

**NASDAQ OMX BX, INC.  
NOTICE OF ACCEPTANCE OF AWC**

**Certified, Return Receipt Requested**

**TO: Global Execution Brokers, LP  
Mr. Brian Sopinsky  
Assistant Secretary  
401 City Avenue  
Bala Cynwyd, PA 19004**

**FROM: The NASDAQ OMX BX, Inc. (the "Exchange")  
c/o Financial Industry Regulatory Authority ("FINRA")  
Department of Market Regulation  
9509 Key West Avenue  
Rockville, MD 20850**

**DATE: November 24, 2014**

**RE: Notice of Acceptance of Letter of Acceptance, Waiver and Consent No. 20090198842-01**

**Please be advised** that your above-referenced Letter of Acceptance, Waiver and Consent ("AWC") has been accepted on **November 18, 2014** by the Exchange Review Council's Review Subcommittee, or by the Office of Disciplinary Affairs on behalf of the Exchange Review Council, pursuant to Nasdaq OMX BX Rule 9216. A copy of the AWC is enclosed herewith.

You are again reminded of your obligation, if currently registered, immediately to update your Uniform Application for Broker-Dealer Registration ("Form BD") to reflect the conclusion of this disciplinary action. Additionally, you must also notify FINRA (or the Exchange if you are not a member of FINRA) in writing of any change of address or other changes required to be made to your Form BD.

You will be notified by the Registration and Disclosure Department regarding sanctions if a suspension has been imposed and by the Nasdaq's Finance Department regarding the payment of any fine if a fine has been imposed.

**Global Execution Brokers, LP**

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If you have any questions concerning this matter, please call W. Kwame Anthony, Senior Counsel, at (646) 430-7030.



Eric S. Brown  
Chief Counsel, Legal Section  
Department of Market Regulation, FINRA

Signed on behalf of Nasdaq OMX BX, Inc.

Enclosure

FINRA District 9 – Philadelphia  
Michael Solomon  
Senior Vice President and Regional Director  
(Via e-mail)

**NASDAQ OMX BX, INC.**  
**LETTER OF ACCEPTANCE, WAIVER AND CONSENT**  
**NO. 20090198842-01**

TO: NASDAQ OMX BX, Inc.  
c/o Department of Market Regulation  
Financial Industry Regulatory Authority (“FINRA”)

RE: Global Execution Brokers, LP, Respondent  
Broker-Dealer  
CRD No. 126407

Pursuant to Chapter XXX of the Grandfathered Rules of NASDAQ OMX BX, Inc.<sup>1</sup> (the “Exchange”)<sup>2</sup> and Rule 9216 of the Exchange Code of Procedure, Global Execution Brokers, LP (the “Firm” or “GEBB”) submits this Letter of Acceptance, Waiver and Consent (“AWC”) for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, the Exchange will not bring any future actions against the Firm alleging violations based on the same factual findings described herein.

**I.**

**ACCEPTANCE AND CONSENT**

- A. GEBB hereby accepts and consents, without admitting or denying the findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of the Exchange, or to which the Exchange is a party, prior to a hearing and without an adjudication of any issue of law or fact, to the entry of the following findings by the Exchange:

**BACKGROUND**

GEBB became a Participant of the former Boston Options Exchange (“BOX”)<sup>3</sup> on February 5, 2004.

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<sup>1</sup> The applicable rules and authority for this action can be found in the By-Laws of NASDAQ OMX BX, Inc., the Rules of NASDAQ OMX BX and the Grandfathered Rules of the Exchange.

<sup>2</sup> Please note, for purposes of this AWC, “Exchange” includes NASDAQ OMX BX, Inc.

<sup>3</sup> BOX became a facility of NASDAQ OMX BX in August 2008.

## RELEVANT DISCIPLINARY HISTORY

The Chicago Board Options Exchange censured and fined GEBB \$5,000 for failing to systematize numerous option orders prior to representation and execution. Case No. 10-0011 (May 25, 2010).

### SUMMARY

In Matter Nos. 20090198842 and 20110266158, on behalf of BOX and several other markets, the staff of FINRA's Market Regulation Department's Trading and Market Making Surveillance section, now known as Trading and Financial Compliance Examinations ("TFCE"), conducted examinations of GEBB's trading activities, including its practices with respect to making and retaining order records in compliance with Rule 17a-3(a)(6)(i) of the Securities Exchange Act of 1934, and Chapter V, Section 15(a) and Chapter VIII, Section 1(a) of the Grandfathered Boston Options Exchange Group LLC Rules ("BOX Trading Rules").<sup>4</sup> From April 2009 through December 2011, GEBB violated these rules by failing to document the full terms and conditions of its brokerage orders. Specifically, the Firm omitted combinations of the order receipt time, the order transmission time, and designations as market order or limit order, held or not held, or solicited or unsolicited. In addition, GEBB violated Chapter XI, Section 10(a) of the BOX Trading Rules by failing to establish and implement written procedures for reviewing order tickets to ensure they had complied with federal securities laws and BOX Trading Rules. Finally, it violated Chapter III, Sections 1, (2)(a), and 2(a)(i) of the BOX Trading Rules by failing to institute adequate supervision to ensure its employees or associated persons had documented orders in a manner that complied with federal securities rules and BOX Trading Rules.

### FACTS AND VIOLATIVE CONDUCT

#### Failure to Maintain Complete and Accurate Order Records

1. Exchange Act Rule 17a-3(a)(6)(i) requires members of exchanges to make and keep current a memorandum of each brokerage order showing, among other things, the terms and conditions of the order or instructions, the time the order was received, the time the order is transmitted for execution, and the time of execution or cancellation.
2. Chapter V, Section 15(a) of the BOX Trading Rules required, among other things, that an Options Participant ensure that each order received from a customer was recorded on an order ticket and time-stamped immediately, time-stamped again on execution, and time-stamped at the time the customer modified or cancelled the order.

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<sup>4</sup> Although BOX is no longer a facility of NASDAQ OMX BX, the Grandfathered Rules and applicable Grandfathered BSE Rules continue applying to Options Participants subject to the jurisdiction of the Exchange for acts that occurred during the time that BOX was a facility of the Exchange.

3. Chapter VIII, Section 1(a) of the BOX Trading Rules required Option Participants to make, keep current and preserve books and records prescribed by BOX, the Exchange Act, and rules under the Exchange Act.

Matter No. 20090198842

4. The Market Regulation Department conducted an examination of the Firm's Order Flow Provider activity on BOX and reviewed a sample of the Firm's records for orders it had executed on multiple markets, including BOX, from April 15 to 17, 2009, September 14 to 19, 2009, and February 7 to 11, 2011.
5. Of the orders sampled, those executed on BOX contained the following deficiencies: (i) 23 failed to show order receipt times; (ii) 26 failed to designate the orders as market or limit orders; (iii) eight failed to indicate whether the orders were solicited or unsolicited; and (iv) 43 failed to state whether the orders were held or not held.
6. In addition, although GEBB's business model involves negotiating the execution of individual orders among itself, two of its affiliates, and its customer, its order records did not reflect any such agreements.
7. The conduct described in paragraphs five and six violated Exchange Act Rule 17a-3(a)(6)(i), as well as Chapter V, Section 15(a) and Chapter VIII, Section 1(a) of the BOX Trading Rules.

Matter No. 20110266158

8. TFCE examined a sample of records for orders the Firm had executed across multiple markets, including BOX, on December 12 and 13, 2011. Six of these orders were executed on BOX, and all six omitted the order receipt time. Instead, they showed the times at which the Firm had transmitted the orders to BOX for execution.
9. The conduct described in paragraph eight violated Exchange Act Rule 17a-3(a)(6)(i), as well as Chapter V, Section 15(a) and Chapter VIII, Section 1(a) of the BOX Trading Rules.

**Failure to Supervise**

10. GEBB failed to maintain written supervisory procedures with respect to compliance with Exchange Act Rule 17a-3(a)(6)(i), and Chapter V, Section 15(a) and Chapter VIII, Section 1(a) of the BOX Trading Rules. In addition, it failed to supervise adequately to ensure the firm complied with these rules.

### Inadequate Written Supervisory Procedures

11. Chapter XI, Section 10(a) required that a Participant provide for appropriate supervisory control and designate a general partner or executive officer to assume authority and responsibility for supervision and control of the organization and compliance with securities laws and regulations. Subsection (1) required appropriate written procedures of supervision and control, and subsection (2) required a separate system of follow-up and review to determine that the delegated authority and responsibility was properly exercised.
12. The Firm violated Chapter XI, Section 10(a) by failing to establish and implement written procedures providing for reviews to ensure the Firm documented the complete terms of orders. Before October 2011, the Firm's procedures failed to identify anyone responsible for reviewing order records, failed to identify the reviews they were to conduct, failed to state the frequency of the reviews of order records, and failed to state how the Firm would document the reviews. Once GEBB instituted a written supervisory procedure in October 2011 that provided for a review, the procedure was still deficient in that it failed to require the Firm's personnel to create and maintain a memorandum for each order that contained all the terms and conditions of the orders and the order receipt and transmission times.

### Inadequate Supervision

13. Among other things, Chapter III, Section 1 of the BOX Trading Rules required Options Participants to supervise associated persons to ensure compliance with federal securities laws and the BOX Trading Rules. Chapter III, Section 2(a) required Options Participants to be responsible for ensuring that the transaction of business on BOX complied with their obligations under relevant laws and BOX Rules. Chapter III, Section 2(a)(i) required firms to have adequate arrangements to ensure that all staff involved in the conduct of business on BOX were properly supervised.
14. GEBB violated Chapter III, Sections 1, 2(a), and 2(a)(i) by failing to ensure that its employees documented the complete terms of orders.

B. The Firm also consents to the imposition of the following sanctions:

A censure; and

A fine of \$14,000 (\$4,000 for the violations of the recordkeeping rules, \$4,000 for failing to establish adequate written supervisory procedures, and \$6,000 for failing to supervise.

GEBB agrees to pay the monetary sanctions upon notice that this AWC has been accepted and that such payments are due and payable. GEBB has submitted an Election of Payment form showing the method by which they propose to pay the fine imposed.

GEBB specifically and voluntarily waives any right to claim that it is unable to pay, now or at any time hereafter, the monetary sanctions imposed in this matter.

The sanctions imposed herein shall be effective on a date set by the staff.

## II.

### WAIVER OF PROCEDURAL RIGHTS

GEBB specifically and voluntarily waives the following rights granted under the Rules of the Exchange and the Exchange Code of Procedure:

- A. To have a Formal Complaint issued specifying the allegations against the Firm in writing;
- B. To be notified of the Formal Complaint and have the opportunity to answer the allegations in writing;
- C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made and to have a written decision issued; and
- D. To appeal any such decision to the Exchange Review Council and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, GEBB specifically and voluntarily waives any right to claim bias or prejudice of the Chief Regulatory Officer, the Exchange Review Council, or any member of the Exchange Review Council, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including acceptance or rejection of this AWC.

GEBB further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of Exchange Rule 9143 or the separation of functions prohibitions of Exchange Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

### III.

#### OTHER MATTERS

GEBB understands that:

- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by FINRA's Department of Market Regulation and the Exchange Review Council, the Review Subcommittee, or the Office of Disciplinary Affairs ("ODA"), pursuant to Exchange Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against GEBB; and
- C. If accepted:
  - 1. This AWC will become part of GEBB's permanent disciplinary record and may be considered in any future actions brought by the Exchange or any other regulator against the Firm;
  - 2. This AWC will be made available through FINRA's public disclosure program in response to public inquiries about GEBB's disciplinary record;
  - 3. The Exchange may make a public announcement concerning this agreement and the subject matter thereof in accordance with Exchange Rule 8310 and IM-8310-3; and
  - 4. GEBB may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. The Firm may not take any position in any proceeding brought by or on behalf of the Exchange, or to which the Exchange is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects GEBB's right to take legal or factual positions in litigation or other legal proceedings in which the Exchange is not a party.
- D. GEBB may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. GEBB understands that it may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute factual or legal findings by the Exchange, nor does it reflect the views of the Exchange or its staff.



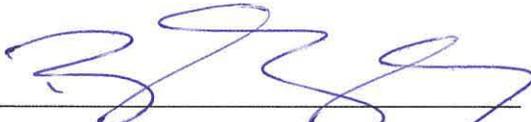
**ELECTION OF PAYMENT FORM**

GEBB intends to pay the fine proposed in the attached AWC by the following method (check one):

- A Firm check or bank check for the full amount;
- Wire transfer;
- The installment payment plan.<sup>5</sup>
  - Monthly
  - Quarterly

Respectfully submitted,  
Global Execution Brokers, LP, Respondent

10/16/14  
Date

By:   
Name: Brian Spink  
Title: Asst. Secretary

<sup>5</sup> The installment payment plan is only available for a fine of \$50,000 or more. Certain requirements apply.