

FINRA

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

2015 MAR 27 AM 11:02

NO. 20130372436-01

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

RE: Aqua Securities L.P., Respondent
Broker-Dealer
CRD No. 47681

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondent Aqua Securities L.P. (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, and its predecessor NASD, since December 1, 1999, and its registration remains in effect.¹

RELEVANT DISCIPLINARY HISTORY

The firm does not have any relevant disciplinary history.

SUMMARY

In connection with FINRA Matter No. 20130372436, the Short Sales Team of the Department of Market Regulation (the "staff") reviewed the firm's compliance with short

¹ AQUA is jointly owned by Cantor Fitzgerald, L.P., a global financial services provider to the institutional equity and fixed income capital markets, and BGC Partners Inc., a global brokerage company servicing the wholesale financial markets and commercial real estate marketplace.

sale trade reporting during an OATS/Trade Reporting Sweep for the period April 1, 2010 through March 10, 2014 (the “review period”).

FACTS AND VIOLATIVE CONDUCT

In connection with FINRA Matter No. 20130372436, the staff found that:

1. During the review period, the firm executed 56,980 short sale transactions in NMS stocks and OTC equity securities and failed to report each of these transactions to the FINRA/NASDAQ Trade Reporting Facility or the FINRA OTC Reporting Facility with a short sale modifier. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rules 6182 and 6624.
2. During the review period, the firm’s supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and the Rules of the SEC, FINRA and NASD, concerning order marking requirements and short sale trade reporting. Specifically, the firm’s supervisory system did not include written supervisory procedures providing for: (i) the identification (either by name or by title and position) of the person(s) responsible for supervision with respect to the applicable rules; (ii) a statement of the supervisory step(s) to be taken by the identified person(s); and (iii) a statement as to how the completion of the step(s) included in the written supervisory procedures should be documented. The conduct described in this paragraph constitutes a violation of FINRA Rule 2010, and NASD Rule 3010.

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

A censure; a **\$45,000** fine (consisting of \$30,000 for short sale trade reporting, and \$15,000 for supervision); and an undertaking to revise the firm’s supervisory system with respect to order marking requirements and short sale trade reporting as set forth above in numbered paragraph two. Within 30 business days of acceptance of this AWC by the National Adjudicatory Council (“NAC”), a registered principal of the Respondent shall submit to the COMPLIANCE ASSISTANT, LEGAL SECTION, MARKET REGULATION DEPARTMENT, 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 supervisory system to address the deficiencies described above; and (3) the date that the revisions 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.

3/25/15
Date

Aqua Securities L.P., Respondent

By: [Signature]

Name: Kevin Foley

Title: Chief Executive

Accepted by FINRA:

4/16/15
Date

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

[Signature]
Gerard P. Finn
Chief Counsel, Legal Section
Department of Market Regulation