

FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20100215959-02

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

RE: Spartan Securities Group, LTD., Respondent
Broker-Dealer
CRD No. 104478

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Spartan Securities Group, LTD. (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, 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

The firm has been a member of FINRA since July 25, 2001, and its registration remains in effect.

RELEVANT DISCIPLINARY HISTORY

The firm has relevant disciplinary history.

On January 15, 2009, the firm agreed to an AWC in matter 20070099249 for the review period of July 16-27, 2007 (the firm's 2007 Trading and Market Making Surveillance ("TMMS") exam) involving a censure and a fine of \$31,000 that included violations of NASD Rules 4632, 6130, 6620, 6955(a) and 3110 as well as SEC Rules 10(b)-10, 17a-3, 17a-4 and Rule 606 of Regulation NMS.

In addition, on June 29, 2010, the firm agreed to an AWC in matter 20080140194 for the review period of August 11-15, 2008 (the firm's 2008 TMMS Exam) involving a \$5,000 fine for violations of NASD Rule 6955(a).

SUMMARY

In connection with matter 20100215959, the TMMS staff conducted the 2010 TMMS Examination wherein the staff reviewed the items set forth on Exhibit 1, which is attached hereto and incorporated herein by reference, primarily for trade dates October 8 through October 20, 2010 (the “first review period”) unless otherwise noted.

In connection with matter 20110261557, the TMMS staff conducted the 2011 TMMS Examination wherein the staff reviewed the items set forth on Exhibit 2, which is attached hereto and incorporated herein by reference, primarily for trade dates August 15 through August 19, 2011 (the “second review period”) unless otherwise noted.

FACTS AND VIOLATIVE CONDUCT

In connection with matter 20100215959, the staff concluded:

1. During the first review period, the firm failed to contemporaneously or partially execute 21 customer limit orders in securities after it traded each subject security for its own market-making account at a price that would have satisfied each customer’s limit order. Additionally, in eight instances, the firm failed to pass along a price improvement to a customer limit order. The conduct described in this paragraph constitutes 29 separate and distinct violations of FINRA Rule 2010 and NASD IM-2110-2.
2. During the first review period, in 12 transactions for or with a customer as shown in Exhibit A, the firm failed to use reasonable diligence to ascertain the best inter-dealer market and failed to buy or sell in such market so that the resultant price to its customer was as favorable as possible under prevailing market conditions. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 2010 and NASD Rule 2320.
3. During the first review period, in 42 instances, the firm incorrectly reported information required to be reported to the OTC Trade Reporting Facility (“TRF”). The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rules 6380A or 6622.
4. During the first review period, in 15 instances, the firm incorrectly reported information required to be reported to FINRA/Nasdaq TRF. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rules 7230A or 7330.
5. During the first review period, the firm transmitted to OATS 160 reports that contained inaccurate, incomplete, or improperly formatted data. Specifically, the reports contained 148 inaccurate capacity codes, five inaccurate account type codes, five inaccurate member type codes, the incorrect price in one instance, and, in one instance, the firm failed to submit an EX Report. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 7450.

6. During the first review period, the firm, in 12 instances, incorrectly disclosed the reported price and failed to disclose the average price for a trade on the customer confirmation, and, in one instance, failed to provide a customer confirmation. The conduct described in this paragraph constitutes 13 separate and distinct violations of SEC Rule 10b-10.
7. During the first review period, the firm failed to show the terms and conditions on the memorandum of 17 brokerage orders. The conduct described in this paragraph constitutes separate and distinct violations of SEC Rule 17a-3.
8. During the first review period, the firm failed to establish and maintain a supervisory system designed to achieve compliance with respect to certain applicable laws and regulations concerning SEC Regulation NMS. Specifically, the firm failed to provide adequate procedures as well as failed to provide evidence of any supervisory review for the requirements of SEC Regulation NMS for October 2010. The conduct cited in this paragraph constitutes a violation of SEC Rule 611.
9. During the first review period, the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to certain applicable securities laws and regulations, and/or the Rules of NASD. At a minimum, adequate written supervisory procedures addressing quality of markets topics should describe the:
 - (a) specific identification of the individual(s) responsible for supervision;
 - (b) the supervisory steps and reviews to be taken by the appropriate supervisor;
 - (c) the frequency of such reviews; and
 - (d) how such reviews shall be documented.

The firm's written supervisory procedures failed to provide for one or more of the four above-cited minimum requirements for adequate written supervisory procedures, in the following subject areas:

Order Handling: SEC Rule 606 [(d)]; SEC Rule 605[(d)];

Best Execution: Concurrently Handling Multiple Orders [(b)]; Execution of Orders as Agent based on order-by-order Routing Decisions [(b), (c), (d)]; 3-Quote Rule [(b)]

Trade Reporting: Proper Use of Trade Modifiers [(b), (c), (d)]; Riskless Principal Trade Reporting [(b)]; Accepting Trades in a Timely Manner [(b)]; Trades reported on the member's behalf [(d)]

Sale Transactions: Order Marking [(b)]; Prompt delivery of sale transactions [(a), (b), (c), (d)]; Refraining from accepting short sale orders under 204T [(a), (b), (c), (d)]; Naked Short Selling Antifraud rule [(a), (b), (c), (d)]; Accurate Short Sale Indicators [(a), (b), (c), (d)]

Other Trading Rules: Trading During Trading Halt [(c), (d)]; Refraining from "backing away" from quotes [(b), (d)]; Multiple Real-Time Quotation Systems [(a), (b), (c), (d)]; Clearly erroneous transactions on FINRA [(a), (b), (c), (d)]; Accurate and

Appropriate Erroneous Trade Filings on FINRA [(b)], Detection of potential FINRA order entry errors [(a), (b), (c), (d)];

OATS: Consistent information on OATS and TRF [(a), (b), (c), (d)];

Other Rules: Sub-Penny Pricing Increments [(a), (b), (c), (d)].

During the first review period, the firm also failed to provide documentary evidence that during October 2010, it performed the supervisory reviews set forth in its written supervisory procedures concerning:

Supervisory System Procedures & Qualifications: Personnel Registration

Order Handling: Limit Order Display, Market Order Protection

Best Execution: Execution of Orders as Principal, Riskless Principal Trading, Execution of customer block sized orders, Concurrently Handling Multiple Orders, Regular & Rigorous Reviews, 3-Quote Rule

Anti-Intimidation/Coordination: Coordination of Quotes & Trades, Threaten or Improperly Influence, Educating Personnel

Trade Reporting: Accurate and Timely Trade Reports, Proper Use of Trade Modifiers, Riskless Principal Trade Reporting, Trades reported on the member's behalf

Sale Transactions: Order Marking.

Other Trading Rules: Refraining from "backing away" from Quotes, Accurate and Appropriate Erroneous Trade Filings on FINRA; Improper use or unauthorized entry into FINRA systems

OATS: Clock Synchronization, Accurate and Timely OATS Reporting, Consistent Routed Order Identification Numbers

Other Rules: Accurately Prepare and Maintain Books and Records

The conduct described in these paragraphs constitutes a violation of FINRA Rule 2010 and NASD Rule 3010.

In connection with matter 20110261557, the staff concluded:

10. During the second review period, in seven transactions for or with a customer as shown in Exhibit B, the firm failed to use reasonable diligence to ascertain the best inter-dealer market and failed to buy or sell in such market so that the resultant price to its customer was as favorable as possible under prevailing market conditions. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 2010 and NASD Rule 2320.
11. During the second review period, in six instances, the firm failed to contemporaneously or partially execute six customer limit orders in securities after it traded each subject security for its own market-making account at a price that would have satisfied each customer's limit order. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 2010 and NASD IM-2110-2.
12. During the second review period, the firm failed to show the terms and conditions on the memorandum of 84 brokerage orders. The conduct described in this paragraph constitutes separate and distinct violations of SEC Rule 17a-3.

13. During the second review period, the firm transmitted to OATS 75 reports that contained inaccurate, incomplete, or improperly formatted data. The conduct described in the preceding sentence constitutes separate and distinct violations of FINRA Rule 7450. Additionally, during the review period, the firm failed to provide completed documentation related to 16 orders submitted to OATS. The conduct described in the preceding sentence constitutes separate and distinct violations of FINRA Rule 7440.
14. During the second review period, the firm, in 12 instances, failed to disclose the reported price and the markup/markdown on the customer confirmation, in ten instances failed to disclose the reported price and the correct markup/markdown on the customer confirmation, in four instances failed to disclose the reported price on the customer confirmation, and in two instances failed to disclose the reported price, market maker status and the correct markup/markdown on the customer confirmation. The conduct described in this paragraph constitutes 28 separate and distinct violations of SEC Rule 10b-10.
15. During the second review period, for the month of August of 2011, the firm made available a report on the covered orders in national market system securities that it received for execution. This report included incomplete information as to eleven covered orders that were not reported. The conduct described in this paragraph constitutes separate and distinct violations of SEC Rule 605 of Regulation NMS.
16. During the second review period, the firm failed to establish and maintain a supervisory system designed to achieve compliance with respect to certain applicable laws and regulations concerning SEC Regulation NMS. Specifically, the firm failed to provide adequate procedures as well as failed to provide evidence of any supervisory review for the requirements of SEC Regulation NMS for August 2011. The conduct cited in this paragraph constitutes a violation of SEC Rule 611.
17. During the second review period, the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to certain applicable securities laws and regulations, and/or the Rules of NASD. At a minimum, adequate written supervisory procedures addressing quality of markets topics should describe the:
 - (a) specific identification of the individual(s) responsible for supervision;
 - (b) the supervisory steps and reviews to be taken by the appropriate supervisor;
 - (c) the frequency of such reviews; and
 - (d) how such reviews shall be documented.

The firm's written supervisory procedures failed to provide for one or more of the four above-cited minimum requirements for adequate written supervisory procedures, in the following subject areas:

Order Handling: Limit Order Protection [(b)]; Market Order Protection [(b)]; SEC Rule 602(b)(4) [(b)];

Best Execution: Orders executed as riskless principal [(b)];

Trade Reporting: Timely and accurate reporting to the TRF [(b)]; Reporting riskless principal transactions [(b)];

Sale Transactions: Review of order markings/SEC Rule 200(g) [(b)]; Review of locates/SEC Rule 203(b) [(b)]; Prompt delivery of sale transactions by settlement date SEC Rule 204[(b)]; Accurate short sale indicator [(b)]; Prohibition on short sales following 10% price decrease [(b)];

OATS: Accuracy of OATS data when reported by firm or on behalf of 3rd party [(b)]; Review to ensure that reported OATS data is consistent with information submitted to TRF [(a), (b), (c), (d)]; and

Other Rules: Accurate books and records [(a), (b), (c), (d)].

During the second review period, the firm also the firm failed to provide documentary evidence that during August 2011, it performed the supervisory reviews set forth in its written supervisory procedures concerning:

Supervisory System, Procedures & Qualifications: Personnel registration;

Order Handling: SEC Rule 606, Disclosure of Order Execution Information Rule 605;

Best Execution: Execution for customer block-sized orders, “not held” orders and customer orders with special pricing term/conditions, Handling of multiple orders subject to time/price trading discretion, Orders executed/routed as agent based on order-by-order routing decisions, Orders executed/routed as agent based on aggregate routing decisions and 3-Quote rule;

Anti-Intimidation/Coordination: Educating personnel on improper conduct

Trade Reporting: Proper use of trade modifier, Accepting trades reported by another firm, Accuracy of trades reported on firm’s behalf;

Other Trading Rules: Trading or quoting during trading halt, Requirements for firm to honor its quotes, “backing away” and adequately staffing its trading desk, Locked or crossed quoting, Clearly erroneous technological controls, Procedures to review and verify filing of clearly erroneous, review and detection of potential order entry errors;

OATS: Synchronization of firm’s clocks, Accurately and timely reporting OATS data, Reviewing and re-submission, Consistent routed order identification numbers;

Other rules: Information barriers, SEC Rule 612(a), SEC Rule 612(b).

The conduct described in the preceding paragraphs constitutes a violation of FINRA Rule 2010 and NASD Rule 3010.

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

A censure and a fine of \$95,000. This fine is comprised of \$20,000 for the order protection violations, \$12,500 for the trade reporting violations (\$2,500 of which relates to the FINRA Nasdaq TRF reporting violations), \$17,500 for the OATS violations, \$10,000 for the SEC confirmation requirement violations, \$5,000 for the SEC memoranda-related violations, \$10,000 for the SEC order route reporting violations, \$10,000 for the SEC Rule 611 violations, and \$10,000 for the FINRA supervisory-related violations.

The firm also agrees to Restitution by Respondent to the customers listed on Exhibits A& B which are attached, in the total amount of \$1,172.75, plus interest at the rate set forth in Section 6621(a) of the Internal Revenue Code, 26 U.S.C. 6621(a)(2), from the date of the violative conduct until the date this AWC is accepted by the National Adjudicatory Council. A registered principal of the firm shall submit satisfactory proof of payment of the restitution, or of reasonable and documented efforts undertaken to effect restitution, to the COMPLIANCE ASSISTANT, LEGAL SECTION, MARKET REGULATION DEPARTMENT, 9509 KEY WEST AVENUE, ROCKVILLE, MD 20850 or in an e-mail from a work-related account of the registered principal to **MarketRegulationComp@finra.org**, no later than 120 days after acceptance of this AWC. If for any reason, Respondent cannot locate any customer after reasonable and documented efforts within such period, or such additional period agreed to by the staff, Respondent shall forward any undistributed restitution and interest to the appropriate escheat, unclaimed-property or abandoned-property fund for the state in which the customer is known to have last resided.

The firm also agrees to an undertaking to revise the firm's written supervisory procedures with respect to the areas described above in paragraphs 9 and 17. 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 this paragraph; 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:

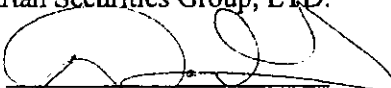
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will 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: (i) testimonial obligations; or (ii) 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.

4.21.2014
Date

Respondent
Spartan Securities Group, LTD.

By: 

Name: David Lopez

Title: CEO

Reviewed by:

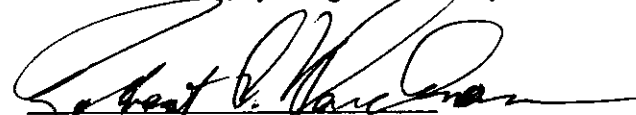


Alan Wolper
Counsel for Respondent
Ulmer & Berne
500 W. Madison Street
Suite 3600
Chicago, IL 60661

Accepted by FINRA:

5/30/14
Date

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


Robert A. Marchman
Executive Vice President and Head of Legal
Department of Market Regulation

2010 Market Regulation Examination Samples
Spartan Securities Group, Ltd. ("MICA")
Examination No. 20100215959
Sample Source/Period: October 8 - 22, 2010

Exhibit 1

Sample

<u>Size</u>	<u>Sample Description</u>
119	Sales reviewed for compliance with SEC Rule 200(g) long/short sale recording requirements
86	Short Sales reviewed for compliance with SEC Rule 203(b) security location requirements
0	Sales reviewed for compliance with SEC Rule 204 fail-to-deliver requirements
33	Sell trades reported to a TRF or OTCRF for compliance with sale indicator requirements, FINRA Rules 6182 or 6624
92	Sell orders entered into Nasdaq Exchange execution system for compliance with Nasdaq Rule 4755(a)(1)(A) long/short reporting requirements
204	Buy and Sell orders entered into Nasdaq Exchange execution system for compliance with Nasdaq Rule 4611 capacity reporting requirements
N/A	Sell orders entered into BATS Exchange execution system for compliance with BATS Rule 11.19 long/short reporting requirements
0	Limit orders for NMS securities in which the member acts as an exchange market maker for compliance with the display requirements of SEC Rules 602 and 604, and Nasdaq Rule 3390
39	Orders for compliance with best execution requirements of NASD Rule 2320
36	Held orders from the Held Order Protection Review
0	Not Held orders from the Not Held Order Review
0	Order executed with a .PRP (Prior Reference Price) trade modifier
3	Customer orders in OTC equity securities for compliance with NASD Rule 3110(b) requirements to ascertain and document best interdealer market related to execution of orders
28	Orders for compliance with order protection requirements of NASD Rules 2110, IM-2110-2, 2111, and Nasdaq Rules 2110, IM-2110-2, and 2111
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
0	Order memoranda and Net Trading agreements for compliance with NASD Rule 2441 requirements
201	Orders in securities required to be submitted to OATS for compliance with FINRA Rules 7440 and 7450, and Nasdaq Rules 6954 and 6955 requirements
60	Customer confirmations prepared and maintained in connection with select samples for compliance with SEC Rule 10b-10
13	Orders for NMS securities in which the Firm acts as a market center for compliance with SEC Rule 605 order classification requirements

2010 Market Regulation Examination Samples
Spartan Securities Group, Ltd. ("MICA")
Examination No. 20100215959
Sample Source/Period: October 8 - 22, 2010

Exhibit 1

0	Data sets published for 2010 monthly order execution report for compliance with SEC Rule 605 requirement to publish accurate data (a 'data set' encompasses all required statistical data for single security and order type/size category as described in SEC Rule 605)
0	Quarterly Routing Report for compliance with SEC Rule 606 requirements
6	CRD registration records for persons conducting and/or supervising Firm's trading and/or market making activities for compliance with NASD Rule Series 1020, 1030, 1040; Nasdaq Rule Series 1020, 1030, 1040; and BATS Rule 11.4
9	Customer orders in OTC equity securities for compliance with NASD Rule 3110(b) requirements to ascertain and document best interdealer market related to execution of orders
0	Disclosures to customers relating to trading in the Extended Hours session for compliance with FINRA Rule 2265 and Nasdaq Rule 4631
90	Records prepared and maintained in connection with the above samples for compliance with SEC Rules 17a-3 and 17a-4, and NASD Rule 3110
121	Number of Sell Trades for Compliance with SEC Rules 17a-3 and 17a-4
118	Trades reported to a TRF or OTCRF for compliance with FINRA Rules 6380A and 7230A or 6622 and 7330
N/A	Member's "Regular & Rigorous" review procedures regarding order execution quality for compliance with NASD Rules 2320 and 3010
All Provided	Member's supervisory and operational policies and procedures and documentation evidencing execution of the policies and procedures for compliance with SEC Regulation NMS Rule 611
All Provided	Member's supervisory system, written supervisory procedures ("WSPs") and documentation evidencing execution of the WSPs for compliance with NASD Rule 3010, Nasdaq Rule 3010, or BATS Rule 5.1 requirements
N/A	Trading Halts declared during the on-site portion of the examination for which FINRA Staff observed the operation of the ATS.
N/A	Trades reported to the ADF/TRACS for compliance with FINRA Rule 6282
N/A	ADF orders and quotes accessed by other market participants for compliance with FINRA Rule 6250 requirements to submit Order and Order Response reports

2011 Market Regulation Examination Samples
Spartan Securities Group, Ltd. ("MICA")
Exam No. 20110261557
Sample Source/Period*: August 15-19, 2011

<u>Sample Size</u>	<u>Sample Description</u>
150	Sales reviewed for compliance with SEC Rule 200(g) long/short sale recording requirements
115	Short Sales reviewed for compliance with SEC Rule 203(b) security location requirements
0	Sales reviewed for compliance with SEC Rule 204 fail-to-deliver requirements
180	Sell trades reported to a TRF or OTCRF for compliance with sale indicator requirements, FINRA Rules 6182 or 6624
134	Sell orders entered into Nasdaq Exchange execution system for compliance with Nasdaq Rule 4755(a)(1)(A) long/short reporting requirements
260	Buy and Sell orders entered into Nasdaq Exchange execution system for compliance with Nasdaq Rule 4611 capacity reporting requirements
50	Sell orders entered into NYSE-Arca execution system for compliance with NYSE-Arca Equity Rule 7.16 long/short reporting requirements
0	Limit orders for NMS securities in which the member acts as an exchange market maker for compliance with the display requirements of SEC Rules 602 and 604, and Nasdaq Rule 3390
48	Orders for compliance with best execution requirements of NASD Rule 2320
	40 Held orders from the Held Order Protection Review
	0 Not Held orders from the Not Held Order Review
	0 Order executed with a .PRP (Prior Reference Price) trade modifier
	8 Customer orders in OTC equity securities for compliance with NASD Rule 3110(b) requirements to ascertain and
40	Orders for compliance with order protection requirements of NASD Rules 2110, IM-2110-2, 2111, and Nasdaq Rules 2110, IM-2110-2, and 2111
2	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
0	Order memoranda and Net Trading agreements for compliance with NASD Rule 2441 requirements
77	Orders in securities required to be submitted to OATS for compliance with FINRA Rules 7440 and 7450, and Nasdaq Rules 6954 and 6955 requirements
26	Customer confirmations prepared and maintained in connection with select samples for compliance with SEC Rule 10b-10
11	Orders for NMS securities in which the Firm acts as a market center for compliance with SEC Rule 605 order classification requirements
0	Data sets published for Month Year monthly order execution report for compliance with SEC Rule 605 requirement to publish accurate data (a 'data set' encompasses all required statistical data for single security and order type/size category as described in SEC Rule 605)
1	Quarterly Routing Report for compliance with SEC Rule 606 requirements

* unless otherwise noted

2009 Version 2.0 - September 1, 2009

Created by DK on 6/1/12, Revised by DT on 6/1/12.

Last modified by RM - 7/26/12

2011 Market Regulation Examination Samples
Spartan Securities Group, Ltd. ("MICA")
Exam No. 20110261557
Sample Source/Period*: August 15-19, 2011

<u>Sample Size</u>	<u>Sample Description</u>
10	CRD registration records for persons conducting and/or supervising Firm's trading and/or market making activities for compliance with NASD Rule Series 1020, 1030, 1040 and Nasdaq Rule Series 1020, 1030, 1040
8	Customer orders in OTC equity securities for compliance with NASD Rule 3110(b) requirements to ascertain and document best interdealer market related to execution of orders
0	Disclosures to customers relating to trading in the Extended Hours session for compliance with FINRA Rule 2265 and Nasdaq Rule 4631
1019	Records prepared and maintained in connection with the above samples for compliance with SEC Rules 17a-3 and 17a-4, and NASD Rule 3110
460	Trades reported to a TRF or OTCRF for compliance with FINRA Rules 6380A and 7230A or 6622 and 7330
22	Trades reported to a TRF or OTCRF for compliance with FINRA Rules 6380A and 7230A or 6622 and 7330; specifically related to the usage of the related market center code.
All Provided	Member's "Regular & Rigorous" review procedures regarding order execution quality for compliance with NASD Rules 2320 and 3010
All Provided	Member's supervisory and operational policies and procedures and documentation evidencing execution of the policies and procedures for compliance with SEC Regulation NMS Rule 611
All Provided	Member's supervisory system, written supervisory procedures ("WSPs") and documentation evidencing execution of the WSPs for compliance with NASD Rule 3010 or Nasdaq Rule 3010 requirements

* unless otherwise noted

2009 Version 2.0 - September 1, 2009

Created by DK on 6/1/12, Revised by DT on 6/1/12

Last modified by RM - 7/26/12

Restitution Schedule

Exhibit A

Exhibit A

Firm Executions While Holding Order												
Exhibit No.	Item No.		Total Amount of Firm Street Trades	Average Price of Street Trades	Customer Fill Price	Difference between Customer Fill Price and Average of Street Trades	# of Shares Affected by Price Differential		Restitution Amount		Best Execution Violation	Order Protection Violation
Customer Selling	8.10	2	2	3.263700	3.250000	0.013700	948		\$ 12.99		x	
	8.10	4	9	0.550000	0.549500	0.000500	21200		\$ 10.60		x	
	8.10	5	3	0.043800	0.043000	0.000800	20000		\$ 16.00		x	
	8.10	6	5	0.557100	0.555000	0.002100	17500		\$ 36.75		x	
	8.10	12	4	0.275700	0.271900	0.003800	25000		\$ 95.00		x	
	8.10	15	6	0.124400	0.120000	0.004400	33950		\$ 149.38		x	
	14.10	24	2	0.275000	0.270100	0.004900	15000		\$ 73.50			x
	14.10	26	2	0.043400	0.043000	0.000400	25000		\$ 10.00		x	
	14.10	28	1	0.000400	0.000396	0.000004	3000000		\$ 12.00			x
	14.10	30	1	0.000400	0.000398	0.000002	1000000		\$ 2.00		x	
	14.10	32	1	0.000400	0.000398	0.000002	500000		\$ 1.00			x
	14.10	34	14	0.042900	0.042000	0.000900	200000		\$ 180.00			x
	14.10	35	4	0.041000	0.040410	0.000590	100000		\$ 59.00			x
	14.10	36	6	0.041900	0.041000	0.000900	100000		\$ 90.00			x
	14.10	37	1	0.450000	0.436500	0.013500	5000		\$ 67.50			x
	14.10	45	1	0.000400	0.000397	0.000003	3000000		\$ 9.00			x
	14.10	48	2	0.042500	0.041100	0.001400	20000		\$ 28.00		x	
Total								\$ 852.72				

Restitution Schedule

Exhibit B

Firm Executions While Holding Order								
<u>Exhibit No.</u>	<u>Item No.</u>		<u>Total Amount of Firm Street Trades</u>	<u>Average Price of Street Trades</u>	<u>Customer Fill Price</u>	<u>Difference between Customer Fill Price and Average of Street Trades</u>	<u># of Shares Affected by Price Differential</u>	<u>Restitution Amount</u>
Held	12		1	0.14	0.135	0.0050	7000	\$ 35.00
Held	18		0	53.96	53.91	0.0500	500	\$ 25.00
Held	21		0	12.82	12.93	0.1100	2000	\$ 220.00
Held	25		1	0.283	0.284	0.0010	5000	\$ 5.00
Held	26		1	0.2861	0.2885	0.0024	1500	\$ 3.60
Held	39		1	0.259	0.269	0.0100	3143	\$ 31.43
Total								\$ 320.03