

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2014039400801**

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

RE: Genesis Global Trading, Inc. (f/k/a SecondMarket, Inc.)
Respondent Member Firm
CRD No. 136962

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondent Genesis Global Trading, Inc. (formerly known as SecondMarket, Inc., hereinafter "Genesis" or 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 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

Genesis has been a FINRA member since April 4, 2006. The Firm employs 9 registered representatives operating out of its sole office in New York City.

RELEVANT DISCIPLINARY HISTORY

Genesis does not have any relevant disciplinary history with the U.S. Securities and Exchange Commission, FINRA, any other self-regulatory organization or any state securities regulator.

OVERVIEW

This matter concerns the Firm's failure to comply with certain financial rule requirements and with the requirement to deliver confirmations for certain transactions in violation of SEC and FINRA rules.

FACTS AND VIOLATIVE CONDUCT

1. SEC Rule 15c3-3 sets forth certain requirements for a firm that, among other things, holds customer funds. The Firm was operating pursuant to SEC Rule 15c3-3k(2)(i), which provides an exemption from these requirements where a firm does not hold customer funds.

Between October 2013 and October 2014, the Firm failed, in 33 instances, to promptly transmit customer funds held in the Firm's Special Account for the Exclusive Benefit of Customers as required for Firms relying on the 15c3-3k(2)(i) exemption. As a result, the Firm was fully subject to the requirements of SEC Rule 15c3-3, including but not limited to the requirement to perform customer reserve computations. Because the Firm did not fully comply with those requirements, the Firm violated SEC Rule 15c3-3 and FINRA Rule 2010.

2. From September 14, 2012 to October 7, 2014, Genesis was required to, but failed to make and deliver trade confirmations to customers for transactions in private placements and tender offers. As a result of this conduct, Genesis violated SEC Rules 10b-10 and 17a-3, as well as FINRA Rules 2232 and 2010.
3. From January 30, 2014 to April 14, 2015, Genesis maintained an omnibus account through which it held customer funds. SEC Rule 15c3-1(a)(2)(i) provides that a broker-dealer shall maintain a \$250,000 minimum net capital requirement if it holds customer funds. SEC Rule 15c3-3 further requires computation of reserve calculations for firms who hold customer funds and sets out certain responsibilities pertaining to possession and control for these firms. While Genesis maintained this omnibus account, it did not correctly compute its required minimum net capital or perform customer reserve computations as required when holding customer funds. It also failed to adhere to the responsibilities pertaining to possession or control of securities including maintaining a stock record showing ownership and location of securities. As a result of this conduct, Genesis violated SEC Rules 15c3-1 and 15c3-3 and FINRA Rule 2010.

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

- Censure; and
- A fine of \$50,000.

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

Respondent specifically and voluntarily waives any right to claim that Respondent 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 it;
- 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 it; and

C. If accepted:

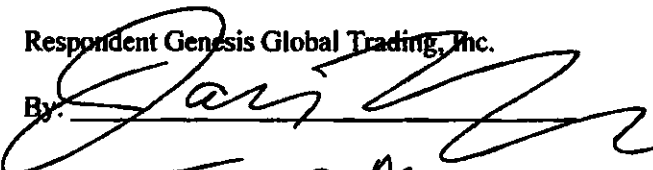
1. this AWC will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against it;
2. this AWC will be made available through FINRA's public disclosure program in accordance with FINRA Rule 8313;
3. FINRA may make 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 Respondent'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. Respondent 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 Respondent has agreed to its 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 Respondent to submit it.

6/24/2016
Date (mm/dd/yyyy)

Respondent Genesis Global Trading, Inc.

By: 

Print Name:

James Morgan

Print Title:

General Counsel
& CCO

Accepted by FINRA:

July 14, 2016
Date

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

A handwritten signature in cursive script, reading "Reema Abdelhamid", written over a horizontal line.

Reema Abdelhamid
Senior Regional Counsel
FINRA Department of Enforcement
Brookfield Place, 200 Liberty Street, 11th Floor
New York, NY 10281
Tel: 646-315-7411
E-Fax: 301-407-4699

CORRECTIVE ACTION STATEMENT

This Corrective Action Statement is submitted by the Respondent. It does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA, or its staff.

This matter described in AWC No. 20140394008 relates to the Firm's business of facilitating private placements and tender offers. The Firm sold this business in October 2015.