

## BrokerCheck Report

# INTERACTIVE BROKERS LLC

CRD# 36418

Report #57765-32903, data current as of Sunday, May 18, 2014.

<b><u>Section Title</u></b>	<b><u>Page(s)</u></b>
Report Summary	1
Firm Profile	2 - 8
Firm History	9
Firm Operations	10 - 21
Disclosure Events	22

## About BrokerCheck®



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

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

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

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

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

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

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

- **How current is this information?**

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

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

To check the background of an investment adviser firm or representative, you can search for the firm or individual in BrokerCheck. If your search is successful, click on the link provided to view the available licensing and registration information in the SEC's Investment Adviser Public Disclosure (IAPD) website at <http://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.



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



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

**Thank you for using FINRA BrokerCheck.**



## INTERACTIVE BROKERS LLC

CRD# 36418

SEC# 8-47257

### Main Office Location

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

### Mailing Address

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

### Business Telephone Number

203 618-5710

## Report Summary for this Firm

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

### Firm Profile

This firm is classified as a limited liability company.

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

Its fiscal year ends in December.

### Firm History

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

### Firm Operations

**This firm is registered with:**

- the SEC
- 18 Self-Regulatory Organizations
- 52 U.S. states and territories

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

This firm conducts 9 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	23
Arbitration	10



## **Firm Profile**

This firm is classified as a limited liability company.

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

Its fiscal year ends in December.

## **Firm Names and Locations**

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

### **INTERACTIVE BROKERS LLC**

**Doing business as INTERACTIVE BROKERS LLC**

**CRD#** 36418

**SEC#** 8-47257

### **Main Office Location**

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

**Regulated by FINRA Boston Office**

### **Mailing Address**

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

### **Business Telephone Number**

203 618-5710



## Firm Profile

This section provides information relating to all direct owners and executive officers of the brokerage firm.

### Direct Owners and Executive Officers

<b>Legal Name &amp; CRD# (if any):</b>	IBG LLC
<b>Is this a domestic or foreign entity or an individual?</b>	Domestic Entity
<b>Position</b>	MANAGING MEMBER
<b>Position Start Date</b>	01/2002
<b>Percentage of Ownership</b>	75% or more
<b>Does this owner direct the management or policies of the firm?</b>	Yes
<b>Is this a public reporting company?</b>	No

---

<b>Legal Name &amp; CRD# (if any):</b>	BATTAN, DAVID MICHAEL 4079605
<b>Is this a domestic or foreign entity or an individual?</b>	Individual
<b>Position</b>	EXECUTIVE VICE PRESIDENT, LEGAL
<b>Position Start Date</b>	10/1999
<b>Percentage of Ownership</b>	Less than 5%
<b>Does this owner direct the management or policies of the firm?</b>	Yes
<b>Is this a public reporting company?</b>	No

---

<b>Legal Name &amp; CRD# (if any):</b>	BAUCH, JEFFREY ALEXANDER 4110351
<b>Is this a domestic or foreign entity or an individual?</b>	Individual
<b>Position</b>	ROSFP
<b>Position Start Date</b>	01/1999



## Firm Profile

### Direct Owners and Executive Officers (continued)

**Percentage of Ownership** Less than 5%

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

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

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

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

**Position** SECRETARY

**Position Start Date** 04/1994

**Percentage of Ownership** Less than 5%

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

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

**Legal Name & CRD# (if any):** CHAIT, JONATHAN  
4582696

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

**Position** EXECUTIVE VICE PRESIDENT, COO

**Position Start Date** 04/2004

**Percentage of Ownership** Less than 5%

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

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

**Legal Name & CRD# (if any):** CRAMER, SUSAN JOY



## Firm Profile

### Direct Owners and Executive Officers (continued)

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

**Position** TREASURER

**Position Start Date** 01/2004

**Percentage of Ownership** Less than 5%

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

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

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

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

**Position** CHIEF COMPLIANCE OFFICER

**Position Start Date** 06/2006

**Percentage of Ownership** Less than 5%

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

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

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

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

**Position** MANAGING DIRECTOR-ASIAN OPERATIONS

**Position Start Date** 09/1998

**Percentage of Ownership** Less than 5%



## Firm Profile

### Direct Owners and Executive Officers (continued)

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

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

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

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

**Position** CHIEF FINANCIAL OFFICER

**Position Start Date** 01/2004

**Percentage of Ownership** Less than 5%

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

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

**Legal Name & CRD# (if any):** JACOBOWITZ, BRADFORD L  
2615208

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

**Position** VICE PRESIDENT, COMPLIANCE

**Position Start Date** 04/1995

**Percentage of Ownership** Less than 5%

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

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

**Legal Name & CRD# (if any):** PETERFFY, THOMAS PECHY  
1722064



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

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

**Position** CEO, PRESIDENT

**Position Start Date** 04/1994

**Percentage of Ownership** Less than 5%

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

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

**Legal Name & CRD# (if any):** SANDERS, STEVEN JAY  
2812548

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

**Position** SENIOR VICE PRESIDENT, MARKETING AND PRODUCT DEVELOPMENT

**Position Start Date** 04/2004

**Percentage of Ownership** Less than 5%

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

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

## Firm Profile

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



### Indirect Owners

<b>Legal Name &amp; CRD# (if any):</b>	IBG HOLDINGS LLC
<b>Is this a domestic or foreign entity or an individual?</b>	Domestic Entity
<b>Company through which indirect ownership is established</b>	IBG LLC
<b>Relationship to Direct Owner</b>	MEMBER
<b>Relationship Established</b>	08/1998
<b>Percentage of Ownership</b>	75% or more
<b>Does this owner direct the management or policies of the firm?</b>	Yes
<b>Is this a public reporting company?</b>	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, 18 SROs and 52 U.S. states and territories.**

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

### SEC Registration Questions

This firm is registered with the SEC as:

A broker-dealer: Yes

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

A government securities broker or dealer only: No

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

Self-Regulatory Organization	Status	Date Effective
FINRA	Approved	01/06/1995
BATS Y-Exchange, Inc.	Approved	09/15/2010
BATS Z-Exchange, Inc.	Approved	08/18/2008
BOX Options Exchange LLC	Approved	05/07/2012
Chicago Board Options Exchange	Approved	07/10/2009
Chicago Stock Exchange	Approved	07/29/1996
EDGA Exchange, Inc.	Approved	05/25/2010
EDGX Exchange, Inc.	Approved	05/27/2010
ISE Gemini, LLC	Approved	07/29/2013
International Securities Exchange	Approved	05/01/2000
Miami International Stock Exchange (MIAX), LLC	Approved	12/07/2012
NASDAQ OMX BX, Inc.	Approved	01/12/2009
NASDAQ OMX PHLX, Inc.	Approved	02/14/1995
NASDAQ Stock Market	Approved	07/12/2006
NYSE Arca, Inc.	Approved	02/11/2000

NYSE MKT LLC	Approved	12/30/1994
National Stock Exchange	Approved	01/16/1995
New York Stock Exchange	Approved	09/09/1994



## Firm Operations

### Registrations (continued)

U.S. States & Territories	Status	Date Effective	U.S. States & Territories	Status	Date Effective
Alabama	Approved	07/26/1999	North Carolina	Approved	07/07/1999
Alaska	Approved	07/02/1999	North Dakota	Approved	06/23/1999
Arizona	Approved	03/25/1998	Ohio	Approved	07/07/1999
Arkansas	Approved	07/02/1999	Oklahoma	Approved	06/25/1999
California	Approved	07/27/1999	Oregon	Approved	07/08/1999
Colorado	Approved	03/20/1998	Pennsylvania	Approved	11/13/1996
Connecticut	Approved	04/21/1998	Puerto Rico	Approved	07/09/1999
Delaware	Approved	06/21/1999	Rhode Island	Approved	07/08/1999
District of Columbia	Approved	08/15/1999	South Carolina	Approved	07/07/1999
Florida	Approved	07/21/1999	South Dakota	Approved	06/28/1999
Georgia	Approved	04/21/1998	Tennessee	Approved	08/19/1999
Hawaii	Approved	08/24/1999	Texas	Approved	10/01/1999
Idaho	Approved	03/13/1998	Utah	Approved	03/23/1998
Illinois	Approved	05/08/1996	Vermont	Approved	08/24/1999
Indiana	Approved	07/08/1999	Virginia	Approved	03/17/1998
Iowa	Approved	07/27/1999	Washington	Approved	04/07/1998
Kansas	Approved	07/16/1999	West Virginia	Approved	06/17/1999
Kentucky	Approved	07/09/1999	Wisconsin	Approved	08/02/1999
Louisiana	Approved	06/22/1999	Wyoming	Approved	06/25/1999
Maine	Approved	10/05/1999			
Maryland	Approved	03/23/1998			
Massachusetts	Approved	07/27/1999			
Michigan	Approved	07/13/1999			
Minnesota	Approved	11/16/1999			
Mississippi	Approved	05/25/1999			
Missouri	Approved	07/28/1999			
Montana	Approved	07/12/1999			
Nebraska	Approved	07/19/1999			
Nevada	Approved	06/23/1999			
New Hampshire	Approved	07/30/1999			
New Jersey	Approved	04/06/1998			
New Mexico	Approved	07/06/1999			
New York	Approved	01/01/1997			



## 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 9 types of businesses.**

#### Types of Business

Exchange member engaged in exchange commission business other than floor activities

Exchange member engaged in floor activities

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

Broker or dealer selling corporate debt securities

Underwriter or selling group participant (corporate securities other than mutual funds)

U S. government securities broker

Put and call broker or dealer or option writer

Private placements of securities

Other - ACTING AS AGENCY BROKER FOR SECURITY FUTURES PRODUCTS.

#### Other Types of Business

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

This firm does engage in other non-securities business.

Non-Securities Business Description: FOREIGN EXCHANGE TRADING AS A BROKER FOR CUSTOMERS.

## **Firm Operations**



### **Clearing Arrangements**

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

### **Introducing Arrangements**

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



## Firm Operations

### Industry Arrangements



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

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

---

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

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

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

---

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

---

### Control Persons/Financing

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

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



## Firm Operations

### Organization Affiliates

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

**This firm is, directly or indirectly:**

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

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

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

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

<b>Business Address:</b>	A-605, DYNASTY BUSINESS PARK 151 ANDHERI KURLA ROAD, ANDHERI (E) MUMBAI, INDIA 400059
<b>Effective Date:</b>	10/27/2011
<b>Foreign Entity:</b>	Yes
<b>Country:</b>	INDIA
<b>Securities Activities:</b>	Yes
<b>Investment Advisory Activities:</b>	No
<b>Description:</b>	INTERACTIVE BROKERS (INDIA) PVT. LTD IS A MEMBER OF THE SECURITIES AND EXCHANGE BOARD OF INDIA. BOTH FIRMS ARE UNDER

## Firm Operations



### Organization Affiliates (continued)

COMMON CONTROL THROUGH IBG LLC.

---

#### IBG LLC controls the firm.

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

**Effective Date:** 10/27/2011

**Foreign Entity:** No

**Country:**

**Securities Activities:** Yes

**Investment Advisory Activities:** No

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

---

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

**CRD #:** 117942

**Business Address:** 26110 ENTERPRISE WAY  
LAKE FOREST, CA 92630

**Effective Date:** 12/18/2007

**Foreign Entity:** No

**Country:**

**Securities Activities:** Yes

**Investment Advisory Activities:** No

**Description:** INTERACTIVE BROKERS CORP. IS A U.S. REGISTERED BROKER DEALER AND A SUBSIDIARY OF INTERACTIVE BROKERS LLC. BOTH FIRMS ARE UNDER COMMON CONTROL THROUGH IBG LLC.

---

#### INTERACTIVE BROKERS CANADA INC. is under common control with the firm.

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

**Effective Date:** 05/14/2002

## Firm Operations



### Organization Affiliates (continued)

<b>Foreign Entity:</b>	Yes
<b>Country:</b>	CANADA
<b>Securities Activities:</b>	Yes
<b>Investment Advisory Activities:</b>	No
<b>Description:</b>	INTERACTIVE BROKERS CANADA INC. IS A CORPORATION REGISTERED UNDER THE CANADA CORPORATIONS ACT, THE INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA AND VARIOUS CANADIAN PROVINCIAL SECURITIES COMMISSIONS. BOTH FIRMS ARE UNDER COMMON CONTROL THROUGH IBG LLC.

---

#### INTERACTIVE BROKERS (U.K.) LIMITED is under common control with the firm.

<b>Business Address:</b>	ONE CAREY LANE FIFTH FLOOR LONDON, ENGLAND EC2 V8AE
<b>Effective Date:</b>	08/01/2005
<b>Foreign Entity:</b>	Yes
<b>Country:</b>	ENGLAND
<b>Securities Activities:</b>	Yes
<b>Investment Advisory Activities:</b>	No
<b>Description:</b>	INTERACTIVE BROKERS (U.K.) LIMITED IS A UNITED KINGDOM ORGANIZATION THAT HAS BEEN AUTHORIZED BY THE FINANCIAL SERVICES AUTHORITY TO CONDUCT INVESTMENT BUSINESS IN THE U.K. AND OTHER EUROPEAN COUNTRIES. BOTH FIRMS ARE UNDER COMMON CONTROL THROUGH IBG LLC.

---

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

<b>Business Address:</b>	1800 MCGILL COLLEGE SUITE 2106 MONTREAL, CANADA H3A 3J6
<b>Effective Date:</b>	02/13/1998
<b>Foreign Entity:</b>	Yes
<b>Country:</b>	NOVA SCOTIA, CANADA
<b>Securities Activities:</b>	Yes

## Firm Operations



### Organization Affiliates (continued)

**Investment Advisory Activities:** No

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

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

**Business Address:** 56 PITT STREET  
LEVEL 25  
SYDNEY, AUSTRALIA NSW 2000

**Effective Date:** 09/08/1997

**Foreign Entity:** Yes

**Country:** AUSTRALIA

**Securities Activities:** Yes

**Investment Advisory Activities:** No

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

**TIMBER HILL SECURITIES HONG KONG LIMITED is under common control with the firm.**

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

**Effective Date:** 04/03/1996

**Foreign Entity:** Yes

**Country:** HONG KONG

**Securities Activities:** Yes

**Investment Advisory Activities:** No

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

## Firm Operations



### Organization Affiliates (continued)

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

<b>Business Address:</b>	GOTTHARDSTRASSE 3 OST ZUG, SWITZERLAND CH-6300
<b>Effective Date:</b>	09/03/1993
<b>Foreign Entity:</b>	Yes
<b>Country:</b>	SWITZERLAND
<b>Securities Activities:</b>	Yes
<b>Investment Advisory Activities:</b>	No
<b>Description:</b>	TIMBER HILL EUROPE AG IS A CORPORATION REGISTERED TO DO BUSINESS IN SWITZERLAND. BOTH FIRMS ARE UNDER COMMON CONTROL THROUGH IBG LLC.

#### TIMBER HILL LLC is under common control with the firm.

<b>CRD #:</b>	33319
<b>Business Address:</b>	ONE PICKWICK PLAZA GREENWICH, CT 06830
<b>Effective Date:</b>	07/01/1996
<b>Foreign Entity:</b>	No
<b>Country:</b>	
<b>Securities Activities:</b>	Yes
<b>Investment Advisory Activities:</b>	No
<b>Description:</b>	TIMBER HILL LLC IS A U.S. REGISTERED BROKER/DEALER AND FUTURES COMMISSION MERCHANT. BOTH FIRMS ARE UNDER COMMON CONTROL THROUGH IBG LLC.

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

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



**Organization Affiliates (continued)**

- 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.

	<b>Pending</b>	<b>Final</b>	<b>On Appeal</b>
Regulatory Event	0	23	0
Arbitration	N/A	10	N/A



## Disclosure Event Details

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

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

### Regulatory - Final

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

### Disclosure 1 of 23

**Reporting Source:** Regulator

**Current Status:** Final



<b>Allegations:</b>	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT TRANSMITTED TO THE ORDER AUDIT TRAIL SYSTEM (OATS) REPORTS, IDENTIFIED FROM A SAMPLE OF REPORTS REVIEWED, THAT CONTAINED INACCURATE, INCOMPLETE, OR IMPROPERLY FORMATTED DATA. SPECIFICALLY, THE FIRM TRANSMITTED THE REPORTS TO OATS WITH AN INACCURATE ACCOUNT TYPE CODE. THE FINDINGS STATED THAT ORDER TICKETS DID NOT REFLECT THAT EACH ORDER WAS A GOOD THROUGH EXTENDED HOURS (GTX) ORDER.
<b>Initiated By:</b>	FINRA
<b>Date Initiated:</b>	05/02/2014
<b>Docket/Case Number:</b>	<a href="#">2012034314801</a>
<b>Principal Product Type:</b>	No Product
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	05/02/2014
<b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b>	No
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$10,000.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	SEE ABOVE

### Disclosure 2 of 23

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	NYSE RULES 123C, 342 - INTERACTIVE BROKERS LLC ON NUMEROUS OCCASIONS, ON BEHALF OF ITS MARKET MAKING AFFILIATE,



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

**Initiated By:** NEW YORK STOCK EXCHANGE  
**Date Initiated:** 11/11/2013  
**Docket/Case Number:** 2012031539001  
**Principal Product Type:** Equity Listed (Common & Preferred Stock)

**Other Product Type(s):**

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

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

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 11/11/2013

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

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

**Other Sanctions Ordered:**

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

**Reporting Source:** Firm

**Current Status:** Final



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

**Initiated By:** NEW YORK STOCK EXCHANGE

**Date Initiated:** 11/11/2013

**Docket/Case Number:** 2012031539001

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

**Other Product Type(s):**

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

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

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 11/11/2013

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

**Other Sanctions Ordered:**

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

### Disclosure 3 of 23

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** FINRA RULE 7450: THE FIRM TRANSMITTED TO THE ORDER AUDIT TRAIL



SYSTEM (OATS) 96 ROUTE OR COMBINED ORDER/ROUTE REPORTS THAT THE OATS SYSTEM WAS UNABLE TO LINK TO THE RELATED ORDER ROUTED TO THE NEW YORK STOCK EXCHANGE DUE TO INACCURATE, INCOMPLETE OR IMPROPERLY FORMATTED DATA.

**Initiated By:** FINRA

**Date Initiated:** 10/15/2013

**Docket/Case Number:** [2012033129801](#)

**Principal Product Type:** Other

**Other Product Type(s):** UNSPECIFIED SECURITIES

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

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

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 10/15/2013

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

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

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE IT IS CENSURED AND FINED \$10,000. FINE PAID IN FULL 10/30/13.

**Reporting Source:** Firm

**Current Status:** Final

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

**Initiated By:** FINRA  
**Date Initiated:** 10/15/2013  
**Docket/Case Number:** [2012033129801](#)  
**Principal Product Type:** Other  
**Other Product Type(s):** UNSPECIFIED SECURITIES  
**Principal Sanction(s)/Relief Sought:** Civil and Administrative Penalt(ies) /Fine(s)  
**Other Sanction(s)/Relief Sought:** CENSURE  
**Resolution:** Acceptance, Waiver & Consent(AWC)  
**Resolution Date:** 10/15/2013  
**Sanctions Ordered:** Censure  
 Monetary/Fine \$10,000.00  
**Other Sanctions Ordered:**  
**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE ENTRY OF FINDINGS, A CENSURE, AND A FINE OF \$10,000.

#### Disclosure 4 of 23

**Reporting Source:** Regulator  
**Current Status:** Final  
**Allegations:** INTERACTIVE BROKERS FAILED TO PERFORM ADEQUATE DUE DILIGENCE WITH REGARD TO THE REGISTRATION STATUS OF A CLIENT TO PROPERLY DETERMINE WHETHER THE CLIENT WAS EXEMPT FROM REGISTRATION REQUIREMENTS IN ARKANSAS PRIOR TO FACILITATING UNLAWFUL UNREGISTERED INVESTMENT ADVISER ACTIVITY BY THE CLIENT.  
**Initiated By:** ARKANSAS  
**Date Initiated:** 09/11/2013  
**Docket/Case Number:** S-12-0130  
**Principal Product Type:** No Product  
**Other Product Type(s):**  
**Principal Sanction(s)/Relief Sought:** Civil and Administrative Penalt(ies) /Fine(s)


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

**Resolution Date:** 09/30/2013

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

**Sanctions Ordered:** Monetary/Fine \$6,000.00

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

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

**Reporting Source:** Firm

**Current Status:** Final

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

**Initiated By:** ARKANSAS SECURITIES DEPARTMENT

**Date Initiated:** 09/11/2013

**Docket/Case Number:** S-12-0130

**Principal Product Type:** No Product

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

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



**Resolution Date:** 09/30/2013

**Sanctions Ordered:** Monetary/Fine \$6,000.00

**Other Sanctions Ordered:**

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

### Disclosure 5 of 23

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** NFA FINANCIAL REQUIREMENTS SECTION 4: HAVING REVIEWED THE INVESTIGATIVE REPORT SUBMITTED BY THE COMPLIANCE DEPARTMENT OF NATIONAL FUTURES ASSOCIATION (NFA), AND HAVING FOUND REASON TO BELIEVE THAT NFA REQUIREMENTS ARE BEING, HAVE BEEN OR ARE ABOUT TO BE VIOLATED AND THAT THE MATTER SHOULD BE ADJUDICATED, NFA'S BUSINESS CONDUCT COMMITTEE (COMMITTEE) ISSUES THIS COMPLAINT AGAINST THE FIRM. THE FIRM FAILED TO ENSURE BALANCES HELD IN A CUSTOMER SECURED AMOUNT ACCOUNT - IDENTIFIED UNDER COMMODITY FUTURES TRADING COMMISSION REGULATION 30.7 - WERE REPORTED IN THE FORM AND MANNER PRESCRIBED BY NFA.

**Initiated By:** NATIONAL FUTURES ASSOCIATION

**Date Initiated:** 07/05/2013

**Docket/Case Number:** 13-BCC-008

**Principal Product Type:** No Product

**Other Product Type(s):**

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

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

**Resolution:** Decision

**Resolution Date:** 07/05/2013





<b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b>	No
<b>Sanctions Ordered:</b>	Monetary/Fine \$300,000.00
<b>Other Sanctions Ordered:</b>	UNDERTAKINGS
<b>Sanction Details:</b>	<p>THE FIRM SUBMITTED AN OFFER IN WHICH IT NEITHER ADMITTED NOR DENIED THE ALLEGATIONS MADE AGAINST IT IN TWO COMPLAINTS AND PROPOSED TO SETTLE THOSE COMPLAINTS. PURSUANT TO THE OFFER OF THE FIRM, THE PANEL FINDS THAT THE FIRM VIOLATED NFA FINANCIAL REQUIREMENTS SECTION 4, AS ALLEGED IN THIS COMPLAINT AND THAT THE FIRM VIOLATED NFA BYLAW 1101, AND NFA COMPLIANCE RULES 2-4 AND 2-9(A), AS ALLEGED IN A 2012 COMPLAINT (SEE COMMENT SECTION). HAVING CONSIDERED THESE MATTERS AND HAVING ACCEPTED THE FIRM'S OFFER, THE PANEL ORDERS THE FIRM TO PAY NFA A FINE OF \$300,000, PAYABLE WITHIN THIRTY DAYS AFTER THE ISSUANCE OF THIS DECISION. THE PANEL ALSO ORDERS THE FIRM TO ADOPT AND IMPLEMENT ENHANCED WRITTEN PROCEDURES TO ENSURE COMPLIANCE WITH NFA BYLAW 1101 AND PROVIDE THOSE WRITTEN PROCEDURES TO NFA WITHIN 60 DAYS AFTER THE ISSUANCE OF THIS DECISION. IN ADDITION, THE PANEL ORDERS THE FIRM TO UNDERTAKE A REVIEW OF ITS OPEN FUTURES AND RETAIL FOREX ACCOUNTS TO DETERMINE WHETHER THE FIRM IS IN FULL COMPLIANCE WITH NFA BYLAW 1101 WITH RESPECT TO THE ACCOUNT HOLDERS OF ALL ACCOUNTS OPENED PRIOR TO THE DATE OF THE FIRM'S OFFER AND TAKE PROMPT AND APPROPRIATE REMEDIAL ACTION IN THOSE INSTANCES WHERE THE FIRM FINDS THAT IT DID NOT FULLY COMPLY WITH THE REQUIREMENTS OF NFA BYLAW 1101. THE FIRM IS REQUIRED TO PERFORM SUCH REVIEW WITHIN TWELVE MONTHS OF THE ISSUANCE OF THIS DECISION.</p>
<b>Regulator Statement</b>	<p>IN NOVEMBER 2012, THE COMMITTEE ISSUED A COMPLAINT AGAINST THE FIRM, ALLEGING THAT THE FIRM VIOLATED NFA BYLAW 1101 BY CONDUCTING FUTURES BUSINESS WITH NON-NFA MEMBERS AND VIOLATED NFA COMPLIANCE RULE 2-4 BY ALLOWING AN INTRODUCING BROKER TO ACT AS A DE FACTO FUTURES COMMODITY MERCHANT (FCM). IN ADDITION, THE 2012 BCC COMPLAINT ALLEGED THAT THE FIRM VIOLATED NFA COMPLIANCE RULE 2-9(A) BY FAILING TO DILIGENTLY SUPERVISE ITS OPERATIONS. (NFA CASE NO. 12-BCC-032)</p>

**Reporting Source:** Firm



**Current Status:** Final

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

**Initiated By:** NATIONAL FUTURES ASSOCIATION

**Date Initiated:** 07/05/2013

**Docket/Case Number:** 13-BCC-008

**Principal Product Type:** No Product

**Other Product Type(s):**

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

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

**Resolution:** Decision

**Resolution Date:** 07/05/2013

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

**Other Sanctions Ordered:**

**Sanction Details:**

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

**Firm Statement**

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

**Disclosure 6 of 23****Reporting Source:**

Regulator

**Current Status:**

Final

**Allegations:**

NASDAQ RULES 2110, 3010 - INTERACTIVE BROKERS LLC FAILED TO PREVENT AND DETECT TRANSACTIONS IN A COMMON STOCK THAT RESULTED FROM MATCHED LIMIT ORDERS ENTERED BY THE SAME CUSTOMER ACCOUNT AT THE FIRM. FOUR OF THE SUBJECT TRANSACTIONS CONSTITUTED 100% OF THE TOTAL DAILY VOLUME IN THE STOCK AND ONE TRANSACTION CONSTITUTED 50% OF THE TOTAL DAILY VOLUME IN THE STOCK. THE FIRM HAD A REPORT TO PREVENT



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

**Initiated By:** NASDAQ STOCK MARKET

**Date Initiated:** 04/05/2013

**Docket/Case Number:** 2011027422801

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

**Other Product Type(s):**

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

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

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 04/05/2013



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

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

**Other Sanctions Ordered:** UNDERTAKING

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED, FINED \$25,000 AND REQUIRED TO REVISE ITS SUPERVISORY SYSTEM WITH RESPECT TO POTENTIAL WASH SALE AND MARKING THE CLOSE ACTIVITY WITHIN 30 BUSINESS DAYS OF ACCEPTANCE OF THIS AWC BY THE NAC.

---

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** NASDAQ ALLEGED VIOLATIONS OF NASDAQ RULES 2110 AND 3010 IN THAT INTERACTIVE BROKERS LLC FAILED TO PREVENT AND DETECT TRANSACTIONS IN A COMMON STOCK THAT RESULTED FROM MATCHED LIMIT ORDERS ENTERED BY THE SAME CUSTOMER ACCOUNT AT THE FIRM. FOUR OF THE SUBJECT TRANSACTIONS CONSTITUTED 100% OF THE TOTAL DAILY VOLUME IN THE STOCK AND ONE TRANSACTION CONSTITUTED 50% OF THE TOTAL DAILY VOLUME IN THE STOCK. THE FIRM HAD A REPORT TO PREVENT AND DETECT POTENTIAL WASH SALES, BUT A SYSTEM ERROR ALLOWED THE WASH SALE TRANSACTIONS TO BE EXECUTED. THE OCCURRENCE OF THE SYSTEM PROBLEM, COUPLED WITH, AMONG OTHER THINGS, THE FIRM'S INABILITY TO IDENTIFY THE CAUSE OF THE SYSTEM PROBLEM AND THE UNDETECTED HIGH PERCENTAGE OF TOTAL DAILY VOLUME IN THE STOCK'S SHARES ON CERTAIN TRADING DAYS, RENDERED THE FIRM'S SUPERVISORY SYSTEM DEFICIENT AT THE TIME. MOST OF THE CUSTOMER TRANSACTIONS WERE EXECUTED WITHIN THE LAST TWO MINUTES BEFORE THE MARKET CLOSED, AND THREE ADDITIONAL TRANSACTIONS WERE EXECUTED WITHIN THE LAST SEVEN MINUTES BEFORE THE MARKET CLOSED. MANY WERE THE LAST MEDIA REPORTED TRADES OF THE DAY. THE FIRM HAD A REPORT TO DETECT POTENTIAL MARKING THE CLOSE, BUT ONLY REVIEWED SUCH CUSTOMER ACTIVITY WHEN, IN ADDITION TO OTHER CRITERIA, THE TRADING ACTIVITY OCCURRED ON CERTAIN CONSECUTIVE TRADING DAYS. ALTHOUGH THE FIRM DID IDENTIFY SOME POTENTIAL MARKING THE CLOSE ACTIVITY, IT FAILED TO ADEQUATELY



FOLLOW UP BECAUSE, IN ADDITION TO OTHER CRITERIA, THE ACTIVITY ALSO DID NOT OCCUR ON CERTAIN CONSECUTIVE TRADING DAYS. AS A RESULT, NASDAQ ALLEGED THAT THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATIONS AND NASDAQ RULES CONCERNING THE PREVENTION AND DETECTION OF POTENTIALLY MANIPULATIVE TRADING ACTIVITY. NASDAQ ALLEGED THAT THE FIRM'S SUPERVISORY SYSTEM WAS NOT REASONABLY DESIGNED, AND LACKED ADEQUATE CONTROLS, TO PREVENT AND DETECT POSSIBLE WASH SALES AND MARKING THE CLOSE ACTIVITY CONDUCTED BY FIRM CUSTOMERS.

**Initiated By:** NASDAQ STOCK MARKET

**Date Initiated:** 05/05/2013

**Docket/Case Number:** 2011027422801

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

**Other Product Type(s):**

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

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

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 05/05/2013

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

**Other Sanctions Ordered:** UNDERTAKING

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS. THE FIRM WAS CENSURED, FINED \$25,000 AND REQUIRED TO REVISE ITS SUPERVISORY SYSTEM WITH RESPECT TO POTENTIAL WASH SALE AND MARKING THE CLOSE ACTIVITY WITHIN 30 BUSINESS DAYS OF ACCEPTANCE OF THE AWC BY THE NAC.

#### Disclosure 7 of 23

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** FINRA RULE 2010, NASD RULE 3010 - INTERACTIVE BROKERS LLC'S

SYSTEMS FAILED TO PREVENT TRANSACTIONS IN THE COMMON AND PREFERRED STOCK OF SECURITIES THAT RESULTED FROM MATCHED LIMIT ORDERS ENTERED BY OR FOR THE SAME CUSTOMER ACCOUNT OR RELATED CUSTOMER ACCOUNTS. THE MATCHED LIMIT ORDERS WERE PLACED UP TO 32 SECONDS APART, ALTHOUGH MANY OF THE ORDERS WERE PLACED WITHIN SECONDS OF EACH OTHER, AT THE SAME OR SUBSTANTIALLY THE SAME PRICE, AND FOR THE SAME OR SUBSTANTIALLY THE SAME QUANTITY OF SHARES. A MAJORITY OF THE MATCHED LIMIT ORDERS WERE ENTERED USING THE SAME INTERNET PROTOCOL (IP) ADDRESS. A SYSTEM ERROR RESULTED IN THE RELATED CUSTOMER ACCOUNTS BEING TREATED AS INACTIVE IN MOST OF THE TRANSACTIONS AND NOT SUBJECT TO THE FIRM'S SOFTWARE DESIGNED TO PREVENT SUCH EXECUTIONS. THE FIRM REMEDIED THE SYSTEM PROBLEM, BUT THE SAME RELATED CUSTOMER ACCOUNTS ENTERED MATCHED LIMIT ORDERS ON ONE DATE THAT LATER RESULTED IN A FEW OF THE TOTAL TRANSACTIONS THAT THE FIRM'S SYSTEMS WERE DESIGNED TO PREVENT. THE FIRM DID NOT KNOW THE REASON FOR THE SECOND FAILURE. ON A POST-EXECUTION BASIS, THE FIRM'S SYSTEMS ALSO GENERATED A REPORT TO IDENTIFY ITS CUSTOMERS THAT WERE ON OPPOSITE SIDES OF THE SAME TRANSACTION. THE REPORT WAS THEN COMPARED AGAINST THE FIRM'S DATABASE OF RELATED ACCOUNTS TO DETERMINE IF THE ACCOUNTS TRADED WITH ONE ANOTHER. IN SOME INSTANCES, THE FIRM FAILED TO IDENTIFY TRANSACTIONS THAT RESULTED FROM THE MATCHED LIMIT ORDERS. THE SAME SYSTEM ERROR THAT RESULTED IN THE RELATED CUSTOMER ACCOUNTS BEING TREATED AS INACTIVE ALSO PREVENTED THE FIRM FROM IDENTIFYING TRANSACTIONS BETWEEN RELATED ACCOUNTS THAT SHOULD HAVE BEEN SUBJECT TO FURTHER SCRUTINY ON A POST-EXECUTION BASIS. THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATIONS AND FINRA RULES CONCERNING THE PREVENTION AND DETECTION OF POTENTIALLY MANIPULATIVE TRADING ACTIVITY. THE FIRM'S SUPERVISORY SYSTEM LACKED ADEQUATE CONTROLS TO PREVENT AND DETECT POSSIBLE WASH SALES AND PRE-ARRANGED TRADING ACTIVITY CONDUCTED BY FIRM CUSTOMERS. THE FIRM'S SYSTEMS FAILED TO PREVENT AND DETECT 1,506 TRANSACTIONS IN A COMMON STOCK THAT RESULTED FROM MATCHED LIMIT ORDERS THAT WERE PRIMARILY ENTERED BY TWO CUSTOMER ACCOUNTS AT THE FIRM. THE MATCHED LIMIT ORDERS WERE PLACED UP TO 28 SECONDS APART, ALTHOUGH MANY WERE PLACED WITHIN SECONDS OF EACH OTHER, AT THE SAME OR SUBSTANTIALLY THE SAME PRICE, AND FOR THE SAME OR SUBSTANTIALLY THE SAME QUANTITY OF SHARES. THE CUSTOMERS' TRADING VOLUME IN THE SECURITY ACCOUNTED FOR OVER 23 MILLION SHARES, ALMOST ALL OF THE FIRM'S ENTIRE TRADING VOLUME DURING



THE PERIOD REVIEWED. ON CERTAIN TRADING DAYS, THE SUBJECT ACCOUNTS REPRESENTED 100 PERCENT OF THE CONSOLIDATED DAILY TOTAL MEDIA REPORTED VOLUME IN THE SHARES. THE FIRM'S SUPERVISORY SYSTEM DID NOT ACCOUNT FOR POSSIBLE PRE-ARRANGED TRADING ACTIVITY BETWEEN UNRELATED CUSTOMER ACCOUNTS. AS A RESULT, THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATIONS AND FINRA RULES CONCERNING THE PREVENTION AND DETECTION OF POTENTIALLY MANIPULATIVE TRADING ACTIVITY, SPECIFICALLY POSSIBLE PRE-ARRANGED TRADING ACTIVITY CONDUCTED BY THE FIRM'S CUSTOMERS.

**Initiated By:** FINRA

**Date Initiated:** 04/05/2013

**Docket/Case Number:** [2010023478401](#)

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

**Other Product Type(s):**

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

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

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 04/05/2013

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

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

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED AND FINED \$57,500. FINE PAID MAY 6, 2013.





**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** FINRA ALLEGED VIOLATIONS OF FINRA RULE 2010 AND NASD RULE 3010 IN THAT INTERACTIVE BROKERS LLC'S SYSTEMS FAILED TO PREVENT TRANSACTIONS IN THE COMMON AND PREFERRED STOCK OF SECURITIES THAT RESULTED FROM MATCHED LIMIT ORDERS ENTERED BY OR FOR THE SAME CUSTOMER ACCOUNT OR RELATED CUSTOMER ACCOUNTS. THE MATCHED LIMIT ORDERS WERE PLACED UP TO 32 SECONDS APART. ALTHOUGH MANY OF THE ORDERS WERE PLACED WITHIN SECONDS OF EACH OTHER, AT THE SAME OR SUBSTANTIALLY THE SAME PRICE, AND FOR THE SAME OR SUBSTANTIALLY THE SAME QUANTITY OF SHARES. A MAJORITY OF THE MATCHED LIMIT ORDERS WERE ENTERED USING THE SAME INTERNET PROTOCOL (IP) ADDRESS. A SYSTEM ERROR RESULTED IN THE RELATED CUSTOMER ACCOUNTS BEING TREATED AS INACTIVE IN MOST OF THE TRANSACTIONS AND NOT SUBJECT TO THE FIRM'S SOFTWARE DESIGNED TO PREVENT SUCH EXECUTIONS. THE FIRM REMEDIED THE SYSTEM PROBLEM, BUT THE SAME RELATED CUSTOMER ACCOUNTS ENTERED MATCHED LIMIT ORDERS ON ONE DATE THAT LATER RESULTED IN A FEW OF THE TOTAL TRANSACTIONS THAT THE FIRM'S SYSTEMS WERE DESIGNED TO PREVENT. ON A POST-EXECUTION BASIS, THE FIRM'S SYSTEMS ALSO GENERATED A REPORT TO IDENTIFY ITS CUSTOMERS THAT WERE ON OPPOSITE SIDES OF THE SAME TRANSACTION. THE REPORT WAS THEN COMPARED AGAINST THE FIRM'S DATABASE OF RELATED ACCOUNTS TO DETERMINE IF THE ACCOUNTS TRADED WITH ONE ANOTHER. IN SOME INSTANCES, THE FIRM FAILED TO IDENTIFY TRANSACTIONS THAT RESULTED FROM THE MATCHED LIMIT ORDERS. THE SAME SYSTEM ERROR THAT RESULTED IN THE RELATED CUSTOMER ACCOUNTS BEING TREATED AS INACTIVE ALSO PREVENTED THE FIRM FROM IDENTIFYING TRANSACTIONS BETWEEN RELATED ACCOUNTS THAT SHOULD HAVE BEEN SUBJECT TO FURTHER SCRUTINY ON A POST-EXECUTION BASIS. THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATIONS AND FINRA RULES CONCERNING THE PREVENTION AND DETECTION OF POTENTIALLY MANIPULATIVE TRADING ACTIVITY. THE FIRM'S SUPERVISORY SYSTEM LACKED ADEQUATE CONTROLS TO PREVENT AND DETECT POSSIBLE WASH SALES AND PRE-ARRANGED TRADING ACTIVITY CONDUCTED BY FIRM CUSTOMERS. THE FIRM'S SYSTEMS FAILED TO PREVENT AND DETECT 1,506 TRANSACTIONS IN A COMMON STOCK THAT RESULTED FROM MATCHED LIMIT ORDERS THAT WERE PRIMARILY ENTERED BY TWO CUSTOMER ACCOUNTS AT THE FIRM. THE MATCHED LIMIT ORDERS WERE PLACED UP TO 28 SECONDS APART, ALTHOUGH MANY WERE PLACED WITHIN SECONDS OF EACH OTHER, AT THE SAME OR SUBSTANTIALLY THE SAME



PRICE, AND FOR THE SAME OR SUBSTANTIALLY THE SAME QUANTITY OF SHARES. THE CUSTOMERS' TRADING VOLUME IN THE SECURITY ACCOUNTED FOR OVER 23 MILLION SHARES DURING THE PERIOD REVIEWED. ON CERTAIN TRADING DAYS, THE SUBJECT ACCOUNTS REPRESENTED 100 PERCENT OF THE CONSOLIDATED DAILY TOTAL MEDIA REPORTED VOLUME IN THE SHARES. THE FIRM'S SUPERVISORY SYSTEM DID NOT ACCOUNT FOR POSSIBLE PRE-ARRANGED TRADING ACTIVITY BETWEEN UNRELATED CUSTOMER ACCOUNTS. FINRA ALLEGED THAT THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATIONS AND FINRA RULES CONCERNING THE PREVENTION AND DETECTION OF POTENTIALLY MANIPULATIVE TRADING ACTIVITY, SPECIFICALLY POSSIBLE PRE-ARRANGED TRADING ACTIVITY CONDUCTED BY THE FIRM'S CUSTOMERS.

**Initiated By:** FINRA

**Date Initiated:** 04/15/2013

**Docket/Case Number:** [2010023478401](#)

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

**Other Product Type(s):**

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

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

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 04/05/2013

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

**Other Sanctions Ordered:**

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

#### Disclosure 8 of 23

**Reporting Source:** Regulator

**Current Status:** Final



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

THE COMMISSION FOUND THAT FROM AT LEAST JANUARY 2008 THROUGH APRIL 2011, IB FAILED TO PREPARE, ON A CURRENCY-BY-CURRENCY BASIS, DAILY COMPUTATIONS OF THE AMOUNT OF CUSTOMER FUNDS REQUIRED BY THE COMMODITY EXCHANGE ACT ("ACT") AND REGULATIONS TO BE ON DEPOSIT AND THE AMOUNT OF CUSTOMER FUNDS ACTUALLY ON DEPOSIT IN SEGREGATED ACCOUNTS. RATHER, IB ONLY PREPARED SUCH SEGREGATION CALCULATIONS ON AN OVERALL, US DOLLAR ("USD")-EQUIVALENT BASIS, IN VIOLATION OF REGULATION 1.32(A). ADDITIONALLY, FROM SEPTEMBER 21, 2011 TO MAY 8, 2012, IB COVERED A PORTION OF ITS USD COMMODITY FUTURES AND OPTIONS CUSTOMER OBLIGATIONS WITH JAPANESE YEN AND SWISS FRANCS TO MAXIMIZE ITS INTEREST EARNINGS AND FAILED TO HOLD SUFFICIENT USD IN SEGREGATED ACCOUNTS IN THE UNITED STATES TO MEET ALL USD-DENOMINATED OBLIGATIONS, IN VIOLATION OF REGULATION 1.49(B) AND REGULATION 1.49(E)(I). FINALLY, FROM JANUARY 2008 UNTIL MAY 2012, IB FAILED TO MAINTAIN ADEQUATE POLICIES AND PROCEDURES TO SUPERVISE ITS OFFICERS, EMPLOYEES, AND AGENTS TO ENSURE COMPLIANCE WITH REGULATIONS 1.32 AND 1.49 AS REQUIRED BY REGULATION 166.3. IB DISCOVERED AND SELF-REPORTED THE VIOLATIONS OF REGULATION 1.49 TO THE COMMISSION ON MAY 10, 2012. DURING THE TIME PERIOD OF THE VIOLATIONS OF RULE 1.49, IB HAD EXCESS SEGREGATED FUNDS ON DEPOSIT IN CUSTOMER SEGREGATED ACCOUNTS (INCLUDING USD PLUS OTHER CURRENCIES) OF BETWEEN \$ 48.4 MM AND \$ 455.3 MM.

**Initiated By:** COMMODITY FUTURES TRADING COMMISSION  
**Date Initiated:** 04/09/2013  
**Docket/Case Number:** 13-19  
**Principal Product Type:** No Product  
**Other Product Type(s):**



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

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

**Resolution:** Order

**Resolution Date:** 04/09/2013

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

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

**Other Sanctions Ordered:** UNDERTAKINGS

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

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

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** THE CFTC ALLEGED THAT FROM AT LEAST JANUARY 2008 TO APRIL 2011, INTERACTIVE BROKERS LLC VIOLATED COMMISSION REGULATIONS 1.32(A) AND 166.3 AND FROM SEPTEMBER 2011 TO MAY 2012, VIOLATED REGULATIONS 1.49(B), 1.49(E)(I), AND 166.3. THE COMMISSION FOUND THAT FROM AT LEAST JANUARY 2008 THROUGH APRIL 2011, IB FAILED TO



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

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

**Initiated By:** COMMODITY FUTURES TRADING COMMISSION

**Date Initiated:** 04/09/2013

**Docket/Case Number:** 13-19

**Principal Product Type:** No Product

**Other Product Type(s):**

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

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

**Resolution:** Order

**Resolution Date:** 04/09/2013

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

**Other Sanctions Ordered:**

**Sanction Details:** UPON CONSIDERATION, THE COMMISSION DETERMINED TO ACCEPT THE RESPONDENT'S OFFER TO SETTLE THIS MATTER. ACCORDINGLY, IT WAS ORDERED THAT RESPONDENT SHALL CEASE AND DESIST FROM

VIOLATING REGULATIONS 1.32(A), 1.49(B), 1.49(E)(I), AND 166.3, 17 C.F.R. §§ 1.32(A), 1.49(B), 1.49(E)(I), AND 166.3 (2012). RESPONDENT PAID A CIVIL MONETARY PENALTY IN THE AMOUNT OF \$225,000. RESPONDENT AND ITS SUCCESSORS AND ASSIGNS AGREED TO COMPLY WITH THE CONDITIONS AND UNDERTAKINGS SET FORTH IN THE OFFER.

#### Firm Statement

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

#### Disclosure 9 of 23

##### Reporting Source:

Regulator

##### Current Status:

Final

##### Allegations:

SEC RULE 10B-10, SEC RULE 203(B)(3) OF REGULATION SHO, FINRA RULE 7450(A), NASD RULE 6955(A), MSRB RULE G-14 - INTERACTIVE BROKERS LLC HAD A FAIL-TO-DELIVER POSITION AT A REGISTERED CLEARING AGENCY IN A THRESHOLD SECURITY FOR 13 CONSECUTIVE SETTLEMENT DAYS AND FAILED TO IMMEDIATELY THEREAFTER CLOSE OUT THE FAIL-TO-DELIVER POSITION BY PURCHASING SECURITIES OF LIKE KIND AND QUANTITY. THE FIRM CONTINUED TO HAVE AN INTERMITTENT FAIL-TO-DELIVER POSITION IN THE SECURITY AT THE REGISTERED CLEARING AGENCY ON A TOTAL OF 30 SETTLEMENT DAYS, WHICH IT FAILED TO CLOSE OUT WHEN REQUIRED. THE FIRM TRANSMITTED REPORTABLE ORDER EVENTS (ROES) TO THE ORDER AUDIT TRAIL SYSTEM (OATS) THAT WERE REJECTED BY OATS FOR CONTEXT OR SYNTAX ERRORS AND WERE REPAIRABLE BUT THE FIRM FAILED TO REPAIR SOME OF THESE REJECTED ROES SO THAT THE FIRM FAILED TO TRANSMIT THEM TO OATS DURING THE PERIOD REVIEWED. THE FIRM FAILED TO PROVIDE WRITTEN NOTIFICATION DISCLOSING TO ITS CUSTOMERS THE CORRECT YIELD. THE FIRM FAILED TO REPORT INFORMATION REGARDING PURCHASE AND SALE TRANSACTIONS EFFECTED IN MUNICIPAL SECURITIES TO THE REAL-TIME TRANSACTION REPORTING SYSTEM (RTRS) IN THE MANNER PRESCRIBED BY RULE G-14 RTRS PROCEDURES AND THE RTRS USERS MANUAL; THE FIRM FAILED TO REPORT INFORMATION ABOUT SUCH TRANSACTIONS WITHIN 15 MINUTES OF TRADE TIME TO AN RTRS PORTAL. THE FIRM FAILED TO TIMELY REPORT ROES TO OATS; TRANSMITTED ROUTE OR COMBINED ORDER/ROUTE REPORTS TO OATS THAT OATS WAS UNABLE TO LINK TO THE RELATED ORDER ROUTED TO NASDAQ DUE TO INACCURATE,



INCOMPLETE OR IMPROPERLY FORMATTED DATA; TRANSMITTED ROUTE OR COMBINED ORDER/ROUTE REPORTS TO OATS THAT OATS WAS UNABLE TO LINK TO THE CORRESPONDING NEW ORDER TRANSMITTED BY THE DESTINATION MEMBER FIRM DUE TO INACCURATE, INCOMPLETE OR IMPROPERLY FORMATTED DATA; AND TRANSMITTED NEW ORDER REPORTS TO OATS AND RELATED SUBSEQUENT REPORTS WHERE THE TIMESTAMP FOR THE RELATED SUBSEQUENT REPORTS OCCURRED PRIOR TO THE RECEIPT OF THE ORDER.

**Initiated By:** FINRA

**Date Initiated:** 01/15/2013

**Docket/Case Number:** [2008014195301](#)

**Principal Product Type:** Debt - Municipal

**Other Product Type(s):** THRESHOLD SECURITIES

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

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

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 01/15/2013

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

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

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED AND FINED \$52,500, \$7,500 OF WHICH WAS FOR MSRB RULE VIOLATIONS. FINE PAID IN FULL ON 2/5/13.

---

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** SEC RULE 10B-10, SEC RULE 203(B)(3) OF REGULATION SHO, FINRA RULE



7450(A), NASD RULE 6955(A), MSRB RULE G-14:

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

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

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

THE FIRM FAILED TO TIMELY REPORT INFORMATION REGARDING 60 PURCHASE AND SALE TRANSACTIONS EFFECTED IN MUNICIPAL SECURITIES TO THE REAL-TIME TRANSACTION REPORTING SYSTEM (RTRS) IN THE MANNER PRESCRIBED BY RULE G-14 RTRS PROCEDURES AND THE RTRS USERS MANUAL; THE FIRM FAILED TO REPORT INFORMATION ABOUT SUCH TRANSACTIONS WITHIN 15 MINUTES OF TRADE TIME TO AN RTRS PORTAL.

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

**Initiated By:**

FINRA





**Date Initiated:** 12/06/2012

**Docket/Case Number:** [2008014195301](#)

**Principal Product Type:** Debt - Municipal

**Other Product Type(s):** THRESHOLD SECURITIES

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

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

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 01/15/2013

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

**Other Sanctions Ordered:**

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

**Disclosure 10 of 23**

**Reporting Source:** Regulator

**Current Status:** Final

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

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

THE NFA COMPLAINT ALLEGES THAT INTERACTIVE VIOLATED NFA BYLAW 1101 BY DOING BUSINESS WITH NON-MEMBERS OF NFA THAT WERE



REQUIRED TO REGISTERED WITH THE CFTC; VIOLATED NFA COMPLIANCE RULE 2-4 BY FAILING TO OBSERVE HIGH STANDARDS OF COMMERCIAL HONOR AND JUST AND EQUITABLE PRINCIPLES OF TRADE; AND VIOLATED NFA COMPLIANCE RULE 2-9 FOR FAILING TO SUPERVISE.

**Initiated By:** NATIONAL FUTURES ASSOCIATION

**Date Initiated:** 11/02/2012

**Docket/Case Number:** 12-BCC-032

**Principal Product Type:** No Product

**Other Product Type(s):**

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

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

**Resolution:** Decision

**Resolution Date:** 07/05/2013

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

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

**Other Sanctions Ordered:** UNDERTAKINGS

**Sanction Details:** THE FIRM SUBMITTED AN OFFER IN WHICH IT NEITHER ADMITTED NOR DENIED THE ALLEGATIONS MADE AGAINST IT IN TWO COMPLAINTS AND PROPOSED TO SETTLE THOSE COMPLAINTS. PURSUANT TO THE OFFER OF THE FIRM, THE PANEL FINDS THAT THE FIRM VIOLATED NFA BYLAW 1101, AND NFA COMPLIANCE RULES 2-4 AND 2-9(A), AS ALLEGED IN THE THIS COMPLAINT, AND THAT THE FIRM VIOLATED NFA FINANCIAL REQUIREMENTS SECTION 4, AS ALLEGED IN A 2013 COMPLAINT (SEE COMMENT SECTION). HAVING CONSIDERED THESE MATTERS AND HAVING ACCEPTED THE FIRM'S OFFER, THE PANEL ORDERS THE FIRM TO PAY NFA A FINE OF \$300,000, PAYABLE WITHIN THIRTY DAYS AFTER THE ISSUANCE OF THIS DECISION. THE PANEL ALSO ORDERS THE FIRM TO ADOPT AND IMPLEMENT ENHANCED WRITTEN PROCEDURES TO ENSURE COMPLIANCE WITH NFA BYLAW 1101 AND PROVIDE THOSE WRITTEN PROCEDURES TO NFA WITHIN 60 DAYS AFTER THE ISSUANCE OF THIS DECISION. IN ADDITION, THE PANEL ORDERS THE FIRM TO UNDERTAKE A



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

### Regulator Statement

ON APRIL 29, 2013, THE COMMITTEE AUTHORIZED THE ISSUANCE OF ANOTHER COMPLAINT AGAINST THE FIRM (THE 2013 COMPLAINT). THE 2013 COMPLAINT ALLEGED THAT THE FIRM VIOLATED NFA FINANCIAL REQUIREMENTS SECTION 4 BY FAILING TO ENSURE BALANCES HELD IN A CUSTOMER SECURED AMOUNT ACCOUNT - IDENTIFIED UNDER COMMODITY FUTURES TRADING COMMISSION REGULATION 30.7 - WERE REPORTED IN THE FORM AND MANNER PRESCRIBED BY NFA. (NFA CASE NO. 13-BCC-008)

### Reporting Source:

Firm

### Current Status:

Final

### Allegations:

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

### Initiated By:

NATIONAL FUTURES ASSOCIATION

### Date Initiated:

11/02/2012

### Docket/Case Number:

12-BCC-032

### Principal Product Type:

No Product

### Other Product Type(s):



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

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

**Resolution:** Decision

**Resolution Date:** 07/05/2013

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

**Other Sanctions Ordered:**

**Sanction Details:**

THIS MATTER WAS CONSOLIDATED WITH A JULY 5, 2013 NFA MATTER. THE FIRM SUBMITTED AN OFFER IN WHICH IT NEITHER ADMITTED NOR DENIED THE ALLEGATIONS MADE AGAINST IT IN TWO PENDING COMPLAINTS AND PROPOSED TO SETTLE THOSE COMPLAINTS. PURSUANT TO THE OFFER OF THE FIRM, THE PANEL FOUND THAT THE FIRM VIOLATED NFA BYLAW 1101, AND NFA COMPLIANCE RULES 2-4 AND 2-9(A), AS ALLEGED IN THE THIS COMPLAINT, AND THAT THE FIRM VIOLATED NFA FINANCIAL REQUIREMENTS SECTION 4, AS ALLEGED IN A 2013 COMPLAINT (SEE SUMMARY OF DETAILS SECTION). HAVING CONSIDERED THESE MATTERS AND HAVING ACCEPTED THE FIRM'S OFFER, THE PANEL ORDERED THE FIRM TO PAY NFA A FINE OF \$300,000. THE PANEL ALSO ORDERED THE FIRM TO ADOPT AND IMPLEMENT ENHANCED WRITTEN PROCEDURES TO ENSURE COMPLIANCE WITH NFA BYLAW 1101 AND PROVIDE THOSE WRITTEN PROCEDURES TO NFA WITHIN 60 DAYS AFTER THE ISSUANCE OF THE DECISION. IN ADDITION, THE PANEL ORDERED THE FIRM TO UNDERTAKE A REVIEW OF ITS OPEN FUTURES AND RETAIL FOREX ACCOUNTS TO DETERMINE WHETHER THE FIRM IS IN FULL COMPLIANCE WITH NFA BYLAW 1101 WITH RESPECT TO THE ACCOUNT HOLDERS OF ALL ACCOUNTS OPENED PRIOR TO THE DATE OF THE FIRM'S OFFER AND TAKE PROMPT AND APPROPRIATE REMEDIAL ACTION IN THOSE INSTANCES WHERE THE FIRM FINDS THAT IT DID NOT FULLY COMPLY WITH THE REQUIREMENTS OF NFA BYLAW 1101. THE FIRM IS REQUIRED TO PERFORM SUCH REVIEW WITHIN TWELVE MONTHS OF THE ISSUANCE OF THE DECISION.

**Firm Statement**

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

**Disclosure 11 of 23****Reporting Source:** Regulator**Current Status:** Final

**Allegations:** CFTC PR RELEASE 6317-12/JULY 25, 2012: THE COMMODITY FUTURES TRADING COMMISSION (COMMISSION) HAS REASON TO BELIEVE THAT FROM IN OR ABOUT JANUARY 2008 TO AT LEAST JANUARY 2012 (THE RELEVANT PERIOD), THE FIRM VIOLATED SECTION 4G OF THE COMMODITY EXCHANGE ACT (ACT), 7 U.S.C. § 6G (2006 & SUPP. III 2009) AND COMMISSION REGULATIONS (REGULATIONS) 17.00, 17.01, AND 166.3, 17 C.F.R. §§ 17.00, 17.01, 166.3 (2012). THEREFORE, THE COMMISSION DEEMS IT APPROPRIATE AND IN THE PUBLIC INTEREST THAT PUBLIC ADMINISTRATIVE PROCEEDINGS BE, AND HEREBY ARE, INSTITUTED TO DETERMINE WHETHER THE FIRM ENGAGED IN THE VIOLATIONS SET FORTH HEREIN AND TO DETERMINE WHETHER ANY ORDER SHOULD BE ISSUED IMPOSING REMEDIAL SANCTIONS. THE FIRM REPEATEDLY FAILED TO AGGREGATE POSITIONS FOR RELATED ACCOUNTS THAT IT REPORTED TO THE COMMISSION IN ITS DAILY LARGE TRADER SUBMISSIONS. COMMISSION STAFF NOTIFIED THE FIRM ON MORE THAN 20 OCCASIONS FROM 2010-2011 THAT ITS LARGE TRADER REPORTS ERRONEOUSLY REPORTED SEPARATE POSITIONS THAT SHOULD HAVE BEEN AGGREGATED IN VIOLATION OF SECTION 4G OF THE ACT AND REGULATIONS 17.00 AND 17.01. THE FIRM PRIMARILY SUPERVISED THE AGGREGATION ASPECT OF ITS LARGE TRADER REPORTING USING AN AUTOMATED SYSTEM THAT LACKED FUNCTIONALITY SUFFICIENT TO AGGREGATE CERTAIN ACCOUNTS OWNED AND/OR CONTROLLED BY THE SAME TRADERS. MOREOVER, THE FIRM FAILED TO TAKE REASONABLE STEPS TO CORRECT ITS AUTOMATED SYSTEM, IN VIOLATION OF REGULATION 166.3, 17 C.F. .R. §166.3 (2012), AFTER IT LEARNED THAT THE SYSTEM WAS FAILING TO AGGREGATE CERTAIN ACCOUNTS. IN ADDITION, THE FIRM FAILED TO FILE UPDATED FORM 102S WHEN LARGE TRADERS OPENED RELATED ACCOUNTS OR CHANGED INFORMATION CONCERNING THEIR TRADING ACCOUNTS, AS REQUIRED BY REGULATION 17.0 I (G). THE FIRM FAILED TO SUPERVISE THE EMPLOYEES RESPONSIBLE FOR SUBMITTING FORM 102S, IN VIOLATION OF REGULATION 166.3, BECAUSE THE FIRM DID NOT INSTRUCT THEM TO SUBMIT UPDATED FORM 102S TO THE COMMISSION AND DID NOT PROVIDE A MEANS BY WHICH ITS EMPLOYEES COULD DETERMINE WHEN AN UPDATED FORM 102 WAS REQUIRED.

**Initiated By:** COMMODITY FUTURES TRADING COMMISSION**Date Initiated:** 07/25/2012



**Docket/Case Number:** 12-27

**Principal Product Type:** No Product

**Other Product Type(s):**

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

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

**Resolution:** Order

**Resolution Date:** 07/25/2012

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

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

**Other Sanctions Ordered:** UNDERTAKINGS

**Sanction Details:** IN ANTICIPATION OF THE INSTITUTION OF AN ADMINISTRATIVE PROCEEDING, THE FIRM HAS SUBMITTED AN OFFER OF SETTLEMENT (OFFER), WHICH THE COMMISSION HAS DETERMINED TO ACCEPT. WITHOUT ADMITTING OR DENYING ANY OF THE FINDINGS OR CONCLUSIONS HEREIN, THE FIRM CONSENTS TO THE ENTRY OF THIS ORDER INSTITUTING PROCEEDINGS PURSUANT TO SECTIONS 6(C) AND 6(D) OF THE COMMODITY EXCHANGE ACT, AS AMENDED, MAKING FINDINGS AND IMPOSING REMEDIAL SANCTIONS (ORDER) AND ACKNOWLEDGE SERVICE OF THIS ORDER. ACCORDINGLY, IT IS HEREBY ORDERED THAT: THE FIRM SHALL CEASE AND DESIST FROM VIOLATING SECTION 4G OF THE ACT, 7 U.S.C. § 6G (2006 & SUPP. III 2009), AND COMMISSION REGULATIONS 17.00, 17.01, AND 166.3, 17 C.F.R. §§ 17.00, 17.01, AND 166.3 (2012). THIS CEASE AND DESIST ORDER SHALL BE STAYED UNTIL SEPTEMBER 1, 2012 OR UNTIL THE FIRM CERTIFIES ITS COMPLIANCE AS DESCRIBED BELOW, WHICHEVER IS EARLIEST. THE FIRM SHALL PAY A CIVIL MONETARY PENALTY IN THE AMOUNT OF \$700,000 WITHIN 10 DAYS OF THE DATE OF ENTRY OF THIS ORDER. THE FIRM AND ITS SUCCESSORS AND ASSIGNS SHALL COMPLY WITH THE FOLLOWING CONDITIONS AND UNDERTAKINGS SET FORTH IN THE OFFER: THE FIRM SHALL PROVIDE A SWORN STATEMENT SIGNED BY AN OFFICER OR DIRECTOR OF THE FIRM TO THE DIVISION OF ENFORCEMENT ON OR BEFORE SEPTEMBER 1, 2012 AFFIRMING THAT (I) THE FIRM HAS



COMPLETED ENHANCEMENTS TO ITS SYSTEMS/PROCEDURES (BOTH TECHNOLOGICAL AND PERSONNEL BASED) FOR AGGREGATING ACCOUNTS, AND (II) THE FIRM HAS TESTED THOSE SYSTEMS/PROCEDURES AND HAS DETERMINED, TO THE BEST OF THE FIRM'S KNOWLEDGE, THAT THEY ENABLE THE FIRM TO COMPLY WITH SECTION 4G OF THE ACT AND COMMISSION REGULATION 17.00(B). THE FIRM AGREES THAT NEITHER IT NOR ANY OF ITS SUCCESSORS AND ASSIGNS, AGENTS OR EMPLOYEES UNDER ITS AUTHORITY OR CONTROL SHALL TAKE ANY ACTION OR MAKE ANY PUBLIC STATEMENT DENYING, DIRECTLY OR INDIRECTLY. [CONTINUED IN COMMENT]

### Regulator Statement

[CONTINUED FROM SANCTION DETAIL]: ANY FINDINGS OR CONCLUSIONS IN THIS ORDER OR CREATING OR TENDING TO CREATE, THE IMPRESSION THAT THIS ORDER IS WITHOUT A FACTUAL BASIS; PROVIDED, HOWEVER, THAT NOTHING IN THIS PROVISION SHALL AFFECT THE FIRM'S: (I) TESTIMONIAL OBLIGATIONS; OR (II) RIGHT TO TAKE LEGAL POSITIONS IN OTHER PROCEEDINGS TO WHICH THE COMMISSION IS NOT A PARTY. THE FIRM AND ITS SUCCESSORS AND ASSIGNS SHALL UNDERTAKE ALL STEPS NECESSARY TO ENSURE THAT ALL OF ITS AGENTS AND/OR EMPLOYEES UNDER ITS AUTHORITY OR CONTROL UNDERSTAND AND COMPLY WITH THIS AGREEMENT.

### Reporting Source:

Firm

### Current Status:

Final

### Allegations:

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



TRADERS OPENED RELATED ACCOUNTS OR CHANGED INFORMATION CONCERNING THEIR TRADING ACCOUNTS, AS REQUIRED BY REGULATION 17.01(G).

**Initiated By:** CFTC

**Date Initiated:** 07/25/2012

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

**Principal Product Type:** Futures - Commodity

**Other Product Type(s):**

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

**Other Sanction(s)/Relief Sought:** IN THE SETTLEMENT AND RELATED ORDER, INTERACTIVE AGREED TO CEASE AND DESIST ANY FURTHER VIOLATIONS, PAY A FINE OF \$700,000, AND FILE A CERTIFICATION OF COMPLIANCE WITH THE CFTC BY SEPTEMBER 1, 2012.

**Resolution:** Settled

**Resolution Date:** 07/25/2012

**Sanctions Ordered:** Monetary/Fine \$700,000.00

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

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

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





INTERACTIVE FAILED TO TAKE REASONABLE STEPS TO CORRECT ITS AUTOMATED SYSTEM, IN VIOLATION OF REGULATION 166.3, 17 C.F.R. §166.3 (2011). THE CFTC ALSO FOUND THAT INTERACTIVE ON CERTAIN OCCASIONS FAILED TO FILE UPDATED FORM 102S WHEN LARGE TRADERS OPENED RELATED ACCOUNTS OR CHANGED INFORMATION CONCERNING THEIR TRADING ACCOUNTS, AS REQUIRED BY REGULATION 17.01(G).

## Disclosure 12 of 23

### Reporting Source:

Regulator

### Current Status:

Final

### Allegations:

CHAPTER V, RULES 5.1, 5.3 OF THE BZX EXCHANGE RULES, CHAPTER XVIII, RULES 18.10(A), 18.10(B), 18.2(A)(1), 18.7 OF THE BZX EXCHANGE RULES - A CUSTOMER OF INTERACTIVE BROKERS LLC EXCEEDED THE POSITION LIMIT ON THE BEARISH SIDE OF THE MARKET IN A SECURITY FOR FIVE CONSECUTIVE TRADING DAYS AND SUBSEQUENTLY FOR THREE CONSECUTIVE TRADING DAYS. DESPITE THE FACT THAT ITS CUSTOMER HAD ESTABLISHED A POSITION THAT EXCEEDED THE APPLICABLE POSITION LIMIT, THE FIRM EXECUTED ADDITIONAL OPTIONS TRADES FOR THE CUSTOMER'S ACCOUNT IN THE SECURITY ON THE BEARISH SIDE OF THE MARKET ON FIVE DAYS AND LATER ON TWO DAYS. THE FIRM'S SAME CUSTOMER EXCEEDED THE POSITION LIMIT ON THE BULLISH SIDE OF THE MARKET IN THE SECURITY FOR 24 NON-CONSECUTIVE TRADING DAYS AND ON THE BEARISH SIDE OF THE MARKET IN THE SAME SECURITY FOR EIGHT NON-CONSECUTIVE TRADING DAYS. DESPITE THE FACT THAT ITS CUSTOMER HAD ESTABLISHED A POSITION THAT HAD EXCEEDED THE APPLICABLE POSITION LIMIT, THE FIRM EXECUTED ADDITIONAL OPTIONS TRADES FOR THE CUSTOMER IN THE SECURITY ON THE BEARISH SIDE OF THE MARKET AND ON THE BULLISH SIDE OF THE MARKET LATER ON FIVE DAYS. THE FIRM FAILED TO REPORT THE APPROPRIATE IN-CONCERT INFORMATION FOR CUSTOMER ACCOUNTS. THE FIRM OVER-REPORTED A CUSTOMER'S EQUITY HEDGE RECORDS SUBMITTED TO THE OPTIONS CLEARING CORPORATION (OCC) ON SEVEN OCCASIONS AND MISREPORTED A CUSTOMER'S EQUITY HEDGE RECORDS SUBMITTED TO THE OCC FOR TWO ACCOUNTS ON 18 DAYS. THE FIRM FAILED TO REPORT 85,798 POSITIONS TO OCC LARGE OPTION POSITIONS REPORTING (LOPR) WITH THE CORRECT EFFECTIVE DATE. THE FIRM FAILED TO DELETE CUSTOMER POSITIONS FROM OCC LOPR AND FAILED TO REPORT POSITIONS TO OCC LOPR DUE TO CHANGES IN OPTION MULTIPLIERS AND DELIVERABLES FOR OPTION CONTRACTS SUBJECT TO CORPORATE ACTIONS. THE FIRM FAILED TO REPORT APPROXIMATELY 8,479 POSITIONS TO THE OCC LOPR FOR EXPIRING OPTION POSITIONS AND



HAS FAILED TO REPORT TO THE LOPR REPORTABLE OPTIONS POSITIONS RECEIVED FROM EXTERNAL TRANSFERS. THE FIRM FAILED TO HAVE AN ADEQUATE SYSTEM TO SUPERVISE POSITION LIMITS AND IN-CONCERT REPORTING TO OCC. THE FIRM FAILED TO HAVE ADEQUATE WRITTEN SUPERVISORY PROCEDURES AND AN ADEQUATE SUPERVISORY SYSTEM TO REVIEW THE ACCURACY OF ITS DAILY OCC LOPR SUBMISSIONS.

**Initiated By:** BATS Z-EXCHANGE, INC.

**Date Initiated:** 05/21/2012

**Docket/Case Number:** 20100211736

**Principal Product Type:** Options

**Other Product Type(s):**

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

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

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 05/21/2012

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

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

**Other Sanctions Ordered:** UNDERTAKING

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED, FINED \$165,000 AND REQUIRED TO REVISE ITS SUPERVISORY SYSTEM, INCLUDING WRITTEN SUPERVISORY PROCEDURES, WITH RESPECT TO THE ABOVE ALLEGATIONS WITHIN 30 BUSINESS DAYS OF ACCEPTANCE OF THIS AWC BY THE CHIEF REGULATORY OFFICER.

**Regulator Statement** OTHER CASE NUMBERS: 20100220870, 20100236875, 20110275368.

**Reporting Source:** Firm

**Current Status:**

Final

**Allegations:**

CHAPTER V, RULES 5.1, 5.3 OF THE BZX EXCHANGE RULES, CHAPTER XVIII, RULES 18.10(A), 18.10(B), 18.2(A)(1), 18.7 OF THE BZX EXCHANGE RULES - A CUSTOMER OF INTERACTIVE BROKERS LLC EXCEEDED THE POSITION LIMIT ON THE BEARISH SIDE OF THE MARKET IN A SECURITY FOR FIVE CONSECUTIVE TRADING DAYS AND SUBSEQUENTLY FOR THREE CONSECUTIVE TRADING DAYS. DESPITE THE FACT THAT ITS CUSTOMER HAD ESTABLISHED A POSITION THAT EXCEEDED THE APPLICABLE POSITION LIMIT, THE FIRM EXECUTED ADDITIONAL OPTIONS TRADES FOR THE CUSTOMER'S ACCOUNT IN THE SECURITY ON THE BEARISH SIDE OF THE MARKET ON FIVE DAYS AND LATER ON TWO DAYS. THE FIRM'S SAME CUSTOMER EXCEEDED THE POSITION LIMIT ON THE BULLISH SIDE OF THE MARKET IN THE SECURITY FOR 24 NON-CONSECUTIVE TRADING DAYS AND ON THE BEARISH SIDE OF THE MARKET IN THE SAME SECURITY FOR EIGHT NON-CONSECUTIVE TRADING DAYS. DESPITE THE FACT THAT ITS CUSTOMER HAD ESTABLISHED A POSITION THAT HAD EXCEEDED THE APPLICABLE POSITION LIMIT, THE FIRM EXECUTED ADDITIONAL OPTIONS TRADES FOR THE CUSTOMER IN THE SECURITY ON THE BEARISH SIDE OF THE MARKET AND ON THE BULLISH SIDE OF THE MARKET LATER ON FIVE DAYS. THE FIRM FAILED TO REPORT THE APPROPRIATE IN-CONCERT INFORMATION FOR CUSTOMER ACCOUNTS. THE FIRM OVER-REPORTED A CUSTOMER'S EQUITY HEDGE RECORDS SUBMITTED TO THE OPTIONS CLEARING CORPORATION (OCC) ON SEVEN OCCASIONS AND MISREPORTED A CUSTOMER'S EQUITY HEDGE RECORDS SUBMITTED TO THE OCC FOR TWO ACCOUNTS ON 18 DAYS. THE FIRM FAILED TO REPORT 85,798 POSITIONS TO OCC LARGE OPTION POSITIONS REPORTING (LOPR) WITH THE CORRECT EFFECTIVE DATE. THE FIRM FAILED TO DELETE CUSTOMER POSITIONS FROM OCC LOPR AND FAILED TO REPORT POSITIONS TO OCC LOPR DUE TO CHANGES IN OPTION MULTIPLIERS AND DELIVERABLES FOR OPTION CONTRACTS SUBJECT TO CORPORATE ACTIONS. THE FIRM FAILED TO REPORT APPROXIMATELY 8,479 POSITIONS TO THE OCC LOPR FOR EXPIRING OPTION POSITIONS AND HAS FAILED TO REPORT TO THE LOPR REPORTABLE OPTIONS POSITIONS RECEIVED FROM EXTERNAL TRANSFERS. THE FIRM FAILED TO HAVE AN ADEQUATE SYSTEM TO SUPERVISE POSITION LIMITS AND IN-CONCERT REPORTING TO OCC. FINRA ALSO ALLEGED THAT THE FIRM FAILED TO HAVE ADEQUATE WRITTEN SUPERVISORY PROCEDURES AND AN ADEQUATE SUPERVISORY SYSTEM TO REVIEW THE ACCURACY OF ITS DAILY OCC LOPR SUBMISSIONS.

**Initiated By:**

BATS EXCHANGE, INC.

**Date Initiated:**

05/21/2012

**Docket/Case Number:**

20100211736



<b>Principal Product Type:</b>	Options
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Censure
<b>Other Sanction(s)/Relief Sought:</b>	FINE
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	05/21/2012
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$165,000.00
<b>Other Sanctions Ordered:</b>	UNDERTAKING TO REVISE THE FIRM'S SUPERVISORY SYSTEM, INCLUDING WRITTEN SUPERVISORY PROCEDURES, WITH RESPECT TO THE ABOVE ALLEGATIONS.
<b>Sanction Details:</b>	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE ENTRY OF FINDINGS AND TO THE DESCRIBED SANCTIONS: CENSURE; \$165,000 FINE; AND A REQUIREMENT TO REVISE ITS SUPERVISORY SYSTEM, INCLUDING WRITTEN SUPERVISORY PROCEDURES, WITH RESPECT TO THE ABOVE ALLEGATIONS WITHIN 30 BUSINESS DAYS OF ACCEPTANCE OF THIS AWC BY THE BZX CHIEF REGULATORY OFFICER.
<b>Firm Statement</b>	WITHIN THIRTY BUSINESS DAYS OF ACCEPTANCE OF THE AWC BY THE BZX CHIEF REGULATORY OFFICER, THE FIRM REVISED ITS SUPERVISORY SYSTEM, INCLUDING THE FIRM'S WRITTEN SUPERVISORY PROCEDURES, TO ADDRESS THE ISSUES REFERENCED ABOVE.

#### Disclosure 13 of 23

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	SECTION 12(K) OF THE SECURITIES EXCHANGE ACT, SEC REGULATION SHO RULES 204T(A), 204(A), FINRA RULE 2010, NASD RULES 2110, 3010(A) - INTERACTIVE BROKERS LLC EXECUTED SHORT SALES IN THE SECURITIES OF FINANCIAL SERVICES FIRMS COVERED BY AN SEC EMERGENCY ORDER WHICH PROHIBITED SHORT SELLING IN ANY FIRMS IDENTIFIED IN THE APPENDIX TO THE EMERGENCY ORDER. THE FIRM OBTAINED COMMISSIONS TOTALING APPROXIMATELY \$6,000 FOR EFFECTING THESE SHORT SALE TRANSACTIONS. THE FIRM FAILED TO COMPLY WITH ORDERS PROMULGATED BY THE SEC. PRIOR TO THE ENACTMENT OF RULE 204T(A), THE FIRM DEVISED A POLICY THAT DID



NOT MANDATE THAT FAIL-TO-DELIVER POSITIONS RESULTING FROM SHORT SALE TRANSACTIONS BE CLOSED OUT NO LATER THAN THE TIME OF THE MARKET'S OPEN ON T+4; THE FIRM'S POLICY PERMITTED THE CLOSE-OUT OF FAIL-TO-DELIVER POSITIONS RESULTING FROM SHORT SALES TO OCCUR SHORTLY AFTER THE MARKET'S OPEN, GENERALLY WITHIN MINUTES AFTER THE MARKET'S OPEN. FOR MORE THAN TWO YEARS, THE FIRM FAILED TO TIMELY CLOSE OUT ITS FAIL-TO DELIVER POSITIONS IN APPROXIMATELY 34,000 SHORT SALE POSITIONS, VIOLATING SEC RULES 204T(A) AND 204(A). THE FIRM FAILED TO PUT INTO PLACE A SUPERVISORY SYSTEM REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RULES 204T(A) AND 204(A). FINRA NOTIFIED THE FIRM THAT ITS POLICY RELATING TO RULE 204T(A) AND RULE 204(A) WAS DEFICIENT BECAUSE IT DID NOT MANDATE THAT ALL FAIL-TO-DELIVER POSITIONS RESULTING FROM SHORT SALE TRANSACTIONS BE CLOSED OUT NO LATER THAN THE MARKET'S OPEN ON T-4. THE FIRM TOOK STEPS TO ADDRESS THE PROBLEM AND CORRECT ITS SUPERVISORY CONTROLS BUT THE CONTROLS REMAINED DEFICIENT BECAUSE THE FIRM FAILED TO TIMELY EXECUTE THE BUY-INS CLOSING OUT FAIL-TO-DELIVER POSITIONS IN SHORT SALES ON APPROXIMATELY 4,000 OCCASIONS, THEREBY FAILING TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM TO ACHIEVE COMPLIANCE WITH RULE 204T(A) AND RULE 204(A).

**Initiated By:** FINRA

**Date Initiated:** 06/06/2012

**Docket/Case Number:** [2010022582001](#)

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

**Other Product Type(s):**

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

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

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 06/06/2012

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

**Sanctions Ordered:** Censure



Monetary/Fine \$550,000.00

**Other Sanctions Ordered:**

**Sanction Details:**

WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED AND FINED \$550,000 WHICH INCLUDES DISGORGEMENT OF APPROXIMATELY \$6,000 IN COMMISSIONS RECEIVED. FINE PAID IN FULL ON JUNE 28, 2012.

---

**Reporting Source:**

Firm

**Current Status:**

Final

**Allegations:**

FINRA ALLEGED THAT THE FIRM WAS IN VIOLATION OF SECTION 12(K) OF THE SECURITIES EXCHANGE ACT, SEC REGULATION SHO RULES 204T(A), 204(A), FINRA RULE 2010, AND NASD RULES 2110, 3010(A) BY EXECUTING SHORT SALES IN THE SECURITIES OF FINANCIAL SERVICES FIRMS COVERED BY AN SEC EMERGENCY ORDER WHICH PROHIBITED SHORT SELLING IN ANY FIRMS IDENTIFIED IN THE APPENDIX TO THE EMERGENCY ORDER, AND RECEIVED COMMISSIONS TOTALING APPROXIMATELY \$6,000 FOR EFFECTING THESE SHORT SALE TRANSACTIONS. THE FIRM FAILED TO COMPLY WITH ORDERS PROMULGATED BY THE SEC. PRIOR TO THE ENACTMENT OF RULE 204T(A), THE FIRM DEvised A POLICY THAT DID NOT MANDATE THAT FAIL-TO-DELIVER POSITIONS RESULTING FROM SHORT SALE TRANSACTIONS BE CLOSED OUT NO LATER THAN THE TIME OF THE MARKET'S OPEN ON T+4, AND PERMITTED THE CLOSE-OUT OF FAIL-TO-DELIVER POSITIONS RESULTING FROM SHORT SALES TO OCCUR SHORTLY AFTER THE MARKET'S OPEN, GENERALLY WITHIN MINUTES AFTER THE MARKET'S OPEN. FOR MORE THAN TWO YEARS, THE FIRM FAILED TO CLOSE OUT NO LATER THAN THE TIME OF THE MARKET'S OPEN ON T+4 AND, THEREBY, FAILED TO TIMELY CLOSE OUT ITS FAIL-TO-DELIVER POSITIONS IN APPROXIMATELY 34,000 SHORT SALE POSITIONS, IN VIOLATION OF SEC RULES 204T(A) AND 204(A). THE FIRM FAILED TO PUT INTO PLACE A SUPERVISORY SYSTEM REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RULES 204T(A) AND 204(A).

**Initiated By:**

FINRA

**Date Initiated:**

06/06/2012

**Docket/Case Number:**

[2010022582001](#)

**Principal Product Type:**

Equity Listed (Common & Preferred Stock)

**Other Product Type(s):**



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

### Disclosure 14 of 23

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	SEC RULE 203(B)(3) OF REGULATION SHO, NASD RULE 6955(A) - INTERACTIVE BROKERS LLC HAD FAIL-TO-DELIVER POSITIONS AT A REGISTERED CLEARING AGENCY IN THRESHOLD SECURITIES FOR 13 CONSECUTIVE SETTLEMENT DAYS AND FAILED TO IMMEDIATELY THEREAFTER CLOSE OUT THE FAIL-TO-DELIVER POSITIONS BY PURCHASING SECURITIES OF LIKE KIND AND QUANTITY. THE FIRM TRANSMITTED REPORTS TO THE ORDER AUDIT TRAIL SYSTEM (OATS) THAT CONTAINED AN INACCURATE ACCOUNT TYPE CODE, INACCURATE SPECIAL HANDLING CODES AND/OR INCORRECTLY MARKED AN ORDER AS LONG.
<b>Initiated By:</b>	FINRA
<b>Date Initiated:</b>	12/22/2011
<b>Docket/Case Number:</b>	<a href="#">2007010465601</a>
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	THRESHOLD SECURITIES



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

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

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 12/22/2011

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

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

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED AND FINED \$57,500. FINE PAID IN FULL JANUARY 5, 2012.

---

**Reporting Source:** Firm

**Current Status:** Final

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

**Initiated By:** FINRA

**Date Initiated:** 12/22/2011

**Docket/Case Number:** 20070104656-01

**Principal Product Type:** Other

**Other Product Type(s):** THRESHOLD SECURITIES





<b>Principal Sanction(s)/Relief Sought:</b>	Censure
<b>Other Sanction(s)/Relief Sought:</b>	FINE
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	12/22/2011
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$57,500.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS.

#### Disclosure 15 of 23

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	<p>CFTC RELEASE 5354-07, JULY 18, 2007; THE CFTC ORDER FINDS THAT, FROM FEBRUARY 2003 THROUGH MAY 2005, IBL ACCEPTED 135 THIRD-PARTY DEPOSITS IN THE FORM OF WIRE TRANSFERS AND CHECKS TOTALING \$7.7 MILLION INTO AN INDIVIDUAL'S PERSONAL ACCOUNT, BUT DID NOT HAVE PROCEDURES REASONABLY DESIGNED TO DETECT THE DEPOSIT OF THIRD-PARTY FUNDS IN AN INDIVIDUAL TRADING ACCOUNT. THE FREQUENCY AND MAGNITUDE OF DEPOSITS AND WITHDRAWALS TO THE INDIVIDUAL'S ACCOUNT, RELATIVE TO HIS STATED LIQUID NET WORTH, AND THE PATTERN OF DEPOSITS FOLLOWED BY WITHDRAWALS SUGGESTED THAT THE INDIVIDUAL MIGHT BE OPERATING AS AN UNREGISTERED COMMODITY POOL OPERATOR. IBL COMPLIANCE STAFF TELEPHONED THE INDIVIDUAL ON AT LEAST THREE OCCASIONS TO INQUIRE ABOUT THE TRADING ACTIVITY IN HIS ACCOUNT. EACH TIME, IBL COMPLIANCE STAFF ACCEPTED THE INDIVIDUAL'S EXPLANATIONS AS REASONABLE WITHOUT CONDUCTING ANY ADDITIONAL OR INDEPENDENT INQUIRIES. AS NOTED IN THE CFTC ORDER, AN FCM'S ABILITY TO DETERMINE IF FUNDS IN CUSTOMER ACCOUNTS ARE COMING FROM SOMEONE OTHER THAN THE ACCOUNTHOLDER IS A NECESSARY PART OF AN ADEQUATE SUPERVISORY SYSTEM. IF AN FCM FAILS TO MONITOR THE SOURCE OF FUNDS BEING DEPOSITED INTO CUSTOMER ACCOUNTS AT THE TIME SUCH FUNDS ARE RECEIVED, IT'S ABILITY TO DETECT ILLEGAL ACTIVITY SUCH AS POOL FRAUD OR MONEY LAUNDERING IS IMPAIRED. THE ORDER FINDS THAT, DURING THE RELEVANT TIME PERIOD, IBL'S PROCEDURES FOR DETERMINING THE SOURCE OF FUNDS RECEIVED THROUGH WIRE TRANSFERS WERE INADEQUATE TO MEET ITS</p>



SUPERVISORY RESPONSIBILITIES. RESPONDENT VIOLATED COMMISSION REGULATION 166.3, 17 C.F.R. STATUTE 166.3 (2006).

**Initiated By:** COMMODITY FUTURES TRADING COMMISSION

**Date Initiated:** 07/17/2007

**Docket/Case Number:** 07-07

**Principal Product Type:** Futures - Commodity

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

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

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

**Resolution:** Order

**Resolution Date:** 07/17/2007

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

**Sanctions Ordered:** Disgorgement/Restitution  
Cease and Desist/Injunction

**Other Sanctions Ordered:** UNDERTAKING

**Sanction Details:** IT IS HEREBY ORDERED THAT: IBL SHALL CEASE AND DESIST FROM VIOLATING COMMISSION REGULATION 166.3, 17 C.F.R. STATUTE 166.3 (2006); SHALL DISGORGE \$175,000 IN COMMISSIONS EARNED; SHALL COMPLY WITH ITS UNDERTAKING THAT NEITHER THE FIRM NOR ANY OF ITS AGENTS OR EMPLOYEES UNDER ITS AUTHORITY OR CONTROL, SHALL TAKE ANY ACTION OR MAKE ANY PUBLIC STATEMENT DENYING, DIRECTLY OR INDIRECTLY, ANY FINDING IN THIS ORDER, OR CREATING OR TENDING TO CREATE, THE IMPRESSION THAT THIS ORDER IS WITHOUT A FACTUAL BASIS; PROVIDED HOWEVER THAT NOTHING IN THIS PROVISION SHALL AFFECT THE FIRM'S (I) TESTIMONIAL OBLIGATIONS; OR (II) RIGHT TO TAKE LEGAL POSITIONS IN OTHER PROCEEDINGS TO WHICH THE COMMISSION IS NOT A PARTY; AND THE FIRM SHALL TAKE ALL STEPS NECESSARY TO ENSURE THAT ITS AGENTS OR EMPLOYEES, IF ANY, UNDERSTAND AND COMPLY WITH THIS UNDERTAKING.



**Reporting Source:** Firm

**Current Status:** Final

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

**Initiated By:** COMMODITY FUTURES TRADING COMMISSION

**Date Initiated:** 07/17/2007

**Docket/Case Number:** 07-07

**Principal Product Type:** Other

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

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

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

**Resolution:** Order

**Resolution Date:** 07/17/2007

**Sanctions Ordered:** Disgorgement/Restitution  
Cease and Desist/Injunction

**Other Sanctions Ordered:** UNDERTAKING

**Sanction Details:** THE FIRM SHALL CEASE AND DESIST FROM VIOLATING COMMISSION REGULATION 166.3, 17 C.F.R. STATUTE 166.3 (2006); SHALL DISGORGE \$175,000 IN COMMISSIONS EARNED; SHALL COMPLY WITH ITS UNDERTAKING THAT NEITHER THE FIRM NOR ANY OF ITS AGENTS OR EMPLOYEES UNDER ITS AUTHORITY OR CONTROL, SHALL TAKE ANY ACTION OR MAKE ANY PUBLIC STATEMENT DENYING, DIRECTLY OR

INDIRECTLY, ANY FINDING IN THIS ORDER, OR CREATING OR TENDING TO CREATE, THE IMPRESSION THAT THIS ORDER IS WITHOUT A FACTUAL BASIS; PROVIDED HOWEVER THAT NOTHING IN THIS PROVISION SHALL AFFECT THE FIRM'S (I) TESTIMONIAL OBLIGATIONS; OR (II) RIGHT TO TAKE LEGAL POSITIONS IN OTHER PROCEEDINGS TO WHICH THE COMMISSION IS NOT A PARTY; AND THE FIRM SHALL TAKE ALL STEPS NECESSARY TO ENSURE THAT ITS AGENTS OR EMPLOYEES, IF ANY, UNDERSTAND AND COMPLY WITH THIS UNDERTAKING.

### Disclosure 16 of 23

**Reporting Source:**

Regulator

**Current Status:**

Final

**Allegations:**

**\*\*6/29/07\*\***STIPULATION OF FACTS AND CONSENT TO PENALTY FILED BY NYSE REGULATION'S DIVISION OF ENFORCEMENT AND PENDING CONSENTED TO FINDINGS:1)VIOLATED NYSE RULE 431(F)(8)(B)(IV) BY PERMITTING PATTERN DAY TRADER ACCOUNTS TO EFFECT UP TO THREE DAY TRADES WHEN THEIR ACCOUNTS DID NOT HAVE THE REQUIRED MINIMUM EQUITY OF \$25,000;2)VIOLATED SECTION 15(C) OF THE SECURITIES EXCHANGE ACT OF 1934 AND RULE 15C3-3(E) THEREUNDER BY CAUSING INTRA-DAY DEFICIENCIES ON ONE OR MORE OCCASIONS IN THE CUSTOMER RESERVE ACCOUNT IN CONNECTION WITH (A) THE EARLY WITHDRAWAL OF SECURITIES AND (B) A NON-BONA FIDE DEPOSIT IN THE RESERVE ACCOUNT CAUSED BY EMPLOYEE ERRORS;3)VIOLATED SECTION 17(A) OF THE SECURITIES EXCHANGE ACT OF 1934 AND RULE 17A-13(B)(D) THEREUNDER AND NYSE RULE 440 IN THAT IT FAILED TO RECORD THE QUARTERLY SECURITIES COUNT PROCESS AND TO RECORD THE NAMES OF TREASURY EMPLOYEES WHO PERFORMED THE COUNT AND EMPLOYEES WHO REVIEWED THE COUNT;4 VIOLATED SECTION 17(A) OF THE SECURITIES EXCHANGE ACT OF 1934 AND RULE 17A-3(A)(5) THEREUNDER AND NYSE RULE 440 IN THAT IT FAILED TO MAINTAIN A SEPARATE RECORD OR LEDGER FOR EACH SECURITY HELD IN THE FIRM'S POSSESSION OR UNDER ITS CONTROL FOR CUSTOMER ACCOUNTS AND FOR PROPRIETARY ACCOUNTS BY FAILING TO ENSURE THAT CERTAIN SECURITIES (NON-DTC AND BUY-INS) WERE PROPERLY RECORDED IN SEPARATE ACCOUNTS;5)VIOLATED SECTION 17(A) OF THE SECURITIES EXCHANGE ACT OF 1934 AND RULE 17A-3 AND 17A-4 THEREUNDER AND NYSE RULE 440 IN THAT IT FAILED TO ACCURATELY REPORT ALL RETAIL COMMISSIONS EARNED ON A FORM 600TC; 6)VIOLATED NYSE RULE 132.30 IN THAT IT FAILED TO ENSURE COMPLIANCE WITH AUDIT TRAIL REQUIREMENTS BY ERRONEOUSLY CODING ONE OR MORE TRANSACTIONS ON ONE TRADE DATE WITH AN INCORRECT ACCOUNT TYPE INDICATOR;7)VIOLATED NYSE RULE 411(B)(1) BY INTRODUCING FOR EXECUTION ON THE NYSE CUSTOMER ODD-LOT



ORDERS THAT AGGREGATE 100 SHARES OR MORE WITHOUT HAVING  
THOSE ORDERS CONSOLIDATED INTO ROUND LOTS AS FAR AS POSSIBLE;  
\*\*CONT.IN 13C\*\*

**Initiated By:** NEW YORK STOCK EXCHANGE DIVISION OF ENFORCEMENT

**Date Initiated:** 06/29/2007

**Docket/Case Number:** HPD#07-145

**Principal Product Type:** Other

**Other Product Type(s):**

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

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

**Resolution:** Decision

**Resolution Date:** 10/08/2007

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

**Other Sanctions Ordered:**

**Sanction Details:** \*\*9/10/07\*\*)DECISION NO. 07-145 ISSUED BY NYSE HEARING BOARD  
DECISION:VIOLATED NYSE RULE 431(F)(8)(B)(IV) BY PERMITTING  
PATTERN DAY TRADER ACCOUNTS TO EFFECT UP TO THREE DAY  
TRADES WHEN ACCOUNTS DID NOT HAVE REQUIRED MINIMUM EQUITY OF  
\$25,000; VIOLATED SECTION 15(C)OF SECURITIES EXCHANGE ACT OF 1934  
AND RULE 15C3-3(E) THEREUNDER BY CAUSING INTRA-DAY DEFICIENCIES  
IN CUSTOMER RESERVE ACCOUNT IN CONNECTION WITH (A) EARLY  
WITHDRAWAL OF SECURITIES AND (B) NON-BONA FIDE DEPOSIT IN  
RESERVE ACCOUNT CAUSED BY EMPLOYEE ERRORS; VIOLATED SECTION  
17(A)OF SECURITIES EXCHANGE ACT OF 1934 AND RULE 17A-13(B)  
THEREUNDER AND NYSE RULE 440 BY FAILING  
TO RECORD QUARTERLY SECURITIES COUNT PROCESS AND TO RECORD  
NAMES OF TREASURY EMPLOYEES WHO PERFORMED COUNT AND  
EMPLOYEES WHO REVIEWED COUNT; VIOLATED SECTION 17(A) OF  
SECURITIES EXCHANGE ACT OF 1934 AND RULE 17A-3(A)(5) THEREUNDER  
AND NYSE RULE 440 BY FAILING TO MAINTAIN SEPARATE RECORD OR  
LEDGER FOR EACH SECURITY HELD IN FIRM'S POSSESSION OR UNDER  
ITS CONTROL FOR CUSTOMER ACCOUNTS AND FOR PROPRIETARY  
ACCOUNTS BY FAILING TO ENSURE THAT CERTAIN SECURITIES WERE  
PROPERLY RECORDED IN SEPARATE ACCOUNTS; VIOLATED NYSE 401 BY  
SUBMITTING INACCURATE RETAIL COMMISSION INFORMATION IN THAT IT  
FAILED TO PROPERLY REPORT ALL RETAIL COMMISSIONS ON FORM



600TC AND THUS UNDERPAID ITS 600TC FEES;VIOLATED THEN NYSE RULE 132.30(10) BY FAILING TO ENSURE COMPLIANCE WITH AUDIT TRAIL REQUIREMENTS BY ERRONEOUSLY CODING TRANSACTIONS ON ONE TRADE DATE WITH INCORRECT ACCOUNT TYPE INDICATOR; VIOLATED NYSE RULE 411(B)(1) BY INTRODUCING FOR EXECUTION ON NYSE CUSTOMER ODD-LOT ORDERS THAT AGGREGATE 100 SHARES OR MORE WITHOUT HAVING THOSE ORDERS CONSOLIDATED INTO ROUND LOTS AS FAR AS POSSIBLE; VIOLATED NYSE RULE 342(A) AND (B) BY FAILING TO ESTABLISH AND MAINTAIN APPROPRIATE PROCEDURES FOR SUPERVISION AND CONTROL, INCLUDING A SEPARATES SYSTEM OF FOLLOW-UP AND REVIEW RELATING TO (I)PATTERN DAY TRADER ACCOUNTS EFFECTING UP TO THREE DAY TRADES WHEN \*\*CONT.#14\*\*

### Regulator Statement

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

### Reporting Source:

Firm

### Current Status:

Final

### Allegations:

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

### Initiated By:

NEW YORK STOCK EXCHANGE

### Date Initiated:

06/29/2007

### Docket/Case Number:

HPD#07-145

### Principal Product Type:

No Product

### Other Product Type(s):

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

Censure



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

**Resolution:** Stipulation and Consent

**Resolution Date:** 10/05/2007

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

**Other Sanctions Ordered:**

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

#### Disclosure 17 of 23

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** NFA BYLAW 1101, NFA RULES 2-5, 2-10 - INTERACTIVE BROKERS LLC FAILED TO MAINTAIN REQUIRED BOOKS AND RECORDS; FAILED TO RESPOND TIMELY TO NFA'S REQUESTS FOR INFORMATION RELATIVE TO AUDITS; THE FIRM IS LIABLE FOR DOING BUSINESS WITH A NON-MEMBER WHEN IT KNEW, OR SHOULD HAVE KNOWN, THAT THE NON-NFA MEMBER WAS ACTING IN A CAPACITY THAT REQUIRED CFTC REGISTRATION AND NFA MEMBERSHIP.

**Initiated By:** NATIONAL FUTURES ASSOCIATION

**Date Initiated:** 06/02/2006

**Docket/Case Number:** 06-BCC-010

**Principal Product Type:** No Product

**Other Product Type(s):**

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

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

**Resolution:** Decision & Order of Offer of Settlement

**Resolution Date:** 05/29/2007



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

**Sanctions Ordered:** Monetary/Fine \$125,000.00  
Disgorgement/Restitution

**Other Sanctions Ordered:**

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

---

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** ALLEGED VIOLATION OF NFA RULES 2-10, 2-5 AND NFA BYLAW 1101.

**Initiated By:** NATIONAL FUTURES ASSOCIATION

**Date Initiated:** 06/02/2006

**Docket/Case Number:** 06-BCC-010

**Principal Product Type:** No Product

**Other Product Type(s):**

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

**Other Sanction(s)/Relief Sought:** \$125,000.00 FINE AND DISGORGEMENT/RESTITUTION.

**Resolution:** Decision & Order of Offer of Settlement

**Resolution Date:** 05/29/2007

**Sanctions Ordered:** Monetary/Fine \$125,000.00  
Disgorgement/Restitution



**Other Sanctions Ordered:****Sanction Details:**

INTERACTIVE BROKERS LLC SUBMITTED AN OFFER OF SETTLEMENT WHICH THE HEARING PANEL HAS ACCEPTED. THE FIRM IS ORDERED TO PAY UP TO \$325,000.00 INTO A "RESTITUTION FUND" AT NFA AND PAY A FINE OF \$125,000 TO NFA. THE PANEL ORDERED THE DISMISSAL OF THE CHARGE OF FAILURE TO COOPERATE PROMPTLY AND FULLY WITH AN NFA EXAMINATION AND INQUIRY.

**Disclosure 18 of 23**

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** NASD RULES 2110, 3010, 3360 - INTERACTIVE BROKERS LLC FAILED TO REPORT ITS NASDAQ SHORT INTEREST POSITIONS TO NASD; AND THE FIRM'S SUPERVISORY SYSTEM DID NOT ACHIEVE COMPLIANCE WITH RESPECT TO APPLICABLE SECURITIES LAWS, REGULATIONS, AND NASD RULES CONCERNING SHORT INTEREST REPORTING.

**Initiated By:** NASD

**Date Initiated:** 05/05/2006

**Docket/Case Number:** [2004200002501](#)

**Principal Product Type:** Other

**Other Product Type(s):** UNKNOWN TYPES OF SECURITIES

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

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

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 05/05/2006

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

**Sanctions Ordered:** Censure  
Monetary/Fine \$95,000.00

**Other Sanctions Ordered:** UNDERTAKING



**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED, FINED \$95,000, AND REQUIRED TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES REGARDING SHORT INTEREST REPORTING WITHIN 30 BUSINESS DAYS OF ACCEPTANCE OF THIS AWC BY THE NAC.

---

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** NASD MARKET REGULATION STAFF ALLEGE THAT BETWEEN OCTOBER 1999 - JULY 2002 (THE "REVIEW PERIOD"), THE FIRM FAILED TO REPORT ITS NASDAQ SHORT INTEREST POSITIONS TO NASD IN VIOLATION OF NASD CONDUCT RULE 3360; AND, THAT THE FIRM'S SUPERVISORY SYSTEMS DID NOT ACHIEVE COMPLIANCE WITH THE APPLICABLE SECURITIES RULES AND REGULATIONS IN VIOLATION OF NASD CONDUCT RULES 2110 AND 3010.

**Initiated By:** NASD

**Date Initiated:** 12/03/2004

**Docket/Case Number:** MRD 20042000025-01

**Principal Product Type:** Equity - OTC

**Other Product Type(s):**

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

**Other Sanction(s)/Relief Sought:** FINE AND UNDERTAKING TO REVISE WRITTEN SUPERVISORY PROCEDURES.

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 05/04/2006

**Sanctions Ordered:** Censure  
Monetary/Fine \$95,000.00

**Other Sanctions Ordered:** WITHOUT ADMITTING OR DENYING THE ALLEGATIONS OR FINDINGS, THE FIRM CONSENTED TO A CENSURE, A FINE OF \$95,000.00, AND AN UNDERTAKING BY THE FIRM TO REVISE ITS SUPERVISORY PROCEDURES FOR SHORT INTEREST REPORTING.

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE ALLEGATIONS OR FINDINGS, THE FIRM CONSENTED TO A CENSURE, A FINE OF \$95,000.00, AND AN UNDERTAKING BY THE FIRM TO REVISE ITS SUPERVISORY PROCEDURES



FOR SHORT INTEREST REPORTING.

**Firm Statement**

DURING THE REVIEW PERIOD, THE FIRM REPORTED ITS SHORT INTEREST IN NASDAQ SECURITIES TO SIAC/NYSE, RATHER THAN DIRECTLY TO NASD AS THE RULES REQUIRE. THE FIRM BELIEVED THAT THE REPORTS WERE BEING FORWARDED TO NASD VIA SIAC/NYSE AND THAT THIS FULFILLED THE FIRM'S OBLIGATIONS. DUE TO SYSTEMS CHANGES AT SIAC/NYSE, HOWEVER, IB'S SHORT INTEREST REPORTS WERE NOT FORWARDED TO NASD.

**Disclosure 19 of 23**

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** \*\*12/01/2003\*\* STIPULATION AND CONSENT TO PENALTY FILED BY NYSE DIVISION OF ENFORCEMENT AND PENDING. HEARING REQUESTED. CONSENTED TO FINDINGS: WITHOUT ADMITTING OR DENYING GUILT, INTERACTIVE BROKERS CONSENTED TO FINDINGS THAT IT: 1. VIOLATED SEC RULES 17A-3 AND 17A-4 AND EXCHANGE RULE 440 IN THAT THE FIRM FAILED TO MAKE AND MAINTAIN ACCURATE BOOKS AND RECORDS; 2. VIOLATED EXCHANGE RULE 405(1) IN THAT THE FIRM FAILED TO USE DUE DILIGENCE TO LEARN THE ESSENTIAL FACTS RELATIVE TO CERTAIN CUSTOMER ORDERS; 3. VIOLATED EXCHANGE RULE 342 IN THAT THE FIRM FAILED TO INSTITUTE ADEQUATE SUPERVISORY PROCEDURES AND CONTROLS TO DETECT AND/OR PREVENT PROHIBITED ODD-LOT TRADING PRACTICES, INCLUDING DAYTRADING; 4. ENGAGED IN CONDUCT INCONSISTENT WITH JUST AND EQUITABLE PRINCIPLES OF TRADE BY THE FIRM ALLOWING CUSTOMERS TO EFFECT ODD-LOT TRADE CONTRARY TO EXCHANGE RULES AND POLICIES; 5. VIOLATED SEC RULES 15C-3 AND 15C-1 BY FAILING TO PROPERLY CALCULATE ITS NET CAPITAL AND CUSTOMER RESERVE FORMULA COMPUTATIONS, RESULTING IN TWO RESERVE FORMULA HINDSIGHT DEFICIENCIES; 6. VIOLATED EXCHANGE RULE 431 BY FAILING TO IDENTIFY PATTERN DAY TRADERS AND FAILING TO CALCULATE DAY TRADING MARGIN POWER IN CUSTOMER ACCOUNTS TO ENSURE THAT CUSTOMER ACCOUNTS HAD THE REQUIRED MINIMUM EQUITY OF \$25,000 IN THEIR ACCOUNTS; AND 7. VIOLATED EXCHANGE RULE 351(D) IN THAT IT DID NOT ACCEPT VERBAL CUSTOMER COMPLAINTS. STIPULATED SANCTION: THE IMPOSITION BY THE EXCHANGE OF THE PENALTY OF A CENSURE AND A \$170,000 FINE.

**Initiated By:** NEW YORK STOCK EXCHANGE DIVISION OF ENFORCEMENT

**Date Initiated:** 12/01/2003

**Docket/Case Number:** HPD# 04-2



**Principal Product Type:** Other

**Other Product Type(s):**

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

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

**Resolution:** Decision

**Resolution Date:** 02/20/2004

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

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

**Other Sanctions Ordered:**

**Sanction Details:** **\*\*01/20/2004\*\*** DECISION 04-2 ISSUED BY NYSE HEARING PANEL. DECISION: 1. VIOLATED EXCHANGE RULE 342 IN THAT THE FIRM FAILED TO INSTITUTE ADEQUATE SUPERVISORY PROCEDURES AND CONTROLS TO DETECT AND/OR PREVENT PROHIBITED ODD-LOT TRADING PRACTICES, INCLUDING DAYTRADING; 2. ENGAGED IN CONDUCT INCONSISTENT WITH JUST AND EQUITABLE PRINCIPLES OF TRADE BY THE FIRM ALLOWING CUSTOMERS TO EFFECT ODD-LOT TRADE CONTRARY TO EXCHANGE RULES AND POLICIES; 3. VIOLATED EXCHANGE RULE 405(1) IN THAT THE FIRM FAILED TO USE DUE DILIGENCE TO LEARN THE ESSENTIAL FACTS RELATIVE TO CERTAIN CUSTOMER ORDERS; 4. VIOLATED SEC RULES 15C3-3 AND 15C3-1 BY FAILING TO PROPERLY CALCULATE ITS NET CAPITAL AND CUSTOMER RESERVE FORMULA COMPUTATIONS, RESULTING IN TWO RESERVE FORMULA HINDSIGHT DEFICIENCIES; 5. VIOLATED SEC RULES 17A-3 AND 17A-4 AND EXCHANGE RULE 440 IN THAT THE FIRM FAILED TO MAKE AND MAINTAIN ACCURATE BOOKS AND RECORDS; 6. VIOLATED EXCHANGE RULE 431 BY FAILING TO IDENTIFY PATTERN DAY TRADERS AND FAILING TO CALCULATE DAY TRADING MARGIN POWER IN CUSTOMER ACCOUNTS TO ENSURE THAT CUSTOMER ACCOUNTS HAD THE REQUIRED MINIMUM EQUITY OF \$25,000 IN THEIR ACCOUNTS; AND 7. VIOLATED EXCHANGE RULE 351(D) IN THAT THE FIRM DID NOT ACCEPT VERBAL CUSTOMER COMPLAINTS. PENALTY: THE IMPOSITION BY THE EXCHANGE OF THE PENALTY OF A CENSURE AND A \$170,000 FINE.

**Regulator Statement**

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

**Reporting Source:**

Firm

**Current Status:**

Final

**Allegations:**

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

**Initiated By:**

NEW YORK STOCK EXCHANGE

**Date Initiated:**

01/13/2004

**Docket/Case Number:**

NYSE 04-2

**Principal Product Type:**

No Product

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

Censure

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

FINE-\$170,000.00

**Resolution:**

Other

**Resolution Date:**

02/20/2004

**Sanctions Ordered:**Censure  
Monetary/Fine \$170,000.00**Other Sanctions Ordered:****Sanction Details:**

FINE OF \$170,000.00 TO BE PAID BY MARCH 30, 2004

**Firm Statement**

WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, THE FIRM CONSENTED TO A CENSURE AND FINE OF \$170,000. NYSE ALLEGED THAT THE FIRM VIOLATED RULE 342 AND 405(2) BY NOT ADEQUATELY



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

### Disclosure 20 of 23

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	SEC RULE 17A-4, NASD RULES 2110, 3010, 3110, 4720(B), 6955(B)(1) - WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, RESPONDENT MEMBER CONSENTED TO THE ENTRY OF FINDINGS THAT IT ENTERED ORDERS INTO SELECTNET PREFERENCED TO AN ECN AND AS A RESULT, ECNS IN MOST CASES FAILED TO EXECUTE THE ORDERS BY SELECTNET ALTHOUGH LATER THE ORDERS MAY HAVE BEEN EXECUTED THROUGH ALTERNATIVE METHODS; PROGRAMMED ITS SYSTEM TO RETAIN FOR NO MORE THAN ONE WEEK CERTAIN REQUIRED DETAILS CONCERNING ITS ROUTING OF ORDERS THROUGH SELCTNET; SUBMITTED OATS REPORTS WITH RESPECT TO EQUITY SECURITIES TRADED ON NASDAQ THAT WERE NOT IN THE ELECTRONIC FORM REQUIRED BY THE NASD; AND THE FIRM'S SUPERVISORY SYSTEM FAILED TO PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ENSURE THAT PROGRAMMING CHANGES MADE TO THE FIRM'S AUTOMATED ROUTING AND EXECUTION SYSTEM WERE IN COMPLIANCE WITH APPLICABLE SECURITIES LAWS AND REGULATIONS CONCERNING NASD MARKETPLACE RULE 4720(B), OATS, AND RECORD KEEPING.
<b>Initiated By:</b>	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
<b>Date Initiated:</b>	03/07/2002
<b>Docket/Case Number:</b>	CMS020047
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	ELECTRONIC SECURITIES
<b>Principal Sanction(s)/Relief Sought:</b>	


**Other Sanction(s)/Relief Sought:**
**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 03/07/2002

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

**Other Sanctions Ordered:** UNDERTAKING

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

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** FOR THE PURPOSE OF SETTLING ALLEGED VIOLATIONS OF NASD CONDUCT RULES 4720(B) AND 6955(B), SEC RULE 17A-4, AND NASD MARKETPLACE RULES 2110, 3010, AND 3110, THE FIRM SUBMITTED A LETTER OF ACCEPTANCE, WAIVER & CONSENT TO NASD REGULATION AGREEING TO A CENSURE; PAYMENT OF A \$230,000 FINE; AND REVISION OF THE FIRM'S WRITTEN SUPERVISORY PROCEDURES SO THAT SUCH PROCEDURES ARE REASONABLY DESIGNED TO ENSURE THAT PROGRAMING CHANGES MADE TO THE FIRM'S AUTOMATED ROUTING AND EXECUTION SYSTEM COMPLY WITH, AMONG OTHER THINGS, NASD CONDUCT RULES 4720(B) AND NASD ORDER AUDIT TRAIL SYSTEM (OATS) AND RECORD KEEPING REQUIREMENTS. (CONT'D AT ITEM 13).

**Initiated By:** NASD

**Date Initiated:** 09/11/2000

**Docket/Case Number:** CMS020047 AWC

**Principal Product Type:** Equity - OTC

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

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

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 03/07/2002

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

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

**Sanction Details:** REVISION OF FIRM'S WRITTEN SUPERVISORY PROCEDURES

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

#### Disclosure 21 of 23

**Reporting Source:** Regulator

**Current Status:** Pending

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

**Initiated By:** CHICAGO BOARD OPTIONS EXCHANGE

**Date Initiated:** 01/10/2002





**Docket/Case Number:** 01-0019

**Principal Product Type:** Options

**Other Product Type(s):**

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

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

**Reporting Source:** Firm

**Current Status:** Final

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

**Initiated By:** CHICAGO BOARD OPTIONS EXCHANGE

**Date Initiated:** 04/05/2001

**Docket/Case Number:** CBOE FILE NUMBER 01-0019

**Principal Product Type:** Options

**Other Product Type(s):**

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

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

**Resolution:** Settled

**Resolution Date:** 10/18/2002

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

**Other Sanctions Ordered:**

**Sanction Details:** MONETARY FINE \$15,000.00

**Disclosure 22 of 23**

**Reporting Source:** Regulator  
**Current Status:** Final  
**Allegations:** NASD RULES 2110, 3010, 3350, AND 3370 - RESPONDENT EXERCISED SHORT SALE TRANSACTION FOR A CUSTOMER IN NASDAQ NNM SECURITIES, AT OR BELOW THE CURRENT INSIDE BID WHEN THE CURRENT INSIDE BID WAS BELOW THE PRECEDING INSIDE BID IN EACH OF THE SECURITIES; THE FIRM EXECUTED SHORT SALE ORDERS FOR A CUSTOMER IN CERTAIN SECURITIES AND FAILED TO MAKE AN AFFIRMATIVE DETERMINATION PRIOR TO EXECUTING SUCH TRANSACTIONS FOR SUCH CUSTOMER; AND, THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO THE APPLICABLE SECURITIES LAWS AND REGULATIONS CONCERNING SHORT SALES.  
**Initiated By:** NATIONAL ASSOCIATION OF SECURITIES DEALERS  
**Date Initiated:** 05/18/2001  
**Docket/Case Number:** CMS010065  
**Principal Product Type:** Equity - OTC  
**Other Product Type(s):**  
**Principal Sanction(s)/Relief Sought:**  
**Other Sanction(s)/Relief Sought:**  
**Resolution:** Acceptance, Waiver & Consent(AWC)  
**Resolution Date:** 05/18/2001  
**Sanctions Ordered:** Censure  
 Monetary/Fine \$12,500.00  
**Other Sanctions Ordered:**  
**Sanction Details:** N/A  
**Regulator Statement** .

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



<b>Allegations:</b>	FOR THE PURPOSE OF RESOLVING ALLEGED RULE VIOLATIONS OF NASD CONDUCT RULES REGARDING SHORT SALES, INTERACTIVE BROKERS LLC (THE "FIRM") ENTERED INTO AN ACCEPTANCE, WAIVER AND CONSENT (AWC) WITH NASD REGULATION, INC. IN WHICH THE FIRM CONSENTED TO THE FOLLOWING SANCTIONS: A CENSURE AND PAYMENT OF A FINE IN THE AMOUNT OF \$12,500, WITHOUT ADMITTING OR DENYING LIABILITY.
<b>Initiated By:</b>	NASD
<b>Date Initiated:</b>	05/18/2001
<b>Docket/Case Number:</b>	NASD COMPLAINT # CMS010065
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	EQUITY SECURITIES
<b>Principal Sanction(s)/Relief Sought:</b>	Censure
<b>Other Sanction(s)/Relief Sought:</b>	\$12,500 FINE
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	05/18/2001
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$12,500.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	CENSURE AND MONITARY FINE OF \$12,500.00 PAID 06/22/2001

#### Disclosure 23 of 23

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	IT IS ALLEGED THAT THE ACTS, PRACTICES AND CONDUCT CONSTITUTE VIOLATIONS OF 1) EXCHANGE RULES 4.1, 4.2, 6.8(A)(I) AND 9.8.02, RG97-98 AND RG00-27 BY IB, IN THAT IB PROVIDED ITS CUSTOMERS WITH DIRECT ACCESS TO RAES THROUGH IB'S ORDER ROUTING SYSTEM AND IB INTENTIONALLY REFUSED AND FAILED TO ADOPT, DEVELOP AND IMPLEMENT PROCEDURES REASONABLY DESIGNED TO PREVENT ACCESS TO ITS ORDER ROUTING SYSTEM FROM BEING USED TO CIRCUMVENT THE RAES ORDER SIZE LIMITATION. 2) EXCHANGE RULES 4.1, 4.2, 6.8(A)(I) AND 9.8.02, RG97-98 AND RG00-27 BY IB, IN THAT IB INTENTIONALLY REFUSED AND FAILED TO ADOPT, DEVELOP AND IMPLEMENT PROCEDURES REASONABLY DESIGNED TO PREVENT



ACCESS TO ITS ORDER ROUTING SYSTEM FROM BEING USED TO CIRCUMVENT THE RAES ORDER SIZE LIMITATION AND THEREBY CERTAIN OF IB CUSTOMERS USED THEIR DIRECT ACCESS TO RAES, ON NUMEROUS OCCASIONS, INCLUDING, BUT NOT LIMITED TO THE ACTIVITY DESCRIBE IN APPENDICES A AND B, TO PLACE, AT OR ABOUT THE SAME TIME, MULTIPLE RAES ORDERS IN THE SAME OR SIMILAR OPTION SERIES THAT WERE SPLIT UP TO CIRCUMVENT THE RAES ORDER SIZE LIMITATION IN CONTRAVENTION OF EXCHANGE RULES.

**Initiated By:** CHICAGO BOARD OPTIONS EXCHANGE

**Date Initiated:** 04/05/2001

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

**Principal Product Type:** Options

**Other Product Type(s):**

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

**Other Sanction(s)/Relief Sought:** SEE SANCTION DETAIL

**Resolution:** Decision & Order of Offer of Settlement

**Resolution Date:** 10/18/2002

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

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

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

**Reporting Source:** Firm



**Current Status:** Final

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

**Initiated By:** CHICAGO BOARD OPTIONS EXCHANGE

**Date Initiated:** 04/05/2001

**Docket/Case Number:** CBOE FILE NUMBER 01-0002

**Principal Product Type:** Options

**Other Product Type(s):**

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

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

**Resolution:** Settled

**Resolution Date:** 04/05/2001

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

**Other Sanctions Ordered:**

**Sanction Details:** MONETARY FINE \$15,00.00

## 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 FINRA-registered firms in this section of the report.

The full text of arbitration awards issued by FINRA is available at [www.finra.org/awardsonline](http://www.finra.org/awardsonline).

### Disclosure 1 of 10

<b>Reporting Source:</b>	Regulator
<b>Type of Event:</b>	ARBITRATION
<b>Allegations:</b>	ACCOUNT RELATED-NEGLIGENCE; EXECUTIONS-EXECUTION PRICE; OTHER-ON-LINE TRADING DISPUTE
<b>Arbitration Forum:</b>	NASD
<b>Case Initiated:</b>	10/16/2000
<b>Case Number:</b>	<a href="#">00-04324</a>
<b>Disputed Product Type:</b>	COMMON STOCK
<b>Sum of All Relief Requested:</b>	\$1,066.00
<b>Disposition:</b>	AWARD AGAINST PARTY
<b>Disposition Date:</b>	05/30/2001
<b>Sum of All Relief Awarded:</b>	\$441.00

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

### Disclosure 2 of 10

<b>Reporting Source:</b>	Regulator
<b>Type of Event:</b>	ARBITRATION
<b>Allegations:</b>	EXECUTIONS-FAILURE TO EXECUTE
<b>Arbitration Forum:</b>	FINRA
<b>Case Initiated:</b>	09/19/2007
<b>Case Number:</b>	<a href="#">07-02180</a>
<b>Disputed Product Type:</b>	WARRANTS/RIGHTS
<b>Sum of All Relief Requested:</b>	\$19,320.00

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

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

#### Disclosure 3 of 10

**Reporting Source:** Regulator  
**Type of Event:** ARBITRATION  
**Allegations:** ACCOUNT RELATED-MARGIN CALLS  
**Arbitration Forum:** FINRA  
**Case Initiated:** 04/28/2010  
**Case Number:** [10-01250](#)  
**Disputed Product Type:** COMMON STOCK; OPTIONS  
**Sum of All Relief Requested:** \$1,445.60  
**Disposition:** AWARD AGAINST PARTY  
**Disposition Date:** 11/04/2010  
**Sum of All Relief Awarded:** \$37.50

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 10

**Reporting Source:** Regulator  
**Type of Event:** ARBITRATION  
**Allegations:** ACCOUNT RELATED-NEGLIGENCE; FRAUDULENT ACTIVITY-BRCH OF FIDUCIARY DT; FRAUDULENT ACTIVITY-MISREPRESENTATION; OTHER-CLEARING DISPUTES; TRADING DISPUTES-STOCK LOANS  
**Arbitration Forum:** FINRA  
**Case Initiated:** 06/02/2010  
**Case Number:** [10-02498](#)  
**Disputed Product Type:** COMMON STOCK

**Sum of All Relief Requested:** \$3,870.83  
**Disposition:** AWARD AGAINST PARTY  
**Disposition Date:** 12/20/2010  
**Sum of All Relief Awarded:** \$87.50

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 10

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

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

#### Disclosure 6 of 10

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





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

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

#### Disclosure 7 of 10

**Reporting Source:** Regulator  
**Type of Event:** ARBITRATION  
**Allegations:** OTHER-OTHER  
**Arbitration Forum:** FINRA  
**Case Initiated:** 09/26/2011  
**Case Number:** [11-03337](#)  
**Disputed Product Type:** COMMON STOCK; OPTIONS  
**Sum of All Relief Requested:** \$9,362.01  
**Disposition:** AWARD AGAINST PARTY  
**Disposition Date:** 08/06/2012  
**Sum of All Relief Awarded:** \$162.50

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 10

**Reporting Source:** Regulator  
**Type of Event:** ARBITRATION  
**Allegations:** ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-TRANSFER; OTHER-OTHER  
**Arbitration Forum:** FINRA  
**Case Initiated:** 02/23/2012



**Case Number:** [12-00563](#)  
**Disputed Product Type:** COMMON STOCK; OPTIONS  
**Sum of All Relief Requested:** \$25,425.00  
**Disposition:** AWARD AGAINST PARTY  
**Disposition Date:** 09/07/2012  
**Sum of All Relief Awarded:** \$212.50

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

#### Disclosure 9 of 10

**Reporting Source:** Regulator  
**Type of Event:** ARBITRATION  
**Allegations:** ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE; FRAUDULENT ACTIVITY-MISREPRESENTATION; FRAUDULENT ACTIVITY-OMISSION OF FACTS  
**Arbitration Forum:** FINRA  
**Case Initiated:** 07/26/2012  
**Case Number:** [12-02626](#)  
**Disputed Product Type:** COMMON STOCK  
**Sum of All Relief Requested:** \$65,000.00  
**Disposition:** AWARD AGAINST PARTY  
**Disposition Date:** 07/24/2013  
**Sum of All Relief Awarded:** \$56,625.01

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

#### Disclosure 10 of 10

**Reporting Source:** Regulator  
**Type of Event:** ARBITRATION  
**Allegations:** ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-MARGIN CALLS; ACCOUNT RELATED-NEGLIGENCE; FRAUDULENT ACTIVITY-BRCH OF FIDUCIARY DT; FRAUDULENT ACTIVITY-MISREPRESENTATION;



FRAUDULENT ACTIVITY-OMISSION OF FACTS; FRAUDULENT  
ACTIVITY-UNAUTHORIZED TRADING

**Arbitration Forum:** FINRA  
**Case Initiated:** 12/27/2012  
**Case Number:** [12-04337](#)  
**Disputed Product Type:** OTHER TYPES OF SECURITIES  
**Sum of All Relief Requested:** \$29,960.10  
**Disposition:** AWARD AGAINST PARTY  
**Disposition Date:** 07/10/2013  
**Sum of All Relief Awarded:** \$300.00

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



**This page is intentionally left blank.**