

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20060066657-01**

REGISTRATION & DISCLOSURE

2009 APR 28 A 6:49

RECEIVED

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

RE: BNP Paribas Securities Corp., Respondent
Broker-Dealer
CRD No. 15794

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, BNP Paribas Securities Corp. (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 became a member of FINRA on December 27, 1984. The firm's registration remains in effect.

RELEVANT DISCIPLINARY HISTORY

The firm has no relevant disciplinary history.

SUMMARY

TRACE Reporting Matters

20060066657 and 20080136002

In connection with these two matters, the staff of the Market Regulation Department (the "staff") reviewed the firm's compliance with NASD Rule 6230 during the review periods July 1 through September 30, 2006 and January 1 through March 31, 2008 (the "TRACE review period").

Equity Trade Reporting Matters

20070082869

In connection with this matter, the staff reviewed the firm's compliance with NASD Rules 4632 and 6130 during the review period September 1 through December 31, 2006.

20080130810

In connection with this matter, the staff reviewed the firm's compliance with NASD Rule 4632 during the review period May 1 through August 31, 2007.

20080132385

In connection with this matter, the staff reviewed the firm's disclosure that it failed to report last sale reports to the NASD/Nasdaq Trade Reporting Facility ("TRF") during the review period February 2002 through August 2007.

20080119694 and 20080139148

In connection with these two matters, the staff reviewed the firm's compliance with NASD Rule 6130(g) during the review periods January 1 through April 30, 2007, and January 1 through April 30, 2008.

FACTS AND VIOLATIVE CONDUCT

TRACE Reporting Matters

20060066657

1. The firm failed to report to TRACE 101 transactions in TRACE-eligible securities within 15 minutes of the time of execution. These late transactions constituted 6.8 percent of all transactions in TRACE-eligible securities that the firm was required to report to TRACE during the applicable review

period. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 6230(a) and a pattern or practice of late reporting without exceptional circumstances in violation of NASD Rule 2110.

2. The firm reported to TRACE eight transactions in TRACE-eligible securities that it was not required to report. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 6230.

20080136002

3. The firm failed to report to TRACE 457 transactions in TRACE-eligible securities within 15 minutes of the time of execution. These late transactions constituted 4.5 percent of all transactions in TRACE-eligible securities that the firm was required to report to TRACE during the applicable review period. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 6230(a) and a pattern or practice of late reporting without exceptional circumstances in violation of NASD Rule 2110.

Equity Trade Reporting Matters

20070082869

4. The firm incorrectly designated as “.ST” to the NASD/Nasdaq Trade Reporting Facility (“TRF”) 79 last sale reports of transactions in designated securities based on Exchange for Physical transactions. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 4632(a)(4).

20080130810

5. The firm failed, within 90 seconds after execution, to transmit to the TRF 478 last sale reports of transactions in designated securities. These transactions constitute 19 percent of the transactions reviewed that the firm was required to report to the TRF during the applicable review period. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 4632(a) and a pattern or practice of late reporting without exceptional circumstances in violation of NASD Rule 2110.
6. The firm transmitted to the TRF 422 last sale reports of transactions in designated securities and failed to designate through the TRF such last sale reports as reflecting the trades occurred at a price based on an average weighting or another special pricing formula. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 4632(a)(5)(E).
7. From May 1 through July 31, 2007, 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 trade reporting equity securities pursuant NASD Rule 4632(a). 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); and (3) 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.

20080132385

8. The firm failed to report to the TRF 30,299 last sale reports of transactions in designated securities. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 4632(b).
9. 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 equity trade reporting, including reporting of the firm's Guaranteed Volume Weighted Average Price ("GVWAP") transactions. 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.

20080119694 (20080139148)

10. The firm failed to report by 6:30 p.m. Eastern Time 755 transactions that are assessed a regulatory transaction fee under Section 3 of Schedule A to the NASD By-Laws. The conduct described in this paragraph constitutes separate and distinct violations of NASD Marketplace Rule 6130(g).
11. 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 trades that were required to be reported by 6:30 p.m. under NASD Marketplace Rule 6130(g). 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 rule; (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 Conduct Rules 2110 and 3010.

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

- A censure.
- A \$70,000 fine (consisting of \$15,000 for violations of NASD Rule 6230 (\$7,500 in 20060066657 and \$7,500 in 20080136002), \$30,000 for violations of NASD Rule 4632 (\$5,000 in 20070082869, \$5,000 in 20080130810, and \$20,000 in 20080132385), \$10,000 for violations of NASD Rule 6130 (20080119694(20080139148)), and \$15,000 for violations of NASD Rules 2110 and 3010 (\$5,000 in 20080130810, \$5,000 in 20080132385, and \$5,000 in 20080119694(20080139148))).
- An undertaking to revise the firm's written supervisory procedures with respect to the areas described above in connection with matters 20080132385 and 20080119694. 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, or in an e-mail from a work-related account of the registered principal to MarketRegulationComp@finra.org, a signed, dated letter, 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 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 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 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.

March 23, 2009
Date Saron Barnum

Respondent
BNP Paribas Securities Corp.
By: Robert W. Hawley
Name: Robert W. Hawley
Title: President

Reviewed by:

Attorney Name
Counsel for Respondent

Accepted by FINRA:

4/23/09
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