

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20160485367-01**

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

RE: StockCross Financial Services, Inc., Respondent
Broker-Dealer
CRD No. 6670

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, StockCross Financial Services, Inc. ("STXG", 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 became a member of FINRA on May 5, 1972, and its registration remains in effect. The firm has no relevant prior disciplinary history.

SUMMARY AND OVERVIEW

In connection with Matter No. 20160485367, the Customer Issues Group of the Department of Market Regulation (the "staff") reviewed the firm's compliance with FINRA Rule 5310 during the period July 1, 2015 through September 30, 2015; during the period of October 1, 2015 through December 31, 2015; and the during the period January 1, 2016 through March 31, 2016 (collectively the "Review Period").

As a result of staff's review, it was determined that during the nine-month Review Period, STXG failed to execute a total of 141 orders fully and promptly. Further, for 48 of the 141 orders, the firm failed to use reasonable diligence to ascertain the best market for the subject securities and failed to buy or sell in such market so that the resultant price to the customer was as favorable as possible under prevailing market conditions. Lastly, during the Review Period, STXG's supervisory system did not provide for supervision

reasonably designed to achieve compliance with executing marketable customer orders fully and promptly.

FACTS AND VIOLATIVE CONDUCT

1. During the period July 1, 2015 through September 30, 2015, the firm failed to execute 43 orders fully and promptly. For 20 of the 43 orders, the firm failed to use reasonable diligence to ascertain the best market for the subject securities and failed to buy or sell in such market so that the resultant price to the customer was as favorable as possible under prevailing market conditions.
2. During the period October 1, 2015 through December 31, 2015, the firm failed to execute 51 orders fully and promptly. For 13 of the 51 orders, the firm failed to use reasonable diligence to ascertain the best market for the subject securities and failed to buy or sell in such market so that the resultant price to the customer was as favorable as possible under prevailing market conditions.
3. During the period January 1, 2016 through March 31, 2016, the firm failed to execute 47 orders fully and promptly. For 15 of the 47 orders, the firm failed to use reasonable diligence to ascertain the best market for the subject securities and failed to buy or sell in such market so that the resultant price to the customer was as favorable as possible under prevailing market conditions.
4. By virtue of the foregoing, Respondent violated FINRA Rules 5310 and 2010.¹
5. During the Review Period, STXG'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 compliance with Supplementary Material .01 of FINRA Rule 5310 ("FINRA Rule 5310.01") with respect to executing marketable customer orders fully and promptly. Specifically, the firm's supervisory system did not include written supervisory procedures providing for: (1) the identification of the person(s) responsible with respect to the applicable rule; (2) a statement of the supervisory steps(s) to be taken by the identified person(s); (3) a statement as to how often such person(s) should take such steps(s); and (4) a statement as to how the completion of the step(s) included in the written supervisory procedures should be documented. By virtue of the foregoing, Respondent violated FINRA Rules 3110 and 2010.

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

A censure and a fine of \$35,000 (consisting of \$25,000 for the combined violations of FINRA Rules 5310 and 2010, and \$10,000 for the related supervision violations).

¹ The firm previously made full restitution to the impacted customers in the amount of \$3,609.92 as required for the best execution violations.

Respondent 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.

Respondent 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

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.

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The undersigned, on behalf of the firm, certifies that a person duly authorized to act on its behalf has read and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it; that the firm 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 the firm to submit it.

7/30/2018
Date

Respondent
StockCross Financial Services, Inc.

By: Michael Colaninno

Name: Michael Colaninno

Title: CFO

Reviewed by:

MARTIN H. KAPLAN
Attorney Name
Counsel for Respondent 60 WALL ST
Firm Name
Address NY NY 10005
City/State/Zip
Phone Number 212-269-1400

Accepted by FINRA:

9/7/18
Date

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

Bryan C. Wallace / 2008

Bryan C. Wallace, Principal Counsel
FINRA Department of Enforcement
One Liberty Plaza
New York, NY 10024