

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2010020873501**

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

RE: MML Investors Services, LLC, Respondent
Member Firm
CRD No. 10409

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondent 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 it 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

MML Investors Services, LLC ("MML") has been a member of FINRA since March 30, 1982. The firm's principal offices are located in Springfield, Massachusetts. It is a full-service broker-dealer with approximately 6,342 registered persons and 1,581 branch office locations. The firm is primarily engaged in selling variable products and mutual funds.

RELEVANT DISCIPLINARY HISTORY

In November 2004, NASD issued an AWC against MML in which the firm agreed, without admitting or denying the findings, to a censure and a \$250,000 fine for filing at least 220 late Form U4 and Form U5 amendments relating to reportable customer complaints, terminations, regulatory actions, and criminal disclosures from January 2002 through March 2004. NASD also found that the firm's supervisory system and

written procedures were not reasonably designed to achieve compliance with its reporting obligations.

OVERVIEW

MML failed to file timely Forms U5 and amendments to Forms U4 and U5. The firm also failed to establish and maintain a supervisory system and establish, maintain and enforce written supervisory procedures that were reasonably designed to achieve compliance with the reporting requirements set forth in Article V of FINRA's By-Laws. This conduct violated NASD Conduct Rules 3010 and 2110 and FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

Article V, Section 2(a) of FINRA's By-Laws provides that applications by any person for registration with FINRA shall be made by a process established by FINRA on a prescribed form signed by the applicant. Article V, Section 2(c) of FINRA's By-Laws further provides that every application for registration filed with FINRA shall be kept current at all times by supplementary amendments which must be filed within 30 days after learning of the facts or circumstances giving rise to the amendment. The filing must be made within ten days, however, if the amendment involves disclosure of a statutory disqualification as defined in Section 3(a)(39) and Section 15(b)(4) of the Securities Exchange Act of 1934.

Article V, Section 3(a) of FINRA's By-Laws requires a member firm to give notice of the termination of a registered person's association with the member firm no later than 30 days after such termination. Article V, Section 3(b) of FINRA's By-Laws provides that, in the event a broker-dealer learns of facts or circumstances causing any information set forth in a termination notice filed with FINRA to become inaccurate or incomplete, the broker-dealer must notify FINRA, within 30 days thereafter, of those facts or circumstances by means of an amendment to the termination notice.

From approximately May 13, 2008 through October 10, 2010 ("relevant time period"), MML failed to file in a timely manner at least 98 filings, including 5 Form U5 filings and 93 amendments to Forms U4 and U5. The late disclosure items pertained to, among other things, liens, bankruptcies, reportable customer complaints and criminal charges. MML's failure to comply with its reporting obligations may have hampered the investing public's ability to assess the background of certain brokers through FINRA's public disclosure program, rendered certain information unavailable to member firms making hiring determinations, may have reduced the ability of state securities regulators to review applications by brokers to transfer firms, and hindered FINRA from

promptly investigating certain disclosure items. By failing to make these filings in a timely manner, MML violated NASD Conduct Rule 2110 (for conduct before December 15, 2008) and FINRA Rule 2010 (for conduct after December 14, 2008).

During the relevant time period, MML's supervisory system and procedures were not reasonably designed to achieve compliance with the reporting requirements of Article V of FINRA's By-Laws. Moreover, MML failed to enforce the written procedures it had adopted to prevent late disclosures to FINRA. For example, the firm did not enforce a sanctions policy for late filings of Forms U4 and U5 that the firm had implemented in May 2005 following the November 2004 NASD action described above. That firm policy was updated in May 2008 to strengthen the sanctions for late disclosures to the firm. The sanctions included letters of warning and fines against representatives and their supervisors. During the relevant time period, however, there were at least 55 instances of late filings in which the firm either failed to issue a letter of warning to a representative or failed to fine the representative as called for by its procedures. In addition, although the firm's procedures called for the termination of any representative who failed to timely disclose three reportable events to the firm, MML did not terminate at least two such representatives during the relevant time period. There were also at least 20 instances in which the firm failed to sanction supervisors as called for by its procedures. By failing to establish and maintain a supervisory system and establish, maintain and enforce written supervisory procedures that were reasonably designed to achieve compliance with its FINRA reporting obligations, MML violated NASD Conduct Rules 2110 (for conduct before December 15, 2008) and 3010 and FINRA Rule 2010 (for conduct after December 14, 2008).

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

- a censure; and
- a \$300,000 fine.

In addition, Respondent agrees to comply with the following undertakings within the time period specified (unless otherwise extended by FINRA staff following a written request by the firm):

- MML shall undertake to review its supervisory systems and written supervisory procedures for compliance with its reporting obligations concerning the timely filing of Form U4 disclosure amendments pursuant to Article V, Section 2(c) of FINRA's By-Laws and the timely filing of Forms U5 and Form U5 amendments pursuant to Article V, Sections 3(a)

and 3(b). Within 90 calendar days of the issuance of this AWC, an officer of MML will certify to FINRA in writing that the firm currently has in place systems and procedures reasonably designed to achieve compliance with its reporting obligations under FINRA's By-Laws, Article V, Sections (2)(c), 3(a) and 3(b) with respect to the timely filing of required Forms U4 and U5, and amendments thereto. The certification, along with the current procedures, must be submitted to Department of Enforcement staff at FINRA's Boston District Office. Although FINRA staff may review the firm's procedures, said review shall in no way constitute an approval of the procedures. The failure of FINRA staff to alert MML to any deficiencies in the procedures shall not preclude FINRA from instituting a subsequent disciplinary action as a result of deficiencies in the procedures.

- In addition, within 15 days following the end of each quarter in calendar year 2012, MML will submit to Department of Enforcement staff at FINRA's Boston District Office a report detailing any Form U5 filings or disclosure amendments to Forms U4 or U5 that were not timely filed with FINRA during that quarter. At the same time, an officer of MML will certify to FINRA in writing that the submitted report is accurate. The reports shall be in a form acceptable to FINRA staff.

Respondent agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. Respondent has submitted an Election of Payment form showing the method by which it proposes to pay the fine imposed.

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

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 it;
- 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 it;
- 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 it;
 - 2. this AWC will be made available through FINRA’s public disclosure program in response to public inquiries about its 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 Respondent's right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party; and

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 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.

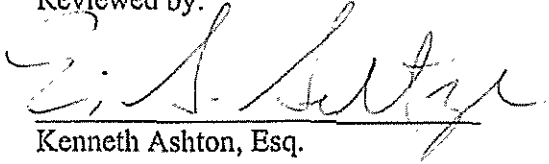
The undersigned, on behalf of Respondent, certifies that a person duly authorized to act on its behalf has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that Respondent has agreed to its provisions voluntarily; and that no offer, 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 the firm to submit it.

MML Investors Services, LLC

11/3/11
Date (mm/dd/yyyy)

By: [Signature]
Name: John Vaccaro
Title: President

Reviewed by:

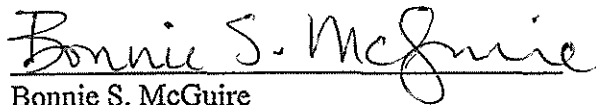


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Accepted by FINRA:

11/16/2011
Date

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



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