

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20100226212-01**

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

RE: Robert W. Baird & Co. Incorporated, Respondent
Broker-Dealer
CRD No. 8158

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Robert W. Baird & Co. Incorporated (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 FINRA member on August 6, 1971. Its registration remains in effect. The firm has no relevant disciplinary history.

SUMMARY

In Matter No. 20100226212, FINRA's Department of Market Regulation reviewed the firm's compliance with Municipal Securities Rulemaking Board (MSRB) rules regarding fair pricing in municipal bond transactions during the period July 1, 2009 through September 30, 2009.

In Matter No. 20110280801, FINRA's Department of Market Regulation reviewed the firm's compliance with MSRB rules regarding fair pricing in municipal bond transactions during the period January 1, 2011 through March 31, 2011.

FACTS AND VIOLATIVE CONDUCT

Matter No. 20100226212

1. During the review period, in 11 transactions, the firm purchased municipal securities for its own account from a customer and/or sold municipal securities for its own account to 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 transactions. The transactions are identified in 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).

Matter No. 20110280801

2. During the review period, in six transactions, the firm purchased municipal securities for its own account from a customer and/or sold municipal securities for its own account to 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 transactions. The transactions are identified in Exhibit B 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:

1. Censure; and
2. A fine of \$45,000 for violations of MSRB Rules G-17 and G-30(a) (\$30,000 for violations in Matter 20100226212 and \$15,000 for violations in 20110280801).¹

¹ The firm already has made restitution to the customers affected in the transactions identified on Exhibits A and B.

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 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.

6/11/13
Date

Respondent
Robert W. Baird & Co. Incorporated

By: 
Name: JERRY FREIBURGER

Title: CCO

Reviewed by:


Counsel for Respondent

Accepted by FINRA:

6/25/13
Date

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

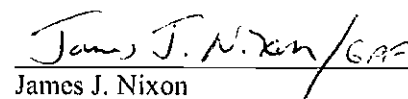

James J. Nixon
Chief Litigation Counsel, Legal Section
Department of Market Regulation

EXHIBIT A
Matter No. 20100226212

#	Date	CUSIP	Issue	Quantity	Firm	Contra	Trade Time	Trade Price
1	9/2/2009	462460VD5	IOWA HIGHER ED LN AUTH REV REF-PRV COLLEGE-WARTBURG-A	30	BARD	C (B)	15:03:34	96.000
2	9/2/2009	462460VD5	IOWA HIGHER ED LN AUTH REV REF-PRV COLLEGE-WARTBURG-A	20	BARD	C (B)	15:03:36	96.000
3	9/2/2009	462460VD5	IOWA HIGHER ED LN AUTH REV REF-PRV COLLEGE-WARTBURG-A	15	BARD	C (B)	15:03:37	96.000
4	9/3/2009	462460VD5	IOWA HIGHER ED LN AUTH REV REF-PRV COLLEGE-WARTBURG-A	20	BARD	C (B)	10:26:50	96.000
5	9/3/2009	462460VD5	IOWA HIGHER ED LN AUTH REV REF-PRV COLLEGE-WARTBURG-A	15	BARD	C (B)	10:26:53	96.000
6	9/3/2009	462460VD5	IOWA HIGHER ED LN AUTH REV REF-PRV COLLEGE-WARTBURG-A	15	BARD	C (B)	14:12:04	96.875
7	9/3/2009	462460VD5	IOWA HIGHER ED LN AUTH REV REF-PRV COLLEGE-WARTBURG-A	30	BARD	C (B)	14:12:06	96.875
8	9/3/2009	462460VD5	IOWA HIGHER ED LN AUTH REV REF-PRV COLLEGE-WARTBURG-A	20	BARD	C (B)	15:08:36	96.875
9	9/3/2009	462460VD5	IOWA HIGHER ED LN AUTH REV REF-PRV COLLEGE-WARTBURG-A	30	BARD	C (B)	16:28:28	96.875
10	9/3/2009	462460VD5	IOWA HIGHER ED LN AUTH REV REF-PRV COLLEGE-WARTBURG-A	20	BARD	C (B)	17:18:35	96.875
11	9/3/2009	462460VD5	IOWA HIGHER ED LN AUTH REV REF-PRV COLLEGE-WARTBURG-A	10	BARD	C (B)	13:46:02	96.875

* Contra parties are identified as follows: B-D (S) indicates another Broker-Dealer selling to the firm; B-D (B) indicates another Broker-Dealer buying from the firm; C (S) indicates a customer selling to the firm; and C (B) indicates a customer buying from the firm.

EXHIBIT B
Matter No. 20110280801

#	Date	CUSIP	Issue	Quantity	Firm	Contra	Trade Time	Trade Price
1	2/15/2011	186352JU5	Cleveland OH Arpt Sys Revenue	50	BARD	C (B)	13:51:41	98.141
2	1/26/2011	407272G31	Hamilton Cnty OH Hosp Facs Revenue	30	BARD	C (B)	14:41:58	93.815
3	3/3/2011	2511294C3	Detroit MI City Sch Dist	15	BARD	C (B)	14:01:56	95.275
4	1/14/2011	251129XE7	Detroit MI City Sch Dist	30	BARD	C (B)	11:40:47	96.358
5	3/9/2011	3531863P2	Franklin Cnty OH Hosp Revenue	10	BARD	C (B)	14:54:43	99.993
6	1/19/2011	59469C7M9	Michigan St Strategic Fund Ltd Oblg	10	BARD	C (B)	11:07:15	92.827
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