

FINRA

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FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20080147371-01

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

RE: BNY Mellon Capital Markets, LLC, Respondent
Broker-Dealer
CRD No. 17454

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, BNY Mellon Capital Markets, 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 August 1, 1986, and its 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. The firm has no relevant public disciplinary history.

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FACTS AND VIOLATIVE CONDUCT

In Review No. 20080147371, the staff of the Department of Market Regulation ("staff") conducted a review of the firm's compliance with MSRB rules applicable to municipal securities reporting and best execution during the period of April 1, 2008 through June 30, 2008 (the "review period").

In connection with Review No. 20080147371,

1. During the review period, the firm failed to report the correct trade date to the Real-time Transaction Reporting System ("RTRS") in 228 reports of transactions in municipal securities. During the review period, the firm also improperly reported information to the RTRS on 453 other occasions, by submitting 453 reports that represented sub-allocations to Trusts managed by a money manager, rather than reporting only the cumulative block trades encompassing those bundled sub-allocation events that represented the firm's transactions with the money manager. The conduct described in this paragraph constitutes separate and distinct violations of MSRB Rule G-14.
2. In five transactions, the firm failed to purchase municipal securities for its own account from a customer at a price that was fair and reasonable, including the expense involved, the total dollar amount of the transaction and that the firm was entitled to a profit. The transactions are identified on Exhibit A which is attached. The conduct described in this paragraph constitutes separate and distinct violations of MSRB Rules G-17 and G-30.
3. The firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to municipal securities reporting. Specifically, the firm's supervisory system did not include written supervisory procedures providing for reviews for compliance with MSRB Rule G-14 that included a sufficient statement of the supervisory step(s) to be taken by the person(s) responsible for supervision of the applicable rules. The conduct described in this paragraph constitutes a violation of MSRB Rule G-27(c).

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

A censure, a \$25,000 fine (consisting of \$15,000 for the trade reporting violations, \$5,000 for the best execution violations, and \$5,000 for the supervisory finding), and an undertaking to revise the firm's written supervisory procedures with respect to the areas described in the paragraph in Item I.A.3. Within 30 business days of acceptance of this AWC by the National Adjudicatory Council ("NAC"), a registered principal of the Respondent shall submit to the COMPLIANCE ASSISTANT, LEGAL SECTION, MARKET REGULATION DEPARTMENT, 9509 KEY WEST AVENUE, ROCKVILLE, MD 20850, a signed, dated letter, or an e-mail from a work-related account of the registered principal to

MarketRegulationComp@finra.org, providing the following information:
(1) a reference to this matter; (2) a representation that the firm has revised its written supervisory procedures to address the deficiencies described in the paragraph in Item I.A.3; and, (3) the date the revised procedures were implemented.

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 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:

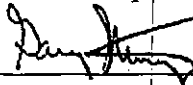
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will 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 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.

12/15/10
Date

Respondent
BNY Mellon Capital Markets, LLC

By: 

Name: Gary Strunoyer

Title: President

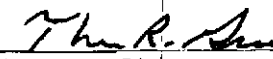
Reviewed by:

Attorney Name
Counsel for Respondent
Firm Name
Address
Phone Number

Accepted by FINRA:

1/5/11
Date

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


Thomas R. Gira
Executive Vice President
Department of Market Regulation

BNY Mellon Capital Markets, LLC ("BKCML")
Review Number: 20080147371

Exhibit A

Item	Date	Cusip	Issue	Quantity	Contra*	Trade Time	Trade Price	Firm	Restitution Amount Paid
1	4/18/2008	390080BX0	GREENVILLE HOSP SYS S C HOSP FACS REV (SC)*	10	C (S)	10:37:47	99.847	BKCM	700
2	4/18/2008	390080BX0	GREENVILLE HOSP SYS S C HOSP FACS REV (SC)*	5	C (S)	10:38:56	99.297	BKCM	350
3	5/29/2008	64970KZD2	NEW YORK N Y CITY MUN WTR FIN AUTH WTR & SWR SYS REV SER A (NY)*	10	C (S)	14:21:38	98.93	BKCM	\$152.20
4	5/29/2008	76213DM6	RHINEBECK N Y CENT SCH DIST (NY)*	40	C (S)	14:21:39	96.55	BKCM	\$450.00
5	6/27/2008	53815BQ1	LIVERMORE-AMADOR VY WTR MGMT AGY CALIF SWR REV SER A (CA)*	25	C (S)	9:01:20	95.51	BKCM	\$75.00
									\$1,727.20

*Contra parties are identified as follows: B-D (S) indicates another Broker-Dealer selling to the firm; B-D (B) indicates another Broker-Dealer buying from the firm; C (S) indicates a customer selling to the firm; and C (B) indicates a customer buying from the firm.

December 16, 2010

STATEMENT OF CORRECTIVE ACTION

Re: Letter of Acceptance, Waiver and Consent ("AWC") STAR No. 20080147371

This Statement is submitted by BNY Mellon Capital Markets ("BNYMCM"). It does not constitute action or legal findings by FINRA, nor does it reflect the views of FINRA or its staff.

BNYMCM established procedures and operational processes to address Section I.A., Item 1, pg. 2 of the AWC. For transactions between The Bank of New York Mellon UIT Department ("UIT") on behalf of the Van Kampen funds, UIT's client, and BNYMCM, BNYMCM reports such transactions concurrent with BNYMCM's reports of transactions between BNYMCM and Chapdelaine. To do so, over the past several months, the Firm has allocated sufficient resources and made the necessary modifications. BNYMCM reviews such transactions daily, on a same day or next business day basis.