



Notice of Disciplinary Action against G-2 Trading, LLC, a Former Member Organization

To: Members, Member Organizations, Participants and Participant Organizations
From: John C. Pickford, Enforcement Counsel, NASDAQ OMX PHLXSM
DATE: August 31, 2015

Enforcement No. 2015-09
FINRA No. 20110194589

On August 20, 2015, the Business Conduct Committee (the "Committee") of the NASDAQ OMX PHLX LLC (the "Exchange") issued a disciplinary decision against G-2 Trading, LLC ("G-2 Trading" or "Respondent"), a Delaware-registered limited liability corporation. In response to a Statement of Charges issued in this action, Respondent 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, Respondent consented to findings that during the period between April 1, 2009 and September 30, 2009 (the "review period"): (i) G-2 Trading violated SEC Rule 105 ("Rule 105") of Regulation M of the Securities Exchange Act of 1934 (the "Exchange Act"), and (ii) Respondents had violated Exchange Rule 748(h).

Specifically, Respondent consented to findings that during the Review Period: (i) Respondent, in 35 separate public offerings during the review period, sold short and offered a security during the restricted period (generally five days prior to the public offering) and then purchased the offered security from a participant in the offering without a valid exception to Rule 105 of the Exchange Act; and (ii) Respondent failed to establish, maintain, and enforce written supervisory procedures, and a system for applying such procedures, that were reasonably expected to prevent and detect violations of Rule 105.

The Committee found that G-2 Trading violated Rule 105 of the Exchange Act and Exchange Rule 748(h). The Committee concurred in the sanctions consented to by, and ordered the imposition of the following sanctions against, the Respondent: (i) an expulsion of membership from the Exchange.

For more information, contact:

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