

BrokerCheck Report

APEX CLEARING CORPORATION

CRD# 13071

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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)

APEX CLEARING CORPORATION

CRD# 13071

SEC# 8-23522

Main Office Location

ONE DALLAS CENTER
350 N. ST. PAUL, SUITE 1300
DALLAS, TX 75201
Regulated by FINRA Dallas Office

Mailing Address

ONE DALLAS CENTER
350 N. ST. PAUL, SUITE 1300
DALLAS, TX 75201

Business Telephone Number

214-765-1100

Report Summary for this Firm

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

Firm Profile

This firm is classified as a corporation.

This firm was formed in New York on 12/22/1978.

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
- 20 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	44
Arbitration	8



Firm Profile

This firm is classified as a corporation.

This firm was formed in New York on 12/22/1978.

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.

APEX CLEARING CORPORATION

Doing business as APEX CLEARING CORPORATION

CRD# 13071

SEC# 8-23522

Main Office Location

ONE DALLAS CENTER
350 N. ST. PAUL, SUITE 1300
DALLAS, TX 75201

Regulated by FINRA Dallas Office

Mailing Address

ONE DALLAS CENTER
350 N. ST. PAUL, SUITE 1300
DALLAS, TX 75201

Business Telephone Number

214-765-1100



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):	APEX CLEARING HOLDINGS LLC
Is this a domestic or foreign entity or an individual?	Domestic Entity
Position	SHAREHOLDER
Position Start Date	06/2012
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):	BRENNAN, WILLIAM ROBERT 2447538
Is this a domestic or foreign entity or an individual?	Individual
Position	CAO
Position Start Date	09/2019
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):	CAPUZZI, WILLIAM WALTER 4323894
Is this a domestic or foreign entity or an individual?	Individual
Position	CHIEF EXECUTIVE OFFICER
Position Start Date	11/2015

Firm Profile



Direct Owners and Executive Officers (continued)

Percentage of Ownership Less than 5%

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

Is this a public reporting company? No

Legal Name & CRD# (if any): COPPOLETTA, JAY CHRISTIAN
6049053

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

Position BOARD MEMBER

Position Start Date 07/2018

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): DE LA FUENTE, JANET MARIE
4543841

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

Position FINOP

Position Start Date 03/2020

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): JACOBSEN, BRYAN K

Firm Profile



Direct Owners and Executive Officers (continued)

	3055957
Is this a domestic or foreign entity or an individual?	Individual
Position	CHIEF COMPLIANCE OFFICER
Position Start Date	10/2019
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
<hr/>	
Legal Name & CRD# (if any):	RAY, TERRY DAVID 5295510
Is this a domestic or foreign entity or an individual?	Individual
Position	CHIEF OPERATIONS OFFICER (INCLUDES PRINCIPAL OPERATIONS OFFICER ROLE)
Position Start Date	08/2020
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
<hr/>	
Legal Name & CRD# (if any):	SPRINGER, CHRISTOPHER MICHAEL 1814987
Is this a domestic or foreign entity or an individual?	Individual
Position	CFO (INCLUDES PRINCIPAL FINANCIAL OFFICER ROLE)
Position Start Date	02/2020
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



Firm Profile

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

Indirect Owners

Legal Name & CRD# (if any):	PEAK6 INVESTMENTS LLC
Is this a domestic or foreign entity or an individual?	Domestic Entity
Company through which indirect ownership is established	APEX CLEARING HOLDINGS LLC
Relationship to Direct Owner	MEMBER
Relationship Established	09/2018
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):	PEAK6 LLC
Is this a domestic or foreign entity or an individual?	Domestic Entity
Company through which indirect ownership is established	PEAK6 INVESTMENTS LLC
Relationship to Direct Owner	MANAGING MEMBER
Relationship Established	09/2018
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):	HULSIZER, MATTHEW NELS 2311367
Is this a domestic or foreign	Individual



Firm Profile

Indirect Owners (continued)

entity or an individual?

Company through which indirect ownership is established	PEAK6 LLC
Relationship to Direct Owner	MANAGING MEMBER
Relationship Established	11/2009
Percentage of Ownership	50% but less than 75%
Does this owner direct the management or policies of the firm?	Yes
Is this a public reporting company?	No

Legal Name & CRD# (if any): JUST, JENNIFER JANE
2261444

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

Company through which indirect ownership is established	PEAK6 LLC
Relationship to Direct Owner	MANAGING MEMBER
Relationship Established	11/2009
Percentage of Ownership	50% but less than 75%
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, 20 SROs and 53 U.S. states and territories.

Federal Regulator	Status	Date Effective
SEC	Approved	02/27/1979

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	03/14/1983
BOX Exchange LLC	Approved	06/06/2012
Cboe BYX Exchange, Inc.	Approved	06/05/2012
Cboe BZX Exchange, Inc.	Approved	06/05/2012
Cboe C2 Exchange, Inc.	Approved	06/06/2012
Cboe EDGA Exchange, Inc.	Approved	06/05/2012
Cboe EDGX Exchange, Inc.	Approved	06/05/2012
Cboe Exchange, Inc.	Approved	06/06/2012
Investors' Exchange LLC	Approved	08/08/2016
MIAX Emerald, LLC	Approved	03/01/2019
MIAX PEARL, LLC	Approved	02/06/2017
Miami International Securities Exchange, LLC	Approved	11/18/2015
NYSE American LLC	Approved	07/05/2012
NYSE Arca, Inc.	Approved	07/05/2012
NYSE Chicago, Inc.	Approved	01/08/2016

Nasdaq BX, Inc.	Approved	06/06/2012
Nasdaq ISE, LLC	Approved	06/05/2012
Nasdaq PHLX LLC	Approved	06/06/2012
Nasdaq Stock Market	Approved	07/12/2006
New York Stock Exchange	Approved	07/05/2012



Firm Operations

Registrations (continued)

U.S. States & Territories	Status	Date Effective	U.S. States & Territories	Status	Date Effective
Alabama	Approved	07/17/1991	North Carolina	Approved	05/05/1983
Alaska	Approved	07/10/1990	North Dakota	Approved	03/14/1983
Arizona	Approved	12/21/1983	Ohio	Approved	07/23/1990
Arkansas	Approved	07/14/1986	Oklahoma	Approved	04/01/1983
California	Approved	12/19/1982	Oregon	Approved	04/13/1983
Colorado	Approved	03/30/1983	Pennsylvania	Approved	05/11/1984
Connecticut	Approved	02/10/1986	Puerto Rico	Approved	06/05/1991
Delaware	Approved	01/24/1986	Rhode Island	Approved	03/15/1983
District of Columbia	Approved	06/06/1983	South Carolina	Approved	08/08/1990
Florida	Approved	04/27/1983	South Dakota	Approved	07/23/1990
Georgia	Approved	07/13/1983	Tennessee	Approved	01/07/1983
Hawaii	Approved	09/02/1983	Texas	Approved	08/23/1991
Idaho	Approved	07/12/1990	Utah	Approved	08/06/1990
Illinois	Approved	04/10/1980	Vermont	Approved	02/13/1984
Indiana	Approved	08/20/1991	Virgin Islands	Approved	05/27/2016
Iowa	Approved	12/14/1989	Virginia	Approved	03/25/1983
Kansas	Approved	07/31/1990	Washington	Approved	01/23/1986
Kentucky	Approved	03/15/1983	West Virginia	Approved	07/20/1990
Louisiana	Approved	04/20/1983	Wisconsin	Approved	11/05/1979
Maine	Approved	02/14/1984	Wyoming	Approved	07/18/1991
Maryland	Approved	03/15/1983			
Massachusetts	Approved	04/17/1984			
Michigan	Approved	11/26/1980			
Minnesota	Approved	03/15/1983			
Mississippi	Approved	10/17/1991			
Missouri	Approved	01/02/1986			
Montana	Approved	04/20/1983			
Nebraska	Approved	08/26/1991			
Nevada	Approved	07/19/1983			
New Hampshire	Approved	07/05/1990			
New Jersey	Approved	07/14/1983			
New Mexico	Approved	11/06/1984			
New York	Approved	03/31/1983			



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
Broker or dealer retailing corporate equity securities over-the-counter
Broker or dealer selling corporate debt securities
Mutual fund retailer
U S. government securities broker
Municipal securities broker
Put and call broker or dealer or option writer
Non-exchange member arranging for transactions in listed securities by exchange member
Trading securities for own account
Other - BROKER OR DEALER OFFERING FULLY-DISCLOSED AND OMNIBUS CLEARING SERVICES

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 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:	SECURITIES INDUSTRY RECORDS SERVICES, LLC
Business Address:	1420 W 8700 SOUTH WEST JORDAN, UT 84088
Effective Date:	11/22/2016
Description:	SECURITIES INDUSTRY RECORDS SERVICES, LLC AGREES TO ACT AS THE THIRD PARTY FOR PRESERVATION OF ELECTRONIC STORAGE MEDIA, AND TO SUPPLY SUCH RECORDS IN AN ACCEPTABLE MEDIUM UPON REQUEST.
Name:	IRON MOUNTAIN
Business Address:	1 FEDERAL STREET BOSTON, MA 02100
Effective Date:	06/05/2012
Description:	IRON MOUNTAIN MAINTAINS CERTAIN BOOKS AND RECORDS IN PHYSICAL FORM OFF-SITE FOR THE FIRM.
Name:	GLOBAL RELAY COMMUNICATIONS INC
Business Address:	220 CAMBIE STREET 2ND FLOOR VANCOUVER, BRITISH COLUMBIA, CANADA V6B 2M9
Effective Date:	06/01/2016
Description:	GLOBAL RELAY AGREES TO MAINTAIN AND PRESERVE BOOKS AND RECORDS PERTAINING TO CERTAIN INTERNET COMMUNICATIONS, AND TO SUPPLY SUCH RECORDS IN AN ACCEPTABLE MEDIUM UPON REQUEST.
Name:	SMARSH
Business Address:	921 SW WASHINGTON STREET STE 540 PORTLAND, OR 97205
Effective Date:	06/05/2012
Description:	SMARSH AGREES TO MAINTAIN AND PRESERVE BOOKS AND RECORDS PERTAINING TO CERTAIN INTERNET COMMUNICATIONS, AND TO SUPPLY SUCH RECORDS IN AN ACCEPTABLE MEDIUM UPON REQUEST.

Firm Operations



Industry Arrangements (continued)

Name: BROADRIDGE FINANCIAL SOLUTIONS, INC.

Business Address: 300 EXECUTIVE DRIVE
EDGEWOOD, NY 11717

Effective Date: 06/05/2012

Description: APEX OUTSOURCES TO BROADRIDGE CERTAIN BACK OFFICE OPERATIONS, FROM ACCOUNT OPENING AND SECURITIES TRANSACTION PROCESSING TO CORRESPONDENT CLEARING, DOCUMENT MANAGEMENT AND INVESTOR COMMUNICATIONS, AS WELL AS CERTAIN STAFF OUTSOURCING.

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.

HARDCASTLE TRADING USA L.L.C. is under common control with the firm.

CRD #:	126497
Business Address:	755 SECAUCUS ROAD, SUITE F1110 SECAUCUS, NJ 07094
Effective Date:	12/21/2020
Foreign Entity:	No
Country:	
Securities Activities:	Yes
Investment Advisory Activities:	No
Description:	PEAK6 INVESTMENTS LLC OWNS HARDCASTLE TRADING USA L.L.C. AND IS AN INDIRECT OWNER OF THE APPLICANT.

PEAK6 TRADING LLC is under common control with the firm.

CRD #:	300209
Business Address:	141 W. JACKSON BLVD. SUITE 500 CHICAGO, IL 60604
Effective Date:	11/10/2020
Foreign Entity:	No
Country:	
Securities Activities:	Yes
Investment Advisory Activities:	No
Description:	PEAK6 INVESTMENTS LLC OWNS PEAK6 TRADING LLC AND IS AN INDIRECT

Firm Operations**Organization Affiliates (continued)**

OWNER OF THE APPLICANT.

ELECTRONIC TRANSACTION CLEARING, INC. is under common control with the firm.

CRD #: 146122

Business Address: 660 S. FIGEROA ST.
SUITES 1450
LOS ANGELES, CA 90017

Effective Date: 09/06/2019

Foreign Entity: No

Country:

Securities Activities: Yes

Investment Advisory Activities: No

Description: PEAK6 INVESTMENTS LLC OWNS ELECTRONIC TRANSACTION CLEARING, INC. AND IS AN INDIRECT OWNER OF THE APPLICANT.

PEAK6 CAPITAL MANAGEMENT LLC is under common control with the firm.

CRD #: 43773

Business Address: 141 WEST JACKSON BLVD
SUITE 500
CHICAGO, IL 60604

Effective Date: 06/05/2012

Foreign Entity: No

Country:

Securities Activities: Yes

Investment Advisory Activities: No

Description: PEAK6 INVESTMENTS LLC HAS AN INDIRECT INTEREST IN PEAK6 CAPITAL MANAGEMENT LLC AND IS AN INDIRECT OWNER OF THE APPLICANT

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

- bank holding company
- national bank
- state member bank of the Federal Reserve System

Firm Operations



Organization Affiliates (continued)

- state non-member bank
- savings bank or association
- credit union
- or foreign bank



Disclosure Events

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

	Pending	Final	On Appeal
Regulatory Event	0	44	0
Arbitration	N/A	8	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 44

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 PROCEDURES REASONABLY DESIGNED TO ENSURE THAT INTRODUCED CUSTOMERS RECEIVED INITIAL MARGIN INTEREST RATE DISCLOSURES AND FAILED TO ESTABLISH, MAINTAIN, AND ENFORCE A SUPERVISORY SYSTEM, INCLUDING WSPS, REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH SEC RULE 10B-16(A)(1). THE FINDINGS STATED THAT THE FIRM PROVIDED ITS INTRODUCING FIRMS WITH A MARGIN DISCLOSURE STATEMENT DOCUMENT, WHICH IT UNDERSTOOD ITS INTRODUCING FIRMS PROVIDED TO CUSTOMERS PRIOR TO THE FIRM OPENING A MARGIN ACCOUNT FOR THE CUSTOMER. WHILE THE FIRM HAD A PROCESS IN PLACE TO ENSURE THAT THE MARGIN DISCLOSURE STATEMENT WAS PROVIDED BY THE INTRODUCING FIRM, THE STATEMENT DID NOT DISCLOSE THE INTRODUCING FIRM-SPECIFIC MARGIN INTEREST RATE. SOME OF THE FIRM'S INTRODUCING FIRMS DID NOT MAKE MARGIN INTEREST RATE DISCLOSURES AT THE TIME OF ACCOUNT OPENING. AS THE BROKER EXTENDING CREDIT, THE FIRM WAS RESPONSIBLE FOR ESTABLISHING PROCEDURES TO ENSURE THAT THE MARGIN RATES WERE DISCLOSED TO CUSTOMERS AT THE TIME THEY OPENED MARGIN ACCOUNTS. THE FIRM DID NOT HAVE PROCEDURES TO ENSURE THAT INTRODUCED CUSTOMERS RECEIVED MARGIN INTEREST DISCLOSURES AT THE TIME OF ACCOUNT OPENING. CERTAIN CUSTOMERS OF THE FIRM'S INTRODUCING FIRMS DID NOT RECEIVE THE INITIAL DISCLOSURE STATING THE ANNUAL RATE OR RATES OF MARGIN INTEREST THAT COULD BE IMPOSED.

Initiated By: FINRA

Date Initiated: 12/31/2019

Docket/Case Number: [2019061642801](#)

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Other

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

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 12/31/2019



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

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

Other Sanctions Ordered: UNDERTAKING

Sanction Details: THE FIRM WAS CENSURED, FINED \$250,000 AND REQUIRED TO PROVIDE A WRITTEN CERTIFICATION WITHIN 90 DAYS THAT IT HAS COMPLETED A REVIEW OF ITS SYSTEMS AND PROCEDURES REGARDING SEC RULE 10B-16(A)(1), AND AS OF THE DATE OF THE CERTIFICATION, THE FIRM'S POLICIES, SYSTEMS AND PROCEDURES ARE REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE RULE. FINE PAID IN FULL ON 2/14/2020.

Reporting Source: Firm

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTS TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO ESTABLISH PROCEDURES REASONABLY DESIGNED TO ASSURE THAT INTRODUCED CUSTOMERS RECEIVED THE INITIAL MARGIN INTEREST RATE DISCLOSURES AND FAILED TO ESTABLISH, MAINTAIN, AND ENFORCE A SUPERVISORY SYSTEM, INCLUDING WRITTEN SUPERVISORY PROCEDURES, REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RULE 10B-16(A)(1).

Initiated By: FINRA

Date Initiated: 12/31/2019

Docket/Case Number: [2019061642801](#)

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

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)



Resolution Date:	12/31/2019
Sanctions Ordered:	Censure Monetary/Fine \$250,000.00
Other Sanctions Ordered:	
Sanction Details:	THE FIRM WAS CENSURED AND FINED \$250,000.00.
Firm Statement	THE FIRM WAS CENSURED AND FINED \$250,000.00.

Disclosure 2 of 44

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 COMPLY WITH FINRA'S SHORT INTEREST REPORTING REQUIREMENTS AND RELATED SUPERVISION OBLIGATIONS. THE FINDINGS STATED THAT THE FIRM EXPERIENCED AN ISSUE IN ITS SHORT INTEREST REPORTING LOGIC THAT EXCLUDED CERTAIN SHORT INTEREST POSITIONS FROM THE FIRM'S SUBMISSIONS TO FINRA. THE FINDINGS ALSO STATED THAT THE FIRM'S SUPERVISORY SYSTEM WAS NOT REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH ITS SHORT INTEREST REPORTING OBLIGATIONS. SPECIFICALLY, THE FIRM FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM, INCLUDING WSPS, TO CONFIRM THAT ITS REPORTING SYSTEM CAPTURED ALL REPORTABLE SHORT INTEREST POSITIONS. MOREOVER, THE FIRM DID NOT HAVE A SUPERVISORY SYSTEM TO REVIEW FOR THE ACCURACY OF THE FIRM'S SHORT INTEREST POSITIONS REPORTED TO FINRA.
Initiated By:	FINRA
Date Initiated:	10/15/2019
Docket/Case Number:	2016049448301
Principal Product Type:	No Product
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Acceptance, Waiver & Consent(AWC)



Resolution Date: 10/15/2019

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

Sanctions Ordered: Censure
Monetary/Fine \$140,000.00

Other Sanctions Ordered:

Sanction Details: THE FIRM WAS CENSURED AND FINED \$140,000. FINES PAID IN FULL ON 25, 2019.

Reporting Source: Firm

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO COMPLY WITH FINRA'S SHORT INTEREST REPORTING REQUIREMENTS AND RELATED SUPERVISION OBLIGATIONS. THE FINDINGS STATED THAT THE FIRM EXPERIENCED AN ISSUE IN ITS SHORT INTEREST REPORTING LOGIC THAT EXCLUDED CERTAIN SHORT INTEREST POSITIONS FROM THE FIRM'S SUBMISSIONS TO FINRA. THE FINDINGS ALSO STATED THAT THE FIRM'S SUPERVISORY SYSTEM WAS NOT REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH ITS SHORT INTEREST REPORTING OBLIGATIONS. SPECIFICALLY, THE FIRM FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM, INCLUDING WSPS, TO CONFIRM THAT ITS REPORTING SYSTEM CAPTURED ALL REPORTABLE SHORT INTEREST POSITIONS. MOREOVER, THE FIRM DID NOT HAVE A SUPERVISORY SYSTEM TO REVIEW FOR THE ACCURACY OF THE FIRM'S SHORT INTEREST POSITIONS REPORTED TO FINRA.

Initiated By: FINRA

Date Initiated: 10/15/2019

Docket/Case Number: [2016049448301](#)

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought:


Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 10/15/2019

Sanctions Ordered: Censure
Monetary/Fine \$140,000.00

Other Sanctions Ordered:

Sanction Details: THE FIRM WAS CENSURED AND FINED \$140,000.

Firm Statement LETTER OF ACCEPTANCE, WAIVER AND CONSENT ON THESE TERMS WAS ACCEPTED AND SIGNED BY FINRA OCTOBER 15, 2019.

Disclosure 3 of 44

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 AND INACCURATELY REPORTED POSITIONS TO THE LARGE OPTION POSITION REPORTING (LOPR) IN THOUSANDS OF INSTANCES. THE FINDINGS STATED THAT THE FIRM ERRONEOUSLY REPORTED POSITIONS TO THE LOPR UNDER ONE CLEARING MEMBER (CM) NUMBER, WHILE THE POSITIONS RESIDED AT OPTIONS CLEARING CORPORATION UNDER A DIFFERENT CM NUMBER. THE FIRM FAILED TO RESUBMIT REJECTED LOPR RECORDS WITH THE CORRECT EFFECTIVE DATE AND FAILED TO MARK CERTAIN ACCOUNTS AS ACTING-IN-CONCERT RESULTING IN CERTAIN POSITIONS NOT BEING REPORTED TO LOPR. THE FINDINGS ALSO STATED THAT THE FIRM, AS A RESULT OF A SYSTEMIC ISSUE WITH ITS THIRD-PARTY LOPR REPORTING SERVICE PROVIDER, FAILED TO REPORT CUSTOMER POSITIONS TO THE LOPR. THE CONDUCT DESCRIBED CONSTITUTES SEPARATE AND DISTINCT VIOLATIONS OF MIAX RULE 310. THE FINDINGS ALSO INCLUDED THAT THE FIRM'S PROCEDURES DID NOT INCLUDE A REVIEW FOR THE ACCURACY OF ITS LOPR REPORTING. AS A RESULT, THE FIRM WAS UNAWARE OF THE INACCURACIES OF ITS LOPR SUBMISSIONS AND THE SYSTEMIC ISSUE WITH ITS THIRD-PARTY SERVICE PROVIDER DESCRIBED ABOVE. IN ADDITION, THE FIRM'S PROCEDURES DID NOT INCLUDE A REVIEW OF ACCOUNTS POTENTIALLY ACTING-IN-CONCERT. AS A RESULT, THE FIRM WAS UNAWARE THAT IT FAILED TO REPORT CERTAIN POSITIONS ACTING-IN-CONCERT. THE FIRM HAS AMENDED ITS SYSTEMS AND PROCEDURES TO REASONABLY ADDRESS THE SUPERVISORY DEFICIENCIES. THE



CONDUCT DESCRIBED CONSTITUTES A VIOLATION OF MIAx RULES 500(B) AND 1308(C)(1).

Initiated By: MIAMI INTERNATIONAL SECURITIES EXCHANGE, LLC

Date Initiated: 12/19/2018

Docket/Case Number: 2014042222602

Principal Product Type: Options

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Consent

Resolution Date: 12/19/2018

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 \$22,500.00

Other Sanctions Ordered:

Sanction Details: THE FIRM IS CENSURED AND FINED \$125,000, OF WHICH \$22,500 IS PAYABLE TO MIAx. THE BALANCE OF THE SANCTION WILL BE PAID TO BOX EXCHANGE LLC.

Reporting Source: Firm

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO REPORT AND INACCURATELY REPORTED POSITIONS TO THE LARGE OPTION POSITION REPORTING (LOPR) IN THOUSANDS OF INSTANCES. THE FINDINGS STATED THAT THE FIRM ERRONEOUSLY REPORTED POSITIONS TO THE LOPR UNDER ONE CLEARING MEMBER (CM) NUMBER, WHILE THE POSITIONS RESIDED AT OPTIONS CLEARING CORPORATION UNDER A DIFFERENT CM NUMBER. THE FIRM FAILED TO RESUBMIT



REJECTED LOPR RECORDS WITH THE CORRECT EFFECTIVE DATE AND FAILED TO MARK CERTAIN ACCOUNTS AS ACTING-IN-CONCERT RESULTING IN CERTAIN POSITIONS NOT BEING REPORTED TO LOPR. THE FINDINGS ALSO STATED THAT THE FIRM, AS A RESULT OF A SYSTEMIC ISSUE WITH ITS THIRD-PARTY LOPR REPORTING SERVICE PROVIDER, FAILED TO REPORT CUSTOMER POSITIONS TO THE LOPR. THE CONDUCT DESCRIBED CONSTITUTES SEPARATE AND DISTINCT VIOLATIONS OF MIAX RULE 310. THE FINDINGS ALSO INCLUDED THAT THE FIRM'S PROCEDURES DID NOT INCLUDE A REVIEW FOR THE ACCURACY OF ITS LOPR REPORTING. AS A RESULT, THE FIRM WAS UNAWARE OF THE INACCURACIES OF ITS LOPR SUBMISSIONS AND THE SYSTEMIC ISSUE WITH ITS THIRD-PARTY SERVICE PROVIDER DESCRIBED ABOVE. IN ADDITION, THE FIRM'S PROCEDURES DID NOT INCLUDE A REVIEW OF ACCOUNTS POTENTIALLY ACTING-IN-CONCERT. AS A RESULT, THE FIRM WAS UNAWARE THAT IT FAILED TO REPORT CERTAIN POSITIONS ACTING-IN-CONCERT. THE FIRM HAS AMENDED ITS SYSTEMS AND PROCEDURES TO REASONABLY ADDRESS THE SUPERVISORY DEFICIENCIES. THE CONDUCT DESCRIBED CONSTITUTES A VIOLATION OF MIAX RULES 500(B) AND 1308(C)(1).

Initiated By: MIAMI INTERNATIONAL SECURITIES EXCHANGE, LLC

Date Initiated: 12/19/2018

Docket/Case Number: 2014042222602

Principal Product Type: Options

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Consent

Resolution Date: 12/19/2018

Sanctions Ordered: Censure
Monetary/Fine \$22,500.00

Other Sanctions Ordered:

Sanction Details: THE FIRM IS CENSURED AND FINED \$125,000, OF WHICH \$22,500 IS PAYABLE TO MIAX. THE BALANCE OF THE SANCTION WILL BE PAID TO BOX EXCHANGE LLC.

**Disclosure 4 of 44****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 THE FIRM FAILED TO REPORT AND INACCURATELY REPORTED POSITIONS TO THE LARGE OPTION POSITION REPORTING (LOPR) IN THOUSANDS OF INSTANCES. THE FINDINGS STATED THAT THE FIRM ERRONEOUSLY REPORTED POSITIONS TO THE LOPR UNDER ONE CLEARING MEMBER (CM) NUMBER, WHILE THE POSITIONS RESIDED AT OPTIONS CLEARING CORPORATION UNDER A DIFFERENT CM NUMBER. THE FIRM AS A RESULT OF A SYSTEMIC ISSUE WITH ITS THIRD-PARTY LOPR REPORTING SERVICE PROVIDER, ERRONEOUSLY DELETED WEEKLY EXPIRING REPORTABLE OPTION POSITIONS FROM THE LOPR AND ERRONEOUSLY DELETED STANDARD EXPIRING REPORTABLE OPTION POSITIONS FROM THE LOPR. AS A RESULT, THE POSITIONS WERE NOT REPORTED. THE FINDINGS ALSO STATED THAT THE FIRM, AS A RESULT OF A SYSTEMIC ISSUE WITH ITS THIRD-PARTY LOPR REPORTING SERVICE PROVIDER, REPORTED POSITIONS TO THE LOPR WITH INCORRECT EFFECTIVE DATES. ADDITIONALLY THE FIRM, AS A RESULT OF A SYSTEMIC ISSUE WITH ITS THIRD-PARTY LOPR REPORTING SERVICE PROVIDER, DID NOT ACCURATELY REPORT WEEKLY EXPIRING REPORTABLE OPTIONS POSITIONS ON EXPIRATION FOR POSITIONS THAT SHOULD HAVE BEEN ADDED, MODIFIED, OR DELETED. THE FINDINGS ALSO INCLUDED THAT THE FIRM FAILED TO REPORT POSITIONS TO THE LOPR PRIOR TO AND FOLLOWING A CORPORATE ACTION. THE FIRM FAILED TO MARK CERTAIN ACCOUNTS AS ACTING-IN-CONCERT RESULTING IN CERTAIN POSITIONS NOT BEING REPORTED TO THE LOPR. THE CONDUCT DESCRIBED CONSTITUTES SEPARATE AND DISTINCT VIOLATIONS OF BOX RULE 3150. FINRA FOUND THAT THE FIRM'S PROCEDURES DID NOT INCLUDE A REVIEW FOR THE ACCURACY OF ITS LOPR REPORTING. AS A RESULT, THE FIRM WAS UNAWARE OF THE INACCURACIES OF ITS LOPR SUBMISSIONS AND THE SYSTEMIC ISSUES WITH ITS THIRD-PARTY SERVICE PROVIDER DISCUSSED ABOVE. IN ADDITION, THE FIRM'S PROCEDURES DID NOT INCLUDE A REVIEW OF ACCOUNTS POTENTIALLY ACTING-IN-CONCERT. AS A RESULT, THE FIRM WAS UNAWARE THAT IT FAILED TO REPORT CERTAIN POSITIONS ACTING-IN-CONCERT. THE FIRM HAS AMENDED ITS SYSTEMS AND PROCEDURES TO REASONABLY ADDRESS THE SUPERVISORY DEFICIENCIES. THE CONDUCT DESCRIBED CONSTITUTES A VIOLATION OF BOX RULES 7000(C)(4) AND 3070.

Initiated By: BOX EXCHANGE LLC**Date Initiated:** 12/19/2018



Docket/Case Number: 2014042222601

Principal Product Type: Options

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Consent

Resolution Date: 12/19/2018

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 \$102,500.00

Other Sanctions Ordered:

Sanction Details: THE FIRM IS CENSURED AND FINED IN THE AMOUNT OF \$125,000, OF WHICH \$102,500 IS PAYABLE TO BOX. THE BALANCE OF THE SANCTION WILL BE PAID TO THE MIAMI INTERNATIONAL SECURITIES EXCHANGE, LLC.

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 THE FIRM FAILED TO REPORT AND INACCURATELY REPORTED POSITIONS TO THE LARGE OPTION POSITION REPORTING (LOPR) IN THOUSANDS OF INSTANCES. THE FINDINGS STATED THAT THE FIRM ERRONEOUSLY REPORTED POSITIONS TO THE LOPR UNDER ONE CLEARING MEMBER (CM) NUMBER, WHILE THE POSITIONS RESIDED AT OPTIONS CLEARING CORPORATION UNDER A DIFFERENT CM NUMBER. THE FIRM AS A RESULT OF A SYSTEMIC ISSUE WITH ITS THIRD-PARTY LOPR REPORTING SERVICE PROVIDER, ERRONEOUSLY DELETED WEEKLY EXPIRING REPORTABLE OPTION POSITIONS FROM THE LOPR AND ERRONEOUSLY DELETED STANDARD EXPIRING REPORTABLE OPTION POSITIONS FROM THE LOPR. AS A RESULT, THE POSITIONS WERE NOT REPORTED. THE FINDINGS ALSO



STATED THAT THE FIRM, AS A RESULT OF A SYSTEMIC ISSUE WITH ITS THIRD-PARTY LOPR REPORTING SERVICE PROVIDER, REPORTED POSITIONS TO THE LOPR WITH INCORRECT EFFECTIVE DATES. ADDITIONALLY THE FIRM, AS A RESULT OF A SYSTEMIC ISSUE WITH ITS THIRD-PARTY LOPR REPORTING SERVICE PROVIDER, DID NOT ACCURATELY REPORT WEEKLY EXPIRING REPORTABLE OPTIONS POSITIONS ON EXPIRATION FOR POSITIONS THAT SHOULD HAVE BEEN ADDED, MODIFIED, OR DELETED. THE FINDINGS ALSO INCLUDED THAT THE FIRM FAILED TO REPORT POSITIONS TO THE LOPR PRIOR TO AND FOLLOWING A CORPORATE ACTION. THE FIRM FAILED TO MARK CERTAIN ACCOUNTS AS ACTING-IN-CONCERT RESULTING IN CERTAIN POSITIONS NOT BEING REPORTED TO THE LOPR. THE CONDUCT DESCRIBED CONSTITUTES SEPARATE AND DISTINCT VIOLATIONS OF BOX RULE 3150. FINRA FOUND THAT THE FIRM'S PROCEDURES DID NOT INCLUDE A REVIEW FOR THE ACCURACY OF ITS LOPR REPORTING. AS A RESULT, THE FIRM WAS UNAWARE OF THE INACCURACIES OF ITS LOPR SUBMISSIONS AND THE SYSTEMIC ISSUES WITH ITS THIRD-PARTY SERVICE PROVIDER DISCUSSED ABOVE. IN ADDITION, THE FIRM'S PROCEDURES DID NOT INCLUDE A REVIEW OF ACCOUNTS POTENTIALLY ACTING-IN-CONCERT. AS A RESULT, THE FIRM WAS UNAWARE THAT IT FAILED TO REPORT CERTAIN POSITIONS ACTING-IN-CONCERT. THE FIRM HAS AMENDED ITS SYSTEMS AND PROCEDURES TO REASONABLY ADDRESS THE SUPERVISORY DEFICIENCIES. THE CONDUCT DESCRIBED CONSTITUTES A VIOLATION OF BOX RULES 7000(C)(4) AND 3070.

Initiated By: BOX EXCHANGE LLC

Date Initiated: 12/19/2018

Docket/Case Number: 2014042222601

Principal Product Type: Options

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Consent

Resolution Date: 12/19/2018

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

Other Sanctions Ordered:



Sanction Details: THE FIRM IS CENSURED AND FINED IN THE AMOUNT OF \$125,000, OF WHICH \$102,500 IS PAYABLE TO BOX. THE BALANCE OF THE SANCTION WILL BE PAID TO THE MIAMI INTERNATIONAL SECURITIES EXCHANGE, LLC.

Disclosure 5 of 44

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 HAD A FAIL-TO-DELIVER POSITION AT A REGISTERED CLEARING AGENCY IN AN EQUITY SECURITY THAT RESULTED FROM A LONG SALE TRANSACTION, AND DID NOT CLOSE-OUT THE POSITION BY PURCHASING OR BORROWING SECURITIES OF LIKE KIND AND QUANTITY WITHIN THE TIME FRAME AND MANNER PRESCRIBED BY RULE 204(A) OF REGULATION SHO. THE FINDINGS STATED THAT IN SEVERAL INSTANCES, THE FIRM HAD A FAIL-TO-DELIVER POSITION AT A REGISTERED CLEARING AGENCY IN AN EQUITY SECURITY THAT WAS ATTRIBUTABLE TO BONA FIDE MARKET MAKING ACTIVITIES, AND DID NOT CLOSE OUT THE FAIL-TO-DELIVER POSITION BY PURCHASING SECURITIES OF LIKE KIND AND QUANTITY WITHIN THE TIME FRAME PRESCRIBED BY RULE 204(A)(3) OF REGULATION SHO.

Initiated By: FINRA

Date Initiated: 09/20/2016

Docket/Case Number: [2014040494101](#)

Principal Product Type: Other

Other Product Type(s): EQUITY SECURITIES

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 09/20/2016



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 \$15,000.00

Other Sanctions Ordered:

Sanction Details: THE FIRM WAS CENSURED AND FINED \$15,000.
FINE PAID IN FULL ON OCTOBER 7, 2016.

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 HAD A FAIL-TO-DELIVER POSITION AT A REGISTERED CLEARING AGENCY IN AN EQUITY SECURITY THAT RESULTED FROM A LONG SALE TRANSACTION, AND DID NOT CLOSE-OUT THE POSITION BY PURCHASING OR BORROWING SECURITIES OF LIKE KIND AND QUANTITY WITHIN THE TIME FRAME AND MANNER PRESCRIBED BY RULE 204(A) OF REGULATION SHO. THE FINDINGS STATED THAT IN SEVERAL INSTANCES, THE FIRM HAD A FAIL-TO-DELIVER POSITION AT A REGISTERED CLEARING AGENCY IN AN EQUITY SECURITY THAT WAS ATTRIBUTABLE TO BONA FIDE MARKET MAKING ACTIVITIES, AND DID NOT CLOSE OUT THE FAIL-TO-DELIVER POSITION BY PURCHASING SECURITIES OF LIKE KIND AND QUANTITY WITHIN THE TIME FRAME PRESCRIBED BY RULE 204(A)(3) OF REGULATION SHO.

Initiated By: FINRA

Date Initiated: 09/20/2016

Docket/Case Number: [2014040494101](#)

Principal Product Type: Other

Other Product Type(s): EQUITY SECURITIES

Principal Sanction(s)/Relief Sought: Other

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



Resolution: Acceptance, Waiver & Consent(AWC)
Resolution Date: 09/20/2016
Sanctions Ordered: Censure
 Monetary/Fine \$15,000.00
Other Sanctions Ordered:
Sanction Details: THE FIRM WAS CENSURED AND FINED \$15,000.

Disclosure 6 of 44

Reporting Source: Regulator

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTION AND TO THE ENTRY OF FINDINGS THAT IT HAD FAIL TO DELIVER POSITIONS AT A REGISTERED CLEARING AGENCY IN EQUITY SECURITIES THAT RESULTED FROM LONG SALES, AND DID NOT CLOSE THE FAIL TO DELIVER POSITIONS BY PURCHASING OR BORROWING SECURITIES OF LIKE KIND AND QUANTITY WITHIN THE TIME FRAME PRESCRIBED BY RULE 204(A)(1) OF REGULATION SHO. THE FINDINGS STATED THAT THE FIRM ALSO HAD FAIL TO DELIVER POSITION AT A REGISTERED CLEARING AGENCY IN EQUITY SECURITIES THAT RESULTED FROM SALES OF SECURITIES THAT THE SELLER WAS DEEMED TO OWN PURSUANT TO §242.200 OF REGULATION SHO AND INTENDED TO DELIVER ONCE ALL RESTRICTIONS ON DELIVERY HAD BEEN REMOVED, AND DID NOT CLOSE THE FAIL TO DELIVER POSITIONS BY PURCHASING OR BORROWING SECURITIES OF LIKE KIND AND QUANTITY WITHIN THE TIMEFRAME PRESCRIBED BY RULE 204(A)(2) OF REGULATION SHO. THE FINDINGS ALSO STATED THAT THE FIRM HAD FAIL TO DELIVER POSITION AT A REGISTERED CLEARING AGENCY IN EQUITY SECURITIES THAT WAS ATTRIBUTABLE TO MARKET MAKING ACTIVITIES, AND DID NOT CLOSE OUT THE FAIL TO DELIVER POSITIONS BY PURCHASING OR BORROWING SECURITIES OF LIKE KIND AND QUANTITY WITHIN THE TIME FRAME PRESCRIBED BY RULE 204(A)(3) OF REGULATION SHO. THE FINDINGS ALSO INCLUDED THAT THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO RULE 204 OF REGULATION SHO.

Initiated By: FINRA

Date Initiated: 09/16/2015

Docket/Case Number: [2012034681201](#)

Principal Product Type: No Product

**Other Product Type(s):**

Principal Sanction(s)/Relief Sought: Other

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

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 09/16/2015

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 \$12,500.00

Other Sanctions Ordered:

Sanction Details: THE FIRM WAS CENSURED AND FINED \$12,500. FINE PAID IN FULL OCTOBER 29, 2015.

Regulator Statement

IN DETERMINING TO RESOLVE THIS MATTER, FINRA GAVE SIGNIFICANT CONSIDERATION TO THE FACT THAT THE CONDUCT INVOLVED IN THIS MATTER OCCURRED DURING THE INITIAL MONTHS FOLLOWING THE FORMATION OF THE FIRM, AND THAT THE FIRM SUBSEQUENTLY UNDERTOOK EFFORTS TO REMEDIATE THE ISSUES THAT LED TO THE VIOLATIONS IN THIS MATTER. MOREOVER, AS THE FIRM ASSUMED THE MAJORITY OF THE ACCOUNTS AND SYSTEMS OF A FAILING BUSINESS, ADDITIONAL CONSIDERATION WAS GIVEN TO THE FACT THAT IT HAD TO EXERT CONSIDERABLE EFFORTS TO CORRECT THAT BUSINESS IN ORDER TO PROTECT CUSTOMERS' ASSETS.

Reporting Source: Firm

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTION AND TO THE ENTRY OF FINDINGS THAT IT HAD FAIL TO DELIVER POSITIONS AT A REGISTERED CLEARING AGENCY IN EQUITY SECURITIES THAT RESULTED FROM LONG SALES, AND DID NOT CLOSE THE FAIL TO DELIVER POSITIONS BY PURCHASING OR BORROWING SECURITIES OF LIKE KIND AND QUANTITY WITHIN THE TIME FRAME PRESCRIBED BY RULE 204(A)(1) OF REGULATION SHO. THE FINDINGS



STATED THAT THE FIRM ALSO HAD FAIL TO DELIVER POSITION AT A REGISTERED CLEARING AGENCY IN EQUITY SECURITIES THAT RESULTED FROM SALES OF SECURITIES THAT THE SELLER WAS DEEMED TO OWN PURSUANT TO §242.200 OF REGULATION SHO AND INTENDED TO DELIVER ONCE ALL RESTRICTIONS ON DELIVERY HAD BEEN REMOVED, AND DID NOT CLOSE THE FAIL TO DELIVER POSITIONS BY PURCHASING OR BORROWING SECURITIES OF LIKE KIND AND QUANTITY WITHIN THE TIMEFRAME PRESCRIBED BY RULE 204(A)(2) OF REGULATION SHO. THE FINDINGS ALSO STATED THAT THE FIRM HAD FAIL TO DELIVER POSITION AT A REGISTERED CLEARING AGENCY IN EQUITY SECURITIES THAT WAS ATTRIBUTABLE TO MARKET MAKING ACTIVITIES, AND DID NOT CLOSE OUT THE FAIL TO DELIVER POSITIONS BY PURCHASING OR BORROWING SECURITIES OF LIKE KIND AND QUANTITY WITHIN THE TIME FRAME PRESCRIBED BY RULE 204(A)(3) OF REGULATION SHO. THE FINDINGS ALSO INCLUDED THAT THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO RULE 204 OF REGULATION SHO.

Initiated By: FINRA

Date Initiated: 09/16/2015

Docket/Case Number: [2012034681201](#)

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Other

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

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 09/16/2015

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

Other Sanctions Ordered:

Sanction Details: THE FIRM WAS FINED \$12,500.

Firm Statement IN DETERMINING TO RESOLVE THIS MATTER, FINRA GAVE SIGNIFICANT CONSIDERATION TO THE FACT THAT THE CONDUCT INVOLVED IN THIS MATTER OCCURRED DURING THE INITIAL MONTHS FOLLOWING THE FORMATION OF THE FIRM, AND THAT THE FIRM SUBSEQUENTLY UNDERTOOK EFFORTS TO REMEDIATE THE ISSUES THAT LED TO THE VIOLATIONS IN THIS MATTER. MOREOVER, AS THE FIRM ASSUMED THE



MAJORITY OF THE ACCOUNTS AND SYSTEMS OF A FAILING BUSINESS, ADDITIONAL CONSIDERATION WAS GIVEN TO THE FACT THAT IT HAD TO EXERT CONSIDERABLE EFFORTS TO CORRECT THAT BUSINESS IN ORDER TO PROTECT CUSTOMERS' ASSETS.

Disclosure 7 of 44

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 DELIVER POSITIONS AT A REGISTERED CLEARING AGENCY IN EQUITY SECURITIES THAT RESULTED FROM SHORT SALES, AND DID NOT CLOSE THE FAIL TO DELIVER POSITIONS BY PURCHASING OR BORROWING SECURITIES OF LIKE KIND AND QUANTITY WITHIN THE TIME FRAME AND MANNER PRESCRIBED BY RULE 204(A) OF REGULATION SHO. THE FINDINGS STATED THAT THE FIRM ALSO FAILED TO ESTABLISH AND MAINTAIN APPROPRIATE PROCEDURES OF SUPERVISION AND CONTROL, INCLUDING A SEPARATE SYSTEM OF FOLLOW-UP AND REVIEW, CONCERNING COMPLIANCE WITH RULE 204 OF REGULATION SHO, IN VIOLATION OF NYSE RULE 342.
Initiated By:	NEW YORK STOCK EXCHANGE
Date Initiated:	09/16/2015
Docket/Case Number:	2012034681202
Principal Product Type:	No Product
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Other
Other Sanction(s)/Relief Sought:	N/A
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	09/16/2015
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: Monetary/Fine \$12,500.00

Other Sanctions Ordered:

Sanction Details: THE FIRM WAS FINED \$12,500.

Regulator Statement IN DETERMINING TO RESOLVE THIS MATTER, FINRA GAVE SIGNIFICANT CONSIDERATION TO THE FACT THAT THE CONDUCT INVOLVED IN THIS MATTER OCCURRED DURING THE INITIAL MONTHS FOLLOWING THE FORMATION OF THE FIRM, AND THAT THE FIRM SUBSEQUENTLY UNDERTOOK EFFORTS TO REMEDIATE THE ISSUES THAT LED TO THE VIOLATIONS IN THIS MATTER. MOREOVER, AS THE FIRM ASSUMED THE MAJORITY OF THE ACCOUNTS AND SYSTEMS OF A FAILING BUSINESS, ADDITIONAL CONSIDERATION WAS GIVEN TO THE FACT THAT IT HAD TO EXERT CONSIDERABLE EFFORTS TO CORRECT THAT BUSINESS IN ORDER TO PROTECT CUSTOMERS' ASSETS.

Reporting Source: Firm

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO DELIVER POSITIONS AT A REGISTERED CLEARING AGENCY IN EQUITY SECURITIES THAT RESULTED FROM SHORT SALES, AND DID NOT CLOSE THE FAIL TO DELIVER POSITIONS BY PURCHASING OR BORROWING SECURITIES OF LIKE KIND AND QUANTITY WITHIN THE TIME FRAME AND MANNER PRESCRIBED BY RULE 204(A) OF REGULATION SHO. THE FINDINGS STATED THAT THE FIRM ALSO FAILED TO ESTABLISH AND MAINTAIN APPROPRIATE PROCEDURES OF SUPERVISION AND CONTROL, INCLUDING A SEPARATE SYSTEM OF FOLLOW-UP AND REVIEW, CONCERNING COMPLIANCE WITH RULE 204 OF REGULATION SHO, IN VIOLATION OF NYSE RULE 342.

Initiated By: NEW YORK STOCK EXCHANGE

Date Initiated: 09/16/2015

Docket/Case Number: 2012034681202

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Other

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



Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	09/16/2015
Sanctions Ordered:	Monetary/Fine \$12,500.00
Other Sanctions Ordered:	
Sanction Details:	THE FIRM WAS FINED \$12,500.
Firm Statement	IN DETERMINING TO RESOLVE THIS MATTER, FINRA GAVE SIGNIFICANT CONSIDERATION TO THE FACT THAT THE CONDUCT INVOLVED IN THIS MATTER OCCURRED DURING THE INITIAL MONTHS FOLLOWING THE FORMATION OF THE FIRM, AND THAT THE FIRM SUBSEQUENTLY UNDERTOOK EFFORTS TO REMEDIATE THE ISSUES THAT LED TO THE VIOLATIONS IN THIS MATTER. MOREOVER, AS THE FIRM ASSUMED THE MAJORITY OF THE ACCOUNTS AND SYSTEMS OF A FAILING BUSINESS, ADDITIONAL CONSIDERATION WAS GIVEN TO THE FACT THAT IT HAD TO EXERT CONSIDERABLE EFFORTS TO CORRECT THAT BUSINESS IN ORDER TO PROTECT CUSTOMERS' ASSETS.

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Reporting Source:	Regulator
Current Status:	Final
Allegations:	APEX CLEARING CORPORATION ("APEX"), AN EXCHANGE TPH ORGANIZATION, WAS CENSURED AND FINED \$10,000 FOR THE FOLLOWING CONDUCT. APEX FAILED TO PROPERLY REGISTER FOUR (4) ASSOCIATED PERSONS AS A PROPRIETARY TRADER (PT) 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:	12/03/2014
Docket/Case Number:	14-0172 / 20140439157
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: 05/07/2015
Sanctions Ordered: Censure
 Monetary/Fine \$10,000.00
Other Sanctions Ordered:
Sanction Details: A \$10,000 FINE AND A CENSURE.

Reporting Source: Firm
Current Status: Final
Allegations: IT IS ALLEGED THAT APEX FAILED TO REGISTER FOUR (4) ASSOCIATED PERSONS AS A PROPRIETARY TRADER (PT) WITH THE EXCHANGE IN WEBCRD. (VIOLATION OF EXCHANGE RULE 3.6A)
Initiated By: CHICAGO BOARD OPTIONS EXCHANGE
Date Initiated: 12/03/2014
Docket/Case Number: 14-0172
Principal Product Type: Options
Other Product Type(s):
Principal Sanction(s)/Relief Sought: Other
Other Sanction(s)/Relief Sought: FINE AND A CENSURE.
Resolution: Order
Resolution Date: 05/07/2015
Sanctions Ordered: Censure
 Monetary/Fine \$10,000.00
Other Sanctions Ordered:
Sanction Details: MONETARY COMPENSATION: \$10,000.00
 DATE PAID: MAY 15, 2015
Firm Statement APEX OFFERED A SETTLEMENT TO CBOE OF \$10,000.00, RESOLUTION.

Disclosure 9 of 44

Reporting Source: Regulator
Current Status: Final



Allegations: SEC RULE 203(B)(3) OF REGULATION SHO, NASD RULES 2110, 3010 - RIDGE CLEARING & OUTSOURCING SOLUTIONS, INC. HAD A FAIL-TO-DELIVER POSITION AT A REGISTERED CLEARING AGENCY WITH RESPECT TO THRESHOLD SECURITIES 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 FAIL-TO-DELIVER POSITIONS RESULTED FROM A CUSTOMER'S LONG SALE OF RESTRICTED SECURITIES UNDER SEC RULE 144. THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATIONS AND NASD RULES CONCERNING SEC RULES 203(A), 203(B) AND NASD RULE 6130(D)(6).

Initiated By: FINRA

Date Initiated: 11/18/2009

Docket/Case Number: [2006005104901](#)

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: 11/18/2009

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 \$22,500.00

Other Sanctions Ordered: UNDERTAKING

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED, FINED \$22,500 AND REQUIRED TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES REGARDING SEC RULES 203(A), 203(B) AND NASD RULE 6130(D)(6) WITHIN 30 DAYS OF ACCEPTANCE OF THIS AWC BY THE NAC.



Reporting Source: Firm

Current Status: Final

Allegations: SEC RULE 203(B)(3) OF REGULATION SHO, NASD RULES 2110, 3010 - RIDGE CLEARING & OUTSOURCING SOLUTIONS, INC. HAD A FAIL-TO-DELIVER POSITION AT A REGISTERED CLEARING AGENCY WITH RESPECT TO THRESHOLD SECURITIES 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 FAIL-TO-DELIVER POSITIONS RESULTED FROM A CUSTOMER'S LONG SALE OF RESTRICTED SECURITIES UNDER SEC RULE 144. THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATIONS AND NASD RULES CONCERNING SEC RULES 203(A), 203(B) AND NASD RULE 6130(D)(6).

Initiated By: FINRA

Date Initiated: 11/18/2009

Docket/Case Number: [2006005104901](#)

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: 11/18/2009

Sanctions Ordered: Censure
Monetary/Fine \$22,500.00

Other Sanctions Ordered: UNDERTAKING

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED, FINED \$22,500 AND REQUIRED TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES REGARDING SEC RULES 203(A), 203(B) AND NASD RULE 6130(D)(6) WITHIN 30 DAYS OF ACCEPTANCE OF THIS AWC BY THE NAC.



Firm Statement ON 11/18/09, FINRA ACCEPTED A LETTER OF ACCEPTANCE, WAIVER, AND CONSENT, PURSUANT TO WHICH THE FIRM WAS FINED \$22,500.00 FOR VIOLATIONS OF SEC RULES 203(A), 203(B) AND NASD RULE 6130(D)(6).

Disclosure 10 of 44

Reporting Source: Regulator

Current Status: Final

Allegations: NASD RULES 2110, 3010 AND 6955(A): RESPONDENT MEMBER FIRM TRANSMITTED TO OATS 111 REPORTS THAT CONTAINED INACCURATE, INCOMPLETE OR IMPROPERLY FORMATTED DATA, SPECIFICALLY WITH INACCURATE ACCOUNT TYPE CODES; THE FIRM FAILED TO ENFORCE ITS WRITTEN SUPERVISORY PROCEDURES WITH REGARDS TO OATS.

Initiated By: NASD

Date Initiated: 06/15/2007

Docket/Case Number: [2005003223101](#)

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: 06/15/2007

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

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

Other Sanctions Ordered:

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



Reporting Source:	Firm
Current Status:	Final
Allegations:	NASD RULE 2110, 3010 AND 6955(A): RESPONDENT TRANSMITTED TO OATS REPORTS THAT CONTAINED INACCURATE,INCOMPLETE OR IMPROPERLY FORMATTED DATA, SPECIFICALLY WITH INACCURATE ACCOUNT TYPE CODES; THE FIRM FAILED TO ENFORCE ITS WRITTEN SUPERVISORY PROCEDURES WITH REGARD TO OATS.
Initiated By:	NATIONAL ASSOCIATION OF SECURITIES DEALERS
Date Initiated:	05/15/2007
Docket/Case Number:	20050032231-01 AWC
Principal Product Type:	Other
Other Product Type(s):	CLEARING & OUTSOURCING SERVICES.
Principal Sanction(s)/Relief Sought:	Other
Other Sanction(s)/Relief Sought:	LETTER OF ACCEPTANCE, WAIVER AND CONSENT NO.20050032231-01
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	06/13/2007
Sanctions Ordered:	Censure Monetary/Fine \$15,000.00
Other Sanctions Ordered:	LETTER OF ACCEPTANCE, WAIVER AND CONSENT NO.20050032231-01
Sanction Details:	WITHOUT ADMITTING OR DENYING THE FINDINGS, RESPONDENT CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, FIRM IS CENSURED AND FINED \$15,000.
Firm Statement	THE INACCURATE ACCOUNT TYPE CODES RESULTED FROM AN ISOLATED INTERNAL TECHNOLOGY ISSUE. THE FIRM PROMPTLY INVESTIGATED THE CAUSE AND IMPLEMENTED THE NECESSARY CORRECTIVE ACTION TO PREVENT THE OCCURANCE OF FUTURE VIOLATIONS.

Disclosure 11 of 44

Reporting Source:	Regulator
Current Status:	Final
Allegations:	**1/6/06**CONSENTED TO FINDINGS:WITHOUT ADMITTING OR DENYING



GUILTY, FSI CONSENTS TO: A.FINDINGS BY THE HEARING PANEL THAT IT:
 1.VIOLATED NYSE RULE 440, SECTION 17(A) OF THE SECURITIES EXCHANGE ACT OF 1934 AND RULE 17A-4(B)(4) THEREUNDER BY FAILING TO PRESERVE FOR A PERIOD OF THREE YEARS ELECTRONIC COMMUNICATIONS RELATING TO THE BUSINESS OF THE FIRM. 2.VIOLATED NYSE RULE 342 IN THAT IT FAILED TO REASONABLY SUPERVISE AND IMPLEMENT ADEQUATE CONTROLS, INCLUDING A SEPARATE SYSTEM OF FOLLOW-UP AND REVIEW, WITH RESPECT TO THE RETENTION OF ELECTRONIC COMMUNICATIONS RELATING TO THE BUSINESS OF THE FIRM. 3.VIOLATED NYSE RULES 342.16 AND 342.17 IN THAT IT FAILED TO ADEQUATELY REVIEW, MONITOR AND SUPERVISE CERTAIN ELECTRONIC COMMUNICATIONS BETWEEN ITS EMPLOYEES AND THE PUBLIC RELATING TO ITS BUSINESS. STIPULATED SANCTION:CENSURE AND FINE IN THE AMOUNT OF \$350,000

Initiated By: NEW YORK STOCK EXCHANGE DIVISION OF ENFORCEMENT

Date Initiated: 01/06/2006

Docket/Case Number: HPD#06-40

Principal Product Type: Other

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Decision

Resolution Date: 07/05/2006

Sanctions Ordered: Censure
 Monetary/Fine \$350,000.00

Other Sanctions Ordered:

Sanction Details: **5/10/06**DECISION #06-40 ISSUED BY NYSE HEARING BOARD
 DECISION: VIOLATED NYSE RULE 440, SECTION 17(A) OF THE SECURITIES EXCHANGE ACT OF 1934 AND RULE 17A-4(B)(4) THEREUNDER BY FAILING TO PRESERVE ELECTRONIC COMMUNICATIONS; VIOLATED NYSE RULE 342 BY FAILING TO REASONABLY SUPERVISE AND IMPLEMENT ADEQUATE CONTROLS, INCLUDING A SEPARATE SYSTEM OF FOLLOW-UP AND REVIEW, WITH RESPECT TO THE RETENTION OF ELECTRONIC COMMUNICATIONS; VIOLATED NYSE RULES 342.16 AND 342.17 BY FAILING TO ADEQUATELY REVIEW, MONITOR, AND SUPERVISE CERTAIN ELECTRONIC COMMUNICATIONS BETWEEN FIRM EMPLOYEES AND



PUBLIC.
SANCTION: CONSENT TO CENSURE AND \$350,000 FINE.

Regulator Statement

****7/5/06**** THE DECISION IS NOW FINAL AND IS EFFECTIVE IMMEDIATELY.
CONTACT: PEGGY GERMINO 212-656-8450.

Reporting Source:

Firm

Current Status:

Final

Allegations:

WITHOUT ADMITTING OR DENYING GUILT, FSI (N/K/A ADP CLEARING & OUTSOURCING SERVICES, INC.) CONSENTS TO: A. FINDINGS BY THE HEARING PANEL THAT IT: 1. VIOLATED NYSE RULE 440, SECTION 17(A) OF THE SECURITIES EXCHANGE ACT OF 1934 AND RULE 17A-4(B)(4) THEREUNDER BY FAILING TO PRESERVE FOR A PERIOD OF THREE YEARS ELECTRONIC COMMUNICATIONS RELATING TO THE BUSINESS OF THE FIRM. 2. VIOLATED NYSE RULE 342 IN THAT IT FAILED TO REASONABLY SUPERVISE AND IMPLEMENT ADEQUATE CONTROLS, INCLUDING A SEPARATE SYSTEM OF FOLLOW-UP AND REVIEW, WITH RESPECT TO THE RETENTION OF ELECTRONIC COMMUNICATIONS RELATING TO THE BUSINESS OF THE FIRM. 3. VIOLATED NYSE RULES 342.16 AND 342.17 IN THAT IT FAILED TO ADEQUATELY REVIEW, MONITOR AND SUPERVISE CERTAIN ELECTRONIC COMMUNICATIONS BETWEEN ITS EMPLOYEES AND THE PUBLIC RELATING TO ITS BUSINESS. STIPULATED SANCTION: CENSURE AND FINE IN THE AMOUNT OF \$350,000.

Initiated By:

THE NEW YORK STOCK EXCHANGE, INC.-DIVISION OF ENFORCEMENT

Date Initiated:

01/06/2006

Docket/Case Number:

HPD#06-40

Principal Product Type:

No Product

Other Product Type(s):

Censure

Principal Sanction(s)/Relief Sought:

Censure

Other Sanction(s)/Relief Sought:

FINE IN THE AMOUNT OF \$350,000.

Resolution:

Consent

Resolution Date:

07/05/2006

Sanctions Ordered:Censure
Monetary/Fine \$350,000.00**Other Sanctions Ordered:**

N/A



Sanction Details: **5/10/06** DECISION #06-40 ISSUED BY NYSE HEARING BOARD DECISION: VIOLATED NYSE RULE 440, SECTION 17(A) OF THE SECURITIES EXCHANGE ACT OF 1934 AND RULE 17A-4(B)(4) THEREUNDER BY FAILING TO PRESERVE ELECTRONIC COMMUNICATIONS; VIOLATED NYSE RULE 342 BY FAILING TO REASONABLY SUPERVISE AND IMPLEMENT ADEQUATE CONTROLS, INCLUDING A SEPARATE SYSTEM OF FOLLOW-UP AND REVIEW, WITH RESPECT TO THE RETENTION OF ELECTRONIC COMMUNICATIONS; VIOLATED NYSE RULES 342.16 AND 342-17 BY FAILING TO ADEQUATELY REVIEW, MONITOR, AND SUPERVISE CERTAIN ELECTRONIC COMMUNICATIONS BETWEEN FIRM EMPLOYEES AND THE PUBLIC. SANCTION: CONSENT TO CENSURE AND \$350,000.00 FINE.

Firm Statement THE DECISION IS NOW FINAL AND IS EFFECTIVE IMMEDIATELY.

Disclosure 12 of 44

Reporting Source: Regulator

Current Status: Final

Allegations: MSRB RULE G-14, SEC RULE 17A-3, NASD RULES 3110, 4632, 6130, 6420, 6620 - RESPONDENT MEMBER FAILED, WITHIN 90 SECONDS AFTER EXECUTION, TO TRANSMIT THROUGH ACT LAST SALE REPORTS OF TRANSACTIONS, FAILED TO DESIGNATE THROUGH ACT THAT SOME OF THESE TRANSACTIONS WERE LATE, AND INACCURATELY REPORTED TO ACT THAT IT HAD ACTED AS A PRINCIPAL IN SOME OF THESE TRANSACTIONS. THE FINDINGS STATED THAT THE FIRM FAILED TO RECORD ON THE ORDER TICKETS THE EXECUTION TIMES IN SECONDS. IN ADDITION, THE FINDINGS STATED THAT THE FIRM REPORTED TRANSACTIONS TO THE MSRB WITH THE INCORRECT EXECUTING BROKER SYMBOL, AND FAILED TO TIMELY REPORT SOME OF THESE TRANSACTIONS TO THE MSRB.

Initiated By: NASD

Date Initiated: 08/10/2005

Docket/Case Number: [E102003018701](#)

Principal Product Type: Other

Other Product Type(s): UNSPECIFIED TYPE OF SECURITIES

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)



Resolution Date: 08/10/2005

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

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

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, FLEET SECURITIES INC., CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE THE FIRM IS CENSURED AND FINED \$20,000.

Reporting Source: Firm

Current Status: Final

Allegations: MSRB RULE G-14, SEC RULE 17A-3, NASD RULES 3110, 4632, 6130, 6420, 6620 - RESPONDENT MEMBER FAILED, WITHIN 90 SECONDS AFTER EXECUTION, TO TRANSMIT THROUGH ACT LAST SALE REPORTS OF TRANSACTIONS, FAILED TO DESIGNATE THROUGH ACT THAT SOME OF THESE TRANSACTIONS WERE LATE AND INACCURATELY REPORTED TO ACT THAT IT HAD ACTED AS A PRINCIPAL IN SOME OF THESE TRANSACTIONS. THE FINDINGS STATED THAT THE FIRM FAILED TO RECORD ON THE ORDER TICKETS THE EXECUTION TIMES IN SECONDS. IN ADDITION, THE FINDINGS STATED THAT THE FIRM REPORTED TRANSACTIONS TO THE MSRB WITH THE INCORRECT EXECUTING BROKER SYMBOL AND FAILED TO TIMELY REPORT SOME OF THESE TRANSACTIONS TO THE MSRB.

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 08/10/2005

Docket/Case Number: E1020030187-01

Principal Product Type: Other

Other Product Type(s): UNSPECIFIED TYPE OF SECURITIES

Principal Sanction(s)/Relief Sought: Other

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



Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 08/10/2005

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

Other Sanctions Ordered:

Sanction Details: THE FIRM WAS CENSURED AND FINED IN THE AMOUNT OF \$20,000.

Firm Statement WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS, TO THE ENTRY OF FINDINGS AND A CENSURE AND FINE OF \$20,000.

Disclosure 13 of 44

Reporting Source: Regulator

Current Status: Final

Allegations: **1/28/05**STIPULATION AND CONSENT TO PENALTY FILED BY NYSE DIVISION OF ENFORCEMENT AND PENDING. HEARING REQUESTED. CONSENTED TO FINDINGS: WITHOUT ADMITTING OR DENYING GUILT, FLEET SECURITIES CONSENTED TO FINDINGS THAT IT: VIOLATED SEC RULE 15C3-3 IN THAT THE FIRM IMPROPERLY COMPUTED ITS CUSTOMER RESERVE FORMULA REQUIREMENTS; VIOLATED SEC RULE 15C3-1 IN THAT THE FIRM FAILED TO PROPERLY AND ACCURATELY CALCULATE ITS NET CAPITAL IN ACCORDANCE WITH THE REQUIREMENTS OF THAT REGULATION; VIOLATED EXCHANGE RULE 132 IN THAT THE FIRM FAILED TO SUBMIT TO THE EXCHANGE ACCURATE ACCOUNT TYPE INDICATORS WITH RESPECT TO CERTAIN TRANSACTIONS;VIOLATED EXCHANGE RULE 342 IN THAT IT FAILED TO PROVIDE FOR, ESTABLISH, AND MAINTAIN ADEQUATE SUPERVISORY PROCEDURES AND CONTROLS, INCLUDING A SEPARATE SYSTEM OF FOLLOW-UP AND REVIEW, OF CERTAIN OF ITS BUSINESS ACTIVITIES IN ORDER TO ENSURE COMPLIANCE WITH EXCHANGE RULES AND FEDERAL SECURITIES LAWS RELATING TO PROPER AND ACCURATE COMPUTATIONS OF CUSTOMER RESERVE AND NET CAPITAL.STIPULATED SANCTION: THE IMPOSITION BY THE EXCHANGE OF A CENSURE AND \$100,000 FINE.

Initiated By: NEW YORK STOCK EXCHANGE DIVISION OF ENFORCEMENT

Date Initiated: 01/28/2005

Docket/Case Number: HPD#: 05-028

Principal Product Type: Other

**Other Product Type(s):****Principal Sanction(s)/Relief Sought:****Other Sanction(s)/Relief Sought:****Resolution:** Decision**Resolution Date:** 04/07/2005**Sanctions Ordered:** Censure
Monetary/Fine \$100,000.00**Other Sanctions Ordered:****Sanction Details:**

****03/07/05****DECISION HPD 05-28 ISSUED BY NYSE HEARING PANEL ON MARCH 8, 2005.DECISION:1.VIOLATED SEC RULE 15C3-3 IN THAT THE FIRM IMPROPERLY COMPUTED ITS CUSTOMER RESERVE FORMULA REQUIREMENTS. 2.VIOLATED SEC RULE 15C3-1 IN THAT THE FIRM FAILED TO PROPERLY AND ACCURATELY CALCULATE ITS NET CAPITAL IN ACCORDANCE WITH THE REQUIREMENTS OF THAT REGULATION 3.VIOLATED EXCHANGE RULE 132 IN THAT THE FIRM FAILED TO SUBMIT TO THE EXCHANGE ACCURATE ACCOUNT TYPE INDICATORS WITH RESPECT TO CERTAIN TRANSACTIONS. 4.VIOLATED EXCHANGE RULE 342 IN THAT IT FAILED TO PROVIDE FOR, ESTABLISH, AND MAINTAIN ADEQUATE SUPERVISORY PROCEDURES AND CONTROLS, INCLUDING A SEPARATE SYSTEM OF FOLLOW-UP AND REVIEW, OF CERTAIN OF ITS BUSINESS ACTIVITIES IN ORDER TO ENSURE COMPLIANCE WITH EXCHANGE RULES AND FEDERAL SECURITIES LAWS RELATING TO PROPER AND ACCURATE COMPUTATION OF CUSTOMER RESERVE AND NET CAPITAL. PENALTY: THE IMPOSITION BY THE EXCHANGE OF THE PENALTY OF A CENSURE AND A FINE OF \$100,000.

Regulator Statement

****4/7/2005****THE DECISION IS NOW FINAL AND EFFECTIVE IMMEDIATELY.CONTACT:MICHELE VAN TASSEL 212-656-5340

Reporting Source: Firm**Current Status:** Final

Allegations: WITHOUT ADMITTING OR DENYING ALLEGATIONS BROUGHT BY THE NEW YORK STOCK EXCHANGE, THE FIRM CONSENTED TO FINDINGS THAT IT VIOLATED CERTAIN PROVISIONS OF SEC RULES 15C3-1 AND 15C3-3 AND NYSE RULE 342 IN THAT IT FAILED TO ESTABLISH ADEQUATE PROCEDURES AND CONTROLS TO ENSURE COMPLIANCE WITH THESE



RULES. THE STIPULATION ALSO REFERENCED THE FIRM'S ALLEGED VIOLATIONS OF NYSE RULE 132 RELATING TO THE SUBMISSION OF ACCOUNT TYPE INDICATORS.

Initiated By: NEW YORK STOCK EXCHANGE, INC.

Date Initiated: 01/28/2005

Docket/Case Number: HPD#:05-028

Principal Product Type: Other

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Other

Other Sanction(s)/Relief Sought:

Resolution: Stipulation and Consent

Resolution Date: 04/07/2005

Sanctions Ordered: Censure
Monetary/Fine \$100,000.00

Other Sanctions Ordered:

Sanction Details: THE IMPOSITION BY THE NYSE OF THE PENALTY OF A CENSURE AND FINE OF \$100,000.

Firm Statement **4/7/2005**THE DECISION IS NOW FINAL AND EFFECTIVE.

Disclosure 14 of 44

Reporting Source: Regulator

Current Status: Final

Allegations: SECTION 17(A)(1) OF THE SECURITIES EXCHANGE ACT, SEC RULES 17A-3, 17A-4, NASD RULES 2110, 3110 - RESPONDENT MEMBER, ACTING THROUGH AN INDIVIDUAL, ENTERED INTO AGREEMENTS WITH A CORRESPONDENT MEMBER FIRM THAT ENABLED IT TO MISCLASSIFY CERTAIN FUNDS AS ALLOWABLE ASSETS FOR NET CAPITAL PURPOSES ON ITS FOCUS REPORTS AND OTHER FINANCIAL DOCUMENTS; AND PREPARED INACCURATE FINANCIAL RECORDS.

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 06/27/2003

Docket/Case Number: C10030050



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: 06/27/2003

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

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, U.S. CLEARING CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE, THE FIRM IS CENSURED AND FINED \$75,000, JOINTLY AND SEVERALLY.

Reporting Source: Firm

Current Status: Final

Allegations:

1. FROM IN OR AROUND JULY 2000 THROUGH IN OR AROUND OCTOBER 2000, U.S. CLEARING, ACTING THROUGH QUICK, ENTERED INTO AGREEMENTS WITH CORRESPONDENT FIRM SHARPE CAPITAL, INC. THAT ENABLED SHARPE TO MISCLASSIFY CERTAIN FUNDS AS ALLOWABLE ASSETS, FOR NET CAPITAL PURPOSES, ON ITS FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORTS ("FOCUS") AND OTHER FINANCIAL DOCUMENTS.
2. FROM IN OR AROUND JULY 2000 THROUGH IN AND AROUND OCTOBER 2000, IN CONNECTION WITH THE ABOVE-REFERENCED AGREEMENTS, USC PREPARED INACCURATE FINANCIAL RECORDS.

BASED ON THE FOREGOING, USC VIOLATED SECTION 17(A)(1) & RULES 17-A-3 & 17A-4 OF THE SECURITIES EXCHANGE ACT OF 1934 & NASD CONDUCT RULES 3110 & 2110. USC, ACTING THROUGH QUICK, VIOLATED NASD CONDUCT RULE 2110.

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 06/27/2003

Docket/Case Number: C10030050



Principal Product Type:	No Product
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Other
Other Sanction(s)/Relief Sought:	CENSURE AND FINE
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	06/27/2003
Sanctions Ordered:	Censure Monetary/Fine \$75,000.00
Other Sanctions Ordered:	
Sanction Details:	USC AND QUICK WERE CENSURED AND FINED JOINTLY AND SEVERAL IN THE AMOUNT OF \$75,000.
Firm Statement	WITHOUT ADMITTING NOR DENYING THE ALLEGATIONS OR FINDINGS, FIRM AND CONTROL AFFILIATE FILED AN ACCEPTANCE, WAIVER AND CONSENT (AWC) ON JUNE 27, 2003.

Disclosure 15 of 44

Reporting Source:	Regulator
Current Status:	Final
Allegations:	NASD CONDUCT RULE 3320, NASD MARKETPLACE RULES 4613(B) AND 4613(E), AND SEC RULE 11AC1-1 - RESPONDENT MEMBER FAILED TO EXECUTE ORDERS PRESENTED AT ITS PUBLISHED BID OR PUBLISHED OFFER IN AN AMOUNT UP TO ITS PUBLISHED QUOTATION SIZE UPON PRESENTMENT AND THEREBY FAILED TO HONOR ITS PUBLISHED QUOTATION; AND, MAINTAINED AN ASKED QUOTATION IN THE NASDAQ STOCK MARKET WHICH CAUSED A LOCKED OR CROSSED MARKET CONDITION TO OCCUR IN 3 INSTANCES.
Initiated By:	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated:	02/10/2003
Docket/Case Number:	CMS030024
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: 02/10/2003

Sanctions Ordered: Censure
Monetary/Fine \$50,000.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE, THE FIRM IS CENSURED AND FINED \$50,000.

Reporting Source: Firm

Current Status: Final

Allegations: NASD CONDUCT RULE 3320, NASD MARKETPLACE RULES 4613(B) AND 4613(E), AND SEC RULE 11AC1-1. RESPONDENT MEMBER FAILED TO EXECUTE ORDERS PRESENTED AT ITS PUBLISHED BID OR PUBLISHED OFFER IN AN AMOUNT UP TO ITS PUBLISHED QUOTATION SIZE UPON PRESENTMENT AND THEREBY FAILED TO HONOR ITS PUBLISHED QUOTATION; AND MAINTAINED AN ASKED QUOTATION IN THE NASDAQ STOCK MARKET WHICH CAUSED A LOCKED OR CROSSED MARKET CONDITION TO OCCUR IN 3 INSTANCES.

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 02/10/2003

Docket/Case Number: CMS030024

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: 02/10/2003

Sanctions Ordered: Censure
Monetary/Fine \$50,000.00



Other Sanctions Ordered: NONE

Sanction Details: WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM WAS CENSURED AND FINED \$50,000.

Disclosure 16 of 44

Reporting Source: Regulator

Current Status: Final

Allegations: NASD RULE 6240 (A)(3) AND 6240 (B)(3) - RESPONDENT INCORRECTLY REPORTED TO FIXED INCOME PRICING SYSTEM (FIPS) A TRANSACTION IN FIPS SECURITIES AND TRANSACTIONS IN HIGH YIELD SECURITIES.

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 08/15/2001

Docket/Case Number: CMS010121

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: 08/15/2001

Sanctions Ordered: Monetary/Fine \$2,500.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, RESPONDENT MEMBER CONSENTED TO THE DESCRIBED SANCTION AND TO THE ENTRY OF FINDINGS, THEREFORE, THE FIRM IS FINED \$2,500.

Reporting Source: Firm

Current Status: Final

Allegations: 08/29/2001 NASD RULE 6240(A)(3) AND 6240(B)(3)RESPONDED INCORRECTLY REPORTED TO FIXED INCOME PRICING SYSTEM(FIPS) A TRANSACTION IN FIPS SECURITIES AND TRANSACTIONS IN HIGH YIELD



SECURITIES.

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 08/15/2001

Docket/Case Number: CMS010121

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: 08/15/2001

Sanctions Ordered: Monetary/Fine \$2,500.00

Other Sanctions Ordered:

Sanction Details: NONE

Disclosure 17 of 44

Reporting Source: Regulator

Current Status: Final

Allegations: NASD RULES 2110, 2320, 3010, 3370, 4613, 4632, 6130 AND SEC RULES 10B-1, 11AC1-4 AND 11AC-4 - A MARKET MAKER IN SECURITIES LOCKED/CROSSED THE MARKET DURING THE PRE-OPENING MARKET PERIOD BETWEEN 9:20 AND 9:29:59 A.M., EASTERN TIME AND FAILED TO IMMEDIATELY THEREAFTER SEND A TRADE-OR-MOVE MESSAGE THROUGH SELECTNET TO THE MARKET PARTICIPANT(S) WHOSE QUOTE LOCKED OR CROSSED THAT WAS PRICED AT THE RECEIVING MARKET PARTICIPANT'S QUOTED PRICE AND/OR FAILED TO SEND A TRADE-OR-MOVE MESSAGE(S) THROUGH SELECTNET WITH AN AGGREGATE SIZE OF AT LEAST 5,000 SHARES TO ALL MARKET PARTICIPANTS WHOSE QUOTES IT LOCKED/CROSSED; WAS A PARTY TO A LOCKED OR CROSSED MARKET CONDITION PRIOR TO THE MARKET OPENING DURING THE PERIOD BETWEEN 9:20 AND 9:29:59 A.M. EASTERN TIME AND RECEIVED A TRADE-OR-MOVE MESSAGE IN EACH INSTANCE THROUGH SELECTNET. THE FIRM, WITHIN 30 SECONDS OF RECEIVING SUCH MESSAGE, FAILED TO FILL IN THE INCOMING TRADE-OR-MOVE MESSAGE FOR THE FULL SIZE OF THE MESSAGE OR MOVE ITS BID DOWN (OFFER UP) BY A QUOTATION



INCREMENT THAT WOULD HAVE UNLOCKED/UNCROSSED THE MARKET;
 AS , A MARKET MAKER IN SECURITIES, WITHOUT MAKING REASONABLE
 EFFORTS TO AVOID A LOCKED OR CROSSED MARKET BY EXECUTING
 TRANSACTIONS WITH ALL MARKET MAKERS WHOSE QUOTATIONS WOULD
 BE LOCKED OR CROSSED, ENTERED BID OR ASK QUOTATIONS IN THE
 NASDAQ STOCK MARKET, INC. WHICH CAUSED A LOCKED OR CROSSED
 MARKET CONDITION TO OCCUR IN EACH INSTANCE; FAILED TO HONOR ITS
 PUBLISHED QUOTATION; FAILED TO USE REASONABLE DILIGENCE TO
 ASCERTAIN THE BEST INTER-DEALER MARKET AND FAILED TO BUY OR
 SELL IN SUCH MARKET SO THAT THE RESULTANT PRICE TO CUSTOMERS
 WAS AS FAVORABLE AS POSSIBLE UNDER PREVAILING MARKET
 CONDITIONS; FAILED TO IMMEDIATELY DISPLAY CUSTOMER LIMIT ORDERS
 IN ITS PUBLIC QUOTE, WHEN EACH SUCH ORDER WAS AT A PRICE BETTER
 THAN ITS PUBLIC QUOTE, OR AT A PRICE EQUAL TO ITS PUBLIC QUOTE
 WHEN SUCH QUOTE WAS PRICED EQUAL TO THE NATIONAL BEST BID OR
 OFFER IN SUCH SECURITY AND THAT ORDER REPRESENTED
 (CONTINUED)

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS

Date Initiated: 06/27/2001

Docket/Case Number: CMS010114

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: 06/27/2001

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 \$100,000.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, RESPONDENT



MEMBER CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED AND FINED \$100,000.

Regulator Statement

MORE THAN A DE MINIMIS CHANGE IN RELATION TO THE SIZE ASSOCIATED WITH ITS BID OR OFFER IN EACH SUCH SECURITY; FAILED TO MAKE AN AFFIRMATIVE DETERMINATION PRIOR TO EXECUTING SUCH TRANSACTIONS FOR SUCH ORDERS; FAILED TO REPORT SHORT SALE TRANSACTIONS TO ACT WITH A SHORT SALE MODIFIER; INCORRECTLY DESIGNED AS ".PRP" THROUGH ACT LAST SALE REPORTS OF TRANSACTIONS IN NNMS REPORTED TO ACT; FAILED TO DESIGNATE THROUGH ACT LAST SALE REPORTS AS LATE; FAILED TO PROVIDE WRITTEN NOTIFICATION DISCLOSING TO ITS CUSTOMER THAT THE TRANSACTION WAS EXECUTED AT AN AVERAGE PRICE; AND THE FIRM SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO APPLICABLE SECURITIES LAWS AND REGULATION CONCERNING BEST EXECUTION, LIMIT ORDER DISPLAY, SHORT SALES ACT REPORTING, OATS, AND THE SEC AND NASD FIRM QUOTE RULES.

Reporting Source: Firm

Current Status: Final

Allegations: VIOLATION OF NASD MARKETPLACE RULES 4613 (E)(1)(C),4613(E), 4613(B),6130,4632(A)(9),4632(A),NASD CONDUCT RULES 3320,2110,2320,3370,3010. SECURITIES EXCHANGE ACT RULES 11AC1-1,11AC1-4, SEC RULE 10B-10.

Initiated By: NASD REGULATION, INC.

Date Initiated: 06/19/2001

Docket/Case Number: CMS 010114 AWC

Principal Product Type: Equity - OTC

Other Product Type(s):

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

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 07/02/2001

Sanctions Ordered: Censure



Monetary/Fine \$100,000.00

Other Sanctions Ordered:

Sanction Details:

CENSURE & FINE OF \$100,000.

Firm Statement

CENSURE AND FINE OF \$100,000.00 IN CONNECTION WITH ITEMS NOTED IN QUESTION NUMBER SEVEN ABOVE.

Disclosure 18 of 44

Reporting Source:

Regulator

Current Status:

Final

Allegations:

NASD RULES 2110 AND 4613(E) - RESPONDENT MEMBER, A MARKET MAKER IN SECURITIES, WITHOUT MAKING REASONABLE EFFORTS TO AVOID A LOCKED OR CROSSED MARKET BY EXECUTING TRANSACTIONS WITH ALL MARKET MAKERS WHOSE QUOTATIONS WOULD BE LOCKED OR CROSSED, ENTERED BID OR ASK QUOTATIONS IN THE NASDAQ STOCK MARKET, INC. WHICH CAUSED A LOCKED OR CROSSED MARKET CONDITION TO OCCUR IN EACH INSTANCE; AND, WITHOUT MAKING REASONABLE EFFORTS TO AVOID A LOCKED OR CROSSED MARKET BY EXECUTING TRANSACTIONS WITH ALL MARKET MAKERS WHOSE QUOTATIONS WOULD BE LOCKED OR CROSSED, ENTERED OR MAINTAINED A BID OR ASKED QUOTATION IN THE NASDAQ STOCK MARKET, INC. DURING THE PERIOD OF TIME THAT SECONDARY TRADING COMMENCED IMMEDIATELY FOLLOWING THE COMPLETION OF AN INITIAL PUBLIC OFFERING OF THE SUBJECT SECURITY, WHICH CAUSED A LOCKED OR CROSSED MARKET CONDITION TO OCCUR IN EACH INSTANCE.

Initiated By:

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated:

07/02/2001

Docket/Case Number:

CMS010091

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:

07/02/2001

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 \$65,000.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, RESPONDENT MEMBER CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE, THE FIRM IS CENSURED AND FINED \$65,000.

Reporting Source: Firm

Current Status: Final

Allegations: VIOLATION OF NASD MARKETPLACE RULE 4613(E) AND NASD CONDUCT RULE 2110.

Initiated By: NASD REGULATION, INC.

Date Initiated: 09/08/2000

Docket/Case Number: CMS 010091 AWC

Principal Product Type: Equity - OTC

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: 07/02/2001

Sanctions Ordered: Censure
Monetary/Fine \$65,000.00

Other Sanctions Ordered:

Sanction Details: CENSURE AND FINE \$65,000.

Firm Statement IN 40 INSTANCES FROM OCTOBER 7, 1999 THROUGH DECEMBER 31, 1999, FLEET ENTERED A BID OR ASKED QUOTATION WHICH CAUSED A LOCKED

OR CROSSED MARKET CONDITION TO OCCUR IN EACH INSTANCE.

IN 19 INSTANCES FROM APRIL 22,1999 THROUGH JUNE 8, 1999 FLEET ENTERED OR MAINTAINED A BID OR ASKED QUOTATION DURING THE PERIOD OF TIME THAT SECONDARY TRADING COMMENCED IMMEDIATELY FOLLOWING THE COMPLETION OF AN INITIAL PUBLIC OFFERING OF THE SUBJECT SECURITY, WHICH CAUSED A LOCKED OR CROSSED MARKET CONDITION TO OCCUR IN EACH INSTANCE.

Disclosure 19 of 44

Reporting Source:	Regulator
Current Status:	Final
Allegations:	NASD RULES 2110, 3010, 4430 AND 4613(B) - AN ORDER WAS PRESENTED TO THE FIRM AT THE FIRM'S PUBLISHED BID OR PUBLISHED OFFER IN AN AMOUNT UP TO ITS PUBLISHED QUOTATION SIZE. THE NASD FOUND THAT THE FIRM FAILED TO EXECUTE THE ORDERS UPON PRESENTMENT AND THEREBY FAILED TO HONOR ITS PUBLISHED QUOTATION. THE FINDINGS ALSO STATED THAT THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO THE SEC'S AND NASD'S FIRM QUOTE RULES.
Initiated By:	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated:	01/10/2001
Docket/Case Number:	CMS010005
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:	01/10/2001
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 \$55,000.00

Other Sanctions Ordered: REQUIRED TO REVISE ITS SUPERVISORY PROCEDURES WITH RESPECT TO APPLICABLE SECURITIES LAWS AND REGULATIONS CONCERNING THE SEC AND NASD FIRM QUOTE RULES

Sanction Details: WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, RESPONDENT MEMBER CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE, THE FIRM IS CENSURED, FINED \$55,000, AND REQUIRED TO REVISE ITS SUPERVISORY PROCEDURES WITH RESPECT TO APPLICABLE SECURITIES LAWS AND REGULATIONS CONCERNING THE SEC AND NASD FIRM QUOTE RULES.

Reporting Source: Firm

Current Status: Final

Allegations: FLTT FAILED TO EXECUTE ORDERS UPON PRESENTMENT AND THEREBY FAILED TO HONOR ITS PUBLISHED QUOTATION AND SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO THE APPLICABLE SECURITIES LAWS AND REGULATIONS CONCERNING THE SEC AND NASD FIRM QUOTE RULES.

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS REGULATION

Date Initiated: 01/10/2001

Docket/Case Number: CMS 010005

Principal Product Type: Equity - OTC

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: 02/05/2001

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

Other Sanctions Ordered:

Sanction Details: A CENSURE AND A FINE OF \$55,000 (\$40,000 FOR THE FIRM QUOTE



VIOLATIONS AND \$15,000 FOR THE SUPERVISION VIOLATION) TOTAL
AMOUNT PAID 2/21/01

Disclosure 20 of 44

Reporting Source:	Regulator
Current Status:	Final
Allegations:	NASD RULES 2110, 2320 AND 3010 -FAILED TO CONTEMPORANEOUSLY OR PARTIALLY EXECUTE CUSTOMER LIMIT ORDERS IN NASDAQ SECURITIES AFTER IT TRADED EACH SUBJECT SECURITY FOR ITS OWN MARKET-MAKING ACCOUNT AT A PRICE THAT WOULD HAVE SATISFIED EACH CUSTOMER'S LIMIT ORDER; FAILED TO USE REASONABLE DILIGENCE TO ASCERTAIN THE BEST INTER-DEALER MARKET AND FAILED TO BUY OR SELL IN SUCH MARKET SO THAT THE RESULTANT PRICE TO ITS CUSTOMERS WAS AS FAVORABLE AS POSSIBLE UNDER PREVAILING MARKET CONDITIONS; FAILED TO DISPLAY IMMEDIATELY CUSTOMER LIMIT ORDERS IN NASDAQ SECURITIES IN ITS PUBLIC QUOTATION, WHEN EACH ORDER WAS AT A PRICE THAT WOULD HAVE IMPROVED THE FIRM'S BID OR OFFER IN EACH SUCH SECURITY OR WHEN SUCH EACH SUCH ORDER WAS PRICED EQUAL TO THE FIRM'S BID OR OFFER AND THE NATIONAL BEST BID OR OFFER FOR EACH SUCH SECURITY, AND THE SIZE OF THE ORDER REPRESENTED MORE THAN A DE MINIMIS CHARGE IN RELATION TO THE SIZE ASSOCIATED WITH THE FIRM'S BID OR OFFER IN EACH SUCH SECURITY; AND, FAILED TO ESTABLISH, MAINTAIN, AND ENFORCE WRITTEN SUPERVISORY PROCEDURES REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE RULES OF THE NASD APPLICABLE TO BEST EXECUTION, ACT COMPLIANCE, LIMIT ORDER PROTECTION, SEC ORDER EXECUTION RULES, TRADE REPORTING, SOES, LOCKED AND CROSSED MARKET, BOOKS AND RECORDS AND ANTI COMPETITIVE PRACTICES.
Initiated By:	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated:	08/09/2000
Docket/Case Number:	CMS000189
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: 08/09/2000

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

Sanctions Ordered: Censure
Monetary/Fine \$41,000.00

Other Sanctions Ordered: UNDERTAKE TO SUBMIT REVISED WRITTEN SUPERVISORY PROCEDURES.

Sanction Details: WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, RESPONDENT MEMBER CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE, THE FIRM IS CENSURED, FINED \$41,000, AND REQUIRED TO UNDERTAKE TO SUBMIT REVISED WRITTEN SUPERVISORY PROCEDURES.

Reporting Source: Firm

Current Status: Final

Allegations: FLTT FAILED TO USE REASONABLE DILIGENCE TO ASCERTAIN THE LAST INTER-DEALERS MARKET AND FAILED TO BUY OR SELL IN SUCH MARKET SO THAT THE RESISTANT PRICE TO ITS CUSOTMER WAS AS FAVORABLE AS POSSIBLE UNDER PRIVAILING MARKET CONDITIONS, FAILED TO CONTEMPORANEOUSLY OR PARTIALLY EXECUTE CUSTOMER LIMIT ORDERS IN NASDAQ SEC. AFTER IT TRADED EACH SUBJECT SECURITY FOR ITS OWN MARKETMAKING ACCOUNT AT A PRICE THAT WOULD HAVE SATISFIED EACH CUSTOMERS LIMIT ORDER, FAILED TO DISPLAY IMMEDIATELY CUSTOMER LIMIT ORDERS IN NASDAQ SECURITIES IN ITS PUBLIC QUOTATION AND FAILED TO ESTABLISH MAINTAIN AND ENFORCE WSP.

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS REGULATION

Date Initiated: 08/09/2000

Docket/Case Number: CMS 000189

Principal Product Type: Equity - OTC

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:	09/14/2000
Sanctions Ordered:	Censure Monetary/Fine \$41,000.00
Other Sanctions Ordered:	
Sanction Details:	A CENSURE AND A FINE OF \$41,000(\$5,000 FOR LIMIT ORDER PROTECTION, \$10,000 FOR BEST EXECUTION \$13,000 FOR SUPERVISION, AND \$13,000 FOR LIMIT ORDER DISPLAY) TOTAL AMOUNT PAID 9/21/2000

Disclosure 21 of 44

Reporting Source:	Regulator
Current Status:	Final
Allegations:	NASD RULES 2110, 4632, 4642 AND 6620 - ACT VIOLATIONS - NASDAQ TRADE REPORTING VIOLATIONS; AND, FAILED TO MAINTAIN ADEQUATE TRADING RECORDS.
Initiated By:	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated:	06/30/2000
Docket/Case Number:	CMS000137
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:	06/30/2000
Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?	No



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

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, RESPONDENT MEMBER CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE, THE FIRM IS CENSURED AND FINED \$7,500.

Reporting Source: Firm

Current Status: Final

Allegations: USCC FAILED, WITHIN 90 SECONDS AFTER EXECUTION, TO TRANSMIT THROUGH THE AUTOMATED CONFIRMATION TRANSACTION SERVICE(ACT)LAST SALES REPORTS AS LATE AND DESIGNATED AS LATE THROUGH ACT LAST SALES REPORTS OF TRANSACTIONS WHEN, BASED ON THE TIME OF EXECUTION OF THE TRANSACTIONS, SUCH DESIGNATION WAS INCORRECT.

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS REGULATION

Date Initiated: 06/30/2000

Docket/Case Number: CMS 000137

Principal Product Type: Equity - OTC

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: 07/24/2000

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

Other Sanctions Ordered:

Sanction Details: A CENSURE AND A FINE OF \$7500.00 TOTAL WAS PAID 7/27/2000



Reporting Source: Regulator

Current Status: Final

Allegations: NASD RULES 2110, 3010 AND 3370 - EXECUTED SHORT SALE TRANSACTIONS IN SECURITIES AND FAILED TO MAKE AN AFFIRMATIVE DETERMINATION FOR EACH OF THESE TRANSACTIONS; FAILED TO ESTABLISH, MAINTAIN AND ENFORCE WRITTEN SUPERVISORY PROCEDURES REASONABLY DESIGNED TO ACHIEVE COMPLIANCE FOR THE SHORT SALE RULES.

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 08/31/1999

Docket/Case Number: CMS990112

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: 08/31/1999

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 \$7,500.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, RESPONDENT MEMBER CONSENTED TO THE DESCRIBED SANCTION, THEREFORE, THE FIRM IS FINED \$7,500.

Reporting Source: Firm

Current Status: Final

Allegations: NAWE EXECUTED SHORT TRANSACTIONS AND FAILED TO MAKAN



AFFIRMATIVE DETERMINATION FOR THE TRANSACTIONS AND FAILED TO ESTABLISH, MAINTAIN AND ENFORCE ADEQUATE WRITTEN SUPERVISORY PROCEDURES REASONABLY DESIGNED TO ACHIEVE COMPLIANCE FOR SHORT SALES RULES.

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS REGULATION

Date Initiated: 08/31/1999

Docket/Case Number: CMS990112

Principal Product Type: Equity - OTC

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: 09/13/1999

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

Other Sanctions Ordered:

Sanction Details: A CENSURE AND \$7500.00 (COMPOSED OF A \$2500.00 FINE FOR VIOLATIONS OF NASD CONDUCT RULE 3370 AND A \$5000.00 FINE FOR VIOLATIONS OF NASD CONDUCT RULES 2110 AND 3010) TOTAL AMOUNT PAID 9/20/1999.

Disclosure 23 of 44

Reporting Source: Firm

Current Status: Final

Allegations: THE NASD ALLEGED THAT NASH, WEISS & CO (CRD # 6470), NOW THE FLEET TRADING DIVISION OF FLEET SECURITIES, INC., HAD VIOLATED VARIOUS NASD REGULATIONS GOVERNING LIMIT ORDER PROTECTION, BEST EXECUTION, ACT REPORTING AND WRITTEN SUPERVISORY PROCEDURES.

Initiated By: NASD

Date Initiated: 05/13/1998

Docket/Case Number: ETR109700178



Principal Product Type:	Equity - OTC
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Censure
Other Sanction(s)/Relief Sought:	\$4000.00 FINE
Resolution:	Consent
Resolution Date:	05/13/1998
Sanctions Ordered:	Censure Monetary/Fine \$4,000.00
Other Sanctions Ordered:	
Sanction Details:	NASH, WEISS CONSENTED TO A CENSURE AND A \$4000.00 FINE.
Firm Statement	NASH, WEISS CONSENTED TO A CENSURE AND A \$4000.00 FINE.

Disclosure 24 of 44

Reporting Source:	Firm
Current Status:	Final
Allegations:	THE NASD ALLEGED THAT NASH, WEISS & CO. (CRD # 6470), NOW THE FLEET TRADING DIVISION OF FLEET SECURITIES, INC., VIOLATED SEC RULE 11AC1-1, NASD RULES 2110, 3010, 3320, AND 4613(B) FOR FAILING TO HONOR PUBLISHED QUOTATIONS ON 12 ORDERS. THE NASD ALSO ALLEGED THAT THE FIRM FAILED TO ESTABLISH & ENFORCE WRITTEN PROCEDURES REGARDING THE RULES CITED.
Initiated By:	NASD
Date Initiated:	08/22/1997
Docket/Case Number:	CMS 970014 AWC
Principal Product Type:	Equity - OTC
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Censure
Other Sanction(s)/Relief Sought:	\$6000.00 FINE
Resolution:	Consent



Resolution Date:	08/22/1997
Sanctions Ordered:	Censure Monetary/Fine \$6,000.00
Other Sanctions Ordered:	
Sanction Details:	NASH, WEISS WAS CENSURED AND FINED \$6000.00
Firm Statement	NASH, WEISS WAS CENSURED AND FINED \$6000.00

Disclosure 25 of 44

Reporting Source:	Firm
Current Status:	Final
Allegations:	JJC SPECIALIST CORP. (CRD #32855), NOW THE FLEET SPECIALIST DIVISION OF FLEET SECURITIES, INC., AND FOUR OF ITS EMPLOYEES WERE CHARGED BY THE NYSE WITH FAILING TO MAINTAIN FAIR AND ORDERLY MARKETS IN NYSE LISTED SECURITIES. JJC WAS ALSO CHARGED WITH FAILING TO ESTABLISH AND MAINTAIN APPROPRIATE SUPERVISORY PROCEDURES.
Initiated By:	NYSE
Date Initiated:	10/01/1995
Docket/Case Number:	N/A
Principal Product Type:	Equity Listed (Common & Preferred Stock)
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Censure
Other Sanction(s)/Relief Sought:	\$100,000 FINE
Resolution:	Consent
Resolution Date:	11/01/1995
Sanctions Ordered:	Monetary/Fine \$100,000.00
Other Sanctions Ordered:	
Sanction Details:	JJC CONSENTED TO THE FINDINGS WITHOUT ADMITTING OR DENYING THE CHARGES AND WAS FINED \$100000 BY THE NYSE. THE FOUR JJC EMPLOYEES CHARGED BY THE NYSE CONSENTED TO THE FINDINGS WITHOUT ADMITTING OR DENYING THE CHARGES AND WERE FINED IN AGGREGATE \$75000.00 BY THE NYSE.



Firm Statement JJC CONSENTED TO THE FINDINGS WITHOUT ADMITTING OR DENYING THE CHARGES AND WAS FINED \$100000 BY THE NYSE. THE FOUR JJC EMPLOYEES CHARGED BY THE NYSE CONSENTED TO THE FINDINGS WITHOUT ADMITTING OR DENYING THE CHARGES AND WERE FINED IN AGGREGATE \$75000.00 BY THE NYSE.

Disclosure 26 of 44

Reporting Source: Firm

Current Status: Final

Allegations: THE NASD ALLEGED THAT NASH, WEISS & CO. (CRD # 6470), NOW THE FLEET TRADING DIVISION OF FLEET SECURITIES, INC., VIOLATED NASD RULE 4613(D) BY ENTERING QUOTATIONS WHICH CONTAINED SPREADS IN EXCESS OF THE MAXIMUM ALLOWABLE SPREAD.

Initiated By: NASD

Date Initiated: 08/01/1996

Docket/Case Number: CMS 960125 AWC

Principal Product Type: Equity - OTC

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought: \$4,000.00 FINE

Resolution: Settled

Resolution Date: 08/20/1996

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

Other Sanctions Ordered:

Sanction Details: SUBMITTED A LETTER OF ACCEPTANCE, WAIVER AND CONSENT TO THE NASD AND CONSENTED TO A FINE OF \$4,000.00.

Firm Statement SUBMITTED A LETTER OF ACCEPTANCE, WAIVER AND CONSENT TO THE NASD AND CONSENTED TO A FINE OF \$4,000.00.

Disclosure 27 of 44

Reporting Source: Firm



Current Status: Final

Allegations: THE CBOE ALLEGED THAT NASH, WEISS & CO. (CRD #6470), NOW THE FLEET TRADING DIVISION OF FLEET SECURITIES, INC., VIOLATED CBOE RULES BY FAILING TO TIME STAMP NOTICES TO EXERCISE S&P 100 INDEX OPTION CONTRACTS.

Initiated By: CBOE

Date Initiated: 12/05/1988

Docket/Case Number: NO. 88-0123

Principal Product Type: Options

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought: \$1000.00 FINE.

Resolution: Consent

Resolution Date: 12/05/1988

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

Other Sanctions Ordered: \$1000.00 FINE.

Sanction Details: CONSENT TO \$1000.00 FINE.

Firm Statement CONSENT TO \$1000.00 FINE.

Disclosure 28 of 44

Reporting Source: Firm

Current Status: Final

Allegations: THE CBOE ALLEGED THAT NASH, WEISS & CO. (CRD #6470), NOW THE FLEET TRADING DIVISION OF FLEET SECURITIES, INC., VIOLATED VARIOUS CBOE RULES BY FAILING TO TIME STAMP NOTICES TO EXERCISE OPTION CONTRACTS.

Initiated By: CBOE

Date Initiated: 03/31/1988

Docket/Case Number: NO. 87-0133



Principal Product Type: Options
Other Product Type(s):
Principal Sanction(s)/Relief Sought: Censure
Other Sanction(s)/Relief Sought: \$1500.00 FINE.
Resolution: Consent
Resolution Date: 03/31/1988
Sanctions Ordered: Censure
 Monetary/Fine \$1,500.00
Other Sanctions Ordered:
Sanction Details: CONSENT TO \$1500.00 FINE.
Firm Statement CONSENT TO \$1500.00 FINE.

Disclosure 29 of 44

Reporting Source: Firm
Current Status: Final
Allegations: THE CBOE ALLEGED THAT NASH, WEISS & CO. (CRD # 6470), NOW THE FLEET TRADING DIVISION OF FLEET SECURITIES, INC., VIOLATED VARIOUS CBOE AND SEC RULES IN REFERENCE TO MARGIN CALLS AND PROCEDURES FOR HANDLING MARGIN REQUIREMENTS AND RECORDS.
Initiated By: CBOE
Date Initiated: 02/25/1987
Docket/Case Number: NO. 87-0012
Principal Product Type: Options
Other Product Type(s):
Principal Sanction(s)/Relief Sought: Censure
Other Sanction(s)/Relief Sought: \$10000.00 FINE.
Resolution: Consent
Resolution Date: 04/21/1987



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

Other Sanctions Ordered:

Sanction Details: CONSENT TO CENSURE AND \$10000.00 FINE.

Firm Statement CONSENT TO CENSURE AND \$10000.00 FINE.

Disclosure 30 of 44

Reporting Source: Firm

Current Status: Final

Allegations: THE CBOE ALLEGED THAT NASH, WEISS & CO. (CRD # 6470), NOW THE FLEET TRADING DIVISION OF FLEET SECURITIES, INC., VIOLATED CBOE RULES AND REGULATION T IN REFERENCE TO MARGIN CALLS, EQUITY REQUIREMENTS AND EXTENSION OF CREDIT TO CUSTOMERS.

Initiated By: CBOE

Date Initiated: 07/11/1986

Docket/Case Number: NO. 86-0026

Principal Product Type: Options

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought: \$500.00 FINE.

Resolution: Consent

Resolution Date: 07/11/1986

Sanctions Ordered: Censure
Monetary/Fine \$500.00

Other Sanctions Ordered:

Sanction Details: CONSENT TO CENSURE AND \$500.00 FINE.

Firm Statement CONSENT TO CENSURE AND \$500.00 FINE.

Disclosure 31 of 44

Reporting Source: Firm



Current Status:	Final
Allegations:	THE CBOE ALLEGED THAT NASH, WEISS & CO. (CRD #6470), NOW THE FLEET TRADING DIVISION OF FLEET SECURITIES, INC., VIOLATED CBOE AND SEC RULES IN REFERENCE TO MAINTAINING MARGIN RECORDS, COMPUTING CUSTOMER RESERVES AND MAKING RESERVE FORMULA DEPOSITS.
Initiated By:	CBOE
Date Initiated:	05/29/1985
Docket/Case Number:	NO. 85-0004
Principal Product Type:	Options
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Censure
Other Sanction(s)/Relief Sought:	
Resolution:	Consent
Resolution Date:	05/29/1985
Sanctions Ordered:	Censure Monetary/Fine \$1,000.00
Other Sanctions Ordered:	CONSENT TO LIMITATION OF CUSTOMER BUSINESS.
Sanction Details:	CONSENT TO LIMITATION OF CUSTOMER BUSINESS AND \$1000 FINE.
Firm Statement	CONSENT TO LIMITATION OF CUSTOMER BUSINESS AND \$1000 FINE.

Disclosure 32 of 44

Reporting Source:	Firm
Current Status:	Final
Allegations:	THE CBOE ALLEGED THAT NASH, WEISS & CO. (CRD # 6470), NOW THE FLEET TRADING DIVISION OF FLEET SECURITIES, INC., VIOLATED CBOE RULES IN REFERENCE TO THE EXERCISING OF INDEX OPTION CONTRACTS.
Initiated By:	CBOE
Date Initiated:	02/14/1985
Docket/Case Number:	NO. 84-0118



Principal Product Type:	Options
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Censure
Other Sanction(s)/Relief Sought:	\$1234.00 FINE.
Resolution:	Consent
Resolution Date:	02/14/1985
Sanctions Ordered:	Censure Monetary/Fine \$1,234.00
Other Sanctions Ordered:	
Sanction Details:	CONSENT TO \$1234.00 FINE.
Firm Statement	CONSENT TO \$1234.00 FINE.

Disclosure 33 of 44

Reporting Source:	Firm
Current Status:	Final
Allegations:	THE CBOE ALLEGED THAT NASH, WEISS & CO. (CRD # 6470), NOW THE FLEET TRADING DIVISION OF FLEET SECURITIES, INC., VIOLATED CBOE RULES IN REFERENCE TO THE PROCEDURES FOLLOWED FOR EXERCISING INDEX OPTION CONTRACTS.
Initiated By:	CBOE
Date Initiated:	12/16/1984
Docket/Case Number:	NO. 84-0003
Principal Product Type:	Options
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Censure
Other Sanction(s)/Relief Sought:	\$1336.00 FINE.
Resolution:	Consent
Resolution Date:	12/16/1984



Sanctions Ordered:	Censure Monetary/Fine \$1,336.00
Other Sanctions Ordered:	
Sanction Details:	CONSENT TO A \$1336.00 FINE.
Firm Statement	CONSENT TO A \$1336.00 FINE.

Disclosure 34 of 44

Reporting Source:	Firm
Current Status:	Final
Allegations:	THE CBOE ALLEGED THAT NASH, WEISS & CO. (CRD #6470), NOW THE FLEET TRADING DIVISION OF FLEET SECURITIES, INC., VIOLATED CBOE REGULATIONS IN REFERENCE TO THE EXERCISING OF INDEX OPTION CONTRACTS.
Initiated By:	CBOE
Date Initiated:	11/18/1984
Docket/Case Number:	NO. 84-0099
Principal Product Type:	Options
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Reprimand
Other Sanction(s)/Relief Sought:	
Resolution:	Consent
Resolution Date:	11/18/1984
Sanctions Ordered:	Censure
Other Sanctions Ordered:	
Sanction Details:	CONSENT TO AN ADMONISHMENT.
Firm Statement	CONSENT TO AN ADMONISHMENT.

Disclosure 35 of 44

Reporting Source:	Firm
Current Status:	Final



Allegations: THE CBOE ALLEGED THAT NASH, WEISS & CO. (CRD #6470), NOW THE FLEET TRADING DIVISION OF FLEET SECURITIES, INC., VIOLATED CBOE AND SEC REGULATIONS AND REGULATION T IN REFERENCE TO RECORDKEEPING.

Initiated By: CBOE

Date Initiated: 06/03/1983

Docket/Case Number: NO. 83-0130

Principal Product Type: Options

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought: \$2500.00 FINE.

Resolution: Consent

Resolution Date: 06/03/1983

Sanctions Ordered: Censure
Monetary/Fine \$2,500.00

Other Sanctions Ordered:

Sanction Details: CONSENT TO \$2500.00 FINE.

Firm Statement CONSENT TO \$2500.00 FINE.

Disclosure 36 of 44

Reporting Source: Firm

Current Status: Final

Allegations: THE CBOE ALLEGED THAT NASH, WEISS & CO. (CRD #6470), NOW THE FLEET TRADING DIVISION OF FLEET SECURITIES, INC., VIOLATED CBOE REGULATIONS IN REFERENCE TO POSITION LIMITS.

Initiated By: CBOE

Date Initiated: 12/13/1982

Docket/Case Number: NO. 82-0108 AND 82-0078

Principal Product Type: Options

Other Product Type(s):



Principal Sanction(s)/Relief Sought:	Censure
Other Sanction(s)/Relief Sought:	\$2500 FINE.
Resolution:	Consent
Resolution Date:	12/13/1982
Sanctions Ordered:	Censure Monetary/Fine \$2,500.00
Other Sanctions Ordered:	CENSURE AND \$2500.00 FINE.
Sanction Details:	CENSURE AND \$2500.00 FINE.
Firm Statement	CENSURE AND \$2500.00 FINE.

Disclosure 37 of 44

Reporting Source:	Firm
Current Status:	Final
Allegations:	THE CBOE ALLEGED THAT NASH, WEISS & CO. (CRD # 6470), NOW THE FLEET TRADING DIVISION OF FLEET SECURITIES, INC., VIOLATED CBOE RULES IN REFERENCE TO POSITION LIMITS.
Initiated By:	CBOE
Date Initiated:	11/12/1982
Docket/Case Number:	NO. 82-0048
Principal Product Type:	Options
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Censure
Other Sanction(s)/Relief Sought:	\$1,500 FINE.
Resolution:	Consent
Resolution Date:	11/12/1982
Sanctions Ordered:	Censure Monetary/Fine \$1,500.00
Other Sanctions Ordered:	CONSENTED TO \$1500 FINE.



Sanction Details:	CONSENTED TO \$1500 FINE.
Firm Statement	THE CBOE ALLEGED THAT NASH, WEISS & CO. (CRD # 6470), NOW THE FLEET TRADING DIVISION OF FLEET SECURITIES, INC., VIOLATED CBOE RULES IN REFERENCE TO POSITION LIMITS.

Disclosure 38 of 44

Reporting Source:	Firm
Current Status:	Final
Allegations:	THE CBOE ALLEGED THAT NASH, WEISS & CO. (CRD # 6470), NOW THE FLEET TRADING DIVISION OF FLEET SECURITIES, INC., VIOLATED VARIOUS CBOE REGULATIONS WITH RESPECT TO THE NOTIFICATION OF OUTSIDE BUSINESS ACTIVITIES.
Initiated By:	CBOE
Date Initiated:	01/16/1976
Docket/Case Number:	NO. 75-0066
Principal Product Type:	Options
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Censure
Other Sanction(s)/Relief Sought:	
Resolution:	Consent
Resolution Date:	01/16/1976
Sanctions Ordered:	Censure
Other Sanctions Ordered:	
Sanction Details:	CONSENT TO CENSURE.
Firm Statement	CONSENT TO CENSURE.

Disclosure 39 of 44

Reporting Source:	Firm
Current Status:	Final
Allegations:	THE NASD ALLEGED THAT NASH, WEISS & CO. (CRD #6470), NOW THE



FLEET TRADING DIVISION OF FLEET SECURITIES, INC., VIOLATED NASD AND SEC REGULATIONS WITH RESPECT TO PERPARING AND MAINTAINING RECORDS.

Initiated By: NASD
Date Initiated: 04/16/1974
Docket/Case Number: CH1 NO. 510
Principal Product Type: Equity - OTC
Other Product Type(s):
Principal Sanction(s)/Relief Sought: Censure
Other Sanction(s)/Relief Sought: \$5000
Resolution: Consent
Resolution Date: 12/13/1974
Sanctions Ordered: Censure
 Monetary/Fine \$5,000.00
Other Sanctions Ordered:
Sanction Details: CENSURE AND \$5000 FINE.
Firm Statement CENSURE AND \$5000 FINE.

Disclosure 40 of 44

Reporting Source: Regulator
Current Status: Final
Allegations: RESPONDENT ENTERED PRICED ORDERS INTO SELECTNET BROADCAST THAT WERE PRICED BETTER THAN THE FIRM'S PUBLIC QUOTE WITHOUT REFLECTING EACH SUCH ORDER IN THE FIRM'S PUBLIC QUOTE. (SEC RULE 11AC1-1(C)(5).)
Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated: 09/28/1999
Docket/Case Number: CMS990127
Principal Product Type: Other
Other Product Type(s): UNKNOWN TYPE PF SECURITIES



Principal Sanction(s)/Relief Sought: Other

Other Sanction(s)/Relief Sought: FINE OF \$2,500.00

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 09/28/1999

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 \$2,500.00

Other Sanctions Ordered:

Sanction Details: FINE OF \$2,500.00

Reporting Source: Firm

Current Status: Final

Allegations: THE NASD ALLEGED THAT FLEET TRADING ENTERED PRICED ORDERS INTO SELECTNET THAT WERE PRICED BETTER THAN THE FIRM'S PUBLIC QUOTE WITHOUT REFLECTING EACH SUCH ORDER IN THE FIRM'S PUBLIC QUOTE.

Initiated By: NASD

Date Initiated: 09/28/1999

Docket/Case Number: CMS 990127

Principal Product Type: Equity - OTC

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Other

Other Sanction(s)/Relief Sought: FINE OF \$2,5000

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 09/28/1999



Sanctions Ordered:	Monetary/Fine \$2,500.00
Other Sanctions Ordered:	NONE
Sanction Details:	\$2500 FINE
Firm Statement	\$2500 FINE

Disclosure 41 of 44

Reporting Source:	Regulator
Current Status:	Final
Allegations:	
Initiated By:	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated:	11/23/1998
Docket/Case Number:	CMS980102 AWC

Principal Product Type:

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 11/23/1998

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

Other Sanctions Ordered:

Sanction Details:

Regulator Statement LETTER OF ACCEPTANCE, WAIVER AND CONSENT NO. CMS980102 AWC.

ON NOVEMBER 23, 1998, NASH, WEISS & COMPANY (NAWE) WAS NOTIFIED THAT THE LETTER OF ACCEPTANCE, WAIVER AND CONSENT (AWC) IT SUBMITTED HAS BEEN ACCEPTED BY NASD REGULATION, INC.'S DEPARTMENT OF ENFORCEMENT AND THE NATIONAL ADJUDICATORY COUNCIL. THE AWC ALLEGES THAT THE FOLLOWING VIOLATIONS OCCURRED:

NAWE FAILED TO EXECUTE FIVE PREFERENCED SELECTNET ORDERS



WHICH WERE PRESENTED TO NAWE AT NAWE'S PUBLISHED BID OR PUBLISHED OFFER IN AN AMOUNT EQUAL TO OR LESS THAN ITS PUBLISHED QUOTATION SIZE AND, THEREFORE, FAILED TO HONOR ITS PUBLISHED QUOTATION. THIS CONDUCT CONSTITUTES SEPARATE AND DISTINCT VIOLATIONS OF SEC RULE 11Ac-1 ("SEC FIRM QUOTE RULE"), NASD CONDUCT RULE 3320 AND NASD MARKETPLACE RULE 4613(b) ("NASD FIRM QUOTE RULES"). NAWE WAS CENSURED AND FINED \$5,000.

**** \$5,000 PAID ON 1/6/99 - INVOICE NO. 98-MS-1007 ****

Reporting Source: Firm

Current Status: Final

Allegations: THE NASD ALLEGED THAT NASH, WEISS & CO. (CRD #6470), NOW THE FLEET TRADING DIVISION OF FLEET SECURITIES, INC., COMMITTED THE FOLLOWING VIOLATIONS: NASH, WEISS FAILED TO EXECUTE 5 PREFERENCED SELECTNET ORDERS WHICH WERE PRESENTED TO IT AT THE FIRM'S PUBLISHED BID OR OFFER IN AN AMOUNT EQUAL TO OR LESS THAN ITS PUBLISHED QUOTATION SIZE, AND THEREFORE FAILED TO HONOR ITS PUBLISHED QUOTATION. THIS CONDUCT CONSTITUTES SEPARATE AND DISTINCT VIOLATIONS OF SEC RULE 11AC-1, NASD RULE 3320 AND 4613(B).

Initiated By: NASD

Date Initiated: 11/23/1998

Docket/Case Number: CMS 980102 AWC

Principal Product Type: Equity - OTC

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought: \$5000 FINE

Resolution: Consent

Resolution Date: 11/23/1998

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

Other Sanctions Ordered:



Sanction Details: NASH, WEISS WAS CENSURED AND FINED \$5000.00
Firm Statement NASH, WEISS WAS CENSURED AND FINED \$5000.00

Disclosure 42 of 44

Reporting Source: Regulator
Current Status: Final
Allegations: FAILURE TO DISCLOSE AN IOWA SUSPENSION AND OTHER DISCIPLINARY HISTORY OF AFFILIATE QUICK AND REILLY, INC.
Initiated By: MISSISSIPPI SECURITIES DIVISION
Date Initiated: 11/01/1990
Docket/Case Number: 90-08-03
URL for Regulatory Action:
Principal Product Type:
Other Product Type(s):
Principal Sanction(s)/Relief Sought:
Other Sanction(s)/Relief Sought:
Resolution: Consent
Resolution Date: 11/01/1990
Sanctions Ordered: Monetary/Fine \$1,500.00
Other Sanctions Ordered:
Sanction Details: CONSENT ORDER ENTERED WITH A \$1,500 FINE AND WITHDRAWAL OF APPLICATION FOR 90 DAYS.
Regulator Statement N/A

Reporting Source: Firm
Current Status: Final
Allegations: IT WAS ALLEGED THAT U.S. CLEARING CORP. FAILED TO DISCLOSE AN IOWA SUSPENSION AND OTHER DISCIPLINARY HISTORY RELATED TO AFFILIATE QUICK & REILLY, INC.
Initiated By: MISSISSIPPI SECURITIES DIVISION



Date Initiated:	11/01/1990
Docket/Case Number:	90-08-03
Principal Product Type:	No Product
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Censure
Other Sanction(s)/Relief Sought:	\$1500.00 FINE
Resolution:	Consent
Resolution Date:	11/01/1990
Sanctions Ordered:	Censure Monetary/Fine \$1,500.00
Other Sanctions Ordered:	
Sanction Details:	CONSENT ORDER WAS ENTERED WITH A \$1500.00 FINE AND THE WITHDRAWAL OF APPLICATION FOR 90 DAYS.
Firm Statement	CONSENT ORDER WAS ENTERED WITH A \$1500.00 FINE AND THE WITHDRAWAL OF APPLICATION FOR 90 DAYS.

Disclosure 43 of 44

Reporting Source:	Regulator
Current Status:	Final
Allegations:	SEE ITEM #13
Initiated By:	IOWA
Date Initiated:	11/22/1989
Docket/Case Number:	C90-10-125
URL for Regulatory Action:	
Principal Product Type:	Other
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Suspension
Other Sanction(s)/Relief Sought:	



Resolution: Decision

Resolution Date: 11/22/1989

Sanctions Ordered: Suspension

Other Sanctions Ordered: SEE ITEM #13

Sanction Details: SEE ITEM #13

Regulator Statement THE ADMINISTRATIVE LAW JUDGE ORDERED THE REGISTRATION OF U.S. CLEARING CORP. BE SUSPENDED UNTIL NECESSARY DOCUMENTS TO REFLECT ITS NAME CHANGE ARE FILED. THE FORMER NAME WAS Q & R CLEARING. THE ADMINISTRATIVE LAW JUDGE FOUND THE BROKER-DEALER HAD FAILED TO RESPOND TO REQUEST FOR SUCH DOCUMENTS DATED 8/2/89 AND 8/22/89. THE SUSPENSION WAS LIFTED 12/14/89. DOCKET/CASE NO. C90-10-125, DATED 11/22/89.

Reporting Source: Firm

Current Status: Final

Allegations: THE ADMINISTRATIVE LAW JUDGE ORDERED THE REGISTRATION OF U.S. CLEARING CORP. BE SUSPENDED UNTIL NECESSARY DOCUMENTS TO REFLECT ITS NAME CHANGE ARE FILED. IT WAS FOUND THAT THE FIRM HAD FAILED TO RESPOND TO REQUESTS FOR SUCH DOCUMENTS DATED 8/2/89 AND 8/22/89.

Initiated By: STATE OF IOWA

Date Initiated: 11/22/1989

Docket/Case Number: CASE NO. C90-10-125

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Suspension

Other Sanction(s)/Relief Sought:

Resolution: Withdrawn

Resolution Date: 12/14/1989



Sanctions Ordered:	Suspension
Other Sanctions Ordered:	
Sanction Details:	THE ADMINISTRATIVE LAW JUDGE ORDERED THE REGISTRATION OF U.S. CLEARING CORP. BE SUSPENDED UNTIL NECESSARY DOCUMENTS TO REFLECT ITS NAME CHANGE ARE FILED. IT WAS FOUND THAT THE FIRM HAD FAILED TO RESPOND TO REQUESTS FOR SUCH DOCUMENTS DATED 8/2/89 AND 8/22/89. SUSPENSION WAS LIFTED ON 12/14/89.
Firm Statement	THE ADMINISTRATIVE LAW JUDGE ORDERED THE REGISTRATION OF U.S. CLEARING CORP. BE SUSPENDED UNTIL NECESSARY DOCUMENTS TO REFLECT ITS NAME CHANGE ARE FILED. IT WAS FOUND THAT THE FIRM HAD FAILED TO RESPOND TO REQUESTS FOR SUCH DOCUMENTS DATED 8/2/89 AND 8/22/89. SUSPENSION WAS LIFTED ON 12/14/89.

Disclosure 44 of 44

Reporting Source:	Regulator
Current Status:	Final
Allegations:	RESPONDENT FAILED TO TIMELY FILE A REQUIRED FINANCIAL DOCUMENT WITH THE SECRETARY OF STATE THEREBY VIOLATING SECTION 12.D OF THE ILLINOIS SECURITIES LAW OF 1953, AS AMENDED.
Initiated By:	ILLINOIS
Date Initiated:	06/05/1989
Docket/Case Number:	H8900608
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:	07/18/1989
Sanctions Ordered:	Monetary/Fine \$500.00
Other Sanctions Ordered:	N/A



Sanction Details:	N/A
Regulator Statement	<p>ILLINOIS HAS ISSUED A NOTICE OF HEARING TO DETERMINE WHETHER AN ORDER OF REVOCATION, SUSPENSION OR CENSURE SHOULD BE IMPOSED AGAINST RESPONDENT Q & R CLEARING CORP. ALLEGATIONS ARE THAT RESPONDENT FAILED TO TIMELY FILE REQUIRED FINANCIAL DOCUMENTS WITH THE SECRETARY OF STATE. HEARING DATE IS SET FOR AUGUST 30, 1989. DOCKET/CASE #H8900608, DATED JUNE 5, 1989.</p> <p>-----</p> <p>BY MEANS OF STIPULATION, ILLINOIS HAS ENTERED A CONSENT ORDER AGAINST Q & R CLEARING CORPORATION. FINDINGS OF FACT AND CONCLUSIONS OF LAW ARE THAT RESPONDENT FAILED TO TIMELY FILE A REQUIRED FINANCIAL DOCUMENT WITH THE SECRETARY OF STATE THEREBY VIOLATING SECTION 12.D OF THE ILLINOIS SECURITIES LAW OF 1953, AS AMENDED. AN ADMINISTRATIVE FINE OF \$500.00 HAS BEEN ASSESSED. DOCKET/CASE NO. H8900608.</p> <p>-----</p>
Reporting Source:	Firm
Current Status:	Final
Allegations:	IT WAS ALLEGED THAT Q & R CLEARING CORP. FAILED TO TIMELY FILE REQUIRED FINANCIAL DOCUMENTS WITH THE SECRETARY OF STATE IN VIOLATION OF SECTION 12D OF THE ILLINOIS SECURITIES LAW.
Initiated By:	STATE OF ILLINOIS
Date Initiated:	06/19/1989
Docket/Case Number:	CASE #H8900608
Principal Product Type:	No Product
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Censure
Other Sanction(s)/Relief Sought:	
Resolution:	Consent



Resolution Date: 08/07/1989

Sanctions Ordered: Censure
Monetary/Fine \$500.00

Other Sanctions Ordered:

Sanction Details: THE FIRM CONSENTED TO A \$500.00 FINE.

Firm Statement THE FIRM CONSENTED TO A \$500.00 FINE.

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 8

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	DO NOT USE-NO OTHER CONTROVERSY INVOLVED; DO NOT USE-OTHER-OTHER
Arbitration Forum:	NASD
Case Initiated:	01/10/2001
Case Number:	00-01166
Disputed Product Type:	COMMON STOCK; DO NOT USE-NO OTHER TYPE OF SEC INVOLVE
Sum of All Relief Requested:	Unspecified Damages
Disposition:	AWARD AGAINST PARTY
Disposition Date:	09/11/2002
Sum of All Relief Awarded:	\$83,300.00

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 8

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-NEGLIGENCE; DO NOT USE-EXECUTIONS-EXECUTION PRICE; DO NOT USE-EXECUTIONS-INCORRECT QUANTITY
Arbitration Forum:	NASD
Case Initiated:	04/06/2000
Case Number:	00-01292
Disputed Product Type:	COMMON STOCK; DO NOT USE-NO OTHER TYPE OF SEC INVOLVE



Sum of All Relief Requested: \$99,340.25
Disposition: AWARD AGAINST PARTY
Disposition Date: 04/06/2001
Sum of All Relief Awarded: \$81,500.00

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 8

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-CHURNING; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-SUITABILITY
Arbitration Forum: NASD
Case Initiated: 06/21/2004
Case Number: [04-04259](#)
Disputed Product Type: COMMON STOCK; DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; MUTUAL FUNDS
Sum of All Relief Requested: \$614,375.10
Disposition: AWARD AGAINST PARTY
Disposition Date: 06/27/2005
Sum of All Relief Awarded: \$457,500.43

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 8

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT RELATED-ERRORS-CHARGES; ACCOUNT RELATED-NEGLIGENCE; ACCOUNT RELATED-TRANSFER; OTHER-CLEARING DISPUTES
Arbitration Forum: FINRA



Case Initiated: 09/06/2013
Case Number: [13-02373](#)
Disputed Product Type: COMMON STOCK
Sum of All Relief Requested: \$20,335.02
Disposition: AWARD AGAINST PARTY
Disposition Date: 03/31/2014
Sum of All Relief Awarded: \$3,393.51

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 8

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT ACTIVITY-OTHER; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE; ACCOUNT RELATED-OTHER; DO NOT USE-OTHER-OTHER
Arbitration Forum: FINRA
Case Initiated: 11/07/2014
Case Number: [14-03343](#)
Disputed Product Type: VARIABLE ANNUITIES
Sum of All Relief Requested: \$300,000.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 06/07/2017
Sum of All Relief Awarded: \$79,863.01

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 8

Reporting Source: Regulator
Type of Event: ARBITRATION



Allegations:	ACCOUNT RELATED-NEGLIGENCE; DO NOT USE-NO OTHER CONTROVERSY INVOLVED
Arbitration Forum:	NASD
Case Initiated:	07/26/1990
Case Number:	90-01986
Disputed Product Type:	COMMON STOCK; DO NOT USE-NO OTHER TYPE OF SEC INVOLVE
Sum of All Relief Requested:	\$20,635.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	01/16/1991
Sum of All Relief Awarded:	\$13,750.00

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 8

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT RELATED-ERRORS-CHARGES; DO NOT USE-NO OTHER CONTROVERSY INVOLVED
Arbitration Forum:	NASD
Case Initiated:	11/15/1991
Case Number:	91-03173
Disputed Product Type:	DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; OPTIONS; WARRANTS/RIGHTS
Sum of All Relief Requested:	\$3,690.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	07/28/1993
Sum of All Relief Awarded:	\$2,000.00

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

Disclosure 8 of 8

Reporting Source:	Regulator
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Type of Event: ARBITRATION

Allegations: ACCOUNT RELATED-ERRORS-CHARGES; ACCOUNT RELATED-MARGIN CALLS; ACCOUNT RELATED-NEGLIGENCE; DO NOT USE-NO OTHER CONTROVERSY INVOLVED

Arbitration Forum: NASD

Case Initiated: 11/18/1992

Case Number: [92-03777](#)

Disputed Product Type: COMMON STOCK; DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; OPTIONS

Sum of All Relief Requested: \$25,000.00

Disposition: AWARD AGAINST PARTY

Disposition Date: 09/23/1993

Sum of All Relief Awarded: \$1,420.00

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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