

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2009016314901**

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REGISTRATION & DISCLOSURE

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

RE: Banesto Securities Inc., Respondent
BD No. 131165

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondent, Banesto Securities Inc., ("Banesto" or 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 Respondent 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

Respondent has been a member of FINRA since September 20, 2004. Respondent acts as a broker/dealer engaging in: (i) retail corporate equity securities over-the-counter; (ii) corporate debt securities; and (iii) U.S. government securities. Respondent also acts as a mutual fund retailer, non-exchange member arranging for transactions in listed securities by exchange members, and engages in private placements of securities. Respondent employs approximately 17 registered representatives.

RELEVANT DISCIPLINARY HISTORY

The firm has no disciplinary history with the Securities Exchange Commission, any state securities regulator, or self-regulatory organization.

[Handwritten signature]

OVERVIEW

Banesto violated NASD Marketplace Rule 6230(c), Conduct Rule 2110, and FINRA Rules 6730(c) and 2010 when it failed to report three transactions and failed to accurately report the execution times for 28 of 168 transactions to FINRA's Trade Reporting and Compliance Engine ("TRACE"). In addition, Banesto violated SEC Rule 17a-3(a)(6) and NASD Conduct Rules 3110 and 2110 and FINRA Rule 2010 when it failed to maintain order tickets for certain corporate bond transactions.

FACTS AND VIOLATIVE CONDUCT

From June 1, 2008, through December 31, 2008 (the "Relevant Period"), Banesto failed to report three transactions and failed to accurately report the execution times for 28 transactions out of 168 transactions to TRACE. Specifically, for the three unreported transactions, Banesto failed to report one side of the riskless principal transactions. That is, Banesto failed to report the dealer side for one of the transactions and failed to report the customer side for the remaining two transactions. In addition, Banesto inaccurately reported the execution times for 28 of the transactions as the reported execution times did not match the execution times on the firm's order tickets. By reason of the foregoing, for the period from June 1, 2008, through December 15, 2008, Banesto violated NASD Marketplace Rule 6230(c) and Conduct Rule 2110, and for the period from December 15, 2008, through December 31, 2008, Banesto violated FINRA Rules 6730(c) and 2010.

During the Relevant Period, Banesto failed to maintain order tickets for 16 of 184 corporate bond transactions. By reason of the foregoing, for the period from June 1, 2008, through December 15, 2008, Banesto violated SEC Rule 17a-3(a)(6) and NASD Conduct Rules 3110 and 2110 and for the period from December 15, 2008, through December 31, 2008, Banesto violated SEC Rule 17a-3(a)(6), NASD Conduct Rule 3110 and FINRA Rule 2010.

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

- A Censure; and
- Fine in the amount of \$10,000.

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

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.

November 12, 2009
Date

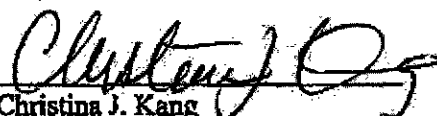
Respondent Banesto Securities Inc.


By: _____
Juan Galan, President and Chief Executive Officer

Accepted by FINRA:

November 20, 2009
Date

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


Christina J. Kang
Senior Regional Counsel
FINRA Department of Enforcement
One Liberty Plaza, 48th Floor
New York, NY 10006
212-858-4009; Fax 212-858-4770

**Banesto Securities, Inc.
CRD No. 131165**

**FINRA Examination No. 2009 016 3149
Letter of Acceptance, Waiver and Consent
Statement of Corrective Action**

Banesto Securities, Inc. (the "Firm") presents this Statement of Corrective Action together with the attached Letter of Acceptance, Waiver and Consent ("AWC"). The AWC relates to findings from FINRA Examination No. 2009 016 3149, and specifically findings of FINRA that:

- *TRACE reporting.* For the period of 6/1/2008 through 12/31/2008. Specifically, the Firm (i) reported the incorrect execution time in 28 of 168 instances, (ii) did not report three transactions.
- *Order tickets.* For the period of 6/1/2008 through 12/31/2008, the Firm could not produce order tickets for 16 of 184 reviewed corporate bond transactions.

TRACE reporting

In response to the above-noted deficiencies relating to TRACE reporting, the Firm has improved its TRACE reporting supervision. Policies and procedures have been implemented to:

- Have the Firm's compliance team monitor all transactions in TRACE-eligible securities on a daily basis.
- Schedule training sessions to reinforce TRACE procedures.
- Have the Firm's Chief Compliance Officer review TRACE compliance report cards on a monthly basis.

Further, the Firm is closely monitoring all residual TRACE reporting exceptions, and is creating an exception report describing the reason for each such exception.

Order tickets

Having conducted an internal investigation subsequent to FINRA's examination, the Firm has taken the following steps to ensure that trade tickets are generated for every transaction:

- Revised its retail order handling procedures, a copy of which have been submitted to FINRA, and which provide supervisory procedures that ensure the receipt of all order tickets.
- Implemented a daily reconciliation of the trade blotter to each individual trade ticket.
- Scheduled training sessions to reinforce retail order handling procedures.

* * *

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Banesto Securities
Statement of Corrective Action

This Statement of Corrective Action is submitted by the Respondent. It does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA or its Staff.