

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2018060923801**

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

RE: D.A. Davidson & Co., Respondent
FINRA Member Firm
BD No. 199

Pursuant to FINRA Rule 9216 of FINRA’s Code of Procedure, Respondent D.A. Davidson & Co. (“Davidson” 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

Davidson became a FINRA member in September 1952. The Firm operates from 126 branch offices, including its headquarters in Great Falls, Montana, and employs approximately 1,044 registered individuals. The Firm provides a range of services including principal transactions, agency transactions, investment banking and investment advisory services.

The Firm has no relevant prior formal disciplinary history.

OVERVIEW

Between September 1, 2018 and January 31, 2019 (the “Review Period”), Davidson violated FINRA Rules 6730 and 2010 by failing to report to the Trade Reporting and Compliance Engine (“TRACE”) 66 transactions in TRACE-eligible Agency Debt Securities within the time required by FINRA Rule 6730(a), constituting a pattern or practice of late reporting without exceptional circumstances.

FACTS AND VIOLATIVE CONDUCT

Relevant Rules

1. FINRA Rule 6730(a) requires that members, “report a transaction in a TRACE-Eligible Security as soon as practicable, but no later than within 15 minutes of the Time of Execution, except as otherwise specifically provided [in Rule 6730].” FINRA Rule 6730(a) further provides that, “[t]ransactions not reported within the specified timeframe will be designated as ‘late.’”
2. FINRA Rule 6730(f) stated further that, “[a] pattern or practice of late reporting without exceptional circumstances may be considered conduct inconsistent with high standards of commercial honor and just and equitable principles of trade, in violation of Rule 2010.”
3. FINRA Rule 2010 requires each member, in the conduct of its business, to “observe high standards of commercial honor and just and equitable principles of trade.”

Violative Conduct

4. During the Review Period, Davidson failed to timely report to TRACE 66 transactions in Agency Debt Securities, representing 3.5% of the 1860 total transactions reported by the Firm to TRACE. The Firm’s violations were the result of human errors by traders or administrative staff, as well as amendments to correct, among other things, settlement dates, execution times, and changes to price and volume, which were not completed within fifteen minutes of execution.
5. The conduct described above constitutes a pattern and practice of late reporting without exceptional circumstances.
6. By virtue of the foregoing, Davidson violated FINRA Rules 6730(a) and 2010.

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

- A censure; and
- A fine of \$20,000.

The Firm agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment(s) are due and payable. It has submitted a Payment Information 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 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 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 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
 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. The Firm 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.

D.A. Davidson & Co.
Respondent

June 8, 2020

Date

By: Jackie Beauprez
Jackie Beauprez
SVP, General Counsel

Accepted by FINRA:

June 15, 2020

Date

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

William Otto

William Otto
Counsel
FINRA
Department of Enforcement
15200 Omega Drive, Suite 300
Rockville, Maryland 20850