



Notice of Disciplinary Action against Merrill Lynch Professional Clearing Corp., a Member Organization

To: Members, Member Organizations, Participants and Participant Organizations
From: John C. Pickford, Assistant General Counsel, NASDAQ OMX PHLXSM
DATE: June 23, 2015

FINRA Matter No. 20130366433
Enforcement No. 2015-03

On June 8, 2015, the Business Conduct Committee (the "Committee") issued a disciplinary decision against Merrill Lynch Professional Clearing Corp. ("Merrill Pro" or the "Firm"), a member organization of the Exchange. In response to a Statement of Charges issued in this action, Merrill Pro submitted an Offer of Settlement, Stipulation to Findings and Consent to Sanctions ("Offer"). Solely to settle this proceeding, and without admitting or denying the charges, Merrill Pro stipulated to findings that during the review period of July 2011 through April 2013, Merrill Pro violated certain federal securities laws and regulations and Exchange rules.

Specifically, during the review period, on 20 separate trade dates, out of a sample of orders reviewed where Merrill Pro's position had changed from "long" to "short" during the trading day, Merrill Pro marked 30 short sale orders as "long" rather than "short" in violation of Rule 200(g) of Regulation SHO. Additionally, during the review period, Merrill Pro violated Exchange Rule 748, by failing to have sufficient supervisory controls in place designed to achieve compliance with SEC Rule 200(g).

The Offer submitted by Merrill Pro was accepted by the Committee and was the basis of its Decision. The Committee found that Merrill Pro had violated Rule 200(g) of Regulation SHO and Exchange Rule 748. The Committee concurred in the sanctions consented to by Merrill Pro, and ordered the imposition of the following sanctions: (i) a censure; and (ii) a total fine of \$55,000, of which \$10,000 shall be paid to the Exchange. Merrill Pro will pay the balance of its fine to BOX Options Exchange LLC, NYSE Arca, Inc., The Nasdaq Options Market LLC, International Securities Exchange LLC, and NYSE MKT LLC.

For more information, contact:

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