

FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20100217844-01

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

RE: **Tradition Asiel Securities Inc., Respondent**
Broker-Dealer
CRD No. 28269

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Tradition Asiel Securities Inc., ("ASEL" 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

ASEL has been a member of FINRA since September 16, 1991, and its registration remains in effect. The firm has no relevant disciplinary history.

SUMMARY

In Review Nos. 20100271844 and 20100238984, FINRA Municipal Bonds Team Staff ("staff") conducted a review of the firm's compliance with Municipal Securities Rulemaking Board ("MSRB") Rules relating to trade reporting in the Real-time Reporting Transaction Reporting System ("RTRS") transactions during the periods October 1, 2009 through December 31, 2009 and April 1, 2010 through June 30, 2010.

FACTS AND VIOLATIVE CONDUCT

1. In connection with Review No. 20100271844, the firm failed to report the correct Time of Trade to the RTRS in 48 reports of transactions in municipal securities. The firm also failed to report information regarding 48 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 8.15 percent of the inter-dealer transactions (589) 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.
2. In addition, the firm failed to document the correct time of execution on the trade memorandum for the 48 transactions discussed above. The conduct described in this paragraph constitutes separate and distinct violations of MSRB Rule G-8.
3. In connection with Review No. 20100238984, the firm failed to report information regarding 65 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 65 total transactions constituted 6.14 percent of the transactions (1,058) that the firm reported to the RTRS during the review period. The firm also failed to report the correct Time of Trade to the RTRS in 5 reports of transactions in municipal securities and improperly reported 5 purchase and sale transactions effected in municipal securities to RTRS that were not inter-dealer transactions and thus were not reportable. The conduct described in this paragraph constitutes separate and distinct violations of MSRB Rule G-14.

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

A censure and a fine totaling \$17,500 (consisting of \$15,000 for the trade reporting violations from the combined review periods, and \$2,500 for the books and records findings from Review No. 20100271844).

The firm agrees to pay the monetary sanctions upon notice that this AWC has been accepted and that such payments are due and payable. The firm 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 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 records;
 - 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.

11/2/11
Date

Respondent
Tradition Asset Securities, Inc.

By: [Signature]

Name: Judy Ricard

Title: CFO

Reviewed by:

Accepted by FINRA:

12/2/11
Date

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

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



Tradition Asset Securities Inc.

75 Park Place
New York, New York 10007

Eric M. Earnhardt
Chief Compliance Officer
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E-mail: eric.earnhardt@tradition-na.com

November 2, 2011

Re: Corrective Action Statement
Transmittal Letter of Acceptance, Waiver and Consent
STAR Nos. 20100217844 & 20100238984

For Your Consideration:

This Corrective Action Statement is submitted by the Respondent. It does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA, or its staff.

The Firm has no additional mitigating factors to add to those already expressed. The Firm has initiated corrective action to help ensure adequate compliance in the future. It has assigned a person on the trading floor to monitor the RTRS system so that not affirmed trades can be addressed in a more timely fashion. Additionally, the Firm has built an order entry system which will speed the reporting process. This system is in the final stages of testing. These corrective measures will be monitored for adequacy and if necessary, additional measures will be taken.

Sincerely,

Eric M. Earnhardt
Chief Compliance Officer