

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

NO. ~~20080154701-01~~

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

RE: Fidelity Brokerage Services LLC, Respondent
Broker-Dealer
CRD No. 7784

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Fidelity Brokerage Services 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 January 15, 1979, and its registration remains in effect. The firm has no relevant disciplinary history.

FACTS AND VIOLATIVE CONDUCT

In 20080154701 and 20080160637, the staff of the Department of Market Regulation (the "staff") conducted a review of the firm's compliance with Municipal Securities Rulemaking Board ("MSRB") Rule G-17 during the period from July 22, 2008 through October 31, 2008 (the "review period"). As a result of this review, the staff determined that the firm:

1. Failed to determine, in all municipal securities transactions during the review period, whether the underlying credit rating of the issuer of an insured municipal security constituted material information that was required to be disclosed at or before the time of purchase. The conduct

20080154701 (Inc. 20080160637)(KM)

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described in this paragraph constitutes separate and distinct violations of MSRB Rule G-17.

2. Failed to disclose to customers, in connection with the municipal securities transactions listed in Exhibit A, all material facts at or before the time of purchase. Specifically, the firm failed to disclose to customers the underlying credit rating of insured municipal bonds at or prior to the time of purchase. The conduct described in this paragraph constitutes separate and distinct violations of MSRB Rule G-17.

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

A censure and a fine of \$35,000.

The firm agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is 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 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 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 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.

10/1/10
Date

Respondent,
Fidelity Brokerage Services LLC

By: 

Name: Norman L. Ashkowsky

Title: SVP, Chief Compliance Officer

Reviewed by:



Attorney Name

Counsel for Respondent

Firm Name Bingham McCutchen LLP

Address 1 Federal St

City/State/Zip Boston, MA 02110

Phone Number 617-951-8485

Accepted by FINRA:

11/5/10
Date

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


Thomas R. Gira
Executive Vice President
Department of Market Regulation

Exhibit A

Item Number	Trade Date	Trade Time	CUSIP	Seller	Volume	Price	Buyer
1	08/05/2008	14:49:58	472682MR1	FIBS	100,000	100.452	CUST
2	08/07/2008	09:48:24	472682MS9	FIBS	25,000	98.35	CUST
3	8/12/2008	12:26:16	472682ML4	FIBS	25,000	101.429	CUST
4	08/13/2008	10:58:56	472682ML4	FIBS	35,000	101.421	CUST
5	08/13/2008	11:32:29	472682ML4	FIBS	25,000	101.421	CUST
6	08/13/2008	12:55:29	472682ML4	FIBS	25,000	102.1	CUST
7	08/13/2008	15:07:49	472682MS9	FIBS	25,000	99.85	CUST
8	08/27/2008	12:20:15	472682ML4	FIBS	50,000	100.433	CUST
9	08/28/2008	10:50:07	472682MR1	FIBS	10,000	98.6	CUST
10	09/02/2008	15:48:35	472682MP5	FIBS	20,000	99.128	CUST
11	09/02/2008	16:03:17	472682MP5	FIBS	50,000	99.128	CUST
12	09/03/2008	09:41:16	472682ML4	FIBS	10,000	100.763	CUST
13	09/03/2008	09:55:22	472682ML4	FIBS	15,000	100.763	CUST
14	09/03/2008	09:59:45	472682ML4	FIBS	5,000	100.823	CUST
15	09/03/2008	10:05:00	472682ML4	FIBS	10,000	100.763	CUST
16	09/03/2008	10:28:00	472682ML4	FIBS	50,000	100.763	CUST
17	09/03/2008	11:04:15	472682MP5	FIBS	25,000	98.825	CUST
18	09/03/2008	11:27:44	472682MP5	FIBS	20,000	98.3	CUST
19	09/03/2008	12:01:03	472682ML4	FIBS	10,000	100.763	CUST
20	09/03/2008	12:19:36	472682ML4	FIBS	90,000	100.763	CUST
21	09/03/2008	12:45:36	472682ML4	FIBS	5,000	100.823	CUST
22	09/03/2008	12:57:19	472682MQ3	FIBS	25,000	97.675	CUST
23	09/03/2008	13:14:40	472682ML4	FIBS	300,000	100.74633	CUST
24	09/03/2008	13:31:18	472682ML4	FIBS	200,000	100.763	CUST
25	09/03/2008	13:32:03	472682ML4	FIBS	5,000	100.823	CUST
26	09/03/2008	13:46:07	472682ML4	FIBS	5,000	100.823	CUST
27	09/03/2008	13:56:23	472682MQ3	FIBS	25,000	97.675	CUST
28	09/03/2008	16:02:50	472682ML4	FIBS	40,000	100.763	CUST
29	09/04/2008	10:08:31	472682ML4	FIBS	175,000	100.762	CUST
30	09/04/2008	10:09:54	472682ML4	FIBS	10,000	100.762	CUST
31	09/04/2008	10:50:33	472682ML4	FIBS	75,000	100.762	CUST
32	09/04/2008	11:07:23	472682ML4	FIBS	85,000	100.762	CUST
33	09/04/2008	12:37:42	472682MNO	FIBS	15,000	99.1	CUST
34	09/04/2008	13:56:00	472682ML4	FIBS	10,000	100.762	CUST
35	09/04/2008	15:19:24	472682ML4	FIBS	20,000	100.762	CUST
36	09/05/2008	08:23:54	472682ML4	FIBS	30,000	100.76	CUST
37	09/05/2008	16:00:12	472682MR1	FIBS	25,000	98.1	CUST
38	09/09/2008	15:41:50	472682MNO	FIBS	50,000	99.85	CUST
39	09/26/2008	08:39:13	472682MP5	FIBS	30,000	98.1	CUST
40	09/26/2008	10:16:46	472682MS9	FIBS	15,000	95.975	CUST
41	09/29/2008	10:09:17	472682MNO	FIBS	10,000	97.353	CUST
42	09/29/2008	13:05:50	472682MNO	FIBS	10,000	97.353	CUST

Exhibit A

43	10/01/2008	08:48:43	472682MS9	FIBS	15,000	95.975	CUST
44	10/01/2008	15:50:57	472682MQ3	FIBS	100,000	98.1	CUST
45	10/22/2008	08:34:42	472682ML4	FIBS	30,000	97.138	CUST
46	10/22/2008	12:52:44	472682MQ3	FIBS	30,000	91.467	CUST
47	10/22/2008	13:05:52	472682MS9	FIBS	145,000	91.589	CUST
48	10/24/2008	10:03:12	472682MND	FIBS	50,000	95.071	CUST
49	10/24/2008	11:10:10	472682MP5	FIBS	210,000	92.875	CUST
50	10/24/2008	16:56:29	472682MNO	FIBS	10,000	95.071	CUST
51	10/27/2008	11:56:38	472682MNO	FIBS	25,000	95.075	CUST
52	10/31/2008	16:07:44	472682ML4	FIBS	25,000	96.903	CUST