

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20140393415-01**

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

**RE: Fusion Analytics Securities LLC, Respondent
BD No. 124245**

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, the Respondent, Fusion Analytics Securities LLC ("FAS" or 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 Respondent alleging violations based on the same factual findings described herein.

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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

FAS has been a member of FINRA since 2003. The Firm employs approximately 35 registered individuals at approximately seven branch offices and is headquartered in New York, New York.

RELEVANT DISCIPLINARY HISTORY

FAS 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

During the period of August 1, 2012, through December 6, 2014 (the "Relevant Period"), FAS permitted two registered persons to author approximately 176 equity research reports, even though neither had successfully completed the Series 86/87 examination. Also during the Relevant Period, the Firm issued, through an affiliate, approximately 259 research reports that did not comply with the

disclosure requirements of NASD Conduct Rule 2711(h). As a result of the foregoing, FAS violated NASD Membership and Registration Rule 1050(a), NASD Conduct Rule 2711(h), and FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

1. NASD Membership and Registration Rule 1050(a) requires all persons associated with a FINRA member who are to function as Research Analysts to, among other things, successfully complete the Series 86/87 examination. During the Relevant Period, Rule 1050(b) defined a "Research Analyst" as an associated person who is primarily responsible for the preparation of the substance of a research report or whose name appears on a research report.

During the Relevant Period, FAS permitted two registered persons to author approximately 176 equity research reports, even though neither had successfully completed the Series 86/87 examination.

As a result of the foregoing, FAS violated NASD Membership and Registration Rule 1050(a) and FINRA Rule 2010.

2. NASD Conduct Rule 2711(h) requires member firms to include a variety of disclosures on equity research reports. In particular, Rule 2711(h)(5) requires research reports that contain a rating of at least one equity security to disclose the percentage of all securities rated by the member to which the member would assign a "buy," "hold/neutral," or "sell" rating. Rule 2711(h)(10) requires that the first page of the research report include either all the required disclosures, or a prominent reference to the page of the research report on which the required disclosures are included.

During the Relevant Period, FAS issued, through an affiliate, 259 equity research reports that did not include any disclosures, or page references to disclosures, on the first page. Additionally, of the 198 research reports that included a rating of at least one equity security, none disclosed the percentage of securities rated by the Firm to which the Firm would assign a "buy," "hold/neutral," or "sell" rating.

As a result of the foregoing, FAS violated NASD Conduct Rule 2711(h) and FINRA Rule 2010.

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

- a censure; and
- a fine in the amount of \$20,000.

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 the

Respondent proposes to pay the fine imposed.

The Respondent specifically and voluntarily waives any right to claim that the Respondent 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 the Respondent;
- 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 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 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 the Respondent;
 - 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 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 has 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.

12/28/2015

Date (mm/dd/yyyy)

Respondent

Fusion Analytics Securities LLC (BD No. 124245)

By:

 CEO/CCO
[Name and Title]

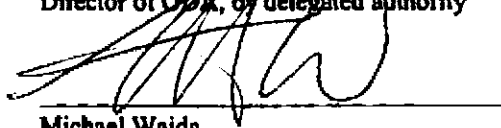
Reviewed by:

David S. Richan
Counsel for Respondent
Baritz & Colman LLP
The Woolworth Building
233 Broadway, 20th Floor
New York, NY 10279
Tel: (212) 886-1693

Accepted by FINRA:

January 20, 2016
Date

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

A handwritten signature in black ink, appearing to read 'MW', is written over a horizontal line.

Michael Wajda
Senior Regional Counsel
FINRA Department of Enforcement
Brookfield Place
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New York, NY 10281-1003
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