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2007 DEC 14 FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT

REGISTRATION & DISCLOSURE

NO. 20050017971-01

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FINANCIAL INDUSTRY REGULATORY AUTHORITY

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

RE: BNP Paribas Securities Corp., Respondent
Broker/Dealer
CRD No. 15794

Pursuant to NASD Rule 9216 of FINRA 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 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 has been a member of FINRA (f/k/a NASD) since December 27, 1984, and its registration remains in effect.

RELEVANT PRIOR DISCIPLINARY HISTORY

On March 27, 2003, an AWC was accepted by FINRA in which the firm was censured and fined \$12,000 for OATS reporting and supervisory violations.

20050017971 (Incorporates 20060041112; 200600064928; 20060033554; and 20060039952) (GEJ)

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SUMMARY

In Review No. 20050017971, the staff of the Market Regulation Department ("the staff") conducted a regulatory sweep regarding Trade Reporting Compliance for the review period of January 1, 2005 through April 30, 2005.

Following disclosure by the firm of failure to report trades to TRACE, the staff conducted a regulatory investigation (20060059952) regarding TRACE Reporting Compliance for the review period from December 1, 2005 through January 31, 2006.

In Review No. 20060041112, the staff conducted a Trading and Market Making Surveillance Examination ("TMMS examination"), which included a review of the items set forth on Exhibit No. 1, for the trade dates December 12, 2005 through December 23, 2005.

In Review No. 20060055554, the staff conducted a regulatory sweep regarding Trade Reporting Compliance for the review period of January 1, 2006 through April 30, 2006.

In Review No. 20060064928, the staff conducted a regulatory sweep regarding Trade Reporting Compliance for the review period of May 1, 2006 through August 31, 2006.

VIOLATIVE CONDUCT BY RESPONDENT

In connection with Review Nos. 20050017971, 20060055554, and 20060064928:

1. From January 1, 2005 through April 30, 2005, the firm failed, within 90 seconds after execution, to transmit to the Nasdaq Market Center ("NMC") 126 last sale reports of transactions in eligible securities. These transactions constitute 3.43 percent of the transactions reviewed that the firm was required to report to the NMC during this review period. The conduct described in this paragraph constitutes a pattern or practice of late reporting without exceptional circumstances in violation of NASD Conduct Rule 2110.
2. From May 1, 2006 through August 31, 2006, the firm failed, within 90 seconds after execution, to transmit to the NMC and the Trade Reporting Facility ("TRF") 158 last sale reports of transactions in designated securities. These transactions constitute 6.93 percent of the transactions reviewed that the firm was required to report to Nasdaq during this review period. The conduct described in this paragraph constitutes a pattern or practice of late reporting without exceptional circumstances in violation of NASD Conduct Rule 2110.

3. From January 1, 2005 through April 30, 2005, the firm failed to report the correct time of execution to the NMC in 91 late, last sale reports of transactions in eligible securities. The conduct described in this paragraph constitutes separate and distinct violations of NASD Marketplace Rule 6420(c)(5).
4. From May 1, 2006 through August 31, 2006, the firm incorrectly designated as "ST" to the NMC 1,822 last sale reports of transactions in designated securities reported to the NMC within 90 seconds of execution. The conduct described in this paragraph constitutes separate and distinct violations of NASD Marketplace Rule 6420(a)(1)(B).
5. From January 1, 2006 through April 30, 2006, the firm reported to the NMC 413 last sale reports of transactions in designated securities that it was not required to report. The conduct described in this paragraph constitutes separate and distinct violations of NASD Marketplace Rule 4632(c).

In connection with Review No. 20060041112:

6. From December 12, 2005 through December 23, 2005, the firm transmitted to OATS 35 reports that contained inaccurate, incomplete, or improperly formatted data. Specifically, the firm submitted to OATS an inaccurate order entry time for 33 transactions; an inaccurate order event code for seven transactions; and failed to submit to OATS the "Market at Open" special handling code for seven transactions. These inaccurate and/or incomplete reports represented 66% percent of the sample of reports reviewed in the TMMS examination that the firm transmitted during this review period. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 6955(a).
7. From December 12, 2005 through December 23, 2005, the firm failed to show the terms and conditions on the memorandum of eight brokerage orders. The conduct described in this paragraph constitutes separate and distinct violations of SEC Rule 17a-3 and NASD Conduct Rule 3110.

8. From December 12, 2005 through December 23, 2005, the firm'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 Supervisory System, Procedures & Qualifications; Best Execution; Trade Reporting; and OATS Reporting. Specifically, the firm's supervisory system did not include written supervisory procedures providing for: (1) the identification of the person(s) responsible with respect to the applicable rules; (2) a statement of the supervisory steps and review(s) to be taken by the person(s) responsible to ensure compliance with the applicable rules; (3) a statement as to how often such persons should take such steps; and (4) a statement as to how the completion of the steps included in the written supervisory procedures should be documented. The conduct described in this paragraph constitutes violations of NASD Conduct Rules 2110 and 3010.

In connection with Review No. 20060059952

9. From December 1, 2005 through January 31, 2006, the firm failed to report to TRACE 3,499 transactions in TRACE-eligible securities that it was required to report. The conduct described in this paragraph constitutes separate and distinct violations of NASD Marketplace Rule 6230(b).

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

A censure, a fine of \$38,000 (consisting of \$15,000 for the trade reporting violations; \$10,000 for the OATS reporting violations; \$5,000 for the TRACE reporting violations; \$2,000 for the SEC Rule 17a-3 violations; and \$6,000 for the supervisory violations), and an undertaking to revise the firm's written supervisory procedures with respect to the areas described in paragraph eight above.

In addition, within 30 business days of acceptance of this AWC by the National Adjudicatory Council ("NAC"), a registered principal of the firm 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 8 above; and (3) the date the revised procedures were implemented.

The firm agrees to pay the monetary sanctions upon notice that this AWC has been accepted and that such payments are 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 the firm is unable to pay, now or at any time hereafter, the monetary sanctions 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 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.

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, pursuant to FINRA 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 testimonial obligations or right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.
- D. The firm 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 findings 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 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; 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.

11/21/2007
Date

BNP Paribas Securities Corp.

By: Larry B. Sobin

Name: LARRY B. SOBIN
Chief Administrative Officer
BNP Paribas Securities Corp.

Title: _____

~~Reviewed by:~~

~~Counsel for Respondent~~

Accepted by FINRA:

12/12/07
Date

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

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

BNP Paribas Securities Corporation
STAR 20060041112
Exhibit 1

<u>Sample Size</u>	<u>Review Area</u>	<u>Sample Source</u>
50	customer sale transactions, for compliance with SEC Rules 200(g) and/or 203(b),	from trade dates Dec 12 - 23, 2005
50	customer sales, for compliance with NASD Rule 6130,	from trade dates Dec 12 - 23, 2005
0	short sales in NNM securities, for compliance with NASD Rule 3350,	from trade dates Dec 12 - 23, 2005
1	short sales in CQS securities, for compliance with SEC Rule 10a-1 (Tick Test),	from trade dates Dec 12 - 23, 2005
0	limit orders executed as principal, for compliance with NASD Rules 2110 (and IM-2110-2), 6440, 6541 and 2320, and SEC Rules 11Ac1-1 and 11Ac1-4,	from trade dates Dec 12 - 23, 2005
0	"non displayed" limit orders and 0 marketable orders in the same securities received while holding the "non-displayed" orders, for compliance with NASD Rule 2320,	from trade dates Dec 12 - 23, 2005
0	limit and market orders and 0 related executions executed in a principal or riskless principal capacity, for compliance with capacity reporting under NASD Trade Reporting and ACT rules,	from trade dates Dec 12 - 23, 2005
0	orders for NASDAQ securities in soft dollar accounts and 0 related executions, for compliance with trade reporting rules and the safe harbor limitations of SEC section 28(e),	from trade dates Dec 12 - 23, 2005
0	open buy limit orders and stop sell limit orders in securities traded ex-dividend, for compliance with NASD Rule 3220,	from trade dates Dec 12 - 23, 2005
0	trades reported and modified through a mixed capacity regulatory report, for compliance with NASD Rule 6130,	from trade dates Dec 12 - 23, 2005
0	trades in NNM or SC securities reported with a .PRP modifier, for compliance with NASD Rules 4632 and 2320,	from trade dates Dec 12 - 23, 2005
0	orders in securities for which the firm was a market center, for compliance with the order size/type classification requirements of SEC Rule 11Ac1-5,	from trade dates Dec 12 - 23, 2005
0	security/size/order data statistics published on the firm's monthly order execution report, for compliance with SEC Rule 11Ac1-5,	from trade dates Dec 12 - 23, 2005
N/A	data published on the firm's quarterly order routing report, for compliance with SEC Rule 11Ac1-6,	from Quarter ending December 2005
0	customer transactions in OTCBB and OTC equity securities, for compliance with NASD Rules 3110(b) and 2320,	from trade dates Dec 12 - 23, 2005
12	persons engaged in the firm's order entry and trading activities, for compliance with NASD Registration rules,	from trade dates Dec 12 - 23, 2005
79	order/trade records prepared and maintained in connection with the above samples, for general compliance with NASD Rule 3110 and SEC Rules 17a-3 and 17a-4,	from trade dates Dec 12 - 23, 2005

BNP Paribas Securities Corporation
STAR 20060041112
Exhibit 1

<u>Sample Size</u>	<u>Review Area</u>	<u>Sample Source</u>
284	trades reported to ACT or TRACS in connection with the above samples, for general compliance with NASD Trade Reporting and ACT rules,	from trade dates Dec 12 - 23, 2005
1	customer trade confirmations reviewed in connection with the above samples, for compliance with SEC Rule 10b-10,	from trade dates Dec 12 - 23, 2005
50	orders in NNM or SC securities submitted to OATS, for compliance with NASD Rule 6955,	from trade dates Dec 12 - 23, 2005
N/A	the firm's establishment and implementation of "regular & rigorous" reviews of the execution quality of orders sent to other market centers and internalized, for compliance with NASD Rules 2320 and 3010,	based on WSPs in effect during December 2005
N/A	the firm's establishment and implementation of a supervisory system and written supervisory procedures, for compliance with NASD Rule 3010,	based on WSPs in effect during December 2005