

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20060060105-01**

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

RE: Sterne, Agee & Leach, Inc., Respondent
Broker-Dealer
CRD No. 791

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Sterne, Agee & Leach, 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 1936, and its registration remains in effect.

RELEVANT DISCIPLINARY HISTORY

On November 10, 2008, an AWC became final pursuant to which the firm was censured and fined \$53,000 for violations of SEC Rules 605 of Regulation NMS (\$12,500) and 10b-10 (\$7,500), MSRB Rule G-14 (\$18,000), and NASD Rules 2110 and 6230 (\$7,500), and NASD Rule 6995 (\$10,000).

FACTS AND VIOLATIVE CONDUCT

Best Execution

In Market Regulation Review No. 20060060105, the staff conducted a review of the firm's compliance with NASD Rules 2111(a) and 2320 for the period April 1, 2006 through June 30, 2006.

STAR No. 20060060105 (incl. 20070102842, 20080135995, 20070077502, 20070099962, 20060074926, 20080163831, 20090189416, 20090192362, 20090193840, 20090205633, 20080124515, 20090170151)
12.8.10(lad)

000077010 2011

1. In 55 instances, the firm failed to execute orders fully and promptly. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rules 2110 and 2111(a).
2. In 36 transactions for or with a customer, the firm failed to use reasonable diligence to ascertain the best inter-dealer market and failed to buy or sell in such market so that the resultant price to its customer was as favorable as possible under prevailing market conditions, as reflected on Exhibit A which is attached. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rules 2110 and 2320.

Best Execution

In Market Regulation Review No. 20070102842, the staff conducted a review of the firm's compliance with NASD Rule 2320 for the period January 1, 2007 through March 31, 2007.

3. In 20 transactions for or with a customer, the firm failed to use reasonable diligence to ascertain the best inter-dealer market and failed to buy or sell in such market so that the resultant price to its customer was as favorable as possible under prevailing market conditions, as reflected on Exhibit B which is attached. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rules 2110 and 2320.

Best Execution

In Market Regulation Review No. 20080135995, the staff conducted a review of the firm's compliance with NASD Rule 2320 for the period October 1, 2007 through December 31, 2007.

4. In 18 transactions for or with a customer, the firm failed to use reasonable diligence to ascertain the best inter-dealer market and failed to buy or sell in such market so that the resultant price to its customer was as favorable as possible under prevailing market conditions, as reflected on Exhibit C which is attached. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rules 2110 and 2320.

OATS Reporting

In Market Regulation Review No. 20070077502, the staff conducted a review of the firm's compliance with NASD Rule 6955 for the period July 1, 2006 through September 30, 2006.

5. During the review period, the firm transmitted to the Order Audit Trail System ("OATS") 9,273 Reportable Order Events ("ROEs") that were rejected by OATS for context or syntax errors and were repairable. The firm failed to repair 8,929 of these rejected ROEs during the review period, representing 96 percent of all rejected repairable ROEs. As a

result of the firm's failure to repair these ROEs, the firm failed to transmit 8,929 ROEs to OATS during the review period. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 6955(a).

OATS Reporting °

In Market Regulation Review No. 20070099962, the staff conducted a review of the firm's compliance with NASD Rule 6955 for the period April 1, 2007 through June 30, 2007.

6. During the review period, the firm transmitted to OATS 2,390 ROEs that were rejected by OATS for context or syntax errors and were repairable. The firm failed to repair 620 of these rejected ROEs during the review period, representing 26 percent of all rejected repairable ROEs. As a result of the firm's failure to repair these ROEs, the firm failed to transmit 620 ROEs to OATS during the review period. The firm also failed to repair 1,768 of the 2,390 rejected ROEs within the required five business days. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 6955(a).

Short Interest Reporting

In Market Regulation Review No. 20060074926, the staff conducted a review of the firm's compliance with NASD Rule 3360 for the period August 15, 2006 through September 15, 2006.

7. The firm failed to report its short interest positions to NASD in 238 OTC equity securities for the month of August 2006, and 196 OTC equity securities for the month of September 2006. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 3360.
8. 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 violations of NASD Rules 2110 and 3010.

TRACE Late Trade Reporting

In Market Regulation Review No. 20080163831, the staff conducted a review of the firm's compliance with NASD Rule 6230 for the period July 1, 2007 through September 30, 2007.

9. During the review period, the firm failed to report to TRACE the correct contra-party's identifier for 303 transactions in TRACE-eligible securities. These transactions constituted 30.3 percent of the inter-dealer transactions in TRACE-eligible securities that the firm reported to TRACE during the review period. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 6230(c)(6).

TRACE Late Trade Reporting

In Market Regulation Review No. 20090189416, the staff conducted a review of the firm's compliance with FINRA Rule 6730 relating to late reporting of transactions to TRACE for the period January 1, 2009 through March 31, 2009.

10. During the review period, the firm failed to report to TRACE 1,057 transactions in TRACE-eligible securities within 15 minutes of the time of execution. These late transactions constituted 41.56 percent of the transactions in TRACE-eligible securities that the firm reported to TRACE during the review period using its market participant identifier, MPID, SALC. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6730 and a pattern or practice of late reporting without exceptional circumstances in violation of FINRA Rule 2010.

TRACE Execution Time Reporting

In Market Regulation Review No. 20090192362, the staff conducted a review of the firm's compliance with FINRA Rule 6730 relating to the accuracy of transactions reported to TRACE for the period January 1, 2009 through March 31, 2009.

11. During the review period, the firm failed to report to TRACE the correct time of trade execution for 108 transactions in TRACE-eligible securities. These inaccurate reports constituted 37.8 percent of the 286 inter-dealer transaction reports that the firm submitted to TRACE using its MPID, SALC, during the review period. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6730(c)(8).
12. During the review period, the firm failed to report to TRACE 75 transactions in TRACE-eligible securities within 15 minutes of the time of execution. These late transactions constituted 26.2 percent of the 286 matched inter-dealer transaction reports that the firm submitted to TRACE using its MPID, SALC, during the review period. The conduct described in this paragraph constitutes separate and distinct violations of FINRA

Rule 6730(a) and a pattern or practice of late reporting without exceptional circumstances in violation of FINRA Rule 2010.

Municipal Trade Reporting

In Market Regulation Review No. 20090193840, the staff conducted a review of the firm's compliance with MSRB Rule G-14 for the period April 1, 2009 through June 30, 2009.

13. In 167 instances, the firm improperly reported information to the Real-time Transaction Reporting System ("RTRS") that it was not required to report. Specifically, the firm improperly reported to the RTRS 167 allocations of block transactions effected in municipal securities to customer accounts, when it should have reported ten block transactions. The conduct described in this paragraph constitutes separate and distinct violations of MSRB Rule G-14.

Municipal Trade Reporting

In Market Regulation Review No. 20090205633, the staff conducted a review of the firm's compliance with MSRB Rule G-14 for the period July 1, 2009 through September 30, 2009.

14. The firm failed to report to RTRS eight block transactions within 15 minutes of the time of execution. These late transactions constituted 19.51 percent of the total number of block transactions that the firm reported to RTRS during the review period. The conduct described in this paragraph constitutes separate and distinct violations of MSRB Rule G-14.

2008 TMMS

In Trading and Market Making Surveillance Examination 20080124515, the staff conducted a review of the firm's trading and market making activities for trade dates January 9-10, 2008. A description of the areas reviewed by the staff is attached to this AWC as Exhibit D.

15. During the review period, the firm transmitted to OATS 13 reports that contained inaccurate, incomplete, or improperly formatted data. Specifically, in four instances the firm reported incorrect order entry times; in five instances, the firm failed to submit desk reports; in three instances, the firm failed to submit desk reports, execution reports, and failed to report correct order entry times; and in one instance the firm reported an incorrect share quantity. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 6955(a).

16. During the review period, the firm executed 11 short sale orders and failed to properly mark the orders as short. The conduct described in this paragraph constitutes separate and distinct violations of SEC Rule 200(g) of Regulation SHO.
17. For the month of December 2007, 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 contained inaccurate information because it included "not held" order execution information, which, by definition, is excluded from SEC Rule 605 of Regulation NMS order execution statistics. The conduct described in this paragraph constitutes separate and distinct violations of SEC Rule 605 of Regulation NMS.

2009 TMMS

In Trading and Market Making Surveillance Examination 20090170151, the staff conducted a review of the firm's trading and market making activities for trade dates August 12, 2009 through August 13, 2009. A description of the areas reviewed by the staff is attached to this AWC as Exhibit E.

18. For the month of July 2009, 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 contained inaccurate information because it included "child" order execution information. The report also included incorrect order size quantities. The conduct described in this paragraph constitutes separate and distinct violations of SEC Rule 605 of Regulation NMS.

B. The firm also consents to the imposition, at a maximum, of the following sanctions:

(1) A censure and fine of \$150,000, consisting of:

- \$10,000 for NASD Rules 2110, 2111(a) and 2320 in 20060060105;
- \$10,000 for NASD Rules 2110 and 2320 in 20070102842;
- \$10,000 for NASD Rules 2110 and 2320 in 20080135995;
- \$12,500 for NASD Rule 6955(a) in 20070077502;
- \$12,500 for NASD Rule 6955(a) in 20070099962;
- \$10,000 for NASD Rule 3360, and \$5,000 for NASD Rules 2110 and 3010 in 20060074926;
- \$5,000 for NASD Rule 6230(c)(6) in 20080163831;
- \$15,000 for FINRA Rules 2010 and 6730 in 20090189416 and 20090192362;
- \$10,000 for MSRB Rule G-14 in 20090193840;
- \$10,000 for MSRB Rule G-14 in 20090205633;
- \$5,000 for NASD Rule 6955(a), \$5,000 for SEC Rule 200(g) of Regulation SHO, and \$10,000 for SEC Rule 605 of Regulation NMS in 20080124515; and
- \$20,000 for SEC Rule 605 of Regulation NMS in 20090170151;

- (2) Restitution by Respondent to the customer accounts referenced on Exhibit A in the amount of \$1,528.72 (20060060105); Exhibit B in the amount of \$985.87 (20070102842); and Exhibit C in the amount of \$339.80 (20080135995), plus interest at the rate set forth in Section 6621(a) of the Internal Revenue Code, 26 U.S.C. 6621(a)(2), from the date of the violative conduct until the date this AWC is accepted by the National Adjudicatory Council ("NAC"). A registered principal of the firm shall submit satisfactory proof of payment of the restitution, or of reasonable and documented efforts undertaken to effect restitution, to the COMPLIANCE ASSISTANT, LEGAL SECTION, MARKET REGULATION DEPARTMENT, 9509 KBY WEST AVENUE, ROCKVILLE, MD 20850 or in an e-mail from a work-related account of the registered principal to MarketRegulationComp@finra.org, no later than 120 days after acceptance of this AWC. If for any reason, Respondent cannot locate any customer after reasonable and documented efforts within such period, or such additional period agreed to by the staff, Respondent shall forward any undistributed restitution and interest to the appropriate escheat, unclaimed-property or abandoned-property fund for the state in which the customer is known to have last resided; and
- (3) An undertaking to revise the firm's written supervisory procedures with respect to the areas described in Section I.A.8 above. Within 30 business days of acceptance of this AWC by the NAC, a registered principal of the Respondent 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 Section I.A.8 above; 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.

12/10/10
Date

Respondent
Sterne, Agee & Leach, Inc.

By: Patrick S. Dogan

Name: PATRICK S. DOGAN

Title: CHIEF COMPLIANCE OFFICER

Reviewed by:

William K. Holbrook
Attorney Name William K. Holbrook
Counsel for Respondent
Firm Name General Counsel
Address 500 Shades Creek Pkwy, Suite 700
City/State/Zip Bham, AL 35209
Phone Number 205-380-1765

Accepted by FINRA:

1/5/11
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

Sterne, AgEE & Leach, Inc. ("SALL")
2nd Quarter 2006 Market Order Timeliness Review

Exhibit A

Item No.	Firm MPID	Order Receipt Date	Order Receipt Time	Order to Buy/Sell	Order Size	Issue	Execution Time of Final Principal Leg	Total Order Duration	Restitution Amount
31	SALI	6/2/2006	15:14:23	S	500	ELOS	15:18:25	0:04:02	\$15.00
32	SALI	6/5/2006	9:37:52	S	1,000	LSCP	9:39:30	0:01:34	\$9.00
33	SALI	6/5/2006	9:37:59	S	2,500	LSCP	9:40:12	0:02:06	\$48.00
34	SALI	6/5/2006	9:38:13	S	400	LSCP	9:40:11	0:01:52	\$6.00
35	SALI	6/5/2006	9:38:39	S	4,000	LSCP	9:40:43	0:02:04	\$78.00
36	SALI	6/5/2006	9:44:02	S	1,000	LSCP	9:45:33	0:01:31	\$10.00
37	SALI	6/6/2006	14:54:05	S	1,000	ELOS	14:55:45	0:01:40	\$41.00
38	SALI	6/7/2006	11:37:19	B	580	ALLI	11:40:03	0:02:44	N/A
39	SALI	6/7/2006	13:40:27	B	1,300	ALLI	13:42:42	0:02:15	\$12.00
40	SALI	6/7/2006	10:31:31	B	1,500	HERO	10:33:15	0:01:44	\$178.00
41	SALI	6/8/2006	15:33:42	S	1,700	CKNN	15:35:27	0:01:45	\$45.00
42	SALI	6/8/2006	11:15:45	B	500	ELOS	11:17:42	0:01:57	\$26.00
43	SALI	6/8/2006	12:31:39	B	250	MATR	12:33:44	0:02:05	\$9.00
44	SALI	6/12/2006	15:47:09	B	400	RCII	15:50:10	0:03:01	N/A
45	SALI	6/12/2006	14:30:11	B	1,800	UBET	14:31:47	0:01:36	\$36.00
46	SALI	6/13/2006	11:02:31	S	300	HERO	11:05:00	0:02:26	\$16.00
47	SALI	6/13/2006	10:31:47	S	2,000	OMED	10:34:05	0:02:18	\$45.00
48	SALI	6/14/2006	10:39:49	B	200	RCII	10:42:51	0:03:01	N/A
49	SALI	6/15/2006	14:34:33	B	400	HURC	14:36:03	0:01:30	\$2.00
50	SALI	6/20/2006	14:47:26	S	1,000	ALLI	14:49:13	0:01:46	N/A
51	SALI	6/27/2006	13:07:01	B	950	MOVI	13:14:54	0:07:51	\$9.50
52	SALI	6/28/2006	9:46:42	B	1,500	BTFG	9:49:32	0:02:50	\$7.00
53	SALI	6/29/2006	11:52:37	S	2,000	CBSS	11:58:41	0:06:04	\$28.00
54	SALI	6/29/2006	14:37:08	S	2,000	HURC	14:39:35	0:02:27	\$186.00
55	SALI	6/30/2006	11:18:03	S	1,000	ABCB	11:29:45	0:31:42	\$120.00
Total Restitution Due:									\$1,528.72

Exhibit B

Exhibit B

[illegible]

20080135995

Sterne, Agee & Leach, Inc. ("SAL")
OTCBB Best Execution Review (Dealer-to-Dealer)
4th Quarter 2007

Exhibit C

Item No.	Trade Date	MPID	Capacity	Buy/Sell	Volume	Issue	Execution Price	Contra Firm	Contra Capacity	Execution Time	Report Time	Inside Bid @ Execution	Inside Ask @ Execution	Restitution Due
1	10/17/2007	SAL	P	S	2600	DRUG	0.62	DEAN	A	13:22:18	13:22:16	0.601	0.61	\$28.00
2	10/24/2007	SAL	P	S	2000	SPBU	0.635	MSCO	A	12:04:03	12:04:03	0.671	0.68	\$10.00
3	10/25/2007	SAL	P	B	4000	PFTI	0.42	OPCO	A	13:38:18	13:38:18	0.43	0.438	\$40.00
4	10/31/2007	SAL	P	S	2000	ALNG	0.92	MSCO	A	12:08:38	12:08:38	0.83	0.86	\$26.00
5	11/12/2007	SAL	P	B	200	RBCF	2.65000	MAXM	A	13:08:55	13:08:55	2.89000	2.94000	\$30.00
6	11/14/2007	SAL	P	B	500	SHNL	6.80000	RAJA	A	15:01:19	15:01:19	6.55000	6.70000	\$28.00
7	11/19/2007	SAL	P	S	1000	LEMO	6.80000	MSCO	A	14:20:04	14:20:04	6.30000	6.40000	\$30.00
8	11/27/2007	SAL	P	B	146	LEMO	18.00000	MSCO	A	15:10:25	15:10:25	18.05000	18.20000	\$7.30
9	11/29/2007	SAL	P	S	500	NROM	2.21000	HLTN	A	09:30:53	09:30:53	2.11000	2.12000	\$45.00
10	12/11/2007	SAL	P	B	5	CZBS	9.00000	MOKE	A	10:28:01	10:28:01	9.01000	9.70000	\$20.00
11	12/11/2007	SAL	P	S	1000	SHMT	9.00000	MSCO	A	14:58:36	14:58:35	8.70000	8.80000	\$10.00
12	12/11/2007	SAL	P	S	500	SHMT	9.00000	MSCO	A	14:58:58	14:58:58	8.70000	8.80000	\$10.00
13	12/11/2007	SAL	P	S	500	SHMT	9.00000	MSCO	A	14:59:01	14:59:01	8.70000	8.80000	\$10.00
14	12/11/2007	SAL	P	S	500	SHMT	9.00000	MSCO	A	14:59:04	14:59:04	8.70000	8.80000	\$10.00
15	12/13/2007	SAL	P	S	1000	SHMT	9.00000	MSCO	A	15:32:32	15:32:32	8.70000	8.90000	\$10.00
16	12/13/2007	SAL	P	S	1000	SHMT	9.00000	MSCO	A	15:32:32	15:32:32	8.70000	8.90000	\$10.00
17	12/27/2007	SAL	P	B	1500	GXYF	23.000	BARO	A	10:00:01	10:00:01	25.500	28.000	\$7.50
18	12/31/2007	SAL	P	S	2600	TAMG	3.4000	OPCO	A	11:48:41	11:48:41	3.2000	3.3000	\$25.00
Total Restitution Due														\$339.80

* While the staff found that this item was executed outside the inside market and was a BE violation, the found that the restitution due for this item was below \$1.00, therefore the staff did not include this item in its restitution calculation.

2008 Market Regulation Examination Samples
 Sterne, Agee and Leach, Inc. ("SALI")
 Exam No. 20080124515
 Sample Source/Period*: January 9 and 10, 2008

Exhibit D

<u>Sample</u>	<u>Sample Description</u>
<u>Size</u>	
19	Sales reviewed for compliance with SEC Rule 200(g) long/short sale recording requirements
14	Short Sales reviewed for compliance with SEC Rule 203(b) security location requirements
310	Trades reported to a TRF or OTCTRF for compliance with NASD Rule 6130
277	for general trade reporting requirements
	1 for Cancellation of reported trade requirements
	254 for Principal, Riskless Principal, or Agency executions effected otherwise than on an exchange
	0 for compliance with the use of the .PRP (Prior Reference Price) trade modifier
	22 for compliance with the requirements of odd-lot trade reporting
	0 for compliance with the use of the .RA trade modifier (prices away from the market)
	0 for compliance with the use of the .RX trade modifier (exercise OTC options contract)
	0 for compliance with SEC '34 Act Section 28(e) guidelines relating to Soft Dollar Agreements
33	for Sale Indicator requirements
0	Disclosures to customers relating to trading in the Extended Hours session for compliance with Nasdaq Rule 4631
13	Orders entered into Nasdaq Exchange execution systems for compliance with Nasdaq Rules 4755 and 2110
0	Limit orders for NMS securities in which the member acts as an exchange market maker for compliance with the display requirements of SEC Rules 602 and 604 and Nasdaq Rule 3390
20	Orders for compliance with best execution requirements of NASD Rule 2320
	0 Orders executed as principal for compliance NASD Rule 2320 and with the order protection requirements of NASD Rules 2110, IM-2110-2, 2111, 6541 and Nasdaq Rules 2110, IM-2110-2, and 2111
	10 'Not Held' orders for compliance with NASD Rule 2320 and Nasdaq Rule 2320 best execution requirements
	10 Customer orders in OTC equity securities for compliance with NASD Rules 2320 and 3110(b) requirements to ascertain and document best interdealer market related to execution of orders
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
0	Order memoranda and Net Trading agreements for compliance with NASD Rule 2441 requirements
50	Orders in securities required to be submitted to OATS for compliance with NASD Rules 6954 and 6955 and Nasdaq Rules 6954 and 6955 requirements
6	Customer confirmations prepared and maintained in connection with select samples
6	for compliance with SEC Rule 10b-10 disclosure requirements
0	for compliance with SEC '34 Act Section 28(e) guidelines relating to Soft Dollar Agreements

2008 Market Regulation Examination Samples
 Sterne, Agee and Leach, Inc. ("SAL")

Exhibit D

Exam No. 20080124515

Sample Source/Period*: January 9 and 10, 2008

<u>Sample Size</u>	<u>Sample Description</u>
25	Orders for NMS securities in which the Firm acts as a market center for compliance with SEC Rule 605 order classification requirements
5	Data sets published for the December 2007 monthly order execution report for compliance with SEC Rule 605 requirement to publish accurate data (a 'data set' encompasses all required statistical data for single security and order type/size category as described in SEC Rule 605)
28	Orders underlying data sets reviewed for December 2007 for NMS securities in which the Firm acts as a market center for compliance with SEC Rule 605 order classification requirements
1	Quarterly Routing Report for the quarter ending June 2008 to ensure compliance with SEC Rule 606 requirements
10	CRD registration records for persons conducting and/or supervising Firm's trading and/or market making activities for compliance with NASD Rule Series 1020, 1030, 1040 and Nasdaq Rule Series 1020, 1030, 1040
All Provided	Member's "Regular & Rigorous" review procedures regarding order execution quality for compliance with NASD Rules 2320 and 3010
All Provided	Member's supervisory system, written supervisory procedures ("WSPs") and documentation evidencing execution of the WSPs for compliance with NASD Rule 3010 requirements
All Provided	Member's supervisory and operational policies and procedures and documentation evidencing execution of the policies and procedures for compliance with SEC Regulation NMS Rules 610, 611, and 612
205	Records prepared and maintained in connection with the above samples for compliance with SEC Rules 17a-3 and 17a-4 and NASD Rule 3110

2009 Market Regulation Examination Samples
Sterne, Agee Leach, Inc. ("SALI")
Exam No. 20090170151
Review Period*: August 12, 2009 - August 13, 2009

<u>Sample Size</u>	<u>Sample Description</u>
72	Sales reviewed for compliance with SEC Rule 200(g) long/short sale recording requirements
1	Short Sales reviewed for compliance with SEC Rule 203(b) security location requirements
0	Sales reviewed for compliance with SEC Rule 204 fail-to-deliver requirements
62	Sell trades reported to a TRF or OTCRF for compliance with sale indicator requirements, FINRA Rules 6182 or 6624
19	Sell orders entered into Nasdaq Exchange execution system for compliance with Nasdaq Rule 4755(a)(1)(A) long/short reporting requirements
19	Buy and Sell orders entered into Nasdaq Exchange execution system for compliance with Nasdaq Rule 4611 capacity reporting requirements
0	Sell orders entered into BATS Exchange execution system for compliance with BATS Rule 11.19 long/short reporting requirements
0	Limit orders for NMS securities in which the member acts as an exchange market maker for compliance with the display requirements of SEC Rules 602 and 604, and Nasdaq Rule 3390
22	Orders for compliance with best execution requirements of NASD Rule 2320 0 Held orders from the Held Order Protection Review 12 Not Held orders from the Not Held Order Review 0 Order executed with a PRP (Prior Reference Price) trade modifier 10 Customer orders in OTC equity securities for compliance with NASD Rule 3110(b) requirements to ascertain and document best interdealer market related to execution of orders
65	Orders for compliance with order protection requirements of NASD Rules 2110, IM-2110-2, 2111, and Nasdaq Rules 2110, IM-2110-2, and 2111
2	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
0	Order memoranda and Net Trading agreements for compliance with NASD Rule 2441 requirements
52	Orders in securities required to be submitted to OATS for compliance with FINRA Rules 7440 and 7450, and Nasdaq Rules 6954 and 6955 requirements
9	Customer confirmations prepared and maintained in connection with select samples for compliance with SEC Rule 10b-10

2009 Market Regulation Examination Samples

Sterne, Agee Leach, Inc. ("SALI")

Exam No. 20090170151

Review Period*: August 12, 2009 - August 13, 2009

<u>Sample Size</u>	<u>Sample Description</u>
25	Orders for NMS securities in which the Firm acts as a market center for compliance with SEC Rule 605 order classification requirements
6	Data sets published for July 2009 monthly order execution report for compliance with SEC Rule 605 requirement to publish accurate data (a 'data set' encompasses all required statistical data for single security and order type/size category as described in SEC Rule 605)
3Q '09	Quarterly Routing Report for compliance with SEC Rule 606 requirements
13	CRD registration records for persons conducting and/or supervising Firm's trading and/or market making activities for compliance with NASD Rule Series 1020, 1030, 1040; Nasdaq Rule Series 1020, 1030, 1040; and BATS Rule 11.4
10	Customer orders in OTC equity securities for compliance with NASD Rule 3110(b) requirements to ascertain and document best interdealer market related to execution of orders
1	Disclosures to customers relating to trading in the Extended Hours session for compliance with FINRA Rule 2265 and Nasdaq Rule 4631
197	Records prepared and maintained in connection with the above samples for compliance with SEC Rules 17a-3 and 17a-4, and NASD Rule 3110
650	Trades reported to a TRF or OTCRF for compliance with FINRA Rules 6380A and 7230A or 6622 and 7330
All Provided	Member's "Regular & Rigorous" review procedures regarding order execution quality for compliance with NASD Rules 2320 and 3010
All Provided	Member's supervisory and operational policies and procedures and documentation evidencing execution of the policies and procedures for compliance with SEC Regulation NMS Rule 611
All Provided	Member's supervisory system, written supervisory procedures ("WSPs") and documentation evidencing execution of the WSPs for compliance with NASD Rule 3010, Nasdaq Rule 3010, or BATS Rule 5.1 requirements

* unless otherwise noted

2009 Version 2.0 - September 1, 2009