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REGISTRATION & DISCLOSURE

FINANCIAL INDUSTRY REGULATORY AUTHORITY

LETTER OF ACCEPTANCE, WAIVER AND CONSENT

NO. 20041000190-01

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DEPARTMENT OF MARKET REGULATION

**TO: Department of Market Regulation
Financial Industry Regulatory Authority ("FINRA")**

**RE: Goldman, Sachs & Co., Respondent
Broker-Dealer
CRD No. 361**

Pursuant to NASD Rule 9216 of the FINRA Code of Procedure, Goldman, Sachs & Co. (the "firm") 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 the firm alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. The firm hereby accepts and consents, without admitting or denying the findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of FINRA, or to which FINRA is a party, prior to a hearing and without an adjudication of any issue of law or fact, to the entry of the following findings by FINRA:

BACKGROUND

The firm became a member of FINRA (formerly known as NASD) in 1936, and its registration remains in effect. The firm has the following relevant disciplinary history:

- In July 2006, NASD accepted GSCO's AWC (20050023340) in which the firm agreed to a censure and a total fine of \$20,000, \$5,000 of which was for violations of Marketplace Rule 6130, in October 2005.
- In May 2006, NASD accepted GSCO's AWC (20041000178) in which the firm agreed to a censure and a total fine of \$20,000, \$7,500 of which was for violations of Marketplace Rule 6130, from November 2003 to January 2004.

- In October 2005, NASD accepted GSCO's AWC (20050002343), in which the firm agreed to a censure and a total fine of \$15,000, \$5,000 of which was for violations of Marketplace Rule 6130, in August 2004.
- In July 2005, NASD accepted GSCO's AWC (20042000105) in which the firm agreed to a censure and a fine of \$25,000, of which \$5,000 was for violations of Marketplace Rule 6130, in July 2003.

SUMMARY

This matter is the result of seven reviews conducted by the Department of Market Regulation of the firm's compliance with NASD Rules for reporting short sales transactions, OATS Rules, and with Rules relating to the reporting obligations contained in the Trade Reporting and Compliance Engine ("TRACE").

- Reviews numbered 20041000190 and 20050033894 addressed short sale reporting for the periods July 1 through September 30, 2004, and July 1 through September 30, 2005, respectively.
- Review 20060048460 examined the firm's compliance with OATS rules during the period July 1 through December 31, 2005.
- Four TRACE reviews: 20060056742 and 20060059623 examined the firm's compliance with TRACE Rules during the period January 1 through March 31, 2006; 20070080624 covered the period October 1 through December 31, 2006; and review 20070112325 covered the period July 1 through September 30, 2007.

FACTS AND VIOLATIVE CONDUCT

20041000190

1. From July 1 through September 30, 2004, the firm executed 44 short sale transactions as to which the firm failed to report these transactions to the Nasdaq Market Center with a short sale modifier. The firm reported 50 short sale transactions pursuant to an Attachment II Agreement with Weeden & Co., L.P., as to which the firm failed to report these transactions to the Nasdaq Market Center with a short sale modifier. The conduct described in this paragraph constitutes separate and distinct violations of NASD Marketplace Rule 6130.

20050033894

2. From July 1 through September 30, 2005, the firm executed 50 short sale transactions as to which the firm failed to report these transactions to the

Nasdaq Market Center with a short sale modifier. The conduct described in this paragraph constitutes separate and distinct violations of NASD Marketplace Rule 6130.

3. From July 1 through September 30, 2005, the firm failed to report to the Nasdaq Market Center the correct symbol indicating whether the transaction was a buy, sell, sell short, sell short exempt or cross for ten transactions in Reportable Securities. The conduct described in this paragraph constitutes separate and distinct violations of NASD Marketplace Rule 6130.

20060048460

4. From July 1 to December 31, 2005, the firm submitted to OATS 647,535 Route or Combined Order/Route Reports that the OATS system was unable to link to the corresponding new order submitted by the destination member firm due to inaccurate, incomplete or improperly formatted data. The 647,535 Route or Combined Order/Route Reports represented approximately 6 percent of all match-eligible Route or Combined Order/Route Reports (10,558,537) submitted to OATS by the firm during the review period. The conduct described in this paragraph constitutes separate and distinct violations of NASD Marketplace Rule 6955.

20060056742

5. From January 1 through March 31, 2006, the firm failed to report to TRACE the correct contra party's identifier for 472 transactions in TRACE-eligible securities. The conduct described in this paragraph constitutes separate and distinct violations of NASD Marketplace Rule 6230(c)(6).

20060059623

6. From January 1 through March 31, 2006, the firm failed to report to TRACE 2,915 transactions in TRACE-eligible securities executed on a business day during TRACE system hours within 15 minutes of the time of execution. These late trade reports constituted approximately 11 percent of the total number of trade reports in TRACE-eligible securities (26,295) that the firm reported to TRACE during the review period. The conduct described in this paragraph constitutes separate and distinct violations of NASD Marketplace Rule 6230(a) and a pattern or practice of late reporting without exceptional circumstances in violation of NASD Conduct Rule 2110.

20070080624

7. From October 1 through December 31, 2006, the firm failed to report to TRACE 1,533 transactions in TRACE-eligible securities executed on a business day during TRACE system hours within 15 minutes of the time of execution. These late trade reports constituted approximately 6.5 percent of the total number of trade reports in TRACE-eligible securities (23,306) that the firm reported to TRACE during the review period. The conduct described in this paragraph constitutes separate and distinct violations of NASD Marketplace Rule 6230(a) and a pattern or practice of late reporting without exceptional circumstances in violation of NASD Conduct Rule 2110.

20070112325

8. From July 1 through September 30, 2007, the firm failed to report to TRACE 906 transactions in TRACE-eligible securities executed on a business day during TRACE system hours within 15 minutes of the time of execution. These late transactions constituted approximately 5 percent of all transactions in TRACE-eligible securities (18,188) that the firm was required to report to TRACE during the review period. The conduct described in this paragraph constitutes separate and distinct violations of NASD Marketplace Rule 6230(a) and a pattern or practice of late reporting without exceptional circumstances in violation of NASD Conduct Rule 2110.

B. The firm also consents to the imposition of the following sanctions:

A censure and a total fine of \$55,000, comprising fines of \$22,500 for violations of Marketplace Rule 6130, \$7,500 for the OATS violations, and \$25,000 for the TRACE violations.

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

The firm specifically and voluntarily waives any right to claim that it is unable to pay, now or at any time hereafter, the monetary sanction imposed in this matter.

The sanctions imposed herein shall be effective on a date set by FINRA staff.

II.

WAIVER OF PROCEDURAL RIGHTS

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

- A. To have a Formal Complaint issued specifying the allegations against the firm;
- B. To be notified of the Formal 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, the firm specifically and voluntarily waives any right to claim bias or prejudgment of the General Counsel, 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 acceptance or rejection of this AWC.

The firm further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of NASD Rule 9143 or the separation of functions prohibitions of NASD 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

The firm understands that:

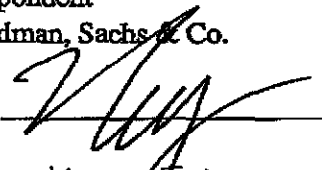
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to NASD Rule 9216;

- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against the firm; and
- C. If accepted:
1. this AWC will become part of the firm's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against the firm;
 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about the firm's disciplinary record;
 3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with NASD Rule 8310 and IM-8310-3; and
 4. The firm 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. The firm 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 the firm's right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.
- D. The firm may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. The firm 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 or its staff.

The firm certifies that it has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that it 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 herein and the prospect of avoiding the issuance of a Complaint, has been made to induce the firm to submit it.

3/25/08
Date

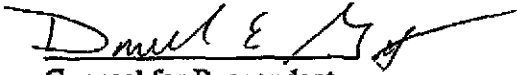
Respondent
Goldman, Sachs & Co.

By: 

Name: Norman Fatt

Title: Managing Director

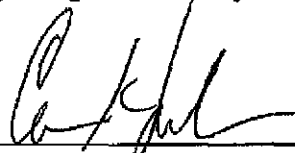
Reviewed by:


Counsel for Respondent

Accepted by FINRA:

4/16/08
Date

Signed on behalf of the Director of ODA
by delegated authority


Cameron K. Funkhouser
Senior Vice President
Department of Market Regulation