



## Notice of Disciplinary Action Against D&D Securities, Inc., a Member Organization, and Norman Jack Boyd, an Associated Person of D&D Securities, Inc.

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**To:** Members, Member Organizations, Participants and Participant Organizations

**From:** John C. Pickford, Enforcement Counsel, NASDAQ OMX PHLX<sup>SM</sup>

**DATE:** November 19, 2014

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### FINRA Matter Nos. 20100214169 et al

On November 14, 2014, the Business Conduct Committee (the "Committee") issued a disciplinary decision against D&D Securities, Inc. ("D&D" or the "Firm"), a member organization of the NASDAQ OMX PHLX LLC ("PHLX" or the "Exchange"), and Norman Jack Boyd ("Boyd"), a floor broker with the Firm. In response to a Statement of Charges issued in this action, D&D and Boyd 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, D&D and Boyd consented to findings that during the period between July 2009 and November 2012 (the "Review Period"), D&D had committed violations of Exchange Rules 119, 120, 707, 748(g), 1014, 1051(a), 1063, Commentary .02, 1067, and 1084, and Boyd had committed violations of Exchange Rules 707 and 1063, Commentary .02.

Specifically, D&D consented to findings that during the Review Period, it had: (i) executed 112 options transactions that traded through the Exchange's Best Bid and Offer ("PBBO") and/or the National Best Bid and Offer ("NBBO") markets, or traded ahead of customer orders on the Exchange's Limit Order Book (the "Book") and/or ahead of Streaming Quote Trader and/or Remote Stream Quote Trader quotations with established priority; (ii) while acting through Boyd, misrepresented an options order as a customer order in a trading crowd when, in fact, the order was for a broker-dealer; (iii) failed to report 10% or more of its executed options transactions to the consolidated tape within 90 seconds of execution for 17 different months; and (iv) maintained written supervisory procedures ("WSPs") that were deficient, in that its WSPs failed to: (a) specifically reference the Firm's compliance with the Exchange's order priority rules or specify the nature of the review, and/or the monitoring of the Firm's conduct for compliance with such rules; (b) provide for a review of the PBBO or NBBO at the relevant execution times; and (c) identify any procedures or tasks that were designed to prevent trade-through and order priority violations.

Additionally, Boyd consented to findings that during the Review Period, while acting on behalf of D&D and without ascertaining whether an options order entrusted to D&D for execution was for a customer or a broker-dealer, he mistakenly represented an order for the account of a broker-dealer to a trader crowd as a customer order.

The Offer submitted by D&D and Boyd was accepted by the Committee and was the basis of its Decision. The Committee found that D&D had violated Exchange Rules 119, 120, 707, 748(g), 1014, 1051(a), 1063, Commentary .02, 1067, and 1084, and Boyd had violated Exchange Rules 707 and 1063, Commentary .02, and imposed the following sanctions: (i) a censure and a joint and several fine in the amount of \$57,500 against D&D and Boyd; and (ii) an undertaking by D&D, within 60 days of the issuance of a Decision by the Committee, to: (a) correct the supervisory deficiencies identified in the Decision; (b) revise its WSPs to address such deficiencies; and (c) provide a signed, dated letter to FINRA's Market Regulation staff detailing the actions taken to remediate the supervisory deficiencies and enclosing a copy of the relevant excerpts of the revised WSPs.

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For more information, contact:

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