

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

Certified, Return Receipt Requested

**TO: Cantor Fitzgerald & Co.
Shawn P. Matthews
Chief Executive Officer
110 East 59th Street
4th Floor
New York, NY 10022**

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

DATE: March 14, 2014

RE: Notice of Acceptance of Letter of Acceptance, Waiver and Consent No. 20110275391-01

Please be advised that your above-referenced Letter of Acceptance, Waiver and Consent ("AWC") has been accepted on **March 11, 2014** 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 will be notified by the Registration and Disclosure Department regarding sanctions, and Nasdaq's Finance Department will send you an invoice regarding the payment of any fine.

Cantor Fitzgerald & Co.
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If you have any questions concerning this matter, please call Theresa Clarkson, Senior Counsel,
at (212) 858-4326.



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

Signed on behalf of Nasdaq

Enclosure

FINRA District 10 – New York
Michael Solomon
Regional Director
(Via email)

Joseph M. La Micela
Vice President, Assistant General Counsel
Compliance Department
Cantor Fitzgerald & Co.
110 East 59th Street, 7th Floor
New York, NY 10022
(JLaMicela@cantor.com)

**THE NASDAQ OPTIONS MARKET
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20110275391-01**

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

RE: Cantor Fitzgerald & Co., Respondent
Broker-Dealer
CRD No. 134

Pursuant to Rule 9216 of The NASDAQ Stock Market LLC ("Nasdaq")¹ Code of Procedure, Cantor Fitzgerald & Co. (the "Firm" or "CANT") 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. CANT 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

CANT has been a member of FINRA since February 16, 1945, and its registration remains in effect. The Firm was approved for NASDAQ Options Market, LLC ("NOM") membership on April 9, 2009, and its registration remains in effect.

RELEVANT DISCIPLINARY HISTORY

CANT does not have any relevant formal disciplinary history.

SUMMARY

In connection with matter 20110275391, FINRA, on behalf of NOM, conducted a review of the Firm's reporting to the Options Clearing Corporation ("OCC") Large Options

¹ All NASDAQ Options Market disciplinary matters are governed by The Nasdaq Code of Procedure.

Positions Report (“LOPR”) for compliance with Chapter III, Section 10 of the NOM Rules during the period between January 19, 2010 and December 31, 2011 (the “Review Period”).

FACTS AND VIOLATIVE CONDUCT

Reporting of Options Positions

1. LOPR data is used extensively by self-regulatory organizations as they conduct reviews that have the ultimate goal of identifying and deterring the establishment of options positions that may provide an incentive to manipulate the underlying market.
2. The accuracy of LOPR data is essential for the analysis of potential violations related to insider trading, position limits, exercise limits, front-running, capping and pegging, mini-manipulation, and marking-the-close.
3. During the Review Period, CANT failed to report to the LOPR approximately six expiring weekly options on their expiration date from June 25, 2010 through July 18, 2011, and approximately four standard options to the LOPR on the Friday prior to Saturday expiration from January 19, 2010 through February 28, 2011.
4. During the period from January 19, 2010 through on or about November 9, 2011, CANT failed to report approximately 844 positions to the LOPR with Acting In Concert (“AIC”) identification information.
5. During the period from April 1, 2011 through December 31, 2011, CANT failed to correctly report a total of approximately 2,638 positions to the LOPR, in that the Firm: (i) reversed the Tax Number Type codes for Employer Identification Numbers and Social Security Numbers for approximately 1,358 reported positions; (ii) caused certain account names to run over into the Account Street Address field for approximately 1,107 reported positions; and (iii) caused certain unrelated accounts to be reported with the same street address for approximately 173 reported positions.
6. The above-described violations resulted, in part, from programming errors committed by the Firm’s third party vendor.
7. The conduct described in paragraphs three through six constitutes separate and distinct violations of Chapter III, Section 10 of the NOM Rules.

Supervision

8. During the Review Period and through April 2013, CANT failed to maintain an adequate system of supervision, including adequate written supervisory procedures and effective monitoring, reasonably designed to achieve compliance with NOM rules relating to the obligations connected to options reporting, including those related to accounts AIC.

9. The conduct described in paragraph seven constitutes a violation of Chapter III, Section 2(a)(i) of the NOM Rules and NASDAQ Exchange Rules 3010 and 2110.

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

A censure and a fine of \$15,000 (consisting of a \$10,000 fine for options reporting violations and a \$5,000 fine for supervision violations).

CANT agrees to pay the monetary sanctions upon notice that this AWC has been accepted and that such payments are due and payable. CANT has submitted an Election of Payment form showing the method by which it proposes to pay the fine imposed.

CANT specifically and voluntarily waives any right to claim that it is unable to pay, now or at any time hereafter, the monetary sanctions imposed in this matter.

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

II.

WAIVER OF PROCEDURAL RIGHTS

CANT 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 National Adjudicatory Council ("NAC") and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, CANT specifically and voluntarily waives any right to claim bias or prejudgment 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.

CANT 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

CANT 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 CANT and
- C. If accepted:
 - 1. This AWC will become part of CANT's permanent disciplinary record and may be considered in any future actions brought by Nasdaq or any other regulator against the firm;
 - 2. This AWC will be made available through Nasdaq's public disclosure program in response to public inquiries about CANT's disciplinary record;
 - 3. Nasdaq may make a public announcement concerning this agreement and the subject matter thereof in accordance with Nasdaq Rule 8310 and IM-8310-3; and
 - 4. CANT 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 CANT's: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which Nasdaq is not a party.
- D. CANT may attach a Corrective Action Statement to this AWC that is a statement

of demonstrable corrective steps taken to prevent future misconduct. CANT 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 CANT, 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 CANT to submit it.

2/13/2014
Date

Respondent
Cantor Fitzgerald & Co.

(S/N)

By: 

Name: Sha P. Matthews

Title: CEO

Accepted by Nasdaq:

3/11/2014
Date



Eric S. Brown
Chief Counsel
Department of Market Regulation
Signed on behalf of Nasdaq, by delegated
authority from the Director of ODA

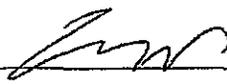
ELECTION OF PAYMENT FORM

CANT intends to pay the fine proposed in the attached AWC 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
Cantor Fitzgerald & Co.

2/13/2014
Date

By: 
Name: Guy Distel
Title: CCO

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