

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20090176146-01**

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

RE: Robert W. Baird & Co. Incorporated, Respondent
Broker-Dealer
CRD No. 8158

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Robert W. Baird & Co. Incorporated (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 its principal place of business in Milwaukee, Wisconsin and has been a member of FINRA since August 6, 1971. The firm has 59 branches in the United States and employs approximately 1,042 registered personnel.

RELEVANT DISCIPLINARY HISTORY

The firm has no relevant disciplinary history.

SUMMARY

In connection with matter 20090176146, the Trading Analysis Team of the Department of Market Regulation (the "staff") reviewed the firm's written supervisory procedures and supervisory system related to the detection and prevention of prohibited, potentially manipulative and potentially suspicious trading activity during the period from January 1,

2008 to January 31, 2010 (the "review period"). Additionally, the staff reviewed the firm's Anti-Money Laundering ("AML") policies and procedures and AML program for compliance with NASD Rule 3011, FINRA Rule 3310 and the requirements of the Bank Secrecy Act, 31 U.S.C. § 5311 *et seq.* during the review period.

FACTS AND VIOLATIVE CONDUCT

1. During the review period, the firm failed to establish and maintain a supervisory system and written supervisory procedures reasonably designed to enable the firm's supervisory personnel to perform an adequate review for cross trades that resulted in no beneficial change in ownership. Also, although the firm's written supervisory procedures prohibited the firm's Financial Advisors from facilitating executions of cross trades with no beneficial change of ownership, the procedures failed to describe the steps the supervisor should take to review for such potentially improper conduct or how the supervisor should document such review. The conduct described in this paragraph constitutes a violation of NASD Rule 3010 and NASD Rule 2110 (for conduct prior to December 15, 2008) and FINRA Rule 2010 (for conduct on or after December 15, 2008).
 2. The firm failed to establish and implement an adequate AML program and AML policies and procedures, as required by the Bank Secrecy Act, 31 U.S.C. § 5311 *et seq.* and the implementing regulations thereunder, that were reasonably designed to detect and cause the reporting of cross trades with no beneficial change in ownership. The conduct described in this paragraph constitutes a violation of NASD Rule 3011(a) (for conduct prior to January 1, 2010), FINRA Rule 3310(a) (for conduct on or after January 1, 2010), NASD Rule 2110 (for conduct prior to December 15, 2008) and FINRA Rule 2010 (for conduct on or after December 15, 2008).
- B. The firm also consents to the imposition of the following sanctions:

A censure and a fine of \$50,000.

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: (i) testimonial obligations; or (ii) 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.

8/1/13
Date

Respondent
Robert W. Baird & Co. Incorporated

By: Jeffrey Freiburger

Name: JEFFREY FREIBURGER

Title: CCO

Reviewed by:

Paul Zehlf
Counsel for Respondent

Accepted by FINRA:

9/20/13
Date

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

Gerard P. Finn
Gerard P. Finn
Chief Counsel
Department of Market Regulation