



Notice of Disciplinary Action against G-2 Trading, LLC, Member Organization, and David S. Abramson, Chief Operating Officer of G-2 Trading, LLC

To: Members, Member Organizations, Participants and Participant Organizations

From: John C. Pickford, Enforcement Counsel, NASDAQ OMX PHLXSM

DATE: December 20, 2013

Enforcement No. 2013-06 FINRA No. 20100242780

On December 20, 2013, the Business Conduct Committee (the "Committee") issued a disciplinary decision against G-2 Trading, LLC ("G-2"), a member organization of the Exchange, and David S. Abramson, G-2's Chief Operating Officer. In response to a Statement of Charges issued in this action, G-2 and Abramson 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, G-2 and Abramson consented to findings that during the period between January 1, 2010 and December 31, 2010, they had violated Section 15(a)(1) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Exchange Rules 603 and 707 by, among other things: (i) causing a non-broker-dealer entity to operate as an unregistered broker-dealer by sharing with the entity remunerations derived from trading-related revenues at G-2's Westport, Connecticut Branch Office (the "Westport Office"); (ii) sharing and jointly occupying the Westport Office with an entity that was not a member of the Exchange and that operated a chat room without requesting or securing the requisite approval or waiver from the Exchange to enter or maintain the joint occupancy; and (iii) failing to detect the presence of several individuals in the Westport Office who were not employed by or otherwise associated with G-2, or failing to detect and prevent such individuals from trading securities for their personal accounts while physically present at the Westport Office without being registered with the Exchange.

Additionally, G-2 and Abramson consented to findings that they had violated Exchange Rule 748(g) by failing to: (i) implement controls reasonably designed to prevent and detect, and failing to supervise the Westport Office, its Branch Manager and the activities of traders in the Westport Office with a view toward preventing and detecting: (a) the payment of transaction-based compensation to an unregistered broker-dealer; (b) violations of G-2's written supervisory procedures ("WSPs") prohibiting third-party funding of trading accounts and participation by its associated persons in internet chat rooms; and (c) joint occupancy of the Westport Office with a non-member firm and unregistered persons; and (ii) establish, maintain and enforce WSPs, and a system of supervision, that reasonably: (a) addressed the supervisory responsibilities of the Branch Manager of the Westport Office; (b) apprised the Branch Manager, and reviewed or oversaw the Manager's performance, of his supervisory responsibilities; and (c) provided for ongoing supervision of the Westport Office during the Branch Manager's absence.

The Committee found that G-2 and Abramson had violated Section 15(a)(1) of the Exchange Act and Exchange Rules 603, 707 and 748(g), concurred in the sanctions consented to by them, and ordered the imposition of the following sanctions: (i) a censure; (ii) a joint and several fine in the amount of \$100,000; and (iii) a 20-day supervisory suspension against Abramson.

For more information, contact:

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