

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20130367098-01**

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

RE: Guggenheim Securities, LLC, Respondent
Broker-Dealer
CRD No. 40638

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Guggenheim Securities, LLC (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 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

The firm became a FINRA member on January 9, 1997. Its registration remains in effect. The firm has no prior relevant disciplinary history.

SUMMARY

In Matter No. 20130367098, FINRA's Department of Market Regulation ("Market Regulation") reviewed the firm's compliance with FINRA Rule 5320 order protection requirements during the period of October 1, 2012 through December 31, 2012 (the "4Q12 Review Period").

In Matter No. 20140398611, Market Regulation reviewed the firm's compliance with FINRA Rule 5320 order protection requirements during the period of July 1, 2013 through September 30, 2013 (the "3Q13 Review Period").

Based on the aforementioned reviews, Market Regulation found that the firm failed to comply with order protection obligations, in violation of FINRA Rules 5320 and 2010, as described below.

FACTS AND VIOLATIVE CONDUCT

Matter No. 20130367098

- 1) In 28 instances during the 4Q12 Review Period, the firm accepted and held 25 customer orders in Over-the-Counter ("OTC") securities, traded for its own account at prices that would have satisfied the customer orders, and failed to execute or immediately execute the customer orders up to the size and at the same price at which it traded for its own account or at a better price. In 22 of the 28 instances, the firm also failed to make every effort to cross a marketable customer order with another order received by the firm on the opposite side of the market. These instances are reflected on Exhibit A. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 5320 and 2010.

Matter No. 20140398611

- 2) In 22 instances during the 3Q13 Review Period, the firm accepted and held 15 customer orders in OTC securities, traded for its own account at prices that would have satisfied the customer orders, and failed to execute or immediately execute the customer orders up to the size and at the same price at which it traded for its own account or at a better price. These instances are reflected on Exhibit B. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 5320 and 2010.

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

- 1) A censure;
- 2) A fine of \$20,000 (\$10,000 for Matter 20130367098 and \$10,000 for Matter 20140398611); and
- 3) Restitution is ordered to be paid to the customer(s) listed on Exhibits A and B hereto in the amount of \$1,129.33, plus interest at the rate set forth in Section 6621(a) of the Internal Revenue Code, 26 U.S.C. 6621(a)(2), from the date of the violative conduct until the date this AWC is accepted by the National Adjudicatory Council ("NAC"). A registered principal on behalf of the Respondent firm shall submit satisfactory proof of payment of the restitution, or of reasonable and documented efforts undertaken to effect restitution. Such proof shall be submitted to the COMPLIANCE ASSISTANT, LEGAL SECTION, MARKET REGULATION DEPARTMENT, 9509 KEY WEST AVENUE, ROCKVILLE, MD 20850, either by letter that identifies the Respondent and case number, or by email from a work-related account of the registered principal of the firm to MarketRegulationComp@finra.org. This proof shall be provided to FINRA no later than 120 days after acceptance of this AWC.

If for any reason, Respondent cannot locate any customer identified in Exhibits A and B after reasonable and documented efforts within 120 days from the date the AWC is accepted, or such additional period agreed to by FINRA staff in writing, Respondent shall forward any undistributed restitution and interest to the appropriate escheat, unclaimed-property or abandoned-property fund for the state in which the customer is known to have last resided. Respondent shall provide satisfactory proof of such action to FINRA in the manner described above, within 14 days of forwarding the undistributed restitution and interest to the appropriate state authority.

The imposition of a restitution order or any other monetary sanction herein, and the timing of such ordered payments, does not preclude customers from pursuing their own actions to obtain restitution or other remedies.

Respondent 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.

Respondent 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

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 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, Respondent 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.

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

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 Respondent; 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. 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. 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 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. Respondent 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.

7/25/16
Date

Respondent
Guggenheim Securities, LLC
By: [Signature]
Name: ROBERT LIEBERSON
Title: CAO

Reviewed by:
[Signature]
Counsel for Respondent

Accepted by FINRA:

August 4, 2016
Date

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

[Signature]
James J. Nixon
Chief Litigation Counsel
FINRA Department of Market Regulation

Part I: Triggering Transactions																	Part III: Staff's Analysis												
No.	Trade Date	TT Order Receipt Time	TT Execution Time	Firm	Capacity	Side	Trade Vol	Issue Symbol	Trade Price	Counter Party Firm ID	Counter Party Capacity	Order Letter	Order Received Date	Order Received Time	Order Execution Time	Execution Price	MPID	Order to Buy/Sell	Quantity	Issue Symbol	Order Type	Limit Price	Firm Order ID	Routing Firm MPID	Routed Order ID	TIF	Trading Ahead Violation	Restitution	Failure to Cross Violation
1	10/31/12	7:45:30	9:31:19	GUGS	P	B	449	GDFZY	\$23.22	PERS	A	A	10/31/12	07:45:27	09:31:22	\$23.31	GUGS	B	277	GDFZY	M		886313	PERS	ATOMNOIG622447000		Yes	\$24.93	Yes
2	10/31/12	10:08:20	11:21:42	GUGS	P	S	200	USNZY	\$4.80	FBCO	A	B	10/31/12	11:20:55	11:32:57	\$4.80	GUGS	SL	22,300	USNZY	L	4.80	896942	PERS	ATOMNOJC587864000	GTT	Yes	N/A	No
3	10/31/12		14:23:12	GUGS	P	S	5,000	USNZY	\$4.79	ARCA	A															Yes	\$50.00	No	
4	10/31/12		14:23:38	GUGS	P	S	4,600	USNZY	\$4.79	ARCA	A	C	10/31/12	14:22:12	14:24:55	\$4.78	GUGS	SL	22,100	USNZY	L	4.78	914581	PERS	ATOMNOS1586146000	GTT	Yes	\$46.00	No
5	10/31/12		14:23:43	GUGS	P	S	2,000	USNZY	\$4.78	ARCA	A															Yes	N/A	No	
6	11/29/12	13:44:44	13:45:01	GUGS	P	B	192	GVDNY	\$19.88	MLEX	A	E	11/29/12	13:44:58	470 @ 13:45:28 447 @ 13:45:35	470 @ \$19.96 447 @ \$20.00	GUGS	B	917	GVDNY	M		1663474	MLEX	AUW0156		Yes	\$23.04	Yes
7	11/30/12	14:06:16	14:06:25	GUGS	P	S	133	DBOEY	\$5.61	MLEX	A	F2	11/30/12	14:06:16	14:06:25	\$5.58	GUGS	SL	778	DBOEY	M		1699814	MLEX			Yes	\$3.99	Yes
8	11/30/12	15:20:36	15:21:05	GUGS	P	S	260	DBOEY	\$5.61	MLEX	A	F	11/30/12	15:20:36	15:21:06	\$5.57	GUGS	SL	124	DBOEY	M		1704043	MLEX	AUX1933		Yes	\$4.96	Yes
9	12/4/12	12:30:25	12:30:32	GUGS	P	B	747	DBOEY	\$5.70	MLEX	A	G	12/4/12	12:29:59	12:32:19	\$5.72	GUGS	B	2,218	DBOEY	M		1763350	MLEX	AUY9214		Yes	\$14.94	Yes
10	12/4/12	12:30:59	12:31:21	GUGS	P	B	593	DBOEY	\$5.70	MLEX	A															Yes	\$11.86	Yes	
11	12/6/12	15:51:40	15:51:49	GUGS	P	S	1,440	AZSEY	\$13.38	MLEX	A	H	12/6/12	15:51:17	15:51:53	\$13.35	GUGS	SL	104	AZSEY	M		1859324	MLEX	AVB5057		Yes	\$3.12	Yes
12	12/12/12	14:25:17	14:25:50	GUGS	P	S	141	AZSEY	\$13.63	MLEX	A	I	12/12/12	14:25:17	14:25:52	\$13.61	GUGS	SL	389	AZSEY	M		1983221	MLEX	AVF8148		Yes	\$2.82	Yes
13	12/12/12	14:25:25	14:25:45	GUGS	P	S	334	BMPLY	\$15.35	MLEX	A	J	12/12/12	14:25:25	14:25:47	\$15.33	GUGS	SL	120	BMPLY	M		1983223	MLEX	AVF8159		Yes	\$2.40	Yes
14	12/12/12		10:25:58	GUGS	P	S	500	OGEN	\$2.15	NITE	P	K	12/12/12	10:21:08	500 @ 10:39:30 500 @ 10:42:28 100 @ 11:27:02	500 @ \$2.15 600 @ \$2.05	GUGS	SS	10,000	OGEN	L	2.05	1958462	FBCO	P1265874x1	DAY	Yes	N/A	No
15	12/14/12	15:47:11	15:48:27	GUGS	P	B	429	AZSEY	\$13.60	MLEX	A	L	12/14/12	15:47:11	15:49:14	\$13.61	GUGS	B	117	AZSEY	M		2076321	MLEX	AVQ9199		Yes	\$1.17	Yes
16	12/14/12	14:26:28	14:26:34	GUGS	P	S	941	DBOEY	\$5.91	MLEX	A	M	12/14/12	14:26:28	14:26:37	\$5.90	GUGS	SL	1,054	DBOEY	M		2067215	MLEX	AVQ7027		Yes	\$9.41	Yes
17	12/14/12	14:27:14	14:27:20	GUGS	P	S	617	POFCY	\$13.56	MLEX	A	N2	12/14/12	14:27:14	14:27:20	\$13.49	GUGS	S	78	POFCY	M		2067288	MLEX	AVQ7097		Yes	\$5.46	Yes
18	12/14/12	14:49:00	14:49:21	GUGS	P	B	1,363	POFCY	\$13.51	MLEX	A	N	12/14/12	14:49:12	14:49:26	\$13.55	GUGS	B	240	POFCY	M		2069789	MLEX	AVQ7976		Yes	\$9.60	Yes
19	12/17/12	10:58:24	10:58:31	GUGS	P	S	242	DBOEY	\$5.94	MLEX	A	O	12/17/12	10:56:16	11:00:37	\$5.92	GUGS	SL	2,194	DBOEY	M		2087910	MLEX	AVR5531		Yes	\$4.84	Yes
20	12/17/12	13:42:39	13:42:54	GUGS	P	B	375	DBOEY	\$5.93	MLEX	A	P	12/17/12	13:42:39	13:42:58	\$5.95	GUGS	B	226	DBOEY	M		2101923	MLEX	AVR9954		Yes	\$4.52	Yes
21	12/17/12	13:52:37	13:53:16	GUGS	P	B	383	DBOEY	\$5.93	MLEX	A	Q	12/17/12	13:52:36	13:53:20	\$5.95	GUGS	B	173	DBOEY	M		2102399	MLEX	AVSD308		Yes	\$3.46	Yes
22	12/19/12	14:28:05	14:28:19	GUGS	P	B	217	POFCY	\$13.47	MLEX	A	R	12/19/12	14:27:58	1,000 @ 14:29:11 1,209 @ 14:29:16	1,000 @ \$13.53 1,209 @ \$13.54	GUGS	B	2,209	POFCY	M		2159251	MLEX	AVU5800		Yes	\$15.19	Yes
23	12/21/12	15:36:01	15:36:27	GUGS	P	B	165	DBOEY	\$6.07	MLEX	A	T	12/21/12	15:35:42	1,000 @ 15:36:27 3,074 @ 15:38:24	\$6.08	GUGS	B	4,074	DBOEY	M		2211821	MLEX	AVX4534		Yes	\$1.65	Yes
24	12/21/12	14:21:20	14:21:30	GUGS	P	S	158	POFCY	\$13.19	MLEX	A	U	12/21/12	14:21:20	14:21:34	\$13.17	GUGS	SL	338	POFCY	M		2209107	MLEX	AVX2283		Yes	\$3.16	Yes
25	12/27/12	14:43:04	14:43:16	GUGS	P	B	317	SVGBY	\$21.61	MLEX	A	V	12/27/12	14:43:04	14:43:18	\$21.63	GUGS	B	318	SVGBY	M		2255485	MLEX	AWA3796		Yes	\$6.34	Yes
26	12/28/12	15:42:47	15:43:05	GUGS	P	S	202	AZSEY	\$13.74	MLEX	A	W	12/28/12	15:42:51	15:43:23	\$13.73	GUGS	SL	661	AWB6075	M		2275588	MLEX	AWB6075		Yes	\$2.02	Yes
27	12/28/12	16:00:10	16:00:10	GUGS	P	S	100	MDBX	\$63.00	ETRF	P	X	12/28/12	15:59:28	16:13:40	\$63.00	GUGS	SS	200	MDBX	L	63.00	2276244	FBCO	P28152070x1	DAY	Yes	N/A	No
28	12/31/12	12:56:40	12:56:51	GUGS	P	B	105	POFCY	\$13.14	MLEX	A	Y	12/31/12	12:56:40	12:56:53	\$13.29	GUGS	B	232	POFCY	M		2295162	MLEX	AWC4664		Yes	\$15.75	Yes
Total # of Trading Ahead Violations: 28																	Total Restitution: \$270.63												
Total # of Failures to Cross: 22																													

Part I: Triggering Transactions														Part II: Order Details								Part III: Staff Analysis				
Item #	Trade Report Date	Trade Report Time	Execution Time	Firm	Capacity	Side	Trade Vol	Issue Symbol	Trade Price	Counter Party Firm ID	Counter Party Capacity	Order Letter	Order Received Date	Order Received Time	MPID	Order to Buy/Sell	Quantity	Issue Symbol	Order Type	Limit Price	Firm Order ID	Routing Firm MPID	TIF	OP Violation	Restitution	
1	7/12/13	10:09:51	10:09:51	GUGS	P	B	1,000	TPCS	0.585	STXG	P	C	7/12/13	10:05:21	GUGS	B	9,000	TPCS	L	0.60	92560379	FBCO	DAY	Yes	\$15.00	
2	7/12/13	10:10:18	10:10:17	GUGS	P	B	4,000	TPCS	0.5875	NITE	P		Yes	\$50.00												
3	7/12/13	10:12:43	10:12:43	GUGS	P	B	1,000	TPCS	0.595	STXG	P		Yes	\$5.00												
4	7/19/13	11:04:24	11:04:23	GUGS	P	S	100	AMAVF	58.95	CSTI	P	D	7/19/13	11:03:01	GUGS	SL	200	AMAVF	L	58.00	53630C94	PERS	DAY	Yes	\$85.00	
5	7/19/13	13:01:32	13:01:32	GUGS	P	B	300	AMAVF	60.00	ETRF	P	E	7/19/13	12:54:16	GUGS	B	3,000	AMAVF	L	60.00	53630D05	PERS	DAY	Yes	N/A	
6	8/8/13	09:32:01	9:32:01	GUGS	P	S	1,540	PCWLF	0.4628	NITE	P	J	8/8/13	08:15:12	GUGS	SL	1,540	PCWLF	L	0.45	549438E2	PERS	GTC	Yes	N/A	
7	8/9/13	15:21:25	15:21:24	GUGS	P	S	300	IFJPY	16.54	ARCA	A	L	8/9/13	15:20:17	GUGS	SL	1,841	IFJPY	M		54A37D6C	MLEX		Yes	\$24.00	
8	8/9/13	15:21:25	15:21:24	GUGS	P	S	500	IFJPY	16.54	ARCA	A		Yes													
9	8/12/13	11:58:21	11:58:21	GUGS	P	B	100	EUTLY	7.41	ARCA	A	M	8/12/13	11:57:30	GUGS	B	8,592	EUTLY	M		54D142D1	PERS		Yes	\$20.00	
10	8/12/13	11:58:26	11:58:26	GUGS	P	B	100	EUTLY	7.41	ARCA	A		Yes													
11	8/12/13	11:58:28	11:58:28	GUGS	P	B	200	EUTLY	7.41	ARCA	A		Yes													
12	8/19/13	14:43:40	14:43:40	GUGS	P	B	100	ASOMY	77.66	CDEL	P	S	8/19/13	14:43:05	GUGS	B	574	ASOMY	L	77.90	553C136B	PERS	DAY	Yes	\$19.00	
13	8/23/13	11:41:10	11:41:10	GUGS	P	B	500	KUBTY	69.40	ARCA	A	T	8/23/13	11:37:25	GUGS	B	3,058	KUBTY	M		55791B72	PERS		Yes	\$78.70	
14	8/23/13	11:41:33	11:41:33	GUGS	P	B	287	KUBTY	69.40	ARCA	A		Yes													
15	9/3/13	11:53:40	11:53:40	GUGS	P	B	1,000	AFFY	1.62	CDEL	P	W	9/3/13	11:52:56	GUGS	B	4,000	AFFY	M		5620F4A6	MLEX		Yes	\$10.00	
16	9/3/13	09:51:22	9:51:22	GUGS	P	B	100	GSAT	0.642	ARCA	A	X	9/3/13	08:00:31	GUGS	B	30,000	GSAT	L	0.6475	5620F349	MLEX	GTC	Yes	N/A	
17	9/9/13	15:54:32	15:54:32	GUGS	P	B	200	ASOMY	79.94	CDEL	P	Y	9/9/13	15:48:33	GUGS	B	1,396	ASOMY	L	80.10	567C83EB	PERS	DAY	Yes	N/A	
18	9/9/13	15:56:07	15:56:07	GUGS	P	B	500	ASOMY	79.90	CDEL	P		Yes													
19	9/11/13	14:24:08	14:24:08	GUGS	P	S	100	LTCHE	0.207	ARCA	A	AF	9/11/13	14:23:25	GUGS	SL	38,150	LTCHE	M		569B0773	PERS		Yes	N/A	
20	9/12/13	13:40:04	13:25:52	GUGS	P	B	100	PTINY	18.00	NITE	P	AH	9/10/13	15:38:45	GUGS	B	150	PTINY	L	19.00	568BC5D0	PERS	GTC	Yes	\$550.00	
21	9/12/13	13:51:01	13:51:01	GUGS	P	B	200	PTINY	18.00	NITE	P	AI	9/12/13	13:18:19	GUGS	B	250	PTINY	L	20.00	56AA4906	PERS	GTC	Yes		
22	9/24/13	15:26:16	15:26:16	GUGS	P	B	200	DSEEE	9.37	ARCA	A	AK	9/24/13	15:24:26	GUGS	B	500	DSEEE	M		5761654F	PERS		Yes	\$2.00	
																									22	
																									\$858.70	

This Corrective Action Statement is submitted by Respondent, Guggenheim Securities, LLC. It does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA, or its staff.

**STATEMENT OF CORRECTIVE ACTION
BY GUGGENHEIM SECURITIES LLC**

Guggenheim Securities, LLC submits this Statement of Corrective Action in connection with the foregoing Letter of Acceptance, Waiver and Consent (“AWC”) to describe the steps that it has taken to correct and substantially reduce the risk of recurrence of the issues raised by the AWC. In 2015, Guggenheim Securities, LLC ceased conducting the specific type of trading business that gave rise to the issues that are the subject of this AWC.