

FINRA
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**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT**

NO. 20070103675-01

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

RE: Banc of America Securities LLC
Broker-Dealer
CRD No. 26091

Pursuant to FINRA Rule 9216 of the FINRA Code of Procedure, Banc of America Securities LLC (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 April 9, 1990, and its registration remains in effect.

RELEVANT PRIOR DISCIPLINARY HISTORY

- On June 26, 2008, an AWC became final in which the firm was censured and fined \$25,000 for violations of NASD Rules 2110, 4632 and 6130.
- On May 29, 2007, an AWC became final in which the firm was censured and fined \$60,000 for violations that included, among others, NASD Rules 6955, 4632 and 6620.
- On March 12, 2007, an AWC became final in which the firm was censured and fined \$56,500 for violations that included, among others, NASD Rules: 2110, 6130, 6620 and 6955.

SUMMARY

In Matter No. 20070103675, the Order Audit Trail System ("OATS") Compliance Team of the Department of Market Regulation reviewed the firm's compliance with OATS reporting requirements for the period January 1, 2007 through April 30, 2007.

In Matter No. 20070113285, the Fixed Income Investigations Team of the Department of Market Regulation reviewed the firm's compliance with best execution requirements in corporate bond transactions for the period July 1, 2007 through September 30, 2007.

In Matter No. 20080126994, the Market Making Analysis Team of the Department of Market Regulation reviewed the firm's compliance with trade halt requirements for the period July 1, 2007 through December 31, 2007.

In Matter No. 20080138287, the Trade Reporting Team of the Department of Market Regulation (the "Trade Reporting Team") reviewed the firm's compliance with accepting or declining transactions within 20 minutes after execution (the "20-Minute Rule") for the period September 1, 2007 to December 31, 2007.

In Matter No. 20080141768, the Trade Reporting Team reviewed the firm's compliance with the equity trade reporting rules for the period September 1, 2007 to December 31, 2007.

In Matter No. 20090170311, the Trade Reporting Team reviewed the firm's compliance with the equity trade reporting rules for the period September 1, 2008 to December 31, 2008.

In Matter No. 20090181275, the Municipal Bonds Team of the Department of Market Regulation reviewed the firm's compliance with the municipal bond trade reporting rules for the period January 1, 2009 to March 31, 2009.

FACTS AND VIOLATIVE CONDUCT

OATS Matter:

In connection with 20070103675:

1. During the period reviewed, the firm (a) transmitted to OATS 96 Route or Combined Order/Route Reports that the OATS system was unable to link to the related order routed to Nasdaq due to inaccurate, incomplete or improperly formatted data and (b) transmitted to OATS six Route or Combined Order/Route Reports that the OATS system was unable to link to the corresponding new order transmitted by the destination member firm due to inaccurate, incomplete or improperly formatted data. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 6955(a).

Best Execution Matter:

In connection with 20070113285:

2. During the period reviewed, the firm, in five transactions for or with a customer, 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.

Trade Halt Matter:

In connection with 20080126994:

3. During the period reviewed, the firm effected 29 transactions in 20 securities while a trading halt was in effect with respect to each of the securities. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 3340.

Equity Trade Reporting Matters:

In connection with 20080138287:

4. During the period reviewed, the firm failed to accept or decline in the NASD/Nasdaq Trade Reporting Facility ("NASD/Nasdaq TRF") 320 transactions in Reportable Securities within 20 minutes after execution. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 6130(b).

In connection with 20080141768:

5. During the period reviewed, the firm failed, within 90 seconds after execution, to transmit to the FINRA/Nasdaq Trade Reporting Facility ("FINRA/Nasdaq TRF") 2,554 last sale reports of transactions in designated securities. These transactions constitute approximately eight percent of the transactions reviewed that the firm reported to the FINRA/Nasdaq TRF during the period reviewed. 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.

In connection with 20090170311:

6. During the period reviewed, the firm failed, within 90 seconds after execution, to transmit to the Over-The-Counter Trade Reporting Facility ("OTCTRF") 99 last sale reports of transactions in OTC Equity securities. These transactions constitute approximately three percent of the transactions reviewed that the firm reported to the OTCTRF during the period reviewed. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 6620(a) and a pattern or practice of late reporting without exceptional circumstances in violation of NASD Rule 2110.¹

Municipal Bond Trade Reporting Matter:

In connection with 20090181275:

7. During the review period, the firm failed to report information regarding 560 purchase and sale transactions effected in municipal securities to the Real-time Transaction Reporting System ("RTRS") in the manner prescribed by Rule G-14 RTRS Procedures and the RTRS Users Manual. Specifically, the firm failed to report information about such transactions within 15 minutes of the Time of Trade to an RTRS Portal. These transactions constituted approximately two percent of the transactions that the firm reported to the RTRS during the review period. The conduct described in this paragraph constitutes separate and distinct violations of MSRB Rule G-14.

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

A censure, a fine of **\$100,000** (consisting of: \$15,000 for the OATS reporting violations; \$35,000 for the corporate bond best execution violations; \$5,000 for the trading halt violations; \$40,000 for the equity trade reporting violations; and \$5,000 for the municipal bond trade reporting violations) and **restitution** by Respondent to the investors listed on Exhibit A which is attached, in the total amount of **\$17,808.12, 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.

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 FINRA staff, Respondent shall forward any undistributed restitution and interest to the appropriate

¹ Effective December 15, 2008, NASD Rule 6620(a) changed to FINRA Rule 6622(a).

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 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 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 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 prejudice 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 8310; 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 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 the firm to submit it.

4/5/11

Date

Respondent

Banc of America Securities LLC

By: [Signature]

Print Name: Steven Longo

Title: Managing Director

Reviewed by:

[Signature] Assistant General Counsel

Attorney Name

Counsel for Respondent

Firm Name: Banc of America Merrill Lynch (Banc of America Securities, LLC)

Address: One Bryant Park

Telephone number: (646) 855-1186

Accepted by FINRA:

5/23/11

Date

Signed on behalf of the

Director of ODA, by delegated authority

[Signature]

Thomas R. Gira

Executive Vice President

Department of Market Regulation

Banc of America Securities LLC ("BOFA")
Matter No. 20070113285

Exhibit A

Item No.	Date	CUSIP ID	Issue	Quantity	Contra*	Trade Time	Trade Price	Firm	Restitution
1	07/30/2007	620076AP4	MOT.GJ	10	C(S)	14:30:34	90.770	BOFA	\$217.12
2	08/10/2007	22237LMY5	CCR.LI	25	C(S)	9:51:05	91.209	BOFA	\$411.50
3	08/16/2007	22237LNR9	CCR.LY	100	C(S)	13:03:15	77.500	BOFA	\$5,065.00
4	08/16/2007	125581AE8	CIT.PO	240	C(S)	15:47:03	90.000	BOFA	\$7,910.40
5	08/21/2007	22237LNR9	CCR.LY	100	C(S)	10:07:04	86.000	BOFA	\$4,204.10
Total Restitution Owed to Customers:									\$17,808.12

* Contra parties are identified as follows: C(S) indicates a customer selling to the firm.