

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2016052226801**

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

RE: Insight Securities, Inc., Respondent
Member Firm
CRD No. 5611

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondent Insight Securities, Inc. ("Insight Securities" or "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 became a FINRA member on February 23, 1971, and its registration remains in effect. The Firm currently has approximately 100 registered and 30 non-registered associated persons. It engages in a general securities business.

RELEVANT DISCIPLINARY HISTORY

The Firm does not have any relevant disciplinary history with the Securities and Exchange Commission, any state securities regulators, FINRA, or any other self-regulatory organization.

OVERVIEW

The Firm's pricing of ten corporate bond transactions traded for the Firm's own account during the period of July 1, 2016, through September 30, 2016 (the "Review Period") failed to be fair in violation of FINRA Rules 2121 and 2010.

FACTS AND VIOLATIVE CONDUCT

This matter began when FINRA's Fixed Income Investigations Team of the Market Regulation Department conducted a review of the Firm's pricing of corporate bond transactions during the Review Period.

FINRA Rule 2121 states that a member, when trading for its own account, shall buy from or sell to a customer at a price which is fair, taking into consideration all relevant circumstances; including market conditions with respect to each security at the time of transaction, the expense involved, and the fact that the firm is entitled to a profit.

FINRA Rule 2010 requires members to observe high standards of commercial honor and just and equitable principles of trade. A violation of FINRA Rule 2121 also violates FINRA Rule 2010.

During the Review Period, in ten transactions, the Firm, when trading for its own account, sold (or bought) corporate bonds to (or from) customers and failed to sell (or buy) such bonds at a price that was fair, taking into consideration all relevant circumstances, including market conditions with respect to each bond at the time of the transaction, the expense involved, and the fact that the Firm was entitled to a profit. Some of the trades involved mark-ups or mark-downs greater than 5%. The foregoing conduct was limited to one branch office of the Firm and stemmed from insufficient training. The transactions at issue are identified in Exhibit A, which is attached.

By virtue of the foregoing, the Firm violated FINRA Rules 2010 and 2121.

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

- A censure, and
- a fine of \$30,000.¹

The Firm agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payments are due and payable. The Firm 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 an inability to pay, now or at any time hereafter, the monetary sanction imposed in this matter.

The sanctions imposed herein shall be effective on a date set by FINRA staff.

¹ No restitution is provided for in the AWC as the Firm already paid restitution to the affected customers.

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 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, 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:

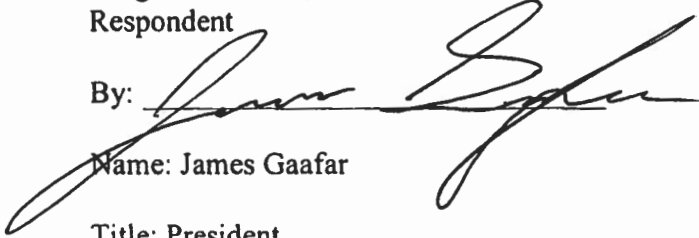
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs (ODA), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not 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 action 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 it to submit it.

10/4/2019
Date

Insight Securities, Inc.
Respondent

By: 

Name: James Gaafar

Title: President

Accepted by FINRA:

10/17/2019
Date

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



John-Michael Q. Seibler
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FINRA
Department of Enforcement
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