

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20060042020-01**

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REGISTRATION & DISCLOSURE

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

RE: State Street Global Markets, LLC, Respondent
Broker/Dealer
CRD No. 30107

Pursuant to Rule 9216 of the FINRA Code of Procedure, State Street Global Markets, 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 (f/k/a NASD) since June 11, 1992, and its registration remains in effect. The firm has no relevant disciplinary history.

VIOLATIVE CONDUCT BY RESPONDENT

The Trading and Market Making Surveillance staff reviewed the trading activity of the firm set forth in Exhibit 1 for the trade date of January 19, 2006, unless otherwise noted.

For the month of December, 2005, the firm made available a report on the covered orders in National Market System securities that it received for execution from any person. This report included incomplete information and incorrect information as to the number of covered orders and the classification of orders. The conduct described in this paragraph constitutes separate and distinct violations of SEC Rule 605 of Regulation NMS.

20060042020 (DMR)

000079110 2011

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

A censure and a fine of \$15,000.

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.

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

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 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.

3/13/08
Date

Respondent
State Street Global Markets, LLC

By: [Signature]

Name: Nicholas Bonn
Executive Vice President

Title: _____

Reviewed by:

[Signature]
Counsel for Respondent

Accepted by FINRA:

4/2/08
Date

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

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

Exhibit #1
State Street Global Markets, Inc. ("SSBS")
Exam No. 20060042020

Scope of the Trading and Market Making Surveillance Examination

NASD staff reviewed the following samples during the examination:

<u>Sample Size</u>	<u>Review Area</u>	<u>Sample Source</u>
49	Customer sale transactions, for compliance with Regulation SHO Rules 200(g) and/or 203(b),	from trade date January 19, 2006.
49	Customer sales, for compliance with NASD Rule 6130 (ACT Short Sale Reporting),	from trade date January 19, 2006.
0	Short sales in NNM securities, for compliance with NASD Rule 3350 (Bid Test),	from trade date January 19, 2006.
0	Short sales in CQS securities, for compliance with SEC Rule 10a-1 (Tick Test),	from trade date January 19, 2006.
16	Cancelled trades in compliance with NASD Rules 4632(g), 4642(g), 4652(g), 6420(f), and 6620(f) and SEC Rule 17a-3(a)(6) and (a)(7),	from trade dates January 18 and 19, 2006.
N/A	Limit orders executed as principal, for compliance with NASD Rules 2110 (and IM-2110-2), 6440, 6541 and 2320, and SEC Rule 11Ac1-1 and 11Ac1-4,	from trade date January 19, 2006.
N/A	"Non displayed" limit orders and 0 marketable orders in the same securities received while holding the "non displayed" orders, for compliance with NASD Rule 2320,	N/A
N/A	Institutional market not held orders for compliance with NASD Rule 2320,	N/A
N/A	Limit and market orders executed in a principal or riskless principal capacity, for compliance with capacity reporting under NASD Trade Reporting and ACT rules,	from trade date January 19, 2006.
4	Orders for NASDAQ securities in soft dollar accounts and 3 related executions, for compliance with trade reporting rules and the safe harbor limitations of SEC section 28(e),	from trade date January 19, 2006.
0	Open buy limit orders and stop sell limit orders in securities traded ex-dividend, for compliance with NASD Rule 3220,	from trade date January 19, 2006.

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<u>Sample Size</u>	<u>Review Area</u>	<u>Sample Source</u>
N/A	Trades reported and modified through a mixed capacity regulatory report, for compliance with NASD Rule 6130,	N/A
N/A	Trades in NNM or SC securities reported with a .PRP modifier, for compliance with NASD Rules 4632 and 2320,	N/A
40	Orders in securities for which the firm was a market center, for compliance with the order size/type classification requirements of SEC Rule 605,	from trade dates January 18 and 19, 2006.
6 (26 orders)	Security/size/order data statistics published on the firm's monthly order execution report, for compliance with SEC Rule 605,	from the monthly report for December 2005.
N/A	Data published on the firm's quarterly order routing report, for compliance with SEC Rule 606,	from the quarterly report ending December 2005.
1	Customer transactions in OTCBB and OTC equity securities, for compliance with NASD Rules 3110(b) and 2320,	from trade date January 19, 2006.
27	Persons engaged in the firm's trading and market making activities, for compliance with NASD Registration rules,	from trading staff in January 2004.
176	Order/trade records prepared and maintained in connection with the above samples, for general compliance with NASD Rule 3110 and SEC Rules 17a-3 and 17a-4,	from various trade dates in December and January 18 and 19, 2006.
285	Trades reported to ACT or TRACS in connection with the above samples, for general compliance with NASD Trade Reporting and ACT rules,	from trade dates January 18 and 19, 2006.
4	Customer trade confirmations reviewed in connection with the above samples, for compliance with SEC Rule 10b-10,	from trade dates January 18 and 19, 2006.
50	Orders in NNM or SC securities submitted to OATS, for compliance with NASD Rule 6955,	from trade date January 19, 2006.
N/A	The firm's establishment and implementation of "regular & rigorous" reviews of the execution quality of orders sent to other market centers and internalized, for compliance with NASD Rules 2320 and 3010,	based on WSPs in effect during January 2006.

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Sample

Size

N/A

Review Area

The firm's establishment and implementation of a supervisory system and written supervisory procedures, for compliance with NASD Rule 3010

Sample Source

based on WSPs in effect during January 2006.