

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT**

NO. 20150462885-01

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

RE: Simon Xi, Respondent
Registered Representative
CRD No. 5547581

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I, Simon Xi ("Respondent" or "Xi" or "I") submit 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

Respondent became registered with a FINRA member on August 12, 2008. Beginning on March 31, 2009, and at all times relevant to this review, Respondent was registered with FINRA member firm Bedrok Securities LLC ("STLZ"). According to a U-5 filed by STLZ on September 16, 2013, Respondent voluntarily terminated his employment on September 9, 2013. Respondent is not currently registered with a FINRA member firm. Pursuant to Article V, Section 4 of FINRA's By-Laws, FINRA retains jurisdiction over Respondent until September 15, 2015.

DISCIPLINARY HISTORY

Respondent does not have any disciplinary history.

SUMMARY

In matter 20150462885, the Fixed Income Investigation Team of the Department of Market Regulation (the “staff”) conducted a review of fixed income trading activity at STLZ during the review period of July 1, 2012 through September 30, 2013 (the “review period”). Specifically, the staff reviewed Xi’s communications with customers regarding his acquisition cost in certain Mortgage Backed Securities.

FACTS AND VIOLATIVE CONDUCT

During the review period, by use of electronic communications in interstate commerce, Xi, knowingly or recklessly, made untrue statements of material facts pertaining to his cost basis in three transactions for or with customers involving the purchases and/or sales of fixed-income securities. The conduct described in this paragraph constitutes violations of FINRA Rules 2010 and 2020 as well as willful violations of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder.

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

A bar from associating with a FINRA member in any capacity.

The sanctions imposed herein shall be effective on a date set by FINRA staff. A bar shall become effective upon approval or acceptance of this AWC.

I understand that if I am barred from associating with any FINRA member, I become subject to a statutory disqualification as that term is defined in Article III, Section 4 of FINRA’s By-Laws, incorporating Section 3(a)(39) of the Securities Exchange Act of 1934, as amended. Accordingly, I may not be associated with any FINRA member in any capacity, including clerical or ministerial functions, during the period of the bar. (See FINRA Rules 8310 and 8311.)

I understand that this settlement includes a finding that I willfully violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder and that under Article III, Section 4 of FINRA’s By-Laws, this makes me subject to a statutory disqualification with respect to association with a member.

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 me;
- 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

Respondent understands that:

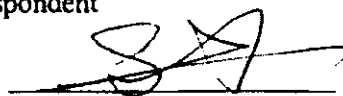
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against Respondent; and
- C. If accepted:
 - 1. this AWC will become part of my permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against me;
 - 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 my: (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.

I certify that I have read and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it; that I have 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, have been made to induce me to submit it.

8/19/2015
Date

Respondent

By: 

Name: SIMON XI

Title: _____

Reviewed by:



Jeremy L. Bartell
Counsel for Respondent
BartellLaw PLLC
700 12th Street NW, Suite 700
Washington D.C. 20005

Accepted by FINRA:

8-26-15
Date

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


Robert A. Marchman *w/permission*
Executive Vice President and
Head of Legal
FINRA Department of Market Regulation