

**THE NASDAQ STOCK MARKET LLC  
NOTICE OF ACCEPTANCE OF AWC**

**Certified, Return Receipt Requested**

**TO: Lime Brokerage LLC  
Mr. William St. Laurent  
Chief Compliance Officer  
625 Broadway, 12th Floor  
New York, NY 10012**

**FROM: The NASDAQ Stock Market LLC ("Nasdaq")  
c/o Financial Industry Regulatory Authority ("FINRA")  
Department of Market Regulation  
9509 Key West Avenue  
Rockville, MD 20850**

**DATE: December 12, 2014**

**RE: Notice of Acceptance of Letter of Acceptance, Waiver and Consent No. 20120351796-01**

**Please be advised** that your above-referenced Letter of Acceptance, Waiver and Consent ("AWC") has been accepted on **December 12, 2014** by the Nasdaq Review Council's Review Subcommittee, or by the Office of Disciplinary Affairs on behalf of the Nasdaq Review Council, pursuant to Nasdaq Rule 9216. A copy of the AWC is enclosed herewith.

You are again reminded of your obligation, if currently registered, immediately to update your Uniform Application for Broker-Dealer Registration ("Form BD") to reflect the conclusion of this disciplinary action. Additionally, you must also notify FINRA (or NASDAQ if you are not a member of FINRA) in writing of any change of address or other changes required to be made to your Form BD.

You will be notified by the Registration and Disclosure Department regarding sanctions if a suspension has been imposed and by NASDAQ's Finance Department regarding the payment of any fine if a fine has been imposed.

Lime Brokerage LLC  
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If you have any questions concerning this matter, please contact Christian J. Cannon, Senior Counsel, at (240) 386-5670.



Gerard P. Finn  
Gerard P. Finn  
Chief Counsel, Legal Section  
Department of Market Regulation, FINRA

Signed on behalf of NASDAQ

Enclosure

FINRA District 10 – New York  
Michael Solomon  
Senior Vice President and Regional Director  
One World Financial Center  
200 Liberty Street  
New York, NY 10281

**THE NASDAQ STOCK MARKET LLC**  
**LETTER OF ACCEPTANCE, WAIVER AND CONSENT**  
NO. 20120351796 - 01

TO: The NASDAQ Stock Market LLC  
c/o Department of Market Regulation  
Financial Industry Regulatory Authority ("FINRA")

RE: Lime Brokerage LLC, Respondent  
Broker-Dealer  
CRD No. 104369

Pursuant to Rule 9216 of The NASDAQ Stock Market LLC ("Nasdaq") Code of Procedure, Lime Brokerage LLC (the "firm") 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 firm 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**

The firm has been registered with Securities and Exchange Commission since 2001, and has been a member of Nasdaq since 2006. The firm is also registered with FINRA (since 2001) and other exchanges. The firm's principal place of business is New York, NY.

**RELEVANT PRIOR DISCIPLINARY HISTORY**

The firm has no relevant disciplinary history.

## SUMMARY

In connection with 20120351796, the staff of FINRA's Market Regulation Department (the "staff") reviewed the firm's supervision of a potentially manipulative trading activity known as "marking the close"<sup>1</sup> and "marking the open"<sup>2</sup> by Direct Market Access ("DMA") customers from March 30, 2012 through April 20, 2012 (the "review period").

## FACTS AND VIOLATIVE CONDUCT

1. The firm offers DMA to its equities customers. The firm's DMA customers access U.S. markets electronically through the firm's order routing platform. In this arrangement, customers access U.S. equities markets using the firm's market participant identifiers ("MPIDs").
  2. During the review period, the staff determined that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and Nasdaq rules, concerning potential marking the close or marking the open activity by DMA customers. Moreover, the firm's supervisory system did not include written supervisory procedures providing for (1) the identification of the person(s) responsible for supervision with respect to the applicable rules; (2) a statement of the supervisory step(s) to be taken by the identified person(s); (3) a statement as to how often such person(s) should take such step(s); and (4) a statement as to how the completion of the step(s) included in the written supervisory procedures should be documented. The conduct described in this paragraph constitutes a violation of Nasdaq Rules 3010 and 2110.
- B. The firm also consents to the imposition of the following sanctions:

a censure and a fine of \$130,000 (due to Nasdaq and the two exchanges identified below, of which \$26,000 shall be paid to Nasdaq).

Acceptance of this AWC is conditioned upon acceptance of parallel settlement agreements in related matters between the firm and the following exchanges: (i) BATS Exchange, Inc. and (ii) BATS Y-Exchange, Inc.

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

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<sup>1</sup> "Marking the close" involves the placement and execution of orders for a particular security at or near the close of trading to artificially affect the closing price of such security.

<sup>2</sup> "Marking the open" involves the placement and execution of orders for a particular security at or near the open of trading to artificially affect the opening price of such security.

The firm 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 FINRA staff.

## **II.**

### **WAIVER OF PROCEDURAL RIGHTS**

The firm 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, the firm 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.

The firm 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 9144, 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.

### III.

#### OTHER MATTERS

The firm understands that:

- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by FINRA's Department of Market Regulation 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 firm; and
- C. If accepted:
  - 1. this AWC will become part of the firm's permanent disciplinary record and may be considered in any future actions brought by Nasdaq or any other regulator against the firm;
  - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about the firm's disciplinary record;
  - 3. Nasdaq may make a public announcement concerning this agreement and the subject matter thereof in accordance with Nasdaq Rule 8310 and IM-8310-3; and
  - 4. The firm 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. The firm 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 firm's right to take legal or factual positions in litigation or other legal proceedings in which Nasdaq is not a party.
- D. The firm may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. The firm 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 it 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.

12/5/2014  
Date

Lime Brokerage LLC  
Respondent

By: [Signature]  
Name: William St. Laurent  
Title: Chief Compliance Officer

Reviewed by:

[Signature]  
Counsel for Respondent B-INDK  
Firm Name Mc ORMAN LEWIS  
Address  
Phone Number 212 309 6104

Accepted by Nasdaq:

12/12/14  
Date

[Signature]  
Gerard P. Finn  
Chief Counsel  
Department of Market Regulation

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

## ELECTION OF PAYMENT FORM


The firm intends to pay the fine proposed in the attached Letter of Acceptance, Waiver and Consent by the following method (check one):

- A firm check or bank check for the full amount;
- Wire transfer;
- The installment payment plan.<sup>1</sup>
  - Monthly
  - Quarterly

Respectfully submitted,

Lime Brokerage LLC  
Respondent

12/5/2014  
Date

By:   
Name: William St. Laurent  
Title: Chief Compliance Officer

<sup>1</sup> The installment payment plan is only available for a fine of \$50,000 or more. Certain requirements apply.



**Lime Brokerage LLC - Statement of Corrective Action**  
**AWC – Reviews No. 20100231838, 20120351796, and 20140411622**

*This Corrective Action Statement is submitted by Lime Securities LLC, the Respondent. It does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA or its staff.*

Lime has taken steps regarding its compliance with Nasdaq Rule 3010 and BZX and BYX Rules 5.1 with respect to supervision reasonably designed to achieve compliance with applicable securities laws and regulations, Nasdaq rules, BZX rules, and BYX rules concerning marking the close and marking the open.

Lime incorporates financial and regulatory risk controls along with supervisory reports and systems to regularly monitor activity of its DMA customers. Lime also utilizes SMARTS Broker, a service provided by Nasdaq OMX, to conduct automated surveillance of customer DMA activity including the generation and resolution of targeted alerts.

Lime's Written Supervisory Procedures include language that address these reports and systems and their use.