

THE NASDAQ STOCK MARKET LLC
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2019.05.0046

TO: The Nasdaq Stock Market LLC
Nasdaq Enforcement Department

RE: StockCross Financial Services, Inc., Respondent
Member Firm
CRD No. 6670

Pursuant to Rule 9216 of The Nasdaq Stock Market LLC ("Nasdaq" or the "Exchange") Code of Procedure, StockCross Financial Services, Inc. (the "Firm," "STXG," or "Respondent") 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 Respondent 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 AND RELEVANT DISCIPLINARY HISTORY

STXG became a Nasdaq member on July 12, 2006, and its registration remains in effect. The Firm has no relevant disciplinary history.

SUMMARY

During the period January 1, 2018 through September 30, 2018 (the "Review Period"), the Firm violated Nasdaq Rules 3010 and 2010A, as set forth below.

FACTS AND VIOLATIVE CONDUCT

1. Nasdaq Rule 3010(a) provides, "Each member shall establish and maintain a system to supervise the activities of each registered representative and associated person that is reasonably designed to achieve compliance with applicable securities laws and regulations and with applicable Nasdaq rules."
2. Nasdaq Rule 2010A provides, "A member, in the conduct of its business, shall observe high standards of commercial honor and just and equitable principles of trade."
3. During the Review Period, the Firm's supervisory system was not reasonably designed to achieve compliance with Nasdaq quoting obligations. Specifically, the Firm failed to update its written supervisory procedures ("WSPs") to reflect the reviews to be conducted after it transitioned to a new order management system in January 2018. Further, when the Firm did update its WSPs in August 2018, they were not reasonably designed to achieve compliance with Nasdaq quoting obligations because they failed to

(1) include a description of the supervisory steps and reviews to be taken; and (2) identify, by name or title, the individual(s) responsible for the review.¹ The conduct described in this paragraph constitutes a violation of Nasdaq Rules 2010A and 3010.

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

1. A censure and a fine in the amount of \$10,000.

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

Respondent 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 Nasdaq Enforcement Department staff.

II.

WAIVER OF PROCEDURAL RIGHTS

Respondent 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, Respondent 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.

Respondent 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 9143, 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.

Respondent understands that:

¹ The Firm subsequently updated its supervisory systems to address the issues described above. Therefore, the Nasdaq Enforcement Department is not recommending an undertaking.

OTHER MATTER

- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the Nasdaq Enforcement Department 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 Respondent; and
- C. If accepted:
1. This AWC will become part of the Respondent's permanent disciplinary record and may be considered in any future actions brought by Nasdaq or any other regulator against the Respondent;
 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. Respondent 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. Respondent 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 Respondent's right to take legal or factual positions in litigation or other legal proceedings in which Nasdaq is not a party.
- D. Respondent may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondent 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 the Firm 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.

StockCross Financial Services, Inc.
Respondent

By: _____

Print Name: _____

Title: _____

10/23/2019
Date

Accepted by Nasdaq:

11/8/19
Date

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

Erik Wittman

Erik Wittman
Senior Enforcement Counsel
Nasdaq Enforcement Department

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

PAYMENT INFORMATION

The fine amount will be reflected on an upcoming invoice and will be direct debited from the account for your firm that Nasdaq currently has on file. ***Please DO NOT submit payment at this time.***

Please inform your finance or applicable department of this forthcoming debit.


If you need to arrange for an alternative method of payment, please contact Nasdaq at (301) 978-8310 by no later than the last business day of the month in which the Notice of Acceptance of the AWC was issued. ***Otherwise, a direct debit will process from the account for your firm that Nasdaq currently has on file.***

Respectfully submitted,

Respondent

StockCross Financial Services, Inc.

10/23/2019
Date

By: 
Name: Daniel P. Layre
Title: CCO