

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20100241200-01**

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

RE: BCP Securities, LLC, Respondent
Broker-Dealer
CRD No. 27063

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, BCP Securities, 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 became a member of FINRA on November 6, 1990, and its registration remains in effect. The firm has no disciplinary history.

SUMMARY

This matter is the result of two reviews conducted by the TRACE Corporate Bonds Team of the Department of Market Regulation of the firm's compliance with the rules relating to the Trade Reporting and Compliance Engine ("TRACE"). Review No. 20100241200 was a corporate dealer mismatch review for the period July 1 to September 30, 2009. Review No. 20100243835 was a corporate late trade review for the period January 1 to March 31, 2010.

FACTS AND VIOLATIVE CONDUCT

20100241200

1. From July 1 to September 30, 2009, the firm failed to report to TRACE the correct contra-party's identifier for 163 transactions in TRACE-eligible securities. In addition, the firm failed to report to TRACE six inter-dealer transactions in TRACE-eligible securities that it was required to report. Together, these transactions constituted 87 percent of the inter-dealer transactions in TRACE-eligible securities that the firm was required to report to TRACE during the review period. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rules 6730(c)(6) and 6730(b)(1).
2. From July 1 to September 30, 2009, 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 FINRA, concerning TRACE reporting. Specifically, the firm's supervisory system did not include written supervisory procedures providing for: (1) the identification of the persons responsible for supervision with respect to the applicable rules; (2) a statement of the supervisory steps to be taken by the identified persons; (3) a statement as to how often such persons should take such steps; and (4) a statement as to how the completion of the steps included in the written supervisory procedures should be documented. The conduct described in this paragraph constitutes violations of FINRA Rule 2010 and NASD Rule 3010.

20100243835

3. From January 1 to March 31, 2010, the firm failed to report to TRACE 145 S1 transactions in TRACE-eligible corporate bond securities within 15 minutes of the time of execution. These late transactions constituted 16.29 percent of the S1 transactions in TRACE-eligible corporate bond securities that the firm reported to TRACE during the review period. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6730(a) and a pattern or practice of late reporting without exceptional circumstances in violation of FINRA Rule 2010.
4. From January 1 to March 31, 2010, the firm reported to TRACE 19 transactions in TRACE-eligible securities that it was not required to report. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6730.

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

A censure, a fine of \$25,000 (\$10,000 for the dealer mismatch review, \$10,000 for the late trade review, and \$5,000 for the supervision violations), and an undertaking to revise the firm's written supervisory procedures with respect to the areas described in paragraph A.2. Within 30 days of acceptance of this AWC by the National Adjudicatory Council ("NAC"), a registered principal of the firm 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 deficiencies described in paragraph A.2; and
- (3) the date the revised procedures were implemented.

The firm agrees to pay the monetary sanction 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 propose 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 record;
 - 3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 8313; and

- The firm certifies that it has read and understand all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that it 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.

By: ME Pike
Name: Randall E Pike
Title: President

Counsel for Respondent

Accepted by FINRA:

7/26/11
Date

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

Thomas R. Gira
Thomas R. Gira
Executive Vice President
Department of Market Regulation



FINRA

2011 JUN 30 AM 11:18

June 28, 2011

Mr. Edwin T. Aradi
Counsel
FINRA - Market Regulation
9509 Key West Avenue
Rockville, MD 20850-3329

RE: Amended Statement of Corrective Action CRD # 27063 / STAR No. 20100241200

Dear Mr. Aradi:

We are in receipt of the Letter of Acceptance, Waiver and Consent ("AWC"), along with an Election of Payment form. Please find both forms attached and executed. We'd also like to submit our Statement of Corrective Action as our demonstrable steps taken to correct the problem.

The AWC combines 2 separate reviews of TRACE reporting, which can be summarized by a corporate dealer mismatch and late transaction reporting. In both instances, bcp Securities, LLC responded immediately with corrective actions that included:

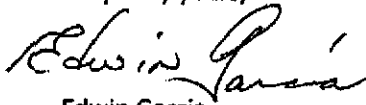
1. Assignment of staff members to recode accounts specifying "C" or "A".
2. Analysis of the settlement issues and how they effected TRACE reporting (Euroclear changes).
3. Back office monitoring of TRACE alerts throughout the day.
4. Priority management of TRACE report cards, along with communications to trading/sales of their responsibilities to report in a timely manner.
5. Tracking of Traders/Salespersons who enter late / Incorrect tickets.

bcp Securities, LLC is fully automated to report all TRACE eligible securities electronically. We utilize TOMS, a Bloomberg platform that auto-reports to TRACE, for Emerging Markets Corporate bonds and Trademaster, a Wall Street Data System Inc. platform with a CTCL circuit connection to TRACE for domestic corporate securities. Both systems provide automation that improves report time.

Recently, we have addressed our TRACE reporting with all staff members and issued Compliance Alerts and corrective measures. These communications have been distributed firm wide via email. We continue to track all reporting problems and will address the issues on a case by case basis. Our newly appointed CCO, Grace Brescia CRD # 2103142 will be providing additional support, analysis and enhanced written supervisory procedures. In addition to the firms proactive measures that have been demonstrated since FINRA's initial findings, we believe the additional staff members, heightened supervision and improvements to automation will correct all reporting issues.

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

Very truly yours,

A handwritten signature in cursive script that reads "Edwin Garcia".

Edwin Garcia
Head of Operations