

**NASDAQ ISE, LLC
NOTICE OF ACCEPTANCE OF AWC**

Via Certified Mail, Return Receipt Requested

**TO: Tullett Prebon Financial Services LLC
Daniel Bardelli
Director of Compliance
200 Vesey Street, 5th Floor
New York, NY 10281**

**FROM: Nasdaq ISE, LLC (“ISE”) (the “Exchange”)
c/o Financial Industry Regulatory Authority (“FINRA”)
Department of Enforcement
15200 Omega Drive, Suite 300
Rockville, MD 20850**

DATE: November 14, 2019

RE: Notice of Acceptance of Letter of Acceptance, Waiver and Consent No. 2017053132902

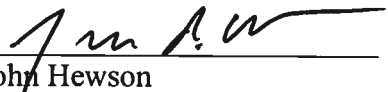
Please be advised that your above-referenced Letter of Acceptance, Waiver and Consent (“AWC”) has been accepted on **October 18, 2019** by the Exchange Review Council’s Review Subcommittee, or by the Office of Disciplinary Affairs on behalf of the Exchange Review Council, pursuant to Nasdaq ISE Rule 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 Exchange’s Finance Department regarding the payment of any fine if a fine has been imposed.

Tullett Prebon Financial Services LLC.
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If you have any questions concerning this matter, please contact me at (646) 430-7041.



John Hewson
Senior Counsel
Department of Enforcement, FINRA

Signed on behalf of Nasdaq ISE, LLC.

Enclosure

FINRA District 10 – New York
William St. Louis
Senior Vice President and Regional Director
(Via email)

NASDAQ ISE, LLC
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20170531329-02

TO: Nasdaq ISE, LLC
c/o Department of Enforcement
Financial Industry Regulatory Authority (“FINRA”)

RE: Tullett Prebon Financial Services LLC, Respondent
Broker-Dealer
CRD No. 28196

Pursuant to Rule 9216 of the Nasdaq ISE, LLC (“ISE”) Code of Procedure,¹ Tullett Prebon Financial Services LLC (the “Firm”) 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, ISE will not bring any future actions against the Firm alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. The Firm 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 ISE, or to which ISE 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 ISE:

BACKGROUND

The Firm registered with FINRA on April 12, 1991 and became a member of ISE on July 30, 2009. Its registration was terminated on July 11, 2019. The Firm is headquartered in New York, New York and maintains eight branch offices. It currently has 341 registered representatives. The Firm does not have any prior relevant disciplinary history

SUMMARY

1. The Financial Industry Regulatory Authority’s (“FINRA”) Trading and Financial Compliance Examinations staff (the “Staff”) within the Department of Market Regulation, on behalf of ISE and other options exchanges, conducted a review of the manual options order tickets handled by the Firm during the period between July 17, 2017 and July 21, 2017 (the “Exam Review Period”).
2. During the Exam Review Period, the Firm failed to accurately record the order receipt times of manual options orders it had routed to ISE and other national securities

¹ Series 9000 of the Nasdaq BX, Inc. Rules are incorporated by reference into the Nasdaq ISE Rules Chapter 90, and are thus Nasdaq ISE Rules and thereby applicable to Nasdaq ISE Members, Associated Persons, and other persons subject to Nasdaq ISE’s jurisdiction.

exchanges for execution in violation of Rule 17a-3(a)(6)(i) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act") and ISE Rule 1400. From July 2017 through July 10, 2019 (the "Supervisory Review Period"), the Firm also violated ISE Rule 401 (for conduct prior to June 6, 2019) and ISE Rule Options 9, Section 2 (for conduct on or after June 6, 2019) by failing to establish, maintain, and enforce written supervisory procedures ("WSPs") and a system of supervision that was reasonably designed to assure compliance with the applicable recordkeeping provisions of the federal securities laws and ISE rules that require the accurate documentation of the order receipt times of options orders.

FACTS AND VIOLATIVE CONDUCT

3. The recordkeeping provisions of the federal securities laws and ISE rules are designed to ensure that regulators have access to certain basic information about securities transactions. Access to transaction records serve as an essential component for effective surveillance and examination of broker-dealers by ISE and other self-regulatory organizations.
4. Section 17 of the Exchange Act and Rule 17a-3(a)(6)(i) promulgated thereunder require broker-dealers, such as the Firm, to create a brokerage order ticket of each brokerage order, and of any other instruction, given or received for the purchase or sale of securities, whether executed or unexecuted. In relevant part, the rule requires the brokerage order ticket to show, among other things, the terms and conditions of the order or instructions, the time the order was received, the time the order was entered; and the time of execution, cancellation or modification. Such records must be accurate.
5. ISE Rule 1400(a) requires each Member to make, keep current and preserve such books and records as ISE may prescribe and as may be prescribed by the Exchange Act and the rules and regulations thereunder.
6. ISE Rule 401 (for the period ending on June 5, 2019) and ISE Rule Options 9, Section 2 (for the period on or after June 6, 2019) provide that "[n]o Member shall engage in conduct in violation of the Exchange Act, the By-Laws or the Rules of the Exchange, or the rules of the Clearing Corporation insofar as they relate to the reporting or clearance of any Exchange Transaction, or any written interpretation thereof. Every Member shall so supervise persons associated with the Member as to assure compliance therewith."
7. During 2017, the Firm handled approximately 6,520 manual options orders, approximately 3,176 of which it routed to ISE for execution. A sample of 29 manual options orders routed to various options exchanges were reviewed for timestamp accuracy.
8. From a sample of 29 manual options orders routed to options exchanges for execution during the Exam Review Period, the Firm did not maintain an accurate record of the

order receipt time for 21 (approximately 72%) of the sampled options orders. Of these 21 orders, 14 were executed on the Exchange.

9. The conduct described in paragraph eight constitutes violations of Rule 17a-3(a)(6)(i) promulgated under the Exchange Act and ISE Rule 1400.
10. During the Supervisory Review Period, the Firm also failed to establish and maintain WSPs and a supervisory system that were reasonably designed to assure compliance with, and to detect and prevent violations of, the recordkeeping provisions of the federal securities laws and ISE rules that require the accurate documentation of the order receipt times of options orders. The Firm's WSPs and supervisory system provided that it must keep accurate and complete records of manual options orders that were routed to exchanges. The WSPs also established that the Firm was to conduct a daily review of the completeness of its order records. However, the WSPs did not establish the manner in which the review was to be completed. For example, the WSPs did not detail the elements that a Firm supervisor must review (i.e. receipt times, transmission times, execution times or cancellations and modifications). Additionally, the WSPs did not specify how many orders should be reviewed. Finally, the Firm did not produce any evidence to demonstrate that it actually conducted daily reviews of its order tickets.
11. The conduct described in paragraph ten constitutes a violation of ISE Rule 401 (for conduct prior to June 6, 2019) and ISE Rule Options 9, Section 2 (for conduct on or after June 6, 2019).

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

1. A censure; and
2. A fine of \$75,000, of which \$37,500 shall be paid to the Exchange.²

Acceptance of this AWC is conditioned upon acceptance of a similar settlement agreement in a related matter between the Firm and NYSE American LLC.

The Firm agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. It has submitted a Payment Information form showing the method by which it proposes to pay the fine imposed.

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

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

² The balance of the fine shall be paid to NYSE American LLC.

II.

WAIVER OF PROCEDURAL RIGHTS

The Firm specifically and voluntarily waives the following rights granted under ISE's Code of Procedure:

- A. To have a Formal Complaint issued specifying the allegations against the Firm;
- 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, the Firm specifically and voluntarily waives any right to claim bias or prejudgment 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.

The Firm further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of Rule 9143 or the separation of functions prohibitions of 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

The Firm 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 Enforcement and the Exchange Review Council, the Review Subcommittee, or the Office of Disciplinary Affairs ("ODA"), pursuant to ISE Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against the Firm; and

- C. If accepted:
1. This AWC will become part of the Firm's permanent disciplinary record and may be considered in any future actions brought by ISE or any other regulator against the Firm;
 2. ISE may release this AWC or make a public announcement concerning this agreement and the subject matter thereof in accordance with ISE Rule 8310 and IM-8310-3;³ and
 3. The Firm 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 ISE, or to which ISE is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects the Firm's right to take legal or factual positions in litigation or other legal proceedings in which ISE is not a party.
- D. The Firm may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. The Firm 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 ISE, nor does it reflect the views of the Exchange or its staff.

³ Series 8000 of the Nasdaq BX, Inc. Rules are incorporated by reference into the Nasdaq ISE Rules Chapter 80, and are thus Nasdaq ISE Rules and thereby applicable to Nasdaq ISE Members, Associated Persons, and other persons subject to Nasdaq ISE's jurisdiction.

The undersigned, on behalf of the Firm, certifies that a person duly authorized to act on its behalf has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that it has agreed to the AWC's provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce the Firm to submit it.

Oct. 15, 2019
Date

Tullett Prebon Financial Services LLC
Respondent

By: Tom Bwitz
Name Tom Bwitz
Title Senior Managing Director

Reviewed by:

Counsel for Respondent
Firm Name
Address
City/State/Zip
Phone Number

Accepted by ISE:

10/18/19
Date

John P. Hewson
John P. Hewson
Senior Counsel
Department of Enforcement

Signed on behalf of ISE, by delegated
authority from the Director of ODA

PAYMENT INFORMATION

For firms, the fine and/or disgorgement amount will be reflected on an upcoming invoice and will be direct debited from the account for your firm that the Exchange currently has on file. **Please DO NOT submit payment at this time.**

Please inform your finance or applicable department of this forthcoming debit.

For individuals, and for firms that would like to arrange for an alternative method of payment, please enter the billing contact information below and the Exchange's Billing Department will contact you. **Otherwise, please leave the following information blank.**

Billing Contact Name: _____

Billing Contact Address: _____

Billing Contact Email: _____

Billing Contact Phone Number: _____

Respectfully submitted,

Respondent

Tullett Prebon Financial Services LLC

Oct 15, 2019

Date

By: 

Name: Tomowitz

Title: Senior Managing Director

STAR No. 20170531329 (JPH)