

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20110276897-01**

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. (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 has been a member of FINRA since September 16, 1991, and its registration remains in effect.

RELEVANT DISCIPLINARY HISTORY

The firm has no relevant disciplinary history.

FACTS AND VIOLATIVE CONDUCT

In Review No. 20110276897, Market Regulation's Short Sales Team ("staff") conducted a review of the firm's compliance with Rule 204 of Regulation SHO and related supervision during the period of December 15, 2009 through February 2, 2012 (the "Review Period").

In connection with Review No. 20110276897,

1. Beginning on December 18, 2009 and continuing through February 2, 2012, in 25 instances, the firm had a fail-to-deliver position at a registered clearing agency in an equity security that was attributable to market making activities, and did not close out the fail-to-deliver positions by purchasing or borrowing securities of like kind and quantity within the time frame prescribed by Rule 204(a)(3) of Regulation SHO. The specific incidents are identified on Exhibit A accompanying this AWC. The conduct described in this paragraph constitutes separate and distinct violations of Rule 204(a)(3) of Regulation SHO.
2. During the Review Period, in 1,318 instances involving 13 equity securities, the firm accepted a short sale order from another person, or effected a short sale for its own account, without first borrowing the security, or entering into a bona-fide arrangement to borrow the security, and had a fail-to-deliver position at a registered clearing agency in such security that had not been closed out in accordance with the requirements of paragraphs (a) and (b) of Rule 204 of Regulation SHO. The conduct described in this paragraph constitutes separate and distinct violations of Rule 204(b) of Regulation SHO.
3. The firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to Rule 204 of Regulation SHO. Specifically, the firm's supervisory system did not include written supervisory procedures providing for a sufficient: (1) statement of the supervisory step(s) to be taken by the identified person(s) responsible for ensuring compliance with Rule 204; (2) a statement as to how often such person(s) should take such step(s); and (3) a statement as to how the completion of the step(s) included in the written supervisory procedures should be documented. The conduct described in this paragraph constitutes violations of NASD Rule 3010 and FINRA Rule 2010.
4. The firm failed to provide documentary evidence that during the Review Period it performed the supervisory reviews set forth in its written supervisory procedures concerning Rule 204 of Regulation SHO. The conduct described in this paragraph constitutes violations of NASD Rule 3010 and FINRA Rule 2010.

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

A censure, a fine of \$150,000 (consisting of \$110,000 for the combined Regulation SHO findings and \$40,000 for the supervisory findings), and an undertaking to revise the firm's written supervisory procedures with respect to the areas described in paragraph I.A.3 above. Within 30 business days of acceptance of this AWC by the National Adjudicatory Council ("NAC"), a registered principal of the Respondent 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 I.A.3; and, (3) the date the revised procedures were implemented.

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 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

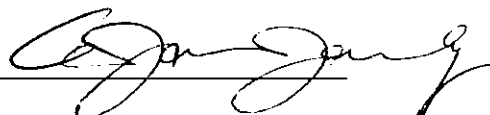
The firm understands that:

- 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.

6/9/14
Date

Respondent
Tradition Asiel Securities Inc.

By: 

Name: Asim K. Mehta

Title: EVP

Reviewed by:

Attorney Name
Counsel for Respondent
Firm Name
Address
City/State/Zip
Phone Number

Accepted by FINRA:

7-1-14
Date

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



David E. Rosenstein
Senior Vice President and Counsel
Department of Market Regulation

ASEL 20110276897

Rule 204(a)(3)

Violation Reference Number	Security	Date of Violation	Date Closed	Number of Consecutive Days with a Close-Out Obligation	Average Close-Out Violation
#1	LEXG	4/25/2011	5/6/2011	9	7,733
#2	PDII	12/18/2009	3/10/2010	54	22
#3	CORE	4/6/2010	5/5/2010	21	15,137
#4	CMHHY	6/22/2010	7/12/2010	13	569
#5	CWYCY	6/23/2010	9/28/2010	67	60
#6	FXCNY	6/23/2010	8/9/2010	32	120
#7	CRNCY	7/27/2010	9/28/2010	44	383
#8	LASRD	8/11/2010	9/21/2010	28	100
#9	WAVE	8/20/2010	10/11/2010	35	27
#10	MTRMP	8/24/2010	9/16/2010	16	80
#11	ROHI	8/31/2010	9/22/2010	15	1,025
#12	BLOAQ	9/9/2010	9/28/2010	13	1,177
#13	QSGIQ	9/8/2010	10/15/2010	26	12
#14	AJGH	9/24/2010	11/16/2010	35	82
#15	MRVC	10/22/2010	11/16/2010	16	155
#16	SKPI	10/21/2010	11/16/2010	17	900
#17	VSTOW	10/22/2010	12/1/2011	277	27
#18	VSTOVC	11/19/2010	2/3/2012	301	36
#19	LBAS	8/24/2011	10/6/2011	30	41,074
#20	LBAS	10/19/2011	11/4/2011	12	31,945
#21	MTLQQ	3/11/2011	5/13/2011	44	561,518
#22	SYCRF	2/3/2011	3/17/2011	29	9,276
#23	RAYS	11/17/2011	12/13/2011	17	62,987
#24	SCEDO	10/26/2011	11/21/2011	17	488
#25	WAMUQ	11/23/2011	12/15/2011	15	185,238