

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
No. 20130371837-01**

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

RE: SMF Trading, Inc. d/b/a World-Xecution Strategies, Respondent
Broker-Dealer
CRD No. 134645

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, SMF Trading, Inc. (the "firm" or "Respondent") 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 Respondent alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. Respondent 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 August 25, 2005, and its registration remains in effect.

RELEVANT DISCIPLINARY HISTORY

The firm has no prior relevant disciplinary history.

FACTS AND VIOLATIVE CONDUCT

In connection with Matter No. 20130371837, the Order Audit Trail System ("OATS") Operations Team of the Department of Market Regulation reviewed the firm's compliance with the OATS reporting requirements during the period from August 1, 2012 through March 31, 2013.

In connection with Matter No. 20130378240, the OATS Compliance Team of the Department of Market Regulation reviewed the firm's compliance with the OATS reporting requirements during the period from April 1, 2013 through June 30, 2013.

In connection with Matter 20130371837:

1. During the period reviewed, the firm failed to transmit 25,207,871 Reportable Order Events ("ROEs") to OATS on 107 business days. These 25,207,871 ROEs represented approximately 32% percent of all ROEs (77,927,746) that the firm was required to transmit to OATS during the period reviewed. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 7450.
2. During the period reviewed, the firm's written supervisory procedures failed to designate an appropriately registered principal with authority to carry out the supervisory responsibilities with respect to the OATS rules. The conduct described in this paragraph constitutes a violation of FINRA Rule 2010 and NASD Rule 3010.
3. During the period reviewed, 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 FINRA, concerning OATS. Specifically, the firm's supervisory system did not include written supervisory procedures providing for a statement of the supervisory step(s) to be taken by the identified person(s) to ensure that all reportable ROEs were transmitted to OATS. The conduct described in this paragraph constitutes a violation of FINRA Rule 2010 and NASD Rule 3010.

In connection with Matter 20130378240:

4. During the period reviewed, the firm transmitted to OATS 19,196 ROEs that were rejected by OATS for context or syntax errors and were repairable. The firm failed to repair 19,176 of these rejected ROEs during the review period, representing approximately 99 percent of all rejected repairable ROEs. As a result of the firm's failure to repair these ROEs, the firm failed to transmit 19,176 ROEs to OATS during the period reviewed. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 7450.
5. During the period reviewed, the firm's written supervisory procedures failed to designate an appropriately registered principal with authority to carry out the supervisory responsibilities with respect to the OATS rules. The conduct described in this paragraph constitutes a violation of FINRA Rule 2010 and NASD Rule 3010.

B. Respondent also consents to the imposition of the following sanctions:

A censure, a fine of \$40,000 (consisting of \$32,500 for the OATS violations, and \$7,500 for the supervision violation), and an undertaking to revise the firm's written supervisory procedures with respect to the areas described in paragraphs I.A.2, 3, and 5. 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.

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

Respondent specifically and voluntarily waives any right to claim that it is unable to pay, now or at any time hereafter, the monetary sanction imposed in this matter.

The sanctions imposed herein shall be effective on a date set by FINRA staff.

II.

WAIVER OF PROCEDURAL RIGHTS

Respondent 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, Respondent specifically and voluntarily waives any right to claim bias or prejudgment of the Chief Legal Officer, 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.

Respondent 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

Respondent 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 Respondent; 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 accordance with FINRA Rule 8313;
 - 3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 8313; and
 - 4. Respondent 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. Respondent 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. Respondent 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.

5/11/15
Date

Respondent
SMF Trading, Inc.

By: Chesler E. Clark

Name: Chesler E. Clark

Title: CEO

Reviewed by:

Michael Wolk, Esq.
Counsel for Respondent
Sidley Austin LLP
1501 K Street, N.W.
Washington, D.C.
(202) 736-8807

Accepted by FINRA:

5/27/15
Date

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

Tina Salehi Gubb
Tina Salehi Gubb
Chief Counsel
FINRA Department of Market Regulation