS OF DECEMBER 31, 2015, THE FIRM DID NOT HAVE ANY SURVEILLANCE REPORTS OR REVIEWS, SUCH AS AN ADTV FILTER, SPECIFICALLY DESIGNED TO DETECT UNUSUAL PRICE AND/OR VOLUME ACTIVITY IN THINLY TRADED SECURITIES WHICH COULD BE INDICATIVE OF MANIPULATIVE TRADING. THE FINDINGS STATED THAT, AS OF DECEMBER 31, 2015, THE FIRM'S MARKING THE CLOSE SURVEILLANCE WAS DEFICIENT. IBKR'S SURVEILLANCE DETECTED EXECUTIONS IN THINLY TRADED STOCKS WITHIN THE LAST 20 MINUTES OF A SECURITY'S CLOSE OVER ROLLING PERIODS OF DAYS. HOWEVER, BECAUSE THE SURVEILLANCE WAS DESIGNED TO DETECT ONLY PATTERNS OF POTENTIAL MARKING ACTIVITY AND WAS NOT DESIGNED TO ALSO CAPTURE INSTANCES OF SUCH ACTIVITY ON KEY INDIVIDUAL TRADE DATES (E.G., MONTH-END, QUARTER-END, YEAR-END, ETC.), IBKR'S SURVEILLANCE WAS NOT ADEQUATE.

Initiated By: BATS BZX EXCHANGE, INC.

Date Initiated: 05/23/2017

Docket/Case Number: 2012034773003

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: 05/23/2017



Sanctions Ordered:	Censure Monetary/Fine \$40,000.00
Other Sanctions Ordered:	UNDERTAKING
Sanction Details:	<p>THE FIRM WAS CENSURED, FINED \$40,000 AND AN UNDERTAKING WAS REQUIRED BY THE FIRM TO ADDRESS THE MARKET ACCESS RULE DEFICIENCIES DESCRIBED IN THE AWC AND TO ENSURE THAT IT HAS IMPLEMENTED CONTROLS AND PROCEDURES THAT ARE REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE RULES AND REGULATIONS CITED IN THE AWC. PURSUANT TO BZX RULE 8.8, THE DECISION IN THIS MATTER BECAME FINAL ON JUNE 21, 2017.</p> <p>STAR NO. 20120347730 (INCLUDED THE MERGED STAR NOS. 20130392978, 20140399418, AND 20140407291) - ACCEPTANCE OF THIS AWC WAS CONDITIONED UPON ACCEPTANCE OF SIMILAR SETTLEMENT AGREEMENTS IN RELATED MATTERS BETWEEN IBKR AND EACH OF THE FOLLOWING SELF-REGULATORY ORGANIZATIONS: BATS EDGA EXCHANGE, INC., BATS EDGX EXCHANGE, INC., NASDAQ STOCK MARKET LLC, AND NYSE ARCA.</p>

Disclosure 16 of 47

Reporting Source:	Regulator
Current Status:	Final
Allegations:	<p>WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM (OR IBKR) CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT NOTWITHSTANDING THE PRE-TRADE CONTROLS IT HAD, IN MULTIPLE INSTANCES DURING APPROXIMATELY THREE YEAR PERIOD, IT FAILED TO PREVENT THE TRANSMISSION OF ERRONEOUS CUSTOMER EQUITY ORDERS TO THE SELF-REGULATORY ORGANIZATIONS (SROS) DUE TO INADEQUATE RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES, RESULTING IN 81 CLEARLY ERRONEOUS EXECUTION (CEE) EVENTS ON TRADE DATES, INCLUDING 13 CEES FILED ON THE EXCHANGE.</p> <p>THE FINDINGS STATED THAT ALTHOUGH THE FIRM IMPLEMENTED A NUMBER OF PRE-TRADE PRICE CONTROLS TO PREVENT THE ENTRY OF ERRONEOUS ORDERS, ITS PRE-TRADE PRICE CONTROLS WERE INADEQUATE. THERE WERE SEVERAL PRIMARY DEFICIENCIES IN IBKR'S PRE-TRADE PRICE CONTROLS. FIRST, PRIOR TO APRIL 2014, IBKR DID NOT HAVE ANY PRE-TRADE PRICE CONTROL FOR ORDERS ENTERED OUTSIDE OF REGULAR MARKET HOURS WHEN TYPICALLY THERE IS NO LAST SALE OR NATIONAL BEST BID AND OFFER (NBBO) TO USE AS A REFERENCE PRICE. IN ADDITION, PRIOR TO NOVEMBER 2014, THERE WERE GAPS IN THE APPLICATION OF THE FIRM'S PRE-TRADE PRICE CONTROLS OUTSIDE</p>



OF REGULAR TRADING HOURS. SECOND, THE FIRM'S PRE-TRADE PRICE CONTROLS AS DESIGNED DID NOT REASONABLY PREVENT, ON AN ORDER BY ORDER BASIS, THE ENTRY OF ERRONEOUS ORDERS TO THE MARKET. THE FIRM DID NOT PROVIDE A MECHANISM BY WHICH TO ENSURE THAT A RE-PRICED OR CAPPED ORDER FIT WITHIN A CUSTOMER'S INTENDED LIMIT PRICE, BY CONFIRMING WITH THE CUSTOMER WHETHER THE NEW PRICE OF THE ORDER WAS INTENDED OR ACCEPTABLE AND THUS WAS NOT ERRONEOUS. AS A RESULT, IBKR'S PRE-TRADE PRICE CONTROLS STILL PERMITTED CERTAIN POTENTIALLY ERRONEOUS ORDERS TO ENTER THE MARKET.

THE FINDINGS ALSO STATED THAT IN NOVEMBER 2012, THE FIRM IMPLEMENTED PRE-TRADE SIZE CONTROLS TO PREVENT THE ENTRY OF ERRONEOUS ORDERS, WHICH INCLUDED AN ORDER SIZE FILTER. HOWEVER, PRIOR TO AUGUST 2016, THESE PRE-TRADE SIZE CONTROLS WERE INADEQUATE AS THE PARAMETERS FOR THE ORDER SIZE FILTER WERE TOO WIDE TO EFFECTIVELY PREVENT ERRONEOUSLY ENTERED ORDERS FOR SECURITIES THAT WERE NOT ACTIVELY TRADED AS THE CONTROLS FAILED TO TAKE INTO ACCOUNT THE INDIVIDUAL CHARACTERISTIC OF THE SECURITIES, SUCH AS THE AVERAGE DAILY TRADE VOLUME (ADTV).

THE FINDINGS ALSO INCLUDED THAT THE FIRM'S WRITTEN SUPERVISORY PROCEDURES FAILED TO PROVIDE FOR THE SUPERVISORY STEPS AND REVIEWS TO BE TAKEN BY THE APPROPRIATE SUPERVISOR WHEN CONDUCTING REVIEWS OF THE FIRM'S PRE-TRADE PRICE OR SIZE CONTROLS TO PREVENT THE ENTRY OF ERRONEOUS ORDERS. FINRA FOUND THAT IBKR FAILED TO ADEQUATELY SUPERVISE ITS CUSTOMERS' TRADING TO DETECT AND PREVENT CERTAIN KINDS OF POTENTIALLY VIOLATIVE ACTIVITY OVER A SPAN OF APPROXIMATELY TWO AND ONE-HALF YEARS. THERE WERE SEVERAL IDENTIFIED DEFICIENCIES WITH CERTAIN OF IBKR'S SURVEILLANCE REPORTS AND REVIEWS. TO BEGIN WITH, PRIOR TO JULY 30, 2015, THE FIRM HAD NO SPECIFIC, DEDICATED SURVEILLANCE REPORTS OR REVIEWS SPECIFICALLY DESIGNED TO DETECT UNUSUAL PATTERNS OF CANCELLATIONS, INCLUDING SPOOFING OR LAYERING. IN ADDITION, AS OF DECEMBER 31, 2015, THE FIRM DID NOT HAVE ANY SURVEILLANCE REPORTS OR REVIEWS, SUCH AS AN ADTV FILTER, SPECIFICALLY DESIGNED TO DETECT UNUSUAL PRICE AND/OR VOLUME ACTIVITY IN THINLY TRADED SECURITIES WHICH COULD BE INDICATIVE OF MANIPULATIVE TRADING. FINALLY, AS OF DECEMBER 31, 2015, THE FIRM'S MARKING THE CLOSE SURVEILLANCE WAS DEFICIENT. IBKR'S SURVEILLANCE DETECTED EXECUTIONS IN THINLY TRADED STOCKS WITHIN THE LAST 20 MINUTES OF A SECURITY'S CLOSE OVER ROLLING PERIODS OF DAYS. HOWEVER, BECAUSE THE SURVEILLANCE WAS DESIGNED TO DETECT ONLY PATTERNS OF POTENTIAL MARKING ACTIVITY AND WAS NOT DESIGNED TO ALSO CAPTURE INSTANCES OF SUCH ACTIVITY ON KEY INDIVIDUAL TRADE



DATES (E.G., MONTH-END, QUARTER-END, YEAR-END, ETC.), IBKR'S SURVEILLANCE WAS INADEQUATE.

Initiated By: NASDAQ STOCK MARKET

Date Initiated: 05/23/2017

Docket/Case Number: 2012034773002

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: 05/23/2017

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

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

Other Sanctions Ordered: UNDERTAKING

Sanction Details: THE FIRM WAS CENSURED AND FINED \$155,000. GIVEN AN UNDERTAKING TO REVISE THE FIRM'S WRITTEN SUPERVISORY PROCEDURES TO ADDRESS THE DEFICIENCIES DESCRIBED IN THE AWC AND TO ENSURE THAT IT HAS IMPLEMENTED CONTROLS AND PROCEDURES THAT ARE REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE RULES AND REGULATIONS CITED IN THE AWC.

Regulator Statement CASE NO. 20120347730 (INCLUDED THE MERGED CASE NOS. 20130358268, 20130392978, 20140399418, 20140407291, 20140411121, AND 20150448964)

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



Reporting Source: Firm

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM (IBKR) CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF THE FOLLOWING FINDINGS THAT, NOTWITHSTANDING THE PRE-TRADE CONTROLS IT HAD IN PLACE, IN MULTIPLE INSTANCES DURING APPROXIMATELY THREE YEAR PERIOD, IT FAILED TO PREVENT THE TRANSMISSION OF ERRONEOUS CUSTOMER EQUITY ORDERS TO THE SELF-REGULATORY ORGANIZATIONS (SROS) DUE TO INADEQUATE RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES, RESULTING IN 81 CLEARLY ERRONEOUS EXECUTION (CEE) EVENTS, INCLUDING 13 CEES FILED ON THE EXCHANGE. THE FINDINGS STATED THAT, ALTHOUGH THE FIRM IMPLEMENTED A NUMBER OF PRE-TRADE PRICE CONTROLS TO PREVENT THE ENTRY OF ERRONEOUS ORDERS DURING THE REVIEW PERIOD, ITS PRE-TRADE PRICE CONTROLS WERE NOT ADEQUATE IN THAT THERE WERE SEVERAL PRIMARY DEFICIENCIES IN IBKR'S PRE-TRADE PRICE CONTROLS. THE FINDINGS STATED THAT, PRIOR TO APRIL 2014, IBKR DID NOT HAVE ANY PRE-TRADE PRICE CONTROL FOR ORDERS ENTERED OUTSIDE OF REGULAR MARKET HOURS WHEN TYPICALLY THERE IS NO LAST SALE OR NATIONAL BEST BID AND OFFER (NBBO) TO USE AS A REFERENCE PRICE. THE FINDINGS INCLUDED THAT, PRIOR TO NOVEMBER 2014, THERE WERE GAPS IN THE APPLICATION OF THE FIRM'S PRE-TRADE PRICE CONTROLS OUTSIDE OF REGULAR TRADING HOURS. THE FINDINGS STATED THAT THE FIRM'S PRE-TRADE PRICE CONTROLS AS DESIGNED DID NOT REASONABLY PREVENT, ON AN ORDER BY ORDER BASIS, THE ENTRY OF ERRONEOUS ORDERS TO THE MARKET. THE FINDINGS INCLUDED THAT THE FIRM DID NOT PROVIDE A MECHANISM BY WHICH TO ENSURE THAT A RE-PRICED OR CAPPED ORDER FIT WITHIN A CUSTOMER'S INTENDED LIMIT PRICE, BY CONFIRMING WITH THE CUSTOMER WHETHER THE NEW PRICE OF THE ORDER WAS INTENDED OR ACCEPTABLE AND THUS WAS NOT ERRONEOUS AND, AS A RESULT, IBKR'S PRE-TRADE PRICE CONTROLS PERMITTED CERTAIN POTENTIALLY ERRONEOUS ORDERS TO ENTER THE MARKET. THE FINDINGS ALSO STATED THAT, IN NOVEMBER 2012, THE FIRM IMPLEMENTED PRE-TRADE SIZE CONTROLS TO PREVENT THE ENTRY OF ERRONEOUS ORDERS, WHICH INCLUDED AN ORDER SIZE FILTER, HOWEVER, PRIOR TO AUGUST 2016, THESE PRE-TRADE SIZE CONTROLS WERE NOT ADEQUATE AS THE PARAMETERS FOR THE ORDER SIZE FILTER WERE TOO WIDE TO EFFECTIVELY PREVENT ERRONEOUSLY ENTERED ORDERS FOR SECURITIES THAT WERE NOT ACTIVELY TRADED AS THE CONTROLS DID NOT TAKE INTO ACCOUNT THE INDIVIDUAL CHARACTERISTIC OF THE SECURITIES, SUCH AS THE AVERAGE DAILY TRADE VOLUME (ADTV). THE FINDINGS ALSO INCLUDED THAT THE FIRM'S WRITTEN SUPERVISORY PROCEDURES DID NOT PROVIDE FOR THE SUPERVISORY STEPS AND REVIEWS TO BE TAKEN BY THE APPROPRIATE



SUPERVISOR WHEN CONDUCTING REVIEWS OF THE FIRM'S PRE-TRADE PRICE OR SIZE CONTROLS TO PREVENT THE ENTRY OF ERRONEOUS ORDERS. FINRA FOUND THAT IBKR DID NOT ADEQUATELY SUPERVISE ITS CUSTOMERS' TRADING TO DETECT AND PREVENT CERTAIN KINDS OF POTENTIALLY VIOLATIVE ACTIVITY OVER A SPAN OF APPROXIMATELY TWO AND ONE-HALF YEARS. THE FINDINGS IDENTIFIED SEVERAL DEFICIENCIES WITH CERTAIN OF IBKR'S SURVEILLANCE REPORTS AND REVIEWS. THE FINDINGS STATED THAT, PRIOR TO JULY 30, 2015, THE FIRM HAD NO SPECIFIC, DEDICATED SURVEILLANCE REPORTS OR REVIEWS SPECIFICALLY DESIGNED TO DETECT UNUSUAL PATTERNS OF CANCELLATIONS, INCLUDING SPOOFING OR LAYERING. THE FINDINGS STATED THAT, AS OF DECEMBER 31, 2015, THE FIRM DID NOT HAVE ANY SURVEILLANCE REPORTS OR REVIEWS, SUCH AS AN ADTV FILTER, SPECIFICALLY DESIGNED TO DETECT UNUSUAL PRICE AND/OR VOLUME ACTIVITY IN THINLY TRADED SECURITIES WHICH COULD BE INDICATIVE OF MANIPULATIVE TRADING. THE FINDINGS STATED THAT, AS OF DECEMBER 31, 2015, THE FIRM'S MARKING THE CLOSE SURVEILLANCE WAS DEFICIENT IN THAT, ALTHOUGH IT DETECTED EXECUTIONS IN THINLY TRADED STOCKS WITHIN THE LAST 20 MINUTES OF A SECURITY'S CLOSE OVER ROLLING PERIODS OF DAYS, THE SURVEILLANCE WAS DESIGNED TO DETECT ONLY PATTERNS OF POTENTIAL MARKING ACTIVITY AND WAS NOT DESIGNED TO ALSO CAPTURE INSTANCES OF SUCH ACTIVITY ON KEY INDIVIDUAL TRADE DATES (E.G., MONTH-END, QUARTER-END, YEAR-END, ETC.).

Initiated By: NASDAQ STOCK MARKET

Date Initiated: 05/23/2017

Docket/Case Number: 2012034773002

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

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 05/23/2017

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

Other Sanctions Ordered: UNDERTAKING

**Sanction Details:**

THE FIRM WAS CENSURED AND FINED \$155,000. AND AN UNDERTAKING WAS REQUIRED BY THE FIRM TO REVISE THE FIRM'S WRITTEN SUPERVISORY PROCEDURES TO ADDRESS THE DEFICIENCIES DESCRIBED IN THE AWC AND TO ENSURE THAT IT HAS IMPLEMENTED CONTROLS AND PROCEDURES THAT ARE REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE RULES AND REGULATIONS CITED IN THE AWC.

CASE NO. 20120347730 (INCLUDED THE MERGED CASE NOS. 20130358268, 20130392978, 20140399418, 20140407291, 20140411121, AND 20150448964). ACCEPTANCE OF THIS AWC IS CONDITIONED UPON ACCEPTANCE OF SIMILAR SETTLEMENT AGREEMENTS IN RELATED MATTERS BETWEEN THE FIRM AND EACH OF THE FOLLOWING SELF-REGULATORY ORGANIZATIONS: BATS BZX EXCHANGE, INC., BATS EDGA EXCHANGE, INC., BATS EDGX EXCHANGE, INC., AND NYSE ARCA.

Disclosure 17 of 47**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 SUBMITTED ITS SHORT INTEREST REPORTS TO FINRA BUT FAILED TO INCLUDE FOREIGN LISTED SECURITIES IN THE REPORTS, RESULTING IN THE SUBMISSION OF NUMEROUS INACCURATE REPORTS, WHICH EITHER OVER-STATED OR UNDER-STATED THE FIRM'S ACTUAL SHORT INTEREST POSITIONS. THE FINDINGS STATED THAT THE FIRM SUBMITTED TO FINRA ITS SHORT INTEREST REPORTS BUT BECAUSE OF A TECHNOLOGICAL ISSUE RELATED TO ITS REPORTING OF FOREIGN LISTED SECURITIES, THE FIRM FAILED TO REPORT SHORT INTEREST POSITIONS AND MISREPORTED SHORT INTEREST POSITIONS. THE FIRM ALSO SUBMITTED TO FINRA ITS SHORT INTEREST POSITION REPORTS THAT OVER-REPORTED ITS SHORT INTEREST POSITIONS. THE FINDINGS ALSO STATED THAT THE FIRM'S SUPERVISORY SYSTEM, INCLUDING ITS WRITTEN SUPERVISORY PROCEDURES (WSPS), DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS AND REGULATIONS, AND/OR FINRA RULES, CONCERNING SHORT INTEREST REPORTING. THE SUPERVISORY STEPS SET FORTH IN THE WSPS WERE NOT REASONABLY DESIGNED TO DETECT AND PREVENT POTENTIAL SHORT INTEREST REPORTING VIOLATIONS. AS A RESULT, THE FIRM FAILED TO DETECT AND PREVENT THE SHORT INTEREST REPORTING VIOLATIONS.

Initiated By:

FINRA



Date Initiated: 01/11/2017

Docket/Case Number: [2013036300001](#)

Principal Product Type: Other

Other Product Type(s): FOREIGN LISTED SECURITIES

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 01/11/2017

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

Sanctions Ordered: Censure
Monetary/Fine \$190,000.00

Other Sanctions Ordered: UNDERTAKING: REQUIRED TO REVISE THE FIRM'S WSPS

Sanction Details: THE FIRM WAS CENSURED, FINED \$190,000 AND UNDERTAKES TO REVISE ITS WSPS. FINES PAID IN FULL ON JANUARY 27, 2017.

Reporting Source: Firm

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT SUBMITTED ITS SHORT INTEREST REPORTS TO FINRA BUT DID NOT INCLUDE FOREIGN LISTED SECURITIES IN THE REPORTS, RESULTING IN THE SUBMISSION OF NUMEROUS INACCURATE REPORTS, WHICH EITHER OVER-STATED OR UNDER-STATED THE FIRM'S ACTUAL SHORT INTEREST POSITIONS. THE FINDINGS STATED THAT THE FIRM SUBMITTED ITS SHORT INTEREST REPORTS TO FINRA BUT BECAUSE OF A TECHNOLOGICAL ISSUE RELATED TO ITS REPORTING OF FOREIGN LISTED SECURITIES, THE FIRM DID NOT REPORT CERTAIN SHORT INTEREST POSITIONS AND MISCALCULATED CERTAIN SHORT INTEREST POSITIONS.

THE FINDINGS ALSO STATED THAT THE FIRM'S SUPERVISORY SYSTEM,



INCLUDING ITS WRITTEN SUPERVISORY PROCEDURES (WSPS), DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS AND REGULATIONS, AND/OR FINRA RULES, REGARDING SHORT INTEREST REPORTING. FINRA DETERMINED THAT THE SUPERVISORY STEPS SET FORTH IN THE WSPS WERE NOT REASONABLY DESIGNED TO DETECT AND PREVENT POTENTIAL SHORT INTEREST REPORTING VIOLATIONS. AS A RESULT, THE FIRM FAILED TO DETECT AND PREVENT THE SHORT INTEREST REPORTING VIOLATIONS.

Initiated By: FINRA

Date Initiated: 01/11/2017

Docket/Case Number: [2013036300001](#)

Principal Product Type: Other

Other Product Type(s): FOREIGN LISTED SECURITIES

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

Other Sanction(s)/Relief Sought: CENSURE; UNDERTAKING REQUIRED TO REVISE THE FIRM'S WSPS

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 01/11/2017

Sanctions Ordered: Censure
Monetary/Fine \$190,000.00

Other Sanctions Ordered: UNDERTAKING REQUIRED TO REVISE THE FIRM'S WSPS

Sanction Details: THE FIRM WAS CENSURED, FINED \$190,000 AND UNDERTAKES TO REVISE ITS WSPS.

Disclosure 18 of 47

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 DUE TO A LOGIC ISSUE IN ITS LEGACY LARGE OPTIONS POSITIONS REPORT (LOPR) SYSTEM, IN OVER 225,000 INSTANCES, THE FIRM FAILED TO REPORT POSITIONS WITH RESPECT TO ACCOUNTS ACTING-IN-CONCERT (AIC) WITH OTHERS THAT TOGETHER HAD ESTABLISHED AN AGGREGATE POSITION OF 200 OR MORE OPTION CONTRACTS ON THE SAME SIDE OF



THE MARKET COVERING THE SAME UNDERLYING SECURITY.
 THE FINDINGS STATED THAT DUE TO A LOGIC ISSUE IN ITS LEGACY LOPR SYSTEM, IN APPROXIMATELY 88,000 INSTANCES, THE FIRM REPORTED TO THE LOPR SYSTEM IN-CONCERT POSITIONS, BUT FAILED TO IDENTIFY THEM AS AIC.
 THE FINDINGS ALSO STATED THAT DUE TO A LOGIC ISSUE IN ITS LEGACY LOPR SYSTEM, THE FIRM PREMATURELY DELETED APPROXIMATELY 19,000 OPTIONS POSITIONS FROM THE LOPR BEFORE EXPIRATION.
 THE FINDINGS ALSO INCLUDED THAT DUE TO A LOGIC ISSUE IN ITS LEGACY LOPR SYSTEM, THE FIRM REPORTED AN UNKNOWN NUMBER OF SHORT POSITIONS AS UNCOVERED WHEN THE POSITIONS HAD ACTUALLY BEEN COVERED.

Initiated By: INTERNATIONAL SECURITIES EXCHANGE

Date Initiated: 08/23/2016

Docket/Case Number: 2014040250201

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: 08/23/2016

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

Sanctions Ordered: Censure
Monetary/Fine \$300,000.00

Other Sanctions Ordered:

Sanction Details: THE FIRM WAS CENSURED AND FINED \$300,000.

Regulator Statement ASSOCIATED MATTER INCLUDES ISE FILE NO. 2013-191-IAB

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 DUE TO A LOGIC ISSUE IN ITS LEGACY LARGE OPTIONS POSITIONS REPORT (LOPR) SYSTEM, IN OVER 225,000 INSTANCES, THE FIRM FAILED TO REPORT POSITIONS WITH RESPECT TO ACCOUNTS ACTING-IN-CONCERT (AIC) WITH OTHERS THAT TOGETHER HAD ESTABLISHED AN AGGREGATE POSITION OF 200 OR MORE OPTION CONTRACTS ON THE SAME SIDE OF THE MARKET COVERING THE SAME UNDERLYING SECURITY. THE FINDINGS STATED THAT DUE TO A LOGIC ISSUE IN ITS LEGACY LOPR SYSTEM, IN APPROXIMATELY 88,000 INSTANCES, THE FIRM REPORTED TO THE LOPR SYSTEM IN-CONCERT POSITIONS, BUT FAILED TO IDENTIFY THEM AS AIC. THE FINDINGS ALSO STATED THAT DUE TO A LOGIC ISSUE IN ITS LEGACY LOPR SYSTEM, THE FIRM PREMATURELY DELETED APPROXIMATELY 19,000 OPTIONS POSITIONS FROM THE LOPR BEFORE EXPIRATION. THE FINDINGS ALSO INCLUDED THAT DUE TO A LOGIC ISSUE IN ITS LEGACY LOPR SYSTEM, THE FIRM REPORTED AN UNKNOWN NUMBER OF SHORT POSITIONS AS UNCOVERED WHEN THE POSITIONS HAD ACTUALLY BEEN COVERED.
Initiated By:	INTERNATIONAL SECURITIES EXCHANGE
Date Initiated:	08/23/2016
Docket/Case Number:	2014040250201
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:	08/23/2016
Sanctions Ordered:	Censure Monetary/Fine \$300,000.00
Other Sanctions Ordered:	
Sanction Details:	THE FIRM WAS CENSURED AND FINED \$300,000.



Reporting Source: Regulator

Current Status: Final

Allegations: INTERACTIVE BROKERS LLC, AN EXCHANGE TPH ORGANIZATION, WAS CENSURED AND FINED \$55,000 FOR: (I) FAILING TO REGISTER THE MINIMUM NUMBER OF INDIVIDUALS REQUIRED TO BE REGISTERED AS A PROPRIETARY TRADER PRINCIPAL (TP) WITH THE EXCHANGE IN WEBCRD BY NOVEMBER 5, 2011; (II) FAILING TO REGISTER FOUR (4) ASSOCIATED PERSONS AS A PROPRIETARY TRADER PRINCIPAL (TP) WITH THE EXCHANGE IN WEBCRD; (III) FAILING TO REGISTER TWENTY-SEVEN (27) ASSOCIATED PERSONS AS A PROPRIETARY TRADER (PT) WITH THE EXCHANGE IN WEBCRD; (IV) FAILING TO QUALIFY AND REGISTER ONE (1) ASSOCIATED PERSON AS A PROPRIETARY TRADER (PT) WITH THE EXCHANGE IN WEBCRD; (V) FAILING TO REGISTER ITS FINANCIAL AND OPERATIONS PRINCIPAL AS A FINANCIAL AND OPERATIONS PRINCIPAL (FN) WITH THE EXCHANGE IN WEBCRD; AND (VI) FAILING TO REGISTER ITS CHIEF COMPLIANCE OFFICER AS A PROPRIETARY TRADER COMPLIANCE OFFICER (CT) WITH THE EXCHANGE IN WEBCRD. (EXCHANGE RULE 3.6A - QUALIFICATION AND REGISTRATION OF TRADING PERMIT HOLDERS AND ASSOCIATED PERSONS)

Initiated By: CHICAGO BOARD OPTIONS EXCHANGE

Date Initiated: 06/08/2016

Docket/Case Number: 16-0017/ 20150474997

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: 11/10/2016

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

Other Sanctions Ordered:

Sanction Details: A \$55,000 FINE AND A CENSURE.

Reporting Source: Firm



Current Status:	Final
Allegations:	ALLEGATION THAT THE FIRM'S CONDUCT CONSTITUTES A VIOLATION OF EXCHANGE RULE 3.6A BY IB, IN THAT IB FAILED TO REGISTER CERTAIN INDIVIDUALS REQUIRED TO BE REGISTERED AS A PROPRIETARY TRADER, PROPRIETARY TRADER PRINCIPAL, FINANCIAL AND OPERATIONS PRINCIPAL, OR PROPRIETARY TRADER COMPLIANCE OFFICER WITH THE EXCHANGE.
Initiated By:	CHICAGO BOARD OPTIONS EXCHANGE, INC.
Date Initiated:	06/05/2016
Docket/Case Number:	20150474997
Principal Product Type:	No Product
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Other
Other Sanction(s)/Relief Sought:	VIOLATION OF EXCHANGE RULE 3.6A
Resolution:	Decision & Order of Offer of Settlement
Resolution Date:	11/14/2016
Sanctions Ordered:	Censure Monetary/Fine \$55,000.00
Other Sanctions Ordered:	
Sanction Details:	INTERACTIVE BROKERS LLC (THE "RESPONDENT"), SUBMITTED AN OFFER OF SETTLEMENT ("OFFER OF SETTLEMENT") AND, IN SUBMITTING THE OFFER OF SETTLEMENT, THE RESPONDENT NEITHER ADMITTED NOR DENIED THE VIOLATIONS ALLEGED IN THE STATEMENT OF CHARGES. THE RESPONDENT HAS AGREED THAT THE DETERMINATION OF THE COMMITTEE TO ACCEPT THE OFFER OF SETTLEMENT SHALL CONSTITUTE A FINAL DECISION, AND, AS PROVIDED IN EXCHANGE RULE 17.8, THE RESPONDENT MAY NOT SEEK REVIEW THEREOF. THE SANCTION TO BE IMPOSED SHALL CONSIST OF A \$55,000 FINE AND A CENSURE.

Disclosure 20 of 47

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 ON 130 OCCASIONS, IT ACCEPTED A SHORT SALE ORDER IN AN EQUITY SECURITY FROM ANOTHER PERSON, OR EFFECTED A SHORT SALE IN AN EQUITY SECURITY FOR ITS OWN ACCOUNT, WITHOUT BORROWING THE SECURITY, OR ENTERING INTO A BONA-FIDE ARRANGEMENT TO BORROW THE SECURITY; OR HAVING REASONABLE GROUNDS TO BELIEVE THAT THE SECURITY COULD BE BORROWED SO THAT IT COULD BE DELIVERED ON THE DATE DELIVERY IS DUE; AND DOCUMENTING COMPLIANCE WITH RULE 203(B)(1) OF REGULATION SHO.

Initiated By: FINRA

Date Initiated: 03/06/2015

Docket/Case Number: [2011027655401](#)

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

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 03/06/2015

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 \$17,500.00

Other Sanctions Ordered:

Sanction Details: THE FIRM WAS CENSURED AND FINED \$17,500. FINE PAID IN FULL ON MARCH 31, 2015.

Reporting Source: Firm

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT, DUE TO



SYSTEM ISSUES, ON 130 OCCASIONS IT ACCEPTED A SHORT SALE ORDER IN AN EQUITY SECURITY FROM ANOTHER PERSON, OR EFFECTED A SHORT SALE IN AN EQUITY SECURITY FOR ITS OWN ACCOUNT, WITHOUT BORROWING THE SECURITY, OR ENTERING INTO A BONA-FIDE ARRANGEMENT TO BORROW THE SECURITY; OR HAVING REASONABLE GROUNDS TO BELIEVE THAT THE SECURITY COULD BE BORROWED SO THAT IT COULD BE DELIVERED ON THE DATE DELIVERY IS DUE; AND DOCUMENTING COMPLIANCE WITH RULE 203(B)(1) OF REGULATION SHO.

Initiated By: FINRA

Date Initiated: 03/06/2015

Docket/Case Number: [2011027655401](#)

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

Other Product Type(s):

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

Other Sanction(s)/Relief Sought: CENSURE

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 03/06/2015

Sanctions Ordered: Censure
Monetary/Fine \$17,500.00

Other Sanctions Ordered:

Sanction Details: CENSURE AND A \$17,500 FINE

Disclosure 21 of 47

Reporting Source: Firm

Current Status: Final

Allegations: ASIC ALLEGED THAT IB DID NOT SEEK A VARIATION TO THE CONDITIONS OF ITS AFS LICENCE TO COVER THE PROVISION OF MARGIN LENDING FACILITIES UNTIL 23 JULY 2013 DUE TO INCORRECT LEGAL ADVICE RECEIVED BY THE FIRM.

Initiated By: AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION

Date Initiated: 12/15/2014

Docket/Case Number: 028965993



Principal Product Type:	No Product
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Undertaking
Other Sanction(s)/Relief Sought:	UNDERTAKING TO MAKE A CONTRIBUTION TO FINANCIAL RIGHTS LEGAL CENTRE, REFUND CERTAIN FEES BASED ON THE METHODOLOGY AGREED BETWEEN THE FIRM AND ASIC, AND ENGAGE AN INDEPENDENT CONSULTANT TO VERIFY THAT FEE REFUNDS HAVE BEEN PAID AND TO PROVIDE A SUMMARY REPORT.
Resolution:	Other
Resolution Date:	12/15/2014
Sanctions Ordered:	Disgorgement/Restitution
Other Sanctions Ordered:	
Sanction Details:	<p>UNDER SECTION 93AA OF THE ASIC ACT, THE FIRM HAS OFFERED, AND ASIC HAS AGREED TO ACCEPT AS AN ALTERNATIVE TO CIVIL PROCEEDINGS IN RELATION TO THE CONCERNS SET OUT, THE FOLLOWING UNDERTAKINGS: WITHIN 30 DAYS OF ACCEPTANCE OF THE UNDERTAKING, UNDERTAKE TO MAKE A VOLUNTARY CONTRIBUTION OF \$100,000 TO THE FINANCIAL RIGHTS LEGAL CENTRE FOR THE PURPOSES OF CONSUMER EDUCATION CONCERNING FINANCIAL SERVICES AND CONSUMER RIGHTS IN AUSTRALIA; ENGAGE AN INDEPENDENT CONSULTANT TO CONDUCT REVIEWS AND PREPARE REPORTS TO ASIC AND THE FIRM PURSUANT TO THE UNDERTAKING; AND TAKE ALL REASONABLE STEPS NECESSARY TO ENSURE THAT THE INDEPENDENT CONSULTANT PERFORMS THE WORK OUTLINED IN THE UNDERTAKING; WITHIN 21 DAYS OF THE FIRST REPORT OF THE INDEPENDENT CONSULTANT, REFUND TO EACH RETAIL CLIENT FROM WHOM IT DETERMINES, BASED ON THE METHODOLOGY AGREED BETWEEN THE FIRM AND ASIC, NET FEES IT RECEIVED IN CONNECTION WITH THE USE OF A MARGIN LENDING FACILITY DURING THE RELEVANT PERIOD, AN AMOUNT CALCULATED BY THE FIRM IN ACCORDANCE WITH THE METHODOLOGY AND CONFIRMED BY THE INDEPENDENT CONSULTANT PURSUANT TO THE UNDERTAKING; PAY THE COSTS OF ITS COMPLIANCE WITH THIS UNDERTAKING AND PROVIDE ALL DOCUMENTS AND INFORMATION REQUESTED BY ASIC FROM TIME TO TIME FOR THE PURPOSE OF ASSESSING IB'S COMPLIANCE WITH THE TERMS OF THIS UNDERTAKING.</p>
Firm Statement	<p>THE FIRM DID NOT SEEK A VARIATION TO THE CONDITIONS OF ITS AUSTRALIAN FINANCIAL SERVICES LICENCE TO COVER THE PROVISION OF MARGIN LENDING FACILITIES UNTIL JULY 23, 2013 AS A CONSEQUENCE OF INCORRECT LEGAL ADVICE RECEIVED BY THE FIRM.</p>



Disclosure 22 of 47

Reporting Source: Regulator

Current Status: Final

Allegations: SEC ADMIN RELEASE 34-73500 / NOVEMBER 3, 2014: THE SECURITIES AND EXCHANGE COMMISSION ("COMMISSION") DEEMS IT APPROPRIATE AND IN THE PUBLIC INTEREST THAT PUBLIC ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS BE, AND HEREBY ARE, INSTITUTED PURSUANT TO SECTIONS 15(B), 15B(C)(2) AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934 ("EXCHANGE ACT") AGAINST INTERACTIVE BROKERS LLC ("INTERACTIVE" OR "RESPONDENT"). IN ANTICIPATION OF THE INSTITUTION OF THESE PROCEEDINGS, RESPONDENT HAS SUBMITTED AN OFFER OF SETTLEMENT (THE "OFFER") WHICH THE COMMISSION HAS DETERMINED TO ACCEPT. SOLELY FOR THE PURPOSE OF THESE PROCEEDINGS AND ANY OTHER PROCEEDINGS BROUGHT BY OR ON BEHALF OF THE COMMISSION, OR TO WHICH THE COMMISSION IS A PARTY, AND WITHOUT ADMITTING OR DENYING THE FINDINGS HEREIN, EXCEPT AS TO THE COMMISSION'S JURISDICTION OVER IT AND THE SUBJECT MATTER OF THESE PROCEEDINGS, WHICH ARE ADMITTED, RESPONDENT CONSENTS TO THE ENTRY OF THIS ORDER INSTITUTING ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS PURSUANT TO SECTIONS 15(B), 15B(C)(2) AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934, MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS AND A CEASE-AND-DESIST ORDER. ON THE BASIS OF THIS ORDER AND RESPONDENT'S OFFER, THE COMMISSION FINDS THAT: THESE PROCEEDINGS INVOLVE THE SALE OF NON-INVESTMENT GRADE OR "JUNK" BONDS ISSUED BY THE COMMONWEALTH OF PUERTO RICO ("PUERTO RICO") BY INTERACTIVE, A REGISTERED BROKER-DEALER AND MUNICIPAL SECURITIES DEALER, TO CUSTOMERS IN AMOUNTS BELOW THE MINIMUM DENOMINATION OF THE ISSUE. RULE G-15(F) PROMULGATED BY THE MUNICIPAL SECURITIES RULEMAKING BOARD ("MSRB") PROHIBITS DEALERS FROM EFFECTING CUSTOMER TRANSACTIONS IN MUNICIPAL SECURITIES IN AMOUNTS BELOW THE MINIMUM DENOMINATIONS OF THE ISSUES. MINIMUM DENOMINATIONS ARE GENERALLY INTENDED TO LIMIT SALES OF MUNICIPAL SECURITIES TO RETAIL INVESTORS FOR WHOM SUCH BONDS MAY NOT BE SUITABLE, BUT THE PROSCRIPTIONS OF RULE G-15(F) APPLY TO ALL TRANSACTIONS, REGARDLESS OF WHETHER THE SECURITIES ARE SUITABLE FOR THE CUSTOMER. IN MARCH 2014, INTERACTIVE VIOLATED MSRB RULE G-15(F) BY EXECUTING ONE UNSOLICITED SALES TRANSACTION IN THE PUERTO RICO BONDS WITH A CUSTOMER IN AN AMOUNT BELOW THE \$100,000 MINIMUM DENOMINATION OF THE ISSUE ESTABLISHED BY THE ISSUER, PUERTO RICO, AND SPECIFIED IN THE OFFICIAL STATEMENT. THE SALES



ORDER WAS PLACED AND EFFECTED THROUGH RESPONDENT'S ONLINE TRADING PLATFORM. THE LIMITED EXCEPTIONS PROVIDED UNDER MSRB RULE G-15(F) FOR CUSTOMER TRANSACTIONS IN MUNICIPAL SECURITIES BELOW THE MINIMUM DENOMINATION OF AN ISSUE DID NOT APPLY TO THIS TRANSACTION. AS A RESULT OF THE CONDUCT, RESPONDENT WILLFULLY VIOLATED MSRB RULE G-15(F). AS A RESULT OF RESPONDENT'S WILLFUL VIOLATIONS OF MSRB RULE G-15(F), RESPONDENT WILLFULLY VIOLATED SECTION 15B(C)(1) OF THE EXCHANGE ACT.

Initiated By: UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Date Initiated: 11/03/2014

Docket/Case Number: 3-16234

Principal Product Type: Other

Other Product Type(s): NON-INVESTMENT GRADE OR "JUNK" BONDS

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

Other Sanction(s)/Relief Sought:

Resolution: Order

Resolution Date: 11/03/2014

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 \$56,000.00
Cease and Desist/Injunction

Other Sanctions Ordered:

Sanction Details: ACCORDINGLY, IT IS HEREBY ORDERED THAT: RESPONDENT CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF SECTION 15B(C)(1) OF THE EXCHANGE ACT AND MSRB RULE G-15(F) . RESPONDENT IS CENSURED. RESPONDENT SHALL, WITHIN SEVEN (7) DAYS OF THE ENTRY OF THIS ORDER, PAY A CIVIL MONEY PENALTY IN THE AMOUNT OF \$56,000. RESPONDENT WILLFULLY VIOLATED MSRB RULE G-15(F). AS A RESULT OF RESPONDENT'S WILLFUL VIOLATIONS OF MSRB RULE G-15(F), RESPONDENT WILLFULLY VIOLATED



SECTION 15B(C)(1) OF THE EXCHANGE ACT.

Regulator Statement

IN DETERMINING TO ACCEPT THE OFFER, THE COMMISSION CONSIDERED REMEDIAL ACTS PROMPTLY UNDERTAKEN BY RESPONDENT. AFTER IT WAS MADE AWARE BY COMMISSION STAFF THAT IT HAD EFFECTED A CUSTOMER TRANSACTION IN THE 2014 BONDS BELOW THE MINIMUM DENOMINATION OF THE ISSUE, RESPONDENT CANCELLED THE TRANSACTION. IN CANCELLING THE TRANSACTION, RESPONDENT INCURRED COSTS OF \$4,000. RESPONDENT ALSO AMENDED ITS POLICIES AND PROCEDURES TO ENSURE COMPLIANCE WITH MSRB RULE G-15(F). RESPONDENT WILL UNDERTAKE TO REVIEW THE ADEQUACY OF ITS EXISTING POLICIES AND PROCEDURES RELATING TO COMPLIANCE WITH MSRB RULE G-15(F). AFTER THAT REVIEW, RESPONDENT WILL MAKE SUCH CHANGES AS ARE NECESSARY TO EFFECT COMPLIANCE WITH MSRB RULE G-15(F), INCLUDING ADOPTING NEW POLICIES OR SUPPLEMENTING EXISTING POLICIES. RESPONDENT WILL IMPLEMENT THESE POLICIES AND PROCEDURES, AND CONDUCT TRAINING AS TO THE POLICIES AND PROCEDURES AND COMPLIANCE WITH MSRB RULE G-15(F). RESPONDENT WILL INFORM COMMISSION STAFF NO LATER THAN SIX (6) MONTHS AFTER THE ENTRY OF THIS ORDER THAT IT HAS COMPLIED WITH THE ABOVE UNDERTAKINGS.

Reporting Source: Firm

Current Status: Final

Allegations: ALLEGED VIOLATION OF MSRB RULE G-15(F) BY EXECUTING ONE UNSOLICITED SALES TRANSACTION IN A PUERTO RICO BOND WITH A CUSTOMER IN AN AMOUNT BELOW THE \$100,000 MINIMUM DENOMINATION OF THE ISSUE ESTABLISHED BY THE ISSUER.

Initiated By: UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Date Initiated: 11/03/2014

Docket/Case Number: 3-16234

Principal Product Type: Debt - Municipal

Other Product Type(s):

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

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

Resolution: Order



Resolution Date:	11/03/2014
Sanctions Ordered:	Censure Monetary/Fine \$56,000.00 Cease and Desist/Injunction
Other Sanctions Ordered:	
Sanction Details:	IT WAS ORDERED THAT RESPONDENT CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF SECTION 15B(C)(1) OF THE EXCHANGE ACT AND MSRB RULE G-15(F). RESPONDENT WAS CENSURED AND SHALL PAY A CIVIL MONEY PENALTY IN THE AMOUNT OF \$56,000.
Firm Statement	IN DETERMINING TO ACCEPT THE OFFER, THE COMMISSION CONSIDERED REMEDIAL ACTS PROMPTLY UNDERTAKEN BY RESPONDENT. AFTER IT WAS MADE AWARE BY COMMISSION STAFF THAT IT HAD EFFECTED A CUSTOMER TRANSACTION IN THE 2014 BONDS BELOW THE MINIMUM DENOMINATION OF THE ISSUE, RESPONDENT CANCELLED THE TRANSACTION. RESPONDENT ALSO AMENDED ITS POLICIES AND PROCEDURES TO ENSURE COMPLIANCE WITH MSRB RULE G-15(F). RESPONDENT WILL UNDERTAKE TO REVIEW THE ADEQUACY OF ITS EXISTING POLICIES AND PROCEDURES RELATING TO COMPLIANCE WITH MSRB RULE G-15(F). AFTER THAT REVIEW, RESPONDENT WILL MAKE SUCH CHANGES AS ARE NECESSARY TO EFFECT COMPLIANCE WITH MSRB RULE G-15(F), INCLUDING ADOPTING NEW POLICIES OR SUPPLEMENTING EXISTING POLICIES. RESPONDENT WILL IMPLEMENT THESE POLICIES AND PROCEDURES, AND CONDUCT TRAINING AS TO THE POLICIES AND PROCEDURES AND COMPLIANCE WITH MSRB RULE G-15(F). RESPONDENT WILL INFORM COMMISSION STAFF NO LATER THAN SIX (6) MONTHS AFTER THE ENTRY OF THIS ORDER THAT IT HAS COMPLIED WITH THE ABOVE UNDERTAKINGS.

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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 TAKE REASONABLE STEPS TO ESTABLISH THAT INTERMARKET SWEEP ORDERS IT ROUTED MET THE DEFINITIONAL REQUIREMENTS SET FORTH IN RULE 600(B)(30) OF REGULATION NMS.
Initiated By:	FINRA
Date Initiated:	06/06/2014



Docket/Case Number: [2010023888701](#)

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 06/06/2014

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

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

Other Sanctions Ordered:

Sanction Details: SEE ABOVE-
FINE PAID IN FULL ON JULY 11, 2014.

Reporting Source: Firm

Current Status: Final

Allegations: FINRA ALLEGED THAT THE THE FIRM DID NOT TAKE REASONABLE STEPS TO ESTABLISH THAT 74 INTERMARKET SWEEP ORDERS IT ROUTED MET THE DEFINITIONAL REQUIREMENTS SET FORTH IN RULE 600(B)(30) OF REGULATION NMS.

Initiated By: FINRA

Date Initiated: 06/06/2014

Docket/Case Number: [2010023888701](#)

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:	CENSURE
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	06/06/2014
Sanctions Ordered:	Censure Monetary/Fine \$25,000.00
Other Sanctions Ordered:	NONE
Sanction Details:	WITHOUT ADMITTING OR DENYING THE ALLEGATION, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO TAKE REASONABLE STEPS TO ESTABLISH THAT 74 INTERMARKET SWEEP ORDERS THAT IT ROUTED MET THE DEFINITIONAL REQUIREMENTS SET FORTH IN RULE 600(B)(30) OF REGULATION NMS.

Disclosure 24 of 47

Reporting Source:	Regulator
Current Status:	Final
Allegations:	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO REPORT INFORMATION REGARDING PURCHASE AND SALE TRANSACTIONS EFFECTED IN MUNICIPAL SECURITIES TO THE REAL-TIME TRANSACTION REPORTING SYSTEM (RTRS) IN THE MANNER PRESCRIBED BY MSRB RULE G-14 RTRS PROCEDURES AND THE RTRS USERS MANUAL. THE FINDINGS STATED THAT THE FIRM FAILED TO REPORT INFORMATION ABOUT SUCH TRANSACTIONS WITHIN 15 MINUTES OF TIME OF TRADE TO AN RTRS PORTAL.
Initiated By:	FINRA
Date Initiated:	06/05/2014
Docket/Case Number:	2012034711201
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: 06/05/2014
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 \$7,500.00
Other Sanctions Ordered:
Sanction Details: SEE ABOVE
Regulator Statement FINE PAID IN FULL ON JULY 11, 2014.

Reporting Source: Firm
Current Status: Final
Allegations: FINRA ALLEGED THAT THE FIRM DID NOT REPORT INFORMATION REGARDING 55 PURCHASE AND SALE TRANSACTIONS EFFECTED IN MUNICIPAL SECURITIES TO THE REAL-TIME TRANSACTION REPORTING SYSTEM (RTRS) IN THE MANNER PRESCRIBED BY MSRB RULE G-14 RTRS PROCEDURES AND THE RTRS USERS MANUAL. THE FINDINGS STATED THAT THE FIRM FAILED TO REPORT INFORMATION ABOUT SUCH TRANSACTIONS WITHIN 15 MINUTES OF TIME OF TRADE TO AN RTRS PORTAL.
Initiated By: FINRA
Date Initiated: 06/05/2014
Docket/Case Number: [2012034711201](#)
Principal Product Type: Debt - Municipal
Other Product Type(s):
Principal Sanction(s)/Relief Sought: Civil and Administrative Penalt(ies) /Fine(s)
Other Sanction(s)/Relief Sought: CENSURE
Resolution: Acceptance, Waiver & Consent(AWC)
Resolution Date: 06/05/2014



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

Other Sanctions Ordered: NONE

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO REPORT INFORMATION REGARDING 55 PURCHASE AND SALE TRANSACTIONS EFFECTED IN MUNICIPAL SECURITIES TO THE REAL-TIME TRANSACTION REPORTING SYSTEM (RTRS) IN THE MANNER PRESCRIBED BY MSRB RULE G-14 RTRS PROCEDURES AND THE RTRS USERS MANUAL. THE FINDINGS STATED THAT THE FIRM FAILED TO REPORT INFORMATION ABOUT SUCH TRANSACTIONS WITHIN 15 MINUTES OF TIME OF TRADE TO AN RTRS PORTAL.

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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 TRANSMITTED TO THE ORDER AUDIT TRAIL SYSTEM (OATS) REPORTS, IDENTIFIED FROM A SAMPLE OF REPORTS REVIEWED, THAT CONTAINED INACCURATE, INCOMPLETE, OR IMPROPERLY FORMATTED DATA. SPECIFICALLY, THE FIRM TRANSMITTED THE REPORTS TO OATS WITH AN INACCURATE ACCOUNT TYPE CODE. THE FINDINGS STATED THAT ORDER TICKETS DID NOT REFLECT THAT EACH ORDER WAS A GOOD THROUGH EXTENDED HOURS (GTX) ORDER.

Initiated By: FINRA

Date Initiated: 05/02/2014

Docket/Case Number: [2012034314801](#)

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: 05/02/2014



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

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

Other Sanctions Ordered:

Sanction Details: SEE ABOVE

Regulator Statement FINE PAID IN FULL ON MAY 19, 2014.

Reporting Source: Firm

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO A CENSURE AND FINE AND TO THE ENTRY OF FINDINGS THAT IT TRANSMITTED TO THE ORDER AUDIT TRAIL SYSTEM ("OATS") REPORTS THAT CONTAINED INACCURATE, INCOMPLETE OR IMPROPERLY FORMATTED DATA DURING THE REVIEW PERIOD. SPECIFICALLY, THE FIRM TRANSMITTED 84 REPORTS TO OATS WITH AN INACCURATE ACCOUNT TYPE CODE. IN ADDITION, THE STAFF FOUND THAT 84 ORDER TICKETS DID NOT REFLECT THAT EACH ORDER WAS A GOOD THROUGH EXTENDED ("GTX") ORDER.

Initiated By: FINRA

Date Initiated: 05/02/2014

Docket/Case Number: 20120343148-01

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: CENSURE

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 05/02/2014

Sanctions Ordered: Censure



Monetary/Fine \$10,000.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO A CENSURE AND PAID \$10000.

Disclosure 26 of 47

Reporting Source: Regulator

Current Status: Final

Allegations: NYSE RULES 123C, 342 - INTERACTIVE BROKERS LLC ON NUMEROUS OCCASIONS, ON BEHALF OF ITS MARKET MAKING AFFILIATE, IMPERMISSIBLY CANCELED SHORT SALE LIMIT-ON-CLOSE (LOC) ORDERS AFTER 3:45 P.M., BUT PRIOR TO 3:58 P.M., IN VIOLATION OF NYSE RULE 123C. ALTHOUGH THE CANCELLATION OF THESE LOC ORDERS WAS PERMISSIBLE, IN EACH INSTANCE, THE FIRM RE-PRICED AND RE-ENTERED THE ORDERS TO COMPLY WITH SECURITIES EXCHANGE ACT RULE 201, THE ALTERNATIVE UPTICK RULE, UNAWARE THAT THE NYSE'S SYSTEMS WOULD HAVE RE-PRICED THE ORIGINALLY ENTERED LOC ORDERS WITHOUT THE NEED FOR THE FIRM'S INTERVENTION. THE FIRM FAILED TO IMPLEMENT ADEQUATE SYSTEMS AND CONTROLS, INCLUDING A SEPARATE SYSTEM OF FOLLOW-UP, REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH NYSE RULE 123C.

Initiated By: NEW YORK STOCK EXCHANGE

Date Initiated: 11/11/2013

Docket/Case Number: 2012031539001

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: 11/11/2013



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 \$75,000.00

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 \$75,000.

Reporting Source:

Firm

Current Status:

Final

Allegations:

NYSE ALLEGATIONS INCLUDED VIOLATIONS OF RULES 123C, 342 IN THAT INTERACTIVE BROKERS LLC ON NUMEROUS OCCASIONS, ON BEHALF OF ITS MARKET MAKING AFFILIATE, IMPERMISSIBLY CANCELED SHORT SALE LIMIT-ON-CLOSE (LOC) ORDERS AFTER 3:45 P.M., BUT PRIOR TO 3:58 P.M., IN VIOLATION OF NYSE RULE 123C. ALTHOUGH THE CANCELLATION OF THESE LOC ORDERS WAS PERMISSIBLE, IN EACH INSTANCE, THE FIRM RE-PRICED AND RE-ENTERED THE ORDERS TO COMPLY WITH SECURITIES EXCHANGE ACT RULE 201, THE ALTERNATIVE UPTICK RULE, UNAWARE THAT THE NYSE'S SYSTEMS WOULD HAVE RE-PRICED THE ORIGINALLY ENTERED LOC ORDERS WITHOUT THE NEED FOR THE FIRM'S INTERVENTION. NYSE ALSO ALLEGED THAT THE FIRM FAILED TO IMPLEMENT ADEQUATE SYSTEMS AND CONTROLS, INCLUDING A SEPARATE SYSTEM OF FOLLOW-UP, REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH NYSE RULE 123C.

Initiated By:

NEW YORK STOCK EXCHANGE

Date Initiated:

11/11/2013

Docket/Case Number:

2012031539001

Principal Product Type:

Equity Listed (Common & Preferred Stock)

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Censure

Other Sanction(s)/Relief Sought:



Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 11/11/2013

Sanctions Ordered: Censure
Monetary/Fine \$75,000.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS. THE FIRM WAS CENSURED AND FINED \$75,000.

Disclosure 27 of 47

Reporting Source: Regulator

Current Status: Final

Allegations: FINRA RULE 7450: THE FIRM TRANSMITTED TO THE ORDER AUDIT TRAIL SYSTEM (OATS) 96 ROUTE OR COMBINED ORDER/ROUTE REPORTS THAT THE OATS SYSTEM WAS UNABLE TO LINK TO THE RELATED ORDER ROUTED TO THE NEW YORK STOCK EXCHANGE DUE TO INACCURATE, INCOMPLETE OR IMPROPERLY FORMATTED DATA.

Initiated By: FINRA

Date Initiated: 10/15/2013

Docket/Case Number: [2012033129801](#)

Principal Product Type: Other

Other Product Type(s): UNSPECIFIED SECURITIES

Principal Sanction(s)/Relief Sought: Other

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

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 10/15/2013

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:

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 \$10,000. FINE PAID IN FULL 10/30/13.

Reporting Source: Firm

Current Status: Final

Allegations: FINRA ALLEGED THAT THE FIRM TRANSMITTED TO THE ORDER AUDIT TRAIL SYSTEM (OATS) 96 ROUTE OR COMBINED ORDER/ROUTE REPORTS THAT THE OATS SYSTEM WAS UNABLE TO LINK TO THE RELATED ORDER ROUTED TO THE NEW YORK STOCK EXCHANGE DUE TO INACCURATE, INCOMPLETE OR IMPROPERLY FORMATTED DATA.

Initiated By: FINRA

Date Initiated: 10/15/2013

Docket/Case Number: [2012033129801](#)

Principal Product Type: Other

Other Product Type(s): UNSPECIFIED SECURITIES

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

Other Sanction(s)/Relief Sought: CENSURE

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 10/15/2013

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

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE ENTRY OF FINDINGS, A CENSURE, AND A FINE OF \$10,000.



Reporting Source: Regulator

Current Status: Final

Allegations: INTERACTIVE BROKERS FAILED TO PERFORM ADEQUATE DUE DILIGENCE WITH REGARD TO THE REGISTRATION STATUS OF A CLIENT TO PROPERLY DETERMINE WHETHER THE CLIENT WAS EXEMPT FROM REGISTRATION REQUIREMENTS IN ARKANSAS PRIOR TO FACILITATING UNLAWFUL UNREGISTERED INVESTMENT ADVISER ACTIVITY BY THE CLIENT.

Initiated By: ARKANSAS

Date Initiated: 09/11/2013

Docket/Case Number: S-12-0130

URL for Regulatory Action:

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: Consent

Resolution Date: 09/30/2013

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

Sanctions Ordered: Monetary/Fine \$6,000.00

Other Sanctions Ordered: INTERACTIVE BROKERS SHALL MAKE APPROPRIATE CHANGES TO THEIR CURRENT PROCEDURES FOR OPENING ACCOUNTS WITH INVESTMENT ADVISER CLIENTS TO INSURE THAT ALL SUCH CLIENTS ARE PROPERLY REGISTERED.

Sanction Details: FINE IN AMOUNT OF \$6000 WAS PAID IN FULL WHEN ORDER WAS ENTERED ON SEPTEMBER 30, 2013.

Reporting Source: Firm

Current Status: Final



Allegations: THE ARKANSAS SECURITIES DEPARTMENT ALLEGED THAT INTERACTIVE BROKERS DID NOT ADEQUATELY VERIFY WHETHER AN INDEPENDENT ARKANSAS INVESTMENT ADVISOR CLIENT WAS EXEMPT FROM REGISTRATION REQUIREMENTS IN ARKANSAS PRIOR TO PROVIDING BROKERAGE SERVICES TO THE CLIENT WHO ENGAGED IN UNREGISTERED INVESTMENT ADVISOR ACTIVITY.

Initiated By: ARKANSAS SECURITIES DEPARTMENT

Date Initiated: 09/11/2013

Docket/Case Number: S-12-0130

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: Consent

Resolution Date: 09/30/2013

Sanctions Ordered: Monetary/Fine \$6,000.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS. THE FIRM WAS FINED \$6,000 AND REQUIRED TO REVISE ITS PROCEDURES FOR OPENING ACCOUNTS WITH ARKANSAS INVESTMENT ADVISOR CLIENTS TO ENSURE THAT ALL SUCH CLIENTS ARE PROPERLY REGISTERED.

Disclosure 29 of 47

Reporting Source: Regulator

Current Status: Final

Allegations: NFA FINANCIAL REQUIREMENTS SECTION 4: HAVING REVIEWED THE INVESTIGATIVE REPORT SUBMITTED BY THE COMPLIANCE DEPARTMENT OF NATIONAL FUTURES ASSOCIATION (NFA), AND HAVING FOUND REASON TO BELIEVE THAT NFA REQUIREMENTS ARE BEING, HAVE BEEN OR ARE ABOUT TO BE VIOLATED AND THAT THE MATTER SHOULD BE ADJUDICATED, NFA'S BUSINESS CONDUCT COMMITTEE (COMMITTEE) ISSUES THIS COMPLAINT AGAINST THE FIRM. THE FIRM FAILED TO ENSURE BALANCES HELD IN A CUSTOMER SECURED AMOUNT ACCOUNT -



IDENTIFIED UNDER COMMODITY FUTURES TRADING COMMISSION
REGULATION 30.7 - WERE REPORTED IN THE FORM AND MANNER
PRESCRIBED BY NFA.

Initiated By: NATIONAL FUTURES ASSOCIATION

Date Initiated: 07/05/2013

Docket/Case Number: 13-BCC-008

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Decision

Resolution Date: 07/05/2013

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

Sanctions Ordered: Monetary/Fine \$300,000.00

Other Sanctions Ordered: UNDERTAKINGS

Sanction Details: THE FIRM SUBMITTED AN OFFER IN WHICH IT NEITHER ADMITTED NOR DENIED THE ALLEGATIONS MADE AGAINST IT IN TWO COMPLAINTS AND PROPOSED TO SETTLE THOSE COMPLAINTS. PURSUANT TO THE OFFER OF THE FIRM, THE PANEL FINDS THAT THE FIRM VIOLATED NFA FINANCIAL REQUIREMENTS SECTION 4, AS ALLEGED IN THIS COMPLAINT AND THAT THE FIRM VIOLATED NFA BYLAW 1101, AND NFA COMPLIANCE RULES 2-4 AND 2-9(A), AS ALLEGED IN A 2012 COMPLAINT (SEE COMMENT SECTION). HAVING CONSIDERED THESE MATTERS AND HAVING ACCEPTED THE FIRM'S OFFER, THE PANEL ORDERS THE FIRM TO PAY NFA A FINE OF \$300,000, PAYABLE WITHIN THIRTY DAYS AFTER THE ISSUANCE OF THIS DECISION. THE PANEL ALSO ORDERS THE FIRM TO ADOPT AND IMPLEMENT ENHANCED WRITTEN PROCEDURES TO ENSURE COMPLIANCE WITH NFA BYLAW 1101 AND PROVIDE THOSE WRITTEN PROCEDURES TO NFA WITHIN 60 DAYS AFTER THE ISSUANCE OF THIS DECISION. IN ADDITION, THE PANEL ORDERS THE FIRM TO UNDERTAKE A REVIEW OF ITS OPEN FUTURES AND RETAIL FOREX ACCOUNTS TO



DETERMINE WHETHER THE FIRM IS IN FULL COMPLIANCE WITH NFA BYLAW 1101 WITH RESPECT TO THE ACCOUNT HOLDERS OF ALL ACCOUNTS OPENED PRIOR TO THE DATE OF THE FIRM'S OFFER AND TAKE PROMPT AND APPROPRIATE REMEDIAL ACTION IN THOSE INSTANCES WHERE THE FIRM FINDS THAT IT DID NOT FULLY COMPLY WITH THE REQUIREMENTS OF NFA BYLAW 1101. THE FIRM IS REQUIRED TO PERFORM SUCH REVIEW WITHIN TWELVE MONTHS OF THE ISSUANCE OF THIS DECISION.

Regulator Statement

IN NOVEMBER 2012, THE COMMITTEE ISSUED A COMPLAINT AGAINST THE FIRM, ALLEGING THAT THE FIRM VIOLATED NFA BYLAW 1101 BY CONDUCTING FUTURES BUSINESS WITH NON-NFA MEMBERS AND VIOLATED NFA COMPLIANCE RULE 2-4 BY ALLOWING AN INTRODUCING BROKER TO ACT AS A DE FACTO FUTURES COMMODITY MERCHANT (FCM). IN ADDITION, THE 2012 BCC COMPLAINT ALLEGED THAT THE FIRM VIOLATED NFA COMPLIANCE RULE 2-9(A) BY FAILING TO DILIGENTLY SUPERVISE ITS OPERATIONS. (NFA CASE NO. 12-BCC-032)

Reporting Source:

Firm

Current Status:

Final

Allegations:

INTERACTIVE AGREED WITH THE NATIONAL FUTURES ASSOCIATION TO PAY A FINE OF \$300,000 IN CONNECTION WITH TWO PENDING MATTERS FILED ON FEB. 18, 2012 AND JULY 5, 2013 AND A SETTLEMENT OFFER SUBMITTED BY INTERACTIVE. THE 2012 COMPLAINT ALLEGED VIOLATIONS OF NFA BYLAW 1101, NFA COMPLIANCE RULE 2-4 AND NFA COMPLIANCE RULE 2-9 IN THAT A NUMBER OF COMMODITY POOL OPERATORS TRADING THROUGH INTERACTIVE WERE NOT PROPERLY REGISTERED WITH NFA OR HAD NOT FILED THE APPROPRIATE EXEMPTION FROM REGISTRATION. IN ADDITION, THE 2012 COMPLAINT ALLEGED THAT INTERACTIVE VIOLATED NFA COMPLIANCE RULE 2-9(A) BY FAILING TO DILIGENTLY SUPERVISE ITS OPERATIONS. INTERACTIVE AGREED TO ADOPT AND IMPLEMENT ENHANCED WRITTEN PROCEDURES TO ENSURE COMPLIANCE WITH NFA BYLAW 1101 AND TO UNDERTAKE A REVIEW OF ITS OPEN FUTURES AND RETAIL FOREX ACCOUNTS. THE 2013 COMPLAINT ALLEGED THAT INTERACTIVE VIOLATED NFA FINANCIAL REQUIREMENTS SECTION 4 BY FAILING TO REPORT THE BALANCE IN A SINGLE, NEWLY-OPENED BANK ACCOUNT CONTAINING CUSTOMER FUNDS TO A THIRD PARTY VENDOR, WHICH THEN PROVIDES SUCH INFORMATION TO NFA. BECAUSE OF A TEMPORARY ADMINISTRATIVE ERROR IN IMPLEMENTING THE NEW RULE, ONE BANK ACCOUNT WAS NOT REPORTED IN THE FORM AND MANNER PRESCRIBED BY NFA FOR SEVERAL DAYS. THE ACCOUNT WAS OTHERWISE COMPLETELY IN ACCORDANCE WITH NFA REQUIREMENTS AND THE ERROR WAS FIXED IMMEDIATELY.



Initiated By: NATIONAL FUTURES ASSOCIATION

Date Initiated: 07/05/2013

Docket/Case Number: 13-BCC-008

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: UNDERTAKINGS

Resolution: Decision

Resolution Date: 07/05/2013

Sanctions Ordered: Monetary/Fine \$300,000.00

Other Sanctions Ordered:

Sanction Details: THE FIRM SUBMITTED AN OFFER IN WHICH IT NEITHER ADMITTED NOR DENIED THE ALLEGATIONS MADE AGAINST IT IN TWO COMPLAINTS AND PROPOSED TO SETTLE THOSE COMPLAINTS. PURSUANT TO THE OFFER OF THE FIRM, THE PANEL FINDS THAT THE FIRM VIOLATED NFA FINANCIAL REQUIREMENTS SECTION 4, AS ALLEGED IN THIS COMPLAINT AND THAT THE FIRM VIOLATED NFA BYLAW 1101, AND NFA COMPLIANCE RULES 2-4 AND 2-9(A), AS ALLEGED IN A 2012 COMPLAINT (SEE COMMENT SECTION). HAVING CONSIDERED THESE MATTERS AND HAVING ACCEPTED THE FIRM'S OFFER, THE PANEL ORDERED THE FIRM TO PAY NFA A FINE OF \$300,000. THE PANEL ALSO ORDERED THE FIRM TO ADOPT AND IMPLEMENT ENHANCED WRITTEN PROCEDURES TO ENSURE COMPLIANCE WITH NFA BYLAW 1101 AND PROVIDE THOSE WRITTEN PROCEDURES TO NFA WITHIN 60 DAYS AFTER THE ISSUANCE OF THIS DECISION. IN ADDITION, THE PANEL ORDERED THE FIRM TO UNDERTAKE A REVIEW OF ITS OPEN FUTURES AND RETAIL FOREX ACCOUNTS TO DETERMINE WHETHER THE FIRM IS IN FULL COMPLIANCE WITH NFA BYLAW 1101 WITH RESPECT TO THE ACCOUNT HOLDERS OF ALL ACCOUNTS OPENED PRIOR TO THE DATE OF THE FIRM'S OFFER AND TAKE PROMPT AND APPROPRIATE REMEDIAL ACTION IN THOSE INSTANCES WHERE THE FIRM FINDS THAT IT DID NOT FULLY COMPLY WITH THE REQUIREMENTS OF NFA BYLAW 1101. THE FIRM IS REQUIRED TO PERFORM SUCH REVIEW WITHIN TWELVE MONTHS OF THE ISSUANCE OF THIS DECISION.

Firm Statement THIS MATTER WAS CONSOLIDATED WITH A NOVEMBER 2012 ALLEGATION BY NFA THAT THE FIRM VIOLATED NFA BYLAW 1101 BY CONDUCTING



FUTURES BUSINESS WITH NON-NFA MEMBERS AND VIOLATED NFA COMPLIANCE RULE 2-4 BY ALLOWING AN INTRODUCING BROKER TO ACT AS A DE FACTO FUTURES COMMODITY MERCHANT (FCM). IN ADDITION, THE 2012 BCC COMPLAINT ALLEGED THAT THE FIRM VIOLATED NFA COMPLIANCE RULE 2-9(A) BY FAILING TO DILIGENTLY SUPERVISE ITS OPERATIONS. (NFA CASE NO. 12-BCC-032)

Disclosure 30 of 47

Reporting Source:

Regulator

Current Status:

Final

Allegations:

NASDAQ RULES 2110, 3010 - INTERACTIVE BROKERS LLC FAILED TO PREVENT AND DETECT TRANSACTIONS IN A COMMON STOCK THAT RESULTED FROM MATCHED LIMIT ORDERS ENTERED BY THE SAME CUSTOMER ACCOUNT AT THE FIRM. FOUR OF THE SUBJECT TRANSACTIONS CONSTITUTED 100% OF THE TOTAL DAILY VOLUME IN THE STOCK AND ONE TRANSACTION CONSTITUTED 50% OF THE TOTAL DAILY VOLUME IN THE STOCK. THE FIRM HAD A REPORT TO PREVENT AND DETECT POTENTIAL WASH SALES, BUT A SYSTEM ERROR ALLOWED THE WASH SALE TRANSACTIONS TO BE EXECUTED. THE FIRM DID NOT KNOW THE REASON FOR THE SYSTEM ERROR THAT SHOULD HAVE PREVENTED AND DETECTED THE POTENTIAL WASH SALES. THE OCCURRENCE OF THE SYSTEM PROBLEM, COUPLED WITH, AMONG OTHER THINGS, THE FIRM'S INABILITY TO IDENTIFY THE CAUSE OF THE SYSTEM PROBLEM AND THE UNDETECTED HIGH PERCENTAGE OF TOTAL DAILY VOLUME IN THE STOCK'S SHARES ON CERTAIN TRADING DAYS, RENDERED THE FIRM'S SUPERVISORY SYSTEM DEFICIENT AT THE TIME. MOST OF THE CUSTOMER TRANSACTIONS WERE EXECUTED WITHIN THE LAST TWO MINUTES BEFORE THE MARKET CLOSED, AND THREE ADDITIONAL TRANSACTIONS WERE EXECUTED WITHIN THE LAST SEVEN MINUTES BEFORE THE MARKET CLOSED. MANY WERE THE LAST MEDIA REPORTED TRADES OF THE DAY. THE FIRM HAD A REPORT TO DETECT POTENTIAL MARKING THE CLOSE, BUT ONLY REVIEWED SUCH CUSTOMER ACTIVITY WHEN, IN ADDITION TO OTHER CRITERIA, THE TRADING ACTIVITY OCCURRED ON CERTAIN CONSECUTIVE TRADING DAYS. ALTHOUGH THE FIRM DID IDENTIFY SOME POTENTIAL MARKING THE CLOSE ACTIVITY, IT FAILED TO ADEQUATELY FOLLOW UP BECAUSE, IN ADDITION TO OTHER CRITERIA, THE ACTIVITY ALSO DID NOT OCCUR ON CERTAIN CONSECUTIVE TRADING DAYS. AS A RESULT, THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATIONS AND NASDAQ RULES CONCERNING THE PREVENTION AND DETECTION OF POTENTIALLY MANIPULATIVE TRADING ACTIVITY. THE FIRM'S SUPERVISORY SYSTEM WAS NOT REASONABLY DESIGNED, AND



LACKED ADEQUATE CONTROLS, TO PREVENT AND DETECT POSSIBLE WASH SALES AND MARKING THE CLOSE ACTIVITY CONDUCTED BY FIRM CUSTOMERS.

Initiated By: NASDAQ STOCK MARKET

Date Initiated: 04/05/2013

Docket/Case Number: 2011027422801

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

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 04/05/2013

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: 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 \$25,000 AND REQUIRED TO REVISE ITS SUPERVISORY SYSTEM WITH RESPECT TO POTENTIAL WASH SALE AND MARKING THE CLOSE ACTIVITY WITHIN 30 BUSINESS DAYS OF ACCEPTANCE OF THIS AWC BY THE NAC.

Reporting Source: Firm

Current Status: Final

Allegations: NASDAQ ALLEGED VIOLATIONS OF NASDAQ RULES 2110 AND 3010 IN THAT INTERACTIVE BROKERS LLC FAILED TO PREVENT AND DETECT TRANSACTIONS IN A COMMON STOCK THAT RESULTED FROM MATCHED LIMIT ORDERS ENTERED BY THE SAME CUSTOMER ACCOUNT AT THE



FIRM. FOUR OF THE SUBJECT TRANSACTIONS CONSTITUTED 100% OF THE TOTAL DAILY VOLUME IN THE STOCK AND ONE TRANSACTION CONSTITUTED 50% OF THE TOTAL DAILY VOLUME IN THE STOCK. THE FIRM HAD A REPORT TO PREVENT AND DETECT POTENTIAL WASH SALES, BUT A SYSTEM ERROR ALLOWED THE WASH SALE TRANSACTIONS TO BE EXECUTED. THE OCCURRENCE OF THE SYSTEM PROBLEM, COUPLED WITH, AMONG OTHER THINGS, THE FIRM'S INABILITY TO IDENTIFY THE CAUSE OF THE SYSTEM PROBLEM AND THE UNDETECTED HIGH PERCENTAGE OF TOTAL DAILY VOLUME IN THE STOCK'S SHARES ON CERTAIN TRADING DAYS, RENDERED THE FIRM'S SUPERVISORY SYSTEM DEFICIENT AT THE TIME. MOST OF THE CUSTOMER TRANSACTIONS WERE EXECUTED WITHIN THE LAST TWO MINUTES BEFORE THE MARKET CLOSED, AND THREE ADDITIONAL TRANSACTIONS WERE EXECUTED WITHIN THE LAST SEVEN MINUTES BEFORE THE MARKET CLOSED. MANY WERE THE LAST MEDIA REPORTED TRADES OF THE DAY. THE FIRM HAD A REPORT TO DETECT POTENTIAL MARKING THE CLOSE, BUT ONLY REVIEWED SUCH CUSTOMER ACTIVITY WHEN, IN ADDITION TO OTHER CRITERIA, THE TRADING ACTIVITY OCCURRED ON CERTAIN CONSECUTIVE TRADING DAYS. ALTHOUGH THE FIRM DID IDENTIFY SOME POTENTIAL MARKING THE CLOSE ACTIVITY, IT FAILED TO ADEQUATELY FOLLOW UP BECAUSE, IN ADDITION TO OTHER CRITERIA, THE ACTIVITY ALSO DID NOT OCCUR ON CERTAIN CONSECUTIVE TRADING DAYS. AS A RESULT, NASDAQ ALLEGED THAT THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATIONS AND NASDAQ RULES CONCERNING THE PREVENTION AND DETECTION OF POTENTIALLY MANIPULATIVE TRADING ACTIVITY. NASDAQ ALLEGED THAT THE FIRM'S SUPERVISORY SYSTEM WAS NOT REASONABLY DESIGNED, AND LACKED ADEQUATE CONTROLS, TO PREVENT AND DETECT POSSIBLE WASH SALES AND MARKING THE CLOSE ACTIVITY CONDUCTED BY FIRM CUSTOMERS.

Initiated By: NASDAQ STOCK MARKET

Date Initiated: 05/05/2013

Docket/Case Number: 2011027422801

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: 05/05/2013

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

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. THE FIRM WAS CENSURED, FINED \$25,000 AND REQUIRED TO REVISE ITS SUPERVISORY SYSTEM WITH RESPECT TO POTENTIAL WASH SALE AND MARKING THE CLOSE ACTIVITY WITHIN 30 BUSINESS DAYS OF ACCEPTANCE OF THE AWC BY THE NAC.

Disclosure 31 of 47

Reporting Source: Regulator

Current Status: Final

Allegations: FINRA RULE 2010, NASD RULE 3010 - INTERACTIVE BROKERS LLC'S SYSTEMS FAILED TO PREVENT TRANSACTIONS IN THE COMMON AND PREFERRED STOCK OF SECURITIES THAT RESULTED FROM MATCHED LIMIT ORDERS ENTERED BY OR FOR THE SAME CUSTOMER ACCOUNT OR RELATED CUSTOMER ACCOUNTS. THE MATCHED LIMIT ORDERS WERE PLACED UP TO 32 SECONDS APART, ALTHOUGH MANY OF THE ORDERS WERE PLACED WITHIN SECONDS OF EACH OTHER, AT THE SAME OR SUBSTANTIALLY THE SAME PRICE, AND FOR THE SAME OR SUBSTANTIALLY THE SAME QUANTITY OF SHARES. A MAJORITY OF THE MATCHED LIMIT ORDERS WERE ENTERED USING THE SAME INTERNET PROTOCOL (IP) ADDRESS. A SYSTEM ERROR RESULTED IN THE RELATED CUSTOMER ACCOUNTS BEING TREATED AS INACTIVE IN MOST OF THE TRANSACTIONS AND NOT SUBJECT TO THE FIRM'S SOFTWARE DESIGNED TO PREVENT SUCH EXECUTIONS. THE FIRM REMEDIED THE SYSTEM PROBLEM, BUT THE SAME RELATED CUSTOMER ACCOUNTS ENTERED MATCHED LIMIT ORDERS ON ONE DATE THAT LATER RESULTED IN A FEW OF THE TOTAL TRANSACTIONS THAT THE FIRM'S SYSTEMS WERE DESIGNED TO PREVENT. THE FIRM DID NOT KNOW THE REASON FOR THE SECOND FAILURE. ON A POST-EXECUTION BASIS, THE FIRM'S SYSTEMS ALSO GENERATED A REPORT TO IDENTIFY ITS CUSTOMERS THAT WERE ON OPPOSITE SIDES OF THE SAME TRANSACTION. THE REPORT WAS THEN COMPARED AGAINST THE FIRM'S DATABASE OF RELATED ACCOUNTS TO DETERMINE IF THE ACCOUNTS TRADED WITH ONE ANOTHER. IN SOME INSTANCES, THE FIRM FAILED TO IDENTIFY TRANSACTIONS THAT RESULTED FROM THE MATCHED LIMIT ORDERS. THE SAME SYSTEM ERROR THAT RESULTED IN THE RELATED CUSTOMER ACCOUNTS BEING TREATED AS INACTIVE ALSO PREVENTED THE FIRM



FROM IDENTIFYING TRANSACTIONS BETWEEN RELATED ACCOUNTS THAT SHOULD HAVE BEEN SUBJECT TO FURTHER SCRUTINY ON A POST-EXECUTION BASIS. THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATIONS AND FINRA RULES CONCERNING THE PREVENTION AND DETECTION OF POTENTIALLY MANIPULATIVE TRADING ACTIVITY. THE FIRM'S SUPERVISORY SYSTEM LACKED ADEQUATE CONTROLS TO PREVENT AND DETECT POSSIBLE WASH SALES AND PRE-ARRANGED TRADING ACTIVITY CONDUCTED BY FIRM CUSTOMERS. THE FIRM'S SYSTEMS FAILED TO PREVENT AND DETECT 1,506 TRANSACTIONS IN A COMMON STOCK THAT RESULTED FROM MATCHED LIMIT ORDERS THAT WERE PRIMARILY ENTERED BY TWO CUSTOMER ACCOUNTS AT THE FIRM. THE MATCHED LIMIT ORDERS WERE PLACED UP TO 28 SECONDS APART, ALTHOUGH MANY WERE PLACED WITHIN SECONDS OF EACH OTHER, AT THE SAME OR SUBSTANTIALLY THE SAME PRICE, AND FOR THE SAME OR SUBSTANTIALLY THE SAME QUANTITY OF SHARES. THE CUSTOMERS' TRADING VOLUME IN THE SECURITY ACCOUNTED FOR OVER 23 MILLION SHARES, ALMOST ALL OF THE FIRM'S ENTIRE TRADING VOLUME DURING THE PERIOD REVIEWED. ON CERTAIN TRADING DAYS, THE SUBJECT ACCOUNTS REPRESENTED 100 PERCENT OF THE CONSOLIDATED DAILY TOTAL MEDIA REPORTED VOLUME IN THE SHARES. THE FIRM'S SUPERVISORY SYSTEM DID NOT ACCOUNT FOR POSSIBLE PRE-ARRANGED TRADING ACTIVITY BETWEEN UNRELATED CUSTOMER ACCOUNTS. AS A RESULT, THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATIONS AND FINRA RULES CONCERNING THE PREVENTION AND DETECTION OF POTENTIALLY MANIPULATIVE TRADING ACTIVITY, SPECIFICALLY POSSIBLE PRE-ARRANGED TRADING ACTIVITY CONDUCTED BY THE FIRM'S CUSTOMERS.

Initiated By: FINRA

Date Initiated: 04/05/2013

Docket/Case Number: [2010023478401](#)

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

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)



Resolution Date: 04/05/2013

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 \$57,500.00

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 \$57,500. FINE PAID MAY 6, 2013.

Reporting Source: Firm

Current Status: Final

Allegations: FINRA ALLEGED VIOLATIONS OF FINRA RULE 2010 AND NASD RULE 3010 IN THAT INTERACTIVE BROKERS LLC'S SYSTEMS FAILED TO PREVENT TRANSACTIONS IN THE COMMON AND PREFERRED STOCK OF SECURITIES THAT RESULTED FROM MATCHED LIMIT ORDERS ENTERED BY OR FOR THE SAME CUSTOMER ACCOUNT OR RELATED CUSTOMER ACCOUNTS. THE MATCHED LIMIT ORDERS WERE PLACED UP TO 32 SECONDS APART. ALTHOUGH MANY OF THE ORDERS WERE PLACED WITHIN SECONDS OF EACH OTHER, AT THE SAME OR SUBSTANTIALLY THE SAME PRICE, AND FOR THE SAME OR SUBSTANTIALLY THE SAME QUANTITY OF SHARES. A MAJORITY OF THE MATCHED LIMIT ORDERS WERE ENTERED USING THE SAME INTERNET PROTOCOL (IP) ADDRESS. A SYSTEM ERROR RESULTED IN THE RELATED CUSTOMER ACCOUNTS BEING TREATED AS INACTIVE IN MOST OF THE TRANSACTIONS AND NOT SUBJECT TO THE FIRM'S SOFTWARE DESIGNED TO PREVENT SUCH EXECUTIONS. THE FIRM REMEDIED THE SYSTEM PROBLEM, BUT THE SAME RELATED CUSTOMER ACCOUNTS ENTERED MATCHED LIMIT ORDERS ON ONE DATE THAT LATER RESULTED IN A FEW OF THE TOTAL TRANSACTIONS THAT THE FIRM'S SYSTEMS WERE DESIGNED TO PREVENT. ON A POST-EXECUTION BASIS, THE FIRM'S SYSTEMS ALSO GENERATED A REPORT TO IDENTIFY ITS CUSTOMERS THAT WERE ON OPPOSITE SIDES OF THE SAME TRANSACTION. THE REPORT WAS THEN COMPARED AGAINST THE FIRM'S DATABASE OF RELATED ACCOUNTS TO DETERMINE IF THE ACCOUNTS TRADED WITH ONE ANOTHER. IN SOME INSTANCES, THE FIRM FAILED TO IDENTIFY TRANSACTIONS THAT



RESULTED FROM THE MATCHED LIMIT ORDERS. THE SAME SYSTEM ERROR THAT RESULTED IN THE RELATED CUSTOMER ACCOUNTS BEING TREATED AS INACTIVE ALSO PREVENTED THE FIRM FROM IDENTIFYING TRANSACTIONS BETWEEN RELATED ACCOUNTS THAT SHOULD HAVE BEEN SUBJECT TO FURTHER SCRUTINY ON A POST-EXECUTION BASIS. THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATIONS AND FINRA RULES CONCERNING THE PREVENTION AND DETECTION OF POTENTIALLY MANIPULATIVE TRADING ACTIVITY. THE FIRM'S SUPERVISORY SYSTEM LACKED ADEQUATE CONTROLS TO PREVENT AND DETECT POSSIBLE WASH SALES AND PRE-ARRANGED TRADING ACTIVITY CONDUCTED BY FIRM CUSTOMERS. THE FIRM'S SYSTEMS FAILED TO PREVENT AND DETECT 1,506 TRANSACTIONS IN A COMMON STOCK THAT RESULTED FROM MATCHED LIMIT ORDERS THAT WERE PRIMARILY ENTERED BY TWO CUSTOMER ACCOUNTS AT THE FIRM. THE MATCHED LIMIT ORDERS WERE PLACED UP TO 28 SECONDS APART, ALTHOUGH MANY WERE PLACED WITHIN SECONDS OF EACH OTHER, AT THE SAME OR SUBSTANTIALLY THE SAME PRICE, AND FOR THE SAME OR SUBSTANTIALLY THE SAME QUANTITY OF SHARES. THE CUSTOMERS' TRADING VOLUME IN THE SECURITY ACCOUNTED FOR OVER 23 MILLION SHARES DURING THE PERIOD REVIEWED. ON CERTAIN TRADING DAYS, THE SUBJECT ACCOUNTS REPRESENTED 100 PERCENT OF THE CONSOLIDATED DAILY TOTAL MEDIA REPORTED VOLUME IN THE SHARES. THE FIRM'S SUPERVISORY SYSTEM DID NOT ACCOUNT FOR POSSIBLE PRE-ARRANGED TRADING ACTIVITY BETWEEN UNRELATED CUSTOMER ACCOUNTS. FINRA ALLEGED THAT THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATIONS AND FINRA RULES CONCERNING THE PREVENTION AND DETECTION OF POTENTIALLY MANIPULATIVE TRADING ACTIVITY, SPECIFICALLY POSSIBLE PRE-ARRANGED TRADING ACTIVITY CONDUCTED BY THE FIRM'S CUSTOMERS.

Initiated By: FINRA

Date Initiated: 04/15/2013

Docket/Case Number: [2010023478401](#)

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

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:



Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 04/05/2013

Sanctions Ordered: Censure
Monetary/Fine \$57,500.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS. THE FIRM WAS CENSURED AND PAID A FINE OF \$57,500.

Disclosure 32 of 47

Reporting Source: Regulator

Current Status: Final

Allegations: CFTC REGULATIONS 1.32(A) AND 166.3; REGULATIONS 1.49(B), 1.49(E)(I), AND 166.3: THE COMMODITY FUTURES TRADING COMMISSION ("COMMISSION") HAS REASON TO BELIEVE THAT FROM AT LEAST JANUARY 2008 TO APRIL 2011, INTERACTIVE BROKERS LLC ("IB" OR "RESPONDENT") VIOLATED COMMISSION REGULATIONS ("REGULATIONS") 1.32(A) AND 166.3 AND FROM SEPTEMBER 2011 TO MAY 2012, VIOLATED REGULATIONS 1.49(B), 1.49(E)(I), AND 166.3. THEREFORE, THE COMMISSION DEEMED IT APPROPRIATE AND IN THE PUBLIC INTEREST THAT PUBLIC ADMINISTRATIVE PROCEEDINGS BE INSTITUTED TO DETERMINE WHETHER RESPONDENT ENGAGED IN THE VIOLATIONS AND TO DETERMINE WHETHER ANY ORDER SHOULD BE ISSUED IMPOSING REMEDIAL SANCTIONS.

THE COMMISSION FOUND THAT FROM AT LEAST JANUARY 2008 THROUGH APRIL 2011, IB FAILED TO PREPARE, ON A CURRENCY-BY-CURRENCY BASIS, DAILY COMPUTATIONS OF THE AMOUNT OF CUSTOMER FUNDS REQUIRED BY THE COMMODITY EXCHANGE ACT ("ACT") AND REGULATIONS TO BE ON DEPOSIT AND THE AMOUNT OF CUSTOMER FUNDS ACTUALLY ON DEPOSIT IN SEGREGATED ACCOUNTS. RATHER, IB ONLY PREPARED SUCH SEGREGATION CALCULATIONS ON AN OVERALL, US DOLLAR ("USD")-EQUIVALENT BASIS, IN VIOLATION OF REGULATION 1.32(A). ADDITIONALLY, FROM SEPTEMBER 21, 2011 TO MAY 8, 2012, IB COVERED A PORTION OF ITS USD COMMODITY FUTURES AND OPTIONS CUSTOMER OBLIGATIONS WITH JAPANESE YEN AND SWISS FRANCS TO MAXIMIZE ITS INTEREST EARNINGS AND FAILED TO HOLD SUFFICIENT USD IN SEGREGATED ACCOUNTS IN THE UNITED STATES TO MEET ALL USD-DENOMINATED OBLIGATIONS, IN VIOLATION OF REGULATION 1.49(B) AND REGULATION 1.49(E)(I). FINALLY, FROM JANUARY 2008 UNTIL MAY 2012, IB FAILED TO MAINTAIN ADEQUATE POLICIES AND PROCEDURES TO



SUPERVISE ITS OFFICERS, EMPLOYEES, AND AGENTS TO ENSURE COMPLIANCE WITH REGULATIONS 1.32 AND 1.49 AS REQUIRED BY REGULATION 166.3. IB DISCOVERED AND SELF-REPORTED THE VIOLATIONS OF REGULATION 1.49 TO THE COMMISSION ON MAY 10, 2012. DURING THE TIME PERIOD OF THE VIOLATIONS OF RULE 1.49, IB HAD EXCESS SEGREGATED FUNDS ON DEPOSIT IN CUSTOMER SEGREGATED ACCOUNTS (INCLUDING USD PLUS OTHER CURRENCIES) OF BETWEEN \$ 48.4 MM AND \$ 455.3 MM.

Initiated By: COMMODITY FUTURES TRADING COMMISSION

Date Initiated: 04/09/2013

Docket/Case Number: 13-19

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Order

Resolution Date: 04/09/2013

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

Sanctions Ordered: Monetary/Fine \$225,000.00
Cease and Desist/Injunction

Other Sanctions Ordered: UNDERTAKINGS

Sanction Details: UPON CONSIDERATION, THE COMMISSION DETERMINED TO ACCEPT THE RESPONDENT'S OFFER. ACCORDINGLY, IT IS ORDERED THAT RESPONDENT SHALL CEASE AND DESIST FROM VIOLATING REGULATIONS 1.32(A), 1.49(B), 1.49(E)(I), AND 166.3, 17 C.F.R. §§ 1.32(A), 1.49(B), 1.49(E)(I), AND 166.3 (2012). RESPONDENT SHALL PAY A CIVIL MONETARY PENALTY IN THE AMOUNT OF \$225,000. RESPONDENT AND ITS SUCCESSORS AND ASSIGNS SHALL COMPLY WITH THE CONDITIONS AND UNDERTAKINGS SET FORTH IN THE OFFER.

Regulator Statement IN ANTICIPATION OF THE INSTITUTION OF AN ADMINISTRATIVE PROCEEDING, RESPONDENT SUBMITTED AN OFFER OF SETTLEMENT



("OFFER"), WHICH THE COMMISSION DETERMINED TO ACCEPT. WITHOUT ADMITTING OR DENYING ANY OF THE FINDINGS OR CONCLUSIONS, RESPONDENT CONSENTED TO THE ENTRY OF THE ORDER INSTITUTING PROCEEDINGS PURSUANT TO SECTIONS 6(C) AND 6(D) OF THE COMMODITY EXCHANGE ACT, AS AMENDED, MAKING FINDINGS AND IMPOSING REMEDIAL SANCTIONS ("ORDER").

Reporting Source: Firm

Current Status: Final

Allegations: THE CFTC ALLEGED THAT FROM AT LEAST JANUARY 2008 TO APRIL 2011, INTERACTIVE BROKERS LLC VIOLATED COMMISSION REGULATIONS 1.32(A) AND 166.3 AND FROM SEPTEMBER 2011 TO MAY 2012, VIOLATED REGULATIONS 1.49(B), 1.49(E)(I), AND 166.3. THE COMMISSION FOUND THAT FROM AT LEAST JANUARY 2008 THROUGH APRIL 2011, IB FAILED TO PREPARE, ON A CURRENCY-BY-CURRENCY BASIS, DAILY COMPUTATIONS OF THE AMOUNT OF CUSTOMER FUNDS REQUIRED BY THE COMMODITY EXCHANGE ACT AND REGULATIONS TO BE ON DEPOSIT AND THE AMOUNT OF CUSTOMER FUNDS ACTUALLY ON DEPOSIT IN SEGREGATED ACCOUNTS. RATHER, IB ONLY PREPARED SUCH SEGREGATION CALCULATIONS ON AN OVERALL, US DOLLAR-EQUIVALENT BASIS. ADDITIONALLY, FROM SEPTEMBER 21, 2011 TO MAY 8, 2012, IB COVERED A PORTION OF ITS USD COMMODITY FUTURES AND OPTIONS CUSTOMER OBLIGATIONS WITH JAPANESE YEN AND SWISS FRANCS TO MAXIMIZE ITS INTEREST EARNINGS AND FAILED TO HOLD SUFFICIENT USD IN SEGREGATED ACCOUNTS IN THE UNITED STATES TO MEET ALL USD-DENOMINATED OBLIGATIONS. FROM JANUARY 2008 UNTIL MAY 2012, CFTC ALLEGED THAT IB FAILED TO MAINTAIN ADEQUATE POLICIES AND PROCEDURES TO SUPERVISE ITS OFFICERS, EMPLOYEES, AND AGENTS TO ENSURE COMPLIANCE WITH REGULATIONS 1.32 AND 1.49 AS REQUIRED BY REGULATION 166.3.

IB DISCOVERED AND SELF-REPORTED THE VIOLATIONS OF REGULATION 1.49 TO THE COMMISSION ON MAY 10, 2012. DURING THE TIME PERIOD OF THE VIOLATIONS OF RULE 1.49, IB HAD EXCESS SEGREGATED FUNDS ON DEPOSIT IN CUSTOMER SEGREGATED ACCOUNTS (INCLUDING USD PLUS OTHER CURRENCIES) OF BETWEEN \$ 48.4 MM AND \$ 455.3 MM.

Initiated By: COMMODITY FUTURES TRADING COMMISSION

Date Initiated: 04/09/2013

Docket/Case Number: 13-19

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: Order

Resolution Date: 04/09/2013

Sanctions Ordered: Monetary/Fine \$225,000.00
Cease and Desist/Injunction

Other Sanctions Ordered:**Sanction Details:**

UPON CONSIDERATION, THE COMMISSION DETERMINED TO ACCEPT THE RESPONDENT'S OFFER TO SETTLE THIS MATTER. ACCORDINGLY, IT WAS ORDERED THAT RESPONDENT SHALL CEASE AND DESIST FROM VIOLATING REGULATIONS 1.32(A), 1.49(B), 1.49(E)(I), AND 166.3, 17 C.F.R. §§ 1.32(A), 1.49(B), 1.49(E)(I), AND 166.3 (2012). RESPONDENT PAID A CIVIL MONETARY PENALTY IN THE AMOUNT OF \$225,000. RESPONDENT AND ITS SUCCESSORS AND ASSIGNS AGREED TO COMPLY WITH THE CONDITIONS AND UNDERTAKINGS SET FORTH IN THE OFFER.

Firm Statement

RESPONDENT SUBMITTED AN OFFER OF SETTLEMENT ("OFFER"), WHICH THE COMMISSION DETERMINED TO ACCEPT. WITHOUT ADMITTING OR DENYING ANY OF THE FINDINGS OR CONCLUSIONS, RESPONDENT CONSENTED TO THE ENTRY OF THE ORDER INSTITUTING PROCEEDINGS PURSUANT TO SECTIONS 6(C) AND 6(D) OF THE COMMODITY EXCHANGE ACT, AS AMENDED, MAKING FINDINGS AND IMPOSING REMEDIAL SANCTIONS ("ORDER").

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Reporting Source: Regulator

Current Status: Final

Allegations: SEC RULE 10B-10, SEC RULE 203(B)(3) OF REGULATION SHO, FINRA RULE 7450(A), NASD RULE 6955(A), MSRB RULE G-14 - INTERACTIVE BROKERS LLC HAD A FAIL-TO-DELIVER POSITION AT A REGISTERED CLEARING AGENCY IN A THRESHOLD SECURITY FOR 13 CONSECUTIVE SETTLEMENT DAYS AND FAILED TO IMMEDIATELY THEREAFTER CLOSE OUT THE FAIL-TO-DELIVER POSITION BY PURCHASING SECURITIES OF LIKE KIND AND QUANTITY. THE FIRM CONTINUED TO HAVE AN INTERMITTENT FAIL-TO-DELIVER POSITION IN THE SECURITY AT THE REGISTERED CLEARING AGENCY ON A TOTAL OF 30 SETTLEMENT DAYS, WHICH IT FAILED TO



CLOSE OUT WHEN REQUIRED. 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 SOME OF THESE REJECTED ROES SO THAT THE FIRM FAILED TO TRANSMIT THEM TO OATS DURING THE PERIOD REVIEWED. THE FIRM FAILED TO PROVIDE WRITTEN NOTIFICATION DISCLOSING TO ITS CUSTOMERS THE CORRECT YIELD. THE FIRM 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 REPORT INFORMATION ABOUT SUCH TRANSACTIONS WITHIN 15 MINUTES OF TRADE TIME TO AN RTRS PORTAL. THE FIRM FAILED TO TIMELY REPORT ROES TO OATS; TRANSMITTED ROUTE OR COMBINED ORDER/ROUTE REPORTS TO OATS THAT OATS WAS UNABLE TO LINK TO THE RELATED ORDER ROUTED TO NASDAQ DUE TO INACCURATE, INCOMPLETE OR IMPROPERLY FORMATTED DATA; TRANSMITTED ROUTE OR COMBINED ORDER/ROUTE REPORTS TO OATS THAT OATS WAS UNABLE TO LINK TO THE CORRESPONDING NEW ORDER TRANSMITTED BY THE DESTINATION MEMBER FIRM DUE TO INACCURATE, INCOMPLETE OR IMPROPERLY FORMATTED DATA; AND TRANSMITTED NEW ORDER REPORTS TO OATS AND RELATED SUBSEQUENT REPORTS WHERE THE TIMESTAMP FOR THE RELATED SUBSEQUENT REPORTS OCCURRED PRIOR TO THE RECEIPT OF THE ORDER.

Initiated By: FINRA

Date Initiated: 01/15/2013

Docket/Case Number: [2008014195301](#)

Principal Product Type: Debt - Municipal

Other Product Type(s): THRESHOLD SECURITIES

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 01/15/2013



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 \$52,500.00

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 \$52,500, \$7,500 OF WHICH WAS FOR MSRB RULE VIOLATIONS. FINE PAID IN FULL ON 2/5/13.

Reporting Source:

Firm

Current Status:

Final

Allegations:

SEC RULE 10B-10, SEC RULE 203(B)(3) OF REGULATION SHO, FINRA RULE 7450(A), NASD RULE 6955(A), MSRB RULE G-14:

DURING THE PERIOD REVIEWED, INTERACTIVE BROKERS LLC HAD A FAIL-TO-DELIVER POSITION AT A REGISTERED CLEARING AGENCY IN A THRESHOLD SECURITY FOR 13 CONSECUTIVE SETTLEMENT DAYS AND FAILED TO IMMEDIATELY THEREAFTER CLOSE OUT THE FAIL-TO-DELIVER POSITION BY PURCHASING SECURITIES OF LIKE KIND AND QUANTITY AND CONTINUED TO HAVE AN INTERMITTENT FAIL-TO-DELIVER POSITION IN THE SECURITY AT THE REGISTERED CLEARING AGENCY ON A TOTAL OF 30 SETTLEMENT DAYS, WHICH IT FAILED TO CLOSE OUT WHEN REQUIRED.

THE FIRM TRANSMITTED REPORTABLE ORDER EVENTS (ROES) TO THE ORDER AUDIT TRAIL SYSTEM (OATS) THAT WERE REJECTED FOR CONTEXT OR SYNTAX ERRORS AND WERE REPAIRABLE. THE FIRM FAILED TO REPAIR SOME OF THESE REJECTED ROES DURING THE PERIOD REVIEWED. THE FIRM FAILED TO TRANSMIT THESE TO OATS DURING THE PERIOD REVIEWED.

DURING THE PERIOD REVIEWED, ON 24 OCCASIONS THE FIRM FAILED TO PROVIDE WRITTEN NOTIFICATION DISCLOSING TO ITS CUSTOMERS THE CORRECT YIELD ON CERTAIN TRANSACTIONS.

THE FIRM FAILED TO TIMELY REPORT INFORMATION REGARDING 60 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 REPORT INFORMATION ABOUT SUCH TRANSACTIONS WITHIN 15 MINUTES OF TRADE TIME TO AN RTRS PORTAL.

DURING THE PERIOD REVIEWED, THE FIRM FAILED TO TIMELY REPORT ROES TO OATS; TRANSMITTED ROUTE OR COMBINED ORDER/ROUTE REPORTS THAT THE OATS SYSTEM WAS UNABLE TO LINK TO THE RELATED ORDER ROUTED TO NASDAQ DUE TO INACCURATE, INCOMPLETE OR IMPROPERLY FORMATTED DATA; TRANSMITTED ROUTE OR COMBINED ORDER/ROUTE REPORTS TO OATS THAT OATS WAS UNABLE TO LINK TO THE CORRESPONDING NEW ORDER TRANSMITTED BY THE DESTINATION MEMBER FIRM DUE TO INACCURATE, INCOMPLETE OR IMPROPERLY FORMATTED DATA; AND TRANSMITTED NEW ORDER REPORTS TO OATS AND RELATED SUBSEQUENT REPORTS WHERE THE TIMESTAMP FOR THE RELATED SUBSEQUENT REPORTS OCCURRED PRIOR TO THE RECEIPT OF THE ORDER.

Initiated By: FINRA

Date Initiated: 12/06/2012

Docket/Case Number: [2008014195301](#)

Principal Product Type: Debt - Municipal

Other Product Type(s): THRESHOLD SECURITIES

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

Other Sanction(s)/Relief Sought: CENSURE

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 01/15/2013

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

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF THE FINDINGS. THE FIRM WAS CENSURED AND FINED \$52,500. MSRB RULE VIOLATIONS ACCOUNTED FOR \$7,500 OF THE AMOUNT.



Reporting Source: Regulator

Current Status: Final

Allegations: NFA BYLAW 1101, NFA COMPLIANCE RULES 2-4 AND 2-9(A): HAVING REVIEWED THE INVESTIGATIVE REPORT SUBMITTED BY THE COMPLIANCE DEPARTMENT OF NATIONAL FUTURES ASSOCIATION ("NFA"), AND HAVING FOUND REASON TO BELIEVE THAT NFA REQUIREMENTS ARE BEING, HAVE BEEN OR ARE ABOUT TO BE VIOLATED AND THAT THE MATTER SHOULD BE ADJUDICATED, NFA'S BUSINESS CONDUCT COMMITTEE ("COMMITTEE") ISSUES THIS COMPLAINT AGAINST INTERACTIVE BROKERS LLC ("INTERACTIVE").

NFA ALLEGES THAT INTERACTIVE HAD ALLOWED ENTITIES THAT APPEARED TO BE COMMODITY POOLS TO ENGAGE IN FUTURES TRADING IN ACCOUNTS AT INTERACTIVE EVEN THOUGH THE FIRMS OPERATING THOSE POOLS HAD NOT YET REGISTERED AS CPOS AND NFA MEMBERS.

THE NFA COMPLAINT ALLEGES THAT INTERACTIVE VIOLATED NFA BYLAW 1101 BY DOING BUSINESS WITH NON-MEMBERS OF NFA THAT WERE REQUIRED TO REGISTERED WITH THE CFTC; VIOLATED NFA COMPLIANCE RULE 2-4 BY FAILING TO OBSERVE HIGH STANDARDS OF COMMERCIAL HONOR AND JUST AND EQUITABLE PRINCIPLES OF TRADE; AND VIOLATED NFA COMPLIANCE RULE 2-9 FOR FAILING TO SUPERVISE.

Initiated By: NATIONAL FUTURES ASSOCIATION

Date Initiated: 11/02/2012

Docket/Case Number: 12-BCC-032

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Decision

Resolution Date: 07/05/2013



Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?	No
Sanctions Ordered:	Monetary/Fine \$300,000.00
Other Sanctions Ordered:	UNDERTAKINGS
Sanction Details:	<p>THE FIRM SUBMITTED AN OFFER IN WHICH IT NEITHER ADMITTED NOR DENIED THE ALLEGATIONS MADE AGAINST IT IN TWO COMPLAINTS AND PROPOSED TO SETTLE THOSE COMPLAINTS. PURSUANT TO THE OFFER OF THE FIRM, THE PANEL FINDS THAT THE FIRM VIOLATED NFA BYLAW 1101, AND NFA COMPLIANCE RULES 2-4 AND 2-9(A), AS ALLEGED IN THE THIS COMPLAINT, AND THAT THE FIRM VIOLATED NFA FINANCIAL REQUIREMENTS SECTION 4, AS ALLEGED IN A 2013 COMPLAINT (SEE COMMENT SECTION). HAVING CONSIDERED THESE MATTERS AND HAVING ACCEPTED THE FIRM'S OFFER, THE PANEL ORDERS THE FIRM TO PAY NFA A FINE OF \$300,000, PAYABLE WITHIN THIRTY DAYS AFTER THE ISSUANCE OF THIS DECISION. THE PANEL ALSO ORDERS THE FIRM TO ADOPT AND IMPLEMENT ENHANCED WRITTEN PROCEDURES TO ENSURE COMPLIANCE WITH NFA BYLAW 1101 AND PROVIDE THOSE WRITTEN PROCEDURES TO NFA WITHIN 60 DAYS AFTER THE ISSUANCE OF THIS DECISION. IN ADDITION, THE PANEL ORDERS THE FIRM TO UNDERTAKE A REVIEW OF ITS OPEN FUTURES AND RETAIL FOREX ACCOUNTS TO DETERMINE WHETHER THE FIRM IS IN FULL COMPLIANCE WITH NFA BYLAW 1101 WITH RESPECT TO THE ACCOUNT HOLDERS OF ALL ACCOUNTS OPENED PRIOR TO THE DATE OF THE FIRM'S OFFER AND TAKE PROMPT AND APPROPRIATE REMEDIAL ACTION IN THOSE INSTANCES WHERE THE FIRM FINDS THAT IT DID NOT FULLY COMPLY WITH THE REQUIREMENTS OF NFA BYLAW 1101. THE FIRM IS REQUIRED TO PERFORM SUCH REVIEW WITHIN TWELVE MONTHS OF THE ISSUANCE OF THIS DECISION.</p>
Regulator Statement	<p>ON APRIL 29, 2013, THE COMMITTEE AUTHORIZED THE ISSUANCE OF ANOTHER COMPLAINT AGAINST THE FIRM (THE 2013 COMPLAINT). THE 2013 COMPLAINT ALLEGED THAT THE FIRM VIOLATED NFA FINANCIAL REQUIREMENTS SECTION 4 BY FAILING TO ENSURE BALANCES HELD IN A CUSTOMER SECURED AMOUNT ACCOUNT - IDENTIFIED UNDER COMMODITY FUTURES TRADING COMMISSION REGULATION 30.7 - WERE REPORTED IN THE FORM AND MANNER PRESCRIBED BY NFA. (NFA CASE NO. 13-BCC-008)</p>

Reporting Source: Firm



Current Status: Final

Allegations: NFA'S BUSINESS CONDUCT COMMITTEE ("COMMITTEE") ISSUED A COMPLAINT THAT ALLEGED THAT INTERACTIVE BROKERS LLC ALLOWED ENTITIES THAT APPEARED TO BE COMMODITY POOL OPERATORS (CPOS) TO ENGAGE IN FUTURES TRADING IN ACCOUNTS AT INTERACTIVE EVEN THOUGH THE FIRMS OPERATING THE POOLS HAD NOT YET REGISTERED WITH NFA AS CPOS AND NFA MEMBERS AS REQUIRED BY NFA BYLAW 1101. THE NFA COMMITTEE COMPLAINT ALLEGED THAT INTERACTIVE VIOLATED NFA BYLAW 1101 BY DOING BUSINESS WITH NON-MEMBERS OF NFA THAT WERE REQUIRED TO REGISTER WITH THE CFTC; VIOLATED NFA COMPLIANCE RULE 2-4 BY FAILING TO OBSERVE HIGH STANDARDS OF COMMERCIAL HONOR AND JUST AND EQUITABLE PRINCIPLES OF TRADE; AND VIOLATED NFA COMPLIANCE RULE 2-9(A) FOR FAILING TO SUPERVISE.

Initiated By: NATIONAL FUTURES ASSOCIATION

Date Initiated: 11/02/2012

Docket/Case Number: 12-BCC-032

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: 07/05/2013

Sanctions Ordered: Monetary/Fine \$300,000.00

Other Sanctions Ordered:

Sanction Details: THIS MATTER WAS CONSOLIDATED WITH A JULY 5, 2013 NFA MATTER. THE FIRM SUBMITTED AN OFFER IN WHICH IT NEITHER ADMITTED NOR DENIED THE ALLEGATIONS MADE AGAINST IT IN TWO PENDING COMPLAINTS AND PROPOSED TO SETTLE THOSE COMPLAINTS. PURSUANT TO THE OFFER OF THE FIRM, THE PANEL FOUND THAT THE FIRM VIOLATED NFA BYLAW 1101, AND NFA COMPLIANCE RULES 2-4 AND 2-9(A), AS ALLEGED IN THE THIS COMPLAINT, AND THAT THE FIRM VIOLATED NFA FINANCIAL REQUIREMENTS SECTION 4, AS ALLEGED IN A 2013 COMPLAINT (SEE SUMMARY OF DETAILS SECTION). HAVING CONSIDERED THESE MATTERS AND HAVING ACCEPTED THE FIRM'S OFFER, THE PANEL ORDERED THE FIRM TO PAY NFA A FINE OF \$300,000. THE PANEL ALSO ORDERED THE



FIRM TO ADOPT AND IMPLEMENT ENHANCED WRITTEN PROCEDURES TO ENSURE COMPLIANCE WITH NFA BYLAW 1101 AND PROVIDE THOSE WRITTEN PROCEDURES TO NFA WITHIN 60 DAYS AFTER THE ISSUANCE OF THE DECISION. IN ADDITION, THE PANEL ORDERED THE FIRM TO UNDERTAKE A REVIEW OF ITS OPEN FUTURES AND RETAIL FOREX ACCOUNTS TO DETERMINE WHETHER THE FIRM IS IN FULL COMPLIANCE WITH NFA BYLAW 1101 WITH RESPECT TO THE ACCOUNT HOLDERS OF ALL ACCOUNTS OPENED PRIOR TO THE DATE OF THE FIRM'S OFFER AND TAKE PROMPT AND APPROPRIATE REMEDIAL ACTION IN THOSE INSTANCES WHERE THE FIRM FINDS THAT IT DID NOT FULLY COMPLY WITH THE REQUIREMENTS OF NFA BYLAW 1101. THE FIRM IS REQUIRED TO PERFORM SUCH REVIEW WITHIN TWELVE MONTHS OF THE ISSUANCE OF THE DECISION.

Firm Statement

THIS MATTER WAS CONSOLIDATED WITH A JULY 5, 2013 NFA MATTER, WHICH ALLEGED THAT, DUE TO AN ADMINISTRATIVE ERROR, THE FIRM FAILED TO ENSURE THAT THE BALANCE HELD IN A NEWLY-OPENED BANK ACCOUNT, IDENTIFIED UNDER COMMODITY FUTURES TRADING COMMISSION REGULATION 30.7, WAS REPORTED IN THE FORM AND MANNER PRESCRIBED BY NFA. THE FIRM AGREED WITH THE NATIONAL FUTURES ASSOCIATION TO PAY A FINE OF \$300,000 IN CONNECTION WITH THE TWO PENDING MATTERS FILED IN 2012 AND 2013 AND A SETTLEMENT OFFER SUBMITTED BY INTERACTIVE.

Disclosure 35 of 47

Reporting Source:

Regulator

Current Status:

Final

Allegations:

CFTC PR RELEASE 6317-12/JULY 25, 2012: THE COMMODITY FUTURES TRADING COMMISSION (COMMISSION) HAS REASON TO BELIEVE THAT FROM IN OR ABOUT JANUARY 2008 TO AT LEAST JANUARY 2012 (THE RELEVANT PERIOD), THE FIRM VIOLATED SECTION 4G OF THE COMMODITY EXCHANGE ACT (ACT), 7 U.S.C. § 6G (2006 & SUPP. III 2009) AND COMMISSION REGULATIONS (REGULATIONS) 17.00, 17.01, AND 166.3, 17 C.F.R. §§ 17.00, 17.01, 166.3 (2012). THEREFORE, THE COMMISSION DEEMS IT APPROPRIATE AND IN THE PUBLIC INTEREST THAT PUBLIC ADMINISTRATIVE PROCEEDINGS BE, AND HEREBY ARE, INSTITUTED TO DETERMINE WHETHER THE FIRM ENGAGED IN THE VIOLATIONS SET FORTH HEREIN AND TO DETERMINE WHETHER ANY ORDER SHOULD BE ISSUED IMPOSING REMEDIAL SANCTIONS. THE FIRM REPEATEDLY FAILED TO AGGREGATE POSITIONS FOR RELATED ACCOUNTS THAT IT REPORTED TO THE COMMISSION IN ITS DAILY LARGE TRADER SUBMISSIONS. COMMISSION STAFF NOTIFIED THE FIRM ON MORE THAN 20 OCCASIONS FROM 2010-2011 THAT ITS LARGE TRADER REPORTS ERRONEOUSLY



REPORTED SEPARATE POSITIONS THAT SHOULD HAVE BEEN AGGREGATED IN VIOLATION OF SECTION 4G OF THE ACT AND REGULATIONS 17.00 AND 17.01. THE FIRM PRIMARILY SUPERVISED THE AGGREGATION ASPECT OF ITS LARGE TRADER REPORTING USING AN AUTOMATED SYSTEM THAT LACKED FUNCTIONALITY SUFFICIENT TO AGGREGATE CERTAIN ACCOUNTS OWNED AND/OR CONTROLLED BY THE SAME TRADERS. MOREOVER, THE FIRM FAILED TO TAKE REASONABLE STEPS TO CORRECT ITS AUTOMATED SYSTEM, IN VIOLATION OF REGULATION 166.3, 17 C.F.R. §166.3 (2012), AFTER IT LEARNED THAT THE SYSTEM WAS FAILING TO AGGREGATE CERTAIN ACCOUNTS. IN ADDITION, THE FIRM FAILED TO FILE UPDATED FORM 102S WHEN LARGE TRADERS OPENED RELATED ACCOUNTS OR CHANGED INFORMATION CONCERNING THEIR TRADING ACCOUNTS, AS REQUIRED BY REGULATION 17.01(G). THE FIRM FAILED TO SUPERVISE THE EMPLOYEES RESPONSIBLE FOR SUBMITTING FORM 102S, IN VIOLATION OF REGULATION 166.3, BECAUSE THE FIRM DID NOT INSTRUCT THEM TO SUBMIT UPDATED FORM 102S TO THE COMMISSION AND DID NOT PROVIDE A MEANS BY WHICH ITS EMPLOYEES COULD DETERMINE WHEN AN UPDATED FORM 102 WAS REQUIRED.

Initiated By: COMMODITY FUTURES TRADING COMMISSION

Date Initiated: 07/25/2012

Docket/Case Number: 12-27

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: 07/25/2012

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

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

Other Sanctions Ordered: UNDERTAKINGS

**Sanction Details:**

IN ANTICIPATION OF THE INSTITUTION OF AN ADMINISTRATIVE PROCEEDING, THE FIRM HAS SUBMITTED AN OFFER OF SETTLEMENT (OFFER), WHICH THE COMMISSION HAS DETERMINED TO ACCEPT. WITHOUT ADMITTING OR DENYING ANY OF THE FINDINGS OR CONCLUSIONS HEREIN, THE FIRM CONSENTS TO THE ENTRY OF THIS ORDER INSTITUTING PROCEEDINGS PURSUANT TO SECTIONS 6(C) AND 6(D) OF THE COMMODITY EXCHANGE ACT, AS AMENDED, MAKING FINDINGS AND IMPOSING REMEDIAL SANCTIONS (ORDER) AND ACKNOWLEDGE SERVICE OF THIS ORDER. ACCORDINGLY, IT IS HEREBY ORDERED THAT: THE FIRM SHALL CEASE AND DESIST FROM VIOLATING SECTION 4G OF THE ACT, 7 U.S.C. § 6G (2006 & SUPP. III 2009), AND COMMISSION REGULATIONS 17.00, 17.01, AND 166.3, 17 C.F.R. §§ 17.00, 17.01, AND 166.3 (2012). THIS CEASE AND DESIST ORDER SHALL BE STAYED UNTIL SEPTEMBER 1, 2012 OR UNTIL THE FIRM CERTIFIES ITS COMPLIANCE AS DESCRIBED BELOW, WHICHEVER IS EARLIEST. THE FIRM SHALL PAY A CIVIL MONETARY PENALTY IN THE AMOUNT OF \$700,000 WITHIN 10 DAYS OF THE DATE OF ENTRY OF THIS ORDER. THE FIRM AND ITS SUCCESSORS AND ASSIGNS SHALL COMPLY WITH THE FOLLOWING CONDITIONS AND UNDERTAKINGS SET FORTH IN THE OFFER: THE FIRM SHALL PROVIDE A SWORN STATEMENT SIGNED BY AN OFFICER OR DIRECTOR OF THE FIRM TO THE DIVISION OF ENFORCEMENT ON OR BEFORE SEPTEMBER 1, 2012 AFFIRMING THAT (I) THE FIRM HAS COMPLETED ENHANCEMENTS TO ITS SYSTEMS/PROCEDURES (BOTH TECHNOLOGICAL AND PERSONNEL BASED) FOR AGGREGATING ACCOUNTS, AND (II) THE FIRM HAS TESTED THOSE SYSTEMS/PROCEDURES AND HAS DETERMINED, TO THE BEST OF THE FIRM'S KNOWLEDGE, THAT THEY ENABLE THE FIRM TO COMPLY WITH SECTION 4G OF THE ACT AND COMMISSION REGULATION 17.00(B). THE FIRM AGREES THAT NEITHER IT NOR ANY OF ITS SUCCESSORS AND ASSIGNS, AGENTS OR EMPLOYEES UNDER ITS AUTHORITY OR CONTROL SHALL TAKE ANY ACTION OR MAKE ANY PUBLIC STATEMENT DENYING, DIRECTLY OR INDIRECTLY. [CONTINUED IN COMMENT]

Regulator Statement

[CONTINUED FROM SANCTION DETAIL]: 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 THE FIRM'S: (I) TESTIMONIAL OBLIGATIONS; OR (II) RIGHT TO TAKE LEGAL POSITIONS IN OTHER PROCEEDINGS TO WHICH THE COMMISSION IS NOT A PARTY. THE FIRM AND ITS SUCCESSORS AND ASSIGNS 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: ON JULY 25, 2012, INTERACTIVE AGREED TO A SETTLEMENT AND RELATED ORDER IN AN ACTION BROUGHT BY THE CFTC REGARDING DEFICIENCIES IN INTERACTIVE'S SYSTEMS: (I) TO SUBMIT LARGE TRADER REPORTS TO THE COMMISSION DAILY REFLECTING "REPORTABLE POSITIONS" FOR "SPECIAL ACCOUNTS" PURSUANT TO SECTION 4G OF THE ACT, 7 U.S.C. § 6G (2006 & SUPP. 2009), AND REGULATIONS 15.01(B) AND 17.00, 17 C.F.R. §§ 15.01(B) AND 17.00 (2011) AND (II) TO IDENTIFY ACCOUNT HOLDERS AND ENTITIES EXERCISING TRADING CONTROL OVER EACH "SPECIAL ACCOUNT" ON A FORM 102 AND UPDATE THAT INFORMATION AS NECESSARY, PURSUANT TO REGULATION 17.01, 17 C.F.R. § 17.01 (2011). SPECIFICALLY, THE CFTC FOUND THAT ON MORE THAN 20 OCCASIONS FROM 2010 TO 2011, INTERACTIVE'S LARGE TRADER REPORTS ERRONEOUSLY REPORTED SEPARATE POSITIONS THAT SHOULD HAVE BEEN AGGREGATED IN VIOLATION OF SECTION 4G OF THE ACT AND REGULATIONS 17.00 AND 17.01. THE CFTC FOUND THAT INTERACTIVE FAILED TO TAKE REASONABLE STEPS TO CORRECT ITS AUTOMATED SYSTEM, IN VIOLATION OF REGULATION 166.3, 17 C.F.R. §166.3 (2011). THE CFTC ALSO FOUND THAT INTERACTIVE ON CERTAIN OCCASIONS FAILED TO FILE UPDATED FORM 102S WHEN LARGE TRADERS OPENED RELATED ACCOUNTS OR CHANGED INFORMATION CONCERNING THEIR TRADING ACCOUNTS, AS REQUIRED BY REGULATION 17.01(G).

Initiated By: CFTC

Date Initiated: 07/25/2012

Docket/Case Number: CFTC REGULATORY ACTION CASE NO. 12-27

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: IN THE SETTLEMENT AND RELATED ORDER, INTERACTIVE AGREED TO CEASE AND DESIST ANY FURTHER VIOLATIONS, PAY A FINE OF \$700,000, AND FILE A CERTIFICATION OF COMPLIANCE WITH THE CFTC BY SEPTEMBER 1, 2012.

Resolution: Settled

Resolution Date: 07/25/2012

Sanctions Ordered: Monetary/Fine \$700,000.00

Other Sanctions Ordered: IN THE SETTLEMENT AND ORDER, INTERACTIVE AGREED TO CEASE AND



DESIST ANY FURTHER VIOLATIONS, PAY A FINE OF \$700,000, AND FILE A CERTIFICATION OF COMPLIANCE WITH THE CFTC BY SEPTEMBER 1, 2012.

Sanction Details:

INTERACTIVE AGREED TO CEASE AND DESIST ANY FURTHER VIOLATIONS, PAY A FINE OF \$700,000, AND FILE A CERTIFICATION OF COMPLIANCE WITH THE CFTC BY SEPTEMBER 1, 2012.

Firm Statement

ON JULY 25, 2012, INTERACTIVE AGREED TO A SETTLEMENT AND RELATED ORDER IN AN ACTION BROUGHT BY THE CFTC REGARDING DEFICIENCIES IN INTERACTIVE'S SYSTEMS: (I) TO SUBMIT LARGE TRADER REPORTS TO THE COMMISSION DAILY REFLECTING "REPORTABLE POSITIONS" FOR "SPECIAL ACCOUNTS" PURSUANT TO SECTION 4G OF THE ACT, 7 U.S.C. § 6G (2006 & SUPP. 2009), AND REGULATIONS 15.01(B) AND 17.00, 17 C.F.R. §§ 15.01(B) AND 17.00 (2011) AND (II) TO IDENTIFY ACCOUNT HOLDERS AND ENTITIES EXERCISING TRADING CONTROL OVER EACH "SPECIAL ACCOUNT" ON A FORM 102 AND UPDATE THAT INFORMATION AS NECESSARY, PURSUANT TO REGULATION 17.01, 17 C.F.R. § 17.01 (2011). SPECIFICALLY, THE CFTC FOUND THAT ON MORE THAN 20 OCCASIONS FROM 2010 TO 2011, INTERACTIVE'S LARGE TRADER REPORTS ERRONEOUSLY REPORTED SEPARATE POSITIONS THAT SHOULD HAVE BEEN AGGREGATED IN VIOLATION OF SECTION 4G OF THE ACT AND REGULATIONS 17.00 AND 17.01. THE CFTC FOUND THAT INTERACTIVE FAILED TO TAKE REASONABLE STEPS TO CORRECT ITS AUTOMATED SYSTEM, IN VIOLATION OF REGULATION 166.3, 17 C.F.R. §166.3 (2011). THE CFTC ALSO FOUND THAT INTERACTIVE ON CERTAIN OCCASIONS FAILED TO FILE UPDATED FORM 102S WHEN LARGE TRADERS OPENED RELATED ACCOUNTS OR CHANGED INFORMATION CONCERNING THEIR TRADING ACCOUNTS, AS REQUIRED BY REGULATION 17.01(G).

Disclosure 36 of 47

Reporting Source:

Regulator

Current Status:

Final

Allegations:

CHAPTER V, RULES 5.1, 5.3 OF THE BZX EXCHANGE RULES, CHAPTER XVIII, RULES 18.10(A), 18.10(B), 18.2(A)(1), 18.7 OF THE BZX EXCHANGE RULES - A CUSTOMER OF INTERACTIVE BROKERS LLC EXCEEDED THE POSITION LIMIT ON THE BEARISH SIDE OF THE MARKET IN A SECURITY FOR FIVE CONSECUTIVE TRADING DAYS AND SUBSEQUENTLY FOR THREE CONSECUTIVE TRADING DAYS. DESPITE THE FACT THAT ITS CUSTOMER HAD ESTABLISHED A POSITION THAT EXCEEDED THE APPLICABLE POSITION LIMIT, THE FIRM EXECUTED ADDITIONAL OPTIONS TRADES FOR THE CUSTOMER'S ACCOUNT IN THE SECURITY ON THE BEARISH SIDE OF THE MARKET ON FIVE DAYS AND LATER ON TWO DAYS. THE FIRM'S SAME CUSTOMER EXCEEDED THE POSITION LIMIT ON THE BULLISH SIDE OF THE MARKET IN THE SECURITY FOR 24 NON-CONSECUTIVE TRADING DAYS

AND ON THE BEARISH SIDE OF THE MARKET IN THE SAME SECURITY FOR EIGHT NON-CONSECUTIVE TRADING DAYS. DESPITE THE FACT THAT ITS CUSTOMER HAD ESTABLISHED A POSITION THAT HAD EXCEEDED THE APPLICABLE POSITION LIMIT, THE FIRM EXECUTED ADDITIONAL OPTIONS TRADES FOR THE CUSTOMER IN THE SECURITY ON THE BEARISH SIDE OF THE MARKET AND ON THE BULLISH SIDE OF THE MARKET LATER ON FIVE DAYS. THE FIRM FAILED TO REPORT THE APPROPRIATE IN-CONCERT INFORMATION FOR CUSTOMER ACCOUNTS. THE FIRM OVER-REPORTED A CUSTOMER'S EQUITY HEDGE RECORDS SUBMITTED TO THE OPTIONS CLEARING CORPORATION (OCC) ON SEVEN OCCASIONS AND MISREPORTED A CUSTOMER'S EQUITY HEDGE RECORDS SUBMITTED TO THE OCC FOR TWO ACCOUNTS ON 18 DAYS. THE FIRM FAILED TO REPORT 85,798 POSITIONS TO OCC LARGE OPTION POSITIONS REPORTING (LOPR) WITH THE CORRECT EFFECTIVE DATE. THE FIRM FAILED TO DELETE CUSTOMER POSITIONS FROM OCC LOPR AND FAILED TO REPORT POSITIONS TO OCC LOPR DUE TO CHANGES IN OPTION MULTIPLIERS AND DELIVERABLES FOR OPTION CONTRACTS SUBJECT TO CORPORATE ACTIONS. THE FIRM FAILED TO REPORT APPROXIMATELY 8,479 POSITIONS TO THE OCC LOPR FOR EXPIRING OPTION POSITIONS AND HAS FAILED TO REPORT TO THE LOPR REPORTABLE OPTIONS POSITIONS RECEIVED FROM EXTERNAL TRANSFERS. THE FIRM FAILED TO HAVE AN ADEQUATE SYSTEM TO SUPERVISE POSITION LIMITS AND IN-CONCERT REPORTING TO OCC. THE FIRM FAILED TO HAVE ADEQUATE WRITTEN SUPERVISORY PROCEDURES AND AN ADEQUATE SUPERVISORY SYSTEM TO REVIEW THE ACCURACY OF ITS DAILY OCC LOPR SUBMISSIONS.

Initiated By: BATS Z-EXCHANGE, INC.
Date Initiated: 05/21/2012
Docket/Case Number: 20100211736
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: 05/21/2012



Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?	No
Sanctions Ordered:	Censure Monetary/Fine \$165,000.00
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 \$165,000 AND REQUIRED TO REVISE ITS SUPERVISORY SYSTEM, INCLUDING WRITTEN SUPERVISORY PROCEDURES, WITH RESPECT TO THE ABOVE ALLEGATIONS WITHIN 30 BUSINESS DAYS OF ACCEPTANCE OF THIS AWC BY THE CHIEF REGULATORY OFFICER.
Regulator Statement	OTHER CASE NUMBERS: 20100220870, 20100236875, 20110275368.

Reporting Source:	Firm
Current Status:	Final
Allegations:	CHAPTER V, RULES 5.1, 5.3 OF THE BZX EXCHANGE RULES, CHAPTER XVIII, RULES 18.10(A), 18.10(B), 18.2(A)(1), 18.7 OF THE BZX EXCHANGE RULES - A CUSTOMER OF INTERACTIVE BROKERS LLC EXCEEDED THE POSITION LIMIT ON THE BEARISH SIDE OF THE MARKET IN A SECURITY FOR FIVE CONSECUTIVE TRADING DAYS AND SUBSEQUENTLY FOR THREE CONSECUTIVE TRADING DAYS. DESPITE THE FACT THAT ITS CUSTOMER HAD ESTABLISHED A POSITION THAT EXCEEDED THE APPLICABLE POSITION LIMIT, THE FIRM EXECUTED ADDITIONAL OPTIONS TRADES FOR THE CUSTOMER'S ACCOUNT IN THE SECURITY ON THE BEARISH SIDE OF THE MARKET ON FIVE DAYS AND LATER ON TWO DAYS. THE FIRM'S SAME CUSTOMER EXCEEDED THE POSITION LIMIT ON THE BULLISH SIDE OF THE MARKET IN THE SECURITY FOR 24 NON-CONSECUTIVE TRADING DAYS AND ON THE BEARISH SIDE OF THE MARKET IN THE SAME SECURITY FOR EIGHT NON-CONSECUTIVE TRADING DAYS. DESPITE THE FACT THAT ITS CUSTOMER HAD ESTABLISHED A POSITION THAT HAD EXCEEDED THE APPLICABLE POSITION LIMIT, THE FIRM EXECUTED ADDITIONAL OPTIONS TRADES FOR THE CUSTOMER IN THE SECURITY ON THE BEARISH SIDE OF THE MARKET AND ON THE BULLISH SIDE OF THE MARKET LATER ON FIVE DAYS. THE FIRM FAILED TO REPORT THE APPROPRIATE IN-CONCERT INFORMATION FOR CUSTOMER ACCOUNTS. THE FIRM OVER-REPORTED A CUSTOMER'S EQUITY HEDGE RECORDS SUBMITTED TO THE OPTIONS



CLEARING CORPORATION (OCC) ON SEVEN OCCASIONS AND MISREPORTED A CUSTOMER'S EQUITY HEDGE RECORDS SUBMITTED TO THE OCC FOR TWO ACCOUNTS ON 18 DAYS. THE FIRM FAILED TO REPORT 85,798 POSITIONS TO OCC LARGE OPTION POSITIONS REPORTING (LOPR) WITH THE CORRECT EFFECTIVE DATE. THE FIRM FAILED TO DELETE CUSTOMER POSITIONS FROM OCC LOPR AND FAILED TO REPORT POSITIONS TO OCC LOPR DUE TO CHANGES IN OPTION MULTIPLIERS AND DELIVERABLES FOR OPTION CONTRACTS SUBJECT TO CORPORATE ACTIONS. THE FIRM FAILED TO REPORT APPROXIMATELY 8,479 POSITIONS TO THE OCC LOPR FOR EXPIRING OPTION POSITIONS AND HAS FAILED TO REPORT TO THE LOPR REPORTABLE OPTIONS POSITIONS RECEIVED FROM EXTERNAL TRANSFERS. THE FIRM FAILED TO HAVE AN ADEQUATE SYSTEM TO SUPERVISE POSITION LIMITS AND IN-CONCERT REPORTING TO OCC. FINRA ALSO ALLEGED THAT THE FIRM FAILED TO HAVE ADEQUATE WRITTEN SUPERVISORY PROCEDURES AND AN ADEQUATE SUPERVISORY SYSTEM TO REVIEW THE ACCURACY OF ITS DAILY OCC LOPR SUBMISSIONS.

Initiated By: BATS EXCHANGE, INC.

Date Initiated: 05/21/2012

Docket/Case Number: 20100211736

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: 05/21/2012

Sanctions Ordered: Censure
Monetary/Fine \$165,000.00

Other Sanctions Ordered: UNDERTAKING TO REVISE THE FIRM'S SUPERVISORY SYSTEM, INCLUDING WRITTEN SUPERVISORY PROCEDURES, WITH RESPECT TO THE ABOVE ALLEGATIONS.

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE ENTRY OF FINDINGS AND TO THE DESCRIBED SANCTIONS: CENSURE; \$165,000 FINE; AND A REQUIREMENT TO REVISE ITS SUPERVISORY SYSTEM, INCLUDING WRITTEN SUPERVISORY PROCEDURES, WITH RESPECT TO THE ABOVE ALLEGATIONS WITHIN 30 BUSINESS DAYS OF ACCEPTANCE OF THIS AWC BY THE BZX CHIEF



REGULATORY OFFICER.

Firm Statement

WITHIN THIRTY BUSINESS DAYS OF ACCEPTANCE OF THE AWC BY THE BZX CHIEF REGULATORY OFFICER, THE FIRM REVISED ITS SUPERVISORY SYSTEM, INCLUDING THE FIRM'S WRITTEN SUPERVISORY PROCEDURES, TO ADDRESS THE ISSUES REFERENCED ABOVE.

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Reporting Source:

Regulator

Current Status:

Final

Allegations:

SECTION 12(K) OF THE SECURITIES EXCHANGE ACT, SEC REGULATION SHO RULES 204T(A), 204(A), FINRA RULE 2010, NASD RULES 2110, 3010(A) - INTERACTIVE BROKERS LLC EXECUTED SHORT SALES IN THE SECURITIES OF FINANCIAL SERVICES FIRMS COVERED BY AN SEC EMERGENCY ORDER WHICH PROHIBITED SHORT SELLING IN ANY FIRMS IDENTIFIED IN THE APPENDIX TO THE EMERGENCY ORDER. THE FIRM OBTAINED COMMISSIONS TOTALING APPROXIMATELY \$6,000 FOR EFFECTING THESE SHORT SALE TRANSACTIONS. THE FIRM FAILED TO COMPLY WITH ORDERS PROMULGATED BY THE SEC. PRIOR TO THE ENACTMENT OF RULE 204T(A), THE FIRM DEvised A POLICY THAT DID NOT MANDATE THAT FAIL-TO-DELIVER POSITIONS RESULTING FROM SHORT SALE TRANSACTIONS BE CLOSED OUT NO LATER THAN THE TIME OF THE MARKET'S OPEN ON T+4; THE FIRM'S POLICY PERMITTED THE CLOSE-OUT OF FAIL-TO-DELIVER POSITIONS RESULTING FROM SHORT SALES TO OCCUR SHORTLY AFTER THE MARKET'S OPEN, GENERALLY WITHIN MINUTES AFTER THE MARKET'S OPEN. FOR MORE THAN TWO YEARS, THE FIRM FAILED TO TIMELY CLOSE OUT ITS FAIL-TO DELIVER POSITIONS IN APPROXIMATELY 34,000 SHORT SALE POSITIONS, VIOLATING SEC RULES 204T(A) AND 204(A). THE FIRM FAILED TO PUT INTO PLACE A SUPERVISORY SYSTEM REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RULES 204T(A) AND 204(A). FINRA NOTIFIED THE FIRM THAT ITS POLICY RELATING TO RULE 204T(A) AND RULE 204(A) WAS DEFICIENT BECAUSE IT DID NOT MANDATE THAT ALL FAIL-TO-DELIVER POSITIONS RESULTING FROM SHORT SALE TRANSACTIONS BE CLOSED OUT NO LATER THAN THE MARKET'S OPEN ON T-4. THE FIRM TOOK STEPS TO ADDRESS THE PROBLEM AND CORRECT ITS SUPERVISORY CONTROLS BUT THE CONTROLS REMAINED DEFICIENT BECAUSE THE FIRM FAILED TO TIMELY EXECUTE THE BUY-INS CLOSING OUT FAIL-TO-DELIVER POSITIONS IN SHORT SALES ON APPROXIMATELY 4,000 OCCASIONS, THEREBY FAILING TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM TO ACHIEVE COMPLIANCE WITH RULE 204T(A) AND RULE 204(A).

Initiated By:

FINRA



Date Initiated: 06/06/2012

Docket/Case Number: [2010022582001](#)

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

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Other

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

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 06/06/2012

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

Sanctions Ordered: Censure
Monetary/Fine \$550,000.00

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 \$550,000 WHICH INCLUDES DISGORGEMENT OF APPROXIMATELY \$6,000 IN COMMISSIONS RECEIVED. FINE PAID IN FULL ON JUNE 28, 2012.

Reporting Source: Firm

Current Status: Final

Allegations: FINRA ALLEGED THAT THE FIRM WAS IN VIOLATION OF SECTION 12(K) OF THE SECURITIES EXCHANGE ACT, SEC REGULATION SHO RULES 204T(A), 204(A), FINRA RULE 2010, AND NASD RULES 2110, 3010(A) BY EXECUTING SHORT SALES IN THE SECURITIES OF FINANCIAL SERVICES FIRMS COVERED BY AN SEC EMERGENCY ORDER WHICH PROHIBITED SHORT SELLING IN ANY FIRMS IDENTIFIED IN THE APPENDIX TO THE EMERGENCY ORDER, AND RECEIVED COMMISSIONS TOTALING APPROXIMATELY \$6,000 FOR EFFECTING THESE SHORT SALE TRANSACTIONS. THE FIRM FAILED TO COMPLY WITH ORDERS PROMULGATED BY THE SEC. PRIOR TO THE ENACTMENT OF RULE 204T(A), THE FIRM DEvised A POLICY THAT DID NOT



MANDATE THAT FAIL-TO-DELIVER POSITIONS RESULTING FROM SHORT SALE TRANSACTIONS BE CLOSED OUT NO LATER THAN THE TIME OF THE MARKET'S OPEN ON T+4, AND PERMITTED THE CLOSE-OUT OF FAIL-TO-DELIVER POSITIONS RESULTING FROM SHORT SALES TO OCCUR SHORTLY AFTER THE MARKET'S OPEN, GENERALLY WITHIN MINUTES AFTER THE MARKET'S OPEN. FOR MORE THAN TWO YEARS, THE FIRM FAILED TO CLOSE OUT NO LATER THAN THE TIME OF THE MARKET'S OPEN ON T+4 AND, THEREBY, FAILED TO TIMELY CLOSE OUT ITS FAIL-TO-DELIVER POSITIONS IN APPROXIMATELY 34,000 SHORT SALE POSITIONS, IN VIOLATION OF SEC RULES 204T(A) AND 204(A). THE FIRM FAILED TO PUT INTO PLACE A SUPERVISORY SYSTEM REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RULES 204T(A) AND 204(A).

Initiated By:	FINRA
Date Initiated:	06/06/2012
Docket/Case Number:	2010022582001
Principal Product Type:	Equity Listed (Common & Preferred Stock)
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Censure
Other Sanction(s)/Relief Sought:	\$550,000 FINE
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	06/06/2012
Sanctions Ordered:	Censure Monetary/Fine \$550,000.00
Other Sanctions Ordered:	
Sanction Details:	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE ENTRY OF FINDINGS AND A CENSURE AND \$550,000 FINE WHICH INCLUDES DISGORGEMENT OF APPROXIMATELY \$6,000 IN COMMISSIONS RECEIVED.
Firm Statement	THE FIRM REVISED ITS SUPERVISORY SYSTEM, INCLUDING THE FIRM'S WRITTEN SUPERVISORY PROCEDURES, TO ADDRESS THE ISSUES REFERENCED ABOVE.

Disclosure 38 of 47

Reporting Source: Regulator



Current Status: Final

Allegations: SEC RULE 203(B)(3) OF REGULATION SHO, NASD RULE 6955(A) - INTERACTIVE BROKERS LLC HAD FAIL-TO-DELIVER POSITIONS AT A REGISTERED CLEARING AGENCY IN THRESHOLD SECURITIES FOR 13 CONSECUTIVE SETTLEMENT DAYS AND FAILED TO IMMEDIATELY THEREAFTER CLOSE OUT THE FAIL-TO-DELIVER POSITIONS BY PURCHASING SECURITIES OF LIKE KIND AND QUANTITY. THE FIRM TRANSMITTED REPORTS TO THE ORDER AUDIT TRAIL SYSTEM (OATS) THAT CONTAINED AN INACCURATE ACCOUNT TYPE CODE, INACCURATE SPECIAL HANDLING CODES AND/OR INCORRECTLY MARKED AN ORDER AS LONG.

Initiated By: FINRA

Date Initiated: 12/22/2011

Docket/Case Number: [2007010465601](#)

Principal Product Type: Other

Other Product Type(s): THRESHOLD SECURITIES

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 12/22/2011

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 \$57,500.00

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 \$57,500. FINE PAID IN FULL JANUARY 5, 2012.



Reporting Source: Firm

Current Status: Final

Allegations: SEC RULE 203(B)(3) OF REGULATION SHO- INTERACTIVE BROKERS LLC HAD FAIL-TO-DELIVER POSITIONS IN FOUR THRESHOLD SECURITIES FOR 13 CONSECUTIVE SETTLEMENT DAYS AND FAILED TO IMMEDIATELY THEREAFTER CLOSE OUT THE FAIL-TO-DELIVER POSITIONS BY PURCHASING SECURITIES OF LIKE KIND AND QUANTITY. NASD RULE 6955(A)- THE FIRM SUBMITTED 13 RECORDS TO THE ORDER AUDIT TRAIL SYSTEM (OATS) THAT CONTAINED INACCURATE, INCOMPLETE OR IMPROPERLY FORMATTED DATA.

Initiated By: FINRA

Date Initiated: 12/22/2011

Docket/Case Number: 20070104656-01

Principal Product Type: Other

Other Product Type(s): THRESHOLD SECURITIES

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought: FINE

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 12/22/2011

Sanctions Ordered: Censure
Monetary/Fine \$57,500.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS.

Disclosure 39 of 47

Reporting Source: Regulator

Current Status: Final

Allegations: CFTC RELEASE 5354-07, JULY 18, 2007; THE CFTC ORDER FINDS THAT, FROM FEBRUARY 2003 THROUGH MAY 2005, IBL ACCEPTED 135 THIRD-PARTY DEPOSITS IN THE FORM OF WIRE TRANSFERS AND CHECKS TOTALING \$7.7 MILLION INTO AN INDIVIDUAL'S PERSONAL ACCOUNT, BUT DID NOT HAVE PROCEDURES REASONABLY DESIGNED TO DETECT THE



DEPOSIT OF THIRD-PARTY FUNDS IN AN INDIVIDUAL TRADING ACCOUNT. THE FREQUENCY AND MAGNITUDE OF DEPOSITS AND WITHDRAWALS TO THE INDIVIDUAL'S ACCOUNT, RELATIVE TO HIS STATED LIQUID NET WORTH, AND THE PATTERN OF DEPOSITS FOLLOWED BY WITHDRAWALS SUGGESTED THAT THE INDIVIDUAL MIGHT BE OPERATING AS AN UNREGISTERED COMMODITY POOL OPERATOR. IBL COMPLIANCE STAFF TELEPHONED THE INDIVIDUAL ON AT LEAST THREE OCCASIONS TO INQUIRE ABOUT THE TRADING ACTIVITY IN HIS ACCOUNT. EACH TIME, IBL COMPLIANCE STAFF ACCEPTED THE INDIVIDUAL'S EXPLANATIONS AS REASONABLE WITHOUT CONDUCTING ANY ADDITIONAL OR INDEPENDENT INQUIRIES. AS NOTED IN THE CFTC ORDER, AN FCM'S ABILITY TO DETERMINE IF FUNDS IN CUSTOMER ACCOUNTS ARE COMING FROM SOMEONE OTHER THAN THE ACCOUNTHOLDER IS A NECESSARY PART OF AN ADEQUATE SUPERVISORY SYSTEM. IF AN FCM FAILS TO MONITOR THE SOURCE OF FUNDS BEING DEPOSITED INTO CUSTOMER ACCOUNTS AT THE TIME SUCH FUNDS ARE RECEIVED, IT'S ABILITY TO DETECT ILLEGAL ACTIVITY SUCH AS POOL FRAUD OR MONEY LAUNDERING IS IMPAIRED. THE ORDER FINDS THAT, DURING THE RELEVANT TIME PERIOD, IBL'S PROCEDURES FOR DETERMINING THE SOURCE OF FUNDS RECEIVED THROUGH WIRE TRANSFERS WERE INADEQUATE TO MEET ITS SUPERVISORY RESPONSIBILITIES. RESPONDENT VIOLATED COMMISSION REGULATION 166.3, 17 C.F.R. STATUTE 166.3 (2006).

Initiated By: COMMODITY FUTURES TRADING COMMISSION

Date Initiated: 07/17/2007

Docket/Case Number: 07-07

Principal Product Type: Futures - Commodity

Other Product Type(s): OPTIONS, FOREX, STOCKS

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Order

Resolution Date: 07/17/2007

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: Disgorgement/Restitution
Cease and Desist/Injunction

Other Sanctions Ordered: UNDERTAKING

Sanction Details: IT IS HEREBY ORDERED THAT: IBL SHALL CEASE AND DESIST FROM VIOLATING COMMISSION REGULATION 166.3, 17 C.F.R. STATUTE 166.3 (2006); SHALL DISGORGE \$175,000 IN COMMISSIONS EARNED; SHALL COMPLY WITH ITS UNDERTAKING THAT NEITHER THE FIRM 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 FINDING 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 THE FIRM'S (I) TESTIMONIAL OBLIGATIONS; OR (II) RIGHT TO TAKE LEGAL POSITIONS IN OTHER PROCEEDINGS TO WHICH THE COMMISSION IS NOT A PARTY; AND THE FIRM SHALL TAKE ALL STEPS NECESSARY TO ENSURE THAT ITS AGENTS OR EMPLOYEES, IF ANY, UNDERSTAND AND COMPLY WITH THIS UNDERTAKING.

Reporting Source: Firm

Current Status: Final

Allegations: THE CFTC ORDER (RELEASE 5354-07, JULY 18, 2007) FOUND THAT, FROM FEBRUARY 2003 THROUGH MAY 2005, THE FIRM ACCEPTED 135 THIRD-PARTY DEPOSITS IN THE FORM OF WIRE TRANSFERS AND CHECKS TOTALING \$7.7 MILLION INTO AN INDIVIDUAL'S PERSONAL ACCOUNT, BUT DID NOT HAVE PROCEDURES REASONABLY DESIGNED TO DETECT THE DEPOSIT OF THIRD-PARTY FUNDS IN AN INDIVIDUAL TRADING ACCOUNT. THE FREQUENCY AND MAGNITUDE OF DEPOSITS AND WITHDRAWALS TO THE INDIVIDUAL'S ACCOUNT, RELATIVE TO HIS STATED LIQUID NET WORTH, AND THE PATTERN OF DEPOSITS FOLLOWED BY WITHDRAWALS SUGGESTED THAT THE INDIVIDUAL MIGHT BE OPERATING AS AN UNREGISTERED COMMODITY POOL OPERATOR. THE ORDER FINDS THAT, DURING THE RELEVANT TIME PERIOD, IBL'S PROCEDURES FOR DETERMINING THE SOURCE OF FUNDS RECEIVED THROUGH WIRE TRANSFERS WERE INADEQUATE TO MEET ITS SUPERVISORY RESPONSIBILITIES. RESPONDENT VIOLATED COMMISSION REGULATION 166.3, 17 C.F.R. STATUTE 166.3 (2006).

Initiated By: COMMODITY FUTURES TRADING COMMISSION

Date Initiated: 07/17/2007

Docket/Case Number: 07-07



Principal Product Type:	Other
Other Product Type(s):	OPTIONS, FOREX, STOCKS
Principal Sanction(s)/Relief Sought:	Cease and Desist
Other Sanction(s)/Relief Sought:	DISGORGEMENT/RESTITUTION
Resolution:	Order
Resolution Date:	07/17/2007
Sanctions Ordered:	Disgorgement/Restitution Cease and Desist/Injunction
Other Sanctions Ordered:	UNDERTAKING
Sanction Details:	THE FIRM SHALL CEASE AND DESIST FROM VIOLATING COMMISSION REGULATION 166.3, 17 C.F.R. STATUTE 166.3 (2006); SHALL DISGORGE \$175,000 IN COMMISSIONS EARNED; SHALL COMPLY WITH ITS UNDERTAKING THAT NEITHER THE FIRM 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 FINDING 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 THE FIRM'S (I) TESTIMONIAL OBLIGATIONS; OR (II) RIGHT TO TAKE LEGAL POSITIONS IN OTHER PROCEEDINGS TO WHICH THE COMMISSION IS NOT A PARTY; AND THE FIRM SHALL TAKE ALL STEPS NECESSARY TO ENSURE THAT ITS AGENTS OR EMPLOYEES, IF ANY, UNDERSTAND AND COMPLY WITH THIS UNDERTAKING.

Disclosure 40 of 47

Reporting Source:	Regulator
Current Status:	Final
Allegations:	**6/29/07**STIPULATION OF FACTS AND CONSENT TO PENALTY FILED BY NYSE REGULATION'S DIVISION OF ENFORCEMENT AND PENDING CONSENTED TO FINDINGS:1)VIOLATED NYSE RULE 431(F)(8)(B)(IV) BY PERMITTING PATTERN DAY TRADER ACCOUNTS TO EFFECT UP TO THREE DAY TRADES WHEN THEIR ACCOUNTS DID NOT HAVE THE REQUIRED MINIMUM EQUITY OF \$25,000;2)VIOLATED SECTION 15(C) OF THE SECURITIES EXCHANGE ACT OF 1934 AND RULE 15C3-3(E) THEREUNDER BY CAUSING INTRA-DAY DEFICIENCIES ON ONE OR MORE OCCASIONS IN THE CUSTOMER RESERVE ACCOUNT IN CONNECTION WITH (A) THE EARLY WITHDRAWAL OF SECURITIES AND (B) A NON-BONA FIDE DEPOSIT IN THE



RESERVE ACCOUNT CAUSED BY EMPLOYEE ERRORS;3)VIOLATED SECTION 17(A) OF THE SECURITIES EXCHANGE ACT OF 1934 AND RULE 17A-13(B)(D) THEREUNDER AND NYSE RULE 440 IN THAT IT FAILED TO RECORD THE QUARTERLY SECURITIES COUNT PROCESS AND TO RECORD THE NAMES OF TREASURY EMPLOYEES WHO PERFORMED THE COUNT AND EMPLOYEES WHO REVIEWED THE COUNT;4 VIOLATED SECTION 17(A) OF THE SECURITIES EXCHANGE ACT OF 1934 AND RULE 17A-3(A)(5) THEREUNDER AND NYSE RULE 440 IN THAT IT FAILED TO MAINTAIN A SEPARATE RECORD OR LEDGER FOR EACH SECURITY HELD IN THE FIRM'S POSSESSION OR UNDER ITS CONTROL FOR CUSTOMER ACCOUNTS AND FOR PROPRIETARY ACCOUNTS BY FAILING TO ENSURE THAT CERTAIN SECURITIES (NON-DTC AND BUY-INS) WERE PROPERLY RECORDED IN SEPARATE ACCOUNTS;5)VIOLATED SECTION 17(A) OF THE SECURITIES EXCHANGE ACT OF 1934 AND RULE 17A-3 AND 17A-4 THEREUNDER AND NYSE RULE 440 IN THAT IT FAILED TO ACCURATELY REPORT ALL RETAIL COMMISSIONS EARNED ON A FORM 600TC; 6)VIOLATED NYSE RULE 132.30 IN THAT IT FAILED TO ENSURE COMPLIANCE WITH AUDIT TRAIL REQUIREMENTS BY ERRONEOUSLY CODING ONE OR MORE TRANSACTIONS ON ONE TRADE DATE WITH AN INCORRECT ACCOUNT TYPE INDICATOR;7)VIOLATED NYSE RULE 411(B)(1) BY INTRODUCING FOR EXECUTION ON THE NYSE CUSTOMER ODD-LOT ORDERS THAT AGGREGATE 100 SHARES OR MORE WITHOUT HAVING THOSE ORDERS CONSOLIDATED INTO ROUND LOTS AS FAR AS POSSIBLE; **CONT.IN 13C**

Initiated By: NEW YORK STOCK EXCHANGE DIVISION OF ENFORCEMENT

Date Initiated: 06/29/2007

Docket/Case Number: HPD#07-145

Principal Product Type: Other

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Decision

Resolution Date: 10/08/2007

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

Other Sanctions Ordered:

**Sanction Details:**

****9/10/07****)DECISION NO. 07-145 ISSUED BY NYSE HEARING BOARD
 DECISION:VIOLATED NYSE RULE 431(F)(8)(B)(IV) BY PERMITTING
 PATTERN DAY TRADER ACCOUNTS TO EFFECT UP TO THREE DAY TRADES
 WHEN ACCOUNTS DID NOT HAVE REQUIRED MINIMUM EQUITY OF \$25,000;
 VIOLATED SECTION 15(C)OF SECURITIES EXCHANGE ACT OF 1934 AND
 RULE 15C3-3(E) THEREUNDER BY CAUSING INTRA-DAY DEFICIENCIES IN
 CUSTOMER RESERVE ACCOUNT IN CONNECTION WITH (A) EARLY
 WITHDRAWAL OF SECURITIES AND (B) NON-BONA FIDE DEPOSIT IN
 RESERVE ACCOUNT CAUSED BY EMPLOYEE ERRORS; VIOLATED SECTION
 17(A)OF SECURITIES EXCHANGE ACT OF 1934 AND RULE 17A-13(B)
 THEREUNDER AND NYSE RULE 440 BY FAILING
 TO RECORD QUARTERLY SECURITIES COUNT PROCESS AND TO RECORD
 NAMES OF TREASURY EMPLOYEES WHO PERFORMED COUNT AND
 EMPLOYEES WHO REVIEWED COUNT; VIOLATED SECTION 17(A) OF
 SECURITIES EXCHANGE ACT OF 1934 AND RULE 17A-3(A)(5) THEREUNDER
 AND NYSE RULE 440 BY FAILING TO MAINTAIN SEPARATE RECORD OR
 LEDGER FOR EACH SECURITY HELD IN FIRM'S POSSESSION OR UNDER
 ITS CONTROL FOR CUSTOMER ACCOUNTS AND FOR PROPRIETARY
 ACCOUNTS BY FAILING TO ENSURE THAT CERTAIN SECURITIES WERE
 PROPERLY RECORDED IN SEPARATE ACCOUNTS; VIOLATED NYSE 401 BY
 SUBMITTING INACCURATE RETAIL COMMISSION INFORMATION IN THAT IT
 FAILED TO PROPERLY REPORT ALL RETAIL COMMISSIONS ON FORM 600TC
 AND THUS UNDERPAID ITS 600TC FEES;VIOLATED THEN NYSE RULE 132.
 30(10) BY FAILING TO
 ENSURE COMPLIANCE WITH AUDIT TRAIL REQUIREMENTS BY
 ERRONEOUSLY CODING TRANSACTIONS ON ONE TRADE DATE WITH
 INCORRECT ACCOUNT TYPE INDICATOR; VIOLATED NYSE RULE 411(B)(1)
 BY INTRODUCING FOR EXECUTION ON NYSE CUSTOMER ODD-LOT
 ORDERS THAT AGGREGATE 100 SHARES OR MORE WITHOUT HAVING
 THOSE ORDERS CONSOLIDATED INTO ROUND LOTS AS FAR AS POSSIBLE;
 VIOLATED NYSE RULE 342(A) AND (B) BY FAILING TO
 ESTABLISH AND MAINTAIN APPROPRIATE PROCEDURES FOR
 SUPERVISION AND CONTROL, INCLUDING A SEPARATES SYSTEM OF
 FOLLOW-UP AND REVIEW RELATING TO (I)PATTERN DAY TRADER
 ACCOUNTS EFFECTING UP TO THREE DAY TRADES WHEN ****CONT.#14****

Regulator Statement

****10/8/07**** THE DECISION BECAME FINAL AS OF THE CLOSE OF BUSINESS
 ON OCTOBER 5, 2007 AND THE FINE BECAME PAYABLE ON THAT SAME
 DATE. CONTACT: PEGGY GERMINO 212-656-8450.

Reporting Source:

Firm

Current Status:

Final

Allegations:

STIPULATION OF FACTS AND CONSENT TO PENALTY FILED BY NYSE



REGULATION'S DIVISION OF ENFORCEMENT WAS ACCEPTED REGARDING FINDINGS THAT THE FIRM: 1)VIOLATED NYSE RULE 431(F)(8)(B)(IV); 2)VIOLATED SECTION 15(C) OF THE SECURITIES EXCHANGE ACT OF 1934 AND RULE 15C3-3(E) THEREUNDER; 3)VIOLATED SECTION 17(A) OF THE SECURITIES EXCHANGE ACT OF 1934 AND RULE 17A-13(B)(D) THEREUNDER AND NYSE RULE 440; 4 VIOLATED SECTION 17(A) OF THE SECURITIES EXCHANGE ACT OF 1934 AND RULE 17A-3(A)(5) THEREUNDER AND NYSE RULE 440; 5)VIOLATED SECTION 17(A) OF THE SECURITIES EXCHANGE ACT OF 1934 AND RULE 17A-3 AND 17A-4 THEREUNDER AND NYSE RULE 440; 6)VIOLATED NYSE RULE 132.30; 7)VIOLATED NYSE RULE 411(B)(1); 8)VIOLATED NYSE RULE 342(A) AND (B)

Initiated By: NEW YORK STOCK EXCHANGE

Date Initiated: 06/29/2007

Docket/Case Number: HPD#07-145

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought: FINE \$250,000.00

Resolution: Stipulation and Consent

Resolution Date: 10/05/2007

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

Other Sanctions Ordered:

Sanction Details: THE FIRM ENTERED INTO A STIPULATION OF FACTS AND CONSENT TO PENALTY WHICH WAS ACCEPTED BY THE NYSE AND FINALIZED ON OCTOBER 5, 2007. IN ACCEPTING THE STIPULATION AND CONSENT, THE NYSE IMPOSED THE PENALTY CONSENTED TO BY THE RESPONDENT OF A CENSURE AND \$250,000 FINE.

Disclosure 41 of 47

Reporting Source: Regulator

Current Status: Final

Allegations: NFA BYLAW 1101, NFA RULES 2-5, 2-10 - INTERACTIVE BROKERS LLC FAILED TO MAINTAIN REQUIRED BOOKS AND RECORDS; FAILED TO



RESPOND TIMELY TO NFA'S REQUESTS FOR INFORMATION RELATIVE TO AUDITS; THE FIRM IS LIABLE FOR DOING BUSINESS WITH A NON-MEMBER WHEN IT KNEW, OR SHOULD HAVE KNOWN, THAT THE NON-NFA MEMBER WAS ACTING IN A CAPACITY THAT REQUIRED CFTC REGISTRATION AND NFA MEMBERSHIP.

Initiated By: NATIONAL FUTURES ASSOCIATION

Date Initiated: 06/02/2006

Docket/Case Number: 06-BCC-010

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Decision & Order of Offer of Settlement

Resolution Date: 05/29/2007

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: Monetary/Fine \$125,000.00
Disgorgement/Restitution

Other Sanctions Ordered:

Sanction Details: INTERACTIVE BROKERS LLC SUBMITTED AN OFFER OF SETTLEMENT WHICH THE HEARING PANEL HAS ACCEPTED. THE FIRM IS ORDERED TO PAY UP TP \$325,000 INTO A "RESTITUTION FUND" AT NFA AND PAY A FINE OF \$125,000 TO NFA DUE AND PAYABLE WITHIN 30 DAYS OF THE ISSUANCE OF THE DECISION. THE PANEL ORDERED THAT THE CHARGE THAT THE FIRM FAILED TO COOPERATE WITH AN NFA EXAMINATION AND INQUIRY BE DISMISSED BASED ON NFA'S REPRESENTATION THAT THE DISPUTE SURROUNDING THE ALLEGED REBATE TAKEN BY THE FIRM FOR ITS PURPORTED OVERPAYMENT OF NFA ASSESSMENT FEES HAS BEEN RESOLVED.

Reporting Source: Firm



Current Status: Final
Allegations: ALLEGED VIOLATION OF NFA RULES 2-10, 2-5 AND NFA BYLAW 1101.
Initiated By: NATIONAL FUTURES ASSOCIATION
Date Initiated: 06/02/2006
Docket/Case Number: 06-BCC-010
Principal Product Type: No Product
Other Product Type(s):
Principal Sanction(s)/Relief Sought: Other
Other Sanction(s)/Relief Sought: \$125,000.00 FINE AND DISGORGEMENT/RESTITUTION.
Resolution: Decision & Order of Offer of Settlement
Resolution Date: 05/29/2007
Sanctions Ordered: Monetary/Fine \$125,000.00
 Disgorgement/Restitution
Other Sanctions Ordered:
Sanction Details: INTERACTIVE BROKERS LLC SUBMITTED AN OFFER OF SETTLEMENT WHICH THE HEARING PANEL HAS ACCEPTED. THE FIRM IS ORDERED TO PAY UP TO \$325,000.00 INTO A "RESTITUTION FUND" AT NFA AND PAY A FINE OF \$125,000 TO NFA. THE PANEL ORDERED THE DISMISSAL OF THE CHARGE OF FAILURE TO COOPERATE PROMPTLY AND FULLY WITH AN NFA EXAMINATION AND INQUIRY.

Disclosure 42 of 47

Reporting Source: Regulator
Current Status: Final
Allegations: NASD RULES 2110, 3010, 3360 - INTERACTIVE BROKERS LLC FAILED TO REPORT ITS NASDAQ SHORT INTEREST POSITIONS TO NASD; AND THE FIRM'S SUPERVISORY SYSTEM DID NOT ACHIEVE COMPLIANCE WITH RESPECT TO APPLICABLE SECURITIES LAWS, REGULATIONS, AND NASD RULES CONCERNING SHORT INTEREST REPORTING.
Initiated By: NASD
Date Initiated: 05/05/2006
Docket/Case Number: [2004200002501](#)



Principal Product Type: Other
Other Product Type(s): UNKNOWN TYPES OF SECURITIES
Principal Sanction(s)/Relief Sought:
Other Sanction(s)/Relief Sought:
Resolution: Acceptance, Waiver & Consent(AWC)
Resolution Date: 05/05/2006
Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? No
Sanctions Ordered: Censure
 Monetary/Fine \$95,000.00
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 \$95,000, AND REQUIRED TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES REGARDING SHORT INTEREST REPORTING WITHIN 30 BUSINESS DAYS OF ACCEPTANCE OF THIS AWC BY THE NAC.

Reporting Source: Firm
Current Status: Final
Allegations: NASD MARKET REGULATION STAFF ALLEGE THAT BETWEEN OCTOBER 1999 - JULY 2002 (THE "REVIEW PERIOD"), THE FIRM FAILED TO REPORT ITS NASDAQ SHORT INTEREST POSITIONS TO NASD IN VIOLATION OF NASD CONDUCT RULE 3360; AND, THAT THE FIRM'S SUPERVISORY SYSTEMS DID NOT ACHIEVE COMPLIANCE WITH THE APPLICABLE SECURITIES RULES AND REGULATIONS IN VIOLATION OF NASD CONDUCT RULES 2110 AND 3010.
Initiated By: NASD
Date Initiated: 12/03/2004
Docket/Case Number: MRD 20042000025-01



Principal Product Type:	Equity - OTC
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Denial
Other Sanction(s)/Relief Sought:	FINE AND UNDERTAKING TO REVISE WRITTEN SUPERVISORY PROCEDURES.
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	05/04/2006
Sanctions Ordered:	Censure Monetary/Fine \$95,000.00
Other Sanctions Ordered:	WITHOUT ADMITTING OR DENYING THE ALLEGATIONS OR FINDINGS, THE FIRM CONSENTED TO A CENSURE, A FINE OF \$95,000.00, AND AN UNDERTAKING BY THE FIRM TO REVISE ITS SUPERVISORY PROCEDURES FOR SHORT INTEREST REPORTING.
Sanction Details:	WITHOUT ADMITTING OR DENYING THE ALLEGATIONS OR FINDINGS, THE FIRM CONSENTED TO A CENSURE, A FINE OF \$95,000.00, AND AN UNDERTAKING BY THE FIRM TO REVISE ITS SUPERVISORY PROCEDURES FOR SHORT INTEREST REPORTING.
Firm Statement	DURING THE REVIEW PERIOD, THE FIRM REPORTED ITS SHORT INTEREST IN NASDAQ SECURITIES TO SIAC/NYSE, RATHER THAN DIRECTLY TO NASD AS THE RULES REQUIRE. THE FIRM BELIEVED THAT THE REPORTS WERE BEING FORWARDED TO NASD VIA SIAC/NYSE AND THAT THIS FULFILLED THE FIRM'S OBLIGATIONS. DUE TO SYSTEMS CHANGES AT SIAC/NYSE, HOWEVER, IB'S SHORT INTEREST REPORTS WERE NOT FORWARDED TO NASD.

Disclosure 43 of 47

Reporting Source:	Regulator
Current Status:	Final
Allegations:	<p>**12/01/2003** STIPULATION AND CONSENT TO PENALTY FILED BY NYSE DIVISION OF ENFORCEMENT AND PENDING. HEARING REQUESTED. CONSENTED TO FINDINGS: WITHOUT ADMITTING OR DENYING GUILT, INTERACTIVE BROKERS CONSENTED TO FINDINGS THAT IT: 1. VIOLATED SEC RULES 17A-3 AND 17A-4 AND EXCHANGE RULE 440 IN THAT THE FIRM FAILED TO MAKE AND MAINTAIN ACCURATE BOOKS AND RECORDS; 2. VIOLATED EXCHANGE RULE 405(1) IN THAT THE FIRM FAILED TO USE DUE DILIGENCE TO LEARN THE ESSENTIAL FACTS RELATIVE TO CERTAIN CUSTOMER ORDERS; 3. VIOLATED EXCHANGE RULE 342 IN THAT</p>



THE FIRM FAILED TO INSTITUTE ADEQUATE SUPERVISORY PROCEDURES AND CONTROLS TO DETECT AND/OR PREVENT PROHIBITED ODD-LOT TRADING PRACTICES, INCLUDING DAYTRADING; 4. ENGAGED IN CONDUCT INCONSISTENT WITH JUST AND EQUITABLE PRINCIPLES OF TRADE BY THE FIRM ALLOWING CUSTOMERS TO EFFECT ODD-LOT TRADE CONTRARY TO EXCHANGE RULES AND POLICIES; 5. VIOLATED SEC RULES 15C-3 AND 15C-1 BY FAILING TO PROPERLY CALCULATE ITS NET CAPITAL AND CUSTOMER RESERVE FORMULA COMPUTATIONS, RESULTING IN TWO RESERVE FORMULA HINDSIGHT DEFICIENCIES; 6. VIOLATED EXCHANGE RULE 431 BY FAILING TO IDENTIFY PATTERN DAY TRADERS AND FAILING TO CALCULATE DAY TRADING MARGIN POWER IN CUSTOMER ACCOUNTS TO ENSURE THAT CUSTOMER ACCOUNTS HAD THE REQUIRED MINIMUM EQUITY OF \$25,000 IN THEIR ACCOUNTS; AND 7. VIOLATED EXCHANGE RULE 351(D) IN THAT IT DID NOT ACCEPT VERBAL CUSTOMER COMPLAINTS. STIPULATED SANCTION: THE IMPOSITION BY THE EXCHANGE OF THE PENALTY OF A CENSURE AND A \$170,000 FINE.

Initiated By: NEW YORK STOCK EXCHANGE DIVISION OF ENFORCEMENT

Date Initiated: 12/01/2003

Docket/Case Number: HPD# 04-2

Principal Product Type: Other

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Decision

Resolution Date: 02/20/2004

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

Sanctions Ordered: Censure
Monetary/Fine \$170,000.00

Other Sanctions Ordered:

Sanction Details: **01/20/2004** DECISION 04-2 ISSUED BY NYSE HEARING PANEL.
DECISION: 1. VIOLATED EXCHANGE RULE 342 IN THAT THE FIRM FAILED TO



INSTITUTE ADEQUATE SUPERVISORY PROCEDURES AND CONTROLS TO DETECT AND/OR PREVENT PROHIBITED ODD-LOT TRADING PRACTICES, INCLUDING DAYTRADING; 2. ENGAGED IN CONDUCT INCONSISTENT WITH JUST AND EQUITABLE PRINCIPLES OF TRADE BY THE FIRM ALLOWING CUSTOMERS TO EFFECT ODD-LOT TRADE CONTRARY TO EXCHANGE RULES AND POLICIES; 3. VIOLATED EXCHANGE RULE 405(1) IN THAT THE FIRM FAILED TO USE DUE DILIGENCE TO LEARN THE ESSENTIAL FACTS RELATIVE TO CERTAIN CUSTOMER ORDERS; 4. VIOLATED SEC RULES 15C3-3 AND 15C3-1 BY FAILING TO PROPERLY CALCULATE ITS NET CAPITAL AND CUSTOMER RESERVE FORMULA COMPUTATIONS, RESULTING IN TWO RESERVE FORMULA HINDSIGHT DEFICIENCIES; 5. VIOLATED SEC RULES 17A-3 AND 17A-4 AND EXCHANGE RULE 440 IN THAT THE FIRM FAILED TO MAKE AND MAINTAIN ACCURATE BOOKS AND RECORDS; 6. VIOLATED EXCHANGE RULE 431 BY FAILING TO IDENTIFY PATTERN DAY TRADERS AND FAILING TO CALCULATE DAY TRADING MARGIN POWER IN CUSTOMER ACCOUNTS TO ENSURE THAT CUSTOMER ACCOUNTS HAD THE REQUIRED MINIMUM EQUITY OF \$25,000 IN THEIR ACCOUNTS; AND 7. VIOLATED EXCHANGE RULE 351(D) IN THAT THE FIRM DID NOT ACCEPT VERBAL CUSTOMER COMPLAINTS. PENALTY: THE IMPOSITION BY THE EXCHANGE OF THE PENALTY OF A CENSURE AND A \$170,000 FINE.

Regulator Statement

****02/20/2004**** THE DECISION IS NOW FINAL AND IS EFFECTIVE IMMEDIATELY. CONTACT: MICHELE VAN TASSEL (212) 656-5340.

Reporting Source:

Firm

Current Status:

Final

Allegations:

NYSE ALLEGED THAT THE FIRM VIOLATED RULE 342 AND 405(2) BY NOT ADEQUATELY SUPERVISING ODD-LOT TRADING PRACTICES; VIOLATED SEC RULES 15C3-3, 15C3-1, 17A-3 AND 17A-4 AND EXCHANGE RULE 440 BY FAILING TO PROPERLY CALCULATE NET CAPITAL AND RESERVE REQUIREMENTS DURING CERTAIN REVIEW PERIODS, RESULTING IN TWO HINDSIGHT RESERVE FORMULA DEFICIENCIES; VIOLATED RULE 431 BY FAILING TO IDENTIFY CERTAIN PATTERN DAY TRADERS AND VIOLATED EXCHANGE RULE 351(D) BY NOT TRACKING VERBAL CUSTOMER COMPLAINTS. THE NYSE HEARING PANEL NOTED THAT "NONE OF THE DEFICIENCIES CITED CAUSED A LOSS TO CUSTOMERS" AND ALSO THAT IB "AT ALL TIMES HAD SUFFICIENT LIQUID NET CAPITAL" AND DURING THE RELEVANT REVIEW PERIODS ACTUALLY HAD EXCESS NET CAPITAL OF \$54 MILLION AND \$79 MILLION.

Initiated By:

NEW YORK STOCK EXCHANGE

Date Initiated:

01/13/2004

Docket/Case Number:

NYSE 04-2



Principal Product Type:	No Product
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Censure
Other Sanction(s)/Relief Sought:	FINE-\$170,000.00
Resolution:	Other
Resolution Date:	02/20/2004
Sanctions Ordered:	Censure Monetary/Fine \$170,000.00
Other Sanctions Ordered:	
Sanction Details:	FINE OF \$170,000.00 TO BE PAID BY MARCH 30, 2004
Firm Statement	WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, THE FIRM CONSENTED TO A CENSURE AND FINE OF \$170,000. NYSE ALLEGED THAT THE FIRM VIOLATED RULE 342 AND 405(2) BY NOT ADEQUATELY SUPERVISING ODD-LOT TRADING PRACTICES; VIOLATED SEC RULES 15C3-3,15C3-1,17A-3 AND 17A-4 AND EXCHANGE RULE 440 BY FAILING TO PROPERLY CALCULATE NET CAPITAL AND RESERVE REQUIREMENTS DURING CERTAIN REVIEW PERIODS, RESULTING IN TWO HINDSIGHT RESERVE FORMULA DEFICIENCIES; VIOLATED RULE 431 BY FAILING TO IDENTIFY CERTAIN PATTERN DAY TRADERS AND VIOLATED EXCHANGE RULE 351(D) BY NOT TRACKING VERBAL CUSTOMER COMPLAINTS. THE NYSE HEARING PANEL NOTED THAT "NONE OF THE DEFICIENCIES CITED CAUSED A LOSS TO CUSTOMERS" AND ALSO THAT IB "AT ALL TIMES HAD SUFFICIENT LIQUID NET CAPITAL" AND DURING THE RELEVANT REVIEW PERIODS ACTUALLY HAD EXCESS NET CAPITAL OF \$54 MILLION AND \$79 MILLION.

Disclosure 44 of 47

Reporting Source:	Regulator
Current Status:	Final
Allegations:	SEC RULE 17A-4, NASD RULES 2110, 3010, 3110,4720(B), 6955(B)(1) - WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, RESPONDENT MEMBER CONSENTED TO THE ENTRY OF FINDINGS THAT IT ENTERED ORDERS INTO SELECTNET PREFERENCED TO AN ECN AND AS A RESULT, ECNS IN MOST CASES FAILED TO EXECUTE THE ORDERS BY SELECTNET ALTHOUGH LATER THE ORDERS MAY HAVE BEEN EXECUTED THROUGH



ALTERNATIVE METHODS; PROGRAMMED ITS SYSTEM TO RETAIN FOR NO MORE THAN ONE WEEK CERTAIN REQUIRED DETAILS CONCERNING ITS ROUTING OF ORDERS THROUGH SELCTNET; SUBMITTED OATS REPORTS WITH RESPECT TO EQUITY SECURITIES TRADED ON NASDAQ THAT WERE NOT IN THE ELECTRONIC FORM REQUIRED BY THE NASD; AND THE FIRM'S SUPERVISORY SYSTEM FAILED TO PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ENSURE THAT PROGRAMMING CHANGES MADE TO THE FIRM'S AUTOMATED ROUTING AND EXECUTION SYSTEM WERE IN COMPLIANCE WITH APPLICABLE SECURITIES LAWS AND REGULATIONS CONCERNING NASD MARKETPLACE RULE 4720(B), OATS, AND RECORD KEEPING.

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 03/07/2002

Docket/Case Number: CMS020047

Principal Product Type: Other

Other Product Type(s): ELECTRONIC SECURITIES

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 03/07/2002

Sanctions Ordered: Censure
Monetary/Fine \$230,000.00

Other Sanctions Ordered: UNDERTAKING

Sanction Details: CENSURED, FINED \$230,000 AND REQUIRED TO UNDERTAKE TO REVISE ITS WRITTEN SUPERVISORY PORCEDURES REGARDING NASD MARKETPLACE RULE 4720(B), OATS, AND RECORDKEEPING AND TO SUBMIT WITHIN 30 BUSINESS DAYS OF ACCEPTANCE OF THIS AWC TO NASD,A SIGNED LETTER SHOWING COMPLIANCE.

Reporting Source: Firm

Current Status: Final

Allegations: FOR THE PURPOSE OF SETTLING ALLEGED VIOLATIONS OF NASD CONDUCT RULES 4720(B) AND 6955(B), SEC RULE 17A-4, AND NASD MARKETPLACE RULES 2110, 3010, AND 3110, THE FIRM SUBMITTED A



LETTER OF ACCEPTANCE, WAIVER & CONSENT TO NASD REGULATION AGREEING TO A CENSURE; PAYMENT OF A \$230,000 FINE; AND REVISION OF THE FIRM'S WRITTEN SUPERVISORY PROCEDURES SO THAT SUCH PROCEDURES ARE REASONABLY DESIGNED TO ENSURE THAT PROGRAMING CHANGES MADE TO THE FIRM'S AUTOMATED ROUTING AND EXECUTION SYSTEM COMPLY WITH, AMONG OTHER THINGS, NASD CONDUCT RULES 4720(B) AND NASD ORDER AUDIT TRAIL SYSTEM (OATS) AND RECORD KEEPING REQUIREMENTS. (CONT'D AT ITEM 13).

Initiated By: NASD

Date Initiated: 09/11/2000

Docket/Case Number: CMS020047 AWC

Principal Product Type: Equity - OTC

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought: FINE OF \$230,000, AND REVISION OF THE FIRM'S WRITTEN SUPERVISORY PROCEDURES.

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 03/07/2002

Sanctions Ordered: Censure
Monetary/Fine \$230,000.00

Other Sanctions Ordered: REVISION OF FIRM'S WRITTEN SUPERVISORY PROCEDURES.

Sanction Details: REVISION OF FIRM'S WRITTEN SUPERVISORY PROCEDURES

Firm Statement NASDR ALLEGED THAT ELECTRONIC MESSAGES SENT TO ECNS THROUGH THE SELECTNET SYSTEM (RATHER THAN SENT TO ECNS DIRECTLY) CONTAINED AN IMPROPER "N" (NON-NEGOTIABLE) ORDER MODIFIER. NASDR ALSO ALLEGED THAT IB PROVIDED A 24 CHARACTER HEXADECIMAL ORDER IDENTIFICATION NUMBER IN ITS OATS REPORTS RATHER THAN A 8-CHARACTER ALPHANUMERIC IDENTIFIER AS REQUIRED BY THE OATS RULES AND THAT IB FAILED TO RETAIN CERTAIN INFORMATION FOR THE REQUIRED PERIOD OF TIME.

Disclosure 45 of 47

Reporting Source: Regulator

Current Status: Pending

Allegations: IT IS ALLEGED THAT THE ACTS, PRACTICES AND CONDUCT CONSTITUTE



VIOLATIONS OF;

- 1) EXCHANGE RULES 4.1, 4.2, 6.8(C)(VII), 9.8 AND INTERPRETATION AND POLICY 02, RG 97-98 AND RG 00-27 BY IB IN THAT IB PROVIDED ITS CUSTOMERS WITH DIRECT ACCESS TO RAES THROUGH IB'S ORDER ROUTING SYSTEM AND IB INTENTIONALLY REFUSED AND FAILED TO ADOPT, DEVELOP AND IMPLEMENT PROCEDURES REASONABLY DESIGNED TO PREVENT ACCESS TO ITS ORDER ROUTING SYSTEM FROM BEING USED TO CIRCUMVENT THE RAES ORDER SIZE LIMITATION.
- 2) EXCHANGE RULES 4.1, 4.2, 6.8(C)(VII), 9.8 AND INTERPRETATION AND POLICY 02, RG 97-98 AND RG 00-27 BY IB IN THAT IB INTENTIONALLY REFUSED AND FAILED TO ADOPT, DEVELOP AND IMPLEMENT PROCEDURES REASONABLY DESIGNED TO PREVENT ACCESS TO ITS ORDER ROUTING SYSTEM FROM BEING USED TO CIRCUMVENT THE RAES ORDER SIZE LIMITATION, AND THEREBY CERTAIN IB CUSTOMERS USED THEIR DIRECT ACCESS TO RAES, ON NUMEROUS OCCASIONS, INCLUDING BUT NOT LIMITED TO, THE ACTIVITY DESCRIBE IN APPENDIX A, TO PLACE, AT OR ABOUT THE SAME TIME, MULTIPLE RAES ORDERS IN THE SAME OR SIMILAR OPTION SERIES THAT WERE SPLIT UP TO CIRCUMVENT THE RAES ORDER SIZE LIMITATION IN CONTRAVENTION OF EXCHANGE RULES.

Initiated By: CHICAGO BOARD OPTIONS EXCHANGE

Date Initiated: 01/10/2002

Docket/Case Number: 01-0019

Principal Product Type: Options

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Reporting Source: Firm

Current Status: Final

Allegations: THE CBOE ALLEGED IN TWO RELATED ACTIONS THAT IB'S FAILURE PRIOR TO MARCH 2000 TO RESTRICT THE FREQUENCY WITH WHICH ITS CUSTOMERS COULD TRANSMIT MULTIPLE ORDERS ON THE SAME SIDE OF THE MARKET IN THE SAME OPTION CLASS CONSTITUTED A VIOLATION OF CBOE RULES 4.1 & 6.8(A)(I) AND REGULATORY CIRCULAR RG 97-98, AND THAT IB'S IMPOSITION AFTER MARCH 2000 AND BEFORE FEBRUARY 23, 2001 OF A TEN SECOND ORDER FREQUENCY RESTRICTION WAS INSUFFICIENT TO COMPLY WITH EXCHANGE RULE 6.8(A)(I) AND RG 97-98.



Initiated By: CHICAGO BOARD OPTIONS EXCHANGE
Date Initiated: 04/05/2001
Docket/Case Number: CBOE FILE NUMBER 01-0019
Principal Product Type: Options
Other Product Type(s):
Principal Sanction(s)/Relief Sought: Censure
Other Sanction(s)/Relief Sought: \$15,000.00 FINE
Resolution: Settled
Resolution Date: 10/18/2002
Sanctions Ordered: Censure
 Monetary/Fine \$15,000.00
Other Sanctions Ordered:
Sanction Details: MONETARY FINE \$15,000.00

Disclosure 46 of 47

Reporting Source: Regulator
Current Status: Final
Allegations: NASD RULES 2110, 3010, 3350, AND 3370 - RESPONDENT EXERCISED SHORT SALE TRANSACTION FOR A CUSTOMER IN NASDAQ NNM SECURITIES, AT OR BELOW THE CURRENT INSIDE BID WHEN THE CURRENT INSIDE BID WAS BELOW THE PRECEDING INSIDE BID IN EACH OF THE SECURITIES; THE FIRM EXECUTED SHORT SALE ORDERS FOR A CUSTOMER IN CERTAIN SECURITIES AND FAILED TO MAKE AN AFFIRMATIVE DETERMINATION PRIOR TO EXECUTING SUCH TRANSACTIONS FOR SUCH CUSTOMER; AND, THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO THE APPLICABLE SECURITIES LAWS AND REGULATIONS CONCERNING SHORT SALES.

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS
Date Initiated: 05/18/2001
Docket/Case Number: CMS010065
Principal Product Type: Equity - OTC

**Other Product Type(s):****Principal Sanction(s)/Relief Sought:****Other Sanction(s)/Relief Sought:****Resolution:** Acceptance, Waiver & Consent(AWC)**Resolution Date:** 05/18/2001**Sanctions Ordered:** Censure
Monetary/Fine \$12,500.00**Other Sanctions Ordered:****Sanction Details:** N/A**Regulator Statement** .**Reporting Source:** Firm**Current Status:** Final**Allegations:** FOR THE PURPOSE OF RESOLVING ALLEGED RULE VIOLATIONS OF NASD CONDUCT RULES REGARDING SHORT SALES, INTERACTIVE BROKERS LLC (THE "FIRM") ENTERED INTO AN ACCEPTANCE, WAIVER AND CONSENT (AWC) WITH NASD REGULATION, INC. IN WHICH THE FIRM CONSENTED TO THE FOLLOWING SANCTIONS: A CENSURE AND PAYMENT OF A FINE IN THE AMOUNT OF \$12,500, WITHOUT ADMITTING OR DENYING LIABILITY.**Initiated By:** NASD**Date Initiated:** 05/18/2001**Docket/Case Number:** NASD COMPLAINT # CMS010065**Principal Product Type:** Other**Other Product Type(s):** EQUITY SECURITIES**Principal Sanction(s)/Relief Sought:** Censure**Other Sanction(s)/Relief Sought:** \$12,500 FINE**Resolution:** Acceptance, Waiver & Consent(AWC)**Resolution Date:** 05/18/2001



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

Other Sanctions Ordered:

Sanction Details: CENSURE AND MONITARY FINE OF \$12,500.00 PAID 06/22/2001

Disclosure 47 of 47

Reporting Source: Regulator

Current Status: Final

Allegations: IT IS ALLEGED THAT THE ACTS, PRACTICES AND CONDUCT CONSTITUTE VIOLATIONS OF 1) EXCHANGE RULES 4.1, 4.2, 6.8(A)(I) AND 9.8.02, RG97-98 AND RG00-27 BY IB, IN THAT IB PROVIDED ITS CUSTOMERS WITH DIRECT ACCESS TO RAES THROUGH IB'S ORDER ROUTING SYSTEM AND IB INTENTIONALLY REFUSED AND FAILED TO ADOPT, DEVELOP AND IMPLEMENT PROCEDURES REASONABLY DESIGNED TO PREVENT ACCESS TO ITS ORDER ROUTING SYSTEM FROM BEING USED TO CIRCUMVENT THE RAES ORDER SIZE LIMITATION.
2) EXCHANGE RULES 4.1, 4.2, 6.8(A)(I) AND 9.8.02, RG97-98 AND RG00-27 BY IB, IN THAT IB INTENTIONALLY REFUSED AND FAILED TO ADOPT, DEVELOP AND IMPLEMENT PROCEDURES REASONABLY DESIGNED TO PREVENT ACCESS TO ITS ORDER ROUTING SYSTEM FROM BEING USED TO CIRCUMVENT THE RAES ORDER SIZE LIMITATION AND THEREBY CERTAIN OF IB CUSTOMERS USED THEIR DIRECT ACCESS TO RAES, ON NUMEROUS OCCASIONS, INCLUDING, BUT NOT LIMITED TO THE ACTIVITY DESCRIBE IN APPENDICES A AND B, TO PLACE, AT OR ABOUT THE SAME TIME, MULTIPLE RAES ORDERS IN THE SAME OR SIMILAR OPTION SERIES THAT WERE SPLIT UP TO CIRCUMVENT THE RAES ORDER SIZE LIMITATION IN CONTRAVENTION OF EXCHANGE RULES.

Initiated By: CHICAGO BOARD OPTIONS EXCHANGE

Date Initiated: 04/05/2001

Docket/Case Number: 01-0002 / 01-0019 (CONSOLIDATED)

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: SEE SANCTION DETAIL

Resolution: Decision & Order of Offer of Settlement



Resolution Date: 10/18/2002

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

Other Sanctions Ordered: INTERACTIVE BROKERS LLC, SHALL BE AND HEREBY IS CENSURED AND FINED IN THE AMOUNT OF FIFTEEN THOUSAND DOLLARS (\$15,000). IN ACCEPTING THIS OFFER OF SETTLEMENT, THE COMMITTEE CONSIDERS THE FACT THAT ON OR ABOUT SEPTEMBER 18, 2001, IN CONSULTATION WITH EXCHANGE STAFF, IB ESTABLISHED PROCEDURES THAT THE EXCHANGE AGREES ARE SUFFICIENT TO COMPLY WITH EXCHANGE RULES 4.1, 6.8(A)(I), AND RG 97-98.

Sanction Details: INTERACTIVE BROKERS LLC, SHALL BE AND HEREBY IS CENSURED AND FINED IN THE AMOUNT OF FIFTEEN THOUSAND DOLLARS (\$15,000). IN ACCEPTING THIS OFFER OF SETTLEMENT, THE COMMITTEE CONSIDERS THE FACT THAT ON OR ABOUT SEPTEMBER 18, 2001, IN CONSULTATION WITH EXCHANGE STAFF, IB ESTABLISHED PROCEDURES THAT THE EXCHANGE AGREES ARE SUFFICIENT TO COMPLY WITH EXCHANGE RULES 4.1, 6.8(A)(I), AND RG 97-98.

Reporting Source: Firm

Current Status: Final

Allegations: THE CBOE ALLEGED IN TWO RELATED ACTIONS THAT IB'S FAILURE PRIOR TO MARCH 2000 TO RESTRICT THE FREQUENCY WITH WHICH ITS CUSTOMERS COULD TRANSMIT MULTIPLE ORDERS ON THE SAME SIDE OF THE MARKET IN THE SAME OPTION CLASS CONSTITUTED A VIOLATION OF CBOE RULES 4.1 & 6.8(A)(I) AND REGULATORY CIRCULAR RG 97-98, AND THAT IB'S IMPOSITION AFTER MARCH 2000 AND BEFORE FEBRUARY 23, 2001 OF A TEN SECOND ORDER FREQUENCY RESTRICTION WAS INSUFFICIENT TO COMPLY WITH THE EXCHANGE RULE 6.8(A)(I) AND RG 97-98.

Initiated By: CHICAGO BOARD OPTIONS EXCHANGE

Date Initiated: 04/05/2001

Docket/Case Number: CBOE FILE NUMBER 01-0002

Principal Product Type: Options

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Censure



Other Sanction(s)/Relief Sought: \$15,000.00 FINE

Resolution: Settled

Resolution Date: 04/05/2001

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

Other Sanctions Ordered:

Sanction Details: MONETARY FINE \$15,00.00



Regulatory - Pending

This type of disclosure event may include a pending formal proceeding initiated by a regulatory authority (e.g., a state securities agency, self-regulatory organization, federal regulatory agency such as the Securities and Exchange Commission, foreign financial regulatory body) for alleged violations of investment-related rules or regulations.

Disclosure 1 of 3

Reporting Source: Firm

Current Status: Pending

Allegations: ON NOVEMBER 14, 2017, THE MARKETS DISCIPLINARY PANEL ("THE MDP") OF THE AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION ("ASIC") GAVE AN INFRINGEMENT NOTICE TO INTERACTIVE BROKERS LLC ("INTERACTIVE") UNDER REGULATION 7.2A.04 OF THE CORPORATIONS REGULATIONS 2001 (THE "REGULATIONS") ON THE BASIS THAT IT HAD REASONABLE GROUNDS TO BELIEVE THAT INTERACTIVE HAD CONTRAVENED SUBSECTION 798H(1) OF THE CORPORATIONS ACT 2001 (THE "ACT") BY REASON OF CONTRAVENING RULES 5.5.2(B) AND 5.7.1(B)(III) OF THE ASIC MARKET INTEGRITY RULES (CHI-X AUSTRALIA MARKET) 2011. THE NOTICE SPECIFIED A TOTAL PENALTY OF AUD 250,000.

THE MDP STATED THAT IT HAS REASONABLE GROUNDS TO BELIEVE THAT INTERACTIVE CONTRAVENED RULE 5.7.1(B)(III) ON THE BASIS THAT A MARKET PARTICIPANT IN INTERACTIVE'S POSITION DURING THE RELEVANT PERIOD OUGHT REASONABLY TO HAVE SUSPECTED THAT THE BIDS SUBMITTED BY ONE CLIENT IN ONE SECURITY (THE "SUBJECT SECURITY") THROUGH INTERACTIVE'S AOP SYSTEM WERE PLACED BY THE CLIENT WITH THE INTENTION OF CREATING A FALSE OR MISLEADING APPEARANCE WITH RESPECT TO THE MARKET FOR, OR THE PRICE OF THE SHARES IN THAT THE BIDS APPEAR TO HAVE BEEN TIMED TO CREATE A PRICE IMPACT AT MINIMAL COST. THE CLIENT HAD AN INTEREST IN SUPPORTING THE SHARE PRICE OF THE SUBJECT SECURITY, GIVEN THE CLIENT'S SIGNIFICANT INDIRECT HOLDING IN THE SUBJECT SECURITY.

THE MDP ACCEPTS THAT SOME OF THE BIDS PLACED BY THE CLIENT APPEARED TO BE GENUINE BIDS TO ACQUIRE SHARES. GENERALLY, THESE BIDS WERE FOR LARGER VOLUMES WHICH RESULTED IN TRADES THAT DID NOT IMPACT ON THE PRICE OF SHARES IN THE SUBJECT SECURITY.

THE MDP STATED THAT IT HAS REASONABLE GROUNDS TO BELIEVE THAT INTERACTIVE CONTRAVENED RULE 5.5.2(B) ON THE BASIS THAT INTERACTIVE DID NOT HAVE SUFFICIENT ORGANIZATIONAL AND TECHNICAL RESOURCES TO PROMPTLY DETECT, REPORT AND MITIGATE THE RISKS OF MANIPULATIVE TRADING BY CLIENTS.



MDP ACCEPTS THAT INTERACTIVE HAD SOME SYSTEMS, PROCEDURES AND RESOURCES IN PLACE THAT WERE INTENDED TO PREVENT OR MINIMIZE MANIPULATIVE TRADING. THESE COMPRISED: (A) PRE-TRADE FILTERS, WHICH CHECKED ORDERS AGAINST PRICE, QUANTITY AND TRADE VALUE PARAMETERS BEFORE BEING SUBMITTED TO THE TRADING PLATFORM; (B) POST-TRADE REPORTS AND ALERTS, INCLUDING CROSS-TRADE SURVEILLANCE REPORTS, MARKING THE CLOSE REPORTS AND DAILY STATISTICS REPORTS; AND (C) WRITTEN SUPERVISORY PROCEDURES TO BE FOLLOWED BY TRADING DESK STAFF, INCLUDING POLICIES AND PROCEDURES FOR MONITORING CLIENTS' USE OF INTERACTIVE'S AOP SYSTEM AND FOR REPORTING OF SUSPICIOUS TRADING BY CLIENTS.

HOWEVER, THE MDP CONSIDERS THAT INTERACTIVE'S SYSTEMS, PROCEDURES AND RESOURCES, WHEN BENCHMARKED AGAINST THOSE OF ITS PEERS, WERE NOT ADEQUATE BECAUSE: THE PRE-TRADE FILTERS FAILED TO DETECT A SERIES OF BIDS OF VERY LOW VALUE; THE POST-TRADE ALERTS FAILED TO IDENTIFY THE CLIENT'S TRADING THAT INDICATED A PATTERN OF 'MARKING THE CLOSE', CREATING DISPROPORTIONATE PRICE INCREASES TO THE VOLUME PURCHASED, AND PURCHASING UNECONOMIC QUANTITIES OF SHARES HAVING REGARD TO THE BROKERAGE CHARGE PER TRADE. ASPECTS OF THE WRITTEN PROCEDURES DID NOT PROVIDE SUFFICIENT GUIDANCE TO TRADE DESK STAFF ON HOW TO ANALYZE A CLIENT'S TRADING PATTERNS AGAINST POTENTIAL MANIPULATIVE TRADING; THE WRITTEN PROCEDURES ALSO HAD NOT BEEN SUFFICIENTLY ADAPTED BY INTERACTIVE FOR USE IN RELATION TO TRADING ON AUSTRALIAN FINANCIAL MARKETS.

Initiated By: AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION

Date Initiated: 11/14/2017

Docket/Case Number: MDP 347/16

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: Decision & Order of Offer of Settlement

Resolution Date: 11/14/2017

Sanctions Ordered: Monetary/Fine \$250,000.00



Other Sanctions Ordered:

Sanction Details:

THE MDP NOTED THAT INTERACTIVE HAS UNDERTAKEN SIGNIFICANT STEPS TO PREVENT RECURRENCE OF THE CONDUCT, NAMELY: (A) RESTRUCTURING ITS AUSTRALIAN BUSINESS INTO A DEDICATED AUSTRALIAN SUBSIDIARY TO SERVICE AUSTRALIAN MARKET ACTIVITY; (B) IMPLEMENTING ENHANCED POST-TRADE SURVEILLANCE PROCEDURES, AFTER CONSULTATION WITH ASIC; (C) PROVIDING FURTHER TRAINING AND GUIDANCE TO ITS SENIOR TRADE DESK STAFF WITH A SPECIFIC EMPHASIS ON DETECTION AND ESCALATION OF SUSPICIOUS TRADING PATTERNS; AND (D) INCREASING ITS ASIA-PACIFIC COMPLIANCE RESOURCES AND PROVIDING GREATER LEVELS OF OVERSIGHT AND MONITORING OF ITS CLIENTS' TRADING ACTIVITIES IN AUSTRALIA. OTHER MITIGATING FACTORS INCLUDED THAT THE ALLEGED CONTRAVENTIONS OF THE RULES WERE NOT CONTESTED BY INTERACTIVE; THAT IT DID NOT GAIN ANY MATERIAL BENEFIT ARISING FROM ITS CONDUCT; AND THAT NO ADVERSE FINDINGS HAVE PREVIOUSLY BEEN MADE BY THE MDP AGAINST INTERACTIVE.

THE EFFECTS OF COMPLIANCE WITH THIS INFRINGEMENT NOTICE ARE: (A) ANY LIABILITY OF INTERACTIVE TO THE COMMONWEALTH FOR THE ALLEGED CONTRAVENTION OF SUBSECTION 798H(L) OF THE ACT IS DISCHARGED; AND (B) NO CIVIL OR CRIMINAL PROCEEDINGS MAY BE BROUGHT OR CONTINUED BY THE COMMONWEALTH AGAINST INTERACTIVE FOR THE CONDUCT SPECIFIED IN THE INFRINGEMENT NOTICE AS BEING THE CONDUCT THAT MADE UP THE ALLEGED CONTRAVENTION OF SUBSECTION 798H(L) OF THE ACT; AND (C) NO ADMINISTRATIVE ACTION MAY BE TAKEN BY ASIC AGAINST INTERACTIVE FOR THE CONDUCT SPECIFIED IN THE INFRINGEMENT NOTICE AS BEING THE CONDUCT THAT MADE UP THE ALLEGED CONTRAVENTION OF SUBSECTION 798H(L) OF THE ACT; AND INTERACTIVE IS NOT TAKEN TO HAVE ADMITTED GUILT OR LIABILITY IN RELATION TO THE ALLEGED CONTRAVENTION; AND (E) INTERACTIVE IS NOT TAKEN TO HAVE CONTRAVENED SUBSECTION 798H(L) OF THE ACT.

Disclosure 2 of 3

Reporting Source:

Firm

Current Status:

Pending

Allegations:

IT IS ALLEGED THAT IB FAILED TO REGISTER THE MINIMUM NUMBER OF INDIVIDUALS REQUIRED TO BE REGISTERED AS A PROPRIETARY TRADER PRINCIPAL (TP) WITH THE EXCHANGE BY NOVEMBER 5, 2011; FAILED TO REGISTER FOUR ASSOCIATED PERSONS AS A PROPRIETARY TRADER PRINCIPAL (TP) WITH THE EXCHANGE; FAILED TO REGISTER TWENTY-



SEVEN (27) ASSOCIATED PERSONS AS A PROPRIETARY TRADER (PT); FAILED TO QUALIFY AND REGISTER ONE (1) ASSOCIATED PERSON AS A PROPRIETARY TRADER (PT) WITH THE EXCHANGE; FAILED TO REGISTER ITS FINANCIAL AND OPERATIONS PRINCIPAL AS A FINANCIAL AND OPERATIONS PRINCIPAL (FN) WITH THE EXCHANGE AND FAILED TO REGISTER ITS CHIEF COMPLIANCE OFFICER AS A PROPRIETARY TRADER COMPLIANCE OFFICER (CT) WITH THE EXCHANGE IN VIOLATION OF EXCHANGE RULE 3.6A.

Initiated By: CHICAGO BOARD OPTIONS EXCHANGE
Date Initiated: 06/08/2016
Docket/Case Number: 16-0017/ 20150474997
Principal Product Type: No Product
Other Product Type(s):
Principal Sanction(s)/Relief Sought:
Other Sanction(s)/Relief Sought:

Disclosure 3 of 3

Reporting Source: Firm
Current Status: Pending
Allegations: ON MARCH 9, 2016, THE AUSTRALIAN SECURITIES & INVESTMENTS COMMISSION (ASIC) FILED A STATEMENT OF REASONS (MATTER NUMBER 14-20015) AGAINST INTERACTIVE BROKERS LLC IN CONNECTION WITH A MATTER IN WHICH A PUBLIC CUSTOMER OF INTERACTIVE EXECUTED NINE ONLINE TRADING ORDERS ON AUSTRALIAN MARKETS THAT ASIC CONTENDS WERE MANIPULATIVE ORDERS. ASIC CONTENDS THAT INTERACTIVE BROKERS SHOULD HAVE DETECTED AND PREVENTED THE CUSTOMER FROM ENTERING THE NINE ALLEGEDLY MANIPULATIVE ONLINE ORDERS. THE TRADER THAT ENTERED THE ORDERS WAS A PUBLIC CUSTOMER OF INTERACTIVE AND WAS NOT ASSOCIATED OR AFFILIATED WITH INTERACTIVE IN ANY WAY. ASIC ALLEGES THAT INTERACTIVE'S FAILURE TO DETECT AND PREVENT THE ORDERS VIOLATED SECTION 298H(1) OF THE AUSTRALIA CORPORATIONS ACT 2001.
Initiated By: THE AUSTRALIAN SECURITIES & INVESTMENTS COMMISSION (ASIC)
Date Initiated: 03/09/2016
Docket/Case Number: MATTER NUMBER 14-20015



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

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

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 13

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT RELATED-NEGLIGENCE; DO NOT USE-EXECUTIONS-EXECUTION PRICE; DO NOT USE-NO OTHER CONTROVERSY INVOLVED; DO NOT USE-OTHER-ON-LINE TRADING DISPUTE
Arbitration Forum:	NASD
Case Initiated:	10/16/2000
Case Number:	00-04324
Disputed Product Type:	COMMON STOCK; DO NOT USE-NO OTHER TYPE OF SEC INVOLVE
Sum of All Relief Requested:	\$1,066.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	05/30/2001
Sum of All Relief Awarded:	\$441.00

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

Disclosure 2 of 13

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	DO NOT USE-EXECUTIONS-FAILURE TO EXECUTE; DO NOT USE-NO OTHER CONTROVERSY INVOLVED
Arbitration Forum:	FINRA
Case Initiated:	09/19/2007
Case Number:	07-02180
Disputed Product Type:	DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; WARRANTS/RIGHTS

Sum of All Relief Requested: \$19,320.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 02/12/2008
Sum of All Relief Awarded: \$10,425.00

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

Disclosure 3 of 13

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-OTHER;
 ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-
 NEGLIGENCE
Arbitration Forum: FINRA
Case Initiated: 05/03/2011
Case Number: [11-01626](#)
Disputed Product Type: COMMON STOCK; EXCHANGE-TRADED FUNDS
Sum of All Relief Requested: \$5,000,000.01
Disposition: AWARD AGAINST PARTY
Disposition Date: 12/20/2013
Sum of All Relief Awarded: \$137,000.00

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

Disclosure 4 of 13

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-
 NEGLIGENCE
Arbitration Forum: FINRA
Case Initiated: 06/16/2011



Case Number: [11-01866](#)
Disputed Product Type: COMMON STOCK; OPTIONS
Sum of All Relief Requested: \$18,869.60
Disposition: AWARD AGAINST PARTY
Disposition Date: 12/21/2011
Sum of All Relief Awarded: \$18,869.60

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

Disclosure 5 of 13

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-CHURNING; ACCOUNT ACTIVITY-MANIPULATION; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT ACTIVITY-OTHER; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT ACTIVITY-UNAUTHORIZED TRADING; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE; ACCOUNT RELATED-OTHER
Arbitration Forum: FINRA
Case Initiated: 02/24/2012
Case Number: [12-00268](#)
Disputed Product Type: COMMON STOCK; EXCHANGE-TRADED FUNDS; OPTIONS
Sum of All Relief Requested: \$12,000,000.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 06/06/2014
Sum of All Relief Awarded: \$100,000.00

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

Disclosure 6 of 13

Reporting Source: Regulator
Type of Event: ARBITRATION

Allegations: ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE

Arbitration Forum: FINRA

Case Initiated: 07/26/2012

Case Number: [12-02626](#)

Disputed Product Type: COMMON STOCK

Sum of All Relief Requested: \$65,000.00

Disposition: AWARD AGAINST PARTY

Disposition Date: 07/24/2013

Sum of All Relief Awarded: \$56,625.02

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

Disclosure 7 of 13

Reporting Source: Regulator

Type of Event: ARBITRATION

Allegations: ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE

Arbitration Forum: FINRA

Case Initiated: 08/06/2012

Case Number: [12-02766](#)

Disputed Product Type: OPTIONS; OTHER TYPES OF SECURITIES

Sum of All Relief Requested: \$3,000,000.00

Disposition: AWARD AGAINST PARTY

Disposition Date: 02/17/2015

Sum of All Relief Awarded: \$666,618.01

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

Disclosure 8 of 13



Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OTHER; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum: FINRA
Case Initiated: 09/27/2012
Case Number: [12-03343](#)
Disputed Product Type: OTHER TYPES OF SECURITIES
Sum of All Relief Requested: \$3,000,000.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 10/14/2014
Sum of All Relief Awarded: \$800,000.00

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

Disclosure 9 of 13

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-NEGLIGENCE; DO NOT USE-EXECUTIONS-EXECUTION PRICE
Arbitration Forum: FINRA
Case Initiated: 12/04/2013
Case Number: [13-03526](#)
Disputed Product Type: FUTURES (OTHER THAN COMMODITIES)
Sum of All Relief Requested: \$75,681,540.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 01/14/2015
Sum of All Relief Awarded: \$2,421,663.01



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

Disclosure 10 of 13

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-MARGIN CALLS; ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum:	FINRA
Case Initiated:	02/26/2014
Case Number:	14-00529
Disputed Product Type:	COMMON STOCK; OPTIONS; WARRANTS/RIGHTS
Sum of All Relief Requested:	\$450,551.62
Disposition:	AWARD AGAINST PARTY
Disposition Date:	04/13/2016
Sum of All Relief Awarded:	\$100,000.00

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

Disclosure 11 of 13

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-FRAUD; ACCOUNT RELATED-BREACH OF CONTRACT
Arbitration Forum:	FINRA
Case Initiated:	11/13/2015
Case Number:	15-03035
Disputed Product Type:	
Sum of All Relief Requested:	\$3,000,000.00
Disposition:	AWARD AGAINST PARTY - VACATED IN WHOLE OR PART
Disposition Date:	02/06/2019



Sum of All Relief Awarded: \$1,545,444.55

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

Disclosure 12 of 13

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum: FINRA
Case Initiated: 11/02/2017
Case Number: [17-02914](#)
Disputed Product Type:
Sum of All Relief Requested: \$1,815,000.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 03/05/2019
Sum of All Relief Awarded: \$825,294.80

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

Disclosure 13 of 13

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT RELATED-BREACH OF CONTRACT
Arbitration Forum: FINRA
Case Initiated: 11/15/2017
Case Number: [17-02994](#)
Disputed Product Type: CORPORATE BONDS; WARRANTS/RIGHTS
Sum of All Relief Requested: \$345,800.00
Disposition: AWARD AGAINST PARTY



Disposition Date: 12/13/2018

Sum of All Relief Awarded: \$345,800.00

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

End of Report



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