

NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. ##
2005002507802

2005002507802

TO: Department of Market Regulation
NASD

RE: Cantor Fitzgerald & Co., Respondent
Broker-Dealer
CRD No. 134

Pursuant to Rule 9216 of NASD Code of Procedure, Cantor Fitzgerald & Co. (the "firm" or "CANT") 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 CANT alleging violations based on the same factual findings.

CANT 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 ("ODA"), 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 CANT; and
3. If accepted:
 - a. this AWC will become part of CANT's permanent disciplinary record and may be considered in any future actions brought by NASD or any other regulator against CANT;
 - b. this AWC will be made available through NASD's public disclosure program in response to public inquiries about CANT'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. CANT 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

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create the impression that the AWC is without factual basis. Nothing in this provision affects CANT's testimonial obligations or right to take legal or factual positions in litigation or other legal proceedings in which NASD is not a party.

CANT 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:

The firm has been a member of NASD since February 16, 1945 and its registration remains in effect. The firm has no prior relevant disciplinary history.

I.

WAIVER OF PROCEDURAL RIGHTS

CANT 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 it;
- 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, CANT 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.

CANT further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of NASD Rule 9143 or the separation of functions prohibitions of NASD 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 20050025078, the staff reviewed trading information received through the submission of electronic blue sheets in response to NASD requests for such information during the period January 1, 2005 through August 31, 2005.

A. CANT 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. During the period January 1, 2005 through August 31, 2005, CANT failed to submit accurate trading information through the submission of electronic blue sheets in response to one or more requests for such information by NASD. The inaccuracies were systemic in nature and included the reporting of short sales as long sales.
2. The conduct described in paragraph one constitutes separate and distinct violations of NASD Conduct Rule 2110 and NASD Procedural Rules 8211 and 8213.
3. The firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities law and regulations, and the Rules of NASD, concerning the submission of electronic blue sheet data, as required by NASD Procedural Rules 8211 and 8213. Specifically, the firm's supervisory system did not include written supervisory procedures providing for reviews for compliance with NASD Procedural Rules 8211 and 8213 that included: (1) the 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.

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

A censure and a fine of \$50,000 (consisting of \$35,000 for inaccurate blue sheets and \$15,000 for supervision).

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

III.

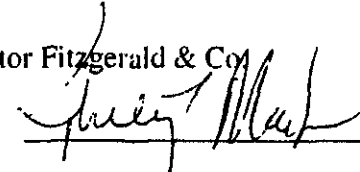
OTHER MATTERS

- A. CANT 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. CANT 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. CANT 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 has attached an Election of Payment form showing the method by which it proposes to pay any fine imposed.
- C. CANT specifically and voluntarily waives any right to claim that CANT is unable to pay, now or at any time hereafter, any monetary sanction imposed in this matter.

CANT certifies that it has read and understands all of the provisions of this AWC and have 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 CANT to submit it.

Date: 12/1/06

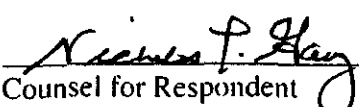
Cantor Fitzgerald & Co

By: 

Name: PHILIP MARBELL

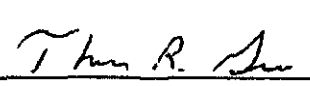
Title: CEO

Reviewed by:


Counsel for Respondent

Accepted by NASD:

1/9/07
Date


Thomas R. Gira
Executive Vice President
Department of Market Regulation

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