

SEC Charges Wedbush and Two Officials for Market Access Rule Violations

On June 6, 2014, the SEC announced charges against Wedbush Securities Inc. and two of its officials for violating the SEC's market access rule (Exchange Act Rule 15c3-5). Wedbush Securities, a Los Angeles-based market access provider, was consistently ranked as one of the five largest firms by trading volume on NASDAQ.

The SEC alleged that Wedbush violated the market access rule by failing to maintain direct and exclusive control over settings in trading platforms used by its customers to send orders to the markets. Wedbush failed to implement adequate pre-trade controls, restrict trading access to people preapproved and authorized by Wedbush, and conduct adequate annual reviews of its market access risk management controls.

The allegations assert that Wedbush was aware of the compliance requirements of the market access rule but failed to implement adequate oversight and controls before providing customers with market access. The SEC also charged two officers, Jeffrey Bell, the former executive vice president in charge of Wedbush's market access business, and Christina Fillhart, a senior vice president in the market access division, with knowingly failing to comply with its regulations.

Other charges were brought for violations of Rule 203(b)(1) of Regulation SHO relating to short sales, Rule 611(c) of Regulation NMS relating to intermarket sweep orders, Rule 17a-8 related to anti-money laundering, and Rule 17a-4(b)(4) for preservation of records. The case will be heard by an

administrative law judge

[Click here](#) to see complaint.

[Click here](#) for press release.