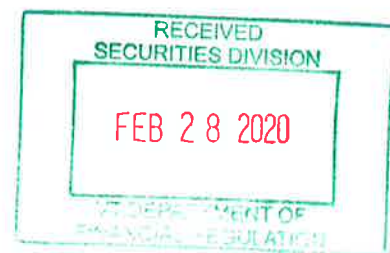


STATE OF VERMONT  
DEPARTMENT OF FINANCIAL REGULATION  
SECURITIES DIVISION



IN RE:

SOLIUM FINANCIAL SERVICES LLC

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DOCKET NO. 20-009-S

**STIPULATION AND 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, and has submitted an application for registration as a broker-dealer with the Securities Division of the Vermont Department of Financial Regulation (the “Department”);

**WHEREAS**, on May 1, 2019, Morgan Stanley acquired Solium Capital Inc., including 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’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 Vermont Uniform Securities Act, 9 V.S.A. § 5101 *et seq.*, (the “Act”) with respect to this Order;

**NOW, THEREFORE**, the Commissioner of Financial Regulation 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 submitted an application for registration as a broker-dealer to the Department 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 Vermont requests an exercise or liquidation through Solium’s software, SFS transmits an order in the relevant account at a clearing broker-dealer registered in Vermont 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 the date of this Order, SFS transmitted orders for employee-participants residing in Vermont when SFS was not registered as a broker-dealer with the Department.

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 the date of this Order, SFS

acted as a “broker-dealer” in Vermont as the term broker-dealer” is defined by Section 5102(3) of the Act.

2. Sections 5401(a) and 5402(a) of the Act state that it is unlawful for a person to transact business in Vermont as a broker-dealer or agent 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 Vermont in violation of Section 5401(a) of the Act.

4. As a result of the stated violation, SFS is subject to the assessment of a fine pursuant to Sections 5412 and 5604 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’s consent to the entry of this Order, **IT IS HEREBY ORDERED:**

1. This Order concludes the investigation by the Department and any other action that the Department could commence under applicable Vermont law as it relates to the substance of the Findings of Fact and Conclusions of Law herein, provided however, that the Department may pursue claims arising from SFS’s failure to comply with the terms of this Order.

2. This Order is entered 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 Section 5401(a) of the Act.

4. (a) SFS shall pay a fine in the amount of \$5,000.00 to the Department

within ten (10) business days of the entry of this Order.

(b) SFS shall pay back registration fees in the amount of \$1,900.00 for the period of 2015 through 2019 to the Department within ten (10) business days of the entry of this Order.

5. SFS's registration as a broker-dealer in Vermont is approved as of the date of this Order.

6. 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 Vermont 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 Vermont.

7. Nothing in this Order is intended to form the basis for any disqualification under the laws of Vermont, 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 Vermont statute, rule, or regulation that prohibits fraudulent, manipulative, or deceptive conduct.

8. Except in an action by the Department 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.


9. 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.

10. SFS, through execution of its Consent to this Order, voluntarily waives the right to a hearing and to judicial review of this Order under the Act, the rules of the Department, and Title 3, Chapter 5 of the Vermont Statutes.

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

Dated this 4<sup>th</sup> day of MARCH, 2020

BY ORDER OF THE VERMONT DEPARTMENT OF FINANCIAL REGULATION



Michael Pieciak  
Commissioner

**CONSENT TO ENTRY OF ADMINISTRATIVE ORDER BY SOLIUM FINANCIAL SERVICES (“SFS”)**

1. SFS hereby acknowledges that it has been served with a copy of this Order, has read the foregoing Order, is aware of its right to a hearing and appeal in this matter, and has waived the same. SFS acknowledges its understanding of all terms, conditions, and obligations contained in the Order and further acknowledges that should it fail to comply with any and all provisions of the Order, the Commissioner may impose additional sanctions and seek other appropriate relief subject to the right to a hearing pursuant to Vermont’s securities laws.
2. SFS admits the jurisdiction of the Vermont Department of Financial Regulation (the “Department”), neither admits nor denies the Findings of Fact and Conclusions of Law contained in this Order, and consents to entry of this Order by the Department as settlement of the issues contained in this Order.
3. SFS acknowledges and agrees that the Consent Order is entered into freely and voluntarily and that no promise was made, other than as outlined herein, nor was any coercion used, to induce SFS to enter into this Order.

Dated this 25 day of February, 2020.

Michael Hennessy (printed name)

Managing Director (title)

Mh (signature)

**as duly authorized representative for and on behalf of SFS**

Morgan Stanley



**Direct Dial: (212) 537-2941**  
**Facsimile No: (212) 507-4923**  
**Email: [tony.taggart@morganstanley.com](mailto:tony.taggart@morganstanley.com)**

February 26, 2020

**VIA OVERNIGHT MAIL**

William R. Carrigan, CFE  
Deputy Commissioner  
Securities Division  
Vermont Department of Financial Regulation  
89 Main Street  
Montpelier, VT 05620.3101

**Re: Solium Financial Services LLC, Docket No. 20-009-S**

Dear Mr. Carrigan:

In connection with the above referenced matter, enclosed is the original signed Consent Order and a check in the amount of \$6,900.00 as payment of the fine and past registration fees.

If have any questions, please contact me.

Very truly yours,

A handwritten signature in black ink, appearing to read "S. Taggart".

S. Anthony Taggart  
Managing Director & Counsel

Enclosures