



Notice of Disciplinary Action against Wolverine Trading, LLC, Member Organization

To: Members, Member Organizations, Participants and Participant Organizations
From: John C. Pickford, Assistant General Counsel, NASDAQ PHLXSM
DATE: September ____, 2016

Enforcement No. 2016-14
FINRA Nos. 20140420622, 20150452249, 20150467278

On September 23, 2016, the Business Conduct Committee (the "Committee") of the NASDAQ PHLX LLC ("PHLX" or the "Exchange") issued a disciplinary decision against Wolverine Trading, LLC, a member organization of the Exchange. In response to a Statement of Charges issued in this action, Wolverine submitted an Offer of Settlement. Solely to settle this proceeding, and without admitting or denying the charges, Wolverine consented to findings that from July 2014 through May 2016, it violated Exchange Rules 1014(b)(ii)(D)(1) and (2), 1017(k), and 748(h).

First, on 81 days, while acting as a Directed Remote Streaming Quote Trader, Wolverine violated Rule 1014(b)(ii)(D)(1) by failing to quote continuous two-sided markets in 99 percent of the options series listed on the Exchange in at least 60 percent of its assigned options series for 90 percent of the trading day (Scenario 1) or failed to quote at least 99 percent of the series in an option for at least 90 percent of the trading day as measured from the time it had commenced quoting in the option to the end of the trading day (Scenario 2). Second, on 54 days, while acting as a specialist, Wolverine violated Rule 1014(b)(ii)(D)(2) by failing to quote continuous, two-sided markets in at least 99 percent of its assigned options series on the Exchange for at least 90 percent of the trading day. Third, on July 21, 2014, Wolverine, as a specialist in two options, violated Exchange Rules 1014(b)(ii)(D)(2) and 1017(k) by failing to enter opening quotations or any quotations in those two options. Finally, Wolverine violated Exchange Rule 748(h) by failing to establish, maintain, and enforce a system of supervision that was reasonably designed to detect and prevent violations of Exchange Rule 1014(b)(ii)(D).

The Offer submitted by Wolverine was accepted by the Committee and was the basis of its Decision. The Committee found that Wolverine had violated Exchange Rules 1014(b)(ii)(D)(1) and (2), 1017(k), and 748(h) and ordered the imposition of the following sanctions against Wolverine: (1) a censure; (2) a fine of \$75,000; and (3) an undertaking that within 60 days of the Decision, Wolverine shall correct the supervisory deficiencies identified in the Decision, revise its written supervisory procedures to address the deficiencies, and submit a signed and dated letter setting forth the specific actions taken to remedy the supervisory deficiencies and attaching a copy of the relevant revised sections of the procedures.

For more information, contact:

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