

**THE NASDAQ STOCK MARKET LLC
NOTICE OF ACCEPTANCE OF AWC**

Certified, Return Receipt Requested

**TO: Chimera Securities, LLC
Mr. Jason Malkin
Chief Compliance Officer
27 Union Square West
4th Floor
New York, NY 10003**

**FROM: The NASDAQ Stock Market LLC ("Nasdaq")
c/o Financial Industry Regulatory Authority ("FINRA")
Department of Enforcement
9509 Key West Avenue
Rockville, MD 20850**

DATE: October 4, 2017

RE: Notice of Acceptance of Letter of Acceptance, Waiver and Consent No. 20150442333-03

Please be advised that your above-referenced Letter of Acceptance, Waiver and Consent ("AWC") has been accepted on **October 4, 2017** by the Nasdaq Review Council's Review Subcommittee, or by the Office of Disciplinary Affairs on behalf of the Nasdaq Review Council, pursuant to Nasdaq 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 NASDAQ 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 NASDAQ's Finance Department regarding the payment of any fine if a fine has been imposed.

Chimera Securities, LLC
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If you have any questions concerning this matter, please contact Theresa Clarkson, Senior Counsel, at (212) 858-4326.



Eric S. Brown
Chief Counsel
Department of Enforcement, FINRA

Signed on behalf of NASDAQ

Enclosure

FINRA District 10 – New York
Michael Solomon
Senior Vice President and Regional Director
(Via e-mail)

Counsel for Respondent
Jason Milken
Founder, Managing Partner
Chimera Securities, LLC
27 Union Square West, 4th Floor
New York, NY 10003

THE NASDAQ STOCK MARKET LLC
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20150442333-03

TO: The NASDAQ Stock Market LLC
c/o Department of Market Regulation
Financial Industry Regulatory Authority (“FINRA”)

RE: Chimera Securities, LLC, Respondent
Broker-Dealer
CRD No. 147566

Pursuant to Rule 9216 of The NASDAQ Stock Market LLC (“Nasdaq”) Code of Procedure, Chimera Securities, LLC (“WMRA” or 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, Nasdaq 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 Nasdaq, or to which Nasdaq 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 Nasdaq:

BACKGROUND

WMRA has been registered with the Securities and Exchange Commission since July 2, 2008. WMRA is not a member of the Financial Industry Regulatory Authority (“FINRA”), but has been a member of Nasdaq since June 19, 2014. WMRA is a proprietary trading firm that has no customers. WMRA has no relevant disciplinary history.

SUMMARY

1. In Matter No. 20150442333, the staff of FINRA’s Department of Market Regulation (the “staff”) initially conducted a 2015 Trading and Financial Compliance Examination (“TFCE”) on behalf of several equities exchanges, and reviewed, among other things, trade activity and firm records for trade dates July 28 and 29, 2015. As a result of this examination and initial findings, the period of review was ultimately expanded to include the period between June 2014 and February 2016 (the “review period”). Capacity codes are important because, among other things, their inaccuracy could impact certain cross-market surveillances (i.e., wash trading and intra-day manipulation). Based on its review, Staff found that the firm failed to comply with order marking requirements as set forth in Nasdaq Rule 4611 and related supervision rules during the review period.

FACTS AND VIOLATIVE CONDUCT

2. During the review period, as a result of its failure to reset a default once it had gained the capability to directly access the equities markets, the firm submitted inaccurate information to multiple equity exchanges by entering “Principal” orders as “Agency” orders in a total of more than 17 million instances, of which approximately 11,987,645 were submitted to Nasdaq; this represented 100% of the firm’s orders entered into Nasdaq by the firm during the review period.¹ The foregoing conduct constituted separate and distinct violations of Nasdaq Rule 4611(a)(6).

3. During the review period, the firm’s supervisory system and written supervisory procedures (“WSPs”) did not provide for supervision reasonably designed to ensure compliance with certain applicable securities laws and regulations, Nasdaq rules, and federal rules and regulations, including with respect to submission of accurate capacity codes on orders submitted to Nasdaq. Specifically, the firm’s supervisory system did not include WSPs that provided for: (i) the identification of the person(s) responsible for supervision with respect to the applicable rules; (ii) a statement of the supervisory step(s) to be taken by the identified person(s); (iii) a statement as to how often such person(s) should take such step(s); and (iv) a statement as to how the completion of the step(s) included in the procedures should be documented. Accordingly, the firm’s WSPs were inadequate because they failed to ensure compliance with the requirements for trade reporting of capacity codes for orders entered into Nasdaq. The foregoing conduct violated Nasdaq Rules 3010 and 2010A.

Other Considerations

In determining to resolve this matter on the basis set forth herein, Nasdaq took into consideration that the firm was in the process of detecting and reviewing the subject activity when the staff began reviewing the specific activity, and thereafter the firm promptly enhanced its systems and supervisory procedures to ensure correct marking of its proprietary orders sent to the Nasdaq Marketplace.

- B. The firm also consents to the imposition of the following sanctions:
1. a censure; and
 2. a fine in the amount of \$45,000, of which \$27,500 shall be paid to Nasdaq.

Acceptance of this Offer of Settlement is conditioned upon acceptance of similar settlement agreements in related matters between the Firm and each of the following self-regulatory organizations: NYSE Arca, Inc. and Bats EDGX Exchange, Inc.

The firm agrees to pay the monetary sanction(s) in accordance with its executed Election of Payment Form.

¹ These inaccuracies impacted certain cross-market surveillances, but there was no identified market impact or harm to market participants.

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(s) imposed in this matter.

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

II.

WAIVER OF PROCEDURAL RIGHTS

The firm specifically and voluntarily waives the following rights granted under Nasdaq'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 Nasdaq 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 prejudice of the Chief Regulatory Officer, the Nasdaq Review Council, or any member of the Nasdaq 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 Market Regulation and the Nasdaq Review Council, the Review Subcommittee, or the Office of Disciplinary Affairs ("ODA"), pursuant to Nasdaq 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 Nasdaq or any other regulator against the firm;
 - 2.** Nasdaq may release this AWC or make a public announcement concerning this agreement and the subject matter thereof in accordance with Nasdaq Rule 8310 and IM-8310-3; 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 Nasdaq, or to which Nasdaq 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 Nasdaq 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 Nasdaq, nor does it reflect the views of Nasdaq or its staff.


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.

9/19/17

Date

Chimera Securities, LLC

Respondent


By: 
Name: Jason Malkin
Title: CCO

Reviewed by:

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

Accepted by Nasdaq:

10/4/2017
Date



Eric S. Brown
Chief Counsel
Department of Market Regulation

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

ELECTION OF PAYMENT FORM

The firm intends to pay the fine proposed in the attached Letter of Acceptance, Waiver and Consent by the following method (check one):

- A firm check or bank check for the full amount
- Wire transfer

Respectfully submitted,

Respondent

Chimera Securities, LLC

9/19/17
Date

By: [Signature]
Name: Jason Malkin
Title: CCO

Billing and Payment Contact

Please enter the billing contact information below. Nasdaq MarketWatch will contact you with billing options and payment instructions. *Please DO NOT submit payment until Nasdaq has sent you an invoice.*

Billing Contact Name: Jason Malkin
Billing Contact Address: 27 Union Sq. West 4th Fl. NY, NY 10003
Billing Contact Email: Jason.Malkin@chimeraSecurities.com
Billing Contact Phone Number: 646-597-6145