

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2016049001401**

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

RE: Goldman Sachs & Co. LLC (Respondent)
Member Firm
BD No. 361

Pursuant to FINRA Rule 9216, Respondent Goldman Sachs & Co. LLC, 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 in this AWC.

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 FINRA member since 1936. Goldman conducts a general securities business and is headquartered in New York City. The firm has 8,340 registered individuals operating from 62 branches. Respondent has no relevant disciplinary history.

OVERVIEW

During various time periods between January 2015, and June 2019, Goldman violated FINRA trade reporting rules. Goldman violated FINRA Rules 7230A(g)(2) and 2010 by failing to report timely to the FINRA/NASDAQ Trade Reporting Facility (FNTRF) 2,857 certain transactions effected pursuant to the exercise of an Over-the-Counter (OTC) option. Goldman also violated FINRA Rules 7230A(g)(2) and 2010 by over-reporting to the FNTRF 100 transactions effected pursuant to the exercise of an OTC option. In addition, Goldman violated FINRA Rules 7330(g)(2) and 2010 by over-reporting to the OTC Reporting Facility (ORF) 21 transactions effected pursuant to the exercise of an OTC option.

FACTS AND VIOLATIVE CONDUCT

This matter originated from FINRA's routine trade reporting sweeps concerning reporting of transactions subject to regulatory transaction fees.

Section 31 of the Securities Exchange Act of 1934 requires FINRA and national securities exchanges to pay regulatory transaction fees and assessments to the Securities and Exchange Commission intended to recover costs related to the government's supervision and regulation of the securities markets and securities professionals. FINRA obtains its Section 31 fees and assessments from its membership in accordance with Section 3 of Schedule A to the FINRA By-Laws. Transactions effected pursuant to the exercise of an OTC option are subject to a regulatory transaction fee. For those transactions, members must submit to FINRA non-tape reports with a special trade report modifier of .RX (.RX Transactions) to denote that the transaction is reported for regulatory transaction fee assessment purposes. *See* Notice to Members 06-39 (Aug. 2006).

Goldman failed to timely report .RX Transactions.

FINRA Rule 7230A(g)(2) requires members to report .RX Transactions involving NMS stocks (as defined in Rule 600(b)(47) of SEC Regulation NMS) to the FNTRF by the close of the FNTRF on the trade date. Pursuant to FINRA Rule 7270A, a violation of FINRA Rule 7230A(g)(2) may be considered conduct inconsistent with high standards of commercial honor and just and equitable principles of trade, in violation of FINRA Rule 2010.

Between January 1, 2015, and May 31, 2019, Goldman failed to timely report 2,857 .RX Transactions involving NMS stocks by the close of the FNTRF on the trade date. This constituted 2.63% of .RX Transactions involving NMS stocks that the firm was required to report during this period. The cause of these reporting violations included isolated system issues and manual reporting delays.¹

Therefore, Respondent violated FINRA Rule 7230A(g)(2) and 2010.

Goldman over-reported .RX Transactions to the FNTRF and the ORF.

Between January 1, 2015, and December 31, 2015, Goldman over-reported 87 .RX transactions to the FNTRF. In addition, between May 22, 2019, and June 18, 2019, Goldman over-reported 13 .RX transactions to the FNTRF.

Furthermore, FINRA Rule 7330(g)(2) requires members to report .RX Transactions involving OTC Equity Securities (as defined in FINRA Rule 6420) to the ORF by the close of the ORF on the trade date. Pursuant to FINRA Rule 7370, a violation of FINRA Rule 7330(g) may be considered conduct inconsistent with high standards of commercial honor and just and equitable principles of trade, in violation of FINRA Rule 2010.

¹ The firm has since reported the above-referenced transactions.

Between May 22, 2019, and June 18, 2019, Goldman over-reported 21 .RX transactions to the ORF.

The reason for the over-reporting was that on multiple trade dates the firm erroneously reported .RX Transactions that it had already reported.

Therefore, Respondent violated FINRA Rules 7230A(g)(2), 7330(g)(2) and 2010.

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

- a censure
- a fine in the amount of \$50,000

Respondent agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. Respondent 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 an inability to pay, now or at any time after the execution of this AWC, the monetary sanction imposed in this matter.

The sanctions imposed in this AWC shall be effective on a date set by FINRA.

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 it;
- 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 its acceptance or rejection.

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

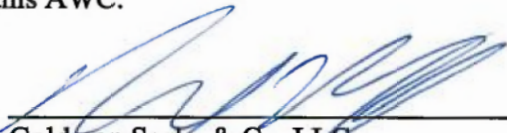
Respondent understands that:

- 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 Respondent's permanent disciplinary record and may be considered in any future action brought by FINRA or any other regulator against Respondent;
 - 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 its subject matter 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 Respondent's testimonial obligations or 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. Respondent 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.

The undersigned, on behalf of Respondent, certifies that a person duly authorized to act on Respondent's 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 Respondent 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 in this AWC and the prospect of avoiding the issuance of a complaint, has been made to induce Respondent to submit this AWC.

5-5-2021
Date


Goldman Sachs & Co. LLC
Respondent
Print Name: David McKeon
Title: Managing Director

Accepted by FINRA:

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

May 27, 2021

Date

Bryan C. Wallace
Bryan C. Wallace
Principal Counsel
FINRA
Department of Enforcement
200 Liberty Street
New York, NY 10281