

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20130356817-01**

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

RE: Lazard Capital Markets LLC, Respondent ("LCM" or the "Firm")
BD No. 134736

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

I.

ACCEPTANCE AND CONSENT

- A. The 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

LCM has been a member of FINRA since April 2005, and is headquartered in New York, New York. It employs approximately 160 registered representatives and maintains approximately seven branch offices. LCM primarily engages in sales and trading activities with institutional clients.

RELEVANT DISCIPLINARY HISTORY

LCM does not have any relevant disciplinary history with the Securities and Exchange Commission, FINRA, any other self-regulatory organization or any state securities regulator.

OVERVIEW

From April 2011 through October 2012 (the "Relevant Period"), LCM reported 197 transactions in municipal securities to the Municipal Securities Rulemaking Board ("MSRB") Real-Time Transaction Reporting System ("RTRS") that had already been correctly reported to RTRS on behalf of a registered investment

adviser ("RIA") for which LCM provided clearing services. LCM's supervisory procedures in effect during the Relevant Period were not reasonably designed to detect the Firm's over-reporting of municipal securities transactions.

FACTS AND VIOLATIVE CONDUCT

1. During the Relevant Period, LCM acted as a clearing broker for the RIA with respect to certain transactions, including municipal securities transactions. The transactions were executed and reported to RTRS on behalf of the RIA by a third-party executing broker, and LCM was provided with electronic data concerning the transactions for purposes of clearance and settlement. Unbeknownst to LCM, a coding change to the electronic data made in April 2011 caused LCM to begin automatically reporting trades to RTRS that had already been reported by the executing broker. LCM continued to erroneously report the RIA's municipal securities trades until October 2012. In total, LCM reported 197 municipal securities transactions to RTRS that should not have been reported (which amounted to 71.64% of the municipal securities transactions LCM reported during the Relevant Period). Thus, the Firm's trade reporting was inaccurate.

As a result of the foregoing, LCM violated MSRB Rule G-14.

2. During the Relevant Period, the Firm had written supervisory procedures governing the review of municipal securities trade reports. These procedures provided for a review of the MSRB Dealer Feedback System on an as-needed basis when LCM transacted in municipal securities, but did not include a systematic look-back review that likely would have led to the discovery of the 197 duplicative RTRS reports. LCM's supervisory procedures therefore were not reasonably designed to detect erroneously reported trades.

As a result of the foregoing, LCM violated MSRB Rule G-27.

13. The Respondent also consents to the imposition of the following sanctions:

- a censure; and
- a fine in the amount of \$15,000 (\$15,000 of which pertains to the violations of MSRB Rules G-14 and G-27).

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

The 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

The 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, the 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.

The Respondent 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 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 the Respondent; and

C. If accepted:

1. this AWC will become part of the Respondent's 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 the Respondent'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 Respondent 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 Respondent 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 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. The Respondent may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. The Respondent 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 have been given a full opportunity to ask questions about it; that the Firm 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.

01/24/2003
Date (mm/dd/yyyy)

Lazard Capital Markets LLC (BD No. 134736)
Respondent

By: _____

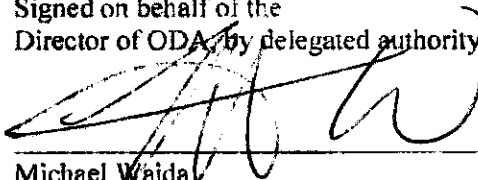
[Name and Title]

Robert K. Lagay
General Counsel
Managing Director

Accepted by FINRA:

December 3, 2013
Date

Signed on behalf of the
Director of ODA by delegated authority

A handwritten signature in black ink, appearing to read "Michael Wajda", is written over a horizontal line.

Michael Wajda
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