

FINRA

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20120345556-01**

2014 FEB 21 PM 12:17

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

On December 9, 2011, FINRA accepted an AWC in which the firm was censured and fined \$17,500 (\$15,000 for violations of MSRB Rule G-14 and \$2,500 for books and records).

SUMMARY

In connection with STAR No. 20120345556 (incl. 20120347319), the Trade Reporting and Compliance Engine ("TRACE") Corporate Bonds Team of the Market Regulation Department reviewed the firm's transactions reported to TRACE during the period July 1, 2012 through September 30, 2012 (the "3Q '12 review period").

In connection with STAR No. 20130367888, the TRACE Agency/SP Team of the Market Regulation Department reviewed the firm's transactions reported to TRACE during the period January 1, 2013 through March 31, 2013 (the "1Q '13 review period").

In connection with STAR No. 20130378514, the Municipal Bonds Team of the Market Regulation Department reviewed the firm's transactions reported to the Real-time Transactions Reporting System ("RTRS") during the period April 1, 2013 through June 30, 2013 (the "2Q '13 review period").

FACTS AND VIOLATIVE CONDUCT

In connection with Star No. 20120345556 (incl. 20120347319):

1. During the 3Q '12 review period, the firm failed to report to TRACE 261 S1 transactions in TRACE-eligible securities within 15 minutes of the time of execution. These transactions constituted 9 percent of the S1 transactions in TRACE-eligible securities (2,912 reported by TASE and ASLB) that the firm reported to TRACE during the 3Q '12 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.
2. During the 3Q '12 review period, the firm failed to report to TRACE the correct time of trade execution for 80 S1 transactions in TRACE-eligible securities. These inaccurate reports constituted 46 percent of the S1 transactions in TRACE-eligible securities (174 reported by TASE) during the 3Q '12 review period. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6730(c)(8).

In connection with STAR No. 20130367888:

3. During the 1Q '13 review period, the firm failed to record the correct time of trade execution for 337 transactions in TRACE-eligible Securitized Products which resulted in the following violations: (1) the firm failed to report to TRACE the correct time of trade execution for 337 transactions in TRACE-eligible Securitized Products. These inaccurate reports constituted 26 percent of the transactions in matched inter-dealer TRACE-eligible Securitized Products (1,321) during the 1Q '13 review period; and (2) the firm failed to show the correct time of execution on the memorandum of 337 brokerage orders. The conduct described in this paragraph constitutes, respectively, separate and distinct violations of FINRA Rule 6730(c)(8) as well as SEC Rule 17a-3 and FINRA Rule 4511.

In connection with STAR No. 20130378514:

4. During the 2Q '13 review period, the firm failed to report information regarding 122 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 transactions constituted 4 percent of the transactions that the Firm reported to the RTRS during the 2Q '13 review period review period (2,905). The conduct described in this paragraph constitutes separate and distinct violations of MSRB Rule G-14.

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

A censure and fine of \$36,000 (\$16,000 for TRACE reporting and books and records violations and \$20,000 for violations of MSRB Rule G-14).

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.

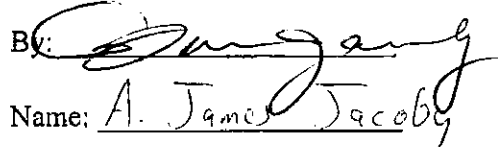
The undersigned, on behalf of the Firm, certifies that a person duly authorized to act on its behalf has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that it has agreed to the AWC's provisions voluntarily; and that no offer, threat, 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.

14 February 2014

Date

Respondent

Tradition Asiel Securities Inc.

By: 

Name: A. James Jacoby

Title: Executive Vice President

Reviewed by:

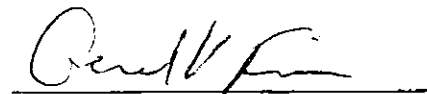
Attorney Name

Counsel for Respondent

Accepted by FINRA:

3/19/14
Date

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



Gerard Finn
Chief Counsel
Department of Market Regulation