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REGISTRATION & DISCLOSURE

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20070095217**

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

RE: SG Americas Securities, LLC, Respondent
CRD #128351

Pursuant to NASD Rule 9216 of FINRA Code of Procedure, SG Americas Securities, LLC (the "Firm" or "Respondent") 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

SG Americas Securities, LLC ("SG Americas" or the "Firm"), a Delaware limited liability company, is a broker-dealer and member of the New York Stock Exchange ("NYSE") and the National Association of Securities Dealers (n/k/a FINRA). The Firm is, and was at all relevant times discussed herein, an indirect, wholly owned U.S. subsidiary of Societe Generale, S.A. ("SG"), an international bank headquartered in Paris. The Firm currently employs approximately 600 people in its New York City main office and four branch offices.

During the period April 2004 through October 2005 (the "relevant period") SG wholly owned both foreign and U.S. broker-dealers. SG Cowen & Co. ("SG Cowen") was an indirectly, wholly owned U.S. broker-dealer subsidiary of SG, a member of the NYSE and NASD, and a member affiliate of the Firm during the relevant period. During the relevant period, SG Paris Securities ("SG Paris") was also an indirectly wholly owned subsidiary of SG. SG and SG Paris were both broker-dealer non-member foreign affiliates of the Firm during the relevant period. At no time discussed herein did the Firm control SG, SG Paris or SG Cowen.

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OVERVIEW

During the relevant period, the Firm distributed to its U.S. institutional customers research reports and research notes/updates prepared by its non-member foreign affiliates SG and SG Paris. Approximately 60 research reports and 600 research notes/updates covering the pharmaceutical, technology and healthcare sectors that had been prepared by SG and SG Paris displayed the logo of SG Cowen, the Firm's U.S. member affiliate (the "Sector Reports"). No research analyst from SG Cowen contributed to the Sector Reports. The Firm made these reports available to its U.S. institutional customers without determining whether certain disclosures were required, and none of these reports had been subjected to the requisite review by a qualified individual prior to distribution to U.S. customers. In addition, by displaying the SG Cowen logo the Sector Reports inaccurately represented that SG Cowen, the Firm's U.S. member affiliate had produced them. Further, the Firm failed to detect and correct the inaccurate representation as to the source of these research reports in a timely manner and failed to establish, maintain and enforce a supervisory system reasonably designed to reasonably ensure compliance with NASD disclosure and communication rules.

FACTS

Research Distributed Without Requisite Disclosures

SG and SG Paris had a single research management and supervisory structure called Pan-European Research that was based solely in Europe.¹ There was no overlap in management or production of research between Pan-European Research and SG Cowen research.

During the relevant period, the Firm distributed to its U.S. institutional customers the Pan-European Research produced by its non-member foreign affiliates.² In order to do

¹ Pan-European Research produced approximately 600 equity research reports and approximately 4,500 research notes/updates during the relevant period.

² The Firm erroneously believed that Rule 15a-6(a)(2) of the Securities Exchange Act of 1934 (the "Exchange Act") permitted the distribution of this research produced by its non-member foreign affiliate to its U.S. institutional customers. Rule 15a-6(a)(2) of the Exchange Act was adopted by the Securities and Exchange Commission (the "Commission") in 1989 and, in general, provides for an exemption from certain registration requirements of the Exchange Act in order to facilitate limited contacts between foreign broker-dealers and entities physically located in the U.S. (typically the institutional customers of affiliated U.S. broker-dealers). Specifically, the rule provides an exemption, provided certain conditions are met, from registration for a foreign broker-dealer that furnishes research reports to major U.S. institutional investors (either directly, or indirectly pursuant to a relationship with a registered U.S. broker-dealer), and for which the U.S. broker-dealer effects transactions in the securities discussed in the research reports with or for those major U.S. institutional investors. Notwithstanding its purported reliance on Rule 15a-6 to make the Pan-European research available to its U.S. institutional clients, the Firm was still required to affix the disclosures discussed herein to these reports. The applicability of these disclosure requirements to research produced by a non-member affiliate foreign broker-dealer was reiterated in NASD Notice to Members 02-39 (July 2002).

so, the Firm identified its U.S. institutional customers seeking Pan-European Research to SG. SG sent the research reports directly to the identified Firm customers and also made them available to these customers via the SG research website. In some instances, the Pan-European Research was also redistributed from the Firm's European Equities Desk to its U.S. institutional customers.

The Pan-European Research reports were the product of a third-party foreign non-member broker-dealer and therefore, a U.S. broker-dealer that distributed them to any U.S. customer was required to affix certain disclosures to them.

The sections of NASD Rule 2711 set forth below include the items of disclosure that a U.S. broker-dealer member must include when it distributes to U.S. customers research produced by a non-member affiliate foreign broker-dealer:

- the member's and its affiliates' ownership, if any, of the subject company's securities (NASD Rule 2711(h)(1)(B));
- if the member or its affiliates managed or co-managed a public offering of the subject's securities in the past 12 months, received compensation for investment banking services from the subject company in the past 12 months or expects to receive or intends to seek compensation for investment banking services from the subject company in the next three months (NASD Rule 2711(h)(2)(A)(ii));
- if the member was making a market in the subject company's securities at the time of the research report was published (NASD Rule 2711(h)(8)); and
- any other actual, material conflict of interest of the member known at the time of the distribution of the research report (NASD Rule 2711(h)(1)(C)).

The disclosures included on the Pan-European Research provided to U.S. Institutional customers of the Firm varied and some contained information regarding foreign affiliates. However, the Firm failed to include any requisite disclosures with respect to itself on any of the Pan-European research it distributed to its U.S. institutional customers.

The Firm failed to establish and implement procedures reasonably designed to determine which, if any, disclosures prescribed by NASD Rule 2711 would be applicable to each report and failed to ensure that such disclosures were affixed to the reports.

The Sector Research Reports

Included in the universe of Pan-European research reports which the Firm distributed to its U.S. institutional customers during the relevant period were approximately 60 research reports and 600 research notes/updates covering the pharmaceutical, technology and health care sectors. The name "SG Cowen" or "SG Cowen Securities" appeared in

various locations on the cover page of each Sector Report, inaccurately indicating they had been prepared by the Firm's U.S. member affiliate. These Sector Reports were instead exclusively produced by the Firm's foreign non-member affiliates. The Firm became aware in late 2004 that certain of the Pan-European research reports it was distributing to its US institutional customers were mislabeled as to the source, but continued to have these reports sent to their US institutional customers until October 2005.

Due to this practice, the Firm failed to comply with the requirements of NASD Rule 2211(d)(1) which states that all institutional sales material is subject to the content standards of NASD Rule 2210(d)(1) which, in turn, requires, in pertinent part, that no member may publish or distribute any public communication that the member knows, or has reason to know, is false or misleading.

The Firm also lacked procedures reasonably designed to ensure that the content of the reports were in compliance with NASD Rules 2210 and 2211. As a result, the Firm failed to detect for at least six months the fact that the SG Cowen logo was displayed on Pan-European research reports it distributed to its US institutional customers. Additionally, the Firm then failed to cease the practice of distributing the Sector Research for approximately one year after becoming aware that they were mislabeled as to their source.

Research Not Approved by Qualified Individual

During the relevant period, the Firm made the Pan-European research reports available to its U.S. institutional customers without the review of a qualified individual as required under NASD Rules 2711 and 2211(b)(1)(B). The latter rule requires, in pertinent part, that a member firm establish written procedures for the review by a registered principal of institutional sales material used by the member.

VIOLATIVE CONDUCT BY RESPONDENT

1. The Firm violated NASD Rules 2211(d)(1) and 2210(d)(1) by distributing to its U.S. institutional customers research reports that contained inaccurate or misleading information as to the source of the research reports.
2. The Firm violated NASD Rules 2711, 2211(B)(1)(b) and 2110 by distributing to its U.S. institutional customers research reports produced by a non-member affiliate foreign broker-dealer, which reports had not been reviewed by a qualified individual;
3. The Firm violated NASD Rules 3010 and 2110 in that the Firm failed to establish, maintain and enforce written procedures to supervise the

distribution to its U.S. institutional customers of research reports produced by a non-member affiliate foreign broker-dealer, which procedures were reasonably designed to achieve compliance with applicable NASD rules. As a result:

- a. the Firm failed to identify and include required research disclosures;
- b. the reports were inaccurate or misleading as to their source; and
- c. the reports were distributed to its U.S. institutional customers without the required review of a qualified individual.

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

- a. Censure; and
- b. Fine in the amount of \$175,000.

The Firm agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. The Firm 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 the FINRA 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 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 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 my right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

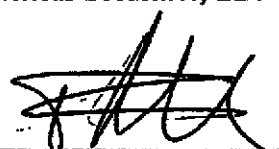
- D. The Firm may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. The Firm understands that it may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does 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 understand all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that it has agreed to its 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 me to submit it.

SG Americas Securities, LLC

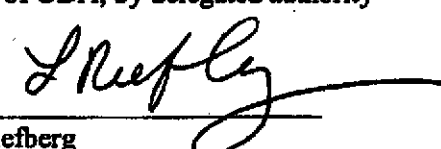
Date: 3/20/2008

Accepted by FINRA:

By: 

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

Date: 3/26/08


Linda Riefberg
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ELECTION OF PAYMENT FORM