



Notice of Disciplinary Action against Goldman, Sachs & Co., Member Organization

To: Members, Member Organizations, Participants and Participant Organizations

From: John C. Pickford, Assistant General Counsel, NASDAQ PHLXSM

DATE: July 18, 2016

Enforcement No. 2016-06
FINRA No. 20140426446

On July 15, 2016, the Business Conduct Committee (the "Committee") of the NASDAQ PHLX LLC ("PHLX" or the "Exchange") issued a disciplinary decision against Goldman, Sachs & Co. ("Goldman" or the "Firm"), a member organization of the Exchange. In response to a Statement of Charges issued in this action, Goldman submitted an Offer of Settlement. Solely to settle this proceeding, and without admitting or denying the charges, Goldman consented to findings that during the period between August 13, 2014 and August 15, 2014 (the "Review Period"), it violated Exchange Rules 1001 and 748(h). Specifically, Goldman consented to findings that it had effected transactions in an options position that resulted in one of the Firm's customers exceeding the applicable position limit of 250,000 contracts on the bearish side of market for three consecutive trading days. The failure to detect, on the day following the first trading day, that the customer's position was within the designated threshold of the applicable position limit and to notify the Firm's designated coverage personnel and customer of the issue violated the Firm's written supervisory procedures ("WSPs").

Additionally, Goldman consented to findings that it had failed to establish, maintain and enforce WSPs, and a system of supervision, that were reasonably designed to achieve compliance with the Exchange's position limit rule. Specifically, the timing and review of the Firm's position limit reports under its WSPs were not reasonably calculated to timely detect position limit overages from the trade date, notify its customers of such overages, or take prophylactic measures to reduce overages and prevent further overages.

The Committee found that Goldman had violated Exchange Rules 1001 and 748(h), and ordered the imposition of the following sanctions against Goldman: (i) a censure; (ii) a fine in the amount of \$25,000; and (iii) an undertaking by Respondent, within 60 days of the issuance of a Decision by the Committee, to: (a) formulate and submit to the Exchange, in care of FINRA's Market Regulation Department, 1835 Market Street, Suite 1900, Philadelphia, PA, 19103, a plan detailing what remedial actions it intends to take to correct the supervisory deficiencies identified in Paragraph 5 above; (b) provide a deadline by which such actions will be implemented; and (c) within 30 days of its implementation of such corrective actions: (i) revise its WSPs and supervisory system to reflect the corrective actions taken; and (ii) submit to the Exchange, a signed, dated letter certifying completion of the aforementioned undertaking and enclosing a copy of the relevant excerpts of the revised WSPs.

For more information, contact:

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