

**NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
DEPARTMENT OF MARKET REGULATION**

20050001784-01

**TO: Department of Market Regulation
NASD**

**RE: AXA Advisors, LLC, Respondent
Broker/Dealer
CRD Number 6627**

Pursuant to Rule 9216 of NASD Code of Procedure, AXA Advisors, LLC ("AXAA" 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 AXAA alleging violations based on the same factual findings.

AXAA 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 AXAA; and
3. If accepted:
 - a. this AWC will become part of AXAA'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 AXAA'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. AXAA 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 AXAA's testimonial obligations or right to take legal or factual positions in litigation or other legal proceedings in which NASD is not a party.

AXAA 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 relevant history are as follows:

AXAA has been a member of NASD since January 1974, and the firm's registration remains in effect. AXAA does not have any relevant disciplinary history.

I.

WAIVER OF PROCEDURAL RIGHTS

AXAA 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 AXAA;
- 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, AXAA 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.

AXAA 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 20050001784, formerly identified as MRD200449226, the staff of the Department of Market Regulation of NASD (the "staff") conducted a review of AXAA's compliance with NASD's Trade Reporting and Compliance Engine ("TRACE") rules during the period July 1, 2004 through September 30, 2004 ("the review period"). The staff also reviewed AXAA's written supervisory procedures and supervisory system with respect to TRACE reporting.

- A. AXAA 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:
1. AXAA failed to report to TRACE 278 transactions in TRACE-eligible securities executed on a business day during TRACE system hours within 45 minutes of the time of execution. These late transactions were among 1,349 transactions in TRACE-eligible securities that AXAA reported to TRACE during the review period.
 2. The conduct described in paragraph one constitutes separate and distinct violations of NASD Marketplace Rule 6230(a).
 3. AXAA incorrectly reported to TRACE 13 purchases in TRACE-eligible securities. Specifically, AXAA incorrectly reported to TRACE 196 individual reports that represented components of 13 larger purchases.
 4. The conduct described in paragraph three constitutes separate and distinct violations of NASD Marketplace Rule 6230.
 5. AXAA failed to preserve for a period of not less than three years, the first two in an accessible place, the memorandum of 172 brokerage orders containing all of the information required by the applicable rules.
 6. The conduct described in paragraph five constitutes a violation of SEC Rule 17a-4 and NASD Conduct Rule 3110.
 7. AXAA's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and the Rules of NASD, concerning TRACE reporting. Specifically, the firm's supervisory system did not include written supervisory

procedures providing for: (1) identification of the person(s) responsible for supervision with respect to the applicable rules; (2) a statement of the supervisory step(s) to be taken by the identified person(s); (3) a statement as to how often such person(s) should take such step(s); and (4) a statement as to how the completion of the step(s) included in the written supervisory procedures should be documented.

8. The conduct described in paragraph seven constitutes a violation of NASD Conduct Rules 2110 and 3010.

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

A censure and a fine of \$20,000 (comprised of a \$10,000 fine for the TRACE reporting violations, a \$5,000 fine for the record keeping violations, and a \$5,000 fine for the supervision violation).

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

III.

OTHER MATTERS

- A. AXAA understands that it may attach a Corrective Action Statement to this AWC, which is a statement by the Respondent of demonstrable corrective steps taken to prevent future misconduct. Respondent 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. AXAA agrees to pay any monetary sanctions imposed on it upon notice that this AWC has been accepted and that such payments are due and payable, and have attached the election of payment form showing the method by which it proposes to pay any fine imposed.
- C. AXAA specifically and voluntarily waives any right to claim that AXAA is unable to pay, now or at any time hereafter, any monetary sanction imposed in this matter.

AXA Advisors, LLC certifies that a duly authorized officer has read and understood all of the provisions of this AWC and has been given a full opportunity to ask questions about it, and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein, has been made to induce AXAA to submit it.

AXA Advisors, LLC

Date: July 31, 2006

By: 
Name: Edward H. Dane
Title: President

Reviewed by:

Counsel for Respondent

Accepted by NASD:

9/01/06
Date

Thomas R. Gira
Thomas R. Gira
Executive Vice President & Deputy
Market Regulation

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

Attachments:
Standard Election of Payment Form

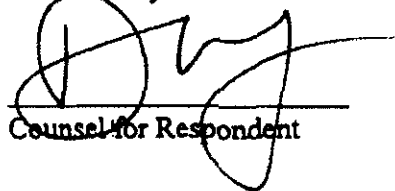
AXA Advisors, LLC certifies that a duly authorized officer has read and understood all of the provisions of this AWC and has been given a full opportunity to ask questions about it, and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein, has been made to induce AXAA to submit it.

AXA Advisors, LLC

Date: 7/28/06

By: _____
Name: _____
Title: _____

Reviewed by:


Counsel for Respondent

Accepted by NASD:

Date

Thomas R. Gira
Executive Vice President & Deputy
Market Regulation

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

Attachments:

Standard Election of Payment Form

**THIS CORRECTIVE ACTION STATEMENT IS
SUBMITTED BY RESPONDENT. IT DOES NOT
CONSTITUTE FACTUAL OR LEGAL FINDINGS
BY NASD, NOR DOES IT REFLECT THE VIEWS
OF NASD, OR ITS STAFF.**

**CORRECTIVE ACTION STATEMENT
OF AXA ADVISORS, LLC.**

AXA Advisors, LLC ("AXAA") respectfully submits this Corrective Action Statement in connection with the Letter of Acceptance, Waiver and Consent ("AWC") concerning its compliance with Trace Reporting and Compliance Engine ("TRACE") requirements that it is submitting herewith.

AXAA views very seriously its obligations to comply with applicable regulatory requirements. In fact, the Firm strives to employ best practices that exceed mere adherence to the rules. AXAA's actions in this case demonstrate its commitment to these principles.

As a threshold matter, it is important to note that, although the review period encompassed three months, of the 278 transactions identified in paragraph A.1 of the AWC, approximately 212 occurred on just two days, August 16 and 17, 2004. Similarly, all of the transactions described in paragraph A.3, and all of the brokerage orders set forth in paragraph A.5, were placed on those days. Those two days were aberrational in that, although AXAA generally does not do a significant volume of fixed income business, on those occasions, several AXAA registered representatives placed orders to purchase blocks of bonds that were allocated into approximately 196 customer accounts. In addition, on those days, the daily volume of transactions processed by AXAA's trading desk far exceeded its average.

Moreover, once the staff brought these matters to AXAA's attention, in November 2004, the Firm acted swiftly and responsibly to enhance its compliance with TRACE requirements.

First, trading desk management met with the Firm's traders to review the applicable requirements, including the need to enter trades in a timely manner and the proper reporting of block purchases of bonds that are allocated among multiple customer accounts. Second, the Firm prepared training materials concerning TRACE and, on December 29, 2004, conducted a training session with its traders to review those materials.

Third, the Firm promptly engaged outside consultants to assist it in revising its Written Supervisory Procedures concerning trading, including its TRACE reporting procedures. The WSPs concerning TRACE became effective December 30, 2004. Moreover, as part of AXAA's ongoing efforts to evaluate and upgrade its policies and procedures, it has updated the WSPs twice, most recently on October 28, 2005. The WSPs, among other things, identify the persons responsible for supervision with respect to the TRACE rules, identify the supervisory steps to be taken by such persons, state the frequency with which those actions must be taken and describe how the actions should be documented.

As the result of the foregoing measures, AXAA has been effectively meeting its TRACE reporting obligations. As reflected by the NASD's TRACE reports for November 2005 through June 2006, the Firm has ranked between the top one and five percent of its peer group for each month during that period, with the exception of one month (May 2006), when it ranked in the top eight percent. The Firm intends to strive to continue and, if possible, improve this record of compliance.

Thank you for your consideration.