

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C.

SECURITIES EXCHANGE ACT OF 1934
Release No. 103777 / August 26, 2025

Admin. Proc. File No. 3-16424r

In the Matter of the Application of

LEK SECURITIES CORPORATION

For Review of Disciplinary Action Taken by the

NEW YORK STOCK EXCHANGE LLC

OPINION OF THE COMMISSION

REGISTERED SECURITIES EXCHANGE — REVIEW OF DISCIPLINARY
PROCEEDINGS

On remand, registered securities exchange modified the sanctions imposed on member firm for effectuating short sale transactions for customers in violation of a Commission emergency order. *Held*, exchange's modification of sanctions is *sustained*.

APPEARANCES:

Robert Knuts, for Lek Securities Corporation.

Daniel Z. Mollin, for New York Stock Exchange LLC.

Appeal filed: June 3, 2025
Last filing received: June 20, 2025

Lek Securities Corporation (“LSC”), a former registered broker-dealer and member firm of the New York Stock Exchange LLC (“NYSE”), filed an application for review of NYSE disciplinary action, in which NYSE reconsidered and modified sanctions following the Securities and Exchange Commission’s previous, partial remand of this proceeding. The Commission’s prior decision had affirmed most of NYSE’s findings of violations of the Exchange Act, Commission regulations and orders, and NYSE rules, and sanctions imposed against LSC for those violations. The Commission had set aside and remanded a subset of findings regarding LSC’s alleged violations of a 2008 Commission Emergency Order for failing to adequately address one of LSC’s defenses to certain short sales that allegedly violated the order.¹ In doing so, the Commission authorized NYSE to engage in further factfinding and analysis on remand to determine whether there was merit to LSC’s defense and whether to reenter any of those set-aside findings of violations. Because NYSE imposed a unitary \$75,000 fine for all of LSC’s violations of the 2008 Emergency Order, the Commission also set aside that fine and remanded for NYSE to reconsider the appropriate sanction for the remaining violations.

On remand, LSC and NYSE entered into a joint stipulation in which they agreed to propose to NYSE’s Board that it reduce the \$75,000 fine for LSC’s violations of the 2008 Emergency Order to \$35,000. The parties’ stipulation explained that their proposal took “into consideration the difficulty and resources needed to engage in additional fact finding due to the aged nature of the conduct.” The parties further specified that “nothing in this Joint Stipulation be construed as a settlement agreement or as an admission of liability by Lek, nor as a waiver of Lek’s right to appeal any decision issued by the NYSE Board of Directors and any final order issued by the SEC.”

NYSE’s Board accepted that proposal and reduced the fine to \$35,000.² In doing so, NYSE’s Board concluded that additional factfinding would not be an efficient use of the parties’ resources and that the parties’ stipulation “appear[ed] reasonably designed to avoid such efforts in favor of an agreed resolution of the limited factual issue and a final Decision from the NYSE.”

On June 3, 2025, LSC timely filed an application for review of both NYSE’s remand decision and its original decision. LSC and NYSE thereafter filed a joint motion stating that “[t]he Parties agree that there are no remaining factual or legal issues to be reviewed by the Commission” and requesting that “the Commission issue forthwith a ‘final order’ . . . without any further briefs or other written submissions to the Commission by the Parties.”

Because the Commission remanded to NYSE for reconsideration of sanctions based on LSC’s violations of the 2008 Emergency Order, our review of LSC’s appeal is limited to the modified sanctions NYSE imposed in its remand decision.³ Given the parties’ request that we not order additional briefing and move directly to issuing a final order, we find that not

¹ *Lek Sec. Corp.*, Exchange Act Release No. 102533, 2025 WL 743927 (Mar. 6, 2025).

² *Lek Sec. Corp.*, Proceeding No. 20110270056 (NYSE Board May 6, 2025).

³ *See, e.g., John Joseph Plunkett*, Exchange Act Release No. 73124, 2014 WL 4593195, at *4, *6 (Sept. 16, 2014) (holding that review was limited to issues that had been remanded to self-regulatory organization and refusing to revisit findings that had not been remanded).

scheduling further briefs as normally directed under our Rule of Practice 450 serves the interests of justice and does not prejudice either party.⁴

LSC has provided no basis for the Commission to set aside or reduce the modified sanctions that NYSE imposed on remand. Indeed, through the stipulation and the parties' joint motion, LSC has expressly waived any such argument. Nonetheless, the Commission has traditionally still acknowledged and considered a self-regulatory organization's imposition of sanctions under Exchange Act Section 19(e)(2), even where the applicant does not directly challenge them.⁵

Section 19(e)(2) directs us to sustain NYSE's modified sanctions unless we find that, giving due regard to the public interest and the protection of investors, the sanctions are excessive or oppressive or impose an unnecessary or inappropriate burden on competition.⁶ Here, we do not find, and LSC has not argued, that NYSE's imposition of a \$35,000 fine for LSC's violations of the 2008 Emergency Order is excessive or oppressive, serves a punitive rather than remedial purpose, or imposes an unnecessary or inappropriate burden on competition.⁷

We accordingly sustain the modified sanctions that NYSE imposed on remand for LSC's violations of the 2008 Emergency Order.

An appropriate order will issue.

By the Commission (Chairman ATKINS and Commissioners PEIRCE, CRENSHAW, and UYEDA).

Vanessa A. Countryman
Secretary

⁴ See Rule of Practice 100(c), 17 C.F.R. § 201.100(c) (providing for when the Commission may determine that compliance with an otherwise applicable rule is unnecessary).

⁵ See, e.g., *Devin Lamarr Wicker*, Exchange Act Release No. 100148, 2024 WL 2188603, at *15 (May 15, 2024) (reviewing sanctions imposed by FINRA under Section 19(e)(2), despite applicant's failure to challenge sanctions); cf. 15 U.S.C. § 78s(e)(1) (providing that, if the Commission sustains a finding of violation, it shall, "as appropriate, affirm the sanction imposed by the self-regulatory organization, modify the sanction in accordance with paragraph (2) of this subsection, or remand to the self-regulatory organization for further proceedings"); 15 U.S.C. § 78s(e)(2) (providing the standard for reviewing sanctions).

⁶ 15 U.S.C. § 78s(e)(2).

⁷ Cf. *Wicker*, 2024 WL 2188603, at *15 (sustaining FINRA's sanctions determination where applicant did not directly challenge their imposition or argue that any mitigating factors warranted lesser sanctions).

UNITED STATES OF AMERICA
before the
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ORDER SUSTAINING REVIEW PROCEEDING

On the basis of the Commission's opinion issued this day, it is

ORDERED that the sanctions imposed by NYSE on Lek Securities Corporation are sustained.

By the Commission.

Vanessa A. Countryman
Secretary