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FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2020067647701

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

RE: DriveWealth, LLC (Respondent)
Member Firm
CRD No. 165429

Pursuant to FINRA Rule 9216, Respondent DriveWealth, LLC (DriveWealth) 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 in this AWC.

I.

<u>ACCEPTANCE AND CONSENT</u>

A. Respondent accepts and consents to the following findings by FINRA without admitting or denying them:

<u>BACKGROUND</u>

DriveWealth became a member of FINRA in December 2013. The firm is headquartered in New York, New York, employs approximately 65 registered representatives, and has three branch offices. DriveWealth provides brokerage services to correspondent broker-dealers to trade equity securities and exchange-traded funds, including in fractional shares.[1]

<u>OVERVIEW</u>

Between February 2016 and March 2022, DriveWealth failed to report over 211 million fractional share trades to a FINRA trade reporting facility (TRF) and approximately 169 million reportable events involving fractional share trades to the Consolidated Audit Trail (CAT) Central Repository.

Between October 2021 and August 2025, the firm submitted approximately 127 million inaccurate or late reports to the TRFs and approximately 2.1 billion inaccurate reportable

[1] For more information about the firm, including prior regulatory events, visit BrokerCheck® at www.finra.org/brokercheck.

events to the CAT Central Repository. As a result, DriveWealth violated FINRA Rules 6380A, 6380B, 6622, 6830, 6893, and 2010.

DriveWealth completed its back-reporting of the fractional share trades in March 2022. Thereafter, FINRA identified over 110,000 instances between January 2020 and September 2021 where DriveWealth effected trades during trading halts, pauses, and market-wide circuit breakers, in violation of FINRA Rules 5260, 6121, and 2010.

Until November 2025, the firm did not establish, maintain, and enforce a supervisory system reasonably designed to achieve compliance with its obligations for trade reporting, CAT reporting, and preventing trading during halts, in violation of FINRA Rules 3110 and 2010.

For these violations, DriveWealth is censured, fined $1,100,000, and ordered to pay restitution of $55,122.15.

FACTS AND VIOLATIVE CONDUCT

This matter originated from FINRA's review of the firm's compliance with its reporting obligations, FINRA Rule 4530(b) self-reports from the firm, and FINRA surveillance.

1. DriveWealth failed to report accurate and complete trade and order data to the TRFs and to the CAT Central Repository.

FINRA uses equity and transaction data reported to the TRFs and to the CAT Central Repository as an integral part of its cross-market surveillance program. FINRA relies on the accuracy of reported data to reconstruct and review the activities of market participants in order to safeguard the integrity of the securities markets and protect investors. The failure to transmit equity order and transaction data, or the transmission of inaccurate, incomplete, or untimely data, can negatively affect the regulatory audit trail and the quality of FINRA's surveillance patterns.

All FINRA members are required to report data to the CAT Central Repository and comply with Rule 613 of Regulation NMS and the FINRA Rule 6800 Series. All proprietary trading activity, including market-making activity, is subject to CAT reporting. There are no exclusions or exemptions of any kind for type of firm or type of trading activity.

FINRA's trade reporting facilities provide member firms with a mechanism to report equity securities transactions effected other than on an exchange. The data that members report to the TRFs has a direct impact on the accuracy of the public information that FINRA disseminates.

a. DriveWealth failed to report, or inaccurately reported, fractional share trades to the TRFs.

FINRA Rules 6380A, 6380B, and 6622 set forth requirements for reporting transactions in national market system (NMS) and over-the-counter (OTC) securities to the

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FINRA/Nasdaq TRF, the FINRA/NYSE TRF, and the FINRA OTC Reporting Facility (ORF) (collectively, TRFs), respectively. FINRA Rules 6380A(b), 6380B(b), and 6622(b) provide that (1) in transactions between two FINRA members, the executing party shall report the trade; and (2) in transactions between a FINRA member and a non-member or customer, the member shall report the trade. Trades involving fractional shares are subject to FINRA's trade reporting rules.

FINRA Rules 6380A, 6380B, and 6622 require the submission of one of two types of transaction reports—a tape report or a non-tape report—depending on the purpose of the report. A tape report is a trade report that is submitted to a TRF and reported to and publicly disseminated by the exclusive Securities Information Processor. Non-tape reports include regulatory reports submitted to FINRA for regulatory purposes and are not publicly disseminated. All trades are to be reported to a TRF as soon as practicable but no later than 10 seconds after execution.

FINRA Rules 6380A(c), 6380B(c), and 6622(c) set forth certain information to be reported, including a symbol indicating whether the transaction is a buy or sell trade. FINRA Rules 6380A(a)(5)(G), 6380B(a)(5)(G), and 6622(a)(5)(G) provide that member firms must report a trade with a prior reference price modifier where "the transaction report reflects a price different from the current market when the execution price is based on a prior reference point in time," and the transaction is not executed and reported within 10 seconds from the prior reference point in time.

FINRA Rules 6380A(d)(3), 6380B(d)(3), and 6622(d)(3) set forth the procedures for reporting principal and riskless principal transactions. Members must report principal transactions with a customer by submitting a tape report with a principal capacity indicator. Members may report riskless principal transactions by submitting either (1) a tape report with a riskless principal capacity indicator, or (2) a tape report with a capacity of principal to reflect the initial leg of the transaction, and a non-tape report with a riskless principal capacity indicator to reflect the offsetting riskless leg of the transaction. For such trades, the member executing the trade in a riskless principal capacity is obligated to ensure its capacity is accurately reported.[2]

A violation of FINRA's trade reporting rules is also a violation of FINRA Rule 2010, which requires members, in the conduct of their business, to observe high standards of commercial honor and just and equitable principles of trade.

Since February 2016, DriveWealth has allowed customers of its unaffiliated correspondent introducing broker-dealers and investment advisors, including retail customers, to place notional orders, expressed in dollar values, which allow for fractional share trades. Notional trades can result in share values that are either less than one share or a larger quantity involving a whole share component and a fractional component, for example, 7.5 shares. During the relevant period, if a notional order resulted in both a whole and fractional share quantity, the firm routed out the whole share amount on an

[2] See Trade Reporting Frequently Asked Questions, FAQ 302.9, https://www.finra.org/filingreporting/markettransparency-reporting/trade-reporting-faq.

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agency basis, and executed the fractional share separately as either principal or riskless principal.[3] DriveWealth believed it did not have any trade reporting obligations for principal and riskless principal fractional share transactions until FINRA notified the firm that it was required to report these fractional share transactions. As a result, from February 2016 through March 2022, DriveWealth failed to report approximately 211 million fractional share trades to the TRFs. Specifically, the firm (i) failed to tape report approximately 193 million principal trades; and (ii) failed to submit approximately 18 million non-tape reports with the riskless principal capacity indicator.

Furthermore, between October 2021 and September 2022, DriveWealth submitted approximately 123.4 million inaccurate or late trade reports. Specifically, DriveWealth (i) inaccurately reported buy and sell symbols on approximately 108 million trade reports; (ii) inaccurately tape-reported approximately 2.4 million riskless principal trades as principal trades; and (iii) late reported approximately 13 million transactions in NMS securities more than 10 seconds after execution. Further, from October 2021 through August 2025, DriveWealth inaccurately reported approximately 3.2 million fractional share trades without the required prior reference price modifier.

As a result, DriveWealth violated FINRA Rules 6380A, 6380B, 6622, and 2010.

b. DriveWealth inaccurately reported, or failed to report, reportable events to the CAT Central Repository.

FINRA Rule 6830(a) requires each member to "record and electronically report to the [CAT] Central Repository" specific details for each order and each Reportable Event, as applicable. Reportable Event is defined to include, but is not limited to, the original receipt or origination, modification, cancellation, routing, execution (in whole or in part) and allocation of an order, and receipt of a routed order.

FINRA Rule 6893(a) requires members to "record and report data to the [CAT] Central Repository as required by this Rule Series in a manner that ensures the timeliness, accuracy, integrity and completeness of such data." A violation of FINRA Rule 6830 or 6893 is also a violation of FINRA Rule 2010.

Between June 2020 and October 2024, the firm inaccurately reported approximately 2.1 billion reportable events to the CAT Central Repository, spanning nine unique error types. Four error types accounted for the majority of the inaccurate events. With respect to those issues, the firm:

[3] An agency transaction is a transaction where a broker-dealer, authorized to act as an intermediary for the account of its customer, buys (sells) a security from (to) a third party (e.g., another customer or broker-dealer). A principal transaction is a transaction where a broker-dealer participates in a trade by buying or selling a security for its own account. A riskless principal transaction is a transaction in which a broker-dealer, after having received an order to buy (sell) a security, purchases (sells) the security as principal and satisfies the original order by selling (buying) as principal at the same price (the offsetting "riskless" leg). See Trade Reporting Frequently Asked Questions, FAQ 302.1, https://www.finra.org/filing-reporting/market-transparency-reporting/trade-reporting-faq.

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- Inaccurately reported the trading session for approximately 927 million reportable events between June 2020 and May 2024;

- Inaccurately submitted a single Firm Designated ID on multiple firm trading accounts for approximately 500 million reportable events between June 2020 and October 2024;

- Inaccurately reported the account holder type of foreign, non-reporting broker-dealers on approximately 450 million reportable events between April 2021 and May 2024; and

- Omitted "not held" handling instructions on approximately 65 million reportable events between April 2021 and April 2022.

Additionally, between June 2020[4] and October 2021, DriveWealth failed to report approximately 169 million reportable events concerning fractional share transactions to the CAT Central Repository. Further, from December 2021 to August 2024, the firm failed to report 173 million route cancellation events.

As a result, DriveWealth violated FINRA Rules 6830, 6893, and 2010.

2. DriveWealth effected securities transactions during trading halts.

Trading in individual stocks can sometimes be halted or delayed for various reasons. For example, exchanges have rules requiring trading in individual stocks to be halted during the trading day or delayed at the beginning of the trading day to allow the market to digest any significant new information about the company. Sometimes, market-wide volatility is so severe that exchanges and FINRA halt all trading rather than just pausing activity in a single stock.

These halts that apply to the entire stock market, known as market-wide circuit breakers (MWCBs), may suspend trading temporarily or may close the markets before the normal close of the trading session.

FINRA Rule 5260 generally prohibits broker-dealers from directly or indirectly effecting any transaction or publishing a quotation in any security as to which a trading halt or trading pause is in effect.[5] FINRA Rule 6121 requires broker-dealers to halt trading during a MWCB. A violation of FINRA Rules 5260 or 6121 is also a violation of FINRA Rule 2010.

After DriveWealth completed its historical reporting of fractional share trades in March 2022, FINRA identified instances where the firm effected securities transactions during

[4] As a large industry member, DriveWealth was required to begin reporting its order event data to the CAT Central Repository on June 22, 2020. A large industry member is a member that does not qualify as a small broker-dealer as defined under 17 CFR 240.0-10(c).

[5] FINRA Regulatory Notice 13-12 (Mar. 2013) provides that Rule 5260 applies to trading pauses as well as to trading halts.

halts. Specifically, from January 2020 through September 2021, DriveWealth effected over 110,000 fractional share trades during 96 trading halts, pauses, and MWCBs. In over 52,000 transactions that DriveWealth effected during those halts, pauses, and MWCBs, DriveWealth gave customers inferior prices than they would have received had the firm waited to execute the trades until trading resumed.

These transactions effected at inferior prices impacted 11,719 customer accounts, which DriveWealth identified, and to which DriveWealth will pay restitution totaling $55,122.15.

As a result, DriveWealth violated FINRA Rules 5260, 6121, and 2010.

3. DriveWealth failed to establish a supervisory system reasonably designed to achieve compliance with its trade reporting, CAT reporting, and trading during halts obligations.

FINRA Rule 3110(a) requires a member firm to establish and maintain a system to supervise the activities of each associated person that is reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable FINRA rules. FINRA Rule 3110(b) requires a member firm to establish, maintain, and enforce written procedures to supervise the types of business in which it engages and the activities of its associated persons that are reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable FINRA rules. A violation of FINRA Rule 3110 also is a violation of FINRA Rule 2010.

From February 2016 through November 2025, the firm did not establish, maintain, and enforce a supervisory system, including written supervisory procedures (WSPs), reasonably designed to achieve compliance with its trade reporting obligations. Specifically, from the beginning of the period through September 2021, the firm had no supervisory system or WSPs relating to trade reporting. In October 2021, the firm implemented supervisory reviews related to the timeliness of its trade reporting, as well as the monitoring of TRF rejections. However, through November 2025, DriveWealth had no process to ensure that the data fields reported to the TRFs contained accurate information, which was unreasonable. Additionally, the firm did not have WSPs relating to trade reporting until November 2025.

From June 2020 through November 2025, DriveWealth did not establish, maintain, and enforce a supervisory system, including WSPs, reasonably designed to achieve compliance with its CAT reporting obligations. The firm did not implement WSPs related to CAT reporting until February 2024. Furthermore, from June 2020 through November 2025, the firm's daily reviews of its CAT reports did not compare the data it reported to CAT against the firm's order and trade records to ensure that the data fields contained accurate information.[6]

[6] *See* Regulatory Notice 20-31, in which FINRA explained that supervisory reviews for CAT should include "[p]eriodic comparative reviews of accepted CAT data against order and trade records ... to ensure ... data fields contain accurate information."

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From February 2016 to May 2025, DriveWealth did not establish, maintain, and enforce a supervisory system, including WSPs, reasonably designed to achieve compliance with its obligations under FINRA Rules 5260 and 6121 regarding trading during halts, pauses, and MWCBs. Beginning in October 2021, when DriveWealth began reporting to the TRFs, it implemented a supervisory review to monitor for compliance with rules related to trading halts, pauses, and MWCBs. However, it did not establish related WSPs until May 2025.

By failing to establish, maintain, and enforce a supervisory system, including WSPs, reasonably designed to achieve compliance with its trade reporting, CAT reporting, and trading during halts obligations, DriveWealth violated FINRA Rules 3110 and 2010.

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

- a censure;
- a $1,100,000 fine; and
- restitution in the amount of $55,122.15 plus interest as described below.

Restitution is ordered to be paid by the firm to its correspondent introducing broker-dealer clients (Firm Clients[7]) for payment to the customers listed on Attachment A to this AWC (Eligible Customers) in the total amount of $55,122.15, plus interest at the rate set forth in Section 6621(a)(2) of the Internal Revenue Code, 26 U.S.C. § 6621(a)(2), from the date of execution of the impacted trades until the date this AWC is accepted by the National Adjudicatory Council (NAC).

A registered principal on behalf of DriveWealth shall submit satisfactory proof of payment of restitution and interest, separately specifying the date and amount paid to each Firm Client for payment to each Eligible Customer or of reasonable and documented efforts undertaken to effect such payments. Such proof shall be submitted by email to EnforcementNotice@FINRA.org and Cara.McGourty@finra.org from a work-related account of the registered principal of DriveWealth. The email must identify DriveWealth and the case number and include a copy of the checks, money orders, or other methods of payments to the Firm Clients. This proof shall be provided by email to EnforcementNotice@FINRA.org and Cara.McGourty@finra.org no later than 120 days after the date of the notice of acceptance of the AWC.

DriveWealth shall provide each Firm Client with a written communication, not unacceptable to FINRA staff, (1) describing the reason for the restitution payments to the Eligible Customers and the fact that the payment is being made pursuant to a settlement with FINRA and as a term of this AWC; (2) requesting that each Firm Client make reasonable and documented efforts to locate and provide restitution to each Eligible Customer; (3) requesting that each Firm Client forward any undistributed restitution and interest to the appropriate escheat, unclaimed property, or abandoned property fund for

[7] "Firm Clients" includes entities authorized or delegated to act on a Firm Client's behalf, including firms providing execution and/or clearing services.

the state in which the Eligible Customer is last known to have resided; and (4) requesting that each Firm Client provide written confirmation to DriveWealth within 150 days of DriveWealth's payment to each Firm Client that the Firm Client has (a) made such reasonable and documented efforts, and (b) forwarded undistributed restitution and interest to the appropriate state authority, if applicable. Within 180 days after the date of DriveWealth's payment to each Firm Client, or such additional period agreed to by a FINRA staff member in writing, DriveWealth shall then provide the Firm Clients' written confirmations to FINRA. Such proof shall be submitted by email to EnforcementNotice@FINRA.org and Cara.McGourty@finra.org from a work-related account of the registered principal of DriveWealth. The email must identify DriveWealth and the case number and include a copy of the checks, money orders, or other methods of payments to the Eligible Customers.

The imposition of a restitution order or any other monetary sanctions in this AWC, and the timing of such ordered payments, does not preclude Eligible Customers from pursuing their own actions to obtain restitution or other remedies.

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

DriveWealth specifically and voluntarily waives any right to claim an inability to pay, now or at any time after the execution of this AWC, the monetary sanctions imposed in this matter.

The sanctions imposed in this AWC shall be effective on a date set by FINRA.

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 NAC and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

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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 its acceptance or rejection.

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.

<u>OTHER MATTERS</u>

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 Respondent's permanent disciplinary record and may be considered in any future action brought by FINRA or any other regulator against Respondent;

   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 its subject matter 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 right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party. Nothing in this provision affects Respondent's testimonial obligations in any litigation or other legal proceedings.

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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.

The undersigned, on behalf of Respondent, certifies that a person duly authorized to act on Respondent's 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 the AWC's provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth in this AWC and the prospect of avoiding the issuance of a complaint, has been made to induce Respondent to submit this AWC.

June 11, 2026
Date

Barry Metzger
DriveWealth, LLC
Respondent

Print Name: Barry Metzger

Title: Chief Brokerage Officer

Reviewed by:

Russell Johnston
Russell Johnston
Michael Watling
Counsel for Respondent
Seward & Kissel LLP
One Battery Park Plaza
New York, NY 10004

Accepted by FINRA:

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

June 29, 2026
Date

Cara McGourty
Cara McGourty
Counsel
FINRA
Department of Enforcement
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