

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2009016134601**

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

RE: Cantor Fitzgerald & Co., Respondent
[BD No. 134]

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondent Cantor Fitzgerald & Co. ("Cantor" or "Respondent") 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

Cantor has been a member of FINRA since February 16, 1945. The firm is also a member of the ISE, NSX and NYSE Arca. The firm's primary business activities include trading in equity, corporate, government, mortgage-backed and municipal securities and financial futures. Cantor employs approximately 660 registered persons operating out of 23 branch offices.

RELEVANT DISCIPLINARY HISTORY

On July 17, 2009, Cantor submitted an AWC in which the firm was censured and fined \$140,000 for violations of Securities Exchange Act Rule 203(b)(1), (3), Securities Exchange Act Rule 10b-10, NASD Conduct Rule 2110, and MSRB Rule G-15.

On October 13, 2005, Cantor entered into an AWC in which it agreed to a

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fine of \$39,500 and a censure and an undertaking to revise its supervisory procedures including procedures in connection with various violations, including violations of Securities Exchange Act Rule 10b-10, violations of FINRA's affirmative determination rule, and books and records violations.

FACTS AND VIOLATIVE CONDUCT

1. Violation of MSRB Rule G-14.

A review of 48 transactions in municipal trades for the period from February 1, 2009 to April 30, 2009 revealed that Cantor failed to accurately report the transaction information to the Real-time Transaction Reporting System ("RTRS") for 48 of 48 or 100% of the customer transactions reviewed. Specifically, in all instances Cantor failed to accurately report the trade time in RTRS

By reason of the forgoing, Cantor violated MSRB Rule G-14

2. Violation of Securities Exchange Act Rule 17a-3, NASD Conduct Rule 3110, and FINRA Rule 2010

A review of 51 transactions in corporate bonds for the period from February 1, 2009 to April 30, 2009 revealed that Cantor failed to maintain accurate order tickets for 8 of 51, or 16% of the customer transactions reviewed. Specifically, in all 8 instances the firm failed to record the time of receipt on the order tickets. Furthermore, 32 of 51, or 63% of the order tickets sampled did not reflect the accurate terms and conditions of the order (i.e. capacity)

By reason of the forgoing, Cantor violated Securities Exchange Act Rule 17a-3, NASD Conduct Rule 3110, and FINRA Rule 2010

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

- A censure
- A fine in the amount of \$12,500 (\$7,500 of which pertains to the violations of MSRB Rule G-14).

The sanctions imposed herein shall be effective on a date set by FINRA staff.

Respondent agrees to pay the monetary sanction(s) upon notice that this AWC has been accepted and that such payment(s) are due and payable. Respondent has submitted an Election of Payment form showing the method by which Respondent proposes to pay the fine imposed.

Respondent 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.

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 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.

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 Respondent's 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 Respondent 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 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 the Firm to submit it.

05/20/2011
Date (mm/dd/yyyy)

CANTOR FITZGERALD & CO.



By: [Signature]

Accepted by FINRA:

June 7, 2011
Date

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

[Signature]

Samuel L. Barkin
FINRA Department of Enforcement
One Liberty Plaza
New York, NY 10006
(212) 858-4074
(202) 721-6573 (direct fax)
samuel.barkin@finra.org