

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20100216014-01**

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

RE: SG Americas Securities, LLC Respondent
Broker-Dealer
CRD No. 128351

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, SG Americas Securities, LLC ("SGAS" or 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 became a member of FINRA on April 23, 2004 and its registration remains in effect.

RELEVANT DISCIPLINARY HISTORY

In November 2010, SGAS was censured and fined \$15,000 by the NASDAQ Options Market ("NOM") for failing to accurately report, on approximately 41 occasions from July 1, 2008 through June 30, 2009, positions held by the same customer acting alone or in concert for each underlying security when such customer(s) had a position of at least 200 contracts on the same side of the market.

SUMMARY

In Matter No. 20100216014, the Department of Market Regulation's Options Regulation Staff ("Staff") reviewed the Firm's compliance with the rules related to reporting conventional options positions to the Large Options Position Reporting ("LOPR") system

for the period of November 23, 2009 through January 19, 2010.¹ Staff's review was ultimately expanded to cover the period of December 5, 2007 through February 16, 2010.

In Matter No. 20100235659, Staff reviewed the Firm's compliance with the rules related to reporting conventional options positions to the LOPR system for the period of July 2010 through September 2010. Staff's review was ultimately expanded to cover the period of February 17, 2010 through October 19, 2010.

In Matter No. 20110259378, Staff reviewed the Firm's compliance with the rules related to reporting conventional options positions to the LOPR system for the period of January 1, 2011 through March 31, 2011. Staff's review was ultimately expanded to cover the period of January 1, 2011 through April 7, 2011.

In Matter No. 20130356551, Staff reviewed the Firm's compliance with the rules related to reporting conventional options positions to the LOPR system for the period of June 14, 2011 through January 16, 2013 after the Firm self-reported certain violations in connection therewith.

FACTS AND VIOLATIVE CONDUCT

Reporting of Options Positions

LOPR data is used extensively by self-regulatory organizations ("SROs") to identify holders of large options positions who may be attempting to manipulate the market or otherwise violate securities rules and regulations.

The accuracy of LOPR data is essential for the analysis of potential violations related to, *inter alia*, insider trading, position limits, exercise limits, front-running, capping and pegging, mini-manipulation, and marking-the-close.

20100216014

From December 5, 2007 through January 19, 2010, the Firm failed to report to the LOPR system end-of-day conventional options positions in approximately 450,000 instances.² The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 2860(b)(5) (prior to February 17, 2009) and FINRA Rule 2360(b)(5) (on or after February 17, 2009).³

¹ A conventional option is any option contract not issued, or subject to issuance, by The Options Clearing Corporation. See FINRA Rule 2360(a)(9). Conventional option transactions are bilaterally negotiated trades whose positions are reported to FINRA.

² An "instance" is a single failure to report, or inaccurately report, a given options position. The number of instances is determined by multiplying a given reportable position by the number of trade dates the position had not been reported or was reported inaccurately.

³ Effective February 17, 2009, FINRA Rule 2360 superseded NASD Rule 2860.

From January 19, 2010 through February 16, 2010, the Firm failed to report conventional options positions to the LOPR system in approximately 50,000 instances. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 2360(b)(5).

20100235659

From February 17, 2010 through September 9, 2010, the Firm failed to report to the LOPR system the counterparty for conventional options positions (which included index options)⁴ in approximately 518,955 instances. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 2360(b)(5).

From September 9, 2010 through October 19, 2010, the Firm incorrectly reported to the LOPR system its customers' conventional options positions (which included index options) on the same side of the market as the Firm's positions in 100,212 instances. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 2360(b)(5).

20110259378

From March 25, 2011 through April 7, 2011, the Firm failed to report to the LOPR system the counterparty for conventional options positions in nine (9) instances. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 2360(b)(5).

20130356551

The Firm self-reported to FINRA that from June 14, 2011 through January 16, 2013, it had incorrectly netted, for LOPR reporting purposes, the long and short legs of certain put/call spread transactions involving conventional index options. Consequently, the Firm failed to report, or misreported, conventional options positions in approximately 919,325 instances. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 2360(b)(5).

Supervision

During the period of December 2007 through January 16, 2013, the Firm failed to implement and maintain an adequate system of follow-up and review designed to reasonably ensure the submission of complete and accurate LOPRs. The conduct described in this paragraph constitutes a violation of NASD Rule 3010, NASD Rule 2110 (for conduct occurring prior to December 15, 2008), and FINRA Rule 2010 for conduct occurring on or after December 15, 2008).⁵

⁴ An index option gives its holder the right, but not the obligation, to buy or sell a basket of stocks.

⁵ Effective December 15, 2008, FINRA Rule 2010 superseded NASD Rule 2110.

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

1. A censure and fine of \$675,000.

The Firm agrees to pay the monetary sanction(s) upon notice that this AWC has been accepted and that such payment(s) is 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.

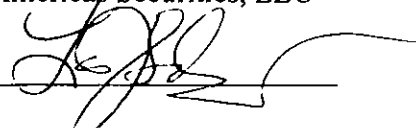
The undersigned, on behalf of the Firm, certifies that a person duly authorized to act on its behalf has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that it has agreed to the AWC's provisions voluntarily; and that no offer, threat,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

September 20, 2013

Date

Respondent

SG Americas Securities, LLC

By: 

Name: Laura Schisgall

Title: General Counsel

Reviewed by:



Attorney Name

Counsel for Respondent

Firm Name

Address

City/State/Zip

Phone Number

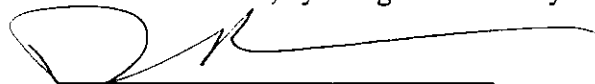
Accepted by FINRA:

10-21-13

Date

Signed on behalf of the

Director of ODA, by delegated authority



David E. Rosenstein

Senior Vice President, Legal Section

Department of Market Regulation