

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20090170045-01**

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

RE: Canaccord Genuity Inc. (f/k/a Canaccord Adams Inc.), Respondent
Broker-Dealer
CRD No. 1020

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Canaccord Genuity Inc. (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 April 3, 1946, and its registration remains in effect. The firm formerly did business under the name Canaccord Adams Inc. The firm has no prior relevant disciplinary history.

SUMMARY

In connection with the firm's 2009 Trading and Market Making Surveillance ("TMMS") Exam, Matter No. 20090170045, FINRA's Department of Market Regulation reviewed the trading activity of the firm set forth in Exhibit 1 for trade dates November 3, 2009 and November 4, 2009 (the "TMMS review period"), unless otherwise noted.

In connection with Matter No. 20090173675, FINRA's Department of Market Regulation reviewed the firm's compliance with FINRA Rules regarding OATS reporting during the period January 1, 2008 through June 30, 2010.

In connection with Matter No. 20090170351, FINRA's Department of Market Regulation reviewed the firm's compliance with FINRA rules pertaining to trade reporting of equities securities transactions to the FINRA/Nasdaq Trade Reporting Facility during the period September 1, 2008 to December 31, 2008.

In connection with Matter No. 20100231669, FINRA's Department of Market Regulation reviewed the firm's compliance with FINRA rules pertaining to trade reporting of equities securities transactions to the FINRA/Nasdaq Trade Reporting Facility during the period January 1, 2010 to April 30, 2010.

FACTS AND VIOLATIVE CONDUCT

Matter No. 20090170045

1. During the TMMS review period, the firm, in 19 instances, transmitted reports to OATS that contained inaccurate, incomplete, or improperly formatted data. Specifically, the reports contained erroneous route reports, incorrect OATS report types, an incorrect expiration timestamp, incorrect destination codes, and incorrect member type codes. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 7450.

Matter No. 20090173675

2. During the review period for this matter, the firm failed to transmit 12,889 Reportable Order Events ("ROEs") to OATS for one of its Market Participant IDs ("MPID") on 628 business days. These 12,889 ROEs represented 98.03 percent of all ROEs (13,148) that the firm was required to transmit to OATS for that MPID during the review period. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 6955(a) (for conduct prior to December 15, 2008) and FINRA Rule 7450 (for conduct on or after December 15, 2008).

Matter No. 20090170351

3. The firm failed, within 90 seconds after execution, to transmit to the FINRA/Nasdaq Trade Reporting Facility 113 last sale reports of transactions in designated securities. These transactions constitute 2.68 percent of transactions reviewed that the firm reported to the FINRA/Nasdaq Trade Reporting Facility during the review period. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 4632(a) (for conduct prior to December 15, 2008) and FINRA Rule 6380A(a) (for conduct on or after December 15, 2008). The conduct in this paragraph also constitutes a pattern or practice of late reporting without exceptional circumstances in violation of NASD Rule 2110 (for conduct prior to December 15, 2008) and FINRA Rule 2010 (for conduct on or after December 15, 2008).

Matter No. 20100231669

4. The firm failed, within 90 seconds after execution, to transmit to the FINRA/Nasdaq Trade Reporting Facility 154 last sale reports of transactions in designated securities. These transactions constitute 3.47 percent of transactions reviewed that the firm reported to the FINRA/Nasdaq Trade Reporting Facility during the review period. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6380A(a) and a pattern or practice of late reporting without exceptional circumstances in violation of FINRA Rule 2010.

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

Censure and a fine of \$40,000 (\$7,500 for the OATS violations in Matter No. 20090170045, \$17,500 for the OATS violations in Matter No. 20090173675, \$7,500 for the trade reporting violations in Matter No. 20090170351, and \$7,500 for the trade reporting violations in Matter No. 20100231669).

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 National Adjudicatory Council ("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 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:

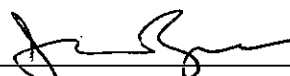
1. this AWC will become part of the firm's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against the firm;
2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about the firm's 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.

Feb. 7, 2012
Date

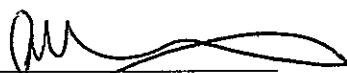
Respondent
Canaccord Genuity Inc.

By: 

Name: James M. Brown

Title: President

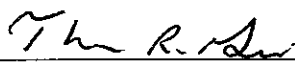
Reviewed by:


Counsel for Respondent

Accepted by FINRA:

3/22/12
Date

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


Thomas R. Gira
Executive Vice President
Department of Market Regulation

2009 Market Regulation Examination Samples
Canaccord Adams, Inc. ("ADAM")
Exam No. 20090170045
Review Period*: 11/3/09 - 11/4/09

<u>Sample</u>	<u>Sample Description</u>
<u>Size</u>	
153	Sales reviewed for compliance with SEC Rule 200(g) long/short sale recording requirements
74	Short Sales reviewed for compliance with SEC Rule 203(b) security location requirements
0	Sales reviewed for compliance with SEC Rule 204 fail-to-deliver requirements
159	Sell trades reported to a TRF or OTCRF for compliance with sale indicator requirements, FINRA Rules 6182 or 6624
8	Sell orders entered into Nasdaq Exchange execution system for compliance with Nasdaq Rule 4755(a)(1)(A) long/short reporting requirements
8	Buy and Sell orders entered into Nasdaq Exchange execution system for compliance with Nasdaq Rule 4611 capacity reporting requirements
0	Sell orders entered into BATS Exchange execution system for compliance with BATS Rule 11.19 long/short reporting requirements
0	Limit orders for NMS securities in which the member acts as an exchange market maker for compliance with the display requirements of SEC Rules 602 and 604, and Nasdaq Rule 3390
10	Orders for compliance with best execution requirements of NASD Rule 2320
0	Held orders from the Held Order Protection Review
0	Not Held orders from the Not Held Order Review
0	Order executed with a .PRP (Prior Reference Price) trade modifier
10	Customer orders in OTC equity securities for compliance with NASD Rule 3110(b) requirements to ascertain and document best interdealer market related to execution of orders
10	Orders for compliance with order protection requirements of NASD Rules 2110, IM-2110-2, 2111, and Nasdaq Rules 2110, IM-2110-2, and 2111
2	Open Limit orders to buy and/or open Stop orders to sell securities that traded ex-dividend for compliance with NASD Rule 3220 and Nasdaq Rule 4761
0	Order memoranda and Net Trading agreements for compliance with NASD Rule 2441 requirements
50	Orders in securities required to be submitted to OATS for compliance with FINRA Rules 7440 and 7450, and Nasdaq Rules 6954 and 6955 requirements
16	Customer confirmations prepared and maintained in connection with select samples for compliance with SEC Rule 10b-10

2009 Market Regulation Examination Samples

Canaccord Adams, Inc. ("ADAM")

Exam No. 20090170045

Review Period*: 11/3/09 - 11/4/09

- | | |
|-----------------|--|
| 25 | Orders for NMS securities in which the Firm acts as a market center for compliance with SEC Rule 605 order classification requirements |
| 5 | Data sets published for September 2009 monthly order execution report for compliance with SEC Rule 605 requirement to publish accurate data (a 'data set' encompasses all required statistical data for single security and order type/size category as described in SEC Rule 605) |
| 4Q '09 | Quarterly Routing Report for compliance with SEC Rule 606 requirements |
| 12 | CRD registration records for persons conducting and/or supervising Firm's trading and/or market making activities for compliance with NASD Rule Series 1020, 1030, 1040; Nasdaq Rule Series 1020, 1030, 1040; and BATS Rule 11.4 |
| 10 | Customer orders in OTC equity securities for compliance with NASD Rule 3110(b) requirements to ascertain and document best interdealer market related to execution of orders |
| 1 | Disclosures to customers relating to trading in the Extended Hours session for compliance with FINRA Rule 2265 and Nasdaq Rule 4631 |
| 115 | Records prepared and maintained in connection with the above samples for compliance with SEC Rules 17a-3 and 17a-4, and NASD Rule 3110 |
| 474 | Execution records in the Firm's trading ledger, reviewed for compliance with NASD Conduct Rule 3110 and SEC Rules 17a-3 & 17a-4. |
| 421 | Trades reported to a TRF or OTCRF for compliance with FINRA Rules 6380A and 7230A or 6622 and 7330 |
| All
Provided | Member's "Regular & Rigorous" review procedures regarding order execution quality for compliance with NASD Rules 2320 and 3010 |
| All
Provided | Member's supervisory and operational policies and procedures and documentation evidencing execution of the policies and procedures for compliance with SEC Regulation NMS Rule 611 |
| All
Provided | Member's supervisory system, written supervisory procedures ("WSPs") and documentation evidencing execution of the WSPs for compliance with NASD Rule 3010, Nasdaq Rule 3010, or BATS Rule 5.1 requirements |