

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20090188410**

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

RE: Jared Weinryt, Respondent
CRD No. 5186448

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Jared Weinryt 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

Jared Weinryt became registered in 2006 with Morgan Stanley & Co., Inc., a FINRA regulated broker-dealer, as a Fixed Income Analyst at its San Francisco office. He worked at the Firm's San Francisco office until he transferred to the Firm's Purchase, NY headquarters. In August 2008, Weinryt joined the Agency Desk as a trader and, in January 2009, he was assigned to the Agency Desk's Five-year Agency book. Following Morgan Stanley and Citigroup's Smith Barney joint venture in May 2009, Weinryt was registered with Morgan Stanley Smith Barney Holdings LLC ("MSSB" or the "Firm"), a FINRA regulated broker-dealer.

On July 15, 2009, Weinryt voluntarily terminated his employment with MSSB. Weinryt is currently registered with another FINRA regulated broker-dealer.

RELEVANT DISCIPLINARY HISTORY

Weinryt has no relevant disciplinary history.

OVERVIEW

Weinryt violated FINRA Rule 2010 by executing unauthorized proprietary trades that exceeded his position limit. By the end of the trading day on July 14, 2009, Weinryt accumulated a futures position of approximately \$744 million; over double the MSSB's Agency Desk's limit of \$350 million and several multiples over his personal position limit of \$85 million. By 5:00am on the following morning, July 15, Weinryt had further increased his exposure to \$1.33 billion. Weinryt's trades resulted in a Firm trading loss of \$14.9 million.

FACTS AND VIOLATIVE CONDUCT

Weinryt began working on Morgan Stanley & Co., Inc.'s Agency Desk beginning in August 2008. The Agency Desk is part of the Interest Sensitive Trading Desk under Capital Markets. In January 2009, Weinryt assumed responsibility for the Five-year Agency book, a role which continued after the joint venture forming MSSB. In this role, Weinryt was responsible for trading federal agency products (Fannie Mae and Freddie Mac) in a "cash book" and futures contracts (Eurodollar and Treasuries) in a "futures book." Agency Desk traders facilitate client orders, hedge their positions and take directional views on the market. Weinryt had the ability to trade remotely so he could trade after hours and react to events occurring globally. In July 2009, MSSB's Agency Desk had a position limit of \$350 million and Weinryt had a personal position limit of \$85 million.

On July 14, 2009, by the end of the trading day, Weinryt had accumulated a futures position of approximately \$744 million; over double the Agency Desk's limit of \$350 million and several multiples over his personal position limit of \$85 million. Beginning around 8:00pm the evening of July 14, 2009, Weinryt continued to trade futures, this time remotely from home and overnight. By 5:00am the following morning, Weinryt had further exceeded his position limit with gross holdings in Eurodollar and Treasury futures of \$1.33 billion. The market turned against him during the morning of July 15, 2009, and Weinryt attempted to reduce his position. Later that morning, the Firm identified (on a T+1 basis) a risk anomaly, ultimately traced the issue to Weinryt and cut-off Weinryt's access to the trading system in the late morning.

By 11:00am on July 15, 2009, Weinryt reduced the cumulative position to \$740 million but the Five-year Agency book sustained a realized loss of approximately \$4.7 million. Between 11:30am and 3:00pm on July 15, 2009, 75% of the remaining contracts were liquidated by the Firm. The balance was liquidated the following morning and resulted in even greater losses to the Firm. Based on

Weinryt's trading over the two days, the Firm proprietary account sustained realized losses totaling \$14.9 million. As these were proprietary positions, there was no customer loss.

Based on the foregoing, Weinryt violated FINRA Rule 2010 by executing proprietary trades that exceeded his position limit.

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

1. A two-month suspension in all capacities;
2. one year suspension from acting in the capacity of trader or performing any broker-dealer trading functions; and
3. a \$7,500 fine.

The fine shall be due and payable either immediately upon reassociation with a member firm following the two-month suspension noted above, or prior to any application or request for relief from any statutory disqualification resulting from this or any other event or proceeding, whichever is earlier.

Respondent specifically and voluntarily waives any right to claim that he is unable to pay, now or at any time hereafter, the monetary sanction(s) imposed in this matter.

Respondent understands that if he is suspended from associating with any FINRA member, he becomes subject to a statutory disqualification as that term is defined in Article III, Section 4 of FINRA's By-Laws, incorporating Section 3(a)(39) of the Securities Exchange Act of 1934. Accordingly, Respondent may not be associated with any FINRA member in any capacity, including clerical or ministerial functions, during the period of the suspension (see FINRA Rules 8310 and 8311).

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 me; and

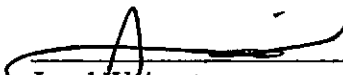
C. If accepted:

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 my right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

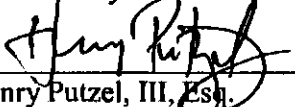
D. Respondent may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondent understands that he may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA or its staff.

Respondent certifies that he has read and understands all of the provisions of this AWC and have been given a full opportunity to ask questions about it; that he 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 Respondent to submit it.

02/07/2012
Date (mm/dd/yyyy)


Jared Weinryt

Reviewed by:


Henry Putzel, III, Esq.
565 Fifth Avenue
New York, New York 10017
(212) 661-0066

Accepted by FINRA:

2/28/12
Date

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


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