

**NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT**

20050000071-01

TO: Department of Market Regulation
NASD

RE: ~~BNP Paribas Securities Corp.~~, Respondent
CRD No. 15794

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REGISTRATION & DISCLOSURE

Pursuant to Rule 9216 of NASD Code of Procedure, BNP Paribas Securities Corp. (the "firm") submits this Letter of Acceptance, Waiver and Consent ("AWC") for the purpose of proposing a settlement of the alleged rule violations described in Part II below. This AWC is submitted on the condition that, if accepted, NASD will not bring any future actions against the firm alleging violations based on the same factual findings.

The firm understands that:

1. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by NASD's Department of Market Regulation and National Adjudicatory Council ("NAC") Review Subcommittee or Office of Disciplinary Affairs, pursuant to NASD Rule 9216;
2. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against the firm; and
3. If accepted:
 - a. this AWC will become part of the firm's permanent disciplinary record and may be considered in any future actions brought by NASD or any other regulator against the firm;
 - b. this AWC will be made available through NASD's public disclosure program in response to public inquiries about the firm's disciplinary record;
 - c. NASD may make a public announcement concerning this agreement and the subject matter thereof in accordance with NASD Rule 8310 and IM-8310-3; and

- d. 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. Nothing in this provision affects the firm's testimonial obligations or right to take legal or factual positions in litigation or other legal proceedings in which NASD is not a party.

The firm also understands that its experience in the securities industry and disciplinary history may be factors which will be considered in deciding whether to accept this AWC. That experience and relevant history are as follows:

The firm has been a member of NASD since December 27, 1984 and its registration remains in effect. The firm has the following relevant disciplinary history:

- On March 27, 2007, an AWC became final in which the firm was fined \$7,000 for violating NASD Rules 2110 and 6955(a) and \$5,000 for violating NASD Rules 2110 and 3010.

I.

WAIVER OF PROCEDURAL RIGHTS

The firm specifically and voluntarily waives the following rights granted under NASD'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 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 Rule 9143 or the separation of functions prohibitions of 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.

II.

ACCEPTANCE AND CONSENT

In connection with 20050000071, the staff reviewed the firm's¹ compliance with NASD Rules applicable to OATS reporting during the period of January 1, 2004 through October 18, 2004 (the "review period").

In connection with 20050014831, NASD's Department of Market Regulation ("staff") reviewed the firm's compliance with NASD Rules applicable to Order Audit Trail System ("OATS") reporting during the period of October 1, 2003 through September 30, 2004 (the "review period").

- 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 NASD, or to which NASD 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 NASD:

20050000071

1. During the review period the firm failed to submit approximately 112,363 Route Reports related to Cancel/Replace Reports during the review period. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 6955(a).

20050014831

2. During the review period, the firm submitted to OATS 133,464 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. These 133,464 Route or Combined Order/Route Reports represented approximately 73 percent of all match-eligible Route or Combined Order/Route Reports (181,824) submitted to OATS by the firm during the review period. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 6955(a).

¹ The staff's review in this matter concerned BNP Paribas Brokerage Services, Inc., which terminated its NASD registration status and merged into BNP Paribas Securities Corp. on April 4, 2005.

- B. The firm also consents to the imposition, at a maximum, of the following sanctions:

A censure and a fine of \$10,000.

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

III.

OTHER MATTERS

- A. The firm understands that it 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 NASD, nor does it reflect the views of NASD, or its staff.
- B. The firm agrees to pay any monetary sanctions imposed on the firm upon notice that this AWC has been accepted and that such payments are due and payable, and has attached the Election of Payment form showing the method by which the firm proposes to pay any fine imposed.
- C. The firm specifically and voluntarily waives any right to claim that the firm is unable to pay, now or at any time hereafter, any monetary sanction imposed in this matter.

