

**STATE OF RHODE ISLAND
DEPARTMENT OF BUSINESS REGULATION
SECURITIES DIVISION
1511 PONTIAC AVENUE, BUILDING 69
CRANSTON, RHODE ISLAND 02920**

IN THE MATTER OF:

**SOLIUM FINANCIAL SERVICES LLC,
RESPONDENT.**

19-SC-004

ADMINISTRATIVE CONSENT ORDER

WHEREAS, Solium Financial Services LLC (“SFS”) is a broker-dealer with a principal place of business at 50 Tice Boulevard, Suite A-18 Woodcliff Lake, New Jersey 07677, that is registered as a broker-dealer in the State of Rhode Island;

WHEREAS, on May 1, 2019, Morgan Stanley acquired Solium Capital Inc., which included its subsidiaries Solium Holdings USA LLC and SFS (hereinafter collectively with SFS and its affiliates, “Solium”);

WHEREAS, after the acquisition, SFS self-reported to state securities regulators that it had transmitted certain securities orders in certain jurisdictions at a time when SFS was not registered as a broker-dealer in such jurisdictions;

WHEREAS, certain members of the North American Securities Administrators Association, with Alabama serving as the lead state (collectively, the “State Regulators”) conducted a coordinated investigation of SFS to determine whether SFS’ activity was in violation of the relevant jurisdictions’ broker-dealer registration requirements;

WHEREAS, SFS has cooperated during the investigation and has agreed to resolve the investigation with the State Regulators;

WHEREAS, SFS, without admitting or denying the Findings of Fact and Conclusions of Law contained herein, voluntarily consents to the entry of this Consent Order (the “Order”) pursuant to the Rhode Island Uniform Securities Act (“RIUSA” or “the Act”), codified in R.I. Gen. Laws § 7-11-101 *et seq.* with respect to this Order;

NOW, THEREFORE, the Rhode Island Department of Business Regulation’s Financial Services Division (“Division”) finds this Order is in the public interest and hereby enters the following:

FINDINGS OF FACT

1. SFS, CRD No. 147933, is a subsidiary of Solium Holdings USA LLC. SFS registered as a broker-dealer with the State of Rhode Island on May 2, 2019.
2. Solium provides equity plan administration software to employers. Employee-participants of employer-sponsored equity plans that utilize Solium’s software can view and track the options and shares issued to them by their employers.
3. If an employee-participant residing in Rhode Island requests an exercise or liquidation through Solium’s software, SFS transmits an order in the relevant account at a clearing broker-dealer registered in Rhode Island and then routes the proceeds to the employee-participant’s account. SFS receives a share of the commissions earned on these transactions.
4. SFS does not provide advice to employee-participants or solicit transactions in any manner.
5. From at least January 2009 to May 2, 2019, SFS transmitted orders for employee-participants residing in Rhode Island when SFS was not registered as a broker-dealer with the

Division.

6. SFS has provided substantial and timely cooperation to the State Regulators during the referenced investigation.

CONCLUSIONS OF LAW

1. During the period from at least January 2009 to May 2, 2019, SFS acted as a broker-dealer in Rhode Island as the term "broker-dealer" is defined by R.I. Gen. Laws § 7-11-101.

2. R.I. Gen. Laws § 7-11-201(a) states that it is unlawful for a person to transact business in Rhode Island as a broker-dealer or agent unless such person is properly registered or qualifies for an exemption under the Act.

3. By engaging in the conduct set forth above, SFS acted as an unregistered broker-dealer in Rhode Island, without qualifying for an exemption, in violation of R.I. Gen. Laws § 7-11-201.

4. As a result of the stated violation, SFS is subject to the assessment of a civil penalty pursuant to R.I. Gen. Laws § 7-11-602.

5. This Order is appropriate and in the public interest.

ORDER

Based on the Findings of Fact, Conclusions of Law, and SFS's consent to the entry of this Order, **IT IS HEREBY ORDERED:**

1. This Order concludes the investigation by the Division and any other action that the Division could commence under applicable Rhode Island law as it relates to the substance of the Findings of Fact and Conclusions of Law herein, provided however, that the

Division may pursue claims arising from SFS' failure to comply with the terms of this Order.

2. This Order is entered into solely for the purpose of resolving the investigation and is not intended to be used for any other purpose.

3. SFS shall cease and desist from violating R.I. Gen. Laws § 7-11-201(a).

4. (a) SFS shall pay a fine in the amount of Five Thousand Dollars (\$5,000.00), payable to the General Treasurer for the State of Rhode Island, within thirty (30) business days of the entry of this Order.

(b) SFS shall pay retroactive registration fees in the amount of One Thousand Five Hundred Dollars (\$1,500.00), payable to the General Treasurer for the State of Rhode Island, within thirty (30) business days of the entry of this Order for the period beginning in 2014 and continuing through 2018.

5. This Order is not intended to form the basis for any disqualification from registration as a broker-dealer, investment adviser, or issuer under the laws, rules, and regulations of Rhode Island and waives any disqualification from relying upon the securities registration exemptions or safe harbor provisions to which SFS or any of its affiliates may be subject under the laws, rules, and regulations of Rhode Island.

6. Nothing in this Order is intended to form the basis for any disqualification under: the laws of Rhode Island, any other state, the District of Columbia, Puerto Rico, or the U.S. Virgin Islands; the rules or regulations of any securities or commodities regulator or self-regulatory organizations (SROs); or the federal securities laws, including but not limited to Section 3(a)(39) of the Securities Exchange Act of 1934, Regulation A, Rules 504 and

506 of Regulation D under the Securities Act of 1933, and Rule 503 of Regulation CF, 17 CFR § 227.503. Further, nothing in this Order is intended to form the basis for disqualification under the FINRA rules prohibiting continuance in membership or disqualification under other SRO rules prohibiting continuance in membership. This Order is also not intended to be a final order based upon any violation of any Rhode Island statute, rule, or regulation that prohibits fraudulent, manipulative, or deceptive conduct.

7. Except in an action by the Division to enforce the obligations in this Order, this Order is not intended to be deemed or used as:

(a) an admission of, or evidence of, the validity of any alleged wrongdoing or liability; or

(b) an admission of, or evidence of, any such alleged fault or omission of SFS in any civil, criminal, arbitration, or administrative proceeding in any court, administrative agency, or other tribunal.

8. This Order is not intended to state or imply willful, reckless, or fraudulent conduct by SFS, its affiliates, directors, officers, employees, associated persons, or agents.

9. SFS, through its execution of this Order, voluntarily waives the right to a hearing on this matter and to judicial review of this Consent Order under R.I. Gen. Laws §§ 7-11-710-11 and 42-35-9.

10. SFS enters into this Order voluntarily and represents that no threats, offers, promises, or inducements of any kind have been made by the Division or any member, officer, employee, agent, or representative of the Division to induce it to enter into this Order.

11. Waiver of Hearing and Appeal. By agreeing to resolve this matter through

the execution of this Consent Order, SFS knowingly and voluntarily waives any right to an administrative hearing and waives any right to pursue an appeal to the Superior Court under the Rhode Island Administrative Procedures Act, R.I. Gen. Laws § 42-35-1 et seq.

12. Enforcement. If SFS fails to comply with any term or condition of this Consent Order within any applicable time period set forth herein, SFS will be in violation hereunder and the Department shall be entitled to immediately to take enforcement or other action in accordance with applicable law.

13. Compliance; Other Laws. Compliance with the terms of this Consent Order does not relieve SFS of any obligation to comply with other applicable laws or regulations administered by or through the Department or any other governmental agency.

Dated this Sep 8, 2020 day of Sep 8, 2020, 2020.

BY ORDER OF

The Department of Business Regulation

Elizabeth Kelleher Dwyer

Elizabeth KelleherDwyer (Sep 8, 2020 16:59 EDT)

Elizabeth Kelleher Dwyer, Deputy Director of
Financial Services

I hereby agree to the entry of this Consent Order; consent to all terms, conditions and orders contained therein; and waive any right to appeal from this Order.

DocuSigned by:
Michael Hennessy
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Michael Hennessy, Managing Director
Solium Financial Services LLC

Sep 3, 2020
Date







Rhode Island - Solium Financial Services Consent Order Signed by SFS

Final Audit Report

2020-09-08

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