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FINANCIAL INDUSTRY REGULATORY AUTHORITY

LETTER OF ACCEPTANCE, WAIVER AND CONSENT

NO. 2008014361101

REGISTRATION & DISCLOSURE

**TO: Department of Enforcement
Financial Industry Regulatory Authority ("FINRA")**

**RE: SG Americas Securities, LLC (BD No. 128351),
Respondent**

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, SG Americas Securities, LLC ("Respondent" or "SGAS"), 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 me alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. Respondent 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

SGAS has been a member of FINRA since April 23, 2004. The firm currently has five branch offices and employs approximately 458 registered representatives. The firm is wholly owned by SG Americas Securities Holdings, LLC and is an indirectly wholly owned broker-dealer subsidiary of Societe Generale, the international bank headquartered in Paris, France.

RELEVANT DISCIPLINARY HISTORY

SGAS has the following relevant prior disciplinary history with the Securities and Exchange Commission, self-regulatory organizations and state securities regulators:

- On February 13, 2009, in SEC Administrative Proceeding No. 34-59401, the SEC entered an Order that included findings that SGAS failed to reasonably supervise an individual with a view to preventing and detecting his violations of Section 17(A) of the Securities Act, Section 10(b) of the Exchange Act and

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Rule 10b-5 thereunder. The matter involved failure to supervise a former managing director in certain unlawful public investment in private equity transactions where shorted selling by the managing director constituted unlawful insider trading. All of the trades took place in a firm proprietary account. The firm was censured and ordered to disgorge \$5,756,086.03 and interest of \$2,628,846.40.

- On March 28, 2008, in case no. AMXC08006/20050030244, SGAS consented to the entry of findings by the American Stock Exchange, Inc. ("AMEX") that the firm violated AMEX rules by submitting inaccurate and incomplete electronic blue sheet information to AMEX and failed to provide requested information and documentations of remedial action undertaken by the firm. The firm was censured and fined \$20,000.
- On March 26, 2008, in case no. 20070095217, an AWC was approved where SGAS agreed to the entry of findings by FINRA that the firm violated NASD Rules 2110, 2210, 2211, 2711 and 3010. The firm distributed research reports to institutional customers that were prepared by the firm's non-member foreign affiliates, even though they displayed the logo of SGAS. None of the reports was subjected to requisite approval by a qualified individual prior to distribution. The firm failed to establish, maintain and enforce a supervisory system reasonably designed to ensure compliance with NASD disclosure and communication rules. The firm was censured and fined \$175,000.
- On May 29, 2007, in case no. 20050025872, an AWC was approved where SGAS agreed to the entry of findings by NASD that the firm violated NASD Rules 2110, 3010 and 6130. The firm failed to accept or decline NASDAQ Market Center (NMC) transactions within 20 minutes after execution, failed to transmit to the NMC last sale reports of transactions, failed to report to the NMC the correct symbol indicating whether the firm executed transactions in a principal or agency capacity, failed to establish, maintain and enforce a supervisory system with respect to compliance with the Three Quote Rule, anti-intimidation, third party trade reporting and soft dollars accounts. The firm was censured and fined \$30,000.
- On May 10, 2007, in case no. HBD# 07-83, SGAS agreed to a Stipulation and Consent to Penalty with the New York Stock Exchange, Inc. that the firm violated NYSE Rules 80(a), 476(a)(10), 123(c) and 342(a). The firm, inter alia, failed to submit accurate daily program trade reports, failed to comply with requirements governing entry of market-on-the-close and limit-on-the-close orders and failed to reasonably supervise its business activities with respect to the above matters. The firm was censured and fined \$75,000.
- On October 27, 2005, in case no. 20050001671-01, an AWC was approved where the firm agreed to the entry of findings by NASD that the firm violated SEC Rule 17a-3, NASD Conduct Rules 2110, 2440, 3010 and 3110. The firm bought securities for its own account from customers and sold to customers

and failed to buy or sell such securities at a price that was fair, taking into consideration all relevant circumstances. The firm also failed to supervise the firm's high yield bond desk, and failed to reasonably detect and prevent violations of NASD Conduct Rule 2440 and IM-2440. The firm was fined \$3,750,000, ordered to pay \$728,674, plus interest, in restitution and revise the firm's supervisory procedures.

OVERVIEW

This case involves failures by SGAS to (i) comply with the reporting requirements for FINRA's Trade Reporting and Compliance Engine ("TRACE"), (ii) include yield information required by SEC Rule 10b-10 on certain customer confirmations, and (iii) ensure an adequate supervisory review of those customer confirmations.

SGAS failed to report approximately 6,000 transactions in TRACE-eligible securities to TRACE that were effected between April 2004 and December 2007. From April 2004 through approximately May 2005, these transactions were effected by SGAS trading on behalf of an affiliate of SGAS. From approximately May 2005 through December 2007, these transactions were effected by SGAS as trading advisor for an entity that was controlled by an affiliate of SGAS.

From January through June 2008, SGAS also failed to timely report additional transactions to TRACE and failed to accurately report the time of execution for additional transactions that occurred during 2008.

From April 2004 through February 2008, SGAS failed to include certain yield information required by SEC Rule 10b-10 on electronic customer confirmations sent to institutional customers in connection with approximately 34,000 debt security transactions. SGAS implemented an inadequate supervisory system in that it failed to adequately review these customer confirmations.

FACTS AND VIOLATIVE CONDUCT

1. During the period from April 2004 to December 2007, SGAS failed to report to TRACE approximately 6,000 transactions in TRACE eligible securities that it was required to report. These transactions represent approximately 40 percent of the approximate 14,924 transactions in TRACE eligible securities that SGAS effected during the period of April 2004 to December 2007. From April 2004 through approximately May 2005, these transactions were effected by SGAS trading on behalf of an affiliate of SGAS. From approximately May 2005 through December 2007, these transactions were effected by SGAS as trading advisor for an entity that was controlled by an affiliate of SGAS. These transactions were required to be reported to TRACE, but were not.

By reason of the foregoing, SGAS violated NASD Marketplace Rule 6230(b) and Conduct Rule 2110.

2. During the period from January 1, 2008 through March 31, 2008, SGAS failed to report 72 transactions in TRACE-eligible securities to TRACE within 15 minutes of the time of execution. These late transactions constitute 12.86 percent of the 560 trade reports of TRACE-eligible securities that SGAS reported to TRACE during this three month period, thereby constituting a pattern or practice of late transaction reporting without exceptional circumstances.

By reason of the foregoing, SGAS violated NASD Rules 6230(a) and 2110.

3. During the period from April 1, 2008 through June 30, 2008, SGAS failed to report 61 transactions in TRACE-eligible securities to TRACE within 15 minutes after execution. These late transactions constituted 21 percent of the 284 trade reports of TRACE-eligible securities that SGAS reported to TRACE during this three month period, thereby constituting a pattern or practice of late transaction reporting without exceptional circumstances.

By reason of the foregoing, SGAS violated NASD Rules 6230(a) and 2110.

4. During the period from April 1, 2008 through June 30, 2008, SGAS failed to report to TRACE the correct time of trade execution for the 61 transactions in TRACE-eligible securities identified in paragraph 3 above. These inaccurate reports constituted 21 percent of the 284 trade reports in TRACE-eligible securities that SGAS submitted to TRACE during this three month period.

By reason of the foregoing, SGAS violated NASD Rule 6230(c)(8).

5. During the period from April 1, 2008 through June 30, 2008, SGAS failed to show the correct time of trade execution on the order memoranda for the 61 brokerage transactions identified in paragraphs 3 and 4 above.

By reason of the foregoing, SGAS violated SEC Rule 17a-3, NASD Rules 3110 and 2110.

6. During the period from April 2004 through February 2008, SGAS failed to include certain yield information required by SEC Rule 10b-10 on electronic customer confirmations sent to institutional customers using the Depository Trust Corporation ("DTC") Institutional Delivery ("ID") system in connection with approximately 34,000 debt security transactions.

By reason of the foregoing, SGAS violated SEC Rule 10b-10 and NASD Rule 2110.

7. During the period from April 2004 through February 2008, SGAS failed to establish, maintain, and enforce adequate supervisory systems in that the firm

failed to ensure an adequate supervisory review of customer confirmations that were issued electronically to institutional customers using the DTC ID system.

By reason of the foregoing, SGAS violated NASD Rules 3010 and 2110.

B. Respondent also consents to the imposition of the following sanctions:

- A fine in the amount of \$250,000; and
- A censure.

Respondent 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

Respondent specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against Respondent;
- 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, Respondent 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.

Respondent 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

Respondent understands that:

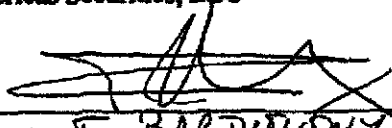
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against Respondent; and
- C. If accepted:
 - 1. this AWC will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against Respondent;
 - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about Respondent'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. Respondent 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. Respondent 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 my right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

- D. Respondent may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondent 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.

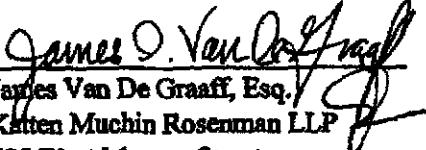
Respondent certifies that it has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that Respondent has agreed to its provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce Respondent to submit it.

SG Americas Securities, LLC

Date July 8, 2009

By: 
Print Name: F. BARTOLUCCI
Title: Managing Director

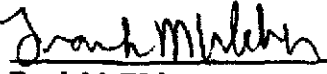
Reviewed By:


James Van De Graaff, Esq.
Katten Muchin Rosenman LLP
525 West Monroe Street
Chicago, Illinois 60661

Accepted by FINRA:

August 17, 2009
Date

Signed on behalf of the
Director of ODA, by delegated authority


Frank M. Weber
Senior Regional Counsel

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