



Notice of Disciplinary Action Against Rosenbaum Capital, LLC, a former Member Organization, and Jonathan Levene, a former Associated Person of Rosenbaum Capital, LLC

To: Members, Member Organizations, Participants and Participant Organizations

From: John C. Pickford, Enforcement Counsel, NASDAQ OMX PHLXSM

DATE: April 3, 2013

FINRA Matter No. 20100242461
Enforcement No. 2012-10

On April 28, 2013, the Business Conduct Committee (the "Committee") issued a disciplinary decision against Rosenbaum Capital, LLC ("Rosenbaum"), a former member organization of the Exchange, and Jonathan Levene ("Levene"), a Registered Options Trader ("ROT") formerly associated with Rosenbaum. In response to a Statement of Charges issued in this action, Rosenbaum and Levene submitted an Offer of Settlement ("Offer"). Solely to settle this proceeding, and without admitting or denying the charges, Rosenbaum and Levene consented to findings that during the period April 2010 and June 2010 (the "Review Period"), they had allegedly committed violations of Exchange Rules 748(g) and 1014, Commentaries .01 and .03, and Options Floor Procedure Advices ("OFPA") B-3 and B-4. Specifically, Rosenbaum and Levene consented to findings that during the Review Period, Levene, on behalf of Rosenbaum, had allegedly effected 38.24% of his total options contracts in assigned options classes and had thereby failed to satisfy the minimum number of options contracts he was required to trade in assigned options classes. Rosenbaum and Levene also consented to findings that during the Review Period, Levene, on behalf of Rosenbaum, and while off-floor, and without executing the minimum number of options contracts in person and in his assigned options classes, had allegedly executed 2,010 options contracts in his market maker account that were not for the purpose of hedging, reducing pre-existing risk, or rebalancing positions in his market maker account.

Additionally, Rosenbaum consented to findings that during the Review Period, it had allegedly failed 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 Exchange rules that require ROTs to execute a minimum number of options contracts in person and in their assigned options classes during any given quarter, and govern ROTs' off-floor trading activities.

The Offer submitted by Rosenbaum and Levene was accepted by the Committee and was the basis of its Decision. The Committee found that Rosenbaum and Levene had violated Exchange Rules 748(g) and 1014, Commentaries .01 and .03, and OFPAs B-3 and B-4, concurred in the sanctions consented to by Rosenbaum and Levene, and ordered the imposition of the following sanctions against them: a fine in the amount of \$5,000.

For more information, contact:

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