

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20130385522 - 01**

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

RE: INTL FCStone Financial Inc., Respondent
Broker/Dealer
CRD No. 45993

Pursuant to FINRA Rule 9216 of FINRA Code of Procedure, INTL FCStone Financial 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 March 22, 1999, and its registration remains in effect.¹ The firm has no prior relevant disciplinary history.

SUMMARY

In Review No. 20130385522, the staff of FINRA's Department of Market Regulation ("the staff") conducted a Regulation SHO Rule 204 Sweep, for the period October 15, 2012 through September 13, 2013 ("the review period"). The firm failed to comply with Regulation SHO's close out and pre-borrow requirements during the review period, in violation of Rule 204 of Regulation SHO.

¹ The firm changed its name from INTL FCStone Securities Inc. to INTL FCStone Financial Inc. on July 2, 2015.

FACTS AND VIOLATIVE CONDUCT

1. During the review period, in eight instances, the firm, which was reasonably allocated fail to deliver positions at a registered clearing agency in two equity securities that resulted from sale transactions, failed to close out the fail to deliver positions by purchasing or borrowing securities of like kind and quantity within the time frame prescribed by Rule 204(a) of Regulation SHO. Instead of purchasing or borrowing shares, the firm converted its long positions in ordinary shares into American Depositary Receipts ("ADRs"). The conduct described in this paragraph constitutes separate and distinct violations of Rule 204(a) of Regulation SHO.
2. During the review period, in 273 instances involving an equity security, the firm, which had failed to close out a fail to deliver position in accordance with Rule 204(a) of Regulation SHO, accepted a short share order from another person, or effected a short sale for its own account, without first borrowing the security, or entering into a bona-fide arrangement to borrow the security, and did not notify the participant that it was subject to the applicable pre-borrow requirements, as required by Rule 204(d) of Regulation SHO. The conduct described in this paragraph constitutes separate and distinct violations of Rule 204(b) of Regulation SHO.

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

A censure and a fine of \$17,500 (\$10,000 for the close-out violations and \$7,500 for the pre-borrow violations).

The firm agrees to pay the monetary sanctions upon notice that this AWC has been accepted and that such payments 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 the firm is unable to pay, now or at any time hereafter, the monetary sanctions 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 Formal Complaint issued specifying the allegations against the firm;

- B. To be notified of the Formal 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, 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;
- 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: (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 understood all of the provisions to 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.

Date

6/27/17

INTL FCStone Financial Inc.

By:

[Signature]

Name:

MARK ROUSSEAU

Title:

CEO

Reviewed by:

[Signature]

Counsel for Respondent

Accepted by FINRA:

July 5, 2017

Date

[Signature]
James J. Nixon

Chief Litigation Counsel

Department of Market Regulation

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