



## Notice, Pursuant to Exchange By-law 18-2, of Disciplinary Action Against Echotrade, LLC, Member Organization

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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:** September 24, 2010

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### **NASDAQ OMX PHLX No. 10-16 Enforcement No. 2010-13**

On September 22, 2010, the Business Conduct Committee (the "Committee") issued a disciplinary decision against Echotrade, LLC ("Echotrade"), a member organization of the Exchange. In response to a Statement of Charges issued in this action, Echotrade 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, Echotrade consented to findings that during the period between August 18, 2008 and August 29, 2008, it had violated Exchange Rules 707, 748(g) and 782 by: (i) simultaneously entering buy and sell orders on 43 occasions in 24 different thinly traded securities at or near the end of the trading day in an attempt to ensure that the value of its closing position in each security was determined at or near the price at which the security last traded rather than at the midpoint of the closing bid and offer; and (ii) failing to establish, maintain and enforce written supervisory procedures, and a system for applying such procedures, that were reasonably designed to detect and prevent violations of the Exchange rules and the federal securities laws prohibiting manipulative activities involving wash sales and marking-the-close activity by its employees. Echotrade's Offer was accepted by the Committee and was the basis of its Decision.

The Committee found that Echotrade had violated Exchange Rules 707, 748(g), and 782, concurred in the sanctions consented to by it, and ordered the imposition of the following sanctions: (i) a censure; and (ii) a fine in the amount of \$100,000.

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For more information, contact:

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