

NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20060037577-01

TO: Department of Enforcement
NASD

RE: Finantia USA Ltd., Respondent
BD No. 39120

Pursuant to Rule 9216 of NASD Code of Procedure, Finantia USA Ltd. ("Finantia" or "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 Finantia alleging violations based on the same factual findings.

Finantia 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 Enforcement 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 it; and
3. If accepted:
 - a. this AWC will become part of Finantia's permanent disciplinary record and may be considered in any future actions brought by NASD or any other regulator against Finantia;
 - b. this AWC will be made available through NASD's public disclosure program in response to public inquiries about Finantia'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. Finantia may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or

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

Finantia 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:

Finantia became a member of NASD on June 19, 1996. It has no formal disciplinary history with the Securities and Exchange Commission or any state or self regulatory agency.

I.

WAIVER OF PROCEDURAL RIGHTS

Finantia 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, Finantia 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.

Finantia 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

A. Finantia 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:

1. From January through March 2006 (the "Relevant Period"), Finantia reported 92 corporate debt transactions to the Trade Reporting and Compliance Engine ("TRACE").

(a) With respect to those 92 TRACE-eligible transactions, Finantia failed to timely report 35 (or 38%) of them to TRACE;

(b) With respect to a 32 trade sample of the timely reported TRACE-eligible transactions, Finantia

(i) failed to indicate the contra MPID and instead inaccurately reported that the contra side was a customer as opposed to an inter-dealer for at least 12 of the 32 transactions;

(ii) failed to report the yield for all 32 transactions; and

(iii) erroneously reported one agency trade as a principal trade.

By reason of the foregoing, the firm violated NASD Systems and Programs Rule 6230(a).

2. During the Relevant Period, Finantia's order tickets contained inaccurate information. Fourteen of 32 tickets reviewed contained a time stamp that did not correspond to a time of receipt, entry, or execution. Two different order tickets showed a time of order receipt after the time of execution. Eleven different order tickets showed a time of order receipt that was actually the time of execution.

By reason of the foregoing, Finantia violated SEC Rule 17a-3(a)(6) and NASD Conduct Rules 3110 and 2110.

3. During the Relevant Period, Finantia failed to establish, maintain and enforce written supervisory procedures ("WSPs") addressing TRACE reporting. By reason of the foregoing, the firm violated NASD Conduct Rules 2110 and 3010.

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

- A fine of \$12,500; and
- A censure

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

III.

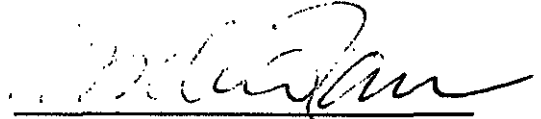
OTHER MATTERS

- A. Finantia 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. Finantia 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. Finantia 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 an Election of Payment form showing the method by which it proposes to pay any fine imposed.
- C. Finantia 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.

Finantia 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 Finantia to submit it.

11-21-06
Date


Finantia USA Ltd.
By: Shinichiro Fukui
President and Chief Compliance Officer

Accepted by NASD:

December 8, 2006
Date

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


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