

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20060037055-01**

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REGISTRATION & DISCLOSURE

TO: Department of Enforcement
Financial Industry Regulatory Authority (FINRA)

RE: Raymond James & Associates, Inc., Respondent
Member Firm
CRD No. 705

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondent 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

Raymond James & Associates, Inc. became a FINRA member firm on August 21, 1964. The firm is organized as a C corporation and currently comprises 206 retail branches and 1,180 producing registered representatives. Raymond James is also authorized to operate as a clearing firm that clears for itself and for 39 introducing/correspondent firms pursuant to SEC Rule 15c3-3.

RELEVANT DISCIPLINARY HISTORY

On June 28, 2005, Raymond James entered into an AWC with FINRA regarding case number C07050037. In the AWC, Raymond James agreed to a censure and a \$90,000.00 fine to resolve the allegations. FINRA found that the firm failed to timely report municipal transactions with customers to the Municipal Securities Rulemaking Board (MSRB). The

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firm's failure rate was 6.83%. FINRA also found the firm failed to adequately self-monitor reporting of its municipal transactions to MSRB on a timely basis. As a result, Raymond James violated MSRB Rules G-14 and G-27.

OVERVIEW

From on or about September 11, 2004, through on or about May 5, 2006, Raymond James & Associates, Inc. reported approximately 6,381 corporate bond transactions to FINRA's Trade Reporting and Compliance Engine (TRACE) system and 2,008 municipal securities transactions to the Municipal Securities Rulemaking Board (MSRB) utilizing its introducing/correspondent firms' market participation identifier (MPID), as well as its own MPID, when the transactions should have been reported solely under Raymond James's own MPID.

FACTS AND VIOLATIVE CONDUCT

Customers of most of the 39 introducing/correspondent firms that clear their transactions through Raymond James are able to utilize a registered investment advisor to handle their accounts on a discretionary/fee-basis. When customers utilize registered investment advisors, the advisors do not execute transactions in the customers' accounts through the introducing/correspondent firms. Instead, the investment advisors execute the trades with Raymond James directly or through other broker/dealers not affiliated with Raymond James.

1. From on or about September 11, 2004, through on or about May 5, 2006, Raymond James processed approximately 6,381 corporate bond transactions that it received from the registered investment advisors handling customers' accounts at Raymond James's 39 introducing/correspondent firms. In these situations, Raymond James used the introducing/correspondent firms' MPID when reporting the trades to TRACE, as well as its own MPID, when its own MPID alone should have been used.

The foregoing acts, practices and conduct constitute separate and distinct violations of NASD Rule 6230 by Respondent Raymond James & Associates, Inc.

2. From on or about September 11, 2004, through on or about May 5, 2006, Raymond James processed approximately 2,008 municipal bond transactions that it received from the registered investment advisors handling customers' accounts at Raymond James's 39 introducing/correspondent firms. In these situations, Raymond James used the introducing/correspondent firms' MPID when reporting the trades to MSRB, as well as its own MPID, when its own

MPID alone should have been used.

The foregoing acts, practices and conduct constitute separate and distinct violations of MSRB Rule G-14 by Respondent Raymond James & Associates, Inc.

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

Raymond James & Associates, Inc. shall be censured and fined in the amount of \$15,000.00.

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

Respondent agrees to pay the monetary sanction(s) upon notice that this AWC has been accepted and that such payment(s) are due and payable. Respondent has submitted an Election of Payment form showing the method by which the firm proposes to pay the fine imposed.

Respondent specifically and voluntarily waives any right to claim that the firm is unable to pay, now or at any time hereafter, the monetary sanction(s) imposed in this matter.

II.

WAIVER OF PROCEDURAL RIGHTS

Respondent specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against the firm;
- B. To be notified of the 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 National Adjudicatory Council (NAC) and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, Respondent 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.

Respondent further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of FINRA Rule 9143 or the separation of functions prohibitions of FINRA 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

Respondent 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 (ODA), 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 it;
 - 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 FINRA Rule 8313; and
 - 4. Respondent 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 right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

- D. Respondent may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondent 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 FINRA, nor does it reflect the views of FINRA or its staff.

The undersigned, on behalf of the firm, certifies that a person duly authorized to act on its behalf has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that such person has agreed to its 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.

2/4/09

Date

Raymond James & Associates, Inc.

By: Mark P. Barracca

[Print name and title]

Mark P. Barracca
Vice President
Associate Corporate Counsel

Accepted by FINRA:

2/12/2009

Date

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

Mark A. Graves

Mark A. Graves

Senior Regional Counsel

FINRA Department of Enforcement

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