
**NYSE Arca Equities Disciplinary Action
Equity Trading Permit Holder Disciplined for Failure to Maintain
Continuous Q Orders
Penn Mont Securities
05-AE-58
26 Oct 2007**

Summary

Case Note

Violated the requirement of NYSE Arca Equities Rule 7.23(a)(1) ("Obligations of Market Makers") to maintain continuous, two-sided Q orders on the NYSE Arca Marketplace in each security for which the firm is a registered Market Maker. A Q order is an equities limit order submitted to the NYSE Arca Marketplace by a Market Maker and designated as a Q Order by the Market Maker. Consent to censure and \$3,200 fine.

Case Summary

Penn Mont Securities, an Equity Trading Permit Holder, consented without admitting or denying guilt to findings of violations of inadequate surveillance and supervision.

- Respondent failed to maintain continuous, two-sided Q Orders in one or more of the securities in which Respondent was a registered Market Maker on numerous dates between September 2005 and June 2006.

NYSE Arca Equities imposed a penalty of a censure and \$3,200 fine. Penn Mont Securities consented to the penalty.

2. During the time periods noted herein, NYSE Arca Equities Rule (“Exchange Rule”) 7.23, Obligations of Market Makers, was in full force and effect.
3. Exchange Rule 7.23(a)(1) specifies that the responsibilities and duties of a Market Maker include maintaining continuous, two-sided Q orders² on the NYSE Arca Marketplace in each of those securities in which the Market Maker is registered to trade as a Market Maker.

B. Failure to Maintain Continuous Q Orders

4. During the time periods noted herein, Respondent was registered to trade as a Market Maker in numerous stocks on the Exchange.
5. Respondent failed to maintain continuous, two-sided Q Orders in one or more of the securities in which Respondent was a registered Market Maker on each of the following dates:

September 7, 2005
September 23, 2005
September 26, 2005
September 28, 2005
September 30, 2005
November 2, 2005
November 18, 2005
February 7, 2006
March 16, 2006
June 23, 2006

6. The acts, practices and conduct described above in paragraph 5 constitute violations of Exchange Rule 7.23(a)(1) in that on numerous dates, Respondent failed to maintain continuous, two-sided Q Orders on the NYSE Arca Marketplace in one or more securities in which Respondent was a registered Exchange Market Maker.

the former ArcaEx as “NYSE Arca” and the governing rules as “NYSE Arca Equities Rules,” even when referring to pre-merger periods.

² As defined by Exchange Rule 7.31(k)(1), a Q Order is a limit order submitted to the NYSE Arca Marketplace by a Market Maker, and designated by the Market Maker as a Q Order through such means as the Exchange shall specify.

II. SANCTIONS

Respondent Penn Mont is hereby censured by the Exchange and fined \$3,200.00.

In deciding to accept Respondent's Offer, the Exchange considered that Respondent's failure to maintain continuous two-sided Q orders as described in Paragraphs 5 and 6 above was inadvertent and not the result of willful activities or behavior.

The fine shall be collected from Respondent within 30 days of the date of this decision, in accordance with the Exchange's standard billing and accounting practices.

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Dated this 26th day of October, 2007

On behalf of the Office of the General Counsel,
NYSE Arca Equities, Inc.

Signature: 

Print Name: Andrew Stevens

Title: Assistant General Counsel