

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20070103582-01**

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

RE: NYFIX Millennium, L.L.C., Respondent
Broker-Dealer
CRD No. 103843

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, NYFIX Millennium, L.L.C. (the "firm" or "NYFX") 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 July 18, 2000. In 2009, another FINRA member acquired all of the outstanding membership interests in NYFX.

On January 4, 2010, the firm filed a Form BDW terminating its FINRA membership.

RELEVANT DISCIPLINARY HISTORY

The firm has the following relevant prior disciplinary history:

On May 1, 2007, FINRA accepted an AWC in which the firm was censured and fined \$17,500 for violations of NASD Rules 2110, 3010 and 6955(a).

FACTS AND VIOLATIVE CONDUCT

In Matter No. 20070103582, the staff of the Department of Market Regulation (the "staff") conducted a Trading and Market Making Surveillance ("TMMS") examination in which the staff reviewed the trading activity of the firm as set forth in Exhibit No. 1, which is attached hereto and incorporated by reference, for trade date August 2, 2007 unless otherwise noted.

In Matter No. 20080150445, the staff conducted a TMMS examination in which the staff reviewed the trading activity of the firm as set forth in Exhibit No. 2, which is attached hereto and incorporated by reference, for trade dates September 22 and 23, 2008 unless otherwise noted.

In connection with Matter No. 20070103582:

1. During the period reviewed, the firm failed to transmit Reportable Order Events ("ROEs") to OATS for 15 orders. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 6955(a).
2. During the review period, the firm transmitted reports to OATS that contained inaccurate, incomplete, or improperly formatted data. Specifically, the firm failed to submit a special handling code in the case of four pegged orders. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 6955(a).
3. The firm transmitted 15 non-media reports for odd-lot trades and failed to report the transactions with the required odd-lot modifier of .RO to the FINRA/Nasdaq Trade Reporting Facility. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 6130(g).
4. For the month of June 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 included incorrect information in the case of one data set as to the following statistics: Total Canceled Shares, Total Executed Away, Shares from 0-9 Seconds, Average Realized Spread, Average Effective Spread, Price Improved Average Time, At the Quote Shares, and At the Quote Average Time. The conduct described in this paragraph constitutes separate and distinct violations of SEC Rule 605 of Regulation NMS.

In connection with Matter 20080150445:

5. During the period reviewed, the firm transmitted reports to OATS that contained inaccurate, incomplete, or improperly formatted data. Specifically, the firm failed to submit a special handling code in the case of ten pegged orders. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 6955(a).

6. During the period reviewed, the firm transmitted to OATS seven reports that contained inaccurate, incomplete, or improperly formatted data. Specifically, the firm transmitted a new order report to OATS under one MPID and reported to the FINRA/Nasdaq TRF the execution of the order using a different MPID. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 6955(b).
7. During the period reviewed, the firm failed to transmit ROEs to OATS for 15 orders. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 6955(a).
8. The firm failed to report to the FINRA/Nasdaq Trade Reporting Facility 12 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. For the month of September 2008, 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 included incorrect information in that the firm incorrectly classified seven pegged orders as covered orders. 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 of the following sanctions:

A censure and a fine of \$65,000 (consisting of a fine of \$30,000 for the violations of NASD Rule 6955(a), \$7,500 for the violations of NASD Rule 6130(g), \$20,000 for the violations of SEC Rule 605 of Regulation NMS and \$7,500 for the violations of NASD Rule 4632(b)).

The firm agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is 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 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.

3/17/2010

Date

Respondent

NYFIX Millennium, L.L.C.

By: [Signature]

Name: Brian R. Carr

Title: CEO

Reviewed by:

Attorney Name

Counsel for Respondent

Firm Name

Address

City/State/Zip

Phone Number

Accepted by FINRA:

4/24/10
Date

Signed on behalf of the

Director of ODA, by delegated authority

[Signature]

Thomas R. Gira

Executive Vice President

Department of Market Regulation

**2007 TMMS Exam
NYFIX Millennium ("NYFX")
Exam No.: 20070103582**

<u>Sample Size:</u>	<u>Sample Description:</u>	<u>Sample Source/Period:</u>
50	Customer and proprietary sales, reviewed for compliance with SEC Rule 200(g) long/short/exempt sale recording requirements.	From trade date August 2 nd , 2007
58	Customer and proprietary sales reported to a TRF or OTCRF, for compliance with NASD Rules 6130, 4632 and 6620 sale indicator reporting requirements.	From trade date August 2 nd , 2007
4	Cancellations of trades reported to a TRF or OTCRF, for compliance with NASD Rules 4632(g), 6420(f), 6620(f) and 6130(f) trade report cancellation requirements.	From trade date August 2 nd , 2007
25	Orders for NMS stocks in which the firm acts as a market center, for compliance with SEC Rule 605 order classification requirements.	From trade date August 2 nd , 2007
4	Datasets published for on the monthly order execution report, for compliance with SEC Rule 605 requirement to publish accurate data. (A "dataset" is all required statistical data for a single order category, with each category representing a single unique combination of a security, order type and order size, as described in Rule 605.)	From June 2007
50	Orders in securities required to be submitted to OATS, for compliance with NASD Rules 6954 and 6955, and Nasdaq Rules 6954 and 6955 requirement to submit OATS information.	From trade date August 2 nd , 2007
161	Order/Trade records prepared and maintained in connection with the above samples, for general compliance with requirements of NASD Rule 3110 and SEC Rules 17a-3 and 17a-4.	From trade date August 2 nd , 2007
135	Trades reported to a TRF, OTCRF or ADF/TRACS in connection with the above samples, for general compliance with requirements of NASD Trade Reporting and ADF rules.	From trade date August 2 nd , 2007
10	CRD registration records for persons conducting and/or supervising the member's trading and market making activities, for compliance with NASD Rule Series 1020, 1030 and 1040, and Nasdaq Rule Series 1020, 1030 and 1040.	List of trading personnel for September 2007 and supervisory personnel for September 2007.

Exhibit 1

2007 TMMS Exam NYFIX Millennium ("NYFX") Exam No.: 20070103582

<u>Sample Size:</u>	<u>Sample Description:</u>	<u>Sample Source/Period:</u>
All, as provided by the member.	The member's supervisory system, written supervisory procedures ("WSPs") and documents evidencing the implementation of the WSPs, for compliance with NASD Rule 3010 requirements to establish an implement a system that is reasonably designed to prevent and detect violations of applicable securities rules.	WSPs provided by the member as those in effect during August 2007, and documentation of supervisory reviews conducted for August 2 nd , 2007.
N/A	The member's "Regular & Rigorous" review procedures (for assessing the execution quality of orders sent to other trading centers and/or internalized, for compliance with NASD Rules 2320 and 3010.	N/A

2008 TMMS Exam
 NYFIX Millennium ("NYFX")
 Exam No.: 20080150445
 Sample Source/Period: September 22 and 23, 2008

<u>Sample Size</u>	<u>Sample Description</u>
30	Sales reviewed for compliance with SEC Rule 200(g) long/short sale recording requirements
155	Trades reported to a TRF or OTCTRF for compliance with NASD Rule 6130
<u>155</u>	for general trade reporting requirements
<u>21</u>	for Cancellation of reported trade requirements
<u>155</u>	for Principal, Riskless Principal, or Agency executions effected otherwise than on an exchange
<u>N/A</u>	for compliance with the use of the .PRP (Prior Reference Price) trade modifier
<u>13</u>	for compliance with the requirements of odd-lot trade reporting
<u>N/A</u>	for compliance with the use of the .RA trade modifier (prices away from the market)
<u>N/A</u>	for compliance with the use of the .RX trade modifier (exercise OTC options contract)
<u>N/A</u>	for compliance with SEC '34 Act Section 28(e) guidelines relating to Soft Dollar Agreements
<u>36</u>	for Sale Indicator requirements
N/A	Disclosures to customers relating to trading in the Extended Hours session for compliance with Nasdaq Rule 4631
N/A	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
N/A	Orders for compliance with best execution requirements of NASD Rule 2320
<u>N/A</u>	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
<u>N/A</u>	'Not Held' orders for compliance with NASD Rule 2320 and Nasdaq Rule 2320 best execution requirements
<u>N/A</u>	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
N/A	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
N/A	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
N/A	Customer confirmations prepared and maintained in connection with select samples
<u>N/A</u>	for compliance with SEC Rule 10b-10 disclosure requirements
<u>N/A</u>	for compliance with SEC '34 Act Section 28(e) guidelines relating to Soft Dollar Agreements
25	Orders for NMS securities in which the Firm acts as a market center for compliance with SEC Rule 605 order classification requirements

**2008 TMMS Exam
NYFLX Millennium ("NYFX")
Exam No.: 20080150445
Sample Source/Period: September 22 and 23, 2008**

<u>Sample Size</u>	<u>Sample Description</u>
4	Data sets published for August 2008 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 August 2008 for NMS securities in which the Firm acts as a market center for compliance with SEC Rule 605 reported data requirements
N/A	Quarterly Routing Report for 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
N/A	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
99	Records prepared and maintained in connection with the above samples for compliance with SEC Rules 17a-3 and 17a-4 and NASD Rule 3110



1633 Broadway, 48th Floor
New York, NY 10019

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FINRA
MARKET REGULATION

March 19, 2010

Mr. Mark Dorsey
Counsel
FINRA- Market Regulation
9509 Key West Avenue
Rockville, MD 20850-3329

Re: Statement of Corrective Action
Acceptance, Waiver and Consent
STAR No. 20070103582 and 20080150445

Dear Mr. Dorsey:

In connection with the above referenced matters ConvergeEx Group/Millennium ("Millennium or the Firm") submits the following regarding The Facts and Violative Conduct described by the staff of the Department of Market Regulation who conducted the Trading and Market Making Surveillance ("TMMS") examinations in 2007 and 2008:

The firm currently has in place Policies and Procedures in connection with their submission of OATS; SEC Rule 605 of Regulation NMS and FINRA Trade Reporting Rules.

The Firm attempts to identify potential problems on a regular basis and address them in a timely manner. We continually strive to make improvements to our systems in order to ensure that we remain compliant with current rules and regulations as well as the existing rules and regulations. Millennium fulfills trade reporting requirements as an Alternative Trading System ("ATS") and as such we have procedures in place which identify how the ATS operates. As evidenced by our Supervisory Reviews the Firm will try to prevent future misconduct of the type mentioned in your letter. Thank you.

The Corrective Action Statement is submitted by the Respondent. It does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA, or its staff.

Very truly yours,

A handwritten signature in black ink, appearing to read "Charles Kessler".

Charles Kessler
Senior Vice President
212-448-6043 p
646-417-7299 f