

NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
20050025872-01

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REGISTRATION & DISCLOSURE

TO: Department of Market Regulation
NASD

RE: SG Americas Securities, LLC, Respondent
Broker/Dealer
CRD No. 128351

Pursuant to Rule 9216 of NASD Code of Procedure, SG Americas Securities, LLC ("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 the firm alleging violations based on the same factual findings.

The firm 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 the firm; and
3. If accepted:
 - a. this AWC will become part of the firm'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 any of the firm's disciplinary records;
 - 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

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- d. 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 allegation in this AWC or create the impression that the AWC is without factual basis. 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 NASD is not a party.

The firm also understands that its experience in the securities industry and disciplinary history may be factors which 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 April 23, 2004, and has no relevant disciplinary history.

I.

WAIVER OF PROCEDURAL RIGHTS

The firm 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, 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.

II.

ACCEPTANCE AND CONSENT

In Market Regulation Review No. 20050025872, the staff reviewed the firm's transaction reports in Reportable Securities from May 1, 2005 through August 31, 2005, for compliance with NASD Rules applicable to accepting and declining trade reports.

In Market Regulation Review No. 20050026951, the staff reviewed the firm's transaction reports in Nasdaq National Market ("NNM") securities from May 1, 2005 through August 31, 2005, for compliance with NASD Rules applicable to late trade reporting.

In Market Regulation Review No. 20060041523, the staff reviewed the firm's transaction reports in Consolidated Quotations Service ("CQS") securities from September 1, 2005 through December 31, 2005, for compliance with NASD Rules applicable to late trade reporting.

In Trading and Market Making Surveillance Examination No. 20050035951, the staff reviewed the following trading activity of the firm for trade dates November 21 and 22, 2005, unless otherwise noted:

- Fifty customer and proprietary sale transactions for compliance with SEC Rules 200(g) and 203(b).
- Two-thousand ninety-nine customer and proprietary sale transactions for compliance with NASD Marketplace Rule 6130.
- Two cancelled transactions for compliance with NASD Marketplace Rules 4642(g), 4652(g), 6130(f), 6420(f), and 6620(f).
- The registration status of 12 persons engaged in the firm's trading and market making activities for compliance with NASD registration requirements.
- Fifty orders in NNM or SmallCap securities submitted to OATS for compliance with NASD Marketplace Rule 6955.
- Sixty firm records for compliance with NASD Conduct Rule 3110 and SEC Rules 17a-3 and 17a-4.
- Two-thousand one-hundred eleven transactions reported to the Nasdaq Market Center ("NMC") or TRACS for compliance with NASD rules applicable to trade reporting.
- Two customer trade confirmations for compliance with SEC Rule 10b-10.
- The firm's establishment and implementation of "regular & rigorous" reviews in effect during December 2005, of the execution quality of orders

sent to other market centers and internalized for compliance with NASD Conduct Rules 2320 and 3010.

- The firm's establishment and implementation of a supervisory system and written supervisory procedures during December 2005, for compliance with NASD Conduct Rule 3010.

- 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 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:

In connection with review 20050025872

1. From May 1, 2005 through August 31, 2005, the firm failed to accept or decline in the NMC 177 transactions in Reportable Securities within twenty minutes after execution, approximately 87 percent of all transactions that the firm had an obligation to accept or decline in the NMC as the OEID during the review period. The conduct described in this paragraph constitutes separate and distinct violations of NASD Marketplace Rule 6130(b) and a violation of NASD Conduct Rule 2110.

In connection with reviews 20050026951 and 20060041523:

2. From May 1, 2005 through August 31, 2005, the firm failed, within 90 seconds after execution, to transmit to the NMC 234 last sale reports of transactions in designated securities. These transactions constituted eight percent of the transactions reviewed that the firm was required to report to the NMC during the 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 September 1, 2005 through December 31, 2005, the firm failed, within 90 seconds after execution, to transmit to the NMC 103 last sale reports of transactions in eligible securities. These transactions constituted two percent of the transactions reviewed that the firm was required to report to the NMC during the 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.

In connection with review number 20050035951:

4. On November 21 and 22, 2005, the firm failed to report to the NMC the correct symbol indicating whether the firm executed 2,099 transactions in Reportable Securities in a principal or agency capacity. The conduct described in this paragraph constitutes separate and distinct violations of NASD Marketplace Rule 6130(d).
5. As of November 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 compliance with the Three Quote Rule, Anti-Intimidation, Third Party Trade Reporting, and Soft Dollar Accounts and Trading. Specifically, the firm's supervisory system did not include written supervisory procedures providing reviews for compliance with applicable rules and regulations 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. The conduct described in this paragraph constitutes violations of NASD Conduct Rules 2110 and 3010.
6. The firm failed to provide documentary evidence that it performed the supervisory reviews set forth in its written supervisory procedures concerning the requirements of Short Sales during November 2005. The conduct described in this paragraph constitutes violations of NASD Conduct Rules 2110 and 3010.

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

A censure and a fine of \$30,000 (\$10,000 for the excess late trade reporting violations, \$15,000 for the trade report input violations, and \$5,000 for the supervisory violations).

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

III.

OTHER MATTERS

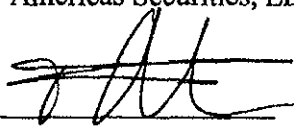
- A. The firm understands that it may attach to this AWC a Corrective Action Statement, which is a statement of demonstrable corrective steps taken to prevent future misconduct. The firm understands that it may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute factual or legal findings by NASD, nor does it reflect the views of NASD or its staff.
- B. The firm 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. The firm specifically and voluntarily waives any right to claim that it is unable to pay, now or at any time hereafter, any monetary sanction imposed in this matter.

The firm certifies that it has read and understands 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 the firm to submit it.

SG Americas Securities, LLC

April 20, 2007
Date

By:

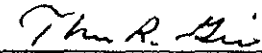

Name: Francois Barthelemy
Title: Managing Director

Reviewed by:

N/A
Counsel for Respondent

Accepted by NASD:

5/25/07
Date


Thomas R. Gira
Executive Vice President
Department of Market Regulation

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

Attachment: Election of Payment Form

CORRECTIVE ACTION STATEMENT

SG Americas Securities, LLC

NASD Market Regulation Review Nos. 20050025872, 20050026951, and 20060041523
NASD Trading and Market Making Surveillance Examination No. 20050035951

SG Americas Securities, LLC ("SGAS" or "Firm") appreciates the opportunity to submit this Corrective Action Statement in connection with its execution of the Acceptance, Waiver and Consent ("AWC") proposed by the NASD in the above-referenced matters.

Concerning NASD Market Regulation Review Nos. 20050025872, 20050026951, and 20060041523, which involved untimely trade reporting to the Nasdaq Market Center ("NMC") and untimely acceptance/declination of trades on the NMC, SGAS has provided (and will continue to provide) training for relevant individuals and has reminded these individuals of the regulatory requirements with respect to timely reporting and acceptance/declination of trades.

In connection with NASD Trading and Market Making Surveillance Examination No. 20050035951, SGAS states the following.

Concerning the Staff's finding of possible violations with NASD Marketplace Rule 6130, please note, as reflected in SGAS's response to the NASD Staff's preliminary findings, issues pertaining to the transmission of incorrect capacity were corrected by SGAS in May 2006. In addition, the SGAS has incorporated on-going trade reporting training for relevant individuals which covers the proper use of agency and principal capacity.

In reference to the Staff's findings concerning the Firm's supervisory system, please note that Supervisory Policy and Procedures for the following have been distributed and implemented: (i) Three Quote Rule, (ii) Anti-Intimidation and (iii) Soft Dollars. The procedures covering Third Party ACT Reporting have been drafted, and SGAS is working to establish systematic reports to assist the supervisors in this review. Please note that all of the procedures mentioned above identify (i) the person responsible for the supervision, (ii) how often the review is performed, (iii) documents used in performing the review, and (iv) how the review is evidenced.

In reference to Staff's findings concerning the supervision of short sales, please note that the Firm's Regulation SHO Policies and Procedures include specific requirements that Desk Supervisors/Managers evidence performance of their reviews of short sales. This has been and will be further supplemented by providing training to relevant individuals and working to develop a more automated solution to supervise short sales.

April 20, 2007
SG Americas Securities, LLC

This Corrective Action Statement is submitted by SG Americas Securities, LLC. It does not constitute factual or legal findings by the NASD, nor does it reflect the view of the NASD or its staff.