

FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20140410532-01

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

RE: Oppenheimer & Co. Inc., Respondent
Broker-Dealer
CRD No. 249

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Oppenheimer & Co. Inc. (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 became a member of FINRA on March 22, 1945, and its registration remains in effect.

RELEVANT DISCIPLINARY HISTORY

The firm has the following relevant disciplinary history:

- On January 2, 2013, FINRA accepted an AWC in which the firm was censured and fined \$20,000, of which \$2,500 was for SEC Rule 10b-10 violations that occurred on trade dates January 27 and 28, 2010; and
- On February 12, 2014, FINRA accepted an AWC in which the firm was censured and fined \$45,000, of which \$5,000 was for SEC Rule 10b-10 violations that occurred on trade dates January 12 and 13, 2011.

SUMMARY

In Matter No. 20140410532, the Municipal Bonds Section of the Department of Market Regulation (the “staff”) conducted a review of the firm’s trade reporting of negative yields to the Municipal Securities Rulemaking Board (“MSRB”) during the period January 1, 2014 through March 31, 2014 (the “review period”). As a result of its review, the staff found the following violations:

FACTS AND VIOLATIVE CONDUCT

1. During the review period, the firm failed on 37 occasions to provide written notification disclosing to its customer the call date and dollar price of the call in 37 transactions in municipal securities executed on the basis of a yield to call.
 2. During the review period, the firm failed on four occasions to provide written notification disclosing to its customer the correct next potential call date in four transactions in continuously callable municipal securities executed on the basis of a yield to call.
 3. During the review period, the firm provided on two occasions written notification improperly disclosing to its customer a yield to call in two transactions in municipal securities with a variable interest rate.
 4. During the review period, the firm failed on one occasion to provide written notification disclosing to its customer the correct lowest effective yield in one transaction in a municipal security.
 5. The conduct described in paragraphs one through four above constitutes separate and distinct violations of MSRB Rule G-15.
 6. During the review period, the firm’s supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to applicable securities laws and regulations, and MSRB rules, concerning customer confirmations for municipal securities transactions. Specifically, the firm’s supervisory system did not include written supervisory procedures providing for: (a) the identification of the person(s) responsible for supervision with respect to the applicable rules; (b) a statement of the supervisory step(s) to be taken by the identified person; (c) a statement as to how often such person should take such step(s); and (d) 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 MSRB Rule G-27.
- B. The firm also consents to the imposition of the following sanctions:
- A censure and a fine of \$15,000 (comprised of a \$7,500 fine for the MSRB Rule G-15 violations and a \$7,500 fine for the supervision violation), and an undertaking to revise the firm’s written supervisory procedures with respect to the

area described in paragraph I.A.6 above. Within 30 business days of acceptance of this AWC by the National Adjudicatory Council ("NAC"), a registered principal of the firm 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 written supervisory procedures to address the deficiencies described in paragraph I.A.6; and (3) the date the revised procedures 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: (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.

11/12/15
Date

Respondent
Oppenheimer & Co. Inc.

By: John T. McGuire
Name: JOHN T. MCGUIRE
Title: Deputy General
COUNSEL

Reviewed by:

John T. McGuire
Attorney Name JOHN T. MCGUIRE
Counsel for Respondent Oppenheimer & Co. Inc.
Firm Name 85 Broad St
Address NY, NY 10004
City/State/Zip 212 668 5036
Phone Number

Accepted by FINRA:

11/24/15
Date

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

Tina Salehi Gubb
Tina Salehi Gubb
Chief Counsel
FINRA Department of Market Regulation