

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

**Certified, Return Receipt Requested**

**TO: SG Americas Securities, LLC  
Mr. Jeffrey Rosen  
Managing Director  
245 Park Avenue  
New York, NY 10167**

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

**DATE: October 24, 2018**

**RE: Notice of Acceptance of Letter of Acceptance, Waiver and Consent No. 20150483276-01**

**Please be advised** that your above-referenced Letter of Acceptance, Waiver and Consent ("AWC") has been accepted on **October 24, 2018** 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.

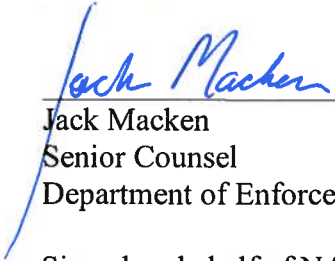
You are again reminded of your obligation, if currently registered, immediately to update your Uniform Application for Broker-Dealer Registration ("Form BD") to reflect the conclusion of this disciplinary action. Additionally, you must also notify FINRA (or NASDAQ if you are not a member of FINRA) in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

SG Americas Securities, LLC  
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If you have any questions concerning this matter, please contact me at (240) 386-6189.

  
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Jack Macken  
Senior Counsel  
Department of Enforcement, FINRA

Signed on behalf of NASDAQ

Enclosure

FINRA District 10 – New York  
Michael Solomon  
Senior Vice President and Regional Director  
(Via email)

Counsel for Respondent  
Brendan Gibbon  
Director and Counsel - Litigation, Enforcement & Investigations  
Société Générale - Americas  
245 Park Ave  
New York, NY 10167

**THE NASDAQ STOCK MARKET LLC**  
**LETTER OF ACCEPTANCE, WAIVER AND CONSENT**  
**NO. 20150483276-01**

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

RE: SG Americas Securities, LLC, Respondent  
Broker-Dealer  
CRD No. 128351

Pursuant to Rule 9216 of The NASDAQ Stock Market LLC ("Nasdaq") Code of Procedure, SG Americas Securities, LLC (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 registered with the Securities and Exchange Commission and FINRA since April 23, 2004, and has been a member of Nasdaq since July 12, 2006.

**RELEVANT DISCIPLINARY HISTORY**

On April 10, 2015, FINRA accepted an AWC in which the firm was censured and fined \$10,000 for equity trade reporting violations.

On December 15, 2015, FINRA accepted an AWC in which the firm was censured and fined \$22,500 for, among others, equity trade reporting violations.

On December 30, 2015, FINRA accepted an AWC in which the firm was censured and fined \$10,000 for equity trade reporting violations.

## SUMMARY

In Matter No. 20150483276, the Trade Reporting Team of FINRA's Department of Market Regulation (the "staff") reviewed the firm's compliance with Nasdaq rules requiring members to input the correct capacity codes on equity orders entered into exchange systems. The entry of inaccurate capacity codes causes the audit trail to be inaccurate which can impact surveillance patterns and adversely affect self-regulatory organizations' ("SROs") ability to surveil for conduct that may violate the SROs' rules and the federal securities laws.

As a result of its review, the staff determined that the firm input millions of orders with incorrect capacity codes as the result of three system issues. The issues, which varied in nature, persisted between May 22, 2012 and August 17, 2016. Specifically, as the result of one system issue, a firm account improperly marked certain principal orders with an agency capacity code between May 22, 2012 and July 16, 2014. As the result of a second system issue, the firm improperly marked certain agency orders entered on behalf of the firm's corporate parent with a principal capacity code between November 1, 2013 and May 28, 2015. As the result of a third system issue, the firm also improperly marked certain agency orders entered on behalf of the firm's corporate parent with a principal capacity code between March 1, 2015 and August 17, 2016. In total, the firm input 15,627,626 orders with incorrect capacity codes between May 22, 2012 and August 17, 2016, as the result of these issues, of which 13,748,776 were input on Nasdaq.

In addition, the firm's supervisory system, including its written supervisory procedures ("WSPs"), did not provide for supervision reasonably designed to achieve compliance with respect to the submission of accurate capacity codes, due in large part to systems issues. Based on this review, the firm violated Nasdaq Rules 4611(a)(6), 2110 (for conduct before November 21, 2012), 2010A (for conduct on or after November 21, 2012), and 3010.

## FACTS AND VIOLATIVE CONDUCT

1. Beginning on May 22, 2012, when one firm proprietary account commenced trading, the account was improperly coded and failed to input the correct capacity with respect to new orders entered on multiple exchanges. The system issue was not corrected until July 16, 2014. Between May 22, 2012 and July 16, 2014, the firm input 104,918 principal orders with agency capacity codes, of which 42,825 orders were entered on Nasdaq. The foregoing conduct constitutes separate and distinct violations of Nasdaq Rules 4611(a)(6) and Rule 2110 (for conduct before November 21, 2012) and Nasdaq Rule 2010A (for conduct on or after November 21, 2012).
2. Between November 1, 2013 and May 28, 2015, and March 1, 2015 and August 17, 2016, as the result of two separate system issues, the firm failed to input the correct capacity with respect to new orders entered on multiple exchanges. Specifically, as the result of one issue, the firm improperly marked certain agency orders entered on behalf of the firm's corporate parent with a principal capacity

code between November 1, 2013 and May 28, 2015. As the result of a second issue, the firm improperly marked certain agency orders entered on behalf of the firm's corporate parent with a principal capacity code between March 1, 2015 and August 17, 2016. As the result of these two issues, the firm input 15,522,708 agency orders with principal capacity codes, of which 13,705,951 orders were entered on Nasdaq. The foregoing conduct constitutes separate and distinct violations of Nasdaq Rules 4611(a)(6) and Rule 2110 (for conduct before November 21, 2012) and Nasdaq Rule 2010A (for conduct on or after November 21, 2012).

3. During the period reviewed, the firm's supervisory system, including its WSPs, did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and Nasdaq Rule 4611(a)(6), requiring firms to enter accurate capacity information, including whether the firm acted in a principal, agent, or riskless principal capacity. Specifically, the firm's WSPs required quarterly and monthly reviews of samples of orders. However, given the breadth of the firm's trading, the frequency of the reviews was not reasonably designed to ensure compliance. The conduct described in this paragraph constitutes separate and distinct violations of Nasdaq Rules 3010 and Rule 2110 (for conduct before November 21, 2012) and Nasdaq Rule 2010A (for conduct on or after November 21, 2012).

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

1. A censure, a fine of \$175,000, of which \$130,00 shall be paid to Nasdaq (comprised of \$85,000 for the capacity marking violations and \$45,000 for the related supervisory violation); and
2. An undertaking to revise the firm's WSPs with respect to the areas described in paragraph I.A.3 above. Within 30 business days of acceptance of this AWC, a registered principal of the firm shall submit to the COMPLIANCE ASSISTANT, DEPARTMENT OF ENFORCEMENT, 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, providing the following information: (1) a reference to this matter; (2) a representation that the firm has revised its WSPs to address the deficiencies described in paragraph I.A.3; and (3) the date the revised 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 Enforcement 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. Nasdaq may release this AWC or make a public announcement concerning this agreement and the subject matter thereof in accordance with Nasdaq Rule 8310 and IM-8310-3; and
  - 3. 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.

7/25/18  
Date

SG Americas Securities, LLC,  
Respondent


By:   
Name: **JEFFREY ROSEN**  
Title: **Managing Director**

Reviewed by:

  
Counsel for Respondent **Brendan Gibson**  
Firm Name **Societe Generale**  
Address  
City/State/Zip  
Phone Number

Accepted by Nasdaq:

10/24/18  
Date

  
Jack Macken  
Senior Counsel  
FINRA Department of Enforcement

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



**PAYMENT INFORMATION**

The fine amount will be reflected on an upcoming invoice and will be direct debited from the account for your firm that Nasdaq currently has on file. **Please DO NOT submit payment at this time.**

Please inform your finance or applicable department of this forthcoming debit.

If you would like to arrange for an alternative method of payment, please enter the billing contact information below and Nasdaq's Billing Department will contact you. **Otherwise, please leave the following information blank.**


Billing Contact Name: Daniel Hobbs  
Billing Contact Address: 245 Park Ave, New York NY 10167  
Billing Contact Email: daniel.hobbs@sgcib.com  
Billing Contact Phone Number: 212 278 7049

Respectfully submitted,

Respondent

SG Americas Securities, LLC,

9/25/18  
Date

By:   
Name: JEFFREY ROSEN  
Title: Managing Director