

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20060048570-01**

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REGISTRATION & DISCLOSURE

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

RE: Calyon Securities (USA) Inc, Respondent
Broker-Dealer
CRD No. 190

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Calyon Securities (USA) Inc (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 since March 18, 1968, and its registration remains in effect.

RELEVANT DISCIPLINARY HISTORY

The firm understands that its disciplinary history may be a factor that will be considered in deciding whether to accept this AWC. The firm's relevant disciplinary history is as follows. On February 8, 2005, FINRA accepted an AWC in which the firm was censured, fined \$25,000 and subject to an undertaking to revise the firm's written supervisory procedures for, among other things, NASD Rule 6130 violations by failing to timely accept or decline 465 transactions in the Automated Confirmation Transaction Service, and inadequate written supervisory procedures concerning trade reporting, during the first quarter of 2003. On November 11, 2005, FINRA accepted an AWC in which the firm was censured, fined \$15,000 and subject to an undertaking to revise its written supervisory procedures for failing to repair 100,647 of 124,328 reports rejected

20060048570 (incorporates 20060058622, 20060056594, 20070076010, 20080135324, 20080120397, and 20090165449) (GF and DF)

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by the Order Audit Trail System ("OATS") and insufficient written supervisory procedures concerning OATS reporting during the first quarter of 2004. On September 8, 2008, FINRA accepted an AWC in which the firm was censured and fined \$15,000 for submitting inaccurate OATS reports.

FACTS AND VIOLATIVE CONDUCT

In connection with matters 20060048570 and 20070076010, the staff of the Department of Market Regulation (the "staff") reviewed the firm's compliance with rules related to short interest reporting during the period August 13, 2004 through November 15, 2006.

In connection with matter 20060058622, the staff conducted the 2006 Trading and Market Making Surveillance ("TMMS") Examination wherein the staff reviewed the items set forth on Exhibit 1, which is attached hereto and incorporated herein by reference, primarily for trade dates June 5 through 16, 2006, unless otherwise noted (the "2006 TMMS Exam" or "2006 TMMS Review Period").

In connection with matter 20060056594, the staff reviewed the firm's compliance with rules related to OATS reporting during the period October 1, 2004 through March 31, 2005 (the "OATS Review Period").

In connection with matter 20080135324, the staff reviewed the firm's compliance with the close out requirements of SEC Regulation SHO during the period January 1 through May 2, 2008 (the "Reg SHO Review Period").

In connection with matter 20080120397, the staff conducted the 2008 TMMS Examination wherein the staff reviewed the items set forth on Exhibit 2, which is attached hereto and incorporated herein by reference, primarily for trade dates January 3 through 9, 2008 (the "2008 TMMS Exam" or "2008 TMMS Review Period").

In connection with matter 20090165449, the staff conducted the 2009 TMMS Examination wherein the staff reviewed the items set forth on Exhibit 3, which is attached hereto and incorporated herein by reference, primarily for trade dates December 29 and 30, 2008 (the "2009 TMMS Exam" or "2009 TMMS Review Period").

20060048570 and 20070076010

1. In connection with 20060048570, the firm failed to report its short interest positions to NASD during the months August 2004 through May 2006. Specifically, the firm failed to report 443 short positions totaling 16,897,921 shares in NASDAQ securities.
2. In connection with 20070076010, the firm failed to report its short interest positions to NASD during the months August 2004 through November 2006. Specifically, the

firm failed to report 78 short positions totaling 2,084,649 shares in NASDAQ and Amex securities.

3. The conduct described in paragraphs 1 and 2 constitutes separate and distinct violations of NASD Rule 3360.
4. 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 short interest reporting. Specifically, the firm's supervisory system did not include written supervisory procedures providing for: (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 a violation of NASD Rules 2110 and 3010.

20060058622

5. In 906 instances, the firm incorrectly executed as "riskless" transactions that did not qualify for that trade reporting classification, or failed to report to the Nasdaq Market Center ("NMC") either a clearing-only report with a capacity indicator of "riskless principal," or a non-tape, non-clearing report with a capacity indicator of "riskless principal," for the offsetting, "riskless" portion of transactions that qualified as riskless principal transactions, with respect to designated and eligible securities. In addition, the firm failed to report to the NMC six last sale reports of transactions in designated securities. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 6130.
6. The firm transmitted to OATS inaccurate, incomplete, or improperly formatted reports with respect to 40 orders. Specifically, the firm omitted execution information, cancel times and Special Handling Codes, reported incorrect information about the capacity in which the firm acted, and misused a reporting exception code. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 6955(a).
7. The firm failed on 25 occasions to provide written notification disclosing to its customer that the transaction was executed at an average price. The firm also failed to provide written notification disclosing to its customer its correct capacity in the transaction on 16 occasions, and the correct symbol indicating whether the transaction was a buy or sell transaction on 10 occasions. The conduct described in this paragraph constitutes separate and distinct violations of SEC Rule 10b-10.
8. The firm incorrectly marked 46 orders as "held" instead of "not held" orders on the respective order memoranda for those orders. The conduct described in this

paragraph constitutes separate and distinct violations of SEC Rule 17a-3 and NASD Rule 3110.

9. For the month of May, 2006, 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 incorrect information by containing information about four "not held" orders that are not encompassed within the definition of a "covered order" and are not subject to inclusion in such reports. The conduct described in this paragraph constitutes separate and distinct violations of SEC Rule 605 of Regulation NMS.
10. The firm failed to notify its customers annually in writing of the availability on request of information disclosing the identify of the venues to which the customer's orders were routed for execution in the six months preceding the customer's request and the time of the transactions, if any, that resulted from such orders. The conduct described in this paragraph constitutes a violation of SEC Rule 606 of Regulation NMS.
11. The firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to certain applicable securities laws and regulations, and/or the Rules of NASD. At a minimum, adequate written supervisory procedures addressing quality of markets topics should describe the following:
 - (a) specific identification of the individual(s) responsible for supervision;
 - (b) the supervisory steps and reviews to be taken by the appropriate supervisor;
 - (c) the frequency of such reviews; and
 - (d) how such reviews shall be documented.

The firm's written supervisory procedures failed to provide for one or more of the four above-cited minimum requirements for adequate written supervisory procedures, in aspects of the following subject areas during the 2006 TMMS Review Period: Market Order Protection, SEC Rule 602 Compliance, Best Execution, Trade Reporting, Sales Transactions, Trading Halts, and Quotation Requirements [(a), (b), (c) and (d)]; SEC Rules 605 and 606 Compliance [(a), (c) and (d)]; Books and Records [(b), (c) and (d)]; and, OATS [(b) and (d)]. The conduct described in this paragraph constitutes violations of NASD Conduct Rules 2110 and 3010.

20060056594

12. During the OATS Review Period, the firm transmitted to OATS 2,829,920 New Order Reports that contained inaccurate, incomplete, or improperly formatted data. Specifically, the reports contained inaccurate Account Type Code "R." These inaccurate and/or incomplete reports represented 19 percent of all New Order Reports (14,329,258) that the firm transmitted to OATS during the review period. The

conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 6955(a).

20080135324

13. During the Reg SHO Review Period, the firm had a fail-to-deliver position at a registered clearing agency in Jos. A. Bank Clothiers, Inc. ("JOSB"), a threshold security, for 13 consecutive settlement days beginning February 12, 2008, and failed to immediately thereafter close out the fail-to-deliver position by purchasing securities of like kind and quantity. The firm continued to have a fail-to-deliver position in JOSB at the registered clearing agency on 45 additional settlement days through May 2, 2008, which it failed to close out when required. The conduct described in this paragraph constitutes separate and distinct violations of SEC Rule 203(b)(3) of Regulation SHO.
14. The firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to certain applicable securities laws and regulations, and/or the Rules of FINRA. At a minimum, adequate written supervisory procedures addressing quality of markets topics should describe the following:
- (a) specific identification of the individual(s) responsible for supervision;
 - (b) the supervisory steps and reviews to be taken by the appropriate supervisor;
 - (c) the frequency of such reviews; and
 - (d) how such reviews shall be documented.

The firm's written supervisory procedures failed to provide for one or more of the four above-cited minimum requirements for adequate written supervisory procedures, in the following subject areas: SEC Rules 200(g) and 203(a) [(a)-(d)], SEC Rule 203(b)(3) [(d)], and NASD Rule 6130(d)(6) [(c)]. The conduct described in this paragraph constitutes a violation of NASD Rules 2110 and 3010.

20080120397

15. During the 2008 TMMS Review Period, the firm failed to report to the FINRA/Nasdaq Trade Reporting Facility and OTC Reporting Facility the correct symbol indicating the capacity in which the firm executed 26 transactions in Reportable Securities. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 6130(d).
16. The firm failed to provide documentary evidence that during the 2008 TMMS Review Period it performed the supervisory reviews set forth in its written supervisory procedures concerning: Order Handling (Disclosure of Order Routing Information).

The conduct described in this paragraph constitutes violations of NASD Rules 2110 and 3010.

20090165449

17. During the 2009 TMMS Review Period, the firm transmitted to OATS eight reports that contained inaccurate, incomplete, or improperly formatted data. Specifically, the reports failed to include a limit price for Limit-on-Close orders. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 7450.
18. The firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to certain applicable securities laws and regulations, and/or the Rules of NASD. At a minimum, adequate written supervisory procedures addressing quality of markets topics should describe the following:
- (a) specific identification of the individual(s) responsible for supervision;
 - (b) the supervisory steps and reviews to be taken by the appropriate supervisor;
 - (c) the frequency of such reviews; and
 - (d) how such reviews shall be documented.

The firm's written supervisory procedures failed to provide for one or more of the four above-cited minimum requirements for adequate written supervisory procedures, in the following subject areas: [ensuring trades have been reported accurately on the member's behalf [(c), (d)]; Multiple MPIDs (Usage, Improperly Sharing Information, Supervisory System [(a), (b), (c), (d)]]. The conduct described in this paragraph constitutes a violation of NASD Rules 2110 and 3010.

19. The firm failed to provide documentary evidence that during the 2009 TMMS Review Period it performed the supervisory reviews set forth in its written supervisory procedures concerning Trade Reporting (reviews to ensure that trades are reported accurately and timely and that trades reported by another member (or entering a matching trade) are done in a timely manner) and Sales Transactions (reviews to ensure compliance with requirements to (i) properly determine whether a sale is long or short and (ii) mark the member's order records as "long," "short," or "short exempt" pursuant to SEC Rule 200(a) and (g), and requirements to report accurate short sale indicators (*i.e.* long, short or short exempt) for customer and proprietary sales transactions pursuant to NASD Rules 6130, IM-6130 and 6130A). The conduct described in this paragraph constitutes violations of NASD Rules 2110 and 3010.

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

- A censure.
- A fine of \$131,000 (consisting of the following: **20060048570 and 20070076010**: \$40,000 for violations of NASD Rule 3360 and \$5,000 for violations of NASD Rule 2110 and 3010; **20060058622**: \$6,000 for violations of NASD Rule 6130, \$12,500 for violations of NASD Rule 6955, \$5,000 for violations of SEC Rule 10b-10, \$2,500 for violations of SEC Rule 17a-3 and 17a-4 and NASD Rule 3110, \$10,000 for the combined violations of SEC Rules 605 and 606, and \$7,500 for violations of NASD Rules 2110 and 3010; **20060056594**: \$5,000 for violations of NASD Rule 6955; **20080135324**: \$5,000 for violations of SEC Rule 203(b)(3) and \$5,000 for NASD Rules 2110 and 3010; **20080120397**: \$5,000 for violations of NASD Rule 6130 and \$5,000 for NASD Rule 2110 and 3010; **20090165449**: \$12,500 for violations of FINRA Rule 7450 and \$5,000 for violations of NASD Rule 2110 and 3010.
- An undertaking to revise the firm's written supervisory procedures with respect to the areas described in paragraphs I.A.11, 14, and 18 above. Within 30 business days of acceptance of this AWC by the National Adjudicatory Council ("NAC"), a registered principal of the firm shall submit to the COMPLIANCE ASSISTANT, LEGAL SECTION, MARKET REGULATION DEPARTMENT, 9509 KEY WEST AVENUE, ROCKVILLE, MD 20850, a signed, dated letter, or an e-mail from a work-related account of the registered principal to MarketRegulationComp@finra.org, providing the following information: (1) a reference to this matter; (2) a representation that the firm has revised its written supervisory procedures to address the deficiencies described in paragraphs I.A.11, 14, and 18; and, (3) the date the revised procedures were implemented.

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 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 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 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

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 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 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 FINRA Rule 8313; 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 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 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.

12-8-09
Date

Respondent
Calyon Securities (USA) Inc

By: Thierry Simon

Name: Thierry Simon

Title: President + CEO

Reviewed by:

[Signature]
Attorney Name : Kathy H. Rocklen
Counsel for Respondent
Firm Name : Proskauer Rose LLP

Accepted by FINRA:

1/16/10
Date

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

Thomas R. Gira
Thomas R. Gira
Executive Vice President
Department of Market Regulation

Exhibit #1

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>
38	customer and proprietary sale transactions, for compliance with SEC Rules 200(g) and/or 203(b),	from trade dates June 5-16, 2006
220	customer and proprietary sales, for compliance with NASD Rule 6130,	from trade dates June 5-16, 2006
0	short sales in NNM securities, for compliance with NASD Rule 3350,	from trade dates June 5-16, 2006
0	short sales in CQS securities, for compliance with SEC Rule 10a-1 (Tick Test),	from trade dates June 5-16, 2006
35	cancelled trades for 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 June 5-16, 2006
0	limit orders executed as principal, for compliance with NASD Rules 2110 (and IM-2110-2), 6440, 6541 and 2320, and SEC Rules 602 and 604,	from trade dates June 5-16, 2006
0	"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.	from trade dates June 5-16, 2006
14	market orders, for compliance with NASD Rules 2320 and 6440(f).	from trade dates June 5-16, 2006
7	limit and market orders and 47 trades executed in a principal or riskless principal capacity, for compliance with capacity reporting under NASD Trade Reporting and ACT rules,	from trade dates June 5-16, 2006
0	orders for NASDAQ securities in soft dollar accounts and 50 related executions, for compliance with trade reporting rules and the safe harbor limitations of SEC section 28(e),	from trade dates June 5-16, 2006
0	open buy limit orders and stop sell limit orders in securities traded ex-dividend, for compliance with NASD Rule 3220,	from trade dates June 5-16, 2006
0	trades reported and modified through a mixed capacity regulatory report, for compliance with NASD Rule 6130,	from trade dates June 5-16, 2006

<u>Sample Size</u>	<u>Review Area</u>	<u>Sample Source</u>
0	trades in NNM or SC securities reported with a .PRP modifier, for compliance with NASD Rules 4632 and 2320,	from trade dates June 5-16, 2006
22	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 June 5-16, 2006
4 Groups 4 Orders	security/size/order data statistics published on the firm's monthly order execution report, for compliance with SEC Rule 605,	from the report for May 2006
N/A	data published on the firm's quarterly order routing report, for compliance with SEC Rule 606,	from the report for 2nd Qtr 2006
0	customer transactions in OTCBB and OTC equity securities, for compliance with NASD Rules 3110(b) and 2320,	from trade dates June 5-16, 2006
9	persons engaged in the firm's trading and market making activities, for compliance with NASD Registration rules,	from trade dates June 5-16, 2006
139	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 trade dates June 5-16, 2006
3631	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 June 5-16, 2006
28	customer trade confirmations reviewed in connection with the above samples, for compliance with SEC Rule 10b-10,	from trade dates June 5-16, 2006
50	orders in NNM or SC securities submitted to OATS, for compliance with NASD Rule 6955,	from trade dates June 5-16, 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 June 2006
N/A	the firm's establishment and implementation of a supervisory system and written supervisory procedures, for compliance with NASD Rule 3010,	based on WSPs in effect during June 2006

2008 MRE Exam Samples
Calyon Securities, Inc. ("LYON")
Exam No.: 20080120397

<u>Sample Size:</u>	<u>Sample Description:</u>	<u>Sample Source/Period:</u>
50	Customer and proprietary sales, reviewed for compliance with SEC Rule 200(g) long/short/exempt sale recording requirements.	From trade dates January 3-9, 2008.
50	Customer and proprietary short sales, reviewed for compliance with SEC Rule 203(b) security location requirements.	From trade dates January 3-9, 2008.
28	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 January 3-9, 2008.
0	Customer and proprietary sales reported to the ADF/TRACS, for compliance with NASD Rule 4632A sale indicator reporting requirements.	From trade dates January 3-9, 2008.
n/a	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 January 3-9, 2008.
n/a	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 January 3-9, 2008.
0	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 January 3-9, 2008.
19	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 January 3-9, 2008.
0	Cancellations of trades reported to ADF/TRACS, for compliance with NASD Rule 4632A(I) trade report cancellation requirements.	From trade dates January 3-9, 2008.
n/a	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 January 3-9, 2008.
n/a	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 January 3-9, 2008.
n/a	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 January 3-9, 2008.

2008 MRE Exam Samples
Calyon Securities, Inc. ("LYON")
Exam No.: 20080120397

<u>Sample Size:</u>	<u>Sample Description:</u>	<u>Sample Source/Period:</u>
n/a	Market orders executed as principal, for compliance with NASD Rule 2320 and Nasdaq Rule 2320 best execution requirements.	From trade dates January 3-9, 2008.
n/a	Order memoranda for net trades effected by non-institutional and institutional customers, for compliance with NASD Rule 2441 documentation requirements.	From trade dates January 3-9, 2008.
n/a	Net trading agreements with institutional customers, for compliance with NASD Rule 2441 documentation requirements.	From trade dates January 3-9, 2008.
n/a	Principal and riskless principal trade executions effected otherwise than on an exchange for 0 limit or market orders, for compliance with NASD Rules 4632, 6420, 6620 and 6130 requirements for TRF and OTCRF reporting.	From trade dates January 3-9, 2008.
0	Principal and riskless principal trade executions effected otherwise than on an exchange for 0 limit or market orders, for compliance with NASD Rule 4632A requirements for ADF/TRACS reporting.	From trade dates January 3-9, 2008.
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 January 3-9, 2008.
0	Trade executions effected otherwise than on an exchange for 0 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 January 3-9, 2008.
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.	From ex-dividend dates January 3-9, 2008.
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 January 3-9, 2008.
0	Trades reported to ADF/TRACS with a PRP modifier, for compliance with NASD Rule 4632A.	From trade dates January 3-9, 2008.
0	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 January 3-9, 2008.

2008 MRE Exam Samples
Calyon Securities, Inc. ("LYON")
Exam No.: 20080120397

<u>Sample Size:</u>	<u>Sample Description:</u>	<u>Sample Source/Period:</u>
n/a	Orders for NMS stocks in which the firm acts as a market center, for compliance with SEC Rule 605 reported data requirements.	Orders underlying the datasets reviewed for December 2007.
n/a	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 December 2007.
1	Quarterly order routing report, for compliance with SEC Rule 606 requirements.	Report published for the 4th Quarter 2007.
5	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 January 3-4, 2008.
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 January 3-9, 2008.
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 January 3-9, 2008.
97	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 January 3-9, 2008.
59	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 January 3-9, 2008.
47	Customer confirmations prepared and maintained in connection with the above samples, for compliance with SEC Rule 10b-10 disclosure requirements.	From trade dates January 3-9, 2008.
12	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 and supervisory personnel as of January 2008.

2008 MRE Exam Samples
Calyon Securities, Inc. ("LYON")
Exam No.: 20080120397

<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 January 2008, and documentation of supervisory reviews conducted for January 2008.
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 January 2008.
0	Trades reported by the ATS/ECN to a TRF, OTCRF or ADF/TRACS in connection with the above samples, for compliance with requirements of NASD Rules 6130(c)(5) and/or 6130A(b)(5).	
0	Trading halts declared during the on-site portion of the examination, for which NASD staff observed the operation of the ATS.	