

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
OFFICE OF HEARING OFFICERS**

Department of Enforcement,

Complainant,

v.

Anthony Neil Wenham
CRD No. 4531762,

Respondent.

Disciplinary Proceeding
No. 2022073296301

Hearing Officer—BDC

**ORDER ACCEPTING OFFER OF
SETTLEMENT**

Date: March 26, 2025

INTRODUCTION

Disciplinary Proceeding No. 2022073296301 was filed on October 10, 2024, by the Department of Enforcement of the Financial Industry Regulatory Authority (FINRA or Complainant). Respondent Anthony Neil Wenham (Respondent) submitted an Offer of Settlement (Offer) to Complainant dated March 25, 2025. Pursuant to FINRA Rule 9270(e), the Complainant and the National Adjudicatory Council (NAC), a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs (ODA) have accepted the uncontested Offer. Accordingly, this Order now is issued pursuant to FINRA Rule 9270(e)(3). The findings, conclusions and sanctions set forth in this Order are those stated in the Offer as accepted by the Complainant and approved by the NAC.

Under the terms of the Offer, Respondent has consented, without admitting or denying the allegations of the Complaint, 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, to the entry of findings and violations consistent with the allegations of the Complaint, and to the imposition of the sanctions set forth below, and fully understands that this Order will become part of

Respondent's permanent disciplinary record and may be considered in any future actions brought by FINRA.

BACKGROUND

Wenham first registered with FINRA in August 2002.

Between August 2006 and October 2022, Wenham was registered with FINRA as a General Securities Representative through his association with Cantor. Between April 2018 and October 2022, Wenham also was registered as an Operations Professional through Cantor and as a General Securities Representative and Operations Professional through another member firm affiliated with Cantor.

On October 14, 2022, Cantor filed a Uniform Termination Notice for Securities Industry Registration (Form U5), terminating Wenham's registrations. The Form U5 disclosed that Wenham had been permitted to resign for "failure to accurately mark the firm's forward positions."

Although Wenham is no longer registered or associated with a FINRA member, he remains subject to FINRA's jurisdiction for purposes of this proceeding, pursuant to Article V, Section 4 of FINRA's By-Laws, because: (1) the Complaint was filed within two years after October 14, 2022, which was the effective date of termination of Respondent's registration with Cantor; and (2) the Complaint charges him with misconduct committed while he was registered or associated with a FINRA member.

FINDINGS AND CONCLUSIONS

It has been determined that the Offer be accepted and that findings be made as follows:

SUMMARY

Between June 13, 2022, and August 26, 2022 (relevant period), while he was associated with Cantor Fitzgerald & Co. (Cantor), Respondent Anthony Neil Wenham recorded or caused to be recorded 440 inaccurate marks for four forward start reverse repurchase positions (Positions 1-4) in his trading book at the firm, thereby concealing unrealized losses. By reason of the foregoing, Wenham falsified firm records and therefore violated FINRA Rule 2010.

FACTS

Forward Start Reverse Repurchase Agreements

A repurchase agreement is a loan where both parties agree to the sale and repurchase of an underlying asset within a contractual period.

A reverse repurchase agreement is one side of a repurchase agreement. Specifically, it is the purchase of a security with the agreement to sell that security back at a set price on an agreed-upon future date.

A reverse repurchase agreement is equivalent to making a fixed-rate loan, where the borrowed security functions as collateral.

The contractual interest rate, or repo rate, in a reverse repurchase agreement is measured by the difference in the agreed-upon purchase price and agreed-upon sale price for the collateral.

When the contractual interest rate is higher than a rate at which the purchaser can borrow money, the purchaser in a reverse repurchase agreement can borrow the money used to purchase the collateral at a rate lower than the contractual interest rate and make money on the spread.

Conversely, if the contractual interest rate is lower than interest rate at which the purchaser can borrow money to purchase the collateral, then the purchaser loses money on the spread.

A forward start reverse repurchase agreement is a type of reverse repurchase agreement in which both the purchase and sale of the collateral occur on agreed-upon dates in the future.

The initial exchange of funds and collateral, or purchase, in a forward start reverse repurchase agreement occurs on the start date, which is an agreed-upon date after the date of the initial agreement.

Interest rate increases prior to the start date of a forward start reverse repurchase agreement make the position less valuable and could result in losses for the purchaser because interest rate increases make it more likely that the purchaser's cost of money will be higher than the contractual interest rate during the term of the position.

Wenham's Trading and Responsibilities at Cantor

At all times during the relevant period, Wenham was a trader on Cantor's U.S. Repurchase Agreements Desk (Repo Desk).

Wenham traded repurchase agreements, including forward start reverse repurchase agreements, on behalf of Cantor.

Wenham was responsible for, on a daily basis, recording in a Cantor electronic recordkeeping system the fair market value of, or "marking to market," the positions in his trading book, including the Positions 1-4.

For his forward start reverse repurchase positions, including Positions 1-4, Wenham was required to record, on a daily basis, two marks in the firm's electronic recordkeeping system: a front rate and a term rate.

The front rate and term rate correlate to the current market expectations for future interest rates until the start date of the transaction (front rate) and the end date of the transaction (term rate).

As current market expectations for future interest rates rise, the marked-to-market front rate mark and term rate mark should increase. As current market expectations for future interest rates fall, the marked-to-market front rate mark and term rate mark should decrease.

Wenham entered, or caused others to enter, his marks, including to Positions 1-4, through an electronic interface during the relevant period.

On a day when a new mark was not entered, Cantor's electronic recordkeeping system recorded the prior day's mark as the current day's mark.

Wenham knew that, on a day when a new mark was not entered, Cantor's electronic recordkeeping system automatically recorded the prior day's mark as the current day's mark.

Cantor recorded Wenham's daily marks in an electronic recordkeeping system.

Cantor used the marks that Wenham recorded or caused to be recorded in profit and loss calculations.

Wenham knew that Cantor would use his marks to calculate profit and loss.

Cantor relied on Wenham's marks to value his positions and calculate the profit and loss of the Repo Desk.

Wenham's Four Forward Start Reverse Repurchase Positions

Between March 2022 and April 2022, Wenham entered four forward start reverse repurchase positions:

Position	Trade Date	CUSIP	Start Date	End Date	Amount To Be Borrowed	Contractual Interest Rate
1	3/14/2022	371488AU1	1/3/2023	6/30/2023	\$250,000,000	2.09750
2	3/14/2022	371487AE9	1/3/2023	6/30/2023	\$250,000,000	2.06000
3	4/5/2022	371487AE9	1/3/2023	6/30/2023	\$150,000,000	2.80000
4	4/29/2022	371487AE9	1/3/2023	12/29/2023	\$250,000,000	3.21000

Schedules A-D, attached to this Complaint and incorporated as if fully set forth herein, include information about Positions 1-4 and the marks that Wenham entered or caused to be entered into Cantor's systems for Positions 1-4 during the relevant period.

On the start date of a forward start reverse repurchase position, Cantor would loan an agreed-upon amount of money to the counterparty and receive collateral from the counterparty. At the end date, the counterparty would pay Cantor interest at the contractual interest rate by repurchasing from Cantor the underlying collateral at an increased price.

If market expectations for future interest rates increased between the agreement date that established the contractual interest rate and the start date, it would be less likely that Cantor would be able to borrow money at a rate lower than the contractual interest rate before the start date. In this situation, the market value of Cantor's forward start reverse repurchase positions, including Positions 1-4, would decrease.

Wenham was responsible for marking Positions 1-4 to market on a daily basis, based upon the market expectation for future interest rates at which Cantor could borrow money on or about the January 3, 2023, the start date for each Position.

On May 4, 2022, the Federal Reserve announced a 50 basis point interest rate increase.

On June 15, 2022, the Federal Reserve announced a 75 basis point interest rate increase.

On July 27, 2022, the Federal Reserve announced a 75 basis point interest rate increase.

The Federal Reserve's 200 basis point interest rate increases in May, June, and July 2022 increased market expectations of market rates in the future such that it was less likely that Cantor would be able to borrow money at a rate below the contractual interest rates for Positions 1-4.

However, during the relevant period, Wenham continued to enter, directed others at Cantor to enter, or caused to be entered, front rate and term rate marks for Positions 1-4 that he knew were too low given market expectations and, therefore, not accurate.

Wenham knew his marks for Positions 1-4 during the relevant period would result in Cantor's books and records showing his positions to have decreased in value significantly less than they had.

Wenham entered marks for Positions 1-4 that he knew did not reflect current market expectations in an effort to make it appear that his Positions were more profitable than they actually were, thereby concealing unrealized losses on Cantor's electronic recordkeeping systems.

For example, as set forth in Schedules A-D:

Wenham caused the front rate marks for Position 1 (Schedule A) to stay the same for the entire relevant period and the term rate marks for Position 1 to stay the same until the last three days of the relevant period, when he caused the term rate marks for Position 1 to increase by six basis points, despite the Federal Reserve increasing interest rates by 150 basis points during the relevant period.

Wenham caused the front rate marks for Positions 2 and 3 (Schedules B and C, respectively) to decrease by two basis points and the term rate marks to increase by 6.5 basis points from the start of the relevant period, despite the Federal Reserve increasing interest rates by 150 basis points during the relevant period.

Wenham caused the front rate marks for Position 4 (Schedule D) to decrease by thirteen basis points from the start of the relevant period. The front rate and term

rate marks for Position 4 that Wenham entered or caused to be entered during the relevant period caused Cantor's system to calculate an inflated value for Position 4 during the relevant period.

The front rate and term rate marks that Wenham entered or caused to be entered for Positions 1-4 between June 13, 2022, and August 26, 2022, were false because they failed to fully reflect the market rate impact of the June and July 2022 Federal Reserve interest rate increases on those marks.

Wenham therefore entered or caused to be entered inaccurate marks in the firm's electronic recordkeeping system.

As a result of Wenham's inaccurate marks, as of August 30, 2022, Cantor's books and records reflected a combined value for Positions 1-4 that, according to Cantor, was overstated by millions of dollars.

On August 26, 2022, Wenham's marks for the four Positions showed a combined net present value of approximately -\$979,000.

In or around September 2022, Cantor discovered Wenham's inaccurate marks for the Positions.

In mid-September 2022, Cantor implemented an automated process for marking the Positions.

On September 16, 2022, after Cantor implemented the automated marking system, Cantor's marks for the four Positions showed a combined net present value of approximately -\$9,000,000.

CAUSE OF ACTION
Falsification of Firm Records
(Violation of FINRA Rule 2010)

FINRA Rule 2010 requires a registered person, in the conduct of his business, to observe high standards of commercial honor and just and equitable principles of trade.

The ethical standard embodied in FINRA Rule 2010 applies to any unethical business-related conduct that reflects on an associated person's ability to comply with the regulatory requirements of the securities industry.

Falsifying business documents is unethical misconduct that is inconsistent with just and equitable principles of trade.

Falsification occurs when a person creates a document or entry in a firm's electronic recordkeeping system that creates a false appearance by including altered or untrue information.

A registered representative who causes a firm's records to have false or inaccurate information or who otherwise falsifies a firm's records violates FINRA Rule 2010.

Between June 13, 2022, and August 26, 2022, as set forth above and in Schedules A-D, Wenham recorded or caused to be recorded inaccurate marks for Positions 1-4 in Cantor's electronic recordkeeping system. Wenham thereby caused Cantor's records to contain falsified and inaccurate information.

By reason of the foregoing, Wenham violated FINRA Rule 2010.

Based on the foregoing, Respondent violated FINRA Rule 2010.

Based on these considerations, the sanctions hereby imposed by the acceptance of the Offer are in the public interest, are sufficiently remedial to deter Respondent from any future misconduct, and represent a proper discharge by FINRA, of its regulatory responsibility under the Securities Exchange Act of 1934.

SANCTIONS

It is ordered that Respondent be sanctioned as follows:

1. A three-month suspension from association with any FINRA member in all capacities; and
2. A fine of \$5,000.

The fine shall be due and payable either immediately upon re-association with a member firm or prior to any application or request for relief from any statutory disqualification resulting from this or any other event or proceeding, whichever is earlier.

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

SO ORDERED.

FINRA

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



Robert Miller
Senior Litigation Counsel
FINRA Department of Enforcement
200 Liberty Street
Brookfield Place
New York, NY 10281

Schedule A to the Complaint

Allegedly Falsified Marked Rates on Position 1

Relevant Position Details

Trade Date: 3/14/2022
CUSIP: 371488AU1
Start Date: 1/3/2023
End Date: 6/30/2023
Amt. to be Borrowed: \$250,000,000
Contractual Int. Rate: 2.0975

<u>Activity Date</u>	<u>Front Rate</u>	<u>Term Rate</u>
6/13/2022	3.20000	2.65000
6/14/2022	3.20000	2.65000
6/15/2022	3.20000	2.65000
6/16/2022	3.20000	2.65000
6/17/2022	3.20000	2.65000
6/20/2022	3.20000	2.65000
6/21/2022	3.20000	2.65000
6/22/2022	3.20000	2.65000
6/23/2022	3.20000	2.65000
6/24/2022	3.20000	2.65000
6/27/2022	3.20000	2.65000
6/28/2022	3.20000	2.65000
6/29/2022	3.20000	2.65000
6/30/2022	3.20000	2.65000
7/1/2022	3.20000	2.65000
7/4/2022	3.20000	2.65000
7/5/2022	3.20000	2.65000
7/6/2022	3.20000	2.65000
7/7/2022	3.20000	2.65000
7/8/2022	3.20000	2.65000
7/11/2022	3.20000	2.65000
7/12/2022	3.20000	2.65000
7/13/2022	3.20000	2.65000
7/14/2022	3.20000	2.65000
7/15/2022	3.20000	2.65000
7/18/2022	3.20000	2.65000
7/19/2022	3.20000	2.65000
7/20/2022	3.20000	2.65000
7/21/2022	3.20000	2.65000

Schedule A to the Complaint
Allegedly Falsified Marked Rates on Position 1

<u>Activity Date</u>	<u>Front Rate</u>	<u>Term Rate</u>
7/22/2022	3.20000	2.65000
7/25/2022	3.20000	2.65000
7/26/2022	3.20000	2.65000
7/27/2022	3.20000	2.65000
7/28/2022	3.20000	2.65000
7/29/2022	3.20000	2.65000
8/1/2022	3.20000	2.65000
8/2/2022	3.20000	2.65000
8/3/2022	3.20000	2.65000
8/4/2022	3.20000	2.65000
8/5/2022	3.20000	2.65000
8/8/2022	3.20000	2.65000
8/9/2022	3.20000	2.65000
8/10/2022	3.20000	2.65000
8/11/2022	3.20000	2.65000
8/12/2022	3.20000	2.65000
8/15/2022	3.20000	2.65000
8/16/2022	3.20000	2.65000
8/17/2022	3.20000	2.65000
8/18/2022	3.20000	2.65000
8/19/2022	3.20000	2.65000
8/22/2022	3.20000	2.65000
8/23/2022	3.20000	2.65000
8/24/2022	3.20000	2.71000
8/25/2022	3.20000	2.71000
8/26/2022	3.20000	2.71000

Schedule B to the Complaint

Allegedly Falsified Marked Rates on Position 2

Relevant Position Details

Trade Date: 3/14/2022
CUSIP: 371487AE9
Start Date: 1/3/2023
End Date: 6/30/2023
Amt. to be Borrowed: \$250,000,000
Contractual Int. Rate: 2.06

<u>Activity Date</u>	<u>Front Rate</u>	<u>Term Rate</u>
6/13/2022	3.20000	2.84500
6/14/2022	3.20000	2.84500
6/15/2022	3.20000	2.84500
6/16/2022	3.20000	2.84500
6/17/2022	3.20000	2.84500
6/20/2022	3.20000	2.84500
6/21/2022	3.20000	2.88250
6/22/2022	3.20000	2.88250
6/23/2022	3.20000	2.88250
6/24/2022	3.20000	2.87000
6/27/2022	3.20000	2.87000
6/28/2022	3.20000	2.87000
6/29/2022	3.20000	2.87000
6/30/2022	3.20000	2.87000
7/1/2022	3.20000	2.87000
7/4/2022	3.20000	2.87000
7/5/2022	3.20000	2.87000
7/6/2022	3.20000	2.87000
7/7/2022	3.20000	2.87000
7/8/2022	3.20000	2.87000
7/11/2022	3.20000	2.87500
7/12/2022	3.20000	2.87500
7/13/2022	3.20000	2.87500
7/14/2022	3.20000	2.87500
7/15/2022	3.20000	2.91000
7/18/2022	3.20000	2.91000
7/19/2022	3.20000	2.91000
7/20/2022	3.20000	2.91000
7/21/2022	3.20000	2.91000

Schedule B to the Complaint
Allegedly Falsified Marked Rates on Position 2

<u>Activity Date</u>	<u>Front Rate</u>	<u>Term Rate</u>
7/22/2022	3.20000	2.91000
7/25/2022	3.20000	2.91000
7/26/2022	3.20000	2.91000
7/27/2022	3.20000	2.91000
7/28/2022	3.20000	2.91000
7/29/2022	3.20000	2.91000
8/1/2022	3.19000	2.91000
8/2/2022	3.19000	2.91000
8/3/2022	3.19000	2.89000
8/4/2022	3.19000	2.89000
8/5/2022	3.18000	2.89000
8/8/2022	3.18000	2.89000
8/9/2022	3.18000	2.89000
8/10/2022	3.18000	2.89000
8/11/2022	3.18000	2.89000
8/12/2022	3.18000	2.90500
8/15/2022	3.18000	2.90500
8/16/2022	3.18000	2.90500
8/17/2022	3.18000	2.90500
8/18/2022	3.18000	2.90500
8/19/2022	3.18000	2.90500
8/22/2022	3.18000	2.90500
8/23/2022	3.18000	2.90500
8/24/2022	3.18000	2.90500
8/25/2022	3.18000	2.90500
8/26/2022	3.18000	2.90500

Schedule C to the Complaint

Allegedly Falsified Marked Rates on Position 3

Relevant Position Details

Trade Date: 4/5/2022
CUSIP: 371487AE9
Start Date: 1/3/2023
End Date: 6/30/2023
Amt. to be Borrowed: \$150,000,000
Contractual Int. Rate: 2.80

<u>Activity Date</u>	<u>Front Rate</u>	<u>Term Rate</u>
6/13/2022	3.20000	2.84500
6/14/2022	3.20000	2.84500
6/15/2022	3.20000	2.84500
6/16/2022	3.20000	2.84500
6/17/2022	3.20000	2.84500
6/20/2022	3.20000	2.84500
6/21/2022	3.20000	2.88250
6/22/2022	3.20000	2.88250
6/23/2022	3.20000	2.88250
6/24/2022	3.20000	2.87000
6/27/2022	3.20000	2.87000
6/28/2022	3.20000	2.87000
6/29/2022	3.20000	2.87000
6/30/2022	3.20000	2.87000
7/1/2022	3.20000	2.87000
7/4/2022	3.20000	2.87000
7/5/2022	3.20000	2.87000
7/6/2022	3.20000	2.87000
7/7/2022	3.20000	2.87000
7/8/2022	3.20000	2.87000
7/11/2022	3.20000	2.87500
7/12/2022	3.20000	2.87500
7/13/2022	3.20000	2.87500
7/14/2022	3.20000	2.87500
7/15/2022	3.20000	2.91000
7/18/2022	3.20000	2.91000
7/19/2022	3.20000	2.91000
7/20/2022	3.20000	2.91000
7/21/2022	3.20000	2.91000

Schedule C to the Complaint
Allegedly Falsified Marked Rates on Position 3

<u>Activity Date</u>	<u>Front Rate</u>	<u>Term Rate</u>
7/22/2022	3.20000	2.91000
7/25/2022	3.20000	2.91000
7/26/2022	3.20000	2.91000
7/27/2022	3.20000	2.91000
7/28/2022	3.20000	2.91000
7/29/2022	3.20000	2.91000
8/1/2022	3.19000	2.91000
8/2/2022	3.19000	2.91000
8/3/2022	3.19000	2.89000
8/4/2022	3.19000	2.89000
8/5/2022	3.18000	2.89000
8/8/2022	3.18000	2.89000
8/9/2022	3.18000	2.89000
8/10/2022	3.18000	2.89000
8/11/2022	3.18000	2.89000
8/12/2022	3.18000	2.90500
8/15/2022	3.18000	2.90500
8/16/2022	3.18000	2.90500
8/17/2022	3.18000	2.90500
8/18/2022	3.18000	2.90500
8/19/2022	3.18000	2.90500
8/22/2022	3.18000	2.90500
8/23/2022	3.18000	2.90500
8/24/2022	3.18000	2.90500
8/25/2022	3.18000	2.90500
8/26/2022	3.18000	2.90500

Schedule D to the Complaint

Allegedly Falsified Marked Rates on Position 4

Relevant Position Details

Trade Date: 4/29/2022
CUSIP: 371487AE9
Start Date: 1/3/2023
End Date: 12/29/2023
Amt. to be Borrowed: \$250,000,000
Contractual Int. Rate: 3.21

<u>Activity Date</u>	<u>Front Rate</u>	<u>Term Rate</u>
6/13/2022	3.20000	2.60000
6/14/2022	3.20000	3.15000
6/15/2022	3.20000	3.09500
6/16/2022	3.20000	3.08500
6/17/2022	3.20000	3.08500
6/20/2022	3.20000	3.08500
6/21/2022	3.20000	3.08500
6/22/2022	3.20000	3.01000
6/23/2022	3.20000	2.99500
6/24/2022	3.20000	2.96000
6/27/2022	3.20000	3.00000
6/28/2022	3.20000	3.00500
6/29/2022	3.20000	3.03000
6/30/2022	3.20000	3.02000
7/1/2022	3.20000	3.02000
7/4/2022	3.20000	3.02000
7/5/2022	3.20000	2.99000
7/6/2022	3.20000	3.01000
7/7/2022	3.20000	2.95000
7/8/2022	3.20000	3.12000
7/11/2022	3.20000	3.12000
7/12/2022	3.20000	3.12000
7/13/2022	3.20000	3.12000
7/14/2022	3.20000	3.14000
7/15/2022	3.20000	3.14000
7/18/2022	3.20000	3.14000
7/19/2022	3.20000	3.09500
7/20/2022	3.20000	3.08000
7/21/2022	3.20000	3.13000

Schedule D to the Complaint
Allegedly Falsified Marked Rates on Position 4

<u>Activity Date</u>	<u>Front Rate</u>	<u>Term Rate</u>
7/22/2022	3.20000	3.13000
7/25/2022	3.20000	3.12000
7/26/2022	3.20000	3.12000
7/27/2022	3.20000	3.10500
7/28/2022	3.20000	3.08000
7/29/2022	3.13000	3.08000
8/1/2022	3.13000	3.08000
8/2/2022	3.15500	3.08000
8/3/2022	3.15500	3.08000
8/4/2022	3.09000	3.08000
8/5/2022	3.07000	3.08000
8/8/2022	3.07000	3.08500
8/9/2022	3.07000	3.08500
8/10/2022	3.07000	3.15000
8/11/2022	3.07000	3.27000
8/12/2022	3.07000	3.24500
8/15/2022	3.07000	3.24500
8/16/2022	3.07000	3.23000
8/17/2022	3.07000	3.23000
8/18/2022	3.07000	3.22250
8/19/2022	3.07000	3.21000
8/22/2022	3.07000	3.19000
8/23/2022	3.07000	3.19000
8/24/2022	3.07000	3.19000
8/25/2022	3.07000	3.21000
8/26/2022	3.07000	3.21000