

KNIGHT CAPITAL GROUP, INC.

Form 8-K

February 09, 2006

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 9, 2006

KNIGHT CAPITAL GROUP, INC.

(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction

of incorporation)

001-14223
(Commission File Number)

22-3689303
(IRS Employer

Identification No.)

545 Washington Boulevard, Jersey City, NJ 07310

(Address of principal executive offices) (Zip Code)

(201) 222-9400

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(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Knight Capital Group, Inc.

Current Report on Form 8-K

Item 7.01 Regulation FD Disclosure

The following information, including Exhibit 99.1, is furnished under Item 7.01, Regulation FD Disclosure. This information, including Exhibit 99.1, shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the Exchange Act), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Deephaven Capital Management LLC (Deephaven), the asset management subsidiary of Knight Capital Group, Inc. (the Company), announced today that it has submitted an offer of settlement to the staff of the Securities and Exchange Commission (SEC or Commission), which the staff has agreed to recommend to the Commission, to resolve a previously disclosed investigation concerning trading activity associated with certain Private Investments in Public Equities (PIPEs). The offer of settlement is subject to final agreement on the settlement papers and final approval by the SEC.

Under the terms of the offer of settlement, Deephaven would disgorge approximately \$2.7 million, pay approximately \$343,000 in pre-judgment interest and pay approximately \$2.7 million as a civil penalty. The offer of settlement, if approved by the SEC, would involve the filing by the SEC of a civil complaint in Federal District Court, in which it would be alleged that Deephaven traded in possession of material non-public information concerning 19 PIPEs offerings. The complaint would allege violations of the anti-fraud provisions of Section 17(a) of the Securities Act of 1933 and Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder. Without admitting or denying the allegations in the SEC's complaint, and as part of the settlement, Deephaven would be permanently enjoined from violating these provisions of law.

The offer of settlement, if approved by the SEC, would resolve the matters for which Deephaven received a Wells Notice from the staff of the SEC, which was previously disclosed by the Company on June 27, 2005. The Company stated in its January 19, 2006 earnings release that it had increased its pre-tax charges related to this matter to a total of \$5.7 million. The offer of settlement does not address the Wells Notice received by the former Deephaven employee mentioned in the June 27, 2005 disclosure.

The Deephaven investor letter relating to this matter is attached hereto as Exhibit 99.1.

Item 9.01 Financial Statements and Exhibits

- (a) None.
- (b) None.
- (c) Exhibit 99.1 Deephaven investor letter, dated February 9, 2006.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, its duly authorized signatory.

Dated: February 9, 2006

KNIGHT CAPITAL GROUP, INC.

By: /s/ Thomas M. Merritt

Name: Thomas M. Merritt
Title: Senior Managing Director, Chief Legal Officer
and Secretary

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	Deephaven investor letter, dated February 9, 2006