

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT**

NO. 20060041509-01

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REGISTRATION & DISCLOSURE

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

RE: Banc of America Securities LLC, Respondent
Broker-Dealer
CRD Number 26091

Pursuant to NASD Rule 9216 of the FINRA Code of Procedure, Banc of America 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 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 (formerly NASD) since April 9, 1990 and its registration remains in effect. The firm has the following relevant disciplinary history:

- On May 29, 2007, an AWC became final in which the firm was censured and fined a total of \$60,000 for violating, among other rules, NASD Rule 4632.
- On March 12, 2007, an AWC became final in which the firm was censured and fined a total of \$56,500 for violating, among other rules, NASD Rules 2110, 4632 and 6130.
- On May 2, 2005, an AWC became final in which the firm was censured and fined a total of \$15,000 for violating, among other rules, NASD Rule 2110.
- On February 6, 2003, an AWC became final in which the firm was censured and fined a total of \$80,000 for violating, among other rules, NASD Rule 6130.

FACTS

In 20060041509, the staff conducted a review of the firm's compliance with NASD rules applicable to trade reporting during the period September 1, 2005 through December 31, 2005.

In 20060051704, the staff conducted a review of the firm's compliance with NASD rules applicable to order and trade reporting during the period February 1, 2004 through May 17, 2006.

In 20060055551, the staff conducted a review of the firm's compliance with NASD rules applicable to trade reporting during the review period January 1, 2006 through April 30, 2006.

In 20070093317, from June 18, 2007 through June 22, 2007, the Trading and Market Making Surveillance staff conducted a Trading and Market Making Surveillance examination as set forth in Exhibit 1.

20060041509

The firm failed, within 90 seconds after execution, to transmit to the Nasdaq Market Center ("NMC" now the FINRA/NASDAQ Trade Reporting Facility) 2,852 last sale reports of transactions in designated securities. These transactions constitute approximately nine percent of the transactions reviewed that the firm was required to report to the NMC during the review period. The firm failed, within 90 seconds after execution, to transmit to the NMC 2,852 last sale reports of transactions in designated securities and failed to designate through the NMC such last sale reports as late. The conduct described in this paragraph constitutes a pattern or practice of late reporting without exceptional circumstances in violation of NASD Rules 2110 and 4632.

20060051704

The firm failed to report to the NMC (now the FINRA/NASDAQ Trade Reporting Facility) the correct symbol indicating whether the transaction was a buy, sell, sell short, sell short exempt or cross for 734 transactions in Reportable Securities. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 6130(d).

20060055551

The firm failed, within 90 seconds after execution, to transmit to the NMC (now the FINRA/NASDAQ Trade Reporting Facility) 2,364 last sale reports of transactions in Nasdaq National Market and SmallCap securities. These transactions constitute approximately four 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 Rules 2110 and 4632.

The firm reported to the NMC (now the FINRA/NASDAQ Trade Reporting Facility) 65 last sale reports of transactions in designated securities it was not required to report. The conduct described in this paragraph constitutes separate and distinct violations of NASD 4632(e).

20070093317

The firm incorrectly reported to the NASD/NASDAQ TRF (now the FINRA/NASDAQ TRF) 199 clearing transactions in Reportable Securities. Also, the firm failed to report to the NASD/NASDAQ TRF the correct symbol indicating whether the firm executed five transactions in Reportable Securities in a principal or agency capacity. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 6130(d).

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

A censure and a fine of \$25,000.

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

The firm agrees to pay the monetary sanction(s) upon notice that this AWC has been accepted and that such payment(s) 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 it is unable to pay, now or at any time hereafter, the monetary sanction(s) imposed in this matter.

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 National Adjudicatory Council ("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 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.

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 ("ODA"), pursuant to NASD 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 right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.
- D. The firm may attach a Corrective Action Statement to this AWC that 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 FINRA, nor does it reflect the views of FINRA or its staff.

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; 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.

May 29, 2008
Date

Respondent
Banc of America Securities, LLC

By: [Signature]

Name: JOSEPH C. WESLEY

Title: MANAGING DIRECTOR

Reviewed by:

[Signature]

Attorney Name

Counsel for Respondent - Banc of America Securities, LLC

Accepted by FINRA:

June 26, 2008
Date

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

[Signature]
~~Thomas R. Gira~~ Richard Wabec
Executive Vice President
Department of Market Regulation

2007 MRE Exam Samples
Banc of America Securities LLC ("BOFA")
Exam No.: 2007 0093317

<u>Sample Size:</u>	<u>Sample Description:</u>	<u>Sample Source/Period:</u>
33	Customer and proprietary sales, reviewed for compliance with SEC Rule 200(g) long/short/exempt sale recording requirements.	From trade dates June 4-5, 2007.
4	Customer and proprietary short sales, reviewed for compliance with SEC Rule 203(b) security location requirements.	From trade dates June 4-5, 2007.
462	Customer and proprietary sales reported to a TRF or OTCRF, for compliance with NASD Rules 6130, 4632 and 6620 sale indicator reporting requirements.	From trade dates June 4-5, 2007.
0	Customer and proprietary sales reported to the ADF/TRACS, for compliance with NASD Rule 4632A sale indicator reporting requirements.	From trade dates June 4-5, 2007.
0	Short sales in Nasdaq Global Market securities executed otherwise than on an exchange, for compliance with NASD Rule 5100 bid test requirements.	From trade dates June 4-5, 2007.
0	Short sales in exchange-listed securities executed otherwise than on an exchange, for compliance with SEC Rule 10a-1 tick test requirements.	From trade dates June 4-5, 2007.
5	Customer and proprietary sales entered into the Nasdaq Exchange execution systems, for compliance with Nasdaq Rule 4755 long/short/exempt sale indicator entry requirements.	From trade dates June 4-5, 2007.
26	Cancellations of trades reported to a TRF or OTCRF, for compliance with NASD Rules 4632(g), 6420(f), 6620(f) and 6130(f) trade report cancellation requirements.	From trade dates June 4-5, 2007.
0	Cancellations of trades reported to ADF/TRACS, for compliance with NASD Rule 4632A(I) trade report cancellation requirements.	From trade dates June 4-5, 2007.
0	Limit and market orders executed as principal, for compliance with the order protection and best execution requirements of NASD Rules 2110, IM-2110-2, 2111, 6541 and 2320, and Nasdaq Rules 2110, IM-2110-2, 2111 and 2320	From trade dates June 4-5, 2007.
0	Limit orders for NMS stocks in which the member acts as an exchange or OTC market maker, for compliance with the display requirements of SEC Rule 604, 604 and Nasdaq Rule 3390.	From trade dates June 4-5, 2007.

2007 MRE Exam Samples
Banc of America Securities LLC ("BOFA")
Exam No.: 2007 0093317

<u>Sample Size:</u>	<u>Sample Description:</u>	<u>Sample Source/Period:</u>
10	Market orders with "not held" terms or from institutional customers, for compliance with NASD Rule 2320 and Nasdaq Rule 2320 best execution requirements.	From trade dates June 4-5, 2007.
10	Market orders executed as principal, for compliance with NASD Rule 2320 and Nasdaq Rule 2320 best execution requirements.	From trade dates June 4-5, 2007.
0	Order memoranda for net trades effected by non-institutional and institutional customers, for compliance with NASD Rule 2441 documentation requirements.	From trade dates June 4-5, 2007.
0	Net trading agreements with institutional customers, for compliance with NASD Rule 2441 documentation requirements.	From trade dates June 4-5, 2007.
0	Principal and riskless principal trade executions effected otherwise than on an exchange for <u>0</u> limit or market orders, for compliance with NASD Rules 4632, 6420, 6620 and 6130 requirements for TRF and OTCRF reporting.	From trade dates June 4-5, 2007.
0	Principal and riskless principal trade executions effected otherwise than on an exchange for <u>0</u> limit or market orders, for compliance with NASD Rule 4632A requirements for ADF/TRACS reporting.	From trade dates June 4-5, 2007.
0	NASD Market Surveillance breaks for principal and riskless principal trades, for compliance with NASD Rules 4632, 6420, 6620, 6130 and 4632A requirements for TRF, OTCRF and ADF/TRACS reporting.	From trade dates June 4-5, 2007.
313	Trade executions effected otherwise than on an exchange for <u>4</u> orders in Nasdaq-listed or exchange listed securities, received from customers with accounts subject to a soft dollar agreement, for compliance with the SEC '34 Act section 28(e) safe harbor which limits the accrual of soft dollar credits for riskless principal transactions to those reporting in compliance with NASD Rules 4632 and 6420.	From trade dates June 4-5, 2007.
0	Open limit orders to buy and/or open stop orders to sell securities that traded ex-dividend, for compliance with NASD Rule 3220 and Nasdaq Rule 4761.	For ex-dividend dates June 5-6, 2007.
0	Trades reported to a TRF or OTCRF with a .PRP modifier, for compliance with NASD Rules 4632, 6420, 6620 and 2320.	From trade dates June 4-5, 2007.
0	Trades reported to ADF/TRACS with a .PRP modifier, for compliance with NASD Rule 4632A.	From trade dates June 4-5, 2007.

2007 MRE Exam Samples
Banc of America Securities LLC ("BOFA")
Exam No.: 2007 0093317

<u>Sample Size:</u>	<u>Sample Description:</u>	<u>Sample Source/Period:</u>
25	Orders for NMS stocks in which the firm acts as a market center, for compliance with SEC Rule 605 order classification requirements.	From trade dates June 4-5, 2007.
4	Datasets published for on the monthly order execution report, for compliance with SEC Rule 605 requirement to publish accurate data. (A "dataset" is all required statistical data for a single order category, with each category representing a single unique combination of a security, order type and order size, as described in Rule 605.)	Report published for April 2007.
1	Quarterly order routing report, for compliance with SEC Rule 606 requirements.	Report published for the 1 st quarter 2007.
8	Customer orders in OTC equity securities, for compliance with NASD Rules 2320(g) and 3110(b) requirements to ascertain and document the best interdealer market for transactions in such securities.	From trade dates June 4-5, 2007.
50	Orders in securities required to be submitted to OATS, for compliance with NASD Rules 6954 and 6955, and Nasdaq Rules 6954 and 6955 requirement to submit OATS information.	From trade dates June 4-5, 2007.
0	ADF orders and/or quotes which were accessed by others, for compliance with NASD Rule 4300A requirements to submit Order and Order Response reports.	From trade dates June 4-5, 2007.
201	Order/Trade records prepared and maintained in connection with the above samples, for general compliance with requirements of NASD Rule 3110 and SEC Rules 17a-3 and 17a-4.	From trade dates June 4-5, 2007.
1448	Trades reported to a TRF, OTCRF or ADF/TRACS in connection with the above samples, for general compliance with requirements of NASD Trade Reporting and ADF rules.	From trade dates June 4-5, 2007.
61	Customer confirmations prepared and maintained in connection with the above samples, for compliance with SEC Rule 10b-10 disclosure requirements.	From trade dates June 4-5, 2007.
32	CRD registration records for persons conducting and/or supervising the member's trading and market making activities, for compliance with NASD Rule Series 1020, 1030 and 1040, and Nasdaq Rule Series 1020, 1030 and 1040.	List of trading personnel for June 2007 and supervisory personnel for June 2007.

2007 MRE Exam Samples
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Exam No.: 2007 0093317

<u>Sample Size:</u>	<u>Sample Description:</u>	<u>Sample Source/Period:</u>
All, as provided by the member.	The member's supervisory system, written supervisory procedures ("WSPs") and documents evidencing the implementation of the WSPs, for compliance with NASD Rule 3010 requirements to establish an implement a system that is reasonably designed to prevent and detect violations of applicable securities rules.	WSPs provided by the member as those in effect during June 2007, and documentation of supervisory reviews conducted for June 4-5, 2007.
All, as provided by the member.	The member's "Regular & Rigorous" review procedures (for assessing the execution quality of orders sent to other trading centers and/or internalized, for compliance with NASD Rules 2320 and 3010.	Procedures provided by the member as those in effect during June 2007.