

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20090182559-01**

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

RE: Scottrade, Inc., Respondent
Broker-Dealer
CRD No. 8206

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Scottrade, 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 May 23, 1980, and its registration remains in effect.

RELEVANT DISCIPLINARY HISTORY

On June 26, 2008, FINRA accepted an AWC from the firm that imposed sanctions of a censure and a fine of \$45,000 (consisting of a \$10,000 fine for NASD Rule 3370 violations; a \$15,000 fine for violations of SEC Rule 203(b)(3) of Reg. SHO; a \$10,000 fine for NASD Rule 6130(b) violations; and a \$10,000 fine for supervision violations).

SUMMARY

In connection with 20090182559, the Short Sales Staff of FINRA's Department of Market Regulation reviewed the firm's compliance with Regulation SHO during the period of January 20, 2009 through March 26, 2009 (the "Reg. SHO Review Period").

In connection with 20110270232, the Trade Reporting and Compliance Engine (“TRACE”) Corporate Bonds Staff of FINRA’s Department of Market Regulation reviewed the firm’s compliance with the rules applicable to TRACE reporting during the period October 1, 2010 through December 31, 2010 (the “TRACE Reporting Review Period”).

FACTS AND VIOLATIVE CONDUCT

20090182559

1. During the Reg. SHO Review Period, the firm had a fail-to-deliver position at a registered clearing agency in Caliber Energy, Inc. (“CLBN”), a threshold security, for 13 consecutive settlement days beginning February 2, 2009, and failed to immediately thereafter close out the fail-to-deliver position by purchasing securities of like kind and quantity. The conduct described in this paragraph constitutes separate and distinct violations of SEC Rule 203(b)(3) of Regulation SHO.
2. Beginning on January 23, 2009 and continuing through March 23, 2009, in seven instances, the firm had a fail-to-deliver position at a registered clearing agency in an equity security that resulted from a long sale, and did not close the fail-to-deliver position by purchasing securities of like kind and quantity within the time frame prescribed by SEC Rule 204T(a)(1). The conduct described in this paragraph constitutes separate and distinct violations of SEC Rule 204T(a)(1).
3. During the Reg. SHO Review Period, the firm executed 56 short sale orders and failed to properly mark the orders as short. The conduct described in this paragraph constitutes separate and distinct violations of SEC Rule 200(g) of Regulation SHO.
4. In 12 instances during the Reg. SHO Review Period, the firm knew or had reasonable grounds to believe that the sale of an equity security was or would be effected pursuant to an order marked long, and failed to deliver the security on the date delivery was due. The conduct described in this paragraph constitutes separate and distinct violations of SEC Rule 203(a)(1) of Regulation SHO.

20110270232

5. During the TRACE Reporting Review Period, the firm failed to report to TRACE 394 S1 transactions in TRACE-eligible securities within 15 minutes of the time of execution. These late transactions constituted approximately five percent of the S1 transactions in TRACE-eligible securities that the firm reported to TRACE during the TRACE Reporting Review Period. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6730(a) and a pattern or practice of late reporting without exceptional circumstances in violation of FINRA Rule 2010.

6. During the TRACE Reporting Review Period, the firm failed to report to TRACE the correct market identifier for 26 P1 transactions in TRACE-eligible securities. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6730(d)(4)(D).

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

A censure and a fine of \$45,000 (consisting of a \$22,500 fine for violations of SEC Rules 203(b)(3) and 204T(a)(1) of Reg. SHO in 20090182559; a \$10,000 fine for violations of SEC Rule 200(g) of Reg. SHO in 20090182559; a \$5,000 fine for violations of SEC Rule 203(a) of Reg. SHO in 20090182559; and a \$7,500 fine for TRACE reporting violations in 20110270232).

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.

6/6/13
Date

Respondent
Scottrade, Inc.

By: [Signature]

Name: Scott Goldie

Title: General Counsel, SVP

Reviewed by:

[Signature]
Niels P. Murphy, Esq.
Counsel for Respondent
Murphy & Anderson, P.A.
1501 San Marco Boulevard
Jacksonville, FL 32207
(904) 598-9282

Accepted by FINRA:

6/19/13
Date

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

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