



2015 Disciplinary Actions as of December 17, 2015

The following is a list of disciplinary actions that have resulted in the imposition of penalties for violations of specified provisions of the federal securities laws and/or the Constitution and Rules of the Exchange. New actions are added to the list as and when they are finalized.

A. Disciplinary Sanctions Imposed Pursuant to BOX Rule 12140, Imposition of Fines for Minor Rule Violations:

- KCG Americas LLC ("KCG") was fined \$500 for a first instance violation of BOX Rule 15010, Order Protection. During the period of May 2013 through July 2013, KCG traded through the National Best Bid or Offer ("NBBO") without simultaneously routing orders to the best bids or offers of options exchanges with superior quotes on approximately 26 occasions.

B. Disciplinary Sanctions Imposed Pursuant to BOX Rule 10230, Letters of Consent:

- Merrill Lynch Professional Clearing Corp. ("Merrill Pro") was censured and fined \$55,000, of which \$5,000 was payable to BOX. During the review period between May 2012 and April 2013, Merrill Pro had been incorrectly marking sell orders as "long" rather than "short" as a result of the order marking system employed by the Firm's Automated Market Making desk failing to account for open, unexecuted sell orders in its calculation when marking a sell order as "long" or "short". This conduct constituted separate and distinct violations of SEC Rule 200(g). Additionally, during the review period, Merrill Pro failed to have sufficient supervisory controls in place, including sufficient written supervisory procedures and an adequate supervisory system, and system of follow-up and review, designed to achieve compliance with SEC Rule 200(g). This conduct constitutes a violation of BOX Rule 7000(c)(4).
- Merrill Lynch Professional Clearing Corp. ("Merrill Pro") was censured and fined \$45,000 for violating BOX Rules 9000(d)(2) and (3), and 3070. During the review period between December 2012 and September 2013, the FINRA staff concluded that Merrill Pro had failed to timely submit EEDs or revised EEDs on behalf of its customers by the 7:30 p.m. cut-off time and to process EEDs that had been timely submitted by its customers for submission to the Options Clearing Corporation ("OCC"). Additionally, the FINRA staff

concluded that Merrill Pro had failed to adhere to, or supervise compliance with, its own written supervisory procedures regarding the processing of EED instructions received from its customers. This conduct constitutes a violation of BOX Rules 9000(d)(2) and (3), and 3070.

- COR Clearing LLC (“COR”) was censured and fined \$15,000 for violating BOX Rules 3150 and 3070. During the review period between May 14, 2012 through December 31, 2013, FINRA Staff concluded that in 6,674 instances, COR reported records to the OCC Large Options Position Report (“LOPR”) with “No City”; in 966 instances, it reported records to the OCC LOPR with the account name field incorrectly populated; and in 123 instances, it reported records to the OCC LOPR in the wrong account type. COR also did not have adequate procedures to ensure compliance with LOPR reporting rules; specifically, COR had no system in place during the review period to ensure that the customer account information that was provided to it by its introducing brokers and subsequently included in its LOPR reports was complete and accurate.
- Wolverine Execution Services, LLC (“Wolverine”) was censured and fined \$75,000 for violating BOX Rules 15010 and 7000(c)(4). During the review period between June 12, 2013 and September 12, 2013, Wolverine traded through the NBBO without simultaneously routing orders to the best bids or offers of options exchanges with superior quotes on approximately 352 occasions. This conduct constitutes a violation of BOX Rule 15010. Wolverine also failed to maintain an adequate system of supervision, including adequate written supervisory procedures and effective monitoring, reasonably designed to achieve compliance with Exchange rules and requirements relating to the avoidance of trade-throughs. This conduct constitutes a violation of BOX Rule 7000(c)(4).
- Jefferies LLC (“Jefferies”) was censured, fined \$10,000 and required to complete a supervisory undertaking for violating BOX Rules 3150 and 3070. During the review period between May 14, 2012 and December 31, 2013, Jefferies failed to report and/or inaccurately reported positions to the OCC LOPR in approximately 6,066 instances. In addition, during the period between May 14, 2012 and November 2015, Jefferies failed to establish and maintain adequate supervisory procedures, including written supervisory procedures and an adequate system of follow-up and review, reasonably designed to ensure compliance with the proper reporting of positions on the LOPR.