

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2012032566801**

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

RE: Guggenheim Securities, LLC, Respondent
Member Firm
CRD No. 40638

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondent 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 Respondent alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. Respondent 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

Guggenheim Securities, LLC ("Guggenheim Securities" or the "Firm") has been a FINRA member since 1997. It is a broker-dealer affiliate of Guggenheim Partners LLC. The Firm's principal offices are located in New York, New York. The Firm currently employs approximately 313 registered representatives and 77 unregistered persons and maintains 18 branch offices in the United States and one branch office in Dubai.

RELEVANT DISCIPLINARY HISTORY

In September 2011, the Firm was censured and fined \$13,500 pursuant to a Letter of Acceptance, Waiver & Consent for failing to report information regarding transactions in municipal securities on a timely basis, and for failing to provide documentary evidence that it performed the supervisory reviews set forth in its written supervisory procedures concerning reporting of municipal securities trades. The AWC found that by doing so,

the Firm violated MSRB Rules G-8, G-14, G-14(B)(II) and G-27.

In June 2012, the Firm was censured and fined \$30,000 pursuant to a Letter of Acceptance, Waiver & Consent for failing to report, or failing to timely report, to TRACE information relating to transactions in TRACE-eligible securities, for failing to show the correct time of execution on memoranda of customer trade orders, and for failing to implement a supervisory system reasonably designed to achieve compliance with the securities laws, regulations, and rules concerning TRACE reporting. The AWC found that by doing so, the Firm violated FINRA Rules 6730 and 2010, NASD Rules 3010 and 3110, and SEC Rule 17a-3.

FACTS AND VIOLATIVE CONDUCT

Between April 2010 and December 2012 (the “relevant period”), Guggenheim Securities failed to send quarterly account statements to 247 institutional deliver-versus-payment and receive-versus-payment accounts. The Firm did not have written consent from the accounts for the suspension of account statement delivery. By virtue of this conduct, the Firm violated NASD Rule 2340 and FINRA Rule 2010.

During the relevant period, Guggenheim Securities failed to deliver to certain of its institutional customers trade confirmations for 375 transactions in either debt securities or equities. During the same period, the Firm delivered to certain of its institutional customers at least 154 trade confirmations for transactions in debt securities that lacked certain disclosures and information required by SEC Rule 10b-10. The omitted disclosures included some or all of the following:

- Yield to maturity;
- Disclosure that certain factors will affect the traded securities’ yield to maturity, and a statement that additional information regarding such factors would be furnished upon request;
- A statement that the names of entities from whom the firm purchased the security in agency transactions would be furnished upon request;
- A statement that the firm might charge certain transaction fees in addition to the compensation reflected on the confirmation, and that the details of those fees would be provided upon request; and
- A statement that the time of execution and itemized prices for average price orders would be furnished upon request.

By virtue of this conduct, the Firm violated SEC Rule 10b-10 and FINRA Rule 2010.¹

¹ The Firm provided affected customers with account statements and corrected trade confirmations after discovering the delivery problems described in this AWC.

B. Respondent also consents to the imposition of the following sanctions:

1. A censure; and
2. A fine of \$15,000.

Respondent agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. Respondent has submitted an Election of Payment form showing the method by which it proposes to pay the fine imposed.

Respondent specifically and voluntarily waives any right to claim that it is unable to pay, now or at any time hereafter, the monetary sanction imposed in this matter.

The sanctions imposed herein shall be effective on a date set by FINRA staff.

II.

WAIVER OF PROCEDURAL RIGHTS

Respondent specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against it;
- 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, Respondent 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.

Respondent further specifically and voluntarily waive 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

Respondent 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 it; and
- C. If accepted:
 - 1. This AWC will become part of its permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against it;
 - 2. This AWC will be made available through FINRA's public disclosure program in response to public inquiries about its 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. It 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. It 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 Respondent'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. Respondent may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondent understand 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 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.

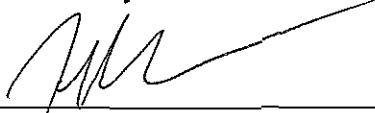
03/01/2013
Date (mm/dd/yyyy)

Guggenheim Securities, LLC

By: 

Paul M. Friedman, Sr. MD
Chief Operating Officer

Reviewed by:



John K. Robinson, Esq.

Senior Vice President & General Counsel

Guggenheim Securities, LLC

~~135 East 57th Street, 7th Floor~~

330 Madison Avenue, 8th Floor

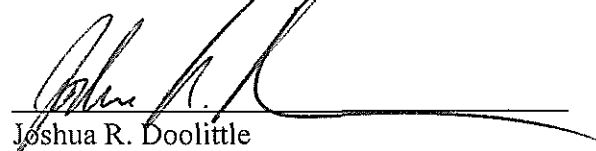
New York, NY ~~10022~~ 10017

212-381-4190

Accepted by FINRA:

03/13/2013
Date (mm/dd/yyyy)

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

A handwritten signature in black ink, appearing to read "Joshua R. Doolittle", is written over a horizontal line.

Joshua R. Doolittle
Director, Enforcement Center
FINRA Department of Enforcement
15200 Omega Drive, 3rd Floor
Rockville, MD 20850
301-258-8523 (phone)
202-721-8346 (fax)