



Notice of Disciplinary Action against BMack Trading, LLC and William T. McCormack, Former Associated Persons of Husky Trading, LLC, a Former Member Organization

To: Members, Member Organizations, Participants and Participant Organizations

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

DATE: June 30, 2015

Enforcement No. 2014-19 FINRA No. 20100232558

On June 27, 2015, the Business Conduct Committee (the "Committee") of the NASDAQ OMX PHLX LLC (the "Exchange") issued a disciplinary decision against BMack Trading, LLC ("BMack Trading"), a New Jersey-registered limited liability corporation and former associated person of Husky Trading, LLC ("Husky Trading"), and William T. McCormack ("McCormack") (collectively, the "Respondents"), the President and an owner of BMack Trading and a former clerk and associated person of Husky Trading. In response to a Statement of Charges issued in this action, BMack Trading and McCormack 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, BMack Trading and McCormack consented to findings that during the period between October 1, 2009 and October 31, 2010 (the "Review Period"): (i) BMack Trading had violated, and McCormack had caused BMack to violate, Section 15(a)(1) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"); and (ii) Respondents had violated Exchange Rule 707.

Specifically, Respondents consented to findings that during the Review Period, pursuant to an independent contractor agreement with Husky Trading, and without being registered as a broker-dealer with the Securities and Exchange Commission, BMack Trading, acting through McCormack: (i) solicited options orders from, and showed options orders to, broker-dealers and market makers for execution by Husky Trading; and (ii) operated as an unregistered broker-dealer through the receipt of commissions on the options transactions executed by Husky Trading.

Additionally, Respondents consented to findings that that BMack Trading made various representations through its website concerning its business, expertise and services that are customarily performed by, or associated with, registered broker-dealers, even though it had not been registered as a broker-dealer. Among other things, BMack Trading represented that it: (i) was an "equity options brokerage firm"; (ii) offered its "clients an aggressive cost structure, superior service and timeliness of execution"; (iii) offered clients "reliable executions and confirmations"; (iv) worked with "all types of customers", including investment banks, proprietary trading desks, market makers and hedge funds; and (v) solicited new customers and strove to become their leading brokerage partner.

The Committee found that BMack Trading had violated, and McCormack had caused BMack Trading to violate, Section 15(a)(1) of the Exchange Act, and that Respondents had engaged in conduct inconsistent with just and equitable principles of trading in violation of Exchange Rule 707. The Committee concurred in the sanctions consented to by, and ordered the imposition of the following sanctions against, the Respondents: (i) a censure; and (ii) a joint and several fine in the amount of \$5,000.

For more information, contact:

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