

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20070096916-01**

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

RE: Goldman Sachs Execution & Clearing, L.P., Respondent
Broker-Dealer
CRD No. 3466

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Goldman Sachs Execution & Clearing, L.P. (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 in 1948, and its registration remains in effect. The firm has the following relevant disciplinary history.

- In November 2007, FINRA accepted the firm's AWC (20060068246) in which it agreed to a censure and a fine of \$15,000 for violations of the Rules for the Order Audit Trail System ("OATS") in October 2006.
- In October 2006, FINRA accepted the firm's AWC (20050023633) in which it agreed to a censure and a fine of \$12,500 for OATS violations in August 2005.
- In August 2006, FINRA accepted the firm's AWC (20050006507) in which it agreed to a censure and a fine of \$15,000 for OATS violations from October 1 to December 31, 2004.

- In August 2006, FINRA accepted the firm's AWC (20050000886) in which it agreed to a censure and a fine of \$17,500, \$10,000 of which was for OATS violations from January 1 to March 31, 2005.

SUMMARY

This matter is the result of three reviews conducted by the Department of Market Regulation. Review No. 20070096916 addressed the firm's compliance with rules relating to the Order Audit Trail System (OATS) from October 1, 2006 to January 16, 2008. Review Nos. 20080122742 and 20080145844 addressed the firm's compliance with NASD Rule 2320 relating to the best execution of customer orders for the periods October 1 to December 31, 2006, and January 1 to June 30, 2007, respectively.

FACTS AND VIOLATIVE CONDUCT

20070096916

1. From October 1, 2006 to January 16, 2008, the firm failed to report the correct sell code and share quantity to OATS for 330,554 sell orders using MPID SLGO. The 330,554 violations constituted approximately 17 percent of all sell orders (1,898,970) the firm reported to OATS using MPID SLGO during such period. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 6955(a).

20080122742 and 20080145844

2. From October 1, 2006 to June 30, 2007, in 90 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 attached Exhibit A. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rules 2110 and 2320.

20080145844

3. From January 1 to June 30, 2007, the firm failed to show the correct customer account number on the memorandum of 16 brokerage orders. The conduct described in this paragraph constitutes separate and distinct violations of SEC Rule 17a-3 and NASD Rule 3110.

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

A censure, a fine of \$40,000, and restitution by the firm to the investors listed on attached Exhibit A, in the total amount of \$261.65, 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 KEY 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.

The firm agrees to pay the monetary sanctions upon notice that this AWC has been accepted and that such payments are 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 sanctions 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.

2/12/10

Date

Respondent

Goldman Sachs Execution & Clearing, L.P.

By: Steven A. Wolf

Name: Steven A. Wolf

Title: V.P. of SLK, LLC (General Partner
of GSEL)

Reviewed by:

Christina A. Hendry
Counsel for Respondent

Accepted by FINRA:

3/15/10
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

Goldman Sachs Execution & Clearing, LP
Best Execution Review
October 1, 2006 to June 30, 2007

Incident No.	Date	NPID	B/S/X	Volume	SECID	Price	Contra ID	Report Time	Execution Time	Modifier	Inside Bid at Execution	Inside Ask at Execution	Restitution
1	12/11/2006	SILK	S	100	NYX	100.43	SGMA	14:53:48	14:53:48			100.42	\$1.00
2	12/11/2006	SILK	S	100	NYX	100.43	SGMA	14:53:48	14:53:48			100.42	\$1.00
3	12/12/2006	SILK	S	100	GS	201.4	SGMA	14:19:10	14:19:10			201.28	\$12.00
4	12/12/2006	SILK	S	*100	GS	201.4	SGMA	14:19:10	14:19:10			201.28	\$12.00
5	12/18/2006	SILK	S	100	NYX	99.11	SGMA	11:30:07	11:30:06			99.1	\$1.00
6	12/18/2006	SILK	S	100	NYX	99.74	SGMA	11:36:50	11:36:50			99.71	\$3.00
7	12/18/2006	SILK	S	100	NYX	100.88	SGMA	12:29:30	12:29:29			100.85	\$3.00
8	12/18/2006	SILK	S	100	NYX	100.88	SGMA	12:29:30	12:29:29			100.85	\$3.00
9	12/18/2006	SILK	S	100	NYX	101.95	SGMA	12:40:04	12:40:04			101.9	\$5.00
10	12/19/2006	SILK	S	100	NYX	101.97	SGMA	13:00:21	13:00:20			101.91	\$6.00
11	12/27/2006	SILK	S	100	LM	95.31	SGMA	14:15:52	14:15:52			95.29	\$2.00
12	12/28/2006	SILK	S	100	RAH	51.56	SGMA	10:54:15	10:54:14			51.54	\$2.00
13	12/28/2006	SILK	B	4	SBH	7.77	SGMA	11:27:56	11:27:55		7.78		\$0.04
14	12/28/2006	SILK	B	4	SBH	7.84	SGMA	11:47:08	11:47:08		7.85		\$0.04
15	12/28/2006	SILK	B	1	SBH	7.84	SGMA	11:47:26	11:47:25		7.85		\$0.01
16	12/28/2006	SILK	B	1	SJM	49.01	SGMA	15:36:45	15:36:45		49.04		\$0.03
17	12/28/2006	SILK	B	95	SNV	30.93	SGMA	12:22:46	12:22:46		30.94		\$0.95
18	12/28/2006	SILK	S	100	SPY	142.19	SGMA	11:15:35	11:15:35			142.16	\$3.00
19	12/28/2006	SILK	B	98	SYK	55.29	SGMA	12:58:56	12:58:55		55.31		\$1.96
20	12/28/2006	SILK	B	22	TKR	29.89	SGMA	12:18:12	12:18:11		29.9		\$0.22
21	12/28/2006	SILK	B	5	TKR	29.89	SGMA	12:24:33	12:24:32		29.9		\$0.05
22	12/28/2006	SILK	B	5	TKR	29.89	SGMA	12:43:04	12:43:04		29.9		\$0.05
23	12/28/2006	SILK	B	3	TMK	64	SGMA	11:42:12	11:42:11		64.01		\$0.03
24	12/28/2006	SILK	B	10	TTC	47.52	SGMA	12:54:08	12:54:08		47.53		\$0.10
25	12/28/2006	SILK	B	25	TTC	47.62	SGMA	13:35:00	13:34:59		47.63		\$0.25
26	12/28/2006	SILK	B	1	TTC	47.63	SGMA	14:10:53	14:10:53		47.64		\$0.01
27	12/28/2006	SILK	B	1	TTC	47.52	SGMA	15:00:58	15:00:57		47.53		\$0.01
28	12/28/2006	SILK	B	49	WMG	23.59	SGMA	12:01:44	12:01:43		23.6		\$0.49
29	12/28/2006	SILK	B	2	WRI	46.28	SGMA	13:46:06	13:46:06		46.29		\$0.02
30	12/28/2006	SILK	B	2	WRI	46.28	SGMA	13:46:29	13:46:28		46.29		\$0.02
31	12/29/2006	SILK	B	40	D	83.96	SGMA	12:55:32	12:55:32		83.98		\$0.80
32	12/29/2006	SILK	B	2	DDR	63.13	SGMA	10:26:58	10:26:58		63.15		\$0.04
33	12/29/2006	SILK	B	1	FL	21.77	SGMA	11:02:14	11:02:13		21.78		\$0.01
34	12/29/2006	SILK	B	1	FL	21.97	SGMA	14:11:55	14:11:55		21.98		\$0.01
35	12/29/2006	SILK	B	3	FRT	84.49	SGMA	10:33:48	10:33:48		84.52		\$0.09
36	12/29/2006	SILK	S	100	HPT	47.7	SGMA	13:51:39	13:51:38			47.69	\$1.00
37	12/29/2006	SILK	S	100	LEN	52.49	SGMA	13:00:19	13:00:18			52.47	\$2.00
38	12/29/2006	SILK	B	18	LTD	29.2	SGMA	14:21:34	14:21:33		29.21		\$0.18
39	12/29/2006	SILK	S	100	MNT	48.55						54	\$1.00
40	12/29/2006	SILK	B	5	PSA	97.79	SGMA	12:55:35	12:55:34		97.8		\$0.05
41	12/29/2006	SILK	B	1	ROH	51.28	SGMA	14:15:00	14:14:59		51.29		\$0.01
42	12/29/2006	SILK	B	2	TTC	47.42	SGMA	13:10:08	13:10:08		47.43		\$0.02
43	12/29/2006	SILK	B	61	WYE	50.99	SGMA	12:55:30	12:55:29		51		\$0.61
44	1/4/2007	SILK	S	100	FUL	26.42	SGMA	11:28:57	11:28:57			26.41	\$1.00
45	1/5/2007	SILK	S	100	MNT	50.41	SGMA	11:56:23	11:56:23			50.4	\$3.00
46	1/5/2007	SGMA	X	1000	SPY	140.68	SGMA	15:08:00	15:08:00		140.69		\$10.00
47	1/8/2007	SILK	S	200	BIG	23.15	SGMA	10:49:05	10:49:05			23.13	\$4.00
48	1/8/2007	SILK	S	100	FLR	77.34	SGMA	12:33:22	12:33:22			77.33	\$1.00
49	1/10/2007	SILK	S	100	LI	29.58	SGMA	13:18:32	13:18:32			29.57	\$1.00
50	1/11/2007	SGMA	X	100	IWM	78.12	SGMA	14:56:59	14:56:59			78.11	\$1.00
51	1/12/2007	SILK	S	100	ECL	44.91	SGMA	12:57:36	12:57:36			44.9	\$1.00
52	1/12/2007	SGMA	X	100	QIH	129.71	SGMA	15:16:46	15:16:46		129.76		\$5.00
53	1/16/2007	SGMA	X	100	SMH	34.74	SGMA	13:05:31	13:05:31		34.75		\$1.00
54	1/17/2007	SILK	S	100	COF	76.94	SGMA	13:55:47	13:55:47			76.92	\$2.00
55	1/17/2007	SGMA	X	100	EEM	112.16	SGMA	9:55:27	9:55:27		112.17		\$1.00
56	1/22/2007	SILK	S	100	AW	12.77	SGMA	13:28:28	13:28:28			12.76	\$1.00
57	1/25/2007	SGMA	X	100	AAI	11	SGMA	9:45:32	9:45:32		11.01		\$1.00
58	1/25/2007	FOCC	S	100	AV	12.94	SGMA	11:39:31	11:39:31			12.93	\$1.00
59	1/25/2007	SGMA	X	600	SMH	33.71	SGMA	12:06:26	12:06:26		33.72		\$6.00
60	1/26/2007	SGMA	X	1000	IWM	78.15	SGMA	15:57:26	15:57:26		78.17		\$10.00
61	1/26/2007	SGMA	X	100	QIH	132.91	SGMA	15:40:34	15:40:33		132.96		\$5.00
62	1/29/2007	SILK	S	200	FUL	24.66	SGMA	12:11:55	12:11:55			24.63	\$6.00
63	1/31/2007	SILK	S	185	ALY	17.98	SGMA	13:20:13	13:20:13			17.89	\$16.65
64	2/2/2007	SGMA	X	400	SMH	34.39	SGMA	14:11:55	14:11:55		34.4		\$4.00

FINRA Matter Numbers
20080122742 and 20080145844

Goldman Sachs Execution & Clearing, LP
Best Execution Review
October 1, 2006 to June 30, 2007

65	2/8/2007	SLGO	S	1000	SMH	34.39	SGMA	14:51:25	14:51:25			34.38	\$10.00
66	2/9/2007	FOCC	S	100	AGN	114.18	SGMA	14:38:17	14:38:17			114.17	\$1.00
67	2/13/2007	SGMA	X	100	DIA	126.6	SGMA	15:43:48	15:43:48		126.61		\$1.00
68	2/14/2007	SGMA	X	400	QIH	138.59	SGMA	15:54:12	15:54:12		138.6		\$4.00
69	2/15/2007	SGMA	X	100	WY	81.98	SGMA	12:47:30	12:47:29		81.99		\$1.00
70	3/1/2007	SGMA	X	1000	EMC	13.92	SGMA	10:15:55	10:15:55			13.91	\$10.00
71	3/28/2007	SLGO	S	100	AMD	13.43	SGMA	12:03:32	12:03:32			13.42	\$1.00
72	3/28/2007	SGMA	X	100	WMT	46.61	SGMA	15:57:38	15:57:38			46.6	\$1.00
73	4/12/2007	SGMA	X	100	QIH	150.25	SGMA	11:09:30	11:09:30		150.28		\$3.00
74	4/19/2007	SGMA	X	100	SHW	65.67	SGMA	15:31:41	15:31:40		65.68		\$1.00
75	4/20/2007	SILK	S	100	ODP	36.48	SGMA	9:41:32	9:41:32			36.42	\$6.00
76	4/20/2007	SILK	S	100	PHM	28.29	SGMA	9:36:37	9:36:37			28.24	\$5.00
77	4/20/2007	SILK	S	100	WY	76.91	SGMA	10:06:19	10:06:19			76.86	\$5.00
78	4/23/2007	SILK	S	100	WFC	36.22	SGMA	9:53:05	9:53:05			36.19	\$3.00
79	4/24/2007	SILK	S	100	ROK	59.89	SGMA	10:08:44	10:08:44			59.78	\$11.00
80	4/26/2007	SILK	S	100	DOV	49.24	SGMA	10:04:57	10:04:57			49.18	\$6.00
81	5/4/2007	SILK	S	100	MCO	66.99	SGMA	15:52:54	15:52:54			66.97	\$2.00
82	6/8/2007	SILK	S	100	EXC	70.81	SGMA	11:25:15	11:25:14			70.79	\$8.00
83	6/8/2007	SILK	S	100	GPC	49.72	SGMA	14:13:53	14:13:53			49.68	\$4.00
84	6/8/2007	SILK	S	100	STE	29.71	SGMA	14:22:02	14:22:02			29.7	\$1.00
85	6/12/2007	SILK	S	100	AEP	44.81	SGMA	15:25:54	15:25:54			44.78	\$3.00
86	6/14/2007	SILK	S	500	ACF	28.09	SGMA	15:57:14	15:57:13			28.07	\$10.00
87	6/14/2007	FOCC	S	200	HP	34.7	SGMA	15:55:58	15:55:58			34.67	\$6.00
88	6/14/2007	FOCC	S	198	SPN	39.86	SGMA	15:56:20	15:56:20			39.81	\$9.90
89	6/22/2007	SGMA	X	100	FNF	23.94	SGMA	15:52:56	15:52:56		23.96		\$2.00
90	6/22/2007	SGMA	X	100	MDT	51.67	SGMA	15:41:59	15:41:58			51.64	\$3.00
													\$261.65