

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20080135451-01**

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 understands that its disciplinary history may be a factor that will be considered in deciding whether to accept this AWC.

On August 21, 2007, FINRA accepted an AWC in which the firm was fined \$10,000 for violations of NASD Rule 6955(a).

On December 13, 2007, FINRA accepted an AWC in which the firm was fined a total of \$38,000, including fines of \$10,000 for violations of NASD Rule 6955(a), \$15,000 for violations of NASD Rules 4632(e) and 6420(a) and (c), and \$5,000 for violations of NASD Rule 6230(b).

SUMMARY

1. In connection with 20080135451, the staff of the Department of Market Regulation (the "staff") reviewed the firm's compliance with the Order Audit Trail System ("OATS") reporting requirements during the period September 1 through December 31, 2007.
2. In connection with 20090169623 and 20090170334, the staff reviewed the firm's compliance with certain equity trade reporting requirements during the period September 1 through December 31, 2008.
3. In connection with 20090169987, the staff conducted the 2009 Trading and Market Making Surveillance ("TMMS") examination wherein the staff reviewed the items set forth on Exhibit 1, which is attached hereto and incorporated herein by reference, primarily for trade dates May 26 and 27, 2009.
4. In connection with 20090171556, the staff reviewed the firm's compliance with TRACE reporting requirements during the period October 1 through December 31, 2008.

FACTS AND VIOLATIVE CONDUCT

20080135451

1. During the review period, the firm (a) failed to timely report to OATS 2,299,914 Reportable Order Events ("ROEs"); (b) transmitted to OATS 87 Execution or Combined Order/Execution Reports that the OATS system was unable to link to related trade reports in an NASD trade reporting system due to inaccurate, incomplete, or improperly formatted data; (c) 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 (d) transmitted to OATS 17 New Order Reports and related subsequent reports where the timestamp for the related subsequent report occurred prior to the receipt of the order. These 2,300,114 ROEs represented 11.6 percent of all ROEs (19,845,141) that the firm transmitted to OATS during the review period. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 6955(a).

20090169623

2. The firm failed to accept or decline in the FINRA/Nasdaq Trade Reporting Facility ("FINRA/Nasdaq TRF") 152 transactions in Reportable Securities within 20 minutes after execution, approximately 61 percent of all transactions that the firm had an obligation to accept or decline as the OEID during the review period. The conduct

described in this paragraph constitutes separate and distinct violations of NASD Rules 6130(b) and a violation of NASD Rule 2110 (for conduct prior to December 15, 2008) and FINRA Rules 7230A(b) and 2010 (for conduct on or after December 15, 2008).

20090169987

3. For the second calendar quarter of 2009, the firm made publicly available a report on its routing of non-directed orders in covered securities during that quarter. This report included incorrect information as to its routing of non-directed orders in covered securities. The conduct described in this paragraph constitutes a violation of SEC Rule 606 of Regulation NMS.
4. The firm failed on five occasions to provide written notification disclosing to its customer its correct capacity in the transaction. The conduct described in this paragraph constitutes separate and distinct violations of SEC Rule 10b-10.

20090170334

5. The firm failed, within 90 seconds after execution, to transmit to the FINRA/Nasdaq TRF 539 last sale reports of transactions in designated securities. These transactions constitute 23 percent of the transactions reviewed that the firm reported to the FINRA/Nasdaq TRF during the 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 (for conduct prior to December 15, 2008) and FINRA Rules 6380A(a) and 2010 (for conduct on or after December 15, 2008).
6. The firm double reported to the FINRA/Nasdaq TRF 16 last sale transactions in designated securities. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 4632(b) (for conduct prior to December 15, 2008) and FINRA Rule 6380A(b) (for conduct on or after December 15, 2008).
7. The firm incorrectly designated as "T" to the FINRA/Nasdaq TRF five last sale reports of transactions in designated securities. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 4632(a)(2) (for conduct prior to December 15, 2008) and FINRA Rule 6380A(a)(2) (for conduct on or after December 15, 2008).
8. The firm failed to report to the FINRA/Nasdaq TRF the correct time of execution for 159 transactions in Reportable Securities. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 6130(d) (for conduct prior to December 15, 2008) and FINRA Rule 7230A(d) (for conduct on or after December 15, 2008).

20090171556

9. The firm failed to report to TRACE 682 transactions in TRACE-eligible securities within 15 minutes of the time of execution. These late transactions constituted 14 percent of the transactions in TRACE-eligible securities that the firm reported to TRACE during the 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 (for conduct prior to December 15, 2008) and FINRA Rules 6730(a) and 2010 (for conduct on or after December 15, 2008).
- B. The firm also consents to the imposition of the following sanctions:
- A censure.
 - A fine of \$77,500 (in 20080135451: \$15,000 for violations of NASD Rule 6955; in 20090169623: \$15,000 for violations of NASD Rules 6130 and 2110 and FINRA Rules 7230A(b) and 2010; in 20090169987: \$10,000 for violations of SEC Rule 606 and \$2,500 for violations of SEC Rule 10b-10; in 20090170334: \$15,000 for violations of NASD Rules 4632, 6130 and 2110 and FINRA Rules 6380A, 7230A and 2010; and in 20090171556: \$20,000 for violations of NASD Rules 6230(a) and 2110 and FINRA Rules 6730 and 2010).

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.

7-23-10

Date

Respondent
BNP Paribas Securities Corp.

By: 

Name: **Thomas J. Mahoney**
Chief Operating Officer
Title: Global Equities and Commodity Derivatives

Reviewed by:

Attorney Name
Counsel for Respondent

Accepted by FINRA:

8/24/10
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