

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2009016131201**

TO: Department of Enforcement
Financial Industry Regulatory Authority

RE: Commerce Square, LLC, Respondent
CRD No. 26554

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Commerce Square, LLC submits this Letter of Acceptance, Waiver and Consent 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 Commerce Square alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. Commerce Square 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

Commerce Square, formerly known as Trading Services Group, LLC, has been a member of FINRA since June 7, 1990, and is also a member of the Municipal Securities Rulemaking Board. The firm currently has 27 registered individuals and one office located in Memphis, TN. The firm generates a substantial amount of its revenue from two sources: equity trade commissions and hedge fund or fund of hedge fund solicitation fees. Most of the firm's customer base is institutional.

RELEVANT DISCIPLINARY HISTORY

On December 29, 2006, a Letter of Caution was issued to Commerce Square for reporting 18 TRACE-eligible transactions late.

On August 2, 2005, FINRA accepted a Letter of Acceptance, Waiver and Consent with findings that Commerce Square violated NASD Rules 2110 and 6230 for

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On August 2, 2005, FINRA accepted a Letter of Acceptance, Waiver and Consent with findings that Commerce Square violated NASD Rules 2110 and 6230 for failing to timely report 46 TRACE-eligible securities transactions. Commerce Square was fined \$7,500.

OVERVIEW

Commerce Square failed to report TRACE-eligible securities transactions during the review period of November 1, 2006 through February 28, 2007. Specifically, Commerce Square failed to report 38 of 63 TRACE-eligible securities transactions.

At the time Commerce Square failed to report TRACE-eligible transactions, the firm had in place written supervisory procedures regarding the requirement to report all TRACE-eligible transactions. However, the firm failed to enforce these procedures.

FACTS AND VIOLATIVE CONDUCT

TRACE

1. Between November 1, 2006 and February 28, 2007, Commerce Square failed to report 37 TRACE-eligible customer trades. Additionally, one inter-dealer trade was not reported. In total, 38 TRACE-eligible trades were not reported.

Such acts, practices, and conduct constitute a violation of NASD Rules 6230 and 2110.

Supervision

2. Commerce Square had in place adequate written supervisory procedures which specified that all TRACE-eligible securities transactions were to be reported within required timeframes, TRACE Report Cards were to be reviewed, and corrective action was to be taken if necessary. However, during the review period Commerce Square failed to enforce these written supervisory procedures.

Such acts, practices, and conduct constitute a violation of NASD Rules 3010 and 2110.

- B. Commerce Square also consents to the imposition of the following sanction: a censure and a fine of \$15,000.

Commerce Square agrees to pay the monetary sanction upon notice that this AWC

has been accepted and that such payment is due and payable. Commerce Square has submitted an Election of Payment form showing the method by which it proposes to pay the fine imposed.

Commerce Square 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 sanction imposed herein shall be effective on a date set by FINRA staff.

II.

WAIVER OF PROCEDURAL RIGHTS

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

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

Commerce Square 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

Commerce Square 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, 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 Commerce Square; and
- C. If accepted:
 - 1. this AWC will become part of Commerce Square's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against Commerce Square;
 - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about Commerce Square'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. Commerce Square 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. Commerce Square 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 Commerce Square's right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.
- D. Commerce Square may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Commerce Square 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 Commerce Square, 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 Commerce Square 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 Commerce Square to submit it.

2/28/2011
Date

Commerce Square Trading, LLC
Commerce Square Trading, LLC

By: Wicki M. Lawson
President & CEO

Reviewed by:

RF
Attorney Name Richard M. Nunn
Counsel for Respondent
Firm Name CSG Holdings LLC
Address 6075 Poplar Avenue, Ste. 700
City/State/Zip Memphis, TN 38119
Phone Number 901/727-3673

Accepted by FINRA:

3/23/11
Date

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

Dale A. Glanzman

Dale A. Glanzman
Senior Regional Counsel
FINRA Department of Enforcement
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Attachment: Election of Payment Form