



2020 Disciplinary Actions as of September 23, 2020

The following is a list of disciplinary actions that have resulted in the imposition of penalties for violations of specified provisions of the federal securities laws and/or the Constitution and Rules of the Exchange. New actions are added to the list as and when they are finalized.

A. Disciplinary Sanctions Imposed Pursuant to BOX Rule 12140, Imposition of Fines for Minor Rule Violations:

- None.

B. Disciplinary Sanctions Imposed Pursuant to BOX Rule 10230, Letters of Consent:

- Morgan Stanley & Co. LLC (“MSCO”) was censured and fined a total of \$325,000 of which, \$309 was payable to BOX, and required to pay disgorgement in the amount of \$40,469, of which \$400 was payable to BOX, for violation of Exchange rules prohibiting anticipatory hedging. On March 9, 2017, a MSCO trader with knowledge of material non-public information concerning an imminent undisclosed customer order, MSCO executed trades in a related instrument option series prior to disclosure of the full terms and conditions of the order to the trading crowd. Further, from October 2014 to December 2019, MSCO failed to supervise its associated persons to assure compliance with applicable securities laws, rules and regulations and the Exchanges’ rules prohibiting front running. As a result of the review, FINRA determined that MSCO violated BOX Rule 3000.
- UBS Securities LLC (“UBS” or the “Firm”) was censured and fined a total of \$190,000, of which \$40,000 was allocated for supervisory violations. Of the \$40,000 fine for supervisory violations, \$2,857 was payable to BOX, for violation of BOX Rule 3010. FINRA, on behalf of BOX, conducted a review of the accuracy of UBS’s manual options order tickets between February 12, 2018 and February 16, 2018 (the “Exam Review Period”). As a result of the investigation, FINRA found that UBS’s supervisory system, including the firm’s written supervisory procedures (“WSPs”) applicable to the handling of manual options orders were not reasonably designed to achieve compliance with, and to detect and prevent violations of applicable federal securities laws and BOX rules. Specifically, UBS’s WSPs did not include the procedure by which options orders were to be reviewed, how the review would verify recording the required information, or how

the reviewer would confirm that the information was accurate. In addition, the WSPs did not specify the number of options orders that were subject to supervisory review, and the frequency with which the Firm was to conduct its review. The aforementioned practices and conduct constitutes a violation of BOX Rule 3010.