

**THE NASDAQ STOCK MARKET LLC
NOTICE OF ACCEPTANCE OF AWC**

Certified, Return Receipt Requested

**TO: Essex Radez LLC
Mr. Stephen A. Radez
Managing Member and Chief Compliance Officer
440 S. LaSalle #1111
Chicago, IL 60605**

**FROM: The NASDAQ Stock Market LLC ("Nasdaq")
c/o Financial Industry Regulatory Authority ("FINRA")
Department of Market Regulation
9509 Key West Avenue
Rockville, MD 20850**

DATE: July 11, 2016

RE: Notice of Acceptance of Letter of Acceptance, Waiver and Consent No. 20130375865-02

Please be advised that your above-referenced Letter of Acceptance, Waiver and Consent ("AWC") has been accepted on **July 11, 2016** by the Nasdaq Review Council's Review Subcommittee, or by the Office of Disciplinary Affairs on behalf of the Nasdaq Review Council, pursuant to Nasdaq Rule 9216. A copy of the AWC is enclosed herewith.

You are again reminded of your obligation, if currently registered, immediately to update your Uniform Application for Broker-Dealer Registration ("Form BD") to reflect the conclusion of this disciplinary action. Additionally, you must also notify FINRA (or NASDAQ if you are not a member of FINRA) in writing of any change of address or other changes required to be made to your Form BD.

You are reminded that Section I of the attached Letter of Acceptance, Waiver, and Consent includes an undertaking. In accordance with the terms of the AWC, a registered principal of the firm is required to notify the Compliance Assistant, Legal Section, Market Regulation Department, 9509 Key West Avenue, Rockville, MD 20850, of completion of the undertaking.

You will be notified by the Registration and Disclosure Department regarding sanctions if a suspension has been imposed and by NASDAQ's Finance Department regarding the payment of any fine if a fine has been imposed.

If you have any questions concerning this matter, please contact Elyse D. Kovar, Senior Counsel,
at (646) 430-7050.



Eric S. Brown
Chief Counsel, Legal Section
Department of Market Regulation

Signed on behalf of NASDAQ

Enclosure

FINRA District 8 – Chicago
Edward Wegener
Vice President and Regional Director
(Via e-mail)

Gregory R. Rich, Esq.
REGTEC LLC
141 W. Jackson Blvd.
Suite 2285
Chicago, IL 60604
Counsel for Respondent

THE NASDAQ STOCK MARKET LLC
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20130375865-02

TO: The NASDAQ Stock Market LLC
c/o Department of Market Regulation
Financial Industry Regulatory Authority ("FINRA")

RE: Essex Radez LLC, Respondent
Broker-Dealer
CRD No. 34649

Pursuant to Rule 9216 of The NASDAQ Stock Market LLC ("Nasdaq") Code of Procedure, Essex Radez LLC (the "firm") submits this Letter of Acceptance, Waiver and Consent ("AWC") for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, Nasdaq will not bring any future actions against the firm alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. The firm hereby accepts and consents, without admitting or denying the findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of Nasdaq, or to which Nasdaq is a party, prior to a hearing and without an adjudication of any issue of law or fact, to the entry of the following findings by Nasdaq:

BACKGROUND

The Firm became a FINRA member on August 9, 2000, and a Nasdaq member on July 12, 2006; these registrations remain in effect. The firm has no relevant disciplinary history.

SUMMARY

In connection with Matter No. 20130375865, the staff of FINRA's Department of Market Regulation, on behalf of Nasdaq, reviewed the firm's compliance with reporting order information on orders entered on the Nasdaq Market Center during the period between January 1, 2013 and June 30, 2013 (the "review period").

FACTS AND VIOLATIVE CONDUCT

1. During the review period, the firm entered approximately 2,014,112 orders into the Nasdaq Market Center under a certain Market Participant Identifier ("MPID") that failed to indicate the correct capacity code. Specifically, the firm entered the orders with a "principal" capacity code when the orders should have been entered with an "agency" capacity code. The conduct described in this paragraph constitutes separate and distinct violations of Nasdaq Rule 4611(a)(6).
2. During the review period, the firm did not have adequate supervisory systems, including adequate written supervisory procedures, reasonably designed to ensure compliance with applicable securities laws and regulations and Nasdaq rules regarding submission of accurate capacity codes on orders sent to Nasdaq. The foregoing conduct violated Nasdaq Rules 2010A and 3010.

B. The firm also consents to the imposition of the following sanctions:

A censure, a fine in the amount of \$42,500 (\$30,000 for inaccurate capacity codes and \$12,500 for inadequate supervision), and an undertaking to revise the firm's written supervisory procedures with respect to the areas described in paragraph I.A.2. Within 30 business days of acceptance of this AWC by the Nasdaq Review Council a registered principal of the Respondent shall submit to the COMPLIANCE ASSISTANT, LEGAL SECTION, MARKET REGULATION DEPARTMENT, 9509 KEY WEST AVENUE, ROCKVILLE, MD 20850, a signed, dated letter, or an e-mail from a work-related account of the registered principal to MarketRegulationComp@finra.org providing the following information: (1) a reference to this matter; (2) a representation that the firm has revised its written supervisory procedures to address the deficiencies described in paragraph I.A.2; and (3) the date the revised procedures were implemented.

The firm agrees to pay the monetary sanction(s) in accordance with its executed Election of Payment Form.

The firm specifically and voluntarily waives any right to claim that it is unable to pay, now or at any time hereafter, the monetary sanction(s) imposed in this matter.

The sanctions imposed herein shall be effective on a date set by FINRA staff.

II.

WAIVER OF PROCEDURAL RIGHTS

The firm specifically and voluntarily waives the following rights granted under Nasdaq's Code of Procedure:

- A. To have a Formal Complaint issued specifying the allegations against the firm;
- B. To be notified of the Formal Complaint and have the opportunity to answer the allegations in writing;
- C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made and to have a written decision issued; and
- D. To appeal any such decision to the Nasdaq Review Council and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, the firm specifically and voluntarily waives any right to claim bias or prejudice of the Chief Regulatory Officer, the Nasdaq Review Council, or any member of the Nasdaq Review Council, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including acceptance or rejection of this AWC.

The firm further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of Rule 9143 or the separation of functions prohibitions of Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

III.

OTHER MATTERS

The firm understands that:

- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by FINRA's Department of Market Regulation and the Nasdaq Review Council, the Review Subcommittee, or the Office of Disciplinary Affairs ("ODA"), pursuant to Nasdaq Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against the firm; and

C. If accepted:

- 1. This AWC will become part of the firm's permanent disciplinary record and may be considered in any future actions brought by Nasdaq or any other regulator against the firm;**
- 2. Nasdaq may release this AWC or make a public announcement concerning this agreement and the subject matter thereof in accordance with Nasdaq Rule 8310 and IM-8310-3; and**
- 3. The firm may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. The firm may not take any position in any proceeding brought by or on behalf of Nasdaq, or to which Nasdaq is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects the firm's right to take legal or factual positions in litigation or other legal proceedings in which Nasdaq is not a party.**

D. The firm may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. The firm understands that it may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute factual or legal findings by Nasdaq, nor does it reflect the views of Nasdaq or its staff.

The undersigned, on behalf of the firm, certifies that a person duly authorized to act on its behalf has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that it has agreed to the AWC's provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce the firm to submit it.

6/16/2016
Date

Essex Radez LLC
Respondent

By: Stephen A. Radez
Name: STEPHEN A. RADEZ
Title: MANAGING MEMBER

Reviewed by:

[Signature]
Counsel for Respondent
Gregory R. Rich, Esq.
Principal
REGTEC LLC
141 W. Jackson Boulevard
Suite 2285
Chicago, IL 60604

Accepted by Nasdaq:

7-15-16
Date

[Signature]
Eric S. Brown
Chief Counsel
Department of Market Regulation

Signed on behalf of Nasdaq, by delegated
authority from the Director of ODA

ELECTION OF PAYMENT FORM

The firm intends to pay the fine proposed in the attached Letter of Acceptance, Waiver and Consent by the following method (check one):

- A firm check or bank check for the full amount;
- Wire transfer;
- The installment payment plan.¹
 - Monthly
 - Quarterly

Respectfully submitted,

Respondent
Essex Radez LLC

6/27/2016
Date

By: [Signature]
Name: Stephen Radez
Title: Managing Member

Billing and Payment Contact

Please enter the billing contact information below. Nasdaq MarketWatch will contact you with billing options and payment instructions. **Please DO NOT submit payment until Nasdaq has sent you an invoice.**

Billing Contact Name: Bill Radez
Billing Contact Address: 440 S. LaSalle Chicago, IL 60605 - Ste. 1111
Billing Contact Email: bill@radez.com
Billing Contact Phone Number: 312-212-1815

¹ The installment payment plan is only available for a fine of \$50,000 or more. Certain requirements apply.

This Corrective Action Statement is submitted by the Respondent. It does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA or its staff.

Corrective Action Statement of Essex Radez, LLC

ERCO has take the following corrective actions that should ensure compliance with FINRA rules and regulations, especially with respect to the conduct described in the AWC and Offer of Settlement documents covering FINRA File Nos. 20130375865, 20120328366, 20120312466 and 20150466966.

- The Firm retained an outside law firm to review, enhance and update its Written Supervisory Procedures; this project was completed in February 2016.
- The business lines and trading activity that is the subject of the pending settlement and the business personnel that supported that business terminated its relationship with the Firm in March 2016.
- A new OATS reporting process was built in house with the assistance of external OATS consultant to ensure that new business going forward was compliance with FINRA OATS reporting rules.
- A new Chief Compliance Officer (“CCO”) and FINOP were hired effective March 2016. ERCO has retained the services of RegTec, LLC, a consulting firm that provides compliance support to registered broker-dealers. The principal of the Firm, Mr. Gregory Rich, currently serves as the Firm’s CCO. Mr. Rich is an attorney and has several years of regulatory experience. The entire RegTec team has in excess of 25 years of experience in trading and supervision on numerous exchanges. With the addition of this team, ERCO is comfortable that the oversight in supervision and compliance is significantly improved.
- The Firm has retained additional technology resources to build out the Firm’s internal controls and procedures with respect to its electronic trading platform.