



Notice, Pursuant to Exchange By-law 18-2, of Disciplinary Action Against Group One Trading, LP, Member Organization

To: Members, Member Organizations, Participants and Participant Organizations
From: John C. Pickford, Enforcement Counsel, NASDAQ OMX PHLXSM
DATE: March 15, 2012

Enforcement No. 2012-03

On March 14, 2012, the Business Conduct Committee (the "Committee") issued a disciplinary decision against Group One Trading, LP ("Group One"), a member organization of the Exchange. In response to a Statement of Charges issued in this action, Group One submitted an Offer of Settlement, Stipulation of Facts and Consent to Sanctions ("Offer"). Solely to settle this proceeding, and without admitting or denying the charges, Group One consented to findings that it violated Exchange Rule 1014(b)(ii)(D)(1) and (2) by failing to quote continuously, two-sided markets in multiple options, thereby resulting in multiple failures. Specifically, the firm; (i) acting as a Streaming Quote Trader failed to quote continuously, two sided market in multiple options thereby resulting in 837 failures to quote in at least 60% of the series in those options and failed to quote the series 90% of the trading day 599 times during the period; (ii) acting as a Directed Remote Streaming Quote Trader failed to quote continuously, two-sided markets in multiple options, thereby resulting in 3,814 failures to quote in the lesser of 99% of the series listed on the Exchange or 100% of the series listed on the Exchange minus one call-put pair, in each case in at least 60% of the options in which the firm was assigned; (iii) acting as a Specialist failed to quote continuously, two-sided markets in multiple options, thereby resulting in 474 failures to quote the lesser of 99% of the series or 100% of the series minus one call-put pair in which the firm was assigned and failed to quote the series 90% of the trading day 36 times during the period. Group One's Offer was accepted by the Committee and was the basis of its Decision.

The Committee found that Group One violated Exchange Rule 1014(b)(ii)(D)(1) and (2), concurred in the sanctions consented to by it, and ordered the imposition of the following sanctions: (i) a censure and (ii) a fine of \$25,000.

For more information, contact:

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