

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT**

NO. 20120330516-01

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

RE: SG Americas Securities, LLC, Respondent
Broker-Dealer
CRD No. 128351

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondent SG Americas Securities, LLC (the "Respondent" or "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, and its predecessor NASD, since April 23, 2004, and its registration remains in effect.

RELEVANT DISCIPLINARY HISTORY

On September 20, 2011, FINRA accepted an AWC in which, among other things, the Firm was censured and fined a total of \$47,000 in four separate trade reporting matters, including one matter involving violations of FINRA Rules 2010, 6380A(a) and 7230A(d)(4) that occurred from January 1, 2009 through April 30, 2009.

SUMMARY

In connection with FINRA Matter No. 20120330516, the Market Analysis Section of the Department of Market Regulation (the "staff") reviewed the Firm's trading activity

during the SEC Rule 611 Compliance Review for the period January 1, 2012 through March 31, 2012 (the “first review period”).

In connection with FINRA Matter No. 20130357360, the staff reviewed the Firm’s trading activity during the SEC Rule 611 Trade Through Review for the period October 1, 2012 through December 31, 2012 (the “second review period”).

In connection with FINRA Matter No. 20140420853, the staff reviewed the Firm’s trading activity during the SEC Rule 611 OTC Trade Through Review for the period April 1, 2014 through June 30, 2014 (the “third review period”).

In connection with FINRA Matter No. 20130392922, the staff reviewed the Firm’s trading activity during the Cross Market Regulation NMS Trade Through/Route Through Sweep for the period July 1, 2013 through September 30, 2013 (the “fourth review period”).

Based on its reviews, the staff determined the Firm engaged in the violative conduct set forth below, consisting of violations of FINRA Rules 2010 and 6380A(a)(5)(I), NASD Rule 3010, and SEC Rules 611(a)(1) and 611(c) of Regulation NMS.

FACTS AND VIOLATIVE CONDUCT

In connection with FINRA Matter Nos. 20120330516, 20130357360 and 20140420853, the staff found that:

1. During the first, second and third review periods, the Firm failed to establish, maintain, and enforce written policies and procedures that were reasonably designed to prevent trade throughs of protected quotations in NMS stocks that do not fall within any applicable exception and, if relying on an exception, are reasonably designed to assure compliance with the terms of the exception.¹ The conduct described in this paragraph constitutes a violation of SEC Rule 611(a)(1) of Regulation NMS, FINRA Rule 2010 and NASD Rule 3010.
2. During the second and third review periods, the Firm, in 19 and 25 instances, respectively, inaccurately appended modifiers to transaction reports submitted to the FINRA/Nasdaq Trade Reporting Facility identifying such transactions as qualifying for an exception or exemption from SEC Rule 611 of Regulation NMS. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6380A(a)(5)(I).

¹ Specifically, the Firm incorrectly claimed the Benchmark Exception, SEC Rule 611(b)(7), for 25, 19 and 25 transactions, respectively, when none of the transactions qualified for an exception or exemption from Rule 611(a) because each transaction included a reasonably determinable compensation amount.

In connection with FINRA Matter No. 20130392922, the staff found that:

3. During the fourth review period, the Firm failed to take reasonable steps to establish that the intermarket sweep orders ("ISOs") it routed met the definitional requirements set forth in Rule 600(b)(30) of Regulation NMS. The conduct described in this paragraph constitutes a violation of SEC Rule 611(c) of Regulation NMS.

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

A censure, a fine of \$22,500, and an undertaking to revise the Firm's written supervisory procedures ("WSPs") with respect to the area(s) described in Section I.A. under Facts and Violative Conduct for FINRA Matter Nos. 20120330516, 20130357360 and 20140420853 in numbered paragraph one on page two. Within 30 business 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, DEPARTMENT OF MARKET REGULATION, 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 WSPs to address the deficiencies described above in Section I.A. under Facts and Violative Conduct for FINRA Matter Nos. 20120330516, 20130357360 and 20140420853 in numbered paragraph one on page two; 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 Chief Legal Officer, 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 accordance with FINRA Rule 8313;

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: (a) testimonial obligations; or (b) 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.

12/4/15
Date

SG Americas Securities, LLC, Respondent

By: 
Name: Gregory Zerkow
Title: Managing Director

Accepted by FINRA:

12/15/15
Date

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


Gerard P. Finn
Chief Counsel, Legal Section
FINRA Department of Market Regulation