

**FINANCIAL INDUSTRY REGULATORY AUTHORITY  
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT  
NO. 2023077093401**

TO: Department of Enforcement  
Financial Industry Regulatory Authority (FINRA)

RE: Stirlingshire Investments (Respondent)  
Member Firm  
CRD No. 310576

Pursuant to FINRA Rule 9216, Respondent Stirlingshire Investments submits this Letter of Acceptance, Waiver, and Consent (AWC) for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, FINRA will not bring any future actions against Respondent alleging violations based on the same factual findings described in this AWC.

**I.**

**ACCEPTANCE AND CONSENT**

A. Respondent accepts and consents to the following findings by FINRA without admitting or denying them:

**BACKGROUND**

Stirlingshire has been a FINRA member since June 2022. The firm, which is headquartered in New York, has one branch office and approximately 26 registered representatives. Stirlingshire is a full-service brokerage firm primarily servicing retail customers.<sup>1</sup>

**OVERVIEW**

From November 2022 through April 2024, Stirlingshire violated Rule 15l-1 of the Securities Exchange Act of 1934 (Reg BI) and violated FINRA Rules 3110 and 2010, by failing to establish, maintain, and enforce a reasonable supervisory system, including written supervisory procedures (WSPs), concerning recommendations of inverse or leveraged exchange traded funds (NT-ETFs). Additionally, from June 2022 through December 2023, Stirlingshire violated FINRA Rules 5122(b)(2) and 2010 by failing to file with FINRA offering materials for two private placement offerings issued by the firm's parent company. For these violations, Stirlingshire is censured, fined \$40,000, and has agreed to an undertaking.

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<sup>1</sup> For more information about the firm, visit BrokerCheck® at [www.finra.org/brokercheck](http://www.finra.org/brokercheck).

## **FACTS AND VIOLATIVE CONDUCT**

This matter originated from FINRA's cycle exam of the firm.

### **1. Stirlingshire failed to establish, maintain, and enforce a reasonably designed supervisory system, including WSPs, related to NT-ETFs.**

NT-ETFs are complex financial instruments designed to return a multiple of the performance of an underlying index or benchmark, the inverse of the benchmark, or both, usually over the course of a single day. In June 2009, FINRA issued Regulatory Notice 09-31, which cautioned that, due to the effects of compounding of daily returns during the holding period, the performance of NT-ETFs held for periods of time longer than a single trading session can differ significantly from the performance of their underlying index or benchmark during the same period of time. Because of these risks and the inherent complexity of the products, FINRA guidance to member firms provides that NT-ETFs "typically are not suitable for retail investors who plan to hold them for more than one trading session[.]" In January 2012, FINRA issued Regulatory Notice 12-03, which reminded firms of their heightened supervisory obligations with respect to complex products, which include NT-ETFs.

As of June 30, 2020, broker-dealers and their associated persons are required to comply with Reg BI. Rule 15l-1(a)(1) of Reg BI requires a broker, dealer, or a natural person associated with a broker or dealer, when making a recommendation of any securities transaction or investment strategy involving securities (including account recommendations) to a retail customer, to act in the best interest of that retail customer at the time the recommendation is made, without placing the financial or other interest of the broker, dealer, or associated person ahead of the interest of the retail customer. Reg BI's Compliance Obligation, set forth at Exchange Act Rule 15l-1(a)(2)(iv), requires a broker-dealer to establish, maintain, and enforce written policies and procedures reasonably designed to achieve compliance with Reg BI. Reg BI's Adopting Release provides that broker-dealers should consider the nature of that firm's operations and how to design such policies and procedures to prevent violations from occurring, detect violations that have occurred, and to correct promptly any violations that have occurred.<sup>2</sup>

In adopting Reg BI, the SEC cited Regulatory Notices 09-31 and 12-03 in its discussion of NT-ETFs, cautioning that "broker-dealers recommending such products should understand that inverse and leveraged exchange-traded products that are reset daily may not be suitable for, and as a consequence also not in the best interest of, retail customers who plan to hold them for longer than one trading session, particularly in volatile markets."

FINRA Rule 3110 requires member firms to establish, maintain, and enforce a supervisory system, including written procedures, to supervise the activities of each

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<sup>2</sup> *Regulation Best Interest: The Broker-Dealer Standard of Conduct*, Exchange Act Release No. 86031, 84 FR 33318 at 33397 (July 12, 2019).

associated person that is reasonably designed to achieve compliance with applicable securities laws, regulations, and FINRA rules, including Reg BI.

A violation of Reg BI or FINRA Rule 3110 is also a violation of FINRA Rule 2010, which requires member firms to “observe high standards of commercial honor and just and equitable principles of trade” in the conduct of their business.

From November 2022 through April 2024, three Stirlingshire registered representatives recommended that more than 25 retail customers purchase NT-ETFs, yet the firm failed to establish, maintain, and enforce written policies or procedures reasonably designed to achieve compliance with Reg BI’s Care Obligation with respect to its recommendations of NT-ETFs, and to supervise such recommendations. The firm’s WSPs prohibited purchases of NT-ETFs in customer accounts and instructed supervisors to cancel all NT-ETF purchases in customer accounts, however the firm did not enforce that prohibition, nor did it put in place any alerts, exception reports, or other supervisory tools or procedures to identify and review NT-ETF recommendations. Stirlingshire did not establish a supervisory system, including WSPs, reasonably designed to achieve compliance with its obligations under Reg BI concerning the recommendation of NT-ETF transactions.

Therefore, Stirlingshire violated Exchange Act Rule 15l-1(a)(1) and violated FINRA Rules 3110 and 2010.

## **2. Stirlingshire failed to file private placement offering materials with FINRA.**

FINRA Rule 5122(b)(2) requires a member firm, when the member firm or an associated person sells any security in a member private offering, to file the private placement memorandum, term sheet, or other offering document with FINRA’s Corporate Financing Department at or prior to the first time the document is provided to any prospective investor. FINRA Rule 5122(a) defines a “member private offering” as “a private placement of unregistered securities issued by a member or a control entity.” A violation of FINRA Rule 5122 is also a violation of FINRA Rule 2010.

From June 2022 through December 2023, a registered representative of Stirlingshire sold to 21 investors two private placement offerings of unregistered securities issued by the firm’s parent company. Potential investors were provided copies of the private placement memorandums for the offerings. Stirlingshire did not file the offering materials with FINRA’s Corporate Financing Department.<sup>3</sup>

Therefore, Stirlingshire violated FINRA Rules 5122(b)(2) and 2010.

B. Respondent also consents to the imposition of the following sanctions:

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<sup>3</sup> In December 2025, Stirlingshire filed the offering materials at issue with FINRA’s Corporate Financing Department.

- a censure;
- a \$40,000 fine; and
- an undertaking that, within 90 days of the date of the notice of acceptance of this AWC, a member of Respondent's senior management who is a registered principal of the firm shall certify in writing that, as of the date of the certification, the firm has remediated the issues identified in this AWC and implemented a supervisory system, including WSPs reasonably designed to achieve compliance with Exchange Act Rule 15l-1(a)(1) and FINRA Rules 3110 and 2010 with respect to NT-ETFs. The certification shall include a narrative description and supporting exhibits sufficient to demonstrate Respondent's remediation and implementation. FINRA staff may request further evidence of Respondent's remediation and implementation, and Respondent agrees to provide such evidence. Respondent shall submit the certification to Kerry Land, Senior Counsel, FINRA Department of Enforcement, Brookfield Place, 200 Liberty Street, 11<sup>th</sup> Floor, New York, NY 10281, Kerry.Land@finra.org, with a copy to EnforcementNotice@finra.org. Upon written request showing good cause, FINRA staff may extend this deadline.

Respondent agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. Respondent has submitted an Election of Payment form showing the method by which it proposes to pay the fine imposed.

Respondent specifically and voluntarily waives any right to claim an inability to pay, now or at any time after the execution of this AWC, the monetary sanction imposed in this matter.

The sanctions imposed in this AWC shall be effective on a date set by FINRA.

## **II.**

### **WAIVER OF PROCEDURAL RIGHTS**

Respondent specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a complaint issued specifying the allegations against it;
- B. To be notified of the complaint and have the opportunity to answer the allegations in writing;
- C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made, and to have a written decision issued; and

- D. To appeal any such decision to the National Adjudicatory Council (NAC) and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, Respondent specifically and voluntarily waives any right to claim bias or prejudgment of the Chief Legal Officer, the NAC, or any member of the NAC, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

Respondent further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of FINRA Rule 9143 or the separation of functions prohibitions of FINRA Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

### **III.**

#### **OTHER MATTERS**

Respondent understands that:

- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs (ODA), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against Respondent; and
- C. If accepted:
  - 1. this AWC will become part of Respondent's permanent disciplinary record and may be considered in any future action brought by FINRA or any other regulator against Respondent;
  - 2. this AWC will be made available through FINRA's public disclosure program in accordance with FINRA Rule 8313;
  - 3. FINRA may make a public announcement concerning this agreement and its subject matter in accordance with FINRA Rule 8313; and
  - 4. Respondent may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. Respondent may not take any position in any proceeding brought by or on behalf of FINRA, or to which FINRA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects Respondent's right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

Nothing in this provision affects Respondent's testimonial obligations in any litigation or other legal proceedings.

- D. Respondent may attach a corrective action statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondent understands that it may not deny the charges or make any statement that is inconsistent with the AWC in this statement. This statement does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA.

The undersigned, on behalf of Respondent, certifies that a person duly authorized to act on Respondent's behalf has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that Respondent has agreed to the AWC's provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth in this AWC and the prospect of avoiding the issuance of a complaint, has been made to induce Respondent to submit this AWC.

January 13, 2026

Date

*Steven Woods*

Stirlingshire Investments  
Respondent

Print Name: Steven Woods

Title: Founder & CEO

Reviewed by:

*William B. Mack*

William B. Mack, Shareholder  
Counsel for Respondent  
Greenberg Traurig, LLP  
One Vanderbilt Avenue  
New York, NY 10017

Accepted by FINRA:

Signed on behalf of the  
Director of ODA, by delegated authority

January 22, 2026

Date

*Kerry Land*

Kerry J. Land  
Senior Counsel  
FINRA Department of Enforcement  
Brookfield Place, 200 Liberty Street  
New York, NY 10281