

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20110284007-01**

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 became a member of FINRA on September 16, 1991 and its registration remains in effect.

RELEVANT DISCIPLINARY HISTORY

On December 9, 2011, the firm was censured and fined \$17,500 for Municipal Securities Rulemaking Board ("MSRB") reporting and recording violations during the review period of April 1, 2010 through June 30, 2010.

On November 24, 2008, the firm was censured and fined \$18,500 (consisting of \$15,000 for inaccurate equity trade reporting, \$1,000 for SEC Rule 10b-10 violations, and \$2,500 for inaccurate or incomplete books and records violations) during the review period of May 1, 2007 through August 31, 2007.

SUMMARY

In connection with matters 20110284598, 20110288128, 20120320678 and 20120323350, the staff in the Municipal Bonds Section of the Department of Market Regulation (the "MSRB staff") reviewed the firm's compliance with MSRB rules applicable to reporting to the Real-time Transaction Reporting System (the "RTRS") during the periods of January 1, 2011 through March 31, 2011 (the "1Q11 review period"), April 1, 2011 through June 30, 2011 (the "2Q11 review period"), October 1, 2011 through December 31, 2011 (the "4Q11 review period"), January 1, 2012 through March 31, 2012 (the "1Q12 review period") and January 1 2011 through March 31, 2012 (the "1Q11 to 1Q12 review period"), respectively.

In connection with 20110284007, the Trade Reporting Compliance Team of the Department of Market Regulation (the "Trade Reporting staff") conducted a review of the firm's compliance with equity trade reporting rules during the period of January 1, 2011 through April 30, 2011 (the "1st Trimester 2011 review period").

FACTS AND VIOLATIVE CONDUCT

20110284598

1. During the 1Q11 review period, the firm failed to report information regarding 160 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 160 transactions represent five percent of the total transactions (3,415) that the firm reported to the RTRS during the 1Q11 review period. The conduct described in this paragraph constitutes separate and distinct violations of MSRB Rule G-14.

20110288128

2. During the 2Q11 review period, the firm failed to report information regarding 58 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 58 transactions represent two percent of the total inter-dealer transactions (2,681) that the firm reported to the RTRS during the 2Q11 review period. The conduct described in this paragraph constitutes separate and distinct violations of MSRB Rule G-14.
3. During the 2Q11 review period, the firm failed to report the correct Time of Trade to the RTRS in 57 reports of transactions in municipal securities. These transactions constituted two percent of the total number of inter-dealer trade reports that the firm reported to the RTRS during the 2Q11 review period. The conduct described in this paragraph constitutes separate and distinct violations of

MSRB Rule G-14(b)(ii).

4. During the 2Q11 review period, the firm failed to show the correct time of execution on the memorandum of 57 brokerage orders. The conduct described in this paragraph constitutes separate and distinct violations of MSRB Rule G-8.

20120320678

5. During the 4Q11 review period, the firm failed to report information regarding 195 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 195 transactions represent six percent of the total transactions (3,356) that the firm should have reported to the RTRS during the 4Q11 review period. The conduct described in this paragraph constitutes separate and distinct violations of MSRB Rule G-14

20120323350

6. During the 1Q12 review period, the firm failed to report information regarding 106 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 106 transactions represent two percent of the total inter-dealer transactions (4,298) that the firm reported to the RTRS during the 1Q12 review period. The conduct described in this paragraph constitutes separate and distinct violations of MSRB Rule G-14
7. During the 1Q12 review period, the firm failed to report the correct Time of Trade to the RTRS in 106 reports of transactions in municipal securities. These transactions constituted two percent of the total number of inter-dealer trade reports that the firm reported to the RTRS during the 1Q12 review period. The conduct described in this paragraph constitutes separate and distinct violations of MSRB Rule G-14(b)(ii).
8. During the 1Q12 review period, the firm failed to show the correct time of execution on the memorandum of 106 brokerage orders. The conduct described in this paragraph constitutes separate and distinct violations of MSRB Rule G-8.

20110284598

9. During the 1Q11 to 1Q12 review period, 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 MSRB Rules, concerning municipal trade reporting. Specifically, the firm's supervisory system did not include written supervisory procedures providing for: (1) a statement of the supervisory step(s) to be taken by the identified person(s); (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 a separate and distinct violation of MSRB Rule G-27.

20110284007

10. During the 1st Trimester 2011 review period, the firm failed to accept or decline in the OTC Reporting Facility 322 transactions in Reportable Securities within 20 minutes after execution, which represented approximately ten percent of all transactions that the firm had an obligation to accept or decline during the 1st Trimester 2011 review period. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 7330(b).

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

A censure; and a fine of \$90,000 (consisting of \$65,000 for the municipal trade reporting and municipal record keeping violations, \$15,000 for the supervisory violation related to municipal trade reporting, and \$10,000 for the equity trade reporting violations) and an undertaking to revise the firm's written supervisory procedures with respect to the areas described in paragraph (9).

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 (9); 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 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.

6/17/13
Date

Respondent
Tradition Asiel Securities Inc.

By: [Signature]
Name: Donald Isaac
Title: EVP

Reviewed by:

Attorney Name: _____
Counsel for Respondent

Accepted by FINRA:

7/18/13
Date

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

[Signature]
Tina Salehi Gubb
Chief Counsel
Department of Market Regulation