

**NEW YORK STOCK EXCHANGE LLC
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2019-03-00062**

TO: New York Stock Exchange LLC

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

During the periods from September 2016 through December 2018, SG Americas Securities, LLC violated NYSE Rule 132 by submitting trades with inaccurate account type identifiers for comparison and/or settlement, and NYSE Rule 3110 by failing to implement adequate supervisory systems and controls related to the submission of account type identifiers. Consent to a censure and \$100,000 fine.

* * *

Pursuant to Rule 9216 of the New York Stock Exchange LLC (“NYSE” or the “Exchange”) Code of Procedure, SG Americas Securities, LLC (“SGAS” 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, NYSE will not bring any future actions against the Firm alleging violations based on the same factual findings described herein.

I. ACCEPTANCE AND CONSENT

- A. SGAS 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 the NYSE, or to which the NYSE 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 NYSE:

BACKGROUND AND JURISDICTION

1. SGAS is a registered broker-dealer with its principal office located in New York, New York. It is an indirect subsidiary of Societe Generale. The Firm became a member of FINRA and NYSE on April 23, 2004.

PROCEDURAL HISTORY

2. This matter arises from a NYSE Regulation (“NYSER”) investigation. NYSER staff commenced this matter upon detection of orders routed to the Exchange by SGAS with discontinued account type indicator (“ATIs”) between September 2016 and December 2018 (the “Relevant Period”), potentially in violation of NYSE Rule 132.

VIOLATIONS

3. During the Relevant Period, SGAS violated NYSE Rule 132 by submitting millions of transactions with discontinued ATIs for comparison and/or settlement. In addition, during the Relevant Period the Firm violated NYSE Rule 3110 by failing to implement adequate supervisory systems and controls reasonably designed to achieve compliance with NYSE Rule 132 pertaining to the submission of ATI codes.

Violations Concerning the Submission of Inaccurate ATI Codes

4. During the Relevant Period, NYSE Rule 132 required that each party to a contract for the sale or purchase of stock submit certain audit trail data for comparison and settlement. As set forth in NYSE Rule 132.30, and as explained in various Information Memos, this required data included an ATI indicating the type of account for which the trade was effected.
5. Through Information Memo 02-59 (December 17, 2002), NYSE provided to member firms a list of ATIs that firms were required to use in order to comply with NYSE Rule 132. NYSE issued updated guidance on the use of ATIs in, *inter alia*, NYSE Information Memos 12-25 (October 9, 2012) and 16-2 (February 29, 2016) (“IM 16-2”).
6. The submission of accurate ATIs is important because, among other reasons, NYSE and FINRA use audit trail data in the surveillance review process, and inaccuracies in that data can hamper the ability to detect potentially violative conduct or create false positive alerts requiring the unnecessary expenditure of resources.
7. IM 16-2 set forth “the definitive source for definitions of Account Type Indicators for reporting requirements mandated under Exchange Rules.” Pursuant to the memo, the number of acceptable ATIs was reduced to four, and member firms were required to discontinue the use of ATI “C” (among other discontinued ATIs) as of August 1, 2016.
8. SGAS was aware of the changes IM 16-2 required and effected changes on a number of its order routing instances with the Exchange to achieve compliance with NYSE Rule 132.
9. However, the Firm failed to effect the same changes on two of its order routing instances.
10. As a result, during the Relevant Period, SGAS submitted approximately 3.6 million orders with the ATI “C,” in violation of NYSE Rule 132.

Violations Concerning the Failure to Supervise

11. Since its adoption in November 2014, NYSE Rule 3110(a) has required, in pertinent part, that member organizations establish and maintain a supervisory system “that is reasonably designed to achieve compliance with applicable securities laws and

regulations, and with applicable Exchange rules.”

12. NYSE Rule 3110(b)(1) further required member firms to “establish, maintain, and enforce written procedures to supervise the types of business in which it engages and the activities of its associated persons that are reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable Exchange rules.”
13. Although SGAS submitted approximately 3.6 million orders with inaccurate ATI codes during the Relevant Period, the Firm failed to identify and/or self-report any of these violations in part because the Firm’s internal supervisory reports were not updated in accordance with the requirements and guidance set forth in IM 16-2.
14. Moreover, although the Firm was aware of the required changes pertaining to Rule 132, the Firm failed to have a system in place reasonably designed to ensure that all order router instances were configured in accordance with the requirements set forth in IM 16-2.
15. Accordingly, during Relevant Period, SGAS failed to implement adequate systems and controls, including a separate system of follow-up and review, reasonably designed to achieve compliance with NYSE Rule 132, in violation of NYSE Rule 3110.

RELEVANT DISCIPLINARY HISTORY

16. The Firm does not have prior formal disciplinary history for violations of NYSE Rule 132.

SANCTIONS

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

- 1. Censure and fine in the amount of \$100,000.**

The Firm agrees to pay the monetary sanction(s) upon notice that this AWC has been accepted and that such payment(s) are due and payable. The Firm has submitted a Method of Payment Confirmation form showing the method by which it will 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(s) imposed in this matter.

The Firm agrees that it shall not seek or accept, directly or indirectly, reimbursement or indemnification from any source, including but not limited to payment made pursuant to any insurance policy, with regard to any fine amounts that the Firm pays pursuant to this AWC, regardless of the use of the fine amounts. The Firm further agrees that it shall not claim, assert, or apply for a tax deduction or tax credit with regard to any federal, state, or local tax for any fine amounts that the Firm pays pursuant to this AWC, regardless of the

use of the fine amounts.

II. WAIVER OF PROCEDURAL RIGHTS

The Firm specifically and voluntarily waives the following rights granted under the NYSE 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 Exchange's Board of Directors 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 of the NYSE; the Exchange's Board of Directors, Disciplinary Action Committee ("DAC"), and Committee for Review ("CFR"); any Director, DAC member, or CFR member; Counsel to the Exchange Board of Directors or CFR; any other NYSE employee; or any Regulatory Staff as defined in Rule 9120 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* communication 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 by NYSE Regulation, and accepted by the Chief Regulatory Officer of the NYSE pursuant to NYSE 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. The AWC shall be sent to each Director and each member of the Committee for Review via courier, express delivery or electronic means, and shall be

deemed final and shall constitute the complaint, answer, and decision in the matter, 25 days after it is sent to each Director and each member of the Committee for Review, unless review by the Exchange Board of Directors is requested pursuant to NYSE Rule 9310(a)(1)(B);

2. This AWC will become part of the Firm's permanent disciplinary record and may be considered in any future actions brought by the Exchange, or any other regulator against the Firm;
 3. NYSE shall publish a copy of the AWC on its website in accordance with NYSE Rule 8313;
 4. NYSE may make a public announcement concerning this agreement and the subject matter thereof in accordance with NYSE Rule 8313; and
 5. 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 the Exchange, or to which the Exchange is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects the Firm's (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which the Exchange is not a party.
- D. A signed copy of this AWC and the accompanying Method of Payment Confirmation form delivered by email, facsimile, or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy.
- E. 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. Any such statement does not constitute factual or legal findings by the Exchange, nor does it reflect the views of NYSE Regulation or its staff.

The Firm certifies that, in connection with each of the Exchange's requests for information in connection with this matter, the Firm made a diligent inquiry of all persons and systems that reasonably had possession of responsive documents and that all responsive documents have been produced. In agreeing to the AWC, the Exchange has relied upon, among other things, the completeness of the document productions.

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.

10/3/19
Date

SG Americas Securities, LLC,
Respondent

By: 
Jeffrey Rosen
Managing Director

Accepted by NYSE Regulation

10/4/19
Date


Aaron H. Krieger
Enforcement Counsel
NYSE Regulation

Signed on behalf of New York Stock
Exchange LLC, by delegated authority from
its Chief Regulatory Officer