



Notice, Pursuant to Exchange By-law 18-2, of Disciplinary Action Against Madison Proprietary Trading Group, LLC, Member Organization

To: Members, Member Organizations, Participants and Participant Organizations

From: Mark Schepps, Chief Enforcement Counsel, NASDAQ OMX PHLXSM

DATE: March 17, 2009

NASDAQ OMX PHLX No. 09-03 Enforcement No. 2009-05

On March 12, 2009, the Business Conduct Committee (the "Committee") issued a disciplinary decision against Madison Proprietary Trading Group, LLC ("Madison"), a member organization of the Exchange. In response to a Statement of Charges issued in this action, Madison 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, Madison consented to findings that it violated Sections 15 and 17 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), Rules 15b3-1, 15c3-1(a), 17a-3 and 17a-5 promulgated thereunder, and Exchange Rules 703, 748, 760, and 761, by failing to: (i) maintain, on two separate dates, the minimum required amount of net capital while engaging in a securities business; (ii) keep accurate books and records and file accurate reports with the Exchange; (iii) properly amend its Form BD in the Central Registration Depository database maintained by the Financial Industry Regulatory Authority; (iv) include, document and review the Covered Accounts on, and execute and return, the ITSFEA Accounts Lists of one or more traders and/or their household members; and (v) establish, maintain and enforce adequate written supervisory procedures, and a system for applying such procedures, with respect to, among other things: (i) supervision of its moment-to-moment net capital computations; (ii) its risk management system; (iii) the requirement to conduct and file an annual audit; (iv) tracking and ensuring compliance by its associated persons with the Exchange's continuing education program; (v) compliance with the order marking requirements of Rule 200(g) of Regulation SHO promulgated under the Exchange Act; and (vi) the designation of a Compliance Offer. Madison's Offer was accepted by the Committee and was the basis of its decision.

The Committee found that Madison violated Sections 15 and 17 of the Exchange Act, Rules 15b3-1, 15c3-1(a), 17a-3, and 17a-5 promulgated thereunder, and Exchange Rules 703, 748, 760, and 761, concurred in the sanctions consented to by it, and ordered the imposition of the following sanctions: (i) a censure and (ii) a fine of \$5,000..

For more information, contact:

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