

**BrokerCheck Report**

**PRIME EXECUTIONS, INC.**

CRD# 32889

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## About BrokerCheck®

BrokerCheck offers information on all current, and many former, registered securities brokers, and all current and former registered securities firms. FINRA strongly encourages investors to use BrokerCheck to check the background of securities brokers and brokerage firms before deciding to conduct, or continue to conduct, business with them.

- **What is included in a BrokerCheck report?**
- BrokerCheck reports for individual brokers include information such as employment history, professional qualifications, disciplinary actions, criminal convictions, civil judgments and arbitration awards. BrokerCheck reports for brokerage firms include information on a firm's profile, history, and operations, as well as many of the same disclosure events mentioned above.
- Please note that the information contained in a BrokerCheck report may include pending actions or allegations that may be contested, unresolved or unproven. In the end, these actions or allegations may be resolved in favor of the broker or brokerage firm, or concluded through a negotiated settlement with no admission or finding of wrongdoing.
- **Where did this information come from?**
- The information contained in BrokerCheck comes from FINRA's Central Registration Depository, or CRD® and is a combination of:
  - o information FINRA and/or the Securities and Exchange Commission (SEC) require brokers and brokerage firms to submit as part of the registration and licensing process, and
  - o information that regulators report regarding disciplinary actions or allegations against firms or brokers.
- **How current is this information?**
- Generally, active brokerage firms and brokers are required to update their professional and disciplinary information in CRD within 30 days. Under most circumstances, information reported by brokerage firms, brokers and regulators is available in BrokerCheck the next business day.
- **What if I want to check the background of an investment adviser firm or investment adviser representative?**
- To check the background of an investment adviser firm or representative, you can search for the firm or individual in BrokerCheck. If your search is successful, click on the link provided to view the available licensing and registration information in the SEC's Investment Adviser Public Disclosure (IAPD) website at <https://www.adviserinfo.sec.gov>. In the alternative, you may search the IAPD website directly or contact your state securities regulator at <http://www.finra.org/Investors/ToolsCalculators/BrokerCheck/P455414>.
- **Are there other resources I can use to check the background of investment professionals?**
- FINRA recommends that you learn as much as possible about an investment professional before deciding to work with them. Your state securities regulator can help you research brokers and investment adviser representatives doing business in your state.

**Thank you for using FINRA BrokerCheck.**



Using this site/information means that you accept the FINRA BrokerCheck Terms and Conditions. A complete list of Terms and Conditions can be found at [brokercheck.finra.org](http://brokercheck.finra.org)



For additional information about the contents of this report, please refer to the User Guidance or [www.finra.org/brokercheck](http://www.finra.org/brokercheck). It provides a glossary of terms and a list of frequently asked questions, as well as additional resources. For more information about FINRA, visit [www.finra.org](http://www.finra.org).



## PRIME EXECUTIONS, INC.

CRD# 32889

SEC# 8-43985

### Main Office Location

40 WALL STREET - SUITE 1704  
NEW YORK, NY 10005  
Regulated by FINRA New York Office

### Mailing Address

C/O ACCOUNTING AND COMPLIANCE  
INTERNATIONAL  
40 WALL STREET - SUITE 1704  
NEW YORK, NY 10005

### Business Telephone Number

212-785-0200

## Report Summary for this Firm

This report summary provides an overview of the brokerage firm. Additional information for this firm can be found in the detailed report.

### Firm Profile

This firm is classified as a corporation.

This firm was formed in Delaware on 11/12/1987.

Its fiscal year ends in March.

### Firm History

Information relating to the brokerage firm's history such as other business names and successions (e.g., mergers, acquisitions) can be found in the detailed report.

### Firm Operations

**This firm is registered with:**

- the SEC
- 4 Self-Regulatory Organizations
- 6 U.S. states and territories

Is this brokerage firm currently suspended with any regulator? **No**

This firm conducts 6 types of businesses.

This firm is affiliated with financial or investment institutions.

This firm has referral or financial arrangements with other brokers or dealers.

### Disclosure Events

Brokerage firms are required to disclose certain criminal matters, regulatory actions, civil judicial proceedings and financial matters in which the firm or one of its control affiliates has been involved.

Are there events disclosed about this firm? **Yes**

**The following types of disclosures have been reported:**

Type	Count
Regulatory Event	2



## Firm Profile

This firm is classified as a corporation.

This firm was formed in Delaware on 11/12/1987.

Its fiscal year ends in March.

## Firm Names and Locations

This section provides the brokerage firm's full legal name, "Doing Business As" name, business and mailing addresses, telephone number, and any alternate name by which the firm conducts business and where such name is used.

### **PRIME EXECUTIONS, INC.**

**Doing business as PRIME EXECUTIONS, INC.**

**CRD#** 32889

**SEC#** 8-43985

### **Main Office Location**

40 WALL STREET - SUITE 1704  
NEW YORK, NY 10005

**Regulated by FINRA New York Office**

### **Mailing Address**

C/O ACCOUNTING AND COMPLIANCE INTERNATIONAL  
40 WALL STREET - SUITE 1704  
NEW YORK, NY 10005

### **Business Telephone Number**

212-785-0200



## Firm Profile

This section provides information relating to all direct owners and executive officers of the brokerage firm.

### Direct Owners and Executive Officers

<b>Legal Name &amp; CRD# (if any):</b>	FREEDOM HOLDING CORP.
<b>Is this a domestic or foreign entity or an individual?</b>	Domestic Entity
<b>Position</b>	HOLDING COMPANY
<b>Position Start Date</b>	12/2020
<b>Percentage of Ownership</b>	75% or more
<b>Does this owner direct the management or policies of the firm?</b>	Yes
<b>Is this a public reporting company?</b>	Yes

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<b>Legal Name &amp; CRD# (if any):</b>	PENFOLD, DUANE THOMAS 4704431
<b>Is this a domestic or foreign entity or an individual?</b>	Individual
<b>Position</b>	COO/CCO
<b>Position Start Date</b>	06/2013
<b>Percentage of Ownership</b>	Less than 5%
<b>Does this owner direct the management or policies of the firm?</b>	Yes
<b>Is this a public reporting company?</b>	No

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<b>Legal Name &amp; CRD# (if any):</b>	STAMOVA, ILINA S 5500851
<b>Is this a domestic or foreign entity or an individual?</b>	Individual
<b>Position</b>	FINOP
<b>Position Start Date</b>	01/2017

## Firm Profile



### Direct Owners and Executive Officers (continued)

**Percentage of Ownership** Less than 5%

**Does this owner direct the management or policies of the firm?** No

**Is this a public reporting company?** No

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**Legal Name & CRD# (if any):** WOTCZAK, ROBERT LAWRENCE  
1984453

**Is this a domestic or foreign entity or an individual?** Individual

**Position** CEO

**Position Start Date** 12/2020

**Percentage of Ownership** Less than 5%

**Does this owner direct the management or policies of the firm?** Yes

**Is this a public reporting company?** No

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## Firm Profile

This section provides information relating to any indirect owners of the brokerage firm.

### Indirect Owners

<b>Legal Name &amp; CRD# (if any):</b>	TURLOV, TIMUR NMN 6482273
<b>Is this a domestic or foreign entity or an individual?</b>	Individual
<b>Company through which indirect ownership is established</b>	FREEDOM HOLDING CORP.
<b>Relationship to Direct Owner</b>	SHAREHOLDER
<b>Relationship Established</b>	11/2015
<b>Percentage of Ownership</b>	50% but less than 75%
<b>Does this owner direct the management or policies of the firm?</b>	Yes
<b>Is this a public reporting company?</b>	No

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## Firm History

This section provides information relating to any successions (e.g., mergers, acquisitions) involving the firm.

No information reported.







## Firm Operations

### Registrations

This section provides information about the regulators (Securities and Exchange Commission (SEC), self-regulatory organizations (SROs), and U.S. states and territories) with which the brokerage firm is currently registered and licensed, the date the license became effective, and certain information about the firm's SEC registration.

**This firm is currently registered with the SEC, 4 SROs and 6 U.S. states and territories.**

Federal Regulator	Status	Date Effective
SEC	Approved	07/29/1991

### SEC Registration Questions

This firm is registered with the SEC as:

A broker-dealer: Yes

A broker-dealer and government securities broker or dealer: No

A government securities broker or dealer only: No

This firm has ceased activity as a government securities broker or dealer: No

Self-Regulatory Organization	Status	Date Effective
FINRA	Approved	09/29/1994
NYSE American LLC	Approved	12/01/2008
Nasdaq Stock Market	Approved	07/12/2006
New York Stock Exchange	Approved	06/20/1991

## Firm Operations



### Registrations (continued)

U.S. States & Territories	Status	Date Effective
Connecticut	Approved	10/22/1999
Delaware	Approved	09/10/2004
Florida	Approved	10/21/1999
Massachusetts	Approved	02/13/1995
New Jersey	Approved	09/06/1995
New York	Approved	05/12/1994

## Firm Operations



### Types of Business

This section provides the types of business, including non-securities business, the brokerage firm is engaged in or expects to be engaged in.

**This firm currently conducts 6 types of businesses.**

#### Types of Business

Exchange member engaged in exchange commission business other than floor activities

Exchange member engaged in floor activities

Broker or dealer retailing corporate equity securities over-the-counter

Broker or dealer selling corporate debt securities

Mutual fund retailer

Put and call broker or dealer or option writer

## Firm Operations



### Clearing Arrangements

This firm does not hold or maintain funds or securities or provide clearing services for other broker-dealer(s).

### Introducing Arrangements

This firm does refer or introduce customers to other brokers and dealers.

<b>Name:</b>	WEDBUSH SECURITIES INC.
<b>CRD #:</b>	877
<b>Business Address:</b>	1000 WILSHIRE BLVD. SUITE 900 LOS ANGELES, CA 90017-2457
<b>Effective Date:</b>	11/21/2016
<b>Description:</b>	CUSTOMER ACCOUNTS WILL BE INTRODUCED, ON A FULLY DISCLOSED BASIS, THROUGH WEDBUSH WITH WHOM A CLEARING AGREEMENTS HAVE BEEN SIGNED. ALL CUSTOMER FUNDS AND SECURITIES WILL BE HELD THERE.

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## Firm Operations

### Industry Arrangements



**This firm does have books or records maintained by a third party.**

**Name:** AGYLE, INC.  
**Business Address:** 214 50TH AVENUE  
 #810W  
 LONG ISLAND CITY, NY 11101  
**Effective Date:** 07/10/2020  
**Description:** AYGLE, INC. ELECTRONICALLY CAPTURES AND STORES CERTAIN ELECTRONIC COMMUNICATIONS OF THE FIRM.

**Name:** OPTIMAL APPLICATIONS, LLC  
**Business Address:** P.O. BOX 86  
 CRESSKILL, NJ 07626  
**Effective Date:** 07/10/2020  
**Description:** OPTIMAL APPLICATIONS, LLC, ELECTRONICALLY CAPTURES AND STORES THE FIRM'S TRADE DATA.

**Name:** GLOBAL RELAY COMMUNICATIONS, INC.  
**Business Address:** 220 CAMBIE STREET  
 2ND FLOOR  
 VANCOUVER, BRITISH COLUMBIA, CANADA V6B 2M9  
**Effective Date:** 07/10/2020  
**Description:** GLOBAL RELAY COMMUNICATIONS, INC. ELECTRONICALLY CAPTURES AND STORES CERTAIN ELECTRONIC COMMUNICATIONS OF THE FIRM.

**Name:** ACCOUNTING & COMPLIANCE INTERNATIONAL  
**Business Address:** 40 WALL STREET  
 SUITE 1704  
 NEW YORK, NY 10005  
**Effective Date:** 07/10/2020  
**Description:** ACCOUNTING & COMPLIANCE INTERNATIONAL ("ACI") PREPARES AND MAINTAINS CERTAIN FINANCIAL RECORDS OF THE FIRM.

**Name:** WEDBUSH SECURITIES INC.  
**CRD #:** 877  
**Business Address:** 1000 WILSHIRE BLVD. SUITE 900

## Firm Operations



### Industry Arrangements (continued)

LOS ANGELES, CA 90017-2457

**Effective Date:** 11/21/2016

**Description:** PRIME EXECUTIONS IS A FULLY DISCLOSED B/D WITH WEDBUSH. ALL SECURITIES AND STOCK ARE HELD WITH THEM

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**This firm does have accounts, funds, or securities maintained by a third party.**

**Name:** WEDBUSH SECURITIES INC.

**CRD #:** 877

**Business Address:** 1000 WILSHIRE BLVD. SUITE 900  
LOS ANGELES, CA 90017-2457

**Effective Date:** 11/21/2016

**Description:** WEDBUSH SECURITIES INC IS OUR CLEARING AGENT ON A FULLY DISCLOSED BASIS

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**This firm does have customer accounts, funds, or securities maintained by a third party.**

**Name:** WEDBUSH SECURITIES INC.

**CRD #:** 877

**Business Address:** 1000 WILSHIRE BLVD. SUITE 900  
LOS ANGELES, CA 90017-2457

**Effective Date:** 11/21/2016

**Description:** CUSTOMER ACCOUNTS ARE INTRODUCED TO WEDBUSH SECURITIES INC ON A FULLY DISCLOSED BASIS

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### Control Persons/Financing

**This firm does not have individuals who control its management or policies through agreement.**

**This firm does not have individuals who wholly or partly finance the firm's business.**



## Firm Operations

### Organization Affiliates

This section provides information on control relationships the firm has with other firms in the securities, investment advisory, or banking business.

**This firm is, directly or indirectly:**

- in control of
  - controlled by
  - or under common control with
- the following partnerships, corporations, or other organizations engaged in the securities or investment advisory business.**

**FREEDOM FINANCE UZBEKISTAN LLC is under common control with the firm.**

<b>Business Address:</b>	AMIR TEMUR SHOH KO CHASI , 107 B TASHKENT, UZBEKISTAN 100000
<b>Effective Date:</b>	12/29/2020
<b>Foreign Entity:</b>	Yes
<b>Country:</b>	UZBEKISTAN
<b>Securities Activities:</b>	Yes
<b>Investment Advisory Activities:</b>	Yes
<b>Description:</b>	FREEDOM FINANCE UZBEKISTAN LLC IS OWNED BY FREEDOM HOLDING CORP., THE OWNER OF APPLICANT. FREEDOM FINANCE UZBEKISTAN LLC HAS NO CONTROL OVER APPLICANT.

**FREEDOM FINANCE UKRAINE LLC is under common control with the firm.**

<b>Business Address:</b>	32/2 BC "SENATOR", 11TH FLOOR, MOSKOVSKAYA STREET KYIV, UKRAINE 01010
<b>Effective Date:</b>	12/29/2020
<b>Foreign Entity:</b>	Yes
<b>Country:</b>	UKRAINE
<b>Securities Activities:</b>	Yes
<b>Investment Advisory Activities:</b>	Yes
<b>Description:</b>	FREEDOM FINANCE UKRAINE LLC IS OWNED 32.88% BY FREEDOM HOLDING CORP., THE OWNER OF APPLICANT AND 67.12% BY ASKAR TASHTITOV, A DIRECTOR OF APPLICANT. FREEDOM FINANCE UKRAINE LLC HAS NO CONTROL OVER APPLICANT.

## Firm Operations



### Organization Affiliates (continued)

**FREEDOM FINANCE EUROPE LIMITED is under common control with the firm.**

**Business Address:** ANDREA ZAPPA 1  
OFFICE 1  
LIMASSOL, CYPRUS 4040

**Effective Date:** 12/29/2020

**Foreign Entity:** Yes

**Country:** CYRUS

**Securities Activities:** Yes

**Investment Advisory Activities:** Yes

**Description:** FREEDOM FINANCE EUROPE LIMITED IS OWNED BY FREEDOM HOLDING CORP., THE OWNER OF APPLICANT. FREEDOM FINANCE EUROPE LIMITED HAS NO CONTROL OVER APPLICANT.

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**FREEDOM FINANCE GLOBAL PLC is under common control with the firm.**

**Business Address:** 55/20 OFIS 141, PROSPEKT MENGILIK EL  
NUR-SULTAN, KAZAKHSTAN 010000

**Effective Date:** 12/29/2020

**Foreign Entity:** Yes

**Country:** ASTANA INTERNATIONAL FINANCIAL CENTRE

**Securities Activities:** Yes

**Investment Advisory Activities:** Yes

**Description:** FREEDOM FINANCE GLOBAL PLC IS OWNED BY FREEDOM HOLDING CORP., THE OWNER OF APPLICANT. FREEDOM FINANCE GLOBAL PLC HAS NO CONTROL OVER APPLICANT.

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**INVESTMENT COMPANY FREEDOM FINANCE LLC is under common control with the firm.**

**Business Address:** 1ST KRASNOGVARDEISKY PROEZD 15, "MERCURY CITY TWR  
18TH FLOOR  
MOSCOW, RUSSIAN FEDERATION 123112

**Effective Date:** 12/29/2020

**Foreign Entity:** Yes

**Country:** RUSSIA



## Firm Operations



### Organization Affiliates (continued)

**Securities Activities:** Yes

**Investment Advisory Activities:** Yes

**Description:** INVESTMENT COMPANY FREEDOM FINANCE LLC IS OWNED BY FREEDOM HOLDING CORP., THE OWNER OF APPLICANT. INVESTMENT COMPANY FREEDOM FINANCE LLC HAS NO CONTROL OVER APPLICANT.

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**This firm is not directly or indirectly, controlled by the following:**

- bank holding company
- national bank
- state member bank of the Federal Reserve System
- state non-member bank
- savings bank or association
- credit union
- or foreign bank



Disclosure Events

All firms registered to sell securities or provide investment advice are required to disclose regulatory actions, criminal or civil judicial proceedings, and certain financial matters in which the firm or one of its control affiliates has been involved. For your convenience, below is a matrix of the number and status of disclosure events involving this brokerage firm or one of its control affiliates. Further information regarding these events can be found in the subsequent pages of this report.

	Pending	Final	On Appeal
Regulatory Event	0	2	0

## Disclosure Event Details

### What you should know about reported disclosure events:

1. **BrokerCheck provides details for any disclosure event that was reported in CRD. It also includes summary information regarding FINRA arbitration awards in cases where the brokerage firm was named as a respondent.**
2. **Certain thresholds must be met before an event is reported to CRD, for example:**
  - o A law enforcement agency must file formal charges before a brokerage firm is required to disclose a particular criminal event.
3. **Disclosure events in BrokerCheck reports come from different sources:**
  - o Disclosure events for this brokerage firm were reported by the firm and/or regulators. When the firm and a regulator report information for the same event, both versions of the event will appear in the BrokerCheck report. The different versions will be separated by a solid line with the reporting source labeled.
4. **There are different statuses and dispositions for disclosure events:**
  - o A disclosure event may have a status of *pending*, *on appeal*, or *final*.
    - § A "pending" event involves allegations that have not been proven or formally adjudicated.
    - § An event that is "on appeal" involves allegations that have been adjudicated but are currently being appealed.
    - § A "final" event has been concluded and its resolution is not subject to change.
  - o A final event generally has a disposition of *adjudicated*, *settled* or *otherwise resolved*.
    - § An "adjudicated" matter includes a disposition by (1) a court of law in a criminal or civil matter, or (2) an administrative panel in an action brought by a regulator that is contested by the party charged with some alleged wrongdoing.
    - § A "settled" matter generally involves an agreement by the parties to resolve the matter. Please note that firms may choose to settle customer disputes or regulatory matters for business or other reasons.
    - § A "resolved" matter usually involves no payment to the customer and no finding of wrongdoing on the part of the individual broker. Such matters generally involve customer disputes.
5. **You may wish to contact the brokerage firm to obtain further information regarding any of the disclosure events contained in this BrokerCheck report.**

### Regulatory - Final

This type of disclosure event involves (1) a final, formal proceeding initiated by a regulatory authority (e.g., a state securities agency, self-regulatory organization, federal regulator such as the U.S. Securities and Exchange Commission, foreign financial regulatory body) for a violation of investment-related rules or regulations; or (2) a revocation or suspension of the authority of a brokerage firm or its control affiliate to act as an attorney, accountant or federal contractor.

### Disclosure 1 of 2

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:**

WITHOUT ADMITTING OR DENYING THE FINDINGS, PRIME EXECUTIONS, INC. ("PRIME" OR THE "FIRM") CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT THE FIRM PROCESSED TRANSACTIONS THROUGH ITS ERROR ACCOUNT FOR WHICH IT WAS UNABLE TO PRODUCE WRITTEN EVIDENCE OF ITS CUSTOMERS' INSTRUCTIONS, IN AT LEAST FIVE INSTANCES. THE FINDINGS STATED THAT CONSEQUENTLY, THE FIRM WAS UNABLE TO EVIDENCE THAT BROKERS HAD MADE A MISTAKE IN EXECUTING THE CUSTOMERS' ORDERS OR HAD FAILED TO FOLLOW THE CUSTOMERS' ORDER INSTRUCTIONS. THE FIRM COULD NOT SHOW DOCUMENTATION THAT THE ORDERS WERE BONA FIDE ERRORS; THEREFORE, IT IMPROPERLY PROCESSED THESE TRANSACTIONS THROUGH THE FIRM'S ERROR ACCOUNT. THE FINDINGS ALSO STATED THAT IN AT LEAST FIVE INSTANCES, THE FIRM FAILED TO MAKE AND MAINTAIN RECORDS AND/OR RECEIPT OF ORDERS, AND FAILED TO PROVIDE COMPLETE ORDER DETAILS OF ORDERS. FINRA FOUND THAT IN AT LEAST 12 INSTANCES, THE FIRM IDENTIFIED NOT HELD ORDERS AS HELD ORDERS, AND PROCESSED THOSE ORDERS THROUGH THE FLOOR ERROR ACCOUNT. AS SUCH, THE FIRM INCORRECTLY PROCESSED THESE TRANSACTIONS THROUGH THE FIRM'S ERROR ACCOUNT. FINRA ALSO FOUND THAT THE FIRM FAILED TO RECORD ORDER INFORMATION SUFFICIENT TO ESTABLISH THAT THE TRANSACTIONS PROCESSED THROUGH THE FIRM'S FLOOR ERROR ACCOUNT WERE RELATED TO BONA FIDE ERRORS, ALTHOUGH THE FIRM'S WRITTEN SUPERVISORY PROCEDURES ("WSPS") REQUIRED ELECTRONIC MEMORIALIZATION OF ALL ORDER INSTRUCTIONS.

IN ADDITION, FINRA DETERMINED THAT PRIME SET AN UNREASONABLE CREDIT LIMIT FOR ONE OF ITS CUSTOMERS ("CUSTOMER A"). PRIME MISTAKENLY HAD A CREDIT LIMIT SET FOR CUSTOMER A AT \$50 BILLION. THE FIRM INTENDED TO SET CUSTOMER A'S CREDIT LIMIT AT \$1BILLION. IN ADDITION, PRIME DID NOT HAVE REASONABLE SUPERVISORY PROCEDURES IN PLACE OR WSPS CONCERNING PERIODIC REVIEWS OF CUSTOMER CREDIT LIMITS TO ASSESS AND MONITOR THE REASONABLENESS OF CUSTOMER CREDIT LIMITS. MOREOVER, FINRA FOUND THAT FROM AT LEAST AUGUST 2017 UNTIL AUGUST 2018, PRIME DID NOT CONDUCT ANY REASONABLE DAILY REVIEWS (OR ANY OTHER REASONABLE PERIODIC REVIEW) TO IDENTIFY AND ADDRESS ANY POTENTIALLY MANIPULATIVE, DISRUPTIVE, OR OTHER IMPROPER ORDER OR TRADING ACTIVITY BY ANY OF ITS CUSTOMERS TO WHOM THE FIRM PROVIDED MARKET ACCESS, SUCH AS THE USE OF TRADING STRATEGIES THAT INVOLVED NON-BONA FIDE ORDERS. THE POST-TRADE REVIEWS THAT PRIME CONDUCTED IDENTIFIED OTHER POTENTIAL PROBLEMS, SUCH AS TRADE FAILS OR FIRM EMPLOYEES' IMPROPERLY TRADING IN THEIR OWN OUTSIDE ACCOUNTS. MOREOVER, IN TERMS OF POST-ORDER ENTRY CONTROLS AND REVIEWS, THE FIRM'S WSPS DID PROVIDE THAT ON A MONTHLY BASIS OR AS REQUIRED, THE FIRM'S COMPLIANCE



OFFICER WILL REVIEW SEVERAL TRADES TO EXAMINE IF ALL THE INFORMATION ON THE ORDER HIT THE FIRM'S ORDER MANAGEMENT SYSTEM. EVIDENCE OF QUESTIONABLE TRADES WERE TO BE LOGGED AND KEPT IN A FOLDER AT THE FIRM'S MAIN OFFICE. HOWEVER, PRIME COULD NOT POINT TO ANY ACTUAL AND SPECIFIC REASONABLE POST-TRADE REVIEWS CONDUCTED FROM AT LEAST AUGUST 2017 THROUGH AUGUST 2018 CONCERNING POTENTIALLY MANIPULATIVE TRADING. IN ADDITION, PRIME HAD NOT LOGGED ANY POTENTIALLY MANIPULATIVE, DISRUPTIVE, IMPROPER OR QUESTIONABLE TRADE IN THE FOLDER REFERENCED IN THE WSPS

<b>Initiated By:</b>	NEW YORK STOCK EXCHANGE
<b>Date Initiated:</b>	04/30/2019
<b>Docket/Case Number:</b>	2017-03-00044
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	UNSPECIFIED SECURITIES
<b>Principal Sanction(s)/Relief Sought:</b>	Other
<b>Other Sanction(s)/Relief Sought:</b>	N/A
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	04/30/2019
<b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b>	No
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$22,500.00
<b>Other Sanctions Ordered:</b>	UNDERTAKING
<b>Sanction Details:</b>	THE FIRM WAS CENSURED AND FINED \$22,500. THE FIRM IS REQUIRED TO IMPROVE ITS WRITTEN SUPERVISORY PROCEDURES (WSPS), AND MARKET ACCESS RULE AND SUPERVISORY SYSTEM CONTROLS AND REVIEWS TO ADDRESS THE DEFICIENCIES DESCRIBED IN THE AWC, INCLUDING REASONABLE CONTROLS TO CAPTURE FOR THE REVIEW OF THE USE OF TRADING STRATEGIES THAT POTENTIALLY INVOLVE NON-BONA FIDE ORDERS OR ARE OTHERWISE IMPROPERLY DISRUPTIVE.
<b>Regulator Statement</b>	IN ARRIVING AT THE AGREED-UPON PENALTY, NYSE REGULATION TOOK



INTO CONSIDERATION THAT PRIME HAS ALREADY UNDERTAKEN REMEDIAL MEASURES IN RESPONSE TO THIS INVESTIGATION, INCLUDING: (I) HIRING A NEW CHIEF COMPLIANCE OFFICER; (II) UPDATING THE FIRM'S WSPS; (III) PURCHASING AND IMPLEMENTING NEW COMPLIANCE REVIEW TOOLS TO EFFECT REASONABLE POST-TRADE REVIEWS FOR POTENTIAL IMPROPER TRADING; (IV) TERMINATING RELATIONSHIPS WITH ALL OF THE FIRM'S PROGRAM TRADING CLIENTS; AND (V) MOVING ONE OF THE PRINCIPALS AT THE FIRM FROM FLOOR BROKER DUTIES TO BUSINESS OPERATIONS.

ASSOCIATED ACTION IS CASE NUMBER 2017-10-00062.

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**Reporting Source:**

Firm

**Current Status:**

Final

**Allegations:**

WITHOUT ADMITTING OR DENYING THE FINDINGS, PRIME EXECUTIONS, INC. ("PRIME" OR THE "FIRM") CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT THE FIRM PROCESSED TRANSACTIONS THROUGH ITS ERROR ACCOUNT FOR WHICH IT WAS UNABLE TO PRODUCE WRITTEN EVIDENCE OF ITS CUSTOMERS' INSTRUCTIONS, IN AT LEAST FIVE INSTANCES. THE FINDINGS STATED THAT CONSEQUENTLY, THE FIRM WAS UNABLE TO EVIDENCE THAT BROKERS HAD MADE A MISTAKE IN EXECUTING THE CUSTOMERS' ORDERS OR HAD FAILED TO FOLLOW THE CUSTOMERS' ORDER INSTRUCTIONS. THE FIRM COULD NOT SHOW DOCUMENTATION THAT THE ORDERS WERE BONA FIDE ERRORS; THEREFORE, IT IMPROPERLY PROCESSED THESE TRANSACTIONS THROUGH THE FIRM'S ERROR ACCOUNT. THE FINDINGS ALSO STATED THAT IN AT LEAST FIVE INSTANCES, THE FIRM FAILED TO MAKE AND MAINTAIN RECORDS AND/OR RECEIPT OF ORDERS, AND FAILED TO PROVIDE COMPLETE ORDER DETAILS OF ORDERS. FINRA FOUND THAT IN AT LEAST 12 INSTANCES, THE FIRM IDENTIFIED NOT HELD ORDERS AS HELD ORDERS, AND PROCESSED THOSE ORDERS THROUGH THE FLOOR ERROR ACCOUNT. AS SUCH, THE FIRM INCORRECTLY PROCESSED THESE TRANSACTIONS THROUGH THE FIRM'S ERROR ACCOUNT. FINRA ALSO FOUND THAT THE FIRM FAILED TO RECORD ORDER INFORMATION SUFFICIENT TO ESTABLISH THAT THE TRANSACTIONS PROCESSED THROUGH THE FIRM'S FLOOR ERROR ACCOUNT WERE RELATED TO BONA FIDE ERRORS, ALTHOUGH THE FIRM'S WRITTEN SUPERVISORY PROCEDURES ("WSPS") REQUIRED ELECTRONIC MEMORIALIZATION OF ALL ORDER INSTRUCTIONS. IN ADDITION, FINRA DETERMINED THAT PRIME SET AN UNREASONABLE CREDIT LIMIT FOR ONE OF ITS CUSTOMERS ("CUSTOMER A"). PRIME MISTAKENLY HAD A CREDIT LIMIT SET FOR CUSTOMER A AT \$50 BILLION. THE FIRM INTENDED TO SET CUSTOMER A'S CREDIT LIMIT AT \$1BILLION. IN ADDITION, PRIME DID NOT HAVE



REASONABLE SUPERVISORY PROCEDURES IN PLACE OR WSPS CONCERNING PERIODIC REVIEWS OF CUSTOMER CREDIT LIMITS TO ASSESS AND MONITOR THE REASONABLENESS OF CUSTOMER CREDIT LIMITS. MOREOVER, FINRA FOUND THAT FROM AT LEAST AUGUST 2017 UNTIL AUGUST 2018, PRIME DID NOT CONDUCT ANY REASONABLE DAILY REVIEWS (OR ANY OTHER REASONABLE PERIODIC REVIEW) TO IDENTIFY AND ADDRESS ANY POTENTIALLY MANIPULATIVE, DISRUPTIVE, OR OTHER IMPROPER ORDER OR TRADING ACTIVITY BY ANY OF ITS CUSTOMERS TO WHOM THE FIRM PROVIDED MARKET ACCESS, SUCH AS THE USE OF TRADING STRATEGIES THAT INVOLVED NON-BONA FIDE ORDERS. THE POST-TRADE REVIEWS THAT PRIME CONDUCTED IDENTIFIED OTHER POTENTIAL PROBLEMS, SUCH AS TRADE FAILS OR FIRM EMPLOYEES' IMPROPERLY TRADING IN THEIR OWN OUTSIDE ACCOUNTS. MOREOVER, IN TERMS OF POST-ORDER ENTRY CONTROLS AND REVIEWS, THE FIRM'S WSPS DID PROVIDE THAT ON A MONTHLY BASIS OR AS REQUIRED, THE FIRM'S COMPLIANCE OFFICER WILL REVIEW SEVERAL TRADES TO EXAMINE IF ALL THE INFORMATION ON THE ORDER HIT THE FIRM'S ORDER MANAGEMENT SYSTEM. EVIDENCE OF QUESTIONABLE TRADES WERE TO BE LOGGED AND KEPT IN A FOLDER AT THE FIRM'S MAIN OFFICE. HOWEVER, PRIME COULD NOT POINT TO ANY ACTUAL AND SPECIFIC REASONABLE POST-TRADE REVIEWS CONDUCTED FROM AT LEAST AUGUST 2017 THROUGH AUGUST 2018 CONCERNING POTENTIALLY MANIPULATIVE TRADING. IN ADDITION, PRIME HAD NOT LOGGED ANY POTENTIALLY MANIPULATIVE, DISRUPTIVE, IMPROPER OR QUESTIONABLE TRADE IN THE FOLDER REFERENCED IN THE WSPS

<b>Initiated By:</b>	NEW YORK STOCK EXCHANGE
<b>Date Initiated:</b>	04/30/2019
<b>Docket/Case Number:</b>	2017-03-00044
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	UNSPECIFIED SECURITIES
<b>Principal Sanction(s)/Relief Sought:</b>	Other
<b>Other Sanction(s)/Relief Sought:</b>	N/A
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	04/30/2019
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$22,500.00
<b>Other Sanctions Ordered:</b>	UNDERTAKING



<b>Sanction Details:</b>	THE FIRM WAS CENSURED AND FINED \$22,500. THE FIRM IS REQUIRED TO IMPROVE ITS WRITTEN SUPERVISORY PROCEDURES (WSPS), AND MARKET ACCESS RULE AND SUPERVISORY SYSTEM CONTROLS AND REVIEWS TO ADDRESS THE DEFICIENCIES DESCRIBED IN THE AWC, INCLUDING REASONABLE CONTROLS TO CAPTURE FOR THE REVIEW OF THE USE OF TRADING STRATEGIES THAT POTENTIALLY INVOLVE NON-BONA FIDE ORDERS OR ARE OTHERWISE IMPROPERLY DISRUPTIVE.
<b>Firm Statement</b>	IN ARRIVING AT THE AGREED-UPON PENALTY, NYSE REGULATION TOOK INTO CONSIDERATION THAT PRIME HAS ALREADY UNDERTAKEN REMEDIAL MEASURES IN RESPONSE TO THIS INVESTIGATION, INCLUDING: (I) HIRING A NEW CHIEF COMPLIANCE OFFICER; (II) UPDATING THE FIRM'S WSPS; (III) PURCHASING AND IMPLEMENTING NEW COMPLIANCE REVIEW TOOLS TO EFFECT REASONABLE POST-TRADE REVIEWS FOR POTENTIAL IMPROPER TRADING; (IV) TERMINATING RELATIONSHIPS WITH ALL OF THE FIRM'S PROGRAM TRADING CLIENTS; AND (V) MOVING ONE OF THE PRINCIPALS AT THE FIRM FROM FLOOR BROKER DUTIES TO BUSINESS OPERATIONS. ASSOCIATED ACTION IS CASE NUMBER 2017-10-00062.

## Disclosure 2 of 2

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	FAILED TO TIMELY COMPLETE APPLICATION.
<b>Initiated By:</b>	IOWA SECURITIES BUREAU
<b>Date Initiated:</b>	07/20/1994
<b>Docket/Case Number:</b>	C94-05-493
<b>URL for Regulatory Action:</b>	
<b>Principal Product Type:</b>	
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Decision
<b>Resolution Date:</b>	07/20/1994
<b>Sanctions Ordered:</b>	Revocation/Expulsion/Denial
<b>Other Sanctions Ordered:</b>	





<b>Sanction Details:</b>	BD APPLICATION DENIED.
<b>Regulator Statement</b>	CONTACT: GARY L. MARQUETT, ENFORCEMENT DIRECTOR, 515-281-4441
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<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	THE FIRM DID NOT SUBMIT A APPLICATION ON TIME.
<b>Initiated By:</b>	IOWA SECURITIES BUREAU.
<b>Date Initiated:</b>	07/07/1994
<b>Docket/Case Number:</b>	C94-05-493
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	APPLICATION WAS NOT FILES ON TIME.
<b>Principal Sanction(s)/Relief Sought:</b>	Denial
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Decision
<b>Resolution Date:</b>	07/20/1994
<b>Sanctions Ordered:</b>	Revocation/Expulsion/Denial
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	IOWA STATE APPLICATION WAS NOT FILED ON TIME. FIRM DOES NOT DO BUSINESS IN THE STATE NOR HAS IT EVER. ERROR WAS MADE WHEN THE FIRM FIRST BECAME A MEMBER. THE FIRM WILL NEED TO RE-APPLY, IF IT DESIRES, FOR IOWA STATE MEMBERSHIP.
<b>Firm Statement</b>	THE FIRM IN ERROR REGISTERED FOR THE STATE OF IOWA WHEN THE FIRM FIRST BECAME A MEMBER. THE FIRM HAS NEVER DONE BUSINESS IN IOWA AND DOES NOT NEED TO BE REGISTERED IN IOWA AT THIS TIME.

## End of Report



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