

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 200500179967-01**

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FINANCIAL INDUSTRY REGULATORY AUTHORITY

TO: Department of Market Regulation
Financial Industry Regulatory Authority ("FINRA")

RE: Cantor Fitzgerald & Co., Respondent
Broker-Dealer
CRD No. 134

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Cantor Fitzgerald & Co. (the "firm" or "CANT") 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, FINRA 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 FINRA, or to which FINRA 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 FINRA:

BACKGROUND

CANT has been a member of FINRA since February 16, 1945 and its registration remains in effect.

RELEVANT DISCIPLINARY HISTORY

- In October 5, 2006, NASD accepted an AWC that imposed a censure and a \$25,000 fine (consisting of a \$10,000 fine for the Order Audit Trail System ("OATS") violations, a \$10,000 fine for SEC Rule 15c2-11 and NASD Rule 6740 violations, and a fine of \$5,000 for a supervision violation).
- On April 25, 2006, NASD accepted an AWC that imposed a censure and a \$10,000 fine upon the firm for trade reporting violations.
- On October 13, 2005, NASD accepted an AWC that imposed a censure and a \$39,500 fine (consisting of a \$10,000 fine for limit order display violations, a \$7,500 fine for OATS violations, a \$10,000 fine for SEC Rule 10b-10 violations,

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a \$5,000 for SEC Rule 11Ac1-5 violations, a \$2,000 fine for record keeping violations, and \$5,000 for a supervision violation), and an undertaking to revise the firm's written supervisory procedures.

- On November 19, 2004, NASD accepted an AWC that imposed a censure and a \$6,000 fine upon the firm for committing trade reporting violations.
- On October 15, 2004, NASD accepted an AWC that imposed a censure and a \$7,500 fine upon the firm for SEC Rule 10b-10 violations.
- On January 15, 2004, NASD accepted an AWC that: (1) found that the firm committed limit order protection, short sale, trade reporting, ACT reporting, SEC Rule 10b-10, SEC Rule 11Ac1-5, limit order display, record keeping, three quote rule, firm quote, SEC Rule 15c2-11, and NASD Rule 6740 violations, and a supervision violation; and (2) imposed a censure, a \$29,000 fine, and an undertaking to revise the firm's written supervisory procedures.

FACTS AND VIOLATIVE CONDUCT

In matter 20050031328 (including 20050035391 and 20060044669), the Market Regulation staff (the "staff") reviewed CANT's compliance with the rules applicable to OATS during the periods June 1, 2005 through February 28, 2006 (a combined daily non-reporting and late reporting review) and July 1, 2005 through September 31, 2005 (an integrated review).

In matter 20060064922, the staff reviewed the firm's compliance with the trade reporting rules during the period May 1, 2006 through August 31, 2006.

In matter 20060047031, the staff reviewed the firm's compliance with the OATS rules during the period October 1, 2005 through December 31, 2005.

In matter 20060048103, the staff reviewed the firm's compliance with SEC Rule 203(b)(1) of Regulation SHO and NASD Conduct Rule 3370 during the period November 1, 2004 through May 31, 2005.

In the matter 20070080473, the staff reviewed the firm's compliance with the trade reporting rules during the period September 1, 2006 through December 31, 2006.

In 20050017967, the staff conducted the 2005 Trading and Market Making Surveillance ("TMMS") Examination of the firm concerning the areas of review on the trade dates set forth in Attachment 1.

In 20060067832, the staff conducted the 2006 TMMS of the firm concerning the areas of review on the trade dates set forth in Attachment 2.¹

In 20070111207, the staff conducted the 2007 TMMS of the firm concerning the areas of review on the trade dates set forth in Attachment 3.

As a result of these examinations and reviews, the staff determined that:

20050031328 (including 20050035391 and 20060044669) OATS Reviews

1. During the review period June 1, 2005 through February 28, 2006, the firm failed to timely report to OATS 202,642 Reportable Order Events ("ROEs"). These late ROEs represented 43 percent of all ROEs (462,749) submitted by the firm to OATS during the period June 1, 2005 through February 28, 2006. During the period July 1, 2005 through September 31, 2005, the firm transmitted to OATS 2,646 reports that contained inaccurate, incomplete, or improperly formatted data. Specifically, the reports contained inaccurate Market Center IDs. The conduct described in this paragraph constitutes separate and distinct violations of NASD Marketplace Rule 6955(a).

20060064922 Trade Reporting Review

2. During the period May 1, 2006 through August 31, 2006, the firm failed, within 90 seconds after execution, to transmit to the Nasdaq Market Center 185 last sale reports of transactions in eligible securities. These transactions constitute approximately two percent of the transactions reviewed that the firm was required to report to the Nasdaq Market Center during the review period. The conduct described in this paragraph constitutes a pattern or practice of late reporting without exceptional circumstances in violation of NASD Conduct Rule 2110.

20060047031 OATS Review

3. During the period October 1, 2005 through December 31, 2005, the firm submitted to OATS 15,110 Reportable Order Events ("ROEs") that were rejected by OATS for context or syntax errors. The firm did not repair 14,277 of the rejected ROEs, representing 94 percent of all rejected ROEs. The conduct described in this paragraph constitutes separate and distinct violations of NASD Marketplace Rule 6955(a).

¹ Conduct that was found to be violative of Nasdaq rules as a result of this examination is addressed in a separate AWC.

20060048103 Short Sales Review

4. During the period November 1, 2004 through May 31, 2005, the firm, on 20 occasions, accepted a short sale order in an equity security from another person, or effected a short sale in an equity security for its own account, without (1) borrowing the security, or entering into a bona-fide arrangement to borrow the security; or (2) having reasonable grounds to believe that the security can be borrowed so that it can be delivered on the date delivery is due; and (3) documenting compliance with SEC Rule 203(b)(1) of Regulation SHO. The conduct described in this paragraph constitutes separate and distinct violations of SEC Rule 203(b)(1) or Regulation SHO.
5. During the period November 1, 2004 through May 31, 2005, the firm accepted one customer short sale order in a certain security and, for that order, failed to make/annotate an affirmative determination that the firm would receive delivery of the security on behalf of the customer or that the firm could borrow the security on behalf of the customer for delivery by settlement date. The conduct described in this paragraph constitutes a violation of NASD Conduct Rule 3370.

20070080473 Trade Reporting Review

6. During the period September 1, 2006 through December 31, 2006, the firm failed to accept or decline in the Trade Reporting Facility ("TRF") 415 transactions in Reportable Securities within twenty minutes after execution, approximately three percent of all transactions that the firm had an obligation to accept or decline in the TRF as the OEID during the review period. The conduct described in this paragraph constitutes separate and distinct violations of NASD Marketplace Rule 6130(b) and a violation of NASD Conduct Rule 2110.

20050017967 (2005 TMMS Exam)

7. During the review period, the firm transmitted to OATS 47 Route or Combined Order/Route Reports that the OATS system was unable to link to the corresponding new order transmitted by the destination member firm due to inaccurate, incomplete or improperly formatted data. These Route or Combined Order/Route Reports represented 97 percent of the sample of match-eligible Route or Combined Order/Route Reports that the firm transmitted to OATS on the trade date(s) reviewed in the TMMS examination. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 6955(a).
8. The firm executed 327 short sale transactions and reported each of these transactions to ACT without using the short sale modifier accurately. The

conduct described in this paragraph constitutes separate and distinct violations of NASD Marketplace Rule 6130.

9. The firm executed 528 short sale orders and failed to properly mark the orders as short. The conduct described in this paragraph constitutes separate and distinct violations of SEC Rule 200(g) of Regulation SHO.
10. 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 the Rules of NASD, concerning soft dollar payments. Specifically, 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 NASD Rules 2110 and 3010.
11. During the review period, the firm failed to enforce its written supervisory procedures by failing to review transactions executed by the firm's "risk/arb" desk. The conduct described in this paragraph constitutes a violation of NASD Conduct Rules 2110 and 3010.

20060067832 (2006 TMMS Exam)

12. The firm failed to submit required information to OATS for three orders. The firm transmitted to OATS 29 reports that contained inaccurate, incomplete, or improperly formatted data. Specifically, the reports contained inaccurate order designations (limit versus market order), inaccurate time in force information, missing desk reports and failed to use combined reports. These inaccurate and/or incomplete reports represented 41 percent of all reports in the sample reviewed. The conduct described in this paragraph constitutes separate and distinct violations of NASD Marketplace Rule 6955(a).
13. The firm failed on 173 occasions to provide written notification disclosing to its customer one or more of the following items: (1) the firm's correct capacity in the transaction, (2) that the transaction was executed at an average price, (3) that the firm was a market maker in the subject security when it acted as principal for its own account, or (4) the type of compensation received by the firm as a result of the transaction. The conduct described in this paragraph constitutes separate and distinct violations of SEC Rule 10b-10.

14. The firm failed to provide documentary evidence that on the trade dates reviewed in the 2006 TMMS examination, it performed the supervisory reviews set forth in its written supervisory procedures concerning trade reporting, use of sales indicators for customer and proprietary sales transactions; OATS submissions by the firm and third parties on its behalf. The conduct described in this paragraph constitutes violations of NASD Conduct Rules 2110 and 3010.

20070111207 (2007 TMMS Exam)

15. The firm failed on 46 occasions to provide written notification disclosing to its customer its specific capacity in the transaction and incorrectly disclosed to its customer that a commission was charged for a principal or riskless principal transaction. On 33 occasions the firm provided written notification incorrectly disclosing to its customer that a commission was charged for a principal or riskless principal transaction. The firm failed, on three occasions, to provide written notification disclosing to its customer its specific capacity in the transaction and notification erroneously disclosing to its customer that it was a market maker in the subject security. The firm, on one occasion, provided written notification erroneously disclosing to its customer that it was a market maker in the subject security. The conduct described in this paragraph constitutes separate and distinct violations of SEC Rule 10b-10.
16. During the review period, the firm failed to transmit required information to OATS in 14 instances. In 12 instances the firm transmitted to OATS reports that contained inaccurate, incomplete, or improperly formatted data. Specifically, the firm failed in eleven instances to submit a report to OATS with a Special Handling Code of "NH" as required for a not held order and one instance incorrectly submitted a reporting exception to OATS for an execution reported as riskless principal under the alternate method. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 6955(a).

- B. The firm also consents to the imposition of the following sanctions:

A censure and fine of \$135,000 and an undertaking to revise the firm's written supervisory procedures with respect to the areas described in paragraph I.A.10.

The fine consists of the following:

1. a \$20,000 fine for OATS violations in 20050031328 (including 20050035391 and 20060044669);
2. a \$10,000 fine for late trade reporting violations in 20060064922;
3. a \$10,000 fine for the OATS violations in 20060047031;
4. a \$10,000 fine for the short sale violations in 20060048103;
5. a \$10,000 fine for the trade reporting violations in 20070080473;
6. a \$5,000 fine for the OATS violations, a \$10,000 fine for the short sale trade reporting violations; a \$5,000 fine for the inadequate written supervisory procedures violation and a \$15,000 fine for the failure to supervise violation in 20050017967;
7. a \$15,000 fine for the OATS violations, a \$5,000 fine for the SEC Rule 10b-10 violations, and a \$5,000 fine for the supervision violation for 20060067832; and
8. a \$5,000 fine for the SEC Rule 10b-10 violations and a \$10,000 fine for the OATS violations in 20070111207.

Within 30 business days of acceptance of this AWC by the NAC, a registered principal of the Respondent shall submit to the COMPLIANCE ASSISTANT, LEGAL SECTION, MARKET REGULATION DEPARTMENT, 9509 KEY WEST AVENUE, ROCKVILLE, MD 20850, a signed, dated letter, or an e-mail from a work-related account of the registered principal, to MarketRegulationComp@finra.org, providing the following information: (1) a reference to this matter; (2) a representation that the firm has revised its written supervisory procedures to address the deficiencies described in paragraph I.A.10; and (3) the date the revised procedures were implemented.

The firm agrees to pay the monetary sanction(s) upon notice that this AWC has been accepted and that such payment(s) are due and payable. It has submitted an Election of Payment form showing the method by which it proposes to pay the fine imposed.

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 FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against the firm;
- B. To be notified of the 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 National Adjudicatory Council ("NAC") 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 General Counsel, the NAC, or any member of the NAC, 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 FINRA Rule 9143 or the separation of functions prohibitions of FINRA 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 the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA 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 FINRA 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. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 8313; 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 FINRA, or to which FINRA 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 FINRA 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 FINRA, nor does it reflect the views of FINRA 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.

7/1/09
Date

Respondent
Cantor Fitzgerald & Co.

By: [Signature]

Name: Shawn P. Matthes

Title: CEO

Reviewed by: [Signature]
Attorney Name
Counsel for Respondent

Accepted by FINRA:

8/10/09
Date

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

Thomas R. Gira
Thomas R. Gira
Executive Vice President
Department of Market Regulation

The staff reviewed the following samples during the examination:

<u>Sample Size</u>	<u>Review Area</u>	<u>Sample Source</u>
1512	customer and proprietary sell orders, for compliance with SEC Rules 200(g) and/or 203(b),	from trade dates May 24 and 25, 2005 & January 10 - 12, 2006,
988	customer and proprietary sales, for compliance with NASD Rule 6130,	from trade dates May 24 and 25, 2005 & January 10 - 12, 2006,
1	"non displayed" limit orders and marketable orders in the same securities received while holding the "non-displayed" orders, for compliance with NASD Rule 2320,	from trade dates May 24 and 25, 2005,
101	Cancelled transactions for compliance with the requirement to cancel trade reports within ninety seconds of cancellation from books and records,	from trade dates May 24 and 25, 2005,
41	orders for NASDAQ securities in soft dollar accounts for compliance with trade reporting rules and the safe harbor limitations of SEC section 28(e),	from trade dates May 24 and 25, 2005,
25	orders in securities for which the firm was a market center, for compliance with the order size/type classification requirements of SEC Rule 605,	from trade dates May 24 and 25, 2005,
32 orders (order type categories)	security/size/order data statistics published on the firm's monthly order execution report, for compliance with SEC Rule 605,	from the report published for April of 2005,
N/A	data published on the firm's quarterly order routing report, for compliance with SEC Rule 606,	from the report published for the 2nd Quarter, 2005,
13	customer transactions in OTCBB and OTC equity securities, for compliance with NASD Rules 3110(b) and 2320,	from trade dates May 24 and 25, 2005,
10	persons engaged in the firm's trading and market making activities, for compliance with NASD Registration rules,	from staff in place during May 2006,
1704	order/trade records prepared and maintained in connection with the above samples, for general compliance with NASD Rule 3110 and SEC Rules 17a-3 and 17a-4,	from trade dates May 24 and 25, 2005 and January 10 - 12, 2006,
2210	trades reported to ACT or TRACS in connection with the above samples, for general compliance with NASD Trade Reporting and ACT rules,	from trade dates May 24 and 25, 2005 and January 10 - 12, 2006,
188	customer trade confirmations reviewed in connection with the above samples, for compliance with SEC Rule 10b-10,	from trade dates May 24 and 25, 2006,
50	orders in NNM or SC securities submitted to OATS, for compliance with NASD Rule 6955,	from trade dates May 24 and 25, 2005,

<u>Sample Size</u>	<u>Review Area</u>	<u>Sample Source</u>
N/A	the firm's establishment and implementation of "regular & rigorous" reviews of the execution quality of orders sent to other market centers and internalized, for compliance with NASD Rules 2320 and 3010,	based on WSPs in effect during May 2005,
N/A	the firm's establishment and implementation of a supervisory system and written supervisory procedures, for compliance with NASD Rule 3010,	based on WSPs in effect during May 2005.

Scope of the Trading and Market Making Surveillance Examination

NASD staff reviewed the following samples during the examination:

<u>Sample Size</u>	<u>Review Area</u>	<u>Sample Source</u>
2400	customer and proprietary sale transactions, for compliance with SEC Rules 200(g) and/or 203(b),	from trade date October 18, 2006
2076	customer and proprietary sales, for compliance with NASD Rule 6130,	from trade date October 18, 2006
0	customer and proprietary sale transactions, for compliance with SEC Rules 200(g) and/or 203(b),	from trade date October 18, 2006
0	short sales in CQS securities, for compliance with SEC Rule 10a-1 (Tick Test),	from trade date October 18, 2006
100	cancelled trades for compliance with NASD Rules 4632(g), 4642(g), 4652(g), 6420(f), and 6620(f),	from trade date October 18, 2006
45	limit orders executed as principal, for compliance with NASD Rules 2110 (and IM-2110-2), 6440, 6541 and 2320,	from trade date October 18, 2006
0	"non displayed" limit orders and 0 marketable orders in the same securities received while holding the "non-displayed" orders, for compliance with NASD Rule 2320,	from trade date October 18, 2006
10	not held market orders for compliance with NASD Rule 2320	from trade date October 18, 2006
50	orders for NASDAQ securities in soft dollar accounts for compliance with trade reporting rules and the safe harbor limitations of SEC section 28(e),	from trade date October 18, 2006
N/A	open buy limit orders and stop sell limit orders in securities traded ex-dividend, for compliance with NASD Rule 3220,	from trade date October 18, 2006
N/A	trades reported and modified through a mixed capacity regulatory report, for compliance with NASD Rule 6130,	from trade date October 18, 2006
1	trades in NNM/ SC, CQS, or OTC/OTCBB securities reported with a .PRP modifier, for compliance with NASD Rules 4632/4642/6420/6620 and 2320,	from trade date October 18, 2006
25	orders in securities for which the firm was a market center, for compliance with the order size/type classification requirements of SEC Rule 605,	from trade date October 18, 2006

<u>Sample Size</u>	<u>Review Area</u>	<u>Sample Source</u>
4 orders/ 25 trades	security/size/order data statistics published on the firm's monthly order execution report, for compliance with SEC Rule 605,	from the report for October 2006.
N/A	data published on the firm's quarterly order routing report, for compliance with SEC Rule 606,	from the report for 3 rd Quarter, October 2006
13	customer orders in OTCBB and OTC equity securities, for compliance with NASD Rules 3110(b) and 2320,	from trade date October 18, 2006
10	persons engaged in the firm's trading and market making activities, for compliance with NASD Registration rules,	from trading staff in October 2006.
2607	order/trade records prepared and maintained in connection with the above samples, for general compliance with NASD Rule 3110 and SEC Rules 17a-3 and 17a-4,	from trade date October 18, 2006 and various trade dates throughout October 2006
3856	trades reported to ACT or TRACS in connection with the above samples, for general compliance with NASD Trade Reporting and ACT rules,	from trade date October 18, 2006
182	customer trade confirmations reviewed in connection with the above samples, for compliance with SEC Rule 10b-10,	from trade date October 18, 2006
50	orders in NNM or SC securities submitted to OATS, for compliance with NASD Rule 6955,	from trade date October 18, 2006
N/A	the firm's establishment and implementation of "regular & rigorous" reviews of the execution quality of orders sent to other market centers and internalized, for compliance with NASD Rules 2320 and 3010,	from trade date October 18, 2006
N/A	the firm's establishment and implementation of a supervisory system and written supervisory procedures, for compliance with NASD Rule 3010,	based on WSPs in effect during October, 2006.

**2007 MRE Exam Samples
Cantor Fitzgerald & Co. ("CANT")
Exam No.: 2007 0111207**

<u>Sample Size:</u>	<u>Sample Description:</u>	<u>Sample Source/Period:</u>
140	Customer and proprietary sell orders, reviewed for compliance with SEC Rule 200(g) long/short sale recording requirements.	From trade date October 23, 2007.
11	Customer and proprietary short sales, reviewed for compliance with SEC Rule 203(b) security location requirements.	From trade date October 23, 2007.
777	Customer and proprietary sales reported to a TRF or OTCRF, for compliance with NASD Rules 6130, 4632 and 6620 sale indicator reporting requirements.	From trade date October 23, 2007.
0	Customer and proprietary sales reported to the ADF/TRACS, for compliance with NASD Rule 4632A sale indicator reporting requirements.	From trade date October 23, 2007.
54	Customer and proprietary sell orders entered into the Nasdaq Exchange execution systems, for compliance with Nasdaq Rule 4755 long/short sale indicator entry requirements.	From trade date October 23, 2007.
25	Cancellations of trades reported to a TRF or OTCRF, for compliance with NASD Rules 4632(g), 6420(f), 6620(f) and 6130(f) trade report cancellation requirements.	From trade date October 23, 2007.
0	Limit and market orders executed as principal, for compliance with the order protection and best execution requirements of NASD Rules 2110, IM-2110-2, 2111, 6541 and 2320, and Nasdaq Rules 2110, IM-2110-2, 2111 and 2320	From trade date October 23, 2007.
0	Limit orders for NMS stocks in which the member acts as an exchange or OTC market maker, for compliance with the display requirements of SEC Rule 604, 604 and Nasdaq Rule 3390.	From trade date October 23, 2007.

2007 MRE Exam Samples
Cantor Fitzgerald & Co. ("CANT")
Exam No.: 2007 0111207

<u>Sample Size:</u>	<u>Sample Description:</u>	<u>Sample Source/Period:</u>
10	Market orders with "not held" terms or from institutional customers, for compliance with NASD Rule 2320 and Nasdaq Rule 2320 best execution requirements.	From trade date October 23, 2007.
0	Market orders executed as principal, for compliance with NASD Rule 2320 and Nasdaq Rule 2320 best execution requirements.	From trade date October 23, 2007.
0	Order memoranda for net trades effected by non-institutional and institutional customers, for compliance with NASD Rule 2441 documentation requirements.	From trade date October 23, 2007.
0	Net trading agreements with institutional customers, for compliance with NASD Rule 2441 documentation requirements.	From trade date October 23, 2007.
1,244	Principal and riskless principal trade executions effected otherwise than on an exchange for limit or market orders, for compliance with NASD Rules 4632, 6420, 6620 and 6130 requirements for TRF and OTCRF reporting.	From trade date October 23, 2007.
0	Principal and riskless principal trade executions effected otherwise than on an exchange for limit or market orders, for compliance with NASD Rule 4632A requirements for ADF/TRACS reporting.	From trade date October 23, 2007.
0	FINRA Market Surveillance breaks for principal and riskless principal trades, for compliance with NASD Rules 4632, 6420, 6620, 6130 and 4632A requirements for TRF, OTCRF and ADF/TRACS reporting.	From trade date October 23, 2007.

2007 MRE Exam Samples
Cantor Fitzgerald & Co. ("CANT")
Exam No.: 2007 0111207

<u>Sample Size:</u>	<u>Sample Description:</u>	<u>Sample Source/Period:</u>
57	Trade executions effected otherwise than on an exchange for 2 orders in Nasdaq-listed or exchange listed securities, received from customers with accounts subject to a soft dollar agreement, for compliance with the SEC '34 Act section 28(e) safe harbor which limits the accrual of soft dollar credits for riskless principal transactions to those reporting in compliance with NASD Rules 4632 and 6420.	From trade date October 23, 2007.
0	Open limit orders to buy and/or open stop orders to sell securities that traded ex-dividend, for compliance with NASD Rule 3220 and Nasdaq Rule 4761.	For ex-dividend dates October 23 and 24, 2007.
1	Trade reported to a TRF or OTCRF with a PRP modifier, for compliance with NASD Rules 4632, 6420, 6620 and 2320.	From trade date October 23, 2007.
24	Orders for NMS stocks in which the firm acts as a market center, for compliance with SEC Rule 605 order classification requirements.	From trade date October 23, 2007.
0	Datasets published for on the monthly order execution report, for compliance with SEC Rule 605 requirement to publish accurate data. (A "dataset" is all required statistical data for a single order category, with each category representing a single unique combination of a security, order type and order size, as described in Rule 605.)	From the month of September 2007.
N/A	Quarterly order routing report, for compliance with SEC Rule 606 requirements.	Report published for the period of July through September 2007.
5	Customer orders in OTC equity securities, for compliance with NASD Rules 2320(g) and 3110(b) requirements to ascertain and document the best interdealer market for transactions in such securities.	From trade date October 23, 2007.

2007 MRE Exam Samples
Cantor Fitzgerald & Co. ("CANT")
Exam No.: 2007 0111207

<u>Sample Size:</u>	<u>Sample Description:</u>	<u>Sample Source/Period:</u>
50	Orders in securities required to be submitted to OATS, for compliance with NASD Rules 6954 and 6955, and Nasdaq Rules 6954 and 6955 requirement to submit OATS information.	From trade date October 23, 2007.
233	Order/Trade records prepared and maintained in connection with the above samples, for general compliance with requirements of NASD Rule 3110 and SEC Rules 17a-3 and 17a-4.	From trade date October 23, 2007.
1,377	Trades reported to a TRF, OTCRF or ADF/TRACS in connection with the above samples, for general compliance with requirements of NASD Trade Reporting and ADF rules.	From trade date October 23, 2007.
85	Customer confirmations prepared and maintained in connection with the above samples, for compliance with SEC Rule 10b-10 disclosure requirements.	From trade date October 23, 2007.
15	CRD registration records for persons conducting and/or supervising the member's trading and market making activities, for compliance with NASD Rule Series 1020, 1030 and 1040, and Nasdaq Rule Series 1020, 1030 and 1040.	List of trading personnel for October 2007.
All, as provided by the member	The member's supervisory system, written supervisory procedures ("WSPs") and documents evidencing the implementation of the WSPs, for compliance with NASD Rule 3010 requirements to establish and implement a system that is reasonably designed to prevent and detect violations of applicable securities rules.	WSPs provided by the member as those in effect during October 2007, and documentation of supervisory reviews conducted for October 2007.
N/A	The member's "Regular & Rigorous" review procedures (for assessing the execution quality of orders sent to other trading centers and/or internalized, for compliance with NASD Rules 2320 and 3010,	Procedures provided by the member as those in effect during October 2007.