



Notice of Disciplinary Action Against Largo Trading, L.P., a Member Organization

To: Members, Member Organizations, Participants and Participant Organizations
From: John C. Pickford, Enforcement Counsel, NASDAQ OMX PHLXSM
DATE: December 20, 2013

FINRA Matter No. 20100221869
Enforcement No. 2013-05

On December 20, 2013, the Business Conduct Committee (the "Committee") issued a disciplinary decision against Largo Trading, L.P. ("Largo"), a member organization of the Exchange. In response to a Statement of Charges issued in this action, Largo 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, Largo consented to findings that during the period between February 1, 2010 and April 30, 2010 (the "Review Period"), it had violated Rules 200(g) and 203(b)(1) of Regulation SHO promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Exchange Rule 748(g) by: (1) improperly marking 283 orders, in six different equity securities, on five days during the Review Period, in which Largo's proprietary trading account had established or maintained a short position, as "sell" rather than "sell short"; (2) entering 22 short sale orders on one day during the Review Period, equating to 6,000 shares in one security, for its own proprietary trading account, without first performing and obtaining the requisite pre-borrow, or "locate" requirement; and (3) failing to establish, maintain, and enforce written supervisory procedures, and a system for applying such procedures, that reasonably addressed: (i) email reviews; (ii) Exchange fees and the potential for manipulation thereof; (iii) position limits; (iv) exercise limits; (v) liquidation of positions, limits on uncovered short positions and other restrictions on exchange options transactions and exercises in the interest of maintaining a fair and orderly market or from the uncovering of any existing covered short positions; (vi) obligations and restrictions applicable to Specialists and Registered Options Traders; (vii) submission of exercise notices; and (viii) submission of orders to other exchanges in unassigned classes.

The Offer submitted by Largo was accepted by the Committee and was the basis of its Decision. The Committee found that Largo had violated Rules 200(g) and 203(b)(1) of Regulation SHO promulgated under the Exchange Act, and Exchange Rule 748(g), concurred in the sanctions consented to by it, and ordered the imposition of the following sanctions: (i) a censure; and (ii) a fine in the amount of \$25,000.

For more information, contact:

- John C. Pickford, Enforcement Counsel, NASDAQ OMX PHLX, at +1 215 496 5273