

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

20050002778-01

RECEIVED

2006 MAR 16 A 11: 35

TRADITION ASIEL SECURITIES, INC.
REGISTRATION

TO: Department of Market Regulation
NASD

RE: Tradition Asiel Securities, Inc., Respondent
Broker/Dealer
CRD Number 28269

Pursuant to Rule 9216 of NASD Code of Procedure, Tradition Asiel Securities, Inc. ("ASEL") 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 ASEL alleging violations based on the same factual findings.

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

ASEL 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:

ASEL has been a member of NASD since September 1991 and its registration remains in effect. The firm's relevant disciplinary history is as follows:

- On June 1, 2005, an AWC became final in which the firm was censured and fined \$20,000 for violations of NASD Rules 2110, 3010, and 6130(b).
- On June 24, 2004, an AWC became final in which the firm was censured and fined \$22,500 for violations of NASD Rules 2110, 3010, 4632, and 6620.
- On September 16, 2003, an AWC became final in which the firm was fined \$5,000 for violations of NASD Rules 2110 and 6130(b).

I.

WAIVER OF PROCEDURAL RIGHTS

ASEL 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 ASEL;
- 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, ASEL 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.

ASEL 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 20050002778, the staff of the Department of Market Regulation of NASD (the "staff") conducted a review of the transactions ASEL reported to Nasdaq Market Center for September 1, 2004 through December 31, 2004. The staff also reviewed ASEL's written supervisory procedures and supervisory system with respect to trade reporting.

In connection with 20050002652, the staff conducted a review of the transactions in eligible securities that ASEL had an obligation to accept or decline in Nasdaq Market Center as the OEID during the period October 1, 2004 through December 31, 2004. The staff also reviewed ASEL's written supervisory procedures and supervisory system with respect to compliance with Nasdaq Market Center rules.

- A. ASEL hereby accepts and consents, without admitting or denying the findings, 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:

20050002778

1. ASEL failed, within 90 seconds after execution, to transmit through the Nasdaq Market Center 133 last sale reports of transactions in Nasdaq securities.
2. The conduct described in paragraph one constitutes separate and distinct violations of NASD Marketplace 5430(a).
3. ASEL'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 trade 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.

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

20050002652

5. ASEL failed to accept or decline in Nasdaq Market Center 113 transactions in eligible securities within twenty minutes after execution, more than ten percent of all transactions that ASEL had an obligation to accept or decline in Nasdaq Market Center as the OEID during the period October 1, 2004 through December 31, 2004.
6. The conduct described in paragraph five constitutes separate and distinct violations of NASD Marketplace Rule 6130(b) and a violation of NASD Conduct Rule 2110.

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

A censure, a fine of \$35,000 (comprised of a \$15,000 fine for the trade reporting violations and a \$5,000 fine for the supervision violations in connection with 20050002778, and a \$15,000 fine for the Nasdaq Market Center rule violations in connection with 20050002652), and an undertaking to revise the firm's written supervisory procedures with respect to the areas described in paragraph three. Within 30 business days of acceptance of this AWC by the NAC, a registered principal of the Respondent shall submit to the COMPLIANCE ASSISTANT, LEGAL SECTION, MARKET REGULATION DEPARTMENT, 9509 KEY WEST AVENUE, ROCKVILLE, MD 20850, a signed, dated letter, providing the following information: (1) a reference to this matter; (2) a representation that the firm has revised its written supervisory procedures to address the deficiencies described in paragraph three; and, (3) the date the revised procedures were implemented.

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

III.

OTHER MATTERS

- A. ASEL 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. ASEL 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. ASEL specifically and voluntarily waives any right to claim that ASEL is unable to pay, now or at any time hereafter, any monetary sanction imposed in this matter.

Tradition Asiel Securities, Inc. 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 ASEL to submit it.

Tradition Asiel Securities, Inc.

Date: March 15, 2006

By: John Morgan

Name: John Morgan

Title: Chief Compliance Officer

Reviewed by:

John Morgan
Counsel for Respondent

Accepted by NASD:

5/4/06
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