BEFORE THE COMMISSIONER OF COMMERCE AND INSURANCE OF THE STATE OF TENNESSEE AT NASHVILLE

TENNESSEE SECURITIES DIVISION	)	
	)	
Petitioner,	)	
	)	**Docket No.: 00-005**
VS.	)	
	)	
TERRA NOVA TRADING, LLC,	)	
M.A. JABBAR MALIK,	)	
	)	
Respondents.	)	

CONSENT ORDER

The Tennessee Securities Division (the "Division"), Terra Nova Trading, LLC, and M.A. Jabbar Malik agree to the entry of this Consent Order in accordance with T.C.A. § 48-2-116 of the Tennessee Securities Act of 1980, as amended, T.C.A. §§ 48-2-101, et seq. (The "Act"), which states that the Commissioner from time to time may make such orders as are necessary to carry out the provisions of the Act.

FINDINGS OF FACT

1. The Tennessee Securities Act of 1980, as amended, T.C.A. § 48-2-101, et seq. (the "Act"), places the responsibility for the administration of the Act on the Commissioner of Commerce and Insurance ("Commissioner"). The Division is the lawful agent through which the Commissioner discharges this responsibility. T.C.A. § 48-2-115.

2. Terra Nova Trading, LLC ("Terra Nova") (CRD #37761) has been registered with the Division as a broker-dealer since December 5, 1997. Terra Nova maintains its principal place of business in Chicago, Illinois. Terra Nova maintains an office in the State of Tennessee, located at 1801 West End Avenue, Suite 200, Nashville, Tennessee 37203.

3. M.A. Jabbar Malik ("Malik") (CRD #2278456) is a Tennessee resident and employed as the supervisor of Terra Nova's Nashville, Tennessee business location. Malik has been registered with the Division as an agent of Terra Nova since February 17, 1998.

4. Were the Division to pursue the administrative proceeding currently pending against Terra Nova and Malik, evidence would be offered for the purpose of establishing that:

a. Terra Nova failed to reasonably supervise its agent in the Nashville, Tennessee business location; and

b. Malik lacked training and experience as a supervising agent of a broker-dealer business location.

5. Were the administrative proceeding currently pending against Terra Nova and Malik pursued, Terra Nova and Malik would offer evidence for the purpose of establishing that Terra Nova properly supervised its agent in the Nashville, Tennessee business location and that Malik was a suitable supervising agent of a broker-dealer business location.

CONCLUSIONS OF LAW

6. Pursuant to Tennessee Code Annotated Section 48-2-115(a), the responsibility for the administration of the Act is upon the Commissioner. The Division is the lawful agent through which the Commissioner discharges this responsibility.

7. Tennessee Code Annotated Section 48-2-112(a)(2)(J) provides that, the Commissioner, by order may deny, suspend, or revoke any registration under this part if the Commissioner finds that the order is the public interest, necessary for the protection of investors, and if he finds that the registrant, or in the case of a broker-dealer, any officer, director, or any person occupying a similar status or performing similar functions has failed reasonably to supervise such person's agents if the person is a broker-dealer.

8. The averment in paragraph 4(a), if proven true, would constitute acts by Terra Nova, which would provide grounds under Tennessee Code Annotated Section 48-2-112(a)(2)(J) for the entry of an order of sanctions against Terra Nova.

9. Tennessee Code Annotated Section 48-2-112(a)(2)(I) provides that, the Commissioner, by order may deny, suspend, or revoke any registration under this part if the Commissioner finds that the order is in the public interest, necessary for the protection of investors, and if he finds that the registrant, or in the case of a broker-dealer, any officer, director, or any person occupying a similar status or performing similar functions is not qualified on the basis of such factors as training, experience, and knowledge of the securities business.

10. The averment in paragraph 4(b), if proven true, would constitute acts by Malik, which would provide grounds under Tennessee Code Annotated Section 48-2-112(a)(2)(B) for the entry of an order of sanctions against Malik.

ORDER

NOW, THEREFORE, on the basis of the foregoing, and the waiver by Terra Nova Trading, LLC and M.A. Jabbar Malik of their rights to a hearing and appeal under the Tennessee Securities Act and Tennessee's Uniform Administrative Procedures Act, Tennessee Code Annotated §§ 4-5-101 et seq., and the admission by Terra Nova Trading, LLC and M.A. Jabbar Malik of the jurisdiction of the Commissioner, the Commissioner finds that Terra Nova Trading, LLC and M.A. Jabbar Malik, for the sole purpose of settling this matter and without admitting or denying any findings of fact and conclusions of law in this order, or conceding any liability under the Tennessee Securities Act of 1980, as amended, or the rules promulgated thereunder, has consented to the entry of this Order and that the following Order is appropriate, in the public interest and necessary for the protection of investors.

IT IS ORDERED, pursuant to Tennessee Code Annotated § 48-2-116 of the Tennessee Securities Act that:

1. Terra Nova Trading, LLC shall fully comply with § 48-2-109 of the Tennessee Securities Act of 1980, as amended, and all rules promulgated thereunder.

2. M.A. Jabbar Malik shall fully comply with § 48-2-109 of the Tennessee Securities Act of 1980, as amended, and all rules promulgated thereunder.

3. Terra Nova Trading, LLC shall provide the Division with written disclosure of all business locations in the State of Tennessee as required by the Tennessee Securities Act of 1980, as amended, and the rules promulgated thereunder.

4. Terra Nova Trading, LLC shall provide an application package to all prospective customers expressing an intent to utilize an "intra-day trading strategy." This package shall include a disclosure form, which is attached as Exhibit A to this order and is incorporated by reference as if fully set forth herein. This disclosure form shall be signed and dated by both the prospective customer and the agent of Terra Nova Trading, LLC. For the purpose of this order and the application package:

> "Intra-day trading strategy" is defined as an overall trading strategy characterized by the regular transmission by a customer of multiple intra-day electronic orders to effect both purchase and sale transactions in the same security or securities.

5. Terra Nova shall amend its Form BD and file such amended Form BD via Web CRD to reflect that it engages in business under the assumed name of "Richland Trading" in the State of Tennessee.

6. Neither Terra Nova, Malik, nor any other person associated with the broker-dealer shall extend, arrange or assist in the extension or arrangement for loans or credit to customers

beyond lawful margin limits.

7. Terra Nova shall make a contribution to the Tennessee Investor Education Fund in the amount of $7,500. Said contribution to the Investor Education Fund shall be due and paid in full within thirty (30) days from the date of entry of this Order, and directed to the following address:

Tennessee Securities Division
Broker-Dealer Registration Section
Davy Crockett Tower, Suite 680
500 James Robertson Parkway
Nashville, Tennessee 37243

8. M.A. Jabbar Malik shall make a contribution to the Tennessee Investor Education Fund in the amount of $500.00. Said contribution to the Investor Education Fund shall be due and paid in full within thirty (30) days from the date of entry of this Order, and directed to the following address:

Tennessee Securities Division
Broker-Dealer Registration Section
Davy Crockett Tower, Suite 680
500 James Robertson Parkway
Nashville, Tennessee 37243

IT IS ORDERED that this Order represents the complete and final resolution of, and discharge with respect to all administrative and civil, claims demands, actions and causes of action by the Commissioner against Terra Nova Trading, LLC, Richland Trading, LLC, Richland Training, LLC and M.A. Jabbar Malik for violations of the Act which the Division alleges to have occurred in the Nashville, Tennessee branch office of Terra Nova Trading, LLC, from its inception through December 31, 1999. These allegations relate to the disclosure of the risks associated with the use of the "intra-day trading" strategy, the operation of an unregistered broker-dealer, and compliance with the rules governing the extension of margin credit.

This Consent Order is in the public interest and in the best interests of the parties, and represents a compromise and settlement of the controversy between the parties and is for settlement purposes only. By the signatures affixed below, Terra Nova Trading, LLC and M.A. Jabbar Malik affirmatively state that they have freely agreed to the entry of this Consent Order, that they have been advised by the undersigned counsel of record in this matter, that they waive their rights to a hearing on the matters underlying this Consent Order and to a review of the Findings of Fact and Conclusions of Law contained herein, and that no threats or promises of any kind have been made by the Commissioner, the Division, or any agent or representative thereof. The parties, by signing this Consent Order, affirmatively state their agreement to be bound by the terms of this Consent Order and aver that no promises or offers relating to the circumstances described herein, other than the terms of settlement set forth in this Consent Order, are binding upon them.

ENTERED this 22nd day of May, 2000.

Anne B Pope

Anne B. Pope, Commissioner
Department of Commerce and Insurance

APPROVED FOR ENTRY:

Terra Nova Trading, LLC

By: _____
Christopher R. Doubek, President

_____
Daphne D. Smith
Assistant Commissioner for Securities
Department of Commerce and Insurance

_____
James D. Van De Graaff
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_____
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Nashville, Tennessee 37243
(615) 741-5917

_____
M.A. Jabbar Malik, Respondent

_____
J. Allen Overby (BPR #018477)
Attorney for Respondent
M.A. Jabbar Malik
Bass, Berry & Sims PLC
2700 First American Center
Nashville, Tennessee 37238-2700
(615) 742-6211

DISCLAIMER

I hereby submit this application in order to open an account at Terra Nova Trading, LLC. I intend to use this account to engage in active day trading of securities. I understand that Terra Nova Trading, LLC will execute my trades utilizing the best method it deems appropriate.

I understand that the risk of loss in active day trading of securities can be substantial. I acknowledge that Terra Nova Trading, LLC does not provide investment advice, tax advice or legal advice regarding the suitability or profitability of a security or investment. I acknowledge that Terra Nova Trading, LLC does not make recommendations. Terra Nova Trading, LLC does not accept payment for order flow.

I understand that other persons, such as educators, newsletter writers, other broker dealers, independent contractors or other customers, who make recommendations or suggestions or who provide Terra Nova Trading, LLC with names of prospective customers are not permitted to solicit or accept accounts or orders or to act or say anything on behalf of Terra Nova Trading, LLC. Further more, Terra Nova Trading, LLC cannot vouch for the accuracy or completeness of any information or advice you may have received or receive in the future from any person not employed by Terra Nova Trading, LLC regarding stock, stock option, commodity or commodity option trading or the risks involved in such trading, and that Terra Nova Trading, LLC shall not be responsible for any loss to you resulting from any firm or individual supplying you with advice or information such as quote data, position information, etc.

I understand that active day trading involves entering into many more transactions than does traditional investing. I further understand that as a result of this high volume of transactions, even though the commissions charged by Terra Nova Trading, LLC are substantially discounted, I will incur substantial commissions costs commonly associated with active trading. I further understand that the commission costs I will incur will be significantly higher than is the case with traditional investment strategy because of the high volume of trades initiated. Commission costs will be incurred regardless of whether I make or lose money on a trade.

I acknowledge that I will be the only authorized user of my account except as indicated by a fully executed trading authorization signed by me. I will be fully responsible for the confidentiality and use of my user name(s) and password(s) and I agree that I will be fully and solely responsible for all activities, including brokerage transactions, which arise from the use of my user name(s) or password(s). Further more, I accept full responsibility to educate myself as to the usage of the software and hardware used in electronic day trading.

I understand that my orders will be routed electronically by Terra Nova Trading, LLC's automated order routing software. This software connects Terra Nova Trading, LLC to various exchanges and electronic communication networks. I acknowledge and accept the inherent risks of electronic trading. I acknowledge that these risks include but are not limited to power failures, software failures, equipment failures and communication failures.

I understand that with respect to any activity in my account, I may only trade my own money. Trading funds of other persons may subject me to the registration requirements of securities regulatory authorities. Engaging in such trading activities without appropriate registration may subject me to regulatory action. It is my independent responsibility to determine whether my trading activities subject me to registration requirements under state and/or federal law.

Archipelago handles orders differently than most electronic communications networks (ECN's). Archipelago uses the NASDAQ SelectNet system to transmit orders to non-subscriber market makers and ECN's when an order placed on its limit order book is not immediately executed against another subscriber order but could possibly be executed against a price indicated by a non-subscriber. When an order is preferenced (transmitted) to a non-subscriber over SelectNet, it will remain outside of the Archipelago system for up to 30 seconds where the order may be executed, partially executed or rejected. While an order is outside the Archipelago system other subscriber orders at the same price as the preferenced order may be executed. This means a loss of priority may result to the preferenced order.

I agree to indemnify and hold Terra Nova Trading, LLC harmless from and against any and all claims, losses, liability, costs and expenses (including but not limited to attorney's fees) caused directly or indirectly by government restriction, exchange or market rulings, communications or power failure, equipment or software malfunctions, wars, strikes or any other cause beyond Terra Nova Trading, LLC reasonable control.

As required by NASD Rule 2361, you should consider the following points before engaging in day trading activities:

- **Day trading can be extremely risky.** Customers should be prepared to lose all of the funds that they use for day trading. They should not fund their day trading activities with retirement savings, student loans, second mortgages, emergency funds, funds set aside for purposes such as education or home ownership, or funds required for current income.

- **Customers must be cautious of claims of large profits from day trading.** Customers need to be wary of advertisements or other statements that emphasize the potential for large profits in day trading. Day trading can also lead to large and immediate financial losses.

- **Day trading requires knowledge of securities markets.** Day trading requires in-depth knowledge of the securities markets and trading techniques and strategies. In attempting to profit through day trading, an investor must compete with professional, licensed traders employed by securities firms. An investor should have appropriate experience before engaging in day trading.

- **Day trading requires knowledge of a firm's operations.** An investor should be familiar with a securities firm's business practices, including the operation of the firm's order execution systems, procedures, and should confirm that a firm has adequate systems capacity to permit customers to engage in day trading activities.

- **Day trading may result in large commissions.** Day trading may require an investor to trade his or her account aggressively, and pay commissions on each trade. The total daily commissions that they pay on trades may add to losses or significantly reduce earnings.

- **Day trading on margin or short selling may result in losses beyond the initial investment.** When customers day trade with funds borrowed from the firm or someone else, they can lose more than the funds originally placed at risk. A decline in the value of the securities that are purchased may require additional funds be paid to the firm to avoid the forced sale of those securities or other securities in an investor's account. Short selling as part of a day trading strategy also may lead to extraordinary losses, because stock may have to be purchased at a very high price in order to cover a short position.

Your execution of this agreement indicates your acceptance of all of the terms noted above.

Signature _____ Date _____ Print Name _____

Signature _____ Date _____ Print Name _____

Revised 4/12/00