

FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20150442300-01

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

RE: SG Americas Securities, LLC, Respondent
Broker-Dealer
CRD No. 128351

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, SG Americas Securities, LLC (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 April 23, 2004, and its registration remains in effect.

RELEVANT DISCIPLINARY HISTORY

On October 12, 2012, FINRA accepted an AWC in which the firm was censured and fined \$12,500 for equity trade reporting violations.

On July 30, 2013, FINRA accepted an AWC in which the firm was censured and fined, among other fines, \$35,000 for customer confirmation and Trade Reporting and Compliance Engine ("TRACE") reporting violations.

On October 22, 2013, FINRA accepted an AWC in which the firm was censured and fined, among other fines, \$5,000 for equity trade reporting violations.

On April 10, 2015, FINRA accepted an AWC in which the firm was censured and fined, among other fines, \$10,000 for equity trade reporting violations.

On December 15, 2015, FINRA accepted an AWC in which the firm was censured and fined \$22,500 for, among others, equity trade reporting violations.

On December 30, 2015, FINRA accepted an AWC in which the firm was censured and fined, among other fines, \$10,000 for equity trade reporting and TRACE reporting violations.

SUMMARY

In Matter No. 20150442300, the Trading and Financial Compliance Examination (“TFCE”) staff (the “TFCE staff”) of FINRA’s Department of Market Regulation (“Market Regulation”) initially reviewed the firm’s trading activity on trade dates July 27 and 28, 2015. As a result of that review, the TFCE staff determined the firm failed to populate the correct prior reference price modifier (“PRP”) time on 693 trade reports which reflected certain end-of-day transfers between the firm and its ultimate corporate parent. The issue that gave rise to the violations related to a July 2015 rule change that first required firms to report both the prior reference time and the actual execution time, and continued through March 2016. The firm estimated that between July 2015 and March 2016, it entered approximately 70,000 .PRP trade reports with incorrect .PRP modifier times. In addition, between June 1, 2014 and June 30, 2016, the firm failed to media report 63,712 buy transactions with the .PRP modifier because of flawed trade reporting logic. As a result of the firm’s failure to media report these transactions, the quality and usability of information received and employed by FINRA in its overall surveillance of market activity was negatively impacted. Moreover, the firm was not assessed fees for the transactions pursuant to Section 31 of the Securities Exchange Act of 1934 (“Section 31”). In addition, the firm’s supervisory system, including its written supervisory procedures (“WSPs”), did not provide for supervision reasonably designed to achieve compliance with respect to the FINRA Rules concerning transaction reporting. Specifically, the WSPs only required the review of a small number of transaction reports which was not sufficient given the breadth of the firm’s trade reporting obligations.

In Matter No. 20160486107, the TFCE staff initially reviewed the firm’s trading activity on trade dates June 7 and 8, 2016. As a result of that review, the TFCE staff determined the firm incorrectly disclosed its capacity as agent for certain principal transactions it completed for institutional clients between October 1, 2010 and December 31, 2016. Moreover, the firm’s supervisory system, including its WSPs, did not provide for supervision reasonably designed to achieve compliance with respect to the securities laws and FINRA Rules concerning the accuracy of the stated capacity on customer confirmations.

In Matter Nos. 20150478037 and 20150475308, Market Regulation’s TRACE staff (the “TRACE staff”) reviewed the firm’s compliance with FINRA Rule 6730 between July 1, 2015 and September 30, 2015, and FINRA Rule 6760 between April 1, 2015 and March 31, 2016, and identified the reporting violations described below.

Based on these reviews, the firm violated FINRA Rules 6380A, 2010 and 3110; Securities Exchange Act Rule 10b-10, NASD Rule 2230, and FINRA Rules 2232, 2010, 3110, 6730(a) and 6760(c).

FACTS AND VIOLATIVE CONDUCT

Matter No. 20150442300

1. On July 27 and 28, 2015, the firm reported 693 transactions to the FINRA/NASDAQ Trade Reporting Facility ("FNTRF") with inaccurate .PRP modifier timestamps. Specifically, the .PRP modifier times referenced the closing stock price but the reference time was after 16:00:00. The firm estimated that between July 1, 2015 and March 31, 2016 it entered approximately 70,000 .PRP trade reports with incorrect .PRP reference times. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6380A.
2. Between June 1, 2014 and June 30, 2016, the firm failed to media report 63,712 buy transactions that it reported to the FNTRF with the .PRP modifier. As a result of the firm's failure to media report these transactions the firm was not assessed Section 31 fees for the transactions. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6380A and a pattern or practice of failing to media report without exceptional circumstances in violation of FINRA Rule 2010.
3. During the period reviewed, the firm's supervisory system, including its WSPs, did not provide for supervision reasonably designed to achieve compliance with respect to certain applicable securities laws and regulations, and/or the Rules of FINRA with respect to trade reporting. Specifically, the firm's WSPs required the review of a small number of transaction reports to ensure the accuracy of the reports. Given the breadth of the firm's trade reporting obligations, the scope of the firm's procedures was not reasonably designed to ensure the accuracy of such reports and identify any reporting problems. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 3010 (for conduct that occurred before December 1, 2014), and FINRA Rules 3110 (for conduct that occurred on or after December 1, 2014) and 2010.

Matter No. 20160486107

4. During the period from October 1, 2010 through December 31, 2016, as the result of a system issue the firm incorrectly disclosed its capacity as agent in certain confirmations for institutional clients. A sampling during the period from November 27, 2016 through December 31, 2016, identified 592 violations during that period. The system issue that gave rise to these violations was in existence from October 1, 2010 through December 31, 2016. Extrapolating the 592 incorrect confirmations would result in an estimated 44,400 incorrect confirmations over the 75 month period. The conduct described in this paragraph constitutes separate and distinct violations of Securities Exchange Act Rule 10b-10, and NASD Rule 2230 (for conduct that occurred before June 17, 2011) and FINRA Rules 2232 (for conduct that occurred on or after June 17, 2011) and 2010.

5. During the period reviewed, the firm's supervisory system, including its WSPs, did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and the FINRA Rules concerning the accuracy of the firm's stated capacity on customer confirmations. Specifically, the firm's WSPs did not provide for: (1) the identification of the person(s) responsible for supervision with respect to the applicable rules; (2) a statement of the supervisory step(s) to be taken by the identified person(s); (3) a statement as to how often such person(s) should take such step(s); and (4) a statement as to how the completion of the step(s) included in the WSPs should be documented. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 3010 (for conduct that occurred before December 1, 2014), and FINRA Rules 3110 (for conduct that occurred on or after December 1, 2014) and 2010.

Matter No. 20150478037

6. During the period from July 1, 2015 through September 30, 2015, the firm failed to report to TRACE 100 transactions in TRACE-eligible corporate debt securities within the time required by FINRA Rule 6730(a). The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6730(a) and a pattern or practice of late reporting without exceptional circumstances in violation of FINRA Rule 2010.

Matter No. 20150475308

7. During the period from April 1, 2015 through March 31, 2016, as managing underwriter, the firm failed to report 98 new issue offerings in TRACE-eligible Corporate Debt Securities to FINRA according to the time frames set forth in FINRA Rule 6760(c). The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6760(c).

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

1. A censure and a fine of \$200,000 (comprised of \$100,000 for the equity trade reporting violations, \$25,000 for the equity trade reporting supervisory violations, \$30,000 for the customer confirmation violations, \$20,000 for the customer confirmation supervisory violations; and \$25,000 for the TRACE violations);
2. An undertaking to: (1) report to a FINRA Trade Reporting Facility, no later than 90 days after the approval of this AWC by the Office of Disciplinary Affairs ("ODA") or the National Adjudicatory Council ("NAC") Review Subcommittee, the 63,712 transactions identified in matter no. 20150442300 that were not previously media reported; and, (2) pay the Regulatory Transaction Fees as billed pursuant to Section 3 of Schedule A to the FINRA By-laws. For good cause shown and upon receipt of a timely application from the firm, FINRA staff will extend the deadlines set forth in this undertaking; and

3. An undertaking to revise the firm's WSPs with respect to the areas described in paragraphs I.A.3 and I.A.5 above. Within 30 business days of acceptance of this AWC by ODA or the NAC Review Subcommittee, a registered principal of the firm shall submit to the COMPLIANCE ASSISTANT, DEPARTMENT OF ENFORCEMENT, 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 WSPs to address the deficiencies described in paragraphs I.A.3 and I.A.5; 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 National Adjudicatory Council ("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.

11/29/17
Date

Respondent
SG Americas Securities, LLC

By: 

Name: **JEFFREY ROSEN**
Title: **Managing Director**

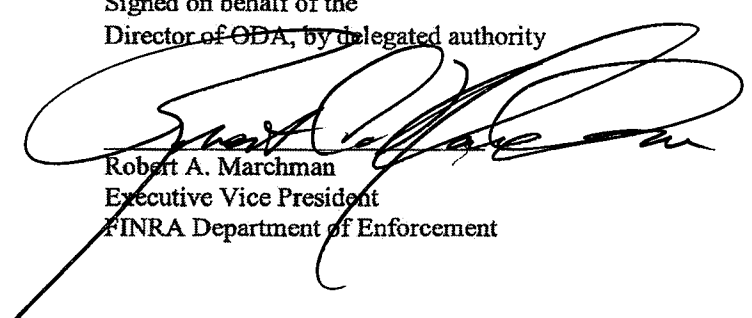
Reviewed by:


Counsel for Respondent
Brendan H. Gibbon

Accepted by FINRA:

1/9/18
Date

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


Robert A. Marchman
Executive Vice President
FINRA Department of Enforcement