

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20140409850 - 01**

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

RE: Cantor Fitzgerald & Co., Respondent
Broker-Dealer
CRD No. 134

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondent Cantor Fitzgerald & Co. (the "Firm" or "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 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 has been a member of FINRA since February 16, 1945, and its registration remains in effect.

RELEVANT DISCIPLINARY HISTORY

On December 9, 2013, FINRA accepted an AWC in connection with Star No. 20120316469 which included a censure, an undertaking to revise the Firm's written supervisory procedures and a fine of \$37,500, of which \$15,000 was for TRACE reporting violations for the 3Q12 and 4Q12/1Q13 review periods.

On April 2, 2013, FINRA accepted an AWC in connection with Star No. 20120316772 in which the Firm was fined \$17,500, of which \$10,000 was for TRACE reporting violations that occurred from October 1, 2011 through February 3, 2012.

SUMMARY

In connection with Star No. 20140409850, the staff of FINRA's Market Regulation Department ("Market Regulation") reviewed the Firm's compliance with TRACE requirements for corporate bond transactions during the period January 1, 2014 through March 31, 2014 (the "1Q14 period").

In connection with Star No. 20140410680, Market Regulation reviewed the Firm's compliance with TRACE requirements for transactions involving securitized products ("SP") during the 1Q14 period.

As a result of its reviews, the Market Regulation staff found violations of TRACE reporting requirements as set forth below.

FACTS AND VIOLATIVE CONDUCT

20140409850 (1Q14 TRACE corporate review)

1. During the 1Q14 period, the Firm failed to report to TRACE the correct time of execution for 224 S1 corporate bond transactions, and failed to report to TRACE these same 224 transactions within 15 minutes of the time of execution. These transactions constituted 5.99 percent of the 3,740 matched inter-dealer reports involving corporate bonds that were reported by the Firm to TRACE during the 1Q14 period. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6730(c)(8) (for inaccurate reporting) and FINRA Rule 6730(a) (for late reporting).
2. The Firm failed to show the correct time of execution on the memorandum of these same 224 brokerage orders. The conduct described in this paragraph constitutes separate and distinct violations of Securities and Exchange Commission ("SEC") Rule 17a-3 and FINRA Rule 4511.

20140410680 (1Q14 TRACE SP review)

1. During the 1Q14 period, the Firm failed to report to TRACE the correct time of execution for 486 transactions involving securitized products. These transactions constituted 11.52 percent of the 4,217 matched inter-dealer reports involving securitized products that were reported by the Firm to TRACE during the 1Q14 period. The Firm failed to report to TRACE 280 of the SP transactions within 15 minutes of the time of execution. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6730(c)(8) and FINRA Rule 6730(a).
2. The Firm failed to show the correct time of execution on the memorandum for 483 of these same brokerage orders. The conduct described in this paragraph constitutes separate and distinct violations of SEC Rule 17a-3 and FINRA Rule 4511.

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

A censure and a fine of \$55,000 (\$25,000 for the reporting violations in the 1Q14 Corporate review and \$30,000 for the reporting violations in the 1Q14 SP review).

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

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 National Adjudicatory Council ("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

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 response to public inquiries about the Firm’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 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 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.

Date 6/10/2015

Respondent
Cantor Fitzgerald & Co.

By: [Signature]
Name: Shawn P. Matthews
Title: CEO

Reviewed by:

JOSEPH M. LAMICELA
Joseph M. Lamicela
Counsel for Respondent

Shawn P. Matthews, CEO

Accepted by FINRA:

Date June 30, 2015

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

[Signature]
Lara M. Posner
Chief Counsel
Department of Market Regulation