

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20140421453-01**

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

RE: Raymond James & Associates, Inc., Respondent
Broker-Dealer
CRD No. 705

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Raymond James & Associates, 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 has been a member of FINRA since August 21, 1964, and its registration remains in effect. The firm has no prior relevant disciplinary history.

SUMMARY

In STAR No. 20140421453, FINRA staff reviewed the firm's compliance with FINRA Rule 5320 and related supervision requirements during the period from Oct. 1, 2013 through March 31, 2014 (the "review period"). As described further below, the firm violated FINRA Rules 5320 and 2010.

FACTS AND VIOLATIVE CONDUCT

In 30 instances during the review period, the firm accepted and held 21 customer orders, traded for its own account at prices that would have satisfied the customer orders, and failed to execute or immediately execute the customer orders in OTC securities up to the size and at the same price at which it traded for its own account or at a better price. In 18

instances (including 13 of the 30 instances cited above), the firm also failed to make every effort to cross a marketable customer order with another order received by the firm on the opposite side of the market. Further, on 9 occasions cited above as involving either a trading ahead and/or crossing failure, the firm failed to execute a marketable customer order fully and promptly. These instances are reflect on Exhibits A and B. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rules 5320 and 2010.

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

A fine of \$5,000 for the above violations of FINRA Rules 5320 and 2010. Additionally, restitution is ordered to be paid to the customer(s) listed on Exhibits A-B hereto in the amount of \$601.83, plus interest at the rate set forth in Section 6621(a) of the Internal Revenue Code, 26 U.S.C. 6621(a)(2), from the date of the violative conduct until the date this AWC is accepted by the National Adjudicatory Council ("NAC"). A registered principal on behalf of the Respondent firm shall submit satisfactory proof of payment of the restitution, or of reasonable and documented efforts undertaken to effect restitution. Such proof shall be submitted to the COMPLIANCE ASSISTANT, LEGAL SECTION, MARKET REGULATION DEPARTMENT, 9509 KEY WEST AVENUE, ROCKVILLE, MD 20850, either by letter that identifies the Respondent and case number, or by email from a work-related account of the registered principal of the firm to MarketRegulationComp@finra.org. This proof shall be provided to FINRA no later than 120 days after acceptance of this AWC.

If for any reason, Respondent cannot locate any customer identified in Exhibits A-B after reasonable and documented efforts within 120 days from the date the AWC is accepted, or such additional period agreed to by FINRA staff in writing, Respondent shall forward any undistributed restitution and interest to the appropriate escheat, unclaimed-property or abandoned-property fund for the state in which the customer is known to have last resided. Respondent shall provide satisfactory proof of such action to FINRA in the manner described above, within 14 days of forwarding the undistributed restitution and interest to the appropriate state authority.

Respondent 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.

Respondent 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.

The imposition of a restitution order or any other monetary sanction herein, and the timing of such ordered payments, does not preclude customers from pursuing their own actions to obtain restitution or other remedies.

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 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

Respondent understands that:

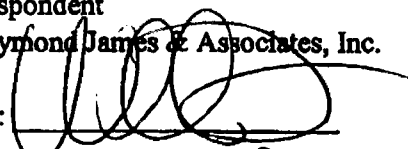
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against Respondent; 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. 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. 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 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. Respondent 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.

9/12/16
Date

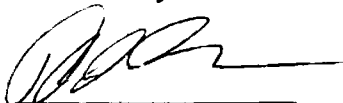
Respondent
Raymond James & Associates, Inc.

By: 

Name: William F. Sammon

Title: Managing Director

Reviewed by:



Attorney Name
Counsel for Respondent
Firm Name
Address
City/State/Zip
Phone Number

Accepted by FINRA:

September 20, 2016
Date

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


James J. Nixon
Chief Litigation Counsel
FINRA Department of Market Regulation

This Corrective Action Statement is submitted by Respondent, Raymond James & Associates, Inc. It does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA, or its staff.

**STATEMENT OF CORRECTIVE ACTION
BY RAYMOND JAMES & ASSOCIATES, INC.**

Raymond James & Associates, Inc. submits this Statement of Corrective Action in connection with the foregoing Letter of Acceptance, Waiver and Consent ("AWC") to describe the steps that it has taken to correct and substantially reduce the risk of recurrence of the issues raised by the AWC.

The alleged violations were caused by an order routing firm appending the order with an erroneous FIX flag that systematically removed the order from automated order protection. The error was detected by the Firm and the Firm worked with the order routing firm and the routing firm's order management system vendor to correct the problem. Simultaneously upon detection, the Firm's traders told the order routing firm that they would look for the erroneously flagged orders until the problem was resolved but could not guarantee they would catch them all. While the Firm received over 1000 of these erroneously flagged orders prior to the problem being corrected, the approximate 30 orders that were subject to this complaint were not executed in a timely manner.

While the Firm detected and corrected this issue without regulatory intervention, the Firm will continue to work closely with its order management system vendor and routing order firms to prevent any recurrence.

orders received on the opposite side of the market according to the order book.

Orders received on the opposite side of the market associated with Fed to cross situations with sustainable prices