

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. EAF0401030001**

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REGISTRATION & DISCLOSURE

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

RE: AXA Advisors, LLC, Respondent
CRD No. 6627

Pursuant to NASD Rule 9216 of FINRA's Code of Procedure, AXA Advisors, LLC ("AXA," "Respondent," 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. AXA 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:

SUMMARY

From January 2002 to July 2006 ("the relevant period"), AXA either failed to retain business related e-mail or failed to have adequate supervisory systems and procedures in place to detect and prevent certain malfunctions in the e-mail archive system used by AXA.

From January 2002 to August 2004, although AXA's policy required and relied upon individual registered representatives and associated persons (jointly, "representatives") to retain all business-related documents, including e-mails, for at least the statutorily required period, AXA failed to ensure that all e-mail related to its business was retained. In August 2004, a new system was purchased and installed to allow AXA and its affiliates to retain e-mail; the new system employed archives that allowed the Firm to search for e-mails responsive to regulatory or other requests. AXA's representatives accounted for the majority of the users of the system. Servers captured these e-mails as they were sent or received and moved them to "mail safes" for transfer to the archive. From August 2004 to July 2006, the system malfunctioned, and the Firm failed to have adequate systems in place to detect and prevent these

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malfunctions. For a variety of reasons, an increasing number of e-mails became stuck in certain mail safes and did not migrate to the archive. By the summer of 2006, approximately 4.4 million (800 gigabytes) e-mails, the majority of which were sent or received by representatives, remained on certain mail safes without being migrated to the archive. Of these e-mails, approximately 1.1 million e-mails (200 gigabytes) were stored on mail safes that were later corrupted, leaving the e-mails unrecoverable.

Accordingly, AXA violated: (a) Section 17(a) of the Exchange Act, Rule 17a-4 thereunder, and NASD Rules 3110 and 2110 by failing to keep electronic communications for three years and/or failing to preserve such communications for the first two years in an accessible place; (b) NASD Rules 3010 and 2110 by failing to have supervisory systems and procedures that were reasonably designed to achieve compliance with Section 17(a) of the Exchange Act, Rule 17a-4 thereunder, and NASD Rules 3110 and 2110; and (c) NASD Rules 3010 and 2110 by failing to have adequate supervisory systems and procedures in place to detect and prevent malfunctions in its e-mail archive system

FACTS AND VIOLATIVE CONDUCT

1. From January 2002 to August 2004, AXA Failed to Ensure that All E-mails Were Retained

From January 2002 to August 2004, AXA: (i) did not adequately retain and archive back-up tapes; (ii) permitted representatives to change their desktop computer settings to stop outgoing e-mails from being retained automatically; and (iii) did not prevent representatives from deleting emails or moving incoming e-mails to their desktops prior to daily backups so that e-mails would not be retained automatically.¹

Specifically, from January 2002 to September 2003, AXA's e-mail system overwrote e-mail back-up tapes containing e-mails sent or received by all its employees every 3 to 4 weeks.

2. AXA Failed to Retain Instant Messages and Other Electronic Communications

From January 2002 to August 2004, AXA either permitted certain representatives to use or failed to prevent them from being able to use public instant messaging and certain other means of electronic communications without retaining these communications.

¹ The Firm was able to conduct its review of these e-mails since it monitored and captured emails for supervisory review as they were sent or received.

3. From August 2004 to November 2006, AXA Failed to Implement Adequate Systems to Ensure E-mails Were Transferred to a Searchable Archive

In August 2004, a new e-mail retention system was implemented for AXA and its affiliates that utilized a three-tiered system (servers, mail safes, and an e-mail archive) to retain e-mails and make them available for searches in response to requests for documents. All e-mails, internal or external, flowed through a server and the server sent a copy of each e-mail to a mail safe. The mail safe would transfer one copy of each e-mail to the archive. Once an e-mail reached the archive, it was deleted from the mail safe and a copy of the e-mail was sent to a separate offsite back-up of the archive.

Between August 2004 and November 2006, roughly 4.4 million e-mails (800 gigabytes), the majority of which were sent or received by representatives, stored in 150 mail safes failed to migrate to the e-mail archive or delete properly from the mail safe. Almost 1.1 million e-mails (approximately 200 gigabytes) were stored on mail safes that ultimately became corrupt, rendering the e-mails unrecoverable. The Firm's systems and procedures failed to detect and the Firm failed to respond adequately to this deficiency and did not ensure that e-mails residing on uncorrupted mail safes were available for the Firm to search in response to requests from regulators and other parties. In particular, low level employees of the information technology department of an AXA affiliate responsible for this system became aware that e-mails were not migrating to the archives but did not timely inform the Firm's senior management or legal and compliance department of the deficiency.

The Firm's systems and procedures did not detect promptly the following similar problems with the e-mail system: for a two and one-half month period in 2006, one of the servers failed to transfer e-mails to a mail safe and therefore to the archive; for a one-month period in 2006, one mail safe did not migrate e-mails to the archives; and there was a series of four other shorter periods in which e-mails were not copied to mail safes or to the archives.

The deficiencies in the e-mail archive system noted herein did not result in the Firm's failure to produce e-mails that were material to any regulatory investigation or other legal proceeding during the relevant period.

OTHER FACTORS

In determining the appropriate sanction in this matter, FINRA took into consideration the Firm's self-reporting of the deficiencies that occurred in its e-mail system after August 2004 and the steps the Firm took to remedy those deficiencies.

VIOLATIONS

Based on the foregoing, AXA (a) violated Section 17(a) of the Exchange Act, Rule 17a-4 thereunder, and NASD Rules 3110 and 2110 by failing to keep electronic communications for three years and/or failing to preserve such communications for the first two years in an accessible place, and (b) violated NASD Rules 3010 and 2110 by failing to have supervisory systems and procedures reasonably designed to achieve compliance with Section 17(a) of the Exchange Act, Rule 17a-4 thereunder, and NASD Rules 3110 and 2110; and (c) violated NASD Rules 3010 and 2110 by failing to have adequate supervisory systems and procedures in place to detect and prevent malfunctions in its e-mail archive system.

B. AXA also consents to the imposition, at a maximum, of the following sanctions:

1. A censure; and
2. A fine in the amount of \$350,000.

Respondent agrees to pay the monetary sanction(s) upon notice that this AWC has been accepted and that such payment(s) are 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 that it is unable to pay, now or at any time hereafter, the monetary sanction(s) 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 Formal Complaint issued specifying the allegations against it;
- 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 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 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.

Respondent further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of NASD Rule 9143 or the separation of functions prohibitions of NASD 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 NASD 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 actions brought by FINRA or any other regulator against it;
 - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about Respondent's disciplinary record;
 - 3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with NASD Rule 8310 and IM-8310-3; and

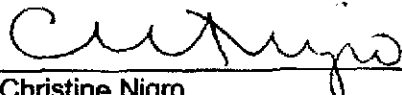
4. AXA may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. AXA may not take any position in any proceeding brought 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 AXA's 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.

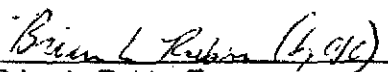
Respondent certifies that it has read and understands all of the provisions of this AWC and have been given a full opportunity to ask questions about it; that it has agreed to the provisions of the AWC voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce it to submit the AWC.

AXA Advisors, LLC
Respondent

Date: 11.25.08

By: 
Christine Nigro
President
AXA Advisors, LLC

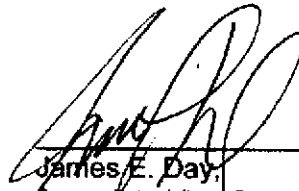
Reviewed by:


Brian L. Rubin, Esq.
Sutherland Asbill & Brennan LLP
1275 Pennsylvania Avenue, NW
Washington, D.C. 20004
Counsel for AXA Advisors, LLC

Accepted by FINRA:

12/23/08

Date



James E. Day
Associate Vice President and Chief
Counsel
FINRA Department of Enforcement

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