

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20090202236-01**

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

RE: Janney Montgomery Scott LLC, Respondent
Broker-Dealer
CRD No. 463

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Janney Montgomery Scott LLC (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 October 16, 1936, and its registration remains in effect.

RELEVANT DISCIPLINARY HISTORY

The firm has no prior relevant disciplinary history.

FACTS AND VIOLATIVE CONDUCT

In Matter No. 20090202236, the Short Sale staff reviewed the firm's compliance with SEC Rules 204T and 204 of Regulation SHO during the period from June through August 2009.

In Matter No. 20100223740, the Order Audit Trail System ("OATS") Compliance staff reviewed the firm's compliance with the OATS reporting requirements during the period from October 1, 2009 through December 31, 2009.

In Matter No. 20100227321, the Municipal Bond staff reviewed the firm's compliance with Municipal Securities Rulemaking Board's ("MSRB") fair pricing rules during the period October 1, 2009 through December 31, 2009.

In connection with Matter No. 20090202236:

1. Beginning on June 25, 2009 and continuing through August 21, 2009 in 14 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).
2. Beginning on July 31, 2009 and continuing through August 21, 2009, in five 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 or borrowing securities of like kind and quantity within the time frame prescribed by SEC Rule 204(a)(1). The conduct described in this paragraph constitutes separate and distinct violations of SEC Rule 204(a)(1).

In connection with Matter No. 20100223740:

3. During the period reviewed, the firm transmitted to OATS 7,903 Reportable Order Events ("ROEs") that were rejected by OATS for context or syntax errors and were repairable. The firm failed to repair 6,639 of these rejected ROEs during the period reviewed, representing 84 percent of all rejected repairable ROEs. As a result of the firm's failure to repair these ROEs, the firm failed to transmit 6,639 ROEs to OATS during the period reviewed. The firm also failed to repair 1,251 of the 7,903 rejected ROEs within the required five business days. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 7450.

4. During the period reviewed, the firm transmitted to OATS 1,251 reports that contained inaccurate, incomplete, or improperly formatted data. Specifically, the reports contained an inaccurate ROE Resubmit Flag, and omitted the Reconollation ID. These inaccurate and/or incomplete reports represented 16 percent of all reports (7,903) that the firm transmitted to OATS during the period reviewed. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 7450.
5. During the period reviewed, the 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 Rules of NASD, concerning OATS reporting. Specifically, the firm's supervisory system did not include written supervisory procedures providing for: (1) a statement of the supervisory step(s) to be taken by a supervisor to ensure that repairable ROEs were repaired. The conduct described in this paragraph constitutes a violation of NASD Rule 3010 and FINRA Rule 2010.

In connection with Matter No. 20100227321;

6. During the period reviewed, in six transactions, the firm purchased municipal securities for its own account from a customer at an aggregate price (including any mark-down or mark-up) that was not fair and reasonable, taking into consideration all relevant factors, including the best judgment of the broker, dealer or municipal securities dealer as to the fair market value of the securities at the time of the transaction and of any securities exchanged or traded in connection with the transaction, the expense involved in effecting the transaction, the fact that the broker, dealer, or municipal securities dealer is entitled to a profit, and the total dollar amount of the transaction. The transactions are identified on Exhibit A which is attached. The conduct described in this paragraph constitutes separate and distinct violations of MSRB Rules G-17 and G-30(a).

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

A censure and a fine of \$45,000 (consisting of a fine of \$18,000 for the Regulations SHO violations, \$15,000 for the OATS and related supervision violations, and \$12,000 for the MSRB violations), restitution by the firm to the customers listed on Exhibit A which is attached, in the total amount of \$5,758.36, plus interest at the rate set forth in Section 6621(a) of the Internal Revenue Code, 26 U.S.C. 6621(a)(2), from the date of the violative conduct until the date this AWC is accepted by the National Adjudicatory Council, and an undertaking to revise the firm's written supervisory procedures with respect to the area described in paragraph I.A.5.

A registered principal of the firm shall submit satisfactory proof of payment of the restitution, or of reasonable and documented efforts undertaken to effect restitution, to the COMPLIANCE ASSISTANT, LEGAL SECTION, MARKET REGULATION DEPARTMENT, 9509 KEY WEST AVENUE, ROCKVILLE, MD 20850 or in an e-mail from a work-related account of the registered principal to MarketRegulationComp@finra.org, no later than 120 days after acceptance of this AWC. If for any reason, the firm cannot locate any customer after reasonable and documented efforts within such period, or such additional period agreed to by the staff, the firm shall forward any undistributed restitution and interest to the appropriate escheat, unclaimed-property or abandoned-property fund for the state in which the customer is known to have last resided.

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 deficiency described in paragraph I.A.5; and, (3) the date the revised procedures were implemented.

The firm agrees to pay the monetary sanctions upon notice that this AWC has been accepted and that such payments 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 sanctions 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.

November 30, 2012
Date

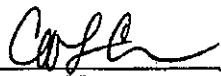
Respondent
Janney Montgomery Scott LLC

By: 

Name: Gina E. Hyde

Title: SVP & Chief Compliance Officer

Reviewed by:


Attorney Name Carrie L. Chelko, Esq.
Counsel for Respondent
Firm Name Janney Montgomery Scott LLC
Address 1717 Arch Street, 19th Floor
City/State/Zip Philadelphia, PA 19103
Phone Number 215-665-6484

Accepted by FINRA:

12/12/12
Date

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


Thomas R. Gira
Executive Vice President
Department of Market Regulation