

NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
20050000636-01

TO: Department of Market Regulation
NASD

RE: GFI Securities, LLC, Respondent
Broker-Dealer
CRD No. 19982

Pursuant to Rule 9216 of NASD Code of Procedure, GFI Securities, LLC ("GFIG" or 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 GFIG alleging violations based on the same factual findings.

GFIG 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 GFIG; and
3. If accepted:
 - a. this AWC will become part of GFIG's permanent disciplinary record and may be considered in any future actions brought by NASD or any other regulator against GFIG;
 - b. this AWC will be made available through NASD's public disclosure program in response to public inquiries about GFIG'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-8310-2; and
 - d. GFIG 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 allegation in this AWC or create the impression that the AWC is without factual basis. Nothing in

this provision affects GFIG's testimonial obligations or right to take legal or factual positions in litigation or other legal proceedings in which NASD is not a party.

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

GFIG has been a member of NASD since July 25, 1987 and its registration remains effective. The firm has the following relevant disciplinary history:

- On February 8, 2005, an AWC became final in which the firm was censured and fined \$25,000 for violations of NASD Rules 2110, 6130(b) and 3010.
- On May 22, 2002, an AWC became final in which the firm was censured and fined \$25,000 for violations of NASD Rules 2110 and 6620(a).
- On July 17, 2000, an AWC became final in which the firm was censured and fined \$7,500 for violations of NASD Rules 2110, 4632(a) and 6620(a).

I.

WAIVER OF PROCEDURAL RIGHTS

GFIG 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 GFIG;
- 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, GFIG 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.

GFIG 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 20050000636 (MRD200448416), the staff of NASD's Department of Market Regulation conducted a review of GFIG's compliance with trade reporting rules during the period May 1, 2004 through August 31, 2004 (the "review period").

A. GFIG hereby accepts and consents, without admitting or denying the allegations or 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:

1. GFIG failed, within 90 seconds after execution, to transmit through the Nasdaq Market Center 121 last sale reports of transactions in Consolidated Quotation Services ("CQS") securities. These transactions constitute eight percent of all eligible transaction in CQS securities that GFIG was required to report to the Nasdaq Market Center during the review period.
2. The conduct described above in paragraph one constitute a pattern or practice of late reporting without exceptional circumstances in violation of NASD Conduct Rule 2110.
3. GFIG failed, within 90 seconds after execution, to transmit through the Nasdaq Market Center 53 last sale reports of transactions in CQS securities and failed to designate through the Nasdaq Market Center such last sale reports as late.
4. The conduct described in paragraph three constitutes separate and distinct violations of NASD Marketplace Rule 6420(a).

B. GFIG also consents to the imposition, at a maximum, of the following sanctions:

A censure and a fine of \$25,000.

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

III.**OTHER MATTERS**

- A. GFIG understands that GFIG may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. GFIG understands that GFIG 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. GFIG agrees to pay any monetary sanctions imposed on GFIG upon notice that this AWC has been accepted and that such payments are due and payable.
- C. GFIG specifically and voluntarily waives any right to claim that GFIG is unable to pay, now or at any time hereafter, any monetary sanction imposed in this matter.

5