

**NYSE AMERICAN LLC
NOTICE OF ACCEPTANCE OF AWC**

Via Certified Mail, Return Receipt Requested

TO: **Raymond James & Associates, Inc.**
Mr. Tash Elwyn
President
880 Carillon Parkway
St. Petersburg, FL 33716

FROM: NYSE American LLC
c/o Financial Industry Regulatory Authority
Department of Enforcement
9509 Key West Avenue
Rockville, MD 20850

DATE: May 15, 2018

RE: Notice of Acceptance of Letter of Acceptance, Waiver and Consent No. **20140409820-01**

Please be advised that your above-referenced Letter of Acceptance, Waiver and Consent (“AWC”) has been accepted on **April 27, 2018** by FINRA’s Department of Enforcement and the Chief Regulatory Officer of NYSE American LLC, pursuant to NYSE American Rule 9216. A copy of the AWC is enclosed herewith.

Pursuant to NYSE American Rule 9310(a)(1)(B), this AWC has been sent to each NYSE American LLC Director and each member of the Committee for Review, and thus the AWC shall be deemed final and shall constitute the complaint, answer, and decision in the matter on **June 9, 2018**, unless review by the NYSE American LLC Exchange Board of Directors is requested.

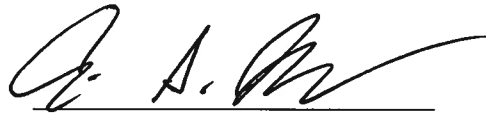
You are again reminded of your obligation, if currently registered, immediately to update your Form BD (Uniform Application for Broker-Dealer Registration) to reflect the conclusion of this disciplinary action. Additionally, you must also notify FINRA in writing of any change of address or other changes 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 the NYSE American’s Finance Department regarding the payment of any fine if a fine has been imposed.

Raymond James & Associates, Inc.
May 15, 2018

If you have any questions concerning this matter, please contact Elyse D. Kovar, Senior Counsel,
at (646) 430-7050.

A handwritten signature in black ink, appearing to read "E. S. Brown", written over a horizontal line.

Eric S. Brown
Senior Director
Department of Enforcement, FINRA
Signed on behalf of NYSE American LLC by
delegated authority from the Chief Regulatory
Officer of NYSE American LLC

Enclosure

FINRA District 7 – Boca Raton
Tom Nelli
Senior Vice President and Regional Director
(Via email)

Paul M. Tyrell
Timothy B. Nagy
Counsel for Respondent
Sidley Austin LLP
1501 K Street, N.W.
Washington, DC 20005

NYSE AMERICAN LLC
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20140409820-01

TO: NYSE American LLC
c/o Department of Enforcement
Financial Industry Regulatory Authority ("FINRA")

RE: Raymond James & Associates, Inc., Respondent
Broker-Dealer
CRD No. 705

Pursuant to Rule 9216 of the NYSE American LLC¹ ("NYSE American" or the "Exchange") Code of Procedure, Raymond James & Associates, Inc. ("RAJA" 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 American 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 NYSE American, or to which NYSE American 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 American:

BACKGROUND

RAJA became a member of NYSE American and became an Amex Trading Permit ("ATP") Holder on February 25, 1988, and a member of FINRA on August 21, 1964. These registrations remains in effect. The firm does not have any relevant disciplinary history.

SUMMARY

In connection with Matter No. 20140409820, FINRA's Department of Market Regulation staff (the "staff") conducted a review on behalf of the Exchange to determine the accuracy of the firm's reporting of options positions to the Large Options Position Report ("LOPR") during the first quarter of 2014. Through this review, and as a result of the investigation that followed, the staff detected that the firm had violations in connection

¹ Effective May 14, 2012, NYSE Amex LLC was renamed NYSE MKT LLC, and effective July 24, 2017, NYSE MKT LLC was renamed NYSE American LLC. Since the violations herein occurred prior to July 24, 2017, and thus the violations were of NYSE Amex and NYSE MKT rules, for purposes of this document all the violations cited herein will be referred to as NYSE American Rules.

with its reporting of options positions to the LOPR and related supervisory deficiencies during the period between January 2012 and January 2017 (the "Review Period").

LOPR data is used extensively by NYSE American and other self-regulatory organizations ("SROs") to identify holders of large option positions who may be, among other things, attempting to manipulate the market or otherwise violate securities rules and regulations. The accuracy of LOPR data is essential for the analysis of potential violations, including insider trading, position limits, exercise limits, front-running, capping and pegging, mini-manipulation, and marking-the-close.

As a result of the staff's review, it was determined that during the Review Period, RAJA violated NYSE American Rules 906 and 320(e).

FACTS AND VIOLATIVE CONDUCT

Reporting of Options Positions

1. During the Review Period, RAJA failed to report positions to the LOPR in approximately 627,430 instances,² and inaccurately reported positions to the LOPR in approximately 565,223 instances. RAJA's LOPR reporting violations primarily resulted from: (A) its entry of an incorrect Effective Date when submitting certain positions to the LOPR;³ and (B) its failure to properly aggregate certain of its reportable options positions as acting in-concert.⁴
2. Specifically, as a result of entering an incorrect Effective Date, RAJA: (i) failed to report positions in approximately 8,264 instances; (ii) under-reported positions in approximately 37,700 instances; (iii) over-reported positions in approximately 16,343 instances; (iv) reported positions in approximately 3,478 instances with an inaccurate quantity; and (v) reported positions in approximately 174,642 instances with an inaccurate covered quantity. As a result of failing to properly aggregate accounts as acting in-concert, RAJA: (i) failed to report positions in approximately 619,076 instances; (ii) under-reported positions in approximately 223,523 instances; (iii) over-reported positions in approximately 105,215 instances; and (iv) reported positions in approximately 4,322 instances with an inaccurate quantity.

² An "instance" is a single failure to report, or inaccurately report, a given options position. The number of instances is determined by multiplying a given reportable position by the number of trade dates the position had been reported inaccurately.

³ The "Effective Date" is the date the LOPR record is established, modified, or deleted. The Effective Date must be supplied for each LOPR submission. The failure to report a position to the LOPR with the correct Effective Date gives the appearance that a position was established at an inaccurate date later in time and results in the position being unreported to the LOPR for typically one day.

⁴ As part of their LOPR obligations, firms must provide regulators with a list of all groups of options accounts that act in-concert or are under common control so that the positions held in those accounts can be properly aggregated to ensure compliance with applicable position and exercise limits.

3. Accordingly, the firm violated NYSE American Rule 906.

Supervision

4. During the Review Period, RAJA failed to have a reasonable supervisory system with respect to the reporting of options positions, including a review for accuracy of LOPR submissions with respect to Effective Dates and accounts acting in-concert. Additionally, until November 2015, the firm also lacked any written supervisory procedures ("WSPs") with respect to the proper reporting of options positions, including systems of follow-up and review, and thereafter, failed to have adequate WSPs until January 2017. Reasonable WSPs should, at a minimum, specify: (i) the identification of the individual(s) responsible for supervision; (ii) the supervisory steps and reviews to be taken by the appropriate supervisor; (iii) the frequency of such reviews; and (iv) how such reviews shall be documented.
5. Accordingly, the firm violated NYSE American Rule 320.

OTHER FACTORS

In determining to resolve this matter in the manner set forth herein, and in determining the appropriate monetary sanction, the Exchange considered the following: (i) the firm's provision of extraordinary cooperation with this investigation by retaining outside counsel and an outside auditing firm to conduct an extensive review of the firm's options reporting systems, practices, and procedures, and to report these findings to FINRA; and (ii) the efforts and enhancements made to the firm's LOPR reporting systems, and supervisory practices and procedures.

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

A censure; a total fine of \$400,000, of which \$200,000 shall be paid to NYSE American;⁵ and an undertaking requiring the firm to submit a written report which confirms that it has completed remediation of all the LOPR issues identified herein within 120 days of the date of Notice of Acceptance of this AWC.

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

⁵ The balance of the firm's fine will be paid to NYSE Arca, Inc., pursuant to a separate settlement agreement.

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 Respondent pays pursuant to this AWC, regardless of the use of the fine amounts.

The sanctions imposed herein shall be effective on a date set by NYSE Regulation staff.

II.

WAIVER OF PROCEDURAL RIGHTS

The firm specifically and voluntarily waives the following rights granted under the NYSE American'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 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 NYSE American; 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 American 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 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 the Chief Regulatory Officer of NYSE American, pursuant to NYSE American 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 American 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 NYSE American, or any other regulator against the firm;
 - 3. NYSE American shall publish a copy of the AWC on its website in accordance with NYSE American Rule 8313;
 - 4. NYSE American may make a public announcement concerning this agreement and the subject matter thereof in accordance with NYSE American 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 NYSE American, or to which NYSE American 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 NYSE American 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. This Statement does not constitute factual or legal findings by NYSE American, nor does it reflect the views of NYSE Regulation 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.

4/24/18
Date

Respondent
Raymond James & Associates, Inc.
By: [Signature]
Name: TASH ELWAN
Title: PRESIDENT, RJR P&S

Reviewed by:

[Signature]
Paul M. Tyrell
Timothy B. Nagy
Counsel for Respondent
Sidley Austin LLP
1501 K Street, N.W.
Washington, DC 20005
202.736.8059

Accepted by FINRA
4/27/18
Date

[Signature]
Robert A. Marchman
Executive Vice President
Department of Enforcement

Signed on behalf of NYSE American LLC,
by delegated authority from the Chief
Regulatory Officer of NYSE American LLC

METHOD OF PAYMENT CONFIRMATION FORM

The firm intends to pay the fine proposed in the attached Letter of Acceptance, Waiver and Consent by ACH payment or wire transfer of the full amount. The applicable instructions are as follows:


Bank Name: JP Morgan Chase
Transfer Funds to: NYSE
Wire ABA No.: 021000021
ACH ABA No.: 021000021
Beneficiary: NYSE
NYSE Account No.: 66655706
Reference Number: NYSE American Proceeding No. 20140409820

Respectfully submitted,

Respondent

Raymond James & Associates, Inc.

4/24/18
Date

By: 
Name: TASH ELWIN
Title: PRESIDENT, RSA PC