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FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT

2009 SEP -8 P 7:13

NO. 20080136181-01

REGISTRATION & DISCLOSURE

FINRA

MARKET REGULATION

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

RE: Firsttrade Securities Inc., Respondent
Broker-Dealer
CRD No. 16843

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Firsttrade Securities Inc. (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 1985, and its registration remains in effect.

RELEVANT DISCIPLINARY HISTORY

The firm has no relevant disciplinary history.

FACTS AND VIOLATIVE CONDUCT

In Market Regulation Review No. 20080136181, the staff of the Department of Market Regulation conducted a review of the firm's compliance with NASD Rule 6230 for the period January 1, 2008 through March 31, 2008 ("review period").

1. During the review period, the firm failed to report to TRACE 90 transactions in TRACE-eligible securities within 15 minutes of the time of execution, as set forth in Exhibit A. These late transactions constituted 63.8 percent of all transactions in TRACE-eligible securities that the firm was required to report to TRACE. 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.

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2. During the review period, the firm failed to report to TRACE the correct time of trade execution for 15 transactions in TRACE-eligible securities, as set forth in Exhibit A. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 6230(c)(8).
3. During the review period, the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and the Rules of FINRA, concerning trade reporting of TRACE-eligible securities. Specifically, the firm's supervisory system did not include written supervisory procedures that reasonably provided for: (1) the identification of the person(s) responsible for supervision with respect to the applicable rules; (2) a statement of the supervisory step(s) to be taken by the identified person(s); (3) a statement as to how often such person(s) should take such step(s); and (4) a statement as to how the completion of the step(s) included in the written supervisory procedures should be documented. The conduct described in this paragraph constitutes violations of NASD Rules 2110 and 3010.

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

A censure and fine of \$12,500 (\$7,500 for violations of NASD Rules 2110 and 6230 and \$5,000 for violations of NASD Rules 2110 and 3010).

The firm agrees to pay the monetary sanctions upon notice that this AWC has been accepted and that payment is due and payable. The firm has submitted an Election of Payment form showing the method by which the firm proposes to pay the fine imposed.

The firm specifically and voluntarily waives any right to claim that the firm 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.

8/13/09
Date

Respondent
Firsttrade Securities Inc.

By: [Signature]
Name: John Liu
Title: CEO

Reviewed by:

N/A
Attorney Name
Counsel for Respondent
Firm Name
Address
City/State/Zip
Phone Number

Accepted by FINRA:

9/3/09
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

Firsttrade Securities, Inc. ("FFSIF")
TRACER Late Trade Sweep
 Review Period: January 1, 2008 through March 31, 2008

Exhibit A

Item	Trade Execution Date	Trade Execution Time	Trade Report Date	Trade Report Time	Report Firm	Capacity	Bond Symbol	Buy/Sell	Vol	Price	CUSIP	Control ID	Transaction Count
63	03/10/2008	1:50:57	03/10/2008	1:58:08	FFSI	P	ET.GJ	B	10	70	259246AN9	700006400	1
64	03/10/2008	1:50:57	03/10/2008	1:59:05	FFSI	P	ET.GJ	S	10	70.4	269246AP9	701008558	2
65	03/10/2008	1:51:45	03/10/2008	11:11:20	FFSI	P	CECLI	S	10	83.4	22237LMT5	741003375	3
70	03/12/2008	2:25:39	03/12/2008	14:28:45	FFSI	P	CFCH	B	1	90	22237LHE5	720009088	4
38	01/28/2008	2:35:23	01/28/2008	14:28:44	FFSI	P	PKOHGD	B	10	84.93	700677AK3	280009667	5
39	01/28/2008	2:35:23	01/28/2008	14:39:18	FFSI	P	PKOHGD	S	10	85.33	700677AK3	281013696	6
34	03/04/2008	3:31:55	03/04/2008	15:35:34	FFSI	P	GM.GC	B	14	86	370442AN5	640011551	7
53	03/04/2008	3:31:55	03/04/2008	15:37:21	FFSI	P	GM.GC	S	14	86.438	370442AN5	641014278	8
71	03/14/2008	4:16:22	03/14/2008	16:28:54	FFSI	P	JPM.LBI	B	10	93.072	46631VAA9	740010949	9
72	03/14/2008	4:16:22	03/14/2008	16:34:43	FFSI	P	JPM.LBI	S	10	93.51	46631VAA9	741013769	10
73	03/14/2008	4:53:58	03/14/2008	16:56:39	FFSI	P	C.HFK	B	10	95.00399	172967EP2	740011324	11
74	03/14/2008	4:53:58	03/14/2008	16:57:45	FFSI	P	C.HFK	S	10	95.442	172967EP2	741014054	12
26	01/24/2008	5:05:33	01/24/2008	15:58:43	FFSI	P	CTX.GR	S	10	94.946	152312AJ3	241019811	13
27	01/24/2008	5:12:19	01/24/2008	15:57:44	FFSI	P	MSX.GB	S	10	45.27	591160AB2	241019758	14
28	01/24/2008	5:19:54	01/24/2008	15:59:31	FFSI	P	CRC.H	S	10	92.65	22237LHE5	241019856	15
Late Trade Report Violations													
43	02/07/2008	8:54:55	02/07/2008	9:15:49	FFSI	P	GMA.LPU	S	2	98.75	370442SJD	381000986	1
44	02/07/2008	8:55:06	02/07/2008	9:15:05	FFSI	P	GMA.LGM	S	1	100.372	370442MB5	381000974	2
13	01/08/2008	9:09:05	01/08/2008	10:44:51	FFSI	P	LYK.GH	B	1	98.75	527288AS3	80002461	3

Firsttrade Securities, Inc. ("FFST")
TRACB Late Trade Sweep
Review Period: January 1, 2008 through March 31, 2008

Exhibit A

Item	Trade Execution Date	Trade Execution Time	Trade Report Date	Trade Report Time	Report Firm	Capacity	Bond Symbol	Buy/Sell	Vol	Price		CUSIP	Control ID	Transaction Count
14	01/08/2008	9:09:03	01/08/2008	10:55:55	FFST	P	LJK.GH	S	1	102.75		52728AAS	81003598	4
50	02/25/2008	9:10:01	02/25/2008	13:24:10	FFST	P	TRB.HJ	B	10	56.53		896047AE7	56000666	5
51	02/25/2008	9:10:01	02/25/2008	13:25:59	FFST	P	TRB.HJ	S	10	56.93		896047AE7	56101047	6
89	03/31/2008	9:11:51	03/31/2008	9:54:23	FFST	P	NCC.NF	B	1	93		635405AP8	910000905	7
90	03/31/2008	9:11:51	03/31/2008	10:14:37	FFST	P	NCC.NF	S	1	97		635405AP8	911001871	8
56	03/07/2008	9:12:40	03/07/2008	10:10:27	FFST	P	MBL.HK	B	5	94.992		55266LCF1	670001244	9
57	03/07/2008	9:12:40	03/07/2008	10:13:25	FFST	P	MBL.HK	S	5	95.792		55266LCF1	671001858	10
45	02/08/2008	9:13:27	02/08/2008	9:41:56	FFST	P	ABK.GA	B	5	101		023139AA6	390001155	11
46	02/08/2008	9:13:27	02/08/2008	9:44:18	FFST	P	ABK.GA	S	5	101.8		023139AA6	391001962	12
58	03/07/2008	9:13:27	03/07/2008	10:11:17	FFST	P	BSC.XK	B	5	97.75		073902CE3	670001259	13
59	03/07/2008	9:13:27	03/07/2008	10:12:20	FFST	P	BSC.XK	S	5	98.55		073902CE3	671001826	14
60	03/07/2008	9:13:41	03/07/2008	10:11:42	FFST	P	LEH.HF	B	5	104.125		524608BQ2	670001264	15
61	03/07/2008	9:13:41	03/07/2008	10:12:53	FFST	P	LEH.HF	S	5	104.925		524608BQ2	671001839	16
91	03/31/2008	9:13:44	03/31/2008	9:53:26	FFST	P	SLM.VJ	B	1	83.375		78442EDB5	910000889	17
92	03/31/2008	9:13:44	03/31/2008	10:16:15	FFST	P	SLM.VJ	S	1	87.375		78442EDB5	911001911	18
93	03/31/2008	9:15:57	03/31/2008	9:55:14	FFST	P	ARM.GC	B	1	92.125		043353AA9	910000925	19
94	03/31/2008	9:15:57	03/31/2008	10:02:08	FFST	P	ARM.GC	S	1	96.125		043353AA9	911001612	20
95	03/31/2008	9:20:13	03/31/2008	9:56:06	FFST	P	BSC.SC	B	1	98.5		073902CC0	910000944	21
96	03/31/2008	9:20:18	03/31/2008	9:59:47	FFST	P	BSC.SC	S	1	102.5		073902CC0	911001573	22
77	03/24/2008	9:21:47	03/24/2008	11:10:06	FFST	P	NBO.GH	S	3	101.733		63618EAV3	341003083	23

Rustrade Securities, Inc. ("FRST")
TRACE Late Trade Sweep
Review Period: January 1, 2008 through March 31, 2008

Exhibit A

Item	Trade Execution Date	Trade Execution Time	Trade Report Date	Trade Report Time	Report Firm	Capacity	Bond Symbol	Buy/Sell	Vol	Price	CUSIP	Control ID	Transaction Count
11	01/07/2008	9:21:57	01/07/2008	11:40:59	FRST	P	FPQ	B	1	96.75	428040BQ1	70003830	24
12	01/07/2008	9:21:57	01/07/2008	11:54:18	FRST	P	FPQ	S	1	102.75	428040BQ1	71004848	25
78	03/24/2008	9:22:58	03/24/2008	11:01:00	FRST	P	NFGGH	B	4	100.4	63618BAV3	840002902	26
79	03/24/2008	9:22:58	03/24/2008	11:11:04	FRST	P	NFGGH	S	1	104.4	63618BAV3	841005135	27
82	03/26/2008	9:27:57	03/26/2008	9:56:32	FRST	P	CTTF	B	23	84.75	125581AJ7	860001445	28
83	03/26/2008	9:27:57	03/26/2008	10:06:29	FRST	P	CTTF	S	23	85.063	125581AJ7	861002231	29
75	03/19/2008	9:30:18	03/19/2008	11:37:05	FRST	P	EXGI	B	10	100.18199	811845AQ9	790004713	30
76	03/19/2008	9:30:18	03/19/2008	11:38:40	FRST	P	EXGI	S	10	100.582	811845AQ9	791006094	31
1	01/02/2008	9:31:11	01/02/2008	11:40:31	FRST	P	TBCGB	B	10	51.5	87971KAA5	20003234	32
2	01/02/2008	9:31:11	01/02/2008	11:40:49	FRST	P	TBCGB	S	10	51.9	87971KAA5	21003794	33
97	03/31/2008	9:32:37	03/31/2008	9:57:32	FRST	P	NFBGB	B	1	92.875	659421AD3	910000971	34
98	03/31/2008	9:32:37	03/31/2008	9:58:43	FRST	P	NFBGB	S	1	96.875	659421AD3	911001555	35
84	03/26/2008	9:35:03	03/26/2008	9:53:37	FRST	P	CTTLX	B	10	92	125569DC4	860001378	36
85	03/26/2008	9:35:03	03/26/2008	10:09:35	FRST	P	CTTLX	S	10	92.4	125569DC4	861002352	37
66	03/10/2008	9:41:50	03/10/2008	10:00:32	FRST	P	STU	B	1	92.5	852060AJ1	700000964	38
67	03/10/2008	9:41:50	03/10/2008	10:06:04	FRST	P	STU	S	1	96.5	852060AJ1	701001380	39
87	03/27/2008	9:42:51	03/27/2008	10:16:13	FRST	P	AUGQB	B	5	99.69806	45974ENH5	870001961	40
88	03/27/2008	9:42:51	03/27/2008	10:17:22	FRST	P	AUGQB	S	5	100.498	45974ENH5	871002956	41
86	03/26/2008	9:45:44	03/26/2008	10:10:59	FRST	P	BREAFO	S	15	102.291	084664AR2	861002390	42
40	01/28/2008	9:56:34	01/28/2008	10:12:51	FRST	P	ABYGC	S	10	98.65	003924AA5	281002569	43

Fustrade Securities, Inc. ("FFSI")
TRACB Late Trade Sweep
 Review Period: January 1, 2008 through March 31, 2008

Exhibit A

Item	Trade Execution Date	Trade Execution Time	Trade Report Date	Trade Report Time	Report Firm	Capacity	Bond Symbol	Buy/Sell	Vol	Price		CUSIP	Control ID	Transaction Count
15	01/08/2008	10:09:59	01/08/2008	10:46:06	FFSI	P	RDNQC	B	1	89.75		750236AB7	80002497	44
16	01/08/2008	10:09:59	01/08/2008	10:54:49	FFSI	P	RDNQC	S	1	93.75		750236AB7	81003563	45
52	02/26/2008	10:16:02	02/26/2008	10:35:28	FFSI	P	RGO	B	3	99.625		345370BQ2	570002462	46
53	02/26/2008	10:16:02	02/26/2008	10:38:16	FFSI	P	RGO	S	3	100.958		345370BQ2	571004112	47
62	03/07/2008	10:18:50	03/07/2008	10:58:40	FFSI	P	CTLXR	B	5	96.903		12557WRC7	670002360	48
20	01/10/2008	10:20:30	01/10/2008	11:37:23	FFSI	P	CECLY	S	10	79.2		22237LNR9	101003338	49
21	01/10/2008	10:20:30	01/10/2008	11:45:46	FFSI	P	CECLY	B	10	78.825		22237LNR9	100004229	50
47	02/11/2008	10:34:18	02/11/2008	12:00:26	FFSI	P	TKUKM	B	7	71.692		873168AN8	420004028	51
48	02/11/2008	10:34:18	02/11/2008	12:10:56	FFSI	P	TKUKM	S	7	72.263		873168AN8	421006116	52
80	03/24/2008	10:43:51	03/24/2008	11:03:33	FFSI	P	DBGQ	B	2	100.257		066369CC9	840002961	53
81	03/24/2008	10:43:51	03/24/2008	11:12:10	FFSI	P	DBGQ	S	2	102.257		066369CC9	841003181	54
68	03/10/2008	11:02:42	03/10/2008	13:57:37	FFSI	P	GMAGC	B	5	83.5		370442AN5	700006387	55
69	03/10/2008	11:02:42	03/10/2008	13:58:32	FFSI	P	GMAGC	S	5	84.3		370442AN5	701008946	56
99	03/31/2008	11:05:06	03/31/2008	11:50:05	FFSI	P	CTLXR	B	1	87		125581A7	910003394	57
100	03/31/2008	11:05:06	03/31/2008	11:51:22	FFSI	P	CTLXR	S	1	91		125581A7	911004760	58
7	01/03/2008	11:15:30	01/03/2008	13:13:08	FFSI	P	CECLY	B	10	90.87401		22237LNR9	30006215	59
8	01/03/2008	11:15:30	01/03/2008	13:22:34	FFSI	P	CECLY	S	10	91.274		22237LNR9	31007938	60
9	01/03/2008	11:22:20	01/03/2008	13:14:32	FFSI	P	TBCGB	B	10	51		87971KAA5	30006234	61
10	01/03/2008	11:22:20	01/03/2008	13:19:34	FFSI	P	TBCGB	S	10	51.4		87971KAA5	31007819	62
22	01/18/2008	11:28:01	01/11/2008	9:56:03	FFSI	P	TBCGB	B	10	39.275		87971KAA5	110001675	63

Firsttrade Securities, Inc. ("FTSI")
 TRACB Late Trade Sweep
 Review Period: January 1, 2008 through March 31, 2008

Exhibit A

Item	Trade Execution Date	Trade Execution Time	Trade Report Date	Trade Report Time	Report Firm	Capacity	Bond Symbol	Buy/Sell	Vol	Price		CUSIP	Control ID	Transaction Count
23	01/10/2008	11:28:01	01/14/2008	12:02:54	FTSI	P	TBCGB	B	10	39.65		87971KAA5	140004590	64
17	01/09/2008	11:58:23	01/09/2008	14:46:40	FTSI	P	GMAIBV	S	10	88.23		3704A0RE4	91012654	65
18	01/09/2008	11:58:23	01/09/2008	14:49:24	FTSI	P	GMAIBV	B	10	87.855		3704A0RE4	90009916	66
19	01/09/2008	11:59:44	01/09/2008	14:58:36	FTSI	P	CTLGX	B	10	96.908		125577AP1	90010244	67
3	01/02/2008	12:05:10	01/02/2008	13:36:03	FTSI	P	CRCLY	B	6	91.62		22237LNB9	20005957	68
4	01/02/2008	12:05:10	01/02/2008	13:44:49	FTSI	P	CRCLY	S	6	92.287		22237LNB9	21007016	69
24	01/16/2008	12:55:06	01/16/2008	13:20:11	FTSI	P	SFPGL	B	12	81.89		85375CAP6	16000779	70
25	01/16/2008	12:55:06	01/16/2008	13:21:31	FTSI	P	SFPGL	S	12	82.223		85375CAP6	16010946	71
5	01/02/2008	13:21:24	01/02/2008	13:39:13	FTSI	P	TBCGB	B	10	51.5		87971KAA5	20006004	72
6	01/02/2008	13:21:24	01/02/2008	13:43:33	FTSI	P	TBCGB	S	10	51.9		87971KAA5	21006981	73
41	01/30/2008	13:56:24	01/30/2008	15:29:23	FTSI	P	SFPGL	B	27	90		85375CAP6	300012872	74
42	01/30/2008	13:56:24	01/30/2008	15:30:13	FTSI	P	SFPGL	S	27	90.313		85375CAP6	30101940	75
49	02/20/2008	14:09:19	02/20/2008	14:32:44	FTSI	P	CTLFR	S	3	101.893		12560PC13	511014489	76
29	01/24/2008	14:35:23	01/24/2008	15:02:13	FTSI	P	COFGZ	B	20	95.425		14040ERGO	240012762	77
30	01/24/2008	14:35:23	01/24/2008	15:04:32	FTSI	P	COFGZ	S	20	95.8		14040ERGO	241016902	78
31	01/24/2008	14:37:44	01/24/2008	15:00:28	FTSI	P	CRCLY	B	10	89.71		22237LNB9	240012705	79
32	01/24/2008	14:37:44	01/24/2008	15:03:44	FTSI	P	CRCLY	S	10	90.11		22237LNB9	241016845	80
33	01/24/2008	15:05:33	01/24/2008	15:52:09	FTSI	P	CTLGX	B	10	94.56005		152312AJ3	240014737	81
34	01/24/2008	15:12:19	01/24/2008	15:53:55	FTSI	P	MAXGB	B	10	44.87		591160AB2	240014805	82
35	01/24/2008	15:13:29	01/24/2008	15:56:43	FTSI	P	SLMOW	S	10	96.838		78442BRK3	241019708	83

Firsttrade Securities, Inc. ("FISI")
 TRACE Late Trade Sweep
 Review Period: January 1, 2008 through March 31, 2008

Exhibit A

Item	Trade Execution Date	Trade Execution Time	Trade Report Date	Trade Report Time	Report FIRM	Capacity	Bond Symbol	Buy/Sell	Vol	Price		CUSIP	Control ID	Transaction Count
36	01/24/2008	15:13:29	01/24/2008	16:31:09	FISI	P	SLACOW	B	10	96.498		78442FBE3	240015184	84
37	01/24/2008	15:19:54	01/24/2008	15:50:10	FISI	P	ORCH	B	10	92.25		22237LHS	240014649	85