

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2018057742301**

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

RE: Raymond James & Associates, Inc., Respondent
Member Firm
CRD No. 705

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondent Raymond James & Associates, Inc. (Raymond James 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 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 1964, and a member of the Municipal Securities Rulemaking Board (MSRB) since January 1976. The firm is headquartered in St. Petersburg, Florida, and has approximately 7,506 registered representatives in its 681 branch offices. The firm's primary lines of business are commission-brokerage, asset management, investment banking and research.

RELEVANT DISCIPLINARY HISTORY

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

OVERVIEW

From April 1, 2009 through March 28, 2018, Raymond James failed to submit accurate minimum denomination and maximum interest rates to the MSRB's Short-term Obligation Rate Transparency (SHORT) System, as was required by MSRB Rule G-34. Further, from April 2009 through July 2018, Raymond James failed to establish and maintain a supervisory system, and failed to establish, maintain and enforce written

supervisory procedures (WSPs), reasonably designed to ensure compliance with MSRB Rule G-34, in violation of MSRB Rule G-27.

FACTS AND VIOLATIVE CONDUCT

MSRB Reporting Violations

1. MSRB Rule G-34(c)(ii) requires each remarketing agent to submit variable rate demand obligations (VRDO) interest rate reset information, including minimum denomination and maximum interest rate, to the SHORT System no later than 6:30 P.M. Eastern time on the date on which an auction or an interest rate reset occurs if such date is a Real-Time Transaction Reporting System (RTRS) Business Day as defined in Rule G-14 RTRS Procedures section (d)(ii). The minimum denomination of a municipal bond is the lowest denomination of an issue that can be purchased as authorized by the bond documents. The maximum interest rate is the highest permissible rate for a municipal security as set by the governing documents, usually the Official Statement. In the event that an auction or interest rate reset occurs on a non-RTRS Business Day, the information shall be reported by no later than 6:30 P.M. Eastern time on the next RTRS Business Day.
2. From April 1, 2009 through March 28, 2018, the firm, as a remarketing agent for VRDOs, submitted information regarding the result of interest rate resets to the MSRB's SHORT System, but in certain instances, most of which related to its acquisition of the book of another broker dealer, failed to include the minimum denomination or maximum interest rate. Specifically, during the sample period of April 1, 2013 through March 28, 2018, the firm failed to report the minimum denomination in 2,925 submissions (approximately 6.36% error rate), and failed to report the maximum interest rate in 3,133 submissions (approximately 6.81% error rate). The missing minimum denomination affected 27 CUSIPs, while the missing maximum interest rate affected 30 CUSIPs.
3. The reporting failures occurred because the firm's reporting system, which transmits data to SHORT for the MSRB's Electronic Municipal Market Access (EMMA) System, did not require the entry of the minimum denomination and maximum interest rate fields. Raymond James traders mistakenly left the minimum denomination and maximum interest rate fields blank.
4. By virtue of the foregoing, the firm violated MSRB Rule G-34(c)(ii).

Supervision Violations

5. MSRB Rule G-27(a) requires that "[e]ach broker, dealer and municipal securities dealer ("dealer") shall supervise the conduct of the municipal securities activities of the dealer and its associated persons to ensure compliance with [MSRB] rules and the applicable provisions of the [Securities Exchange Act of 1934] and rules thereunder."
6. MSRB Rule G-27(b) requires that "[e]ach dealer shall establish and maintain a system to supervise the municipal securities activities of each registered representative, registered

principal, and other associated person that is reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable [MSRB] rules.”

7. MSRB Rule G-27(c) requires that “[e]ach dealer shall adopt, maintain and enforce written supervisory procedures reasonably designed to ensure that the conduct of the municipal securities activities of the dealer and its associated persons are in compliance as required in section (a) of [MSRB Rule G-27].”
8. From April 2009 through July 2018, Raymond James did not maintain a supervisory system, including WSPs, that was reasonably designed to ensure compliance with MSRB Rule G-34 reporting requirements. Until April 2018, the firm’s supervisory system failed to include a review designed to determine whether it had submitted all required information to the SHORT system, and whether that submitted information, including the minimum denomination and maximum interest rate, was accurate.
9. Additionally, although in April 2018 the firm updated its supervisory system to include a review to verify that the minimum denomination and maximum interest rates had been reported to SHORT, until August 2018, the firm’s WSPs did not include reference to this review.
10. By virtue of the foregoing, the firm violated MSRB Rule G-27.

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

1. A censure; and
2. A fine of \$47,500 (\$32,500 for the MSRB Rule G-34 violations and \$15,000 for the MSRB Rule G-27 supervision violation).

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 hereafter, the monetary sanction imposed in this matter.

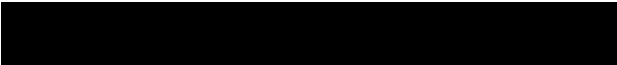
The sanctions imposed herein shall be effective on a date set by FINRA staff.

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;

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- 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 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 the subject matter thereof in accordance with FINRA Rule 8313; and

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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: (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. 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 or its staff.

The undersigned, on behalf of the Respondent 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.

September 8, 2020

Date

Raymond James & Associates, Inc.
Respondent

By: RICHARD KONEFAL

Name: Richard Konefal

Title: Capital Markets Chief Compliance Officer

Reviewed by:

Allison Crone

Allison Crone
Senior Regulatory Counsel
Assistant General Counsel
Raymond James & Associates, Inc.

Accepted by FINRA:

October 7, 2020

Date

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

Steve Tanner

Steven M. Tanner
Senior Counsel
FINRA
Department of Enforcement
200 Liberty Street
New York, NY 10281