

FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20060055560-01

RECEIVED

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REGISTRATION & DISCLOSURE

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

RE: GFI Securities LLC, Respondent
Broker-Dealer
CRD No. 19982

Pursuant to Rule 9216 of the FINRA Code of Procedure, GFI 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 since July 25, 1987, and its registration remains in effect.

RELEVANT PRIOR DISCIPLINARY HISTORY

The firm understands that its disciplinary history may be a factor that will be considered in deciding whether to accept this AWC. On April 27, 2004, FINRA accepted an AWC which censured and fined the firm \$20,000 for violations of NASD Conduct Rule 2110 and NASD Marketplace Rule 6620(a). On February 8, 2005, FINRA accepted an AWC which censured and fined the firm \$25,000 for violations of NASD Conduct Rules 2110 and 3010 and NASD Marketplace Rule 6130(b), and required the firm to revise its written supervisory procedures. On October 31, 2005, FINRA accepted an AWC which censured and fined the firm \$35,000 for violations of NASD Conduct Rules 2110 and 3010 and NASD

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Marketplace Rule 6620(a). On January 25, 2006, FINRA accepted an AWC which censured and fined the firm \$25,000 for violations of NASD Conduct Rule 2110 and NASD Marketplace Rule 6420(a). On May 11, 2006, FINRA accepted an AWC which censured and fined the firm \$49,500 for violations of NASD Conduct Rules 2110 and 3010 and NASD Marketplace Rules 6130(a), 6130(b), 6230(a), 6620(a), and 6620(b), and required the firm to revise its written supervisory procedures.

VIOLATIVE CONDUCT BY RESPONDENT

In Review No. 20060055560, the staff of the Department of Market Regulation ("staff") reviewed the firm's compliance with NASD Marketplace Rules applicable to trade reporting during the period of January 1, 2006 through April 30, 2006.

In Review No. 20070080539, the staff reviewed the firm's compliance with NASD Marketplace Rules applicable to trade reporting during the period of September 1, 2006 through December 31, 2006.

In connection with Review No. 20060055560,

1. The firm failed, within 90 seconds after execution, to transmit to the Nasdaq Market Center ("NMC") 59 last sale reports of transactions in Nasdaq securities. These transactions constitute 8.7 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 separate and distinct violations of NASD Marketplace Rules 4632(a) and 4642(a) and a pattern or practice of late reporting without exceptional circumstances in violation of NASD Conduct Rule 2110.

In connection with Review No. 20070080539,

2. The firm failed to accept or decline 18 Reportable Securities in the Trade Reporting Facility ("TRF") and 165 Reportable Securities in the OTC Reporting Facility within twenty minutes after execution, approximately 11.34 percent of all transactions that the firm had an obligation to accept or decline in the TRF and OTC Reporting Facility as the OEID during the review period. The conduct described in this paragraph constitutes separate and distinct violations of NASD Marketplace Rule 6130(b) and a violation of NASD Conduct Rule 2110.

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

A censure and a \$15,000 fine (consisting of \$5,000 for Review No. 20060055560 and \$10,000 for Review No. 20070080539).

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 the firm 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.

6/20/07
Date

Respondent
GFI Securities LLC

By: [Signature]
Name: William S. [Signature]
Title: CO

Reviewed by:

Attorney Name
Counsel for Respondent
Firm Name

Accepted by FINRA:

7/17/08
Date

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

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