

**THE NASDAQ STOCK MARKET LLC  
NOTICE OF ACCEPTANCE OF AWC**

**Certified, Return Receipt Requested**

**TO: Barrett & Company, Inc.  
Mr. Wilson G. Saville  
President  
The Wilcox Building  
42 Weybosset Street  
Providence, RI 02903**

**FROM: The NASDAQ Stock Market LLC ("Nasdaq")  
c/o Financial Industry Regulatory Authority ("FINRA")  
Department of Market Regulation  
9509 Key West Avenue  
Rockville, MD 20850**

**DATE: September 20, 2013**

**RE: Notice of Acceptance of Letter of Acceptance, Waiver and Consent No. 20090191797-01**

**Please be advised** that your above-referenced Letter of Acceptance, Waiver and Consent ("AWC") has been accepted by the Nasdaq Review Council's Review Subcommittee, or by the Office of Disciplinary Affairs on behalf of the Nasdaq Review Council, pursuant to Nasdaq Rule 9216. A copy of the AWC is enclosed herewith.


You are again reminded of your obligation, if currently registered, immediately to update your Uniform Application for Broker-Dealer Registration ("Form BD") to reflect the conclusion of this disciplinary action. Additionally, you must also notify FINRA (or NASDAQ if you are not a member of FINRA) in writing of any change of address or other changes required to be made to your Form BD.

You are reminded that Section I of the attached Letter of Acceptance, Waiver, and Consent includes an undertaking. In accordance with the terms of the AWC, a registered principal of the firm is required to notify the Compliance Assistant, Legal Section, Market Regulation Department, 9509 Key West Avenue, Rockville, MD 20850, of completion of the undertaking.

You will be notified by the Registration and Disclosure Department regarding sanctions if a suspension has been imposed and by NASDAQ's Finance Department regarding the payment of any fine if a fine has been imposed.

Barrett & Company, Inc.  
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If you have any questions concerning this matter, please call Renee Barnett, Counsel, at (240) 386-6107.



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Gerard P. Finn  
Chief Counsel, Legal Section  
Department of Market Regulation, FINRA

Signed on behalf of NASDAQ

Enclosure

FINRA District 11 – Boston  
Elizabeth F. Page  
Director  
99 High Street  
Suite 900  
Boston, MA 02110

Peter Flynn, Esq  
33 Broad Street, Suite 1100  
Boston, MA 02109

**THE NASDAQ STOCK MARKET LLC  
LETTER OF ACCEPTANCE, WAIVER AND CONSENT  
NO. 20090191797-01**

TO: The NASDAQ Stock Market LLC  
c/o Department of Market Regulation  
Financial Industry Regulatory Authority ("FINRA")

RE: Barrett & Company, Inc., Respondent  
Broker-Dealer  
CRD No. 1175

Pursuant to Rule 9216 of The NASDAQ Stock Market LLC ("Nasdaq") Code of Procedure, Barrett & Company, Inc. (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, Nasdaq 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 Nasdaq, or to which Nasdaq 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 Nasdaq:

**BACKGROUND**

The firm has been a member of FINRA since November 8, 1939, and a member of NASDAQ since July 12, 2006 and its registrations remain in effect. The firm has no relevant disciplinary history.

**SUMMARY**

In connection with STAR No. 20090191797, Trading and Market Making Surveillance ("TMMS") staff reviewed the trading activity of the firm, set forth in Exhibit 1, for the trade dates, December 1, 2008 through December 31, 2008 and July 1, 2009 through July 31, 2009, unless otherwise noted (collectively, the "2009 TMMS review period").

In connection with STAR No. 20110261655, Trading and Market Making Surveillance (“TMMS”) staff reviewed the trading activity of the firm, set forth in Exhibit 2, for the trade dates, March 1, 2011 through March 11, 2011, unless otherwise noted (the “2011 TMMS review period”).

### FACTS AND VIOLATIVE CONDUCT

1. During the 2009 TMMS review period and the 2011 TMMS review period, the firm failed to establish and maintain a reasonable supervisory system, including but not limited to its written supervisory procedures and supervisory and operational systems for monitoring the firm’s principal trading positions to comply with Nasdaq Rule 4755, SEC Rules 200(g) and 203(b) of Regulation SHO, and related books and records requirements. The conduct described in this paragraph constitutes a violation of Nasdaq Rules 3010 and 2110.
2. During the 2011 TMMS review period, the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to certain applicable securities laws and regulations, and/or the Rules of Nasdaq. At a minimum, adequate written supervisory procedures addressing quality of markets topics should describe the following:
  - (a) specific identification of the individual(s) responsible for supervision;
  - (b) the supervisory steps and reviews to be taken by the appropriate supervisor;
  - (c) the frequency of such reviews; and
  - (d) how such reviews shall be documented.

The firm’s written supervisory procedures failed to provide for one or more of the four above-cited minimum requirements for adequate written supervisory procedures, in the following subject areas: Trade Reporting - Entering the Correct Capacity into Nasdaq [(a), (b), (c), (d)]; Other Trading Rules - Accuracy and Integrity of Orders Entered into Nasdaq systems [(a), (b), (c), (d)], Nasdaq Clearly Erroneous Transactions [(a), (b), (c), (d)], Review and Detection of Potential Order Entry Issues [(a), (b), (c), (d)], Sell Order Entry into Nasdaq systems [(a), (b), (c), (d)]; Sale Transactions: Order Marking [(b)], Pre-Borrow Requirements [(a), (b), (c), (d)], Naked Short Selling Antifraud Rule [(a), (b), (c), (d)], Short Sale Indicators [(b)], SEC Rule 201 [(a), (b), (c), (d)]; Other Rules: Books and Records [(b)]. The conduct described in this paragraph constitutes a violation of Nasdaq Rules 3010 and 2110.

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

A censure and fine of \$15,000 for supervision and an undertaking to revise the firm’s supervision and written supervisory procedures with respect to the areas

described in paragraphs 1 and 2. Within 30 business days of acceptance of this AWC by Nasdaq, a registered principal of the firm shall submit to the **COMPLIANCE ASSISTANT, LEGAL SECTION, MARKET REGULATION DEPARTMENT, 9509 KEY WEST AVENUE, ROCKVILLE, MD 20850**, a signed, dated letter, or an e-mail from a work-related account of the registered principal to [MarketRegulationComp@finra.org](mailto:MarketRegulationComp@finra.org), providing the following information: (1) a reference to this matter; (2) a representation that the firm has revised its supervision and written supervisory procedures to address the deficiencies described in paragraph 1 and 2; and, (3) the date the revised practices and procedures were implemented.

The firm agrees to pay the monetary sanction(s) in accordance with its executed Election of Payment Form.

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(s) 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 Nasdaq'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 Nasdaq Review Council 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 Regulatory Officer, the Nasdaq Review Council, or any member of the Nasdaq Review Council, 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 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.

### 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 FINRA's Department of Market Regulation and the Nasdaq Review Council, the Review Subcommittee, or the Office of Disciplinary Affairs ("ODA"), pursuant to Nasdaq 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 actions brought by Nasdaq or any other regulator against the firm;
  - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about the firm's disciplinary record;
  - 3. Nasdaq may make a public announcement concerning this agreement and the subject matter thereof in accordance with Nasdaq Rule 8310 and IM-8310-3; 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 Nasdaq, or to which Nasdaq is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects the firm's right to take legal or factual positions in litigation or other legal proceedings in which Nasdaq 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 Nasdaq, nor does it reflect the views of Nasdaq 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 the firm to submit it.

9.6.2013  
Date

Barrett & Company, Inc.  
Respondent

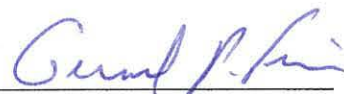
By:   
Name:  
Title: PRESIDENT

Reviewed by:

\_\_\_\_\_  
Counsel for Respondent  
Firm Name

Accepted by Nasdaq:

9/20/13  
Date

  
Gerard Finn  
Chief Counsel  
Department of Market Regulation

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



ELECTION OF PAYMENT FORM


The firm intends to pay the fine proposed in the attached Letter of Acceptance, Waiver and Consent by the following method (check one):

- A firm check or bank check for the full amount;
- Wire transfer;
- The installment payment plan.<sup>1</sup>
  - Monthly
  - Quarterly

Respectfully submitted,

Respondent  
Barrett & Company, Inc.

9.6.2013  
Date

By:   
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

<sup>1</sup> The installment payment plan is only available for a fine of \$50,000 or more. Certain requirements apply.

**2009 Market Regulation Examination Samples  
Barrett and Company  
Exam No. 20090191797**

**Exhibit No. 1**

<u>Sample Size</u>	<u>Sample Description</u>
490	Sales reviewed for compliance with SEC Rule 200(g) long/short sale recording requirements
48	Short Sales reviewed for compliance with SEC Rule 203(b) security location requirements
208	Trades reported to a TRF or OTCTRF for compliance with FINRA Rules 7230A, 7330, 6182, 6380A, 6380C, 6622 and 6624 15 for Cancellation of reported trade requirements 208 for Principal, Riskless Principal, or Agency executions effected otherwise than on an exchange 61 for Sale Indicator requirements
77	Orders entered into Nasdaq Exchange execution systems for compliance with Nasdaq Rule 4755 long/short reporting requirements
77	Orders entered into Nasdaq Exchange execution systems for compliance with Nasdaq Rule 4611 capacity reporting requirements
0	Limit orders for NMS securities in which the member acts as an exchange market maker for compliance with the display requirements of SEC Rules 602 and 604 and Nasdaq Rule 3390
412	Orders for compliance with best execution requirements of NASD Rule 2320 <u>412</u> Orders executed as principal or riskless principal for compliance NASD Rule 2320 , NASD Rule 2440, IM-2440, and FINRA Rule 2010 <u>41</u> Not Held orders executed as principal or riskless principal for compliance NASD Rule 2320 , NASD Rule 2440, IM-2440, and FINRA Rule 2010 <u>313</u> Orders from Supplemental Review executed as principal or riskless principal for compliance NASD Rule 2320 , NASD Rule 2440, IM-2440, and FINRA Rule 2010 <u>58</u> Orders from Sales Review executed as principal or riskless principal for compliance NASD Rule 2320 , NASD Rule 2440, IM-2440, and FINRA Rule 2010
64	Orders in securities required to be submitted to OATS for compliance with FINRA Rules 7440 and 7450 and Nasdaq Rules 6954 and 6955 requirements
393	Customer confirmations prepared and maintained in connection with select samples 402 for compliance with SEC Rule 10b-10 disclosure requirements 0 for compliance with SEC '34 Act Section 28(e) guidelines relating to Soft Dollar Agreements
3rd qtr. of 2009	Quarterly Routing Report for compliance with SEC Rule 606 requirements
5	CRD registration records for persons conducting and/or supervising Firm's trading and/or market making activities for compliance with NASD Rule Series 1020, 1030, 1040 and Nasdaq Rule Series 1020, 1030, 1040
All Provided	Member's "Regular & Rigorous" review procedures regarding order execution quality for compliance with NASD Rules 2320 and 3010

2009 Market Regulation Examination Samples  
Barrett and Company  
Exam No. 20090191797

Exhibit No. 1

All Member's supervisory system, written supervisory procedures ("WSPs") and documentation evidencing execution of  
Provided the WSPs for compliance with NASD Rule 3010 and BATS Rule 5.1 requirements

All Member's supervisory and operational policies and procedures and documentation evidencing execution of the  
Provided policies and procedures for compliance with SEC Regulation NMS Rules 610, 611, and 612

474 Records prepared and maintained in connection with the above samples for compliance with SEC Rules 17a-3 and  
17a-4 and NASD Rule 3110

2011 Market Regulation Examination Samples  
 Barrett and Company ("BARR")  
 Exam No. 20110261655  
 Sample Source/Period\*: Trade Date(s) March 1-11, 2011

<u>Sample Size</u>	<u>Sample Description</u>
27	Sales reviewed for compliance with SEC Rule 200(g) long/short sale recording requirements
0	Short Sales reviewed for compliance with SEC Rule 203(b) security location requirements
0	Sales reviewed for compliance with SEC Rule 204 fail-to-deliver requirements
53	Sell trades reported to a TRF or OTCRF for compliance with sale indicator requirements, FINRA Rules 6182 or 6624
12	Sell orders entered into Nasdaq Exchange execution system for compliance with Nasdaq Rule 4755(a)(1)(A) long/short reporting requirements
12	Buy and Sell orders entered into Nasdaq Exchange execution system for compliance with Nasdaq Rule 4611 capacity reporting requirements
N/A	Sell orders entered into Nasdaq OMX BX execution system for compliance with Nasdaq OMX BX Rule 4755 long/short reporting requirements
N/A	Sell orders entered into Nasdaq OMX PHLX execution system for compliance with Nasdaq OMX PSX Rule 3305 long/short reporting requirements
N/A	Sell orders entered into DirectEdge Exchange execution system for compliance with EDGA/EDGX Rule 11.15 long/short reporting requirements
N/A	Sell orders entered into NYSE-Arca execution system for compliance with NYSE-Arca Equity Rule 7.16 long/short reporting requirements
0	Limit orders for NMS securities in which the member acts as an exchange market maker for compliance with the display requirements of SEC Rules 602 and 604, and Nasdaq Rule 3390
10	Orders for compliance with best execution requirements of NASD Rule 2320 0 Held orders from the Held Order Protection Review 10 Not Held orders from the Not Held Order Review 0 Order executed with a .PRP (Prior Reference Price) trade modifier 0 Customer orders in OTC equity securities for compliance with NASD Rule 3110(b) requirements to ascertain and document best interdealer market related to execution of orders
0	Orders for compliance with order protection requirements of NASD Rules 2110, IM-2110-2, 2111, and Nasdaq Rules 2110, IM-2110-2, and 2111
0	Open Limit orders to buy and/or open Stop orders to sell securities that traded ex-dividend for compliance with NASD Rule 3220 and Nasdaq Rule 4761
0	Order memoranda and Net Trading agreements for compliance with NASD Rule 2441 requirements
50	Orders in securities required to be submitted to OATS for compliance with FINRA Rules 7440 and 7450, and Nasdaq Rules 6954 and 6955 requirements

2011 Market Regulation Examination Samples  
 Barrett and Company ("BARR")  
 Exam No. 20110261655  
 Sample Source/Period\*: Trade Date(s) March 1-11, 2011

<u>Sample Size</u>	<u>Sample Description</u>
103	Customer confirmations prepared and maintained in connection with select samples for compliance with SEC Rule 10b-10
25	Orders for NMS securities in which the Firm acts as a market center for compliance with SEC Rule 605 order classification requirements
N/A	Data sets published for monthly order execution report for compliance with SEC Rule 605 requirement to publish accurate data (a 'data set' encompasses all required statistical data for single security and order type/size category as described in SEC Rule 605)
1	Quarterly Routing Report for compliance with SEC Rule 606 requirements
16	CRD registration records for persons conducting and/or supervising Firm's trading and/or market making activities for compliance with NASD Rule Series 1020, 1030, 1040 and Nasdaq Rule Series 1020, 1030, 1040
0	Customer orders in OTC equity securities for compliance with NASD Rule 3110(b) requirements to ascertain and document best interdealer market related to execution of orders
0	Disclosures to customers relating to trading in the Extended Hours session for compliance with FINRA Rule 2265 and Nasdaq Rule 4631
148	Records prepared and maintained in connection with the above samples for compliance with SEC Rules 17a-3 and 17a-4, and NASD Rule 3110
185	Trades reported to a TRF or OTCRF for compliance with FINRA Rules 6380A and 7230A or 6622 and 7330
All Provided	Member's "Regular & Rigorous" review procedures regarding order execution quality for compliance with NASD Rules 2320 and 3010
All Provided	Member's supervisory and operational policies and procedures and documentation evidencing execution of the policies and procedures for compliance with SEC Regulation NMS Rule 611
All Provided	Member's supervisory system, written supervisory procedures ("WSPs") and documentation evidencing execution of the WSPs for compliance with NASD Rule 3010 or Nasdaq Rule 3010 requirements
N/A	Trading Halts declared during the on-site portion of the examination for which FINRA Staff observed the operation of the ATS.
N/A	Trades reported to the ADF/TRACS for compliance with FINRA Rule 6282
N/A	ADF orders and quotes accessed by other market participants for compliance with FINRA Rule 6250 requirements to submit Order and Order Response reports