

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2023078120201**

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

RE: Moomoo Financial Inc., formerly known as Futu Inc. (Respondent)
Member Firm
CRD No. 283078

Pursuant to FINRA Rule 9216, Respondent Moomoo Financial Inc. 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.

ACCEPTANCE AND CONSENT

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

BACKGROUND

Moomoo has been a FINRA member since 2018. The firm is an introducing broker-dealer that provides self-directed trading to retail investors through its online portal and clears transactions on an omnibus basis. Moomoo is headquartered in Jersey City, New Jersey, and has approximately 60 registered representatives.¹

OVERVIEW

Since June 2019, Moomoo has failed to have a reasonable supervisory system, including written supervisory procedures (WSPs), concerning Large Options Positions Report (LOPR) reporting. Until March 2023, Moomoo failed to have any system to identify and report reportable options positions of firm customers held in omnibus accounts and, through the present, its supervision of LOPR reporting remains unreasonable. Further, Moomoo failed to report more than 4,000 listed options in more than 20,000 instances. Therefore, Moomoo violated FINRA Rules 2360(b)(5), 3110, and 2010 and is censured, fined \$125,000, and has agreed to an undertaking.

FACTS AND VIOLATIVE CONDUCT

This matter originated from Moomoo's self-disclosure in March 2023.

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

A. Applicable Law

FINRA requires member firms to report large options positions to the LOPR system.² FINRA uses LOPR information to identify holders of large options positions and to surveil for potentially manipulative behavior, including attempts to corner the market in the underlying equity, leverage an option position to affect the price, or move the underlying equity to change the value of a large option position. The accuracy of LOPR reporting is essential to FINRA's surveillance.

FINRA Rule 2360(b)(5) requires member firms to report to the LOPR each customer or firm account, that, acting alone or in concert, has established an aggregate position of 200 or more option contracts³ on the same side of the market covering the same underlying security or index. The report must identify the account holder and the total number of option contracts for each options class comprising the reportable position and must include other information as prescribed by FINRA.

FINRA Regulatory Notice 16-17 provides guidance to firms regarding when options positions must be reported and the information those reports must include. Regulatory Notice 16-17 states, "[a]n introducing firm that clears on an omnibus basis must report all individual positions for customer and proprietary options positions to the LOPR system."⁴ Introducing firms that report to the LOPR must also identify and report all in concert information to the OCC.

The OCC's published guidance provides that firms should continue to report all reportable positions through expiration and allow the OCC to purge all expired options.⁵

FINRA Rule 3110(a) requires a member to establish and maintain a supervisory system to supervise the activities of each associated person that is reasonably designed to achieve compliance with applicable securities laws, regulations, and FINRA rules. FINRA Rule 3110(b) requires a member 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.

Regulatory Notice 16-17 provides guidance to firms regarding controls they should have in place to ensure the accuracy of their compliance with their options reporting requirements.

² The Options Clearing Corporation (OCC) hosts the LOPR system and collects and disseminates all LOPR data for the U.S. options exchanges and FINRA.

³ Each options position represents 100 shares of the underlying security. Two hundred options contracts thus equate to 20,000 shares of the underlying security.

⁴ The Regulatory Notice explains that if an introducing firm uses its clearing firm or a third-party service provider to report positions on its behalf, the introducing firm must ensure the accuracy of such reporting.

⁵ See OCC LOPR Frequently Asked Question (FAQ) 49: "Should positions in weekly options be reported for effective dates equal to the expiration date of the option? A: Yes. The firm should report the final positions held to the LOPR for the effective date equal to the expiration date of weekly options. Example: If you establish or modify a position on Friday in a weekly option, the position as of the end of the day that will be subject to exercise or assignment needs to be reported to the LOPR."

Those controls include “periodic routine review of the accuracy of the firm’s data reported to the LOPR system, including the data as well as positions reported.”

A violation of FINRA Rule 2360(b)(5) and FINRA Rule 3110 also is 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.

B. Moomoo failed to reasonably supervise for LOPR reporting obligations and failed to report thousands of positions to the LOPR.

During the relevant period, Moomoo acted as an introducing broker and had an omnibus account at both of its clearing firms. Moomoo’s omnibus accounts held, among other things, customer options positions. Moomoo did not use its clearing firms or a third-party service provider to report options positions to the LOPR on its behalf.

Since June 2019, Moomoo has lacked a reasonable system, including written supervisory procedures (WSPs), concerning LOPR reporting. Since that time, the firm’s WSPs have stated that a designated options supervisor is responsible for reporting options positions in accordance with FINRA requirements. The WSPs do not identify how often the supervisor should assess or report options positions or provide for any supervisory review to ensure that the reporting is accurate and complete. And until March 2023, the firm had no system or process in place to identify or report its customers’ options positions held in omnibus accounts to the LOPR.

In March 2023, Moomoo implemented a tool to identify and report to the LOPR customer options positions held in its omnibus accounts. Moomoo also disclosed to FINRA that, to that point, it had not been complying with its LOPR reporting obligations. Since March 2023, Moomoo has had operating procedures that describe how to identify reportable options positions and how to report those positions to the OCC for inclusion in the LOPR file. However, the operating procedures do not indicate how often the LOPR reporting steps should be taken, nor do they provide for any supervisory review of the reporting process or of the accuracy of the data reported to the LOPR.

Between June 2019 and March 2023, Moomoo failed to report 4,192 positions to the LOPR in 20,067 instances⁶ because it failed to identify and report reportable options positions of its customers that were cleared and held on an omnibus basis.

After the firm implemented a LOPR reporting system, it had a separate reporting failure. Between March 2023 and June 2023, Moomoo failed to report 87 positions to the LOPR because it deleted expiring option positions from its reports to the LOPR. After FINRA alerted the firm to this issue, it ceased deleting those positions from its LOPR reporting.

Therefore, Moomoo violated FINRA Rules 2360(b)(5), 3110, and 2010.

⁶ An “instance” occurs where a firm fails to report, or inaccurately reports, a position for one day. The number of instances is determined by multiplying a given reportable position by the number of trade dates that the position was not reported or was reported inaccurately.

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

- a censure;
- a \$125,000 fine; and
- an undertaking that, within 60 days of the date of the notice of acceptance of this AWC, a member of Respondent's senior management who is a registered principal of the firm shall certify in writing that, as of the date of the certification, the firm has remediated the issues identified in this AWC and implemented a supervisory system, including written supervisory procedures, reasonably designed to achieve compliance with FINRA Rules 2360(b)(5) and 2010 regarding the issues identified in this AWC. The certification shall include a narrative description and supporting exhibits sufficient to demonstrate Respondent's remediation and implementation. FINRA staff may request further evidence of Respondent's remediation and implementation, and Respondent agrees to provide such evidence. Respondent shall submit the certification to Andy Amakihe, Senior Attorney, FINRA Department of Enforcement, 10 Harborside Plaza, Suite 900, Jersey City, NJ 07311, andy.amakihe@finra.org, with a copy to EnforcementNotice@finra.org. Upon written request showing good cause, FINRA staff may extend this deadline.

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 it proposes to pay the fine imposed.

Respondent 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 sanction 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 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 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.

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 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.

- 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 understands and acknowledges that it is permitted to retain an attorney at its expense to review and provide legal advice regarding the AWC before agreeing to the language and signing the AWC; that FINRA does not represent or advise it and Respondent cannot rely on FINRA for legal advice; 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.

December 3, 2025

Date

Neil McDonald

Moomoo Financial Inc.

Respondent

Print Name: Neil McDonald

Title: CEO

Accepted by FINRA:

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

December 10, 2025

Date

Andy Amakihe

Andy Amakihe

Senior Attorney

FINRA

Department of Enforcement

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