



Notice of Disciplinary Action against Sumo Capital, LLC, Member Organization

To: Members, Member Organizations, Participants and Participant Organizations
From: John C. Pickford, Assistant General Counsel, NASDAQ OMX PHLXSM
DATE: December 21, 2015

Enforcement No. 2015-15
FINRA No. 20140421786
FINRA No. 20150452255

On December 16, 2015, the Business Conduct Committee (the "Committee") of the NASDAQ OMX PHLX LLC ("PHLX" or the "Exchange") issued a disciplinary decision against Sumo Capital, LLC ("Sumo" or the "Firm"), a member organization of the Exchange. In response to a Statement of Charges issued in this action, Sumo submitted an Offer of Settlement. Solely to settle this proceeding, and without admitting or denying the charges, Sumo consented to findings that during the periods between July 1, 2014 and September 30, 2014 ("Review Period I"), and February 1, 2015 and July 31, 2015 ("Review Period II"), Sumo violated Exchange Rules 1014(b)(ii)(D)(1) and 748(h). Specifically, on eight separate trade dates during Review Period I, Sumo, while acting as a Remote Streaming Quote Trader ("RSQT"), had failed to quote continuous, two-sided markets in 60% of its assigned options series on the Exchange for at least 90% of the trading day. Additionally, on nine separate trade dates during Review Period II, Sumo, while acting as an RSQT, had failed to quote continuous, two-sided markets in 60% of its assigned options series on the Exchange for at least 90% of the trading day.

Sumo also consented to findings that during Review Period II, it violated Exchange Rule 748(h), in that it had failed to establish, maintain and enforce written supervisory procedures ("WSPs"), and a system of supervision, that was reasonably designed to detect and prevent violations of, and achieve compliance with, the Exchange's continuous quoting rules. Specifically, the Firm's WSPs and supervisory review: (i) had failed to specify the frequency with which the Firm conducts supervisory reviews of its trading activities or how such reviews are documented; (ii) did not address, and were not specifically tailored to, the Firm's trading activities on the Exchange; and (iii) failed to address coverage of, and were not designed to cover, the quoting responsibilities of traders who are absent from work.

The Committee found that Sumo had violated Exchange Rules 1014(b)(ii)(D)(1) and 748(h), and ordered the imposition of the following sanctions against Sumo: (i) a censure; and (ii) a fine in the amount of \$35,000.

For more information, contact:

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