

NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
CLG050068

TO: Market Regulation Department
NASD

RE: Tradition Asiel Securities, Inc., **Respondent**
CRD No. 28269

Pursuant to Rule 9216 of the NASD Code of Procedure, Tradition Asiel Securities, Inc. ("ASEL" 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 in Part II below. This AWC is submitted on the condition that, if accepted, NASD will not bring any future actions against the firm alleging violations based on the same factual findings.

The firm understands that:

1. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by NASD's Market Regulation Department and National Adjudicatory Council ("NAC") Review Subcommittee or Office of Disciplinary Affairs ("ODA"), pursuant to NASD Rule 9216;
2. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against the firm; and
3. If accepted:
 - a. this AWC will become part of the firm's permanent disciplinary record and may be considered in any future actions brought by the NASD or any other regulator against the firm;
 - b. this AWC will be made available through NASD's public disclosure program in response to public inquiries about the firm's disciplinary record;
 - c. NASD may make a public announcement concerning this agreement and the subject matter thereof in accordance with NASD Rule 8310 and IM-8310-2; and
 - d. 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 allegation in this AWC or create the

impression that the AWC is without factual basis. Nothing in this provision affects the firm's testimonial obligations or right to take legal or factual positions in litigation or other legal proceedings in which NASD is not a party.

ASEL also understands that the firm's experience in the securities industry and the firm's disciplinary history may be factors that will be considered in deciding whether to accept this AWC.

ASEL has been a member of NASD since September 16, 1991 and its registration remains in effect. ASEL has the following disciplinary history:

On September 16, 2003 an AWC became final in which ASEL was censured and fined \$5,000 for violations of NASD Marketplace Rule 6130(b) and NASD Conduct Rule 2110.

I.

WAIVER OF PROCEDURAL RIGHTS

ASEL specifically and voluntarily waives the following rights granted under NASD's Code of Procedure:

- A. To have a Formal Complaint issued specifying the allegations against the firm;
- B. To be notified of the Formal 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 NAC and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, ASEL specifically and voluntarily waives any right to claim bias or prejudgment of the General Counsel, 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.

ASEL further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of Rule 9143 or the separation of functions prohibitions of 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.

II.

ACCEPTANCE AND CONSENT

In Market Regulation Review No. 20050000898/MRD200445560, the Market Regulation Department staff (the "staff") conducted a review of ASEL's compliance with trade reporting rules for transactions reported to the Automated Confirmation Transaction Service ("ACT") during the period of January 2, 2004 through March 31, 2004 (the "review period").

A. ASEL hereby accepts and consents, without admitting or denying the allegations or findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of NASD, or to which NASD 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 NASD:

1. ASEL failed to accept or decline in ACT 350 transactions in eligible securities within twenty minutes after execution, approximately 17 percent of all transactions that ASEL had an obligation to accept or decline in ACT as the OEID during the review period.
2. The conduct described in paragraph one constitutes separate and distinct violations of NASD Marketplace Rule 6130(b) and a violation NASD Conduct Rule 2110.
3. The firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and the Rules of NASD, concerning trade reporting. Specifically, the firm's supervisory system did not include written supervisory procedures providing for: (1) a statement of the supervisory step(s) to be taken by the identified person(s); (2) a statement as to how often such person(s) should take such step(s); and (3) a statement as to how the completion of the step(s) included in the written supervisory procedures should be documented.
4. The conduct described in paragraph three constitutes a violation of NASD Conduct Rules 2110 and 3010.

B. ASEL also consents to the imposition, at a maximum, of the following sanction:

A censure, a \$20,000 fine (consisting of a \$15,000 fine for trade reporting violations and a \$5,000 fine for supervision violation) and an undertaking to

revise the firm's written supervisory procedures with respect to the areas described in paragraph five. Within 30 business days of acceptance of this AWC by the NAC, a registered principal of MLMB shall submit to the COMPLAINT ASSISTANT, LEGAL SECTION, MARKET REGULATION DEPARTMENT, 9509 KEY WEST AVENUE, ROCKVILLE, MD 20850, a signed, dated letter, provided the following information: (1) a reference to this matter, (2) a representation that the firm has revised its written supervisory procedures to address the deficiencies described in paragraph five: and, (3) the date the revised procedures were implemented.

The sanction imposed herein shall be effective on a date set by NASD staff.

III.

OTHER MATTERS

- A. ASEL understands that it may attach a Corrective Action Statement to this AWC which is a statement of demonstrable corrective steps taken to prevent future misconduct. ASEL 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 NASD nor does it reflect the views of NASD or its staff.
- B. ASEL agrees to pay any monetary sanctions imposed on it upon notice that this AWC has been accepted and that such payments are due and payable, and has attached the Election of Payment form showing the method by which the firm proposes to pay any fine imposed.
- C. ASEL specifically and voluntarily waives any right to claim that ASEL is unable to pay, *now or at any time hereafter*, any monetary sanction imposed in this matter.

ASEL certifies that the firm has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it, and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein, has been made to induce ASEL to submit it.

Respondent

Tradition Asiel Securities, Inc

4/19/2005
Date

By: John B. Morgan
Name John B. Morgan
Title Chief Compliance Officer

Reviewed by:

John B. Morgan
Counsel for Respondent

Accepted by NASD

6/1/2005
Date

Thomas R. Gira / RGA
Thomas R. Gira
Executive Vice President and Deputy
Market Regulation Department

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

Attachment
Standard Election of Payment Form