

BEFORE THE IOWA INSURANCE COMMISSIONER

IN THE MATTER OF	)	Division Case No. 104705
SOLIUM FINANCIAL SERVICES LLC	)	<b>ORDER AND</b>
	)	<b>CONSENT TO ORDER</b>
Respondent	)	

**COMES NOW** the Iowa Insurance Division and pursuant to the provisions of Iowa Code chapter 502—Iowa Uniform Securities Act state the following:

**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, and is registered as a broker-dealer with the Iowa Insurance Division;

**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 (“NASAA”), with Alabama serving as the lead state (collectively, the “State Regulators”) conducted a coordinated investigation of SFS to determine whether SFS’s activity was in violation of the relevant jurisdictions’ broker-dealer registration requirements;

**WHEREAS**, SFS has cooperated during the course of 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 Iowa Code chapter 502 Iowa Uniform Securities Act (“Act”) with respect to this Order;

**NOW, THEREFORE**, the Commissioner of Insurance, Douglas M. Ommen, directly and through his designees, administers and enforces Iowa Code chapter 502 as Securities Administrator, finds this Order is in the public interest and hereby enters the following:

#### **FINDINGS OF FACT**

1. SFS is a subsidiary of Solium Holdings USA LLC. SFS registered as a broker-dealer with the Iowa Insurance Division on May 3, 2019 under CRD No. 147933.
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 Iowa requests an exercise or liquidation through Solium’s software, SFS transmits an order in the relevant account at a clearing broker-dealer registered in Iowa 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 3, 2019, SFS transmitted orders for employee-participants residing in Iowa when SFS was not registered as a broker-dealer with the Iowa Insurance Division.
6. SFS has provided substantial and timely cooperation to the State Regulators during the course of the referenced investigation.

## CONCLUSIONS OF LAW

1. During the period from at least January 2009 to May 3, 2019, SFS acted as broker-dealer in Iowa as the term broker-dealer is defined by Iowa Code § 502.102(4) of the Act.

2. Iowa Code § 502.401(1) states that it is unlawful for a person to transact business in the state of Iowa as a broker-dealer unless such person is registered under the Act.

3. By engaging in the conduct set forth above, SFS acted as an unregistered broker-dealer in Iowa in violation of Iowa Code § 502.401(1).

4. As a result of the stated violation, SFS is subject to the assessment of a fine pursuant to Iowa Code § 502.412(3) of the Act.

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

## ORDER

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

1. This Order concludes the investigation by the Iowa Insurance Division and any other action that the Iowa Insurance Division could commence under applicable Iowa law as it relates to the substance of the Findings of Fact and Conclusions of Law herein, provided however, that the Iowa Insurance 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 Iowa Code § 502.401(1).

4. (a) SFS shall pay a fine in the amount of Ten-Thousand One-Hundred and Forty-Seven dollars and Sixty-Six cents (\$10,147.66) to the State of Iowa, Iowa Insurance Division within ten (10) business days of the entry of this Order to be deposited to the investor education and financial literacy training fund as required by Iowa Code § 502.601(5).

(b) SFS shall pay back registration fees in the amount of One-Thousand dollars (\$1,000.00) for the period 2014 through 2018 to the State of Iowa, Iowa Insurance Division within ten (10) business days of the entry of this Order to be deposited to the Commerce Revolving Fund.

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 Iowa 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 Iowa.

6. Nothing in this Order is intended to form the basis for any disqualification under the laws of Iowa, any other state, the District of Columbia, Puerto Rico, or the U.S. Virgin Islands; under the rules or regulations of any securities or commodities regulator or self-regulatory organizations (SROs); or under 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. 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 not intended to be a final order based upon any violation of any Iowa statute, rule, or regulation that prohibits fraudulent,

manipulative, or deceptive conduct.

7. Except in an action by the Iowa Insurance 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, or its affiliates, directors, officers, employees, associated persons, or agents.

9. SFS, through execution of this Order, voluntarily waives the right to a hearing and to judicial review of this Order under Iowa Code § 502.609.

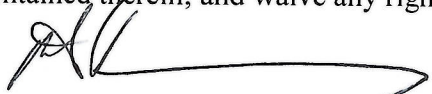
10. SFS enters into this Order voluntarily and represents that no threats, offers, promises, or inducements of any kind have been made by the Iowa Insurance Division or any member, officer, employee, agent, or representative of the Iowa Insurance Division to induce it to enter into this Order.

WITNESS MY HAND this the 3<sup>rd</sup> day of February, 2020.



DOUGLAS M. OMMEN  
Iowa Insurance Commissioner

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.



Michael Hennessy, Managing Director  
Solium Financial Services LLC

1/29/2020  
Date