

**BATS EXCHANGE, INC.**  
**LETTER OF ACCEPTANCE, WAIVER AND CONSENT**  
NO. 20100243992

TO: BATS Exchange, Inc.  
c/o Department of Market Regulation  
Financial Industry Regulatory Authority ("FINRA")

RE: Hold Brothers Online Investment Services LLC, Respondent  
Broker-Dealer  
CRD No. 36816

Pursuant to Rule 8.3 of the Rules of BATS Exchange, Inc. ("BATS"), Hold Brothers Online Investment Services, LLC ("HBOLIS" or the "Firm") 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, BATS will not bring any future actions against the Firm alleging violations based on the same factual findings described herein.

**I.**

**ACCEPTANCE AND CONSENT**

- A. The Firm hereby accepts and consents, without admitting or denying the findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of BATS, or to which BATS is a party, prior to a hearing and without an adjudication of any issue of law or fact, to the entry of the following findings by BATS:

**BACKGROUND**

HBOLIS, a member of BATS, is a self-clearing broker-dealer that primarily operates as a day trading firm by facilitating direct market access to customers and to its proprietary traders. HBOLIS' principal place of business is in New York, New York, and the Firm has approximately 95 associated persons, including proprietary traders. Between February 2010 and December 31, 2011 ("the review period"), the owners of HBOLIS, Steven Hold ("S. Hold") and his brother, were the Firm's President and Chief Executive Officer, respectively.

HBOLIS' primary business is providing a trading platform, trade software and trade execution, support and clearing services for day traders. Many traders using HBOLIS are located overseas in countries such as China, India, Russia, Ukraine and Poland. These foreign-based day traders typically trade through a non-broker-dealer entity that is owned

and operated by the same owners of HBOLIS. These affiliated non-broker-dealer entities of HBOLIS, and the foreign day traders associated with them, are not registered with FINRA or the SEC.

During the review period, HBOLIS' largest account was Demostrate LLC ("Demostrate"), an entity owned and funded 100% by HBOLIS' principals. Trade Alpha Corporate, Ltd. ("Trade Alpha"), which was also 100% owned and funded by the principals of HBOLIS, was an affiliate of Demostrate and structured in a similar manner.

### Overview

During the review period, Demostrate, a day trading entity wholly owned and funded by HBOLIS' principals, was HBOLIS' largest and most active account. Demostrate was controlled by or under common control with, HBOLIS. Demostrate engaged traders and trading groups in various foreign countries, primarily China, to trade its capital utilizing different trading strategies.

During the review period, certain traders associated with Demostrate and/or Trade Alpha, utilizing a sponsored access relationship to connect with securities exchanges, engaged in manipulative trading activities, including spoofing, layering and wash trading.

In addition, HBOLIS failed to establish and maintain a supervisory system, including written procedures, to supervise the Firm's trading activity that was reasonably designed to achieve compliance with applicable federal securities laws and regulations, and BATS Rules.

## FACTS AND VIOLATIVE CONDUCT

### **I. HBOLIS and Its Common Control of Trade Alpha and Demostrate**

#### **A. HBOLIS' Structure And Business**

HBOLIS' ownership structure is broken into two classes. Class A Membership is owned by Hold Brothers, Inc., a corporation owned by HBOLIS' principals. Class B Membership is owned by a group of proprietary traders registered with HBOLIS, including HBOLIS' principals.

Although HBOLIS is self-clearing, the Firm also has a sponsored access relationship<sup>1</sup> with another clearing firm, through which foreign traders utilize market participant identifiers ("MPID"). During the review period, HBOLIS had approximately 95 associated persons, including registered proprietary traders.

During the review period, HBOLIS had approximately 49 customer accounts, broken down into 217 different trader groups and 2,432 identified traders. Demostrate was by far

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<sup>1</sup> Sponsored access refers to the practice in which a bank or brokerage firm offers a client direct market access to an exchange.

HBOLIS' largest account. Approximately 90% (197) of the trader groups and 88% (2,160) of the identified traders were associated with the Demostrate account.

HBOLIS averaged approximately 400,000 trades per day, approximately 90% of which were placed through the Demostrate account.

#### **B. HBOLIS' Common Control of Trade Alpha, Demostrate and Their Traders**

Demostrate is a foreign limited liability company organized in April 2009 in Nevis and St. Kitts and is 100% owned by HBOLIS' principals. Trade Alpha was also 100% owned by HBOLIS' principals. The Demostrate account was opened at HBOLIS on December 22, 2009. William Tobias, a registered representative with a HBOLIS affiliate and a non-registered fingerprint person with HBOLIS, was appointed as the managing member of Demostrate.

Demostrate was structured with various groups and locations of traders with various trading strategies, concentrated mainly in China. The Demostrate account was solely funded by HBOLIS' principals.

Recruitment of, and negotiation with, prospective traders and trader groups was largely handled on behalf of Demostrate by both recruiters employed by HBOLIS and by HBOLIS affiliates. Recruiters placed postings, approved by HBOLIS' Compliance Department, through online professional sites seeking individuals or groups interested in trading through direct access platforms. Recruiters were also responsible for negotiating rates with traders and trader groups, and for acting as a liaison between the prospective traders and groups and HBOLIS' IT, Compliance, Operations, Trade Support and Accounting groups.

Demostrate's traders and trader groups (referred to by HBOLIS as "Risk Groups") were compensated based upon a percentage of profits of trading Demostrate's capital. HBOLIS charged Demostrate \$0.10/1,000 shares base rate plus expenses. After that, profits were generally split 85% to the Risk Group and 15% to the Demostrate account. HBOLIS' principals were responsible for authorizing the payouts to the Risk Groups. Each Risk Group was responsible for allocating profits to its individual traders. Although Demostrate assumed risk of loss for trading in the account, generally 10% of the Risk Group's 85% (capped at \$10,000) was held in a reserve against losses in Demostrate Risk Groups.

Once a Demostrate trader was approved through the recruitment process, HBOLIS' trade support group assigned the trader a four digit alpha identifier. In some instances, traders had more than one identifier (for example, in order to trade two different trading strategies).

HBOLIS' Trade Support and Risk Management teams were responsible for establishing trader limits and buying power for the Trade Alpha and Demostrate traders. HBOLIS oversaw risk management of the traders to ensure traders were not taking undue risk with capital, and HBOLIS' Compliance Department was responsible for reviewing the trading activity of the Trade Alpha and Demostrate traders for improper or violative trading activities. HBOLIS' Compliance Department also had the authority to initiate disciplinary action against Trade Alpha and Demostrate traders, up to and including termination. In addition to the roles previously referenced, Tobias performed consulting services for HBOLIS.

Based upon the foregoing, Trade Alpha, Demostrate and their traders, were controlled by, or under common control with, HBOLIS.

**Violation of Sections 9(a)(1) and 9(a)(2) of the Securities Exchange Act of 1934 and BATS Rules 3.1, 3.3, 3.11, 3.12, 5.1, 12.1, 12.2, and 12.4(a)**

Spooling and Layering

1. During the review period, HBOLIS, through its affiliated entities Trade Alpha and Demostrate, and utilizing a sponsored access relationship to connect with exchanges, engaged in manipulative trading activities, in willful violation of Sections 9(a)(1) and 9(a)(2) of the Securities Exchange Act of 1934 (the "Exchange Act"), and also in violation of BATS Rules 3.1, 3.3, 3.11, 3.12, 12.1, 12.2 and 12.4(a).
2. Among the manipulative trading activities utilized by certain of the Trade Alpha/Demostrate traders were spoofing and layering, including manipulative cross-market layering activities. Generally, spoofing is a form of market manipulation which involves a market participant placing certain non-bona fide order(s), generally inside the existing National Best Bid or Offer ("NBBO"), with the intention of briefly triggering some type of market movement and/or response from another market participant, followed by cancellation of the non-bona fide order, and the entry of an order on the opposite side of the market. Layering involves a trading pattern in which multiple, non-bona fide, limit orders are entered on one side of the market at various price levels away from the NBBO in order to create the appearance of a change in the levels of supply and demand, thereby artificially moving the price of the security. An order is then executed on the opposite side of the market at the artificially created price, and the non-bona fide orders are immediately cancelled.
3. Throughout the review period, there were hundreds of instances of Trade Alpha/Demostrate traders engaging in spoofing and layering activities in order to profit by artificially manipulating the price of a security.
4. An example of certain Demostrate traders' manipulative cross-market layering activity occurred in shares of ABC on August 12, 2010. The bona fide order intended for execution was entered on NASDAQ OMX BX ("OMX BX"), while multiple non-bona fide orders were entered on BATS and later cancelled once the order sent to OMX BX was executed. The activity involving orders by a Demostrate trader sent through the Firm occurred as follows:

Time	Activity
12:09:08.708	A bona fide order to buy 2,064 shares, displaying 100 shares at a time, was sent to OMX BX at a price of \$69.19.
12:09:08.739 to 12:09:09.098	12 non-bona fide sell orders, for share quantities of

	200 and 300, were sent to BATS at prices from \$69.23 -\$69.20.
12:09:09.225 to 12:09:09.568	Multiple partial executions of the buy order sent to OMX BX were received, totaling 982 shares at \$69.19.
12:09:09.674 to 12:09:09.712	All of the sell orders sent to BATS and the remaining 1,082 shares of the buy order sent to OMX BX were cancelled.

5. Immediately thereafter, the Demonstrate trader sent orders through the Firm that reversed sides of the market using the same pattern of manipulative trading activity.
6. In summary, the Firm sent limited buy interest to OMX BX, followed by significant non-bona fide sell interest to BATS and received buy executions on OMX BX totaling 982 shares at a price of \$69.19. The Firm then cancelled all of the non-bona fide sell interest it had sent to BATS, then reversed sides of the market using the same pattern, entering non-bona fide layered orders on the opposite (buy) side of the market on BATS, creating a misleading appearance of buy-side interest in the stock in order to trigger the execution of an order to sell entered through the Firm by the Demonstrate trader.
7. Certain traders of Trade Alpha also engaged in manipulative trading by inducing the trading algorithm of an unaffiliated entity (the "Algo") to trade against Trade Alpha traders. Trade Alpha traders induced the Algo to repeatedly purchase (sell) securities from (to) Trade Alpha traders, and then triggered the Algo to sell (buy) them back to (from) Trade Alpha at a lower (higher) price.
8. For example, on April 20, 2009, in trading of shares of XYZ, the Algo purchased 28,801 shares (in approximately 3,726 transactions), 28,701 of which were from a Trade Alpha trader. That same day, the Algo sold 28,600 shares of XYZ (in approximately 3,713 transactions), 28,400 of which were sold to Trade Alpha. Through its "gaming" of the Algo, the Trade Alpha trader was able to repeatedly buy XYZ at favorable (lower) prices and then sell shares back to the Algo at higher prices.
9. Prior to February 2010, the Firm did not have sufficient written supervisory procedures ("WSPs") or surveillance reviews to detect layering or spoofing, and thus, failed to establish and maintain a supervisory system reasonably designed to detect and prevent such manipulative trading activities and achieve compliance with BATS Rule 5.1 and the federal securities laws.

### Wash Trading<sup>2</sup>

10. HBOLIS failed to sufficiently and effectively monitor for potential wash trading activities, and prior to April 2010, failed to have sufficient surveillance reviews to detect or prevent wash trading activities, or sufficient WSPs to achieve compliance with applicable BATS rules and federal securities laws.
11. In thousands of instances during the review period, a particular Trade Alpha or Demonstrate Risk Group, as well as a specific Trade Alpha or Demonstrate trader, were on both sides of a transaction, buying and selling the same security on the same day, at the same time and price.

### **Failure to Retain Books and Records - Violations of Section 17(a)(1) of the Securities Exchange Act of 1934 and 17a-3 and 17a-4 and BATS Rule 4.1**

12. SEC Rule 17a-3(a)(6), promulgated pursuant to the Exchange Act, requires that a memorandum of each brokerage order be made that shows, among other things, the terms and conditions of the order and of any modification or cancellation thereof, including the time of entry. Exchange Act Rule 17a-4(b)(1) requires, in part, that every broker and dealer preserve, for a period of not less than three years, all records required pursuant to Exchange Act Rule 17a-3(a)(6).
13. BATS Rule 4.1 requires firms to make, keep current and preserve books and records as prescribed by the Exchange Act.
14. During the period between approximately early 2009 and September 2010, HBOLIS failed to retain and preserve numerous memoranda of each brokerage order given or received for the purchase or sale of securities, whether executed or unexecuted.

### Violations

As a result of the foregoing conduct, HBOLIS:

- directly or indirectly, for the purpose of creating a false or misleading appearance of active trading in securities registered on a national securities exchange: (i) effected transactions which involved no change in the beneficial ownership thereof; (ii) entered orders for the purchase (sale) of securities with the knowledge that orders of substantially the same size, at substantially the same time, and at substantially the same price, for the sale (purchase) of such security, had been or would be entered by or for the same or different parties; and (iii) effected a series

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<sup>2</sup> Wash trading involves the execution of a securities transaction which involves no change in the beneficial ownership of the security. Wash trades may be inadvertent or may be attributable to an improper purpose such as the intentional manipulation of trading volume or market prices.

of transactions in securities to create actual or apparent active trading in such securities, or raising or depressing the price of such securities, for the purpose of inducing the purchase or sale of such securities by others, in willful violation of Sections 9(a)(1) and 9(a)(2) of the Exchange Act.

- violated BATS Rule 3.3 by effecting transactions in, or inducing the purchase or sale of securities by means of a manipulative, deceptive or other fraudulent device or contrivance through the use of layering and spoofing transactions;
- violated BATS Rule 3.11 by: (i) publishing or causing to be published transactions as a purchase or sale of securities without the belief that such transaction was a bona fide purchase or sale of such security; and (ii) purporting to quote the bid or asked price for securities, without the belief that such quotation represented a bona fide bid for, or offer of, such security;
- violated BATS Rule 3.12 by making an offer to buy or sell a security at a stated price without being prepared to purchase or sell at such price and under such conditions as are stated at the time of such offer to buy or sell;
- violated BATS Rule 12.1 by effecting or inducing the purchase or sale of a security or otherwise effecting transactions for the purpose of creating or inducing a false, misleading or artificial appearance of activity in such security, or for the purpose of unduly or improperly influencing the market price of such security, or for the purpose of making a price which does not reflect the true state of the market in such security;
- violated BATS Rule 12.2 by, for the purpose of creating or inducing a false or misleading appearance of activity in a security, or creating or inducing a false or misleading appearance with respect to the market in a security, executing transactions which involved no change in the beneficial ownership;
- violated BATS Rule 12.4(a) by directly or indirectly participating or having an interest in the profits of a manipulative operation;
- violated BATS Rule 3.1 by, in the conduct of its business, failing to observe high standards of commercial honor and just and equitable principles of trade;
- violated BATS Rule 5.1 by failing to reasonably supervise and implement adequate controls, including a separate system of follow up and review, designed to achieve compliance with exchange rules and policies, including review of its electronic customer order flow to detect potential rule violations of manipulative trading practices, including layering and spoofing of orders, and wash trading; and,
- violated Section 17(a) of the 1934 Act and SEC Rules 17a-3 and 17a-4, and BATS Rule 4.1 by failing to retain and preserve memoranda of each brokerage

order given or received for the purchase or sale of securities, whether executed or unexecuted.

B. Respondent also consents to the imposition, at a maximum, of the following sanctions:

1. a censure;
2. a fine of \$5,916,667, of which \$2,516,667 will be paid by HBOLIS to the SEC as a disgorgement and fine according to an Administrative Order issued by the SEC relating to its investigation of HBOLIS, Demostrate, and three individual senior managers associated with HBOLIS.<sup>3</sup> The remaining \$3,400,000 of the fine shall be paid jointly to Nasdaq, FINRA, NASDAQ OMX BX, Inc., BATS Exchange, Inc. and NYSE Arca, Inc., of which \$600,000 shall be paid to BATS; and
3. HBOLIS shall further undertake to:
  - a. Retain, within 60 days of the date of Notice of Acceptance of this AWC, an Independent Consultant, not unacceptable to FINRA staff, to conduct a comprehensive review of the adequacy of the Firm's policies, systems and procedures (written and otherwise) and training relating to anti-money laundering, trading, sponsored access, direct market access, day trading, compliance with SEC Rule 15c3-5, and the use of foreign traders.
  - b. Exclusively bear all costs, including compensation and expenses, associated with the retention of the Independent Consultant.
  - c. Cooperate with the Independent Consultant in all respects, including by providing staff support. HBOLIS shall place no restrictions on the Independent Consultant's communications with FINRA staff and, upon request, shall make available to FINRA staff any and all communications between the Independent Consultant and the Firm and documents reviewed by the Independent Consultant in connection with his or her engagement. Once retained, HBOLIS shall not terminate the relationship with the Independent Consultant without the FINRA staff's written approval; HBOLIS shall not be in and shall not have an attorney-client relationship with the Independent Consultant and shall not seek to invoke the attorney client privilege or other doctrine or privilege to prevent the Independent Consultant from transmitting any information, reports or documents to FINRA.

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<sup>3</sup> In entering into this AWC, BATS also took into consideration the charges brought by the SEC and the sanctions it imposed against HBOLIS, Demostrate, S. Hold, Robert Vallone (HBOLIS' Chief Compliance Officer) and Tobias in its related proceeding. In the SEC's action, the three individual senior managers associated with HBOLIS and/or Demostrate were barred from the securities industry and fined.



- d. At the conclusion of the review, which shall be no more than 160 days after the date of Notice of Acceptance of this AWC, require the Independent Consultant to submit to the Firm and FINRA staff an Initial Report. The Written Report shall address, at a minimum, (i) the adequacy of the Firm's policies, systems, procedures and training relating to anti-money laundering, trading, sponsored access, direct market access, day trading, compliance with SEC Rule 15c3-5, and the use of foreign traders; (ii) a description of the review performed and the conclusions reached, and (iii) the Independent Consultant's recommendations for modifications and additions to the Firm's policies, systems, procedures and training; and
- e. Require the Independent Consultant to enter into a written agreement that provides that for the period of engagement and for a period of two years from completion of the engagement, the Independent Consultant shall not enter into any other employment, consultant, attorney-client, auditing or other professional relationship with HBOLIS, or any of its present or former affiliates, directors, officers, employees, or agents acting in their capacity as such. Any firm with which the Independent Consultant is affiliated in performing his or her duties pursuant to this AWC shall not, without prior written consent of the FINRA staff, enter into any employment, consultant, attorney-client, auditing or other professional relationship with HBOLIS or any of its present or former affiliates, directors, officers, employees, or agents acting in their capacity as such for the period of the engagement and for a period of two years after the engagement.
- f. Within 90 days after delivery of the Written Report, HBOLIS shall adopt and implement the recommendations of the Independent Consultant or, if it determines that a recommendation is unduly burdensome or impractical, propose an alternative procedure to the Independent Consultant designed to achieve the same objective. The Firm shall submit such proposed alternatives in writing simultaneously to the Independent Consultant and the FINRA staff. Within 30 days of receipt of any proposed alternative procedure, the Independent Consultant shall: (i) reasonably evaluate the alternative procedure and determine whether it will achieve the same objective as the Independent Consultant's original recommendation; and (ii) provide the Firm with a written decision reflecting his or her determination. The Firm will abide by the Independent Consultant's ultimate determination with respect to any proposed alternative procedure and must adopt and implement all recommendations deemed appropriate by the Independent Consultant.
- g. Within 30 days after the issuance of the later of the Independent Consultant's Written Report or written determination regarding alternative procedures (if any), provide the FINRA staff with a written

implementation report, certified by the President or CEO of HBOLIS, attesting to, containing documentation of, and setting forth the details of the Firm's implementation of the Independent Consultant's recommendations.

- h. Within 60 days after the issuance of the later of the Independent Consultant's Written Report or written determination regarding alternative procedures (if any), the Firm's President or CEO shall certify that the Firm's supervisory systems and procedures are in compliance with federal securities laws and BATS Rules.
- i. Upon written request showing good cause, FINRA staff may extend any of the procedural dates set forth above.

Respondent agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. Respondent submitted an Election of Payment form electing to pay the fine imposed by the installment payment plan. The terms of the payment plan will be as follows:

1. A down payment of \$150,000, equal to twenty-five percent (25%) of the total fine, must be paid as the initial payment.
2. A fixed interest rate of three percent (3%) over the Prime rate, as published in the Money Rates column of the Wall Street Journal on the day following receipt of the initial payment, will be assessed on the unpaid balance. Interest will accrue daily at the fixed rate on the unpaid balance.
3. Following the initial payment, the entire remaining balance, including accrued interest, shall be paid either in forty-eight (48) monthly installment payments, or in twelve (12) quarterly payments, with the final payment due no later than forty-eight (48) months after the due date of the initial payment. An Installment Package, including the cover letter, the Promissory Note, and the Payment Schedule, will be mailed to Respondent upon receipt of the initial payment. The executed (signed and notarized) Promissory Note for the unpaid balance of the fine, including interest, must be returned with Respondent's first installment payment.
4. The entire remaining balance, including accrued interest, can be paid off at any time without penalty.
5. Should the Firm be acquired by any other entity, party, or persons while any fine amounts remain outstanding, the Firm shall condition any such

acquisition on the acquirer(s)' assumption of the Firm's fine obligations in this AWC, or else any remaining outstanding fines shall become immediately due and payable prior to the completion of any such acquisition within the four-year time period the Firm has to pay the total fine under this AWC.

The Firm agrees to pay the monetary sanction(s) upon notice that this AWC has been accepted and that such payment(s) are due and payable as specified by the terms of this AWC. It has submitted an Election of Payment form showing the method by which it proposes to pay the fine imposed.

The Firm specifically and voluntarily waives any right to claim that it is unable to pay, now or at any time hereafter, the monetary sanction(s) imposed in this matter.

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

## II.

### WAIVER OF PROCEDURAL RIGHTS

The Firm specifically and voluntarily waives the following rights granted under BATS Rules:

- A. To have a Statement of Charges issued specifying the allegations against the firm;
- B. To be notified of the Statement of Charges 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 Appeals Committee of the BATS Board of Directors and then to the SEC and a U.S. Court of Appeals.

Further, the Firm specifically and voluntarily waives any right to claim bias or prejudgment of the Chief Regulatory Officer ("CRO") 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 acceptance or rejection of this AWC.

The Firm further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of BATS Rule 8.16 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

The Firm 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 CRO, pursuant to BATS Rule 8.3;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against the Firm; and
- C. If accepted:
  - 1. This AWC will become part of the Firm's permanent disciplinary record and may be considered in any future actions brought by BATS or any other regulator against the Firm;
  - 2. This AWC will be published on a website maintained by BATS in accordance with BATS Rule 8.11, *Interpretations and Policies .01*. In addition, this AWC will be made available through FINRA's public disclosure program in response to public inquiries about the Firm's disciplinary record; and,
  - 3. The Firm 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. The Firm may not take any position in any proceeding brought by or on behalf of BATS, or to which BATS is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects the Firm's right to take legal or factual positions in litigation or other legal proceedings in which BATS is not a party.
- D. The Firm may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. The Firm 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 BATS, nor does it reflect the views of BATS or its staff.

The undersigned, on behalf of the Firm, certifies that a person duly authorized to act on its 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 it 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 herein and the prospect of avoiding the issuance of a Complaint, has been made to induce the Firm to submit it.

9/24/2012  
Date

Hold Brothers Online Investment Services  
LLC, Respondent

By: [Signature]

Name: Steven Hold

Title: President

Reviewed by:

[Signature]  
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Counsel for Respondent  
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9/24/2012  
Date

[Signature]  
Tamara Schademann  
Chief Regulatory Officer  
BATS Exchange, Inc.