

## BrokerCheck Report

# KNIGHT FINANCIAL PRODUCTS LLC

CRD# 37791

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

Please contact FINRA with any concerns.

## About BrokerCheck®



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

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

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

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

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

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

- **How current is this information?**

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

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

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

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

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

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**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](http://brokercheck.finra.org)



For additional information about the contents of this report, please refer to the User Guidance or [www.finra.org/brokercheck](http://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)



KNIGHT FINANCIAL PRODUCTS LLC

CRD# 37791

SEC# 8-47962

**Main Office Location**  
130 CHESHIRE LANE  
SUITE 102  
MINNETONKA, MN 55305

**Mailing Address**  
111 W. JACKSON  
10TH FLOOR  
CHICAGO, IL 60604

**Business Telephone Number**  
312-379-2676

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 Illinois on 01/18/1995.

Its fiscal year ends in December.

**Firm History**

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

**Firm Operations**

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

Disclosure Events

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

Are there events disclosed about this firm?

Yes

The following types of disclosures have been reported:

Type	Count
Regulatory Event	10

## Registration Withdrawal Information

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



**Date firm ceased business:** 12/10/2004

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



## Firm Profile

This firm is classified as a limited liability company.

This firm was formed in Illinois on 01/18/1995.

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.

### KNIGHT FINANCIAL PRODUCTS LLC

Doing business as KNIGHT FINANCIAL PRODUCTS LLC

**CRD#** 37791

**SEC#** 8-47962

### Main Office Location

130 CHESHIRE LANE  
SUITE 102  
MINNETONKA, MN 55305

### Mailing Address

111 W. JACKSON  
10TH FLOOR  
CHICAGO, IL 60604

### Business Telephone Number

312-379-2676



## 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):** KFP HOLDINGS I LLC

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

**Position** DIRECT OWNER

**Position Start Date** 01/2000

**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

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**Legal Name & CRD# (if any):** ACKERMANN, ROBERT PAUL MR.

4668488

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

**Position** CHIEF COMPLIANCE OFFICER, CHIEF LEGAL & CORPORATE COUNSEL, SECRETARY, ANTI-MONEY LAUNDERING COMPLIANCE OFFICER

**Position Start Date** 05/2003

**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

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**Legal Name & CRD# (if any):** AMORUSO, LEONARD JOHN

4062175

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

**Position** GLOBAL COMPLIANCE OFFICER

**Position Start Date** 12/2004

## Firm Profile



### Direct Owners and Executive Officers (continued)

**Percentage of Ownership** Less than 5%

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

**Is this a public reporting company?** No

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**Legal Name & CRD# (if any):** JOYCE, THOMAS MICHAEL  
850573

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

**Position** CHIEF EXECUTIVE OFFICER

**Position Start Date** 08/2004

**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

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**Legal Name & CRD# (if any):** MOGILEVSKY, CHARLES R

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

**Position** CHIEF FINANCIAL OFFICER, CHIEF OPERATIONS OFFICER & FINOP

**Position Start Date** 05/2000

**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

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**Legal Name & CRD# (if any):** SANTORO, PETER

Firm Profile



Direct Owners and Executive Officers (continued)

Is this a domestic or foreign entity or an individual?	Individual
Position	PRESIDENT
Position Start Date	03/2002
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

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Firm Profile

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



Indirect Owners

Legal Name & CRD# (if any):	KNIGHT TRADING GROUP, INC.
Is this a domestic or foreign entity or an individual?	Domestic Entity
Company through which indirect ownership is established	KFP HOLDINGS I LLC
Relationship to Direct Owner	SOLE MEMBER
Relationship Established	12/2002
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

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## Firm History

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

No information reported.



## Firm Operations



## Registrations

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

**This firm is no longer registered.**

**The firm's registration was from 02/02/1995 to 11/22/2011.**



## 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 4 types of businesses.**

#### Types of Business

Exchange member engaged in floor activities

Put and call broker or dealer or option writer

Trading securities for own account

Other - KNIGHT FINANCIAL PRODUCTS, LLC IS ALSO A MEMBER OF THE CBOT, CME, PBOT, COMEX, NYMEX, CFE, EUREX US AND BOX.

#### Other Types of Business

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

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

Non-Securities Business Description:

## **Firm Operations**



### **Clearing Arrangements**

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

### **Introducing Arrangements**

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

## **Firm Operations**

### **Industry Arrangements**



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

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

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

#### **Control Persons/Financing**

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

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



Firm Operations

Organization Affiliates

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

This firm is, directly or indirectly:

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

**KNIGHT FINANCIAL PRODUCTS PTY LTD. is under common control with the firm.**

Business Address:	LEVEL 25, CHIFLEY TOWER, 2 CHIFLEY SQUARE SYDNEY, AUSTRALIA NSW 2000
Effective Date:	09/21/2000
Foreign Entity:	Yes
Country:	AUSTRALIA
Securities Activities:	Yes
Investment Advisory Activities:	No
Description:	THE FIRM IS INDIRECTLY OWNED BY KNIGHT TRADING GROUP, INC., INDIRECT OWNER OF APPLICANT.

**KNIGHT SECURITIES INTERNATIONAL LTD. is under common control with the firm.**

Business Address:	THE LONDON STOCK EXCHANGE BUILDING 2 THROGMORTON STREET LONDON, UNITED KINGDOM EC2 N1TE
Effective Date:	01/12/2000
Foreign Entity:	Yes
Country:	UNITED KINGDOM
Securities Activities:	Yes
Investment Advisory Activities:	No
Description:	THE FIRM IS INDIRECTLY OWNED BY KNIGHT TRADING GROUP, INC., INDIRECT OWNER OF APPLICANT.

**KNIGHT EXECUTION PARTNERS LLC is under common control with the firm.**

## Firm Operations



### Organization Affiliates (continued)

**CRD #:** 104228

**Business Address:** 111 WEST JACKSON  
10TH FLOOR  
CHICAGO, IL 60604

**Effective Date:** 06/05/2000

**Foreign Entity:** No

**Country:**

**Securities Activities:** Yes

**Investment Advisory Activities:** No

**Description:** KFP HOLDINGS I LLC CONTROLS KNIGHT EXECUTION PARTNERS LLC, (A REGISTERED BROKER/DEALER WHOSE DESIGNATED EXAMINING AUTHORITY IS THE CHICAGO BOARD OPTIONS EXCHANGE) WHICH ENGAGES IN ORDER EXECUTION. KFP HOLDINGS I LLC ALSO CONTROLS APPLICANT.

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

**CRD #:** 38379

**Business Address:** 100 MANHATTANVILLE ROAD  
PURCHASE, NY 10577

**Effective Date:** 01/12/2000

**Foreign Entity:** No

**Country:**

**Securities Activities:** Yes

**Investment Advisory Activities:** No

**Description:** THE FIRM IS INDIRECTLY OWNED BY KNIGHT TRADING GROUP, INC., INDIRECT OWNER OF APPLICANT.

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#### KNIGHT EQUITY MARKETS, L.P. is under common control with the firm.

**CRD #:** 38599

**Business Address:** 525 WASHINGTON BLVD  
JERSEY CITY, NJ 07310

**Effective Date:** 01/12/2000



## Firm Operations



### Organization Affiliates (continued)

<b>Foreign Entity:</b>	No
<b>Country:</b>	
<b>Securities Activities:</b>	Yes
<b>Investment Advisory Activities:</b>	No
<b>Description:</b>	THE FIRM IS INDIRECTLY OWNED BY KNIGHT TRADING GROUP, INC., INDIRECT OWNER OF APPLICANT.

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#### KFP HOLDINGS I LLC controls the firm.

<b>Business Address:</b>	130 CHESHIRE LANE SUITE 102 MINNETONKA, MN 55305
<b>Effective Date:</b>	01/12/2000
<b>Foreign Entity:</b>	No
<b>Country:</b>	
<b>Securities Activities:</b>	Yes
<b>Investment Advisory Activities:</b>	No
<b>Description:</b>	DIRECT OWNER OF APPLICANT.

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#### DEEPHAVEN MARKET NEUTRAL TRADING LP is under common control with the firm.

<b>CRD #:</b>	35479
<b>Business Address:</b>	130 CHESHIRE LANE SUITE 102 MINNETONKA, MN 55305
<b>Effective Date:</b>	12/14/1993
<b>Foreign Entity:</b>	No
<b>Country:</b>	
<b>Securities Activities:</b>	Yes
<b>Investment Advisory Activities:</b>	No
<b>Description:</b>	KFP HOLDINGS I LLC (DIRECT OWNER OF APPLICANT) ALSO OWNS DEEPHAVEN CAPITAL MANAGEMENT LLC WHICH IS THE GENERAL

## Firm Operations



### Organization Affiliates (continued)

PARTNER OF DEEPHAVEN MARKET NEUTRAL TRADING LP.

#### DEEPHAVEN CAPITAL MANAGEMENT LLC is under common control with the firm.

**Business Address:** 130 CHESHIRE LANE  
SUITE 102  
MINNETONKA, MN 55305

**Effective Date:** 12/15/1997

**Foreign Entity:** No

**Country:**

**Securities Activities:** Yes

**Investment Advisory Activities:** No

**Description:** KFP HOLDINGS I LLC (DIRECT OWNER OF APPLICANT) ALSO CONTROLS DEEPHAVEN CAPITAL MANAGEMENT LLC WHICH ENGAGES IN THE MANAGEMENT OF PRIVATE INVESTMENT FUNDS.

#### KNIGHT FINANCIAL PRODUCTS LTD. is under common control with the firm.

**Business Address:** THE LONDON STOCK EXCHANGE BUILDING  
2 THROGMORTON STREET  
LONDON, UK EC2 N1TE

**Effective Date:** 05/27/1997

**Foreign Entity:** Yes

**Country:** UNITED KINGDOM

**Securities Activities:** Yes

**Investment Advisory Activities:** No

**Description:** KFP HOLDINGS I LLC, DIRECT OWNER OF APPLICANT, ALSO CONTROLS KNIGHT FINANCIAL PRODUCTS LTD. WHICH ENGAGES IN THE PROPRIETARY TRADING OF FINANCIAL INSTRUMENTS.

#### 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

## Firm Operations



### Organization Affiliates (continued)

- savings bank or association
- credit union
- or foreign bank



Disclosure Events

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

	Pending	Final	On Appeal
Regulatory Event	0	10	0

## Disclosure Event Details

### What you should know about reported disclosure events:

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

### Regulatory - Final

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

### Disclosure 1 of 10

**Reporting Source:** Regulator

**Current Status:** Final



<b>Allegations:</b>	SEC ADMINISTRATIVE RELEASE 34-59504, MARCH 4, 2009: 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)(4) AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934 ("EXCHANGE ACT") AGAINST KNIGHT FINANCIAL PRODUCTS, LLC ("RESPONDENT"). THIS MATTER INVOLVES VIOLATIONS BY RESPONDENT OF ITS BASIC OBLIGATION AS A SPECIALIST TO SERVE PUBLIC CUSTOMER ORDERS OVER ITS OWN PROPRIETARY INTERESTS. AS A SPECIALIST FIRM ON EACH OF THE EXCHANGES, RESPONDENT HAD A GENERAL DUTY TO MATCH EXECUTABLE PUBLIC CUSTOMER OR "AGENCY" BUY AND SELL ORDERS AND NOT TO FILL CUSTOMER ORDERS THROUGH TRADES FROM THE FIRM'S OWN ACCOUNT WHEN THOSE CUSTOMER ORDERS COULD BE MATCHED WITH OTHER CUSTOMER ORDERS. FROM 1999 THROUGH 2004 (THE "RELEVANT PERIOD"), RESPONDENT VIOLATED THIS OBLIGATION BY FILLING ORDERS THROUGH PROPRIETARY TRADES RATHER THAN THROUGH OTHER CUSTOMER ORDERS, THEREBY CAUSING CUSTOMER ORDERS TO BE DISADVANTAGED BY APPROXIMATELY \$1.7 MILLION. BY EFFECTING PROPRIETARY TRANSACTIONS THAT WERE NOT PART OF A COURSE OF DEALINGS REASONABLY NECESSARY TO MAINTAIN A FAIR AND ORDERLY MARKET, RESPONDENT VIOLATED SECTION 11(B) OF THE EXCHANGE ACT AND RULE 11B-1 THEREUNDER. SEC FINDINGS STATES THAT RESPONDENT WILLFULLY COMMITTED VIOLATIONS OF SECTION 11(B) OF THE EXCHANGE ACT, AND RULE 11B-1 THEREUNDER.
<b>Initiated By:</b>	UNITED STATES SECURITIES AND EXCHANGE COMMISSION
<b>Date Initiated:</b>	03/04/2009
<b>Docket/Case Number:</b>	3-13393
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	UNSPECIFIED SECURITIES
<b>Principal Sanction(s)/Relief Sought:</b>	Cease and Desist
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Order
<b>Resolution Date:</b>	03/04/2009



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

No

**Sanctions Ordered:**

Censure  
Monetary/Fine \$340,000.00  
Disgorgement/Restitution  
Cease and Desist/Injunction

**Other Sanctions Ordered:**

**Sanction Details:**

RESPONDENT HAS SUBMITTED AN OFFER OF SETTLEMENT (THE "OFFER") WHICH THE COMMISSION HAS DETERMINED TO ACCEPT. SOLELY FOR THE PURPOSE OF THESE PROCEEDINGS AND ANY OTHER PROCEEDINGS BROUGHT BY OR ON BEHALF OF THE COMMISSION, OR TO WHICH THE COMMISSION IS A PARTY, AND WITHOUT ADMITTING OR DENYING THE FINDINGS HEREIN, EXCEPT AS TO THE COMMISSION'S JURISDICTION OVER IT AND THE SUBJECT MATTER OF THESE PROCEEDINGS, WHICH ARE ADMITTED, RESPONDENT CONSENTS TO THE ENTRY OF THIS ORDER INSTITUTING ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS, MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS AND A CEASE-AND-DESIST ORDER PURSUANT TO SECTIONS 15(B)(4) AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934 ("ORDER"). IT IS HEREBY ORDERED THAT: PURSUANT TO SECTION 21C OF THE EXCHANGE ACT, RESPONDENT CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF SECTION 11(B) OF THE EXCHANGE ACT, AND RULE 11B-1 THEREUNDER; PURSUANT TO SECTION 15(B)(4) OF THE EXCHANGE ACT, RESPONDENT IS HEREBY CENSURED; RESPONDENT SHALL, WITHIN TEN DAYS OF THE ENTRY OF THE ORDER, PAY DISGORGEMENT OF \$1.7 MILLION TO THE COMMISSION AND; IT IS FURTHER ORDERED THAT RESPONDENT SHALL, WITHIN TEN DAYS OF THE ENTRY OF THE ORDER, PAY A CIVIL MONEY PENALTY IN THE AMOUNT OF \$340,000.

**Disclosure 2 of 10**

**Reporting Source:**

Regulator

**Current Status:**

Final

**Allegations:**

KNIGHT FINANCIAL PRODUCTS: 1) VIOLATED SEC RULE 11AC1-1, EXCHANGE RULE 958A AND ARTICLE V, SECTION 4(H) OF THE EXCHANGE CONSTITUTION BY FAILING TO EXECUTE ORDERS UPON PRESENTMENT OR EXECUTING ORDERS AT PRICES INFERIOR TO THE FIRM'S PUBLISHED QUOTED MARKET; 2) VIOLATED EXCHANGE RULE 943(A) AND ARTICLE V,



SECTION 4(H) OF THE EXCHANGE CONSTITUTION BY CREATING A LOCKED OR CROSSED MARKET AND FAILING TO UNLOCK OR UNCROSS THAT MARKET OR FAILING TO DIRECT A PRINCIPAL ORDER THROUGH LINKAGE TO TRADE AGAINST THE BID OR OFFER THAT IT LOCKED OR CROSSED; 3) VIOLATED EXCHANGE RULE 109 AND ARTICLE V, SECTION 4(H) OF THE EXCHANGE CONSTITUTION BY FAILING TO COMPLY WITH EXCHANGE REQUIREMENTS REGARDING STOPPING OPTIONS; AND 4) VIOLATED EXCHANGE RULE 320 BY FAILING TO HAVE A SUPERVISORY SYSTEM WHICH INCLUDED WRITTEN SUPERVISORY PROCEDURES PROVIDING FOR: (I) IDENTIFICATION OF THE PERSON(S) RESPONSIBLE FOR SUPERVISION WITH RESPECT TO THE APPLICABLE RULES; (II) A STATEMENT OF THE SUPERVISORY STEP(S) TO BE TAKEN BY THE IDENTIFIED PERSON(S); (III) A STATEMENT AS TO HOW OFTEN SUCH PERSON(S) SHOULD TAKE SUCH STEP(S); AND (IV) A STATEMENT AS TO HOW THE COMPLETION OF THE STEP(S) INCLUDED IN THE WRITTEN SUPERVISORY PROCEDURES SHOULD BE DOCUMENTED.

<b>Initiated By:</b>	AMERICAN STOCK EXCHANGE
<b>Date Initiated:</b>	08/15/2006
<b>Docket/Case Number:</b>	03-82, 04-21, 04-120, 04-143, ET AL.
<b>Principal Product Type:</b>	Options
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Civil and Administrative Penalt(ies) /Fine(s)
<b>Other Sanction(s)/Relief Sought:</b>	\$50,000 FINE CENSURE
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	11/01/2006
<b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b>	No
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$50,000.00
<b>Other Sanctions Ordered:</b>	CENSURE \$50,000 FINE
<b>Sanction Details:</b>	CENSURE





\$50,000 FINE

**Regulator Statement**

PLEASE CONTACT THE ENFORCEMENT DEPARTMENT OF THE NASD  
AMERICAN STOCK EXCHANGE FOR FURTHER DETAILS.

**Disclosure 3 of 10**

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	SEE SUMMARY
<b>Initiated By:</b>	CHICAGO BOARD OPTIONS EXCHANGE
<b>Date Initiated:</b>	06/02/2006
<b>Docket/Case Number:</b>	06-0011
<b>Principal Product Type:</b>	Options
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Civil and Administrative Penalt(ies) /Fine(s)
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Decision & Order of Offer of Settlement
<b>Resolution Date:</b>	09/22/2006
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$35,000.00
<b>Other Sanctions Ordered:</b>	KNIGHT FINANCIAL PRODUCTS, LLC SHALL BE AND HEREBY IS CENSURED AND FINED IN THE AMOUNT OF THIRTY-FIVE THOUSAND DOLLARS (\$35,000).
<b>Sanction Details:</b>	KNIGHT FINANCIAL PRODUCTS, LLC SHALL BE AND HEREBY IS CENSURED AND FINED IN THE AMOUNT OF THIRTY-FIVE THOUSAND DOLLARS (\$35,000).
<b>Regulator Statement</b>	KNIGHT FINANCIAL PRODUCTS, LLC ("KNIGHT"), AN EXCHANGE MEMBER REGISTERED WITH THE EXCHANGE AS A DESIGNATED PRIMARY MARKET MAKER ("DPM") MEMBER ORGANIZATION WAS CENSURED AND FINED IN THE AMOUNT OF THIRTY-FIVE THOUSAND DOLLARS (\$35,000) FOR THE FOLLOWING CONDUCT. KNIGHT DISSEMINATED MARKET QUOTES THAT EXCEEDED THE MAXIMUM ALLOWABLE QUOTE WIDTHS. IN ADDITION, KNIGHT FAILED TO CONTINUOUSLY DISSEMINATE QUOTES. (CBOE RULES 8.7 OBLIGATIONS OF MARKET MAKERS AND 8.85 DPM OBLIGATIONS.)

**Disclosure 4 of 10**

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	EMPLOYEE OF OPTIONS TRADING PERMIT FIRM MADE DISRUPTIVE COMMENTS ON THE OPTIONS FLOOR THAT WERE VIOLATIONS OF JUST AND EQUITABLE PRINCIPLES OF TRADE.
<b>Initiated By:</b>	PACIFIC STOCK EXCHANGE
<b>Date Initiated:</b>	08/26/2003
<b>Docket/Case Number:</b>	OS0308271
<b>Principal Product Type:</b>	Options
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Civil and Administrative Penalt(ies) /Fine(s)
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Decision & Order of Offer of Settlement
<b>Resolution Date:</b>	12/02/2005
<b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b>	No
<b>Sanctions Ordered:</b>	Monetary/Fine \$2,500.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	\$2,500.00 FINE PAID IN FULL ON DECEMBER 10, 2005.

**Disclosure 5 of 10**

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	ALLEGED VIOLATIONS OF ISE RULES 400, 713, 803, 804 AND SEC RULE 11AC1-1



<b>Initiated By:</b>	INTERNATIONAL SECURITIES EXCHANGE ("ISE")
<b>Date Initiated:</b>	12/16/2004
<b>Docket/Case Number:</b>	MRD#200342718; MRD#200446905
<b>Principal Product Type:</b>	Options
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Censure
<b>Other Sanction(s)/Relief Sought:</b>	CENSURE & FINE \$60,000
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	12/16/2004
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$60,000.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	CENSURE AND FINE OF \$60,000
<b>Firm Statement</b>	MATTER WAS SETTLED VIA AN AWC, WITHOUT ADMITTING OR DENYING ALLEGATIONS.

#### Disclosure 6 of 10

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	KNIGHT FINANCIAL PRODUCTS, LLC SENT PRINCIPAL ORDERS THROUGH LINKAGE WHILE THE ISE WAS DISSEMINATED NON-FIRM QUOTES.
<b>Initiated By:</b>	INTERNATIONAL SECURITIES EXCHANGE
<b>Date Initiated:</b>	06/22/2004
<b>Docket/Case Number:</b>	2003-1231-26; 2003-0331-26
<b>Principal Product Type:</b>	Options
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Censure
<b>Other Sanction(s)/Relief Sought:</b>	FINE



<b>Resolution:</b>	Consent
<b>Resolution Date:</b>	08/11/2004
<b>Sanctions Ordered:</b>	Monetary/Fine \$25,000.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	THE FIRM CONSENTED TO A CENSURE AND \$25,000 FINE.
<b>Firm Statement</b>	MATTER BECAME FINAL ON 08/11/2004 WHEREBY THE FIRM'S OFFER OF SETTLEMENT WAS ACCEPTED. THE FIRM DID NOT ADMIT OR DENY ANY VIOLATION.

#### Disclosure 7 of 10

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	A FIRM EMPLOYEE, WHO WAS NOT A REGISTERED TERMINAL OPERATOR, ENTERED ORDERS IN THE E-CBOT SYSTEM UNDER A USER ID THAT DID NOT BELONG TO HIM.
<b>Initiated By:</b>	CHICAGO BOARD OF TRADE
<b>Date Initiated:</b>	01/08/2004
<b>Docket/Case Number:</b>	2003-INV-19B
<b>Principal Product Type:</b>	Futures - Financial
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Civil and Administrative Penalt(ies) /Fine(s)
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Consent
<b>Resolution Date:</b>	04/02/2004
<b>Sanctions Ordered:</b>	Monetary/Fine \$20,000.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	THE FIRM CONSENTED TO A \$20000 FINE.
<b>Firm Statement</b>	MATTER BECAME FINAL ON 04/02/2004 WHEREBY THE FIRM'S OFFER OF SETTLEMENT WAS ACCEPTED. THE FIRM DID NOT ADMIT OR DENY ANY VIOLATION.



### Disclosure 8 of 10

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	ALLEGATIONS INCLUDE VIOLATIONS OF PCX RULES 6.2(D)(4); 6.2 COMMENTARY .01; 6.36(A); AND 6.69 COMMENTARY .01.
<b>Initiated By:</b>	PACIFIC EXCHANGE
<b>Date Initiated:</b>	12/04/2001
<b>Docket/Case Number:</b>	0107122
<b>Principal Product Type:</b>	Options
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Censure
<b>Other Sanction(s)/Relief Sought:</b>	\$2,500 FINE
<b>Resolution:</b>	Settled
<b>Resolution Date:</b>	05/15/2002
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$2,500.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	\$2500 PAID ON JUNE 10, 2002.
<b>Firm Statement</b>	BUSINESS CONDUCT COMMITTEE AGREED TO ACCEPT A FULL AND FINAL SETTLEMENT WITHOUT ADMITTING OR DENYING ANY VIOLATION OF EXCHANGE RULES AND AGREED TO A JOINT AND SEVERAL FINE OF \$2,500 AND CENSURE AGAINST APPLICANT AND ITS EMPLOYEE.

### Disclosure 9 of 10

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	THE ISE ALLEGED THAT DURING THE PERIOD FROM JAN. 19, 2001 TO JAN. 23, 2001, THE APPLICANT ENGAGED IN VIOLATIONS OF ISE RULES 713(B) AND 803(A) AND (C) AS INTERPRETED THROUGH REGULATORY INFORMATION CIRCULARS 2000-02 AND 2000-03.



<b>Initiated By:</b>	INTERNATIONAL SECURITIES EXCHANGE
<b>Date Initiated:</b>	03/01/2001
<b>Docket/Case Number:</b>	2001-0124-01
<b>Principal Product Type:</b>	Options
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Other
<b>Other Sanction(s)/Relief Sought:</b>	FINE.
<b>Resolution:</b>	Consent
<b>Resolution Date:</b>	04/16/2002
<b>Sanctions Ordered:</b>	Monetary/Fine \$5,000.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	\$5,000 WAS PAID ON APRIL 25, 2002.
<b>Firm Statement</b>	ON APRIL 16, 2002, THE ISE'S CHIEF REGULATORY OFFICER AND BUSINESS CONDUCT COMMITTEE ACCEPTED THE LETTER OF CONSENT SUBMITTED BY THE APPLICANT, WHO NEITHER ADMITTED NOR DENIED THE CHARGES THAT APPLICANT ENGAGED IN VIOLATIONS OF ISE RULES 713(B) AND 803(A) AND (C). THE ISE IMPOSED A FINE OF FIVE THOUSAND DOLLARS (\$5,000.00).

#### Disclosure 10 of 10

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	FAILURE TO PROVIDE NOTICE OF A CAPITAL WITHDRAW.
<b>Initiated By:</b>	CHICAGO BOARD OPTIONS EXCHANGE INC.
<b>Date Initiated:</b>	03/06/2000
<b>Docket/Case Number:</b>	99-0061
<b>Principal Product Type:</b>	Options
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	



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

<b>Resolution:</b>	Settled
<b>Resolution Date:</b>	03/06/2000
<b>Sanctions Ordered:</b>	Monetary/Fine \$10,000.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	\$10,000 PAID ON 3/6/2000. MATTER SETTLED WITHOUT ADMISSION OR DENIAL OF WRONGDOING.
<b>Firm Statement</b>	\$10,000 PAID ON 3/6/2000. MATTER SETTLED WITHOUT ADMISSION OR DENIAL OF WRONGDOING.

**End of Report**



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