

FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20090193869-01

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

RE: Wunderlich Securities, Inc., Respondent
Broker-Dealer
CRD No. 2543

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Wunderlich Securities, 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 March 8, 1994 and its registration remains in effect.

RELEVANT DISCIPLINARY HISTORY

The firm does not have any relevant disciplinary history.

SUMMARY

In matter 20090193869, the Municipal Bonds staff (the "Muni Staff") of the Department of Market Regulation conducted a review of the firm for compliance with certain Municipal Securities Rulemaking Board ("MSRB") reporting requirements, pursuant to MSRB Rules G-14 and G-15, for the review period of April 1, 2009 through June 30, 2009 (the first review period).

In matter 20090205093, the Muni staff conducted a review of the firm's MSRB reporting requirements pursuant to MSRB Rules G-14 and G-8 for the review period of July 1, 2009 through September 30, 2009 (the "second review period").

In matter 20090206543, the Trade Reporting and Compliance Engine staff (the "TRACE staff") of the Department of Market Regulation conducted a review of the firm's compliance with certain Trade Reporting and Compliance Engine ("TRACE") reporting requirements pursuant to FINRA Rule 6730 and Rule 2010, also during the second review period.

In matter 20100226872, the Muni staff conducted a review of the firm's compliance with certain MSRB reporting requirements, pursuant to MSRB Rules G-14 and G-15 during the review period of January 1, 2010 through March 31, 2010 (the "third review period").

In matter 20100227555, the Muni staff conducted a review of the firm's compliance with certain MSRB reporting requirements, pursuant to MSRB Rules G-14 and G-15, also during the third review period.

In matter 20100247357, the TRACE staff conducted a review of the firm's compliance with certain TRACE reporting requirements pursuant to FINRA Rule 6730 during the review period of April 1, 2010 through June 30, 2010 (the "fourth review period").

FACTS AND VIOLATIVE CONDUCT

In connection with matter 20090193869:

1. During the first review period, the firm failed to accurately disclose information regarding 11 purchase and sale transactions effected in municipal securities to the Real-time Transaction Reporting System ("RTRS"). Specifically, the firm failed to accurately disclose the yield-to-worst to customers on 11 trade confirmations. The conduct described in this paragraph constitutes separate and distinct violations of MSRB Rule G-15.

2. Additionally, during the first review period, the firm failed to accurately report information regarding these 11 transactions effected in municipal securities to the RTRS. Specifically, the firm failed to report the correct yield to the RTRS. The conduct described in this paragraph constitutes separate and distinct violations of MSRB Rule G-14.
3. Additionally, firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and the MSRB rules, concerning MSRB Rule G-15. Specifically, the firm's supervisory system did not include written supervisory procedures providing for: (1) the identification of the person(s) responsible for supervision with respect to the applicable rules; (2) a statement of the supervisory step(s) to be taken by the identified person(s); (3) a statement as to how often such person(s) should take such step(s); and (4) a statement as to how the completion of the step(s) included in the written supervisory procedures should be documented. The conduct described in this paragraph constitutes a violation of MSRB Rule G-27.

In connection with matter 20090205093:

4. During the second review period, the firm failed to accurately report information regarding 108 purchase and sale transactions effected in municipal securities to the RTRS. Specifically, the firm failed to report the correct time of trade to the RTRS. Additionally, the firm failed to report information about 103 transactions within 15 minutes of Time of Trade to an RTRS Portal. These transactions constituted 4 percent of the transactions that the firm reported to the RTRS during the review period. The conduct described in this paragraph constitutes separate and distinct violations of MSRB Rule G-14.
5. During the second review period, the firm failed to accurately record information regarding these 108 purchase and sale transactions effected in municipal securities to the RTRS. Specifically, the firm failed to record the correct Time of Trade on trade memorandum. The conduct described in this paragraph constitutes separate and distinct violations of MSRB Rule G-8.

In connection with matter 20090206543:

6. During the second review period, the firm failed to report to TRACE 293 transactions in TRACE-eligible securities within 15 minutes of the time of execution. These late transactions constituted 10 percent of the transactions in TRACE-eligible securities that the firm reported to TRACE during the 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.

In connection with matters 20100226872 and 20100227555:

7. During the third review period, the firm failed to accurately disclose information regarding 14 purchase and sale transactions effected in municipal securities to the RTRS. Specifically, the firm failed to accurately disclose the correct lowest effected yield to customers in 14 transactions. The conduct described in this paragraph constitutes separate and distinct violations of MSRB Rule G-15.
8. During the third review period, the firm failed to accurately report information regarding 14 purchase and sale transactions effected in municipal securities to the RTRS. Specifically, the firm failed to report the correct yield to the RTRS. The conduct described in this paragraph constitutes separate and distinct violations of MSRB Rule G-14.
9. During the review period, the firm failed to report information regarding 390 purchase and sale transactions effected in municipal securities to the RTRS in the manner prescribed by Rule G-14 RTRS Procedures and the RTRS Users Manual. Specifically, the firm failed to report information about such transactions within 15 minutes of Time of Trade to an RTRS Portal. These transactions constituted 5 percent of the transactions that the firm reported to the RTRS during the review period. The conduct described in this paragraph constitutes separate and distinct violations of MSRB Rule G-14.

In connection with matter 20100247357:

10. During the fourth review period, the firm failed to report to TRACE 111 transactions in TRACE-eligible securities within 15 minutes of the time of execution. These transactions constituted 4 percent of the transactions in TRACE-eligible securities that the firm reported to TRACE during the review period. The conduct described in the preceding sentences 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. Additionally, during the review period, the firm failed to accurately report to TRACE 13 transactions in TRACE-eligible securities. Specifically, the firm failed to accurately report the date of execution in 4 instances and the accurate time of execution for 8 instances, in violation of FINRA Rule 6730(c), and the firm failed to report to TRACE the accurate market identifier for 1 transaction, in violation of FINRA Rule 6730(d).

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

A censure and a fine of \$36,500, of which \$24,000 pertains to the violations of MSRB Rules G-8, G-14, G-15 and G-27 and \$12,500 pertains to the TRACE reporting violations. The firm also agrees to an undertaking to revise the firm's written supervisory procedures with respect to the areas described in paragraph 3. Within 30 business days of acceptance of this AWC by the NAC, a registered principal of the Respondent shall submit to the **COMPLIANCE ASSISTANT, LEGAL SECTION, MARKET REGULATION DEPARTMENT, 9509 KEY WEST AVENUE, ROCKVILLE, MD 20850**, a signed, dated letter, or an e-mail from a work-related account of the registered principal to MarketRegulationComp@finra.org, providing the following information: (1) a reference to this matter; (2) a representation that the firm has revised its written supervisory procedures to address the deficiencies described in this paragraph ; and, (3) the date the revised procedures were implemented.

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.

8.21.2012
Date

Respondent
Wunderlich Securities, Inc.

By: [Signature]
Name: William D Woodward
Title: C.C.O

Reviewed by:

[Signature]
Richard Wallace
Foley & Lardner, LLP

Accepted by FINRA:

10/19/12
Date

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

[Signature]
Thomas R. Gira
Executive Vice President
Department of Market Regulation