

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20150475920 - 01**

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

RE: INTL FCStone Financial Inc., Respondent
Broker/Dealer
CRD No. 45993

Pursuant to FINRA Rule 9216 of FINRA Code of Procedure, INTL FCStone Financial Inc. ("Respondent" 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 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 March 22, 1999, and its registration remains in effect. On July 14, 2015, the firm changed its name from INTL FCStone Securities Inc. to INTL FCStone Financial Inc.

The firm has the following relevant disciplinary history: on October 28, 2014, the firm consented to an AWC, which included a fine of \$20,000 for 50 Limit Order Display Rule violations committed by the firm during the review periods July 1, 2011 through September 30, 2011, April 1, 2012 through June 30, 2012, and July 1, 2013 through September 30, 2013.

SUMMARY

In Review No. 20150475920, the Department of Market Regulation staff ("the staff") conducted an OTC Securities Limit Order Display Rule review involving the firm, for the time period July 1, 2015 through September 30, 2015 ("the review period").

In Review No. 20160488992, the staff conducted an OTC Securities order protection review involving the firm, for the review period July 1, 2015 through September 30, 2015 (“the review period”).

As described below, the firm committed the following limit order display rule and trading ahead violations, as well as the related supervision violations, during the review period:

FACTS AND VIOLATIVE CONDUCT BY RESPONDENT

In connection with Review No. 20150475920:

1. During the review period, the firm failed to display immediately seven customer limit orders in OTC Securities in its public quotation, when each such order was at a price that would have improved the firm’s bid or offer in each such security; or when the order was priced equal to the firm’s bid or offer for each such security, and the size of the order represented more than a *de minimis* change in relation to the size associated with the firm’s bid or offer in each such security. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6460.

In connection with Review No. 20160488992:

2. During the review period, in 18 instances, the firm accepted and held 16 customer orders, and failed to execute or immediately execute customer orders in OTC Securities up to the size and/or at the same or a better price that the firm executed or satisfied the customer orders. These instances are reflected on Exhibit A, which is attached hereto. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rules 5320 and 2010.
3. During the review period, in 14 instances the firm failed to make an effort to cross a marketable customer order with another order received by the firm on the other side of the market. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rules 5320 and 2010.

In connection with Review Nos. 20150475920 and 20160488992:

4. During the review period, 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 limit order display and trading ahead of customer orders. At a minimum, adequate written supervisory procedures addressing quality of markets topics should describe the following:

- (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 ("WSPs") failed to provide for one or more of the four above-cited minimum requirements for adequate written supervisory procedures, in the following subject areas: (i) limit order display [(b)]; and (ii) trading ahead of customer orders [(b)]. The conduct described in this paragraph constitutes violations of FINRA Rules 3110 and 2010.

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

A censure;

A fine of \$42,500 (\$22,500 for the limit order display rule violations and \$7,500 for the supervision violations cited in Review No. 20150475920, and \$7,500 for the trading ahead violations and \$5,000 for the supervision violations cited in Review No. 20160488992); restitution to the investors listed on Exhibit A attached hereto, in the total amount of \$691.85, 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 ("NAC"); and an undertaking to revise the firm's WSPs with respect to subject areas described in paragraph I.A.4 above;

A registered principal on behalf of the Respondent firm shall submit satisfactory proof of payment of the restitution, or of reasonable and documented efforts undertaken to effect restitution. Such proof shall be submitted to the **COMPLIANCE ASSISTANT, LEGAL SECTION, MARKET REGULATION DEPARTMENT, 9509 KEY WEST AVENUE, ROCKVILLE, MD 20850**, either by letter that identifies the Respondent and case number, or by email from a work-related account of the registered principal of the firm to **MarketRegulationComp@finra.org**. This proof shall be provided to FINRA no later than 120 days after acceptance of this AWC. If for any reason, Respondent cannot locate any customer identified in Exhibit A after reasonable and documented efforts within 120 days from the date the AWC is accepted, or such additional period agreed to by FINRA staff in writing, 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. Respondent shall provide satisfactory proof of such action to

FINRA in the manner described above, within 14 days of forwarding the undistributed restitution and interest to the appropriate state authority.

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 WSPs to address the deficiencies described in paragraph I.A.4; and, (3) the date the revised procedures were implemented.

The firm agrees to pay the monetary sanctions upon notice that this AWC has been accepted and that such payments 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 the firm is unable to pay, now or at any time hereafter, the monetary sanctions imposed in this matter.

The imposition of a restitution order or any other monetary sanction herein, and the timing of such ordered payments, does not preclude customers from pursuing their own actions to obtain restitution or other remedies.

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 Formal Complaint issued specifying the allegations against the firm;
- B. To be notified of the Formal 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 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 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.

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, 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;
- 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. 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 understood all of the provisions to 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.

1/9/17
Date

INTL FCStone Financial Inc.

By: 

Name: KHONG NGUYEN

Title: COO

Reviewed by:


Counsel for Respondent

Accepted by FINRA:

February 1, 2017
Date


James J. Nixon
Chief Litigation Counsel
Market Regulation
Signed on behalf of the Director of ODA,
by delegated authority

Part I: Triggering Transactions																					Part II: Order Details										Part III: Order Ticket Data		Part IV: Disposition								
Firm Order Memoranda Details										Trade Report Information																															
Execution #	Order Received Date	Order Received Time	Side	Quantity	Issue Symbol	Order Type	Execution Date	Execution Time	Execution Price	Trade Report Date	Trade Report Time	Execution Time	Firm	Capacity	Side	Trade Qty	Issue Symbol	Trade Price	Counterparty ID	Counterparty ID Type	Order Letter	Event Type	Date Received Date	Order Received Time	MVID	Buy/Sell	Qty	Issue Symbol	Order Type	Limit Price	Routing Firm MVID	Special Handling Code	Execution Time	Execution Price	Execution Quantity	TT Executed Timestamp	OO Executed Timestamp	TA Violation	Restitution Total Amount	Failure to Cross	
1										7/10/2015	16:00:07	16:00:07	INTL	P	B	3,000	SGTPY	6.97	b/d	M	A	A	CR	7/10/2015	15:59:48.579	INTL	B	500	SGTPY	M		NFSC	ACN	16:00:15	6.98	500	16:00:07.371	16:00:15.000	Y	\$5.00	N
2										7/21/2015	08:19:48	8:19:47	INTL	P	S	155	NSRGF	76.4385	b/d	M	A	B	NW	7/21/2015	7:30:01.022	INTL	SL	101	NSRGF	L	76.10	NFSC	ACN				08:19:47.260	N/A	Y	N/A	N
3	8/4/2015	16:00:01.907	S	1,060	GLNCY	M	8/4/2015	16:00:20.995	6.15	8/4/2015	16:00:21	16:00:20	INTL	P	B	1,060	GLNCY	6.15	b/d	M	A	C	OE	8/4/2015	16:00:01.997	INTL	B	575	GLNCY	M		NFSC		16:00:21	6.16	575	16:00:20.995	16:00:21.015	Y	\$5.75	Y
4	8/4/2015	16:00:01.955	S	3,956	TUNOY	M	8/4/2015	16:00:20.988	1.67	8/4/2015	16:00:21	16:00:20	INTL	P	B	3,956	TUNOY	1.67	b/d	M	A	D	OE	8/4/2015	16:00:01.517	INTL	B	461	TUNOY	M		NFSC		16:00:21	1.90	461	16:00:20.988	16:00:21.020	Y	\$13.63	Y
5	8/4/2015	16:00:01.935	B	1,514	VLOWY	M	8/4/2016	16:00:20.992	3.01	8/4/2015	16:00:21	16:00:20	INTL	P	S	1,514	VLOWY	3.01	b/d	M	A	E	OE	8/4/2015	16:00:01.862	INTL	SL	833	VLOWY	M		NFSC		16:00:21	2.99	833	16:00:20.992	16:00:21.005	Y	\$15.66	Y
6	8/4/2015	16:00:01.734	B	671	WEIGY	M	8/4/2015	16:00:20.998	11.84	8/4/2015	16:00:21	16:00:20	INTL	P	S	671	WEIGY	11.84	b/d	M	A	F	OE	8/4/2015	16:00:01.168	INTL	SL	224	WEIGY	M		NFSC		16:00:23	11.76	224	16:00:20.998	16:00:23.970	Y	\$17.92	Y
7	8/4/2015	16:00:01.715	S	641	ANFGY	M	8/4/2015	16:00:21.008	17.83	8/4/2015	16:00:21	16:00:21	INTL	P	B	641	ANFGY	17.83	b/d	M	A	G	OE	8/4/2015	16:00:01.160	INTL	B	394	ANFGY	M		NFSC		16:00:23	17.93	194	16:00:21.008	16:00:23.972	Y	\$19.40	Y
8	8/4/2015	16:00:01.320	B	248	RSNAY	M	8/4/2015	16:00:21.033	8.22	8/4/2015	16:00:21	16:00:21	INTL	P	S	248	RSNAY	8.22	b/d	M	A	H	OE	8/4/2015	16:00:01.194	INTL	SL	395	RSNAY	M		NFSC		16:00:23	8.10	195	16:00:21.033	16:00:23.969	Y	\$23.40	Y
9	8/4/2015	16:00:01.483	S	384	EONGY	M	8/4/2015	16:00:21.022	13.08	8/4/2015	16:00:21	16:00:21	INTL	P	B	384	EONGY	13.08	b/d	M	A	I	OE	8/4/2015	16:00:01.209	INTL	B	204	EONGY	M		NFSC		16:00:23	13.13	204	16:00:21.022	16:00:23.966	Y	\$10.20	Y
10	8/4/2015	16:00:01.392	B	274	ECIFY	M	8/4/2015	16:00:21.036	4.70	8/4/2015	16:00:21	16:00:21	INTL	P	S	274	ECIFY	4.70	b/d	M	A	J	NW	8/4/2015	16:00:00.786	INTL	SL	119	ECIFY	M		NFSC		16:00:27	4.66	119	16:00:21.036	16:00:27.142	Y	\$4.76	Y
11	8/4/2015	16:00:01.548	B	393	SUBCY	M	8/4/2015	16:00:21.008	8.25	8/4/2015	16:00:21	16:00:21	INTL	P	B	393	SUBCY	8.25	b/d	M	A	K	OE	8/4/2015	16:00:01.201	INTL	B	226	SUBCY	M		NFSC		16:00:23	8.35	226	16:00:21.008	16:00:23.966	Y	\$22.60	Y
12	8/4/2015	16:00:01.491	B	355	LRUGY	M	8/4/2015	16:00:31.727	1.47	8/4/2015	16:00:32	16:00:31	INTL	P	S	355	LRUGY	1.47	b/d	M	A	L	OE	8/4/2015	16:00:01.878	INTL	SL	919	LRUGY	M		NFSC		16:00:32	1.45	919	16:00:31.727	16:00:32.200	Y	\$7.10	Y
13	8/4/2015	16:00:01.937	B	985	SCUHY	M	8/4/2015	16:00:31.722	6.24	8/4/2015	16:00:32	16:00:31	INTL	P	S	985	SCUHY	6.24	b/d	M	A	M	OE	8/4/2015	16:00:01.921	INTL	SL	1,480	SCUHY	M		NFSC		16:00:32	6.23	1,480	16:00:31.722	16:00:32.211	Y	\$9.85	Y
14	8/4/2015	16:00:01.927	S	1,130	CDEVY	M	8/4/2015	16:00:31.719	6.70	8/4/2015	16:00:32	16:00:31	INTL	P	B	1,130	CDEVY	6.70	b/d	M	A	N	OE	8/4/2015	16:00:01.949	INTL	B	1,367	CDEVY	M		NFSC		16:00:32	6.74	1,367	16:00:31.719	16:00:32.206	Y	\$45.20	Y
15	8/4/2015	16:00:01.016	B	149	CFRUY	M	8/4/2015	16:00:23.977	8.53	8/4/2015	16:00:24	16:00:23	INTL	P	S	149	CFRUY	8.53	b/d	M	A	O	NW	8/4/2015	16:00:01.932	INTL	SL	129	CFRUY	M		NFSC		16:00:27	8.52	129	16:00:23.977	16:00:27.132	Y	\$1.29	Y
16	8/25/2015	15:59:12.327	S	504	TMOCY	M	8/25/2015	16:00:05.213	3.35	8/25/2015	16:00:05	16:00:05	INTL	P	B	504	TMOCY	3.35	b/d	M	A	P	NW	8/25/2015	15:59:56.643	INTL	B	497	TMOCY	M		ECUT		16:00:21	3.72	497	16:00:05.213	16:00:21.479	Y	\$183.89	Y
17										8/25/2015	16:00:13	16:00:13	b/d	P	B	1,000	CADXY	1.37	INTL	M	P															16:00:13		Y	\$50.00	N	
18										8/25/2015	16:00:16	16:00:16	b/d	P	B	100	CADXY	1.37	INTL	M	P	Q	NW	8/25/2015	15:59:03.826	INTL	SL	####	CADXY	M		ECUT		16:00:37	1.32	76,992	16:00:16	16:00:37.999	Y	\$5.00	N
19										8/25/2015	16:00:19	16:00:19	b/d	P	B	5,000	CADXY	1.37	INTL	M	P															16:00:19		Y	\$250.00	N	
Total TA Violations:																																						19			
Total Failures to Cross:																																						14			
Total Restitution:																																						\$691.85			