



Notice of Disciplinary Action Against J.A.K. Securities, Inc., a Member Organization

To: Members, Member Organizations, Participants and Participant Organizations
From: John C. Pickford, Enforcement Counsel, NASDAQ OMX PHLXSM
DATE: January 3, 2013

FINRA Matter No. 20100214082
FINRA Matter No. 20100235248
FINRA Matter No. 20110286406
FINRA Matter No. 20110302215
Enforcement No. 2012-13
Enforcement No. 2012-15

On January 2, 2013, the Business Conduct Committee (the "Committee") issued a disciplinary decision against J.A.K. Securities, Inc. ("JAK"), a member organization of the Exchange. In response to Statements of Charges issued in this action, JAK submitted an Offer of Settlement, Stipulation of Facts and Consent to Sanctions ("Offer"). Solely to settle this proceeding, and without admitting or denying the charges, JAK consented to findings that during the period between June 2009 and September 2011 (the "Review Period"), it violated Exchange Rules 119, 120, 707, 748(g), 1014, 1051(a), 1067, and 1084. Specifically, JAK consented to findings that it had executed options transactions that traded through the Philadelphia Best Bid and Offer market on eight occasions, and the National Best Bid and Offer market on two occasions. JAK also consented to findings that it had executed options transactions that traded ahead of customer orders on the Limited Order Book on eight occasions and Streaming Quote Trader and/or Remote Streaming Quote Trader quotations with established priority on two occasions.

Additionally, JAK consented, without admitting or denying the charges, to findings by the Committee that during the Review Period, it had failed to report 10% or more of its executed options transactions to the consolidated tape within 90 seconds of execution for three separate months.

Finally, JAK consented, without admitting or denying the charges, to findings by the Committee that during the Review Period, it had failed to establish, maintain and enforce written supervisory procedures, and a system for applying such procedures, that addressed Respondent's compliance with the Exchange's order priority rules or specified the nature of the due diligence, review or monitoring Respondent conducted to ensure compliance with such rules.

The Offer submitted by JAK was accepted by the Committee and was the basis of its Decision. The Committee found that JAK had violated Exchange Rules 119, 120, 707, 748(g), 1014,

1051(a), 1067, and 1084, concurred in the sanctions consented to by it, and ordered the imposition of the following sanctions: (i) a censure; and (ii) a fine in the amount of \$16,500.

For more information, contact:

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