



## Notice, Pursuant to Exchange By-law 18-2, of Disciplinary Action Against D&D Securities, Inc., Member Organization

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**To:** Members, Member Organizations, Participants and Participant Organizations

**From:** Mark Schepps, Chief Enforcement Counsel, NASDAQ OMX PHLX<sup>SM</sup>

**DATE:** July 1, 2009

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### **NASDAQ OMX PHLX No. 09-18 Enforcement No. 2009-16**

On June 22, 2009, the Business Conduct Committee (the "Committee") issued a disciplinary decision against D&D Securities, Inc. ("D&D"), a member organization of the Exchange. In response to a Statement of Charges issued in this action, D&D submitted an Offer of Settlement, Stipulation of Facts and Consent to Sanctions ("Offer"). Solely to settle this proceeding, and without either admitting or denying the charges, D&D consented to findings that it violated Sections 15 and 17 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), Rules 15c3-1(a), 17a-3, 17a-3(a)(19)(ii), 17a-5, and 17f-2 promulgated thereunder, and Exchange Rules 604, 623, 703, 748(e), 748(g), 760, 1024(b)(ii), 1024(b)(iv), 1024(b)(v), 1025 and 1029, by failing to: (i) maintain, on four separate dates, the minimum required amount of net capital while engaging in a securities business; (ii) keep accurate books and records and file accurate reports with the Exchange; (iii) make and keep written records reflecting its relationship and compensation arrangements or agreements with twenty-nine of its employees and/or associated persons; (iv) submit to FINRA the fingerprint records of twelve employees and/or associated persons and to amend the Form U-4 of one of its employees; (v) ensure, or otherwise document, that all of its employees or associated persons attended its annual compliance meeting; (vi) request and/or capture required information regarding its options customers, their financial condition or investment objectives; (vii) ensure that: (i) written customer options agreements were obtained from customers within 15 days after the customers' accounts were approved by a Registered Options Principal for options transactions; and (ii) the written customer options agreements specified that the customers' accounts would be managed in accordance with the rules of the Options Clearing Corporation and the Exchange, including in compliance with the position or exercise limits set forth in Exchange Rules 1001 and 1002; (viii) deliver an Options Disclosure Document to its customers at, prior, or subsequent to the time the customers' accounts were approved for options trading; (ix) identify and designate a proper Senior Registered Options Principal; and (x) establish, maintain and enforce adequate written supervisory procedures, and a system for applying such procedures, reasonably expected to prevent and detect, insofar as practicable, violations of the applicable securities laws and regulations, including the by-laws and rules of the Exchange. D&D's Offer was accepted by the Committee and was the basis of its decision.

The Committee found that D&D violated Sections 15 and 17 of the Exchange Act, Rules 15c3-1(a), 17a-3, 17a-3(a)(19)(ii), 17a-5, and 17f-2 promulgated thereunder, and Exchange Rules 604, 623, 703, 748(e), 748(g), 760, 1024(b)(ii), 1024(b)(iv), 1024(b)(v), 1025 and 1029, concurred in the sanctions consented to by it, and ordered the imposition of the following sanctions: (i) a censure and (ii) a fine of \$18,500.

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For more information, contact:

- [Mark Schepps](#), Chief Enforcement Counsel, NASDAQ OMX PHLX, at +1 215 496 5153

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