

**NASDAQ PHLX LLC
NOTICE OF ACCEPTANCE OF AWC**

Certified, Return Receipt Requested

**TO: Raymond James & Associates, Inc.
Jean Jumet
Vice President, Compliance
880 Carillon Parkway
St. Petersburg, FL 33716**

**FROM: Nasdaq PHLX LLC (“PHLX”)
c/o Financial Industry Regulatory Authority (“FINRA”)
Department of Enforcement
15200 Omega Drive, Suite 300
Rockville, MD 20850**

DATE: January 13, 2020

RE: Notice of Acceptance of Letter of Acceptance, Waiver and Consent No. 2017053129501

Please be advised that your above-referenced Letter of Acceptance, Waiver and Consent (“AWC”) has been accepted on **January 13, 2020** by the PHLX Review Council’s Review Subcommittee, or by the Office of Disciplinary Affairs on behalf of the PHLX Review Council, pursuant to PHLX 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 PHLX 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 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.

Raymond James & Associates, Inc.
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If you have any questions concerning this matter, please contact me at (646) 430-7059.



Steven Tanner
Senior Counsel
Department of Enforcement, FINRA
Signed on behalf of PHLX

Enclosure

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

Michael D. Wolk
Counsel for Respondent
Sidley Austin LLP
1501 K Street, N.W.
Washington, DC 20005

NASDAQ PHLX LLC
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2017053129501

TO: Nasdaq PHLX 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 Nasdaq PHLX LLC ("Phlx") Code of Procedure, Raymond James & Associates, Inc. (the "firm", "RAJA" or "Respondent") 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, Phlx will not bring any future actions against the Respondent alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. Respondent 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 Phlx, or to which Phlx 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 Phlx:**

BACKGROUND

The firm has been a Phlx member since August 31, 1962, and a member of FINRA since August 21, 1964. Its registrations remain in effect. The firm is headquartered in St. Petersburg, Florida, and has approximately 7,300 registered representatives in its 664 branch office locations. The firm is engaged in various financial services activities, including providing investment management services to retail and institutional clients, underwriting, distribution, trading and brokerage of equity and debt securities and clearing services for both affiliated and unaffiliated broker-dealers.

The firm does not have any relevant disciplinary history.

SUMMARY

1. The Financial Industry Regulatory Authority's ("FINRA") Trading and Financial Compliance Examinations staff (the "Staff") within the Department of Market Regulation, on behalf of Phlx and other options exchanges, conducted a review of, among other things, the manual options order tickets handled by the firm during the period between March 6, 2017 and March 17, 2017 (the "Exam Review Period").

2. During the Exam Review Period, RAJA failed to accurately record the order receipt times of manual options orders it had routed to Phlx and various other national securities exchanges for execution in violation of Rule 17a-3(a)(6)(i) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Phlx Rule 760.
3. From March 2017 through November 2019 (the "Supervisory Review Period"), the firm also violated Phlx Rule 748(h) by failing to establish, maintain and enforce written supervisory procedures ("WSPs") and a system of supervision that were reasonably designed to achieve compliance with, and to detect and prevent violations of, the applicable federal securities laws and Phlx rules that require the accurate documentation of order receipt and transmission times.
4. Additionally, during the Exam Review Period and through December 2017, the firm also violated Phlx Rule 748(h) by failing to establish, maintain and enforce a reasonable system of supervision by failing to review the electronic communications of four firm employees.

FACTS AND VIOLATIVE CONDUCT

5. The recordkeeping provisions of the federal securities laws and Phlx rules are designed to ensure that regulators have access to certain basic information about securities transactions. Access to transaction records serves as an essential component for effective surveillance and examination of broker-dealers by Phlx and other self-regulatory organizations.
6. Section 17 of the Exchange Act and Exchange Rule 17a-3(a)(6)(i) promulgated thereunder require broker-dealers, such as RAJA, to create a brokerage order ticket of each brokerage order, and of any other instruction, given or received for the purchase or sale of securities, whether executed or unexecuted. In relevant part, the rule requires the brokerage order ticket to show, among other things, the terms and conditions of the order or instructions, the time the order was received, the time the order was entered, and the time of execution or cancellation. Such records must be accurate.
7. Phlx Rule 760 requires member firms to make, keep current, and preserve books and records as prescribed by the Exchange Act.
8. Phlx Rule 748(h) requires member organizations to establish, maintain and enforce WSPs, and a system of supervision for applying such procedures, that are reasonably designed to supervise the types of businesses and activities in which they and their associated persons engage in order to achieve compliance with, and to prevent and detect violations of, applicable securities laws and regulations, including the By-Laws and Rules of the Exchange.
9. During 2017, the firm handled approximately 1,724 manual options orders, approximately 98% of which were 1,692 manual customer options orders routed

to certain option exchanges. Fourteen customer options orders routed to these options exchanges during the Exam Review Period were reviewed for timestamp accuracy.

10. From the 14 manual customer options orders routed to various options exchanges for execution during the Exam Review Period, the firm did not maintain an accurate record of the order receipt time for ten (approximately 71%) of the sampled orders. Of these ten orders, four were executed on Phlx.
 11. The conduct described in paragraph ten constitutes violations of Rule 17a-3(a)(6)(i) promulgated under the Exchange Act, and Phlx Rule 760.
 12. During the Supervisory Review Period, the firm failed to establish and maintain WSPs and a supervisory system applicable to the firm's Equity Capital Markets Options Desk (the "Desk") that were reasonably designed to achieve compliance with, and to detect and prevent violations of, the recordkeeping provisions of the federal securities laws and Phlx rules that require the accurate documentation of order receipt and transmission times. During the Supervisory Review Period, the firm's WSPs and supervisory system: (i) required the entry of orders into the firm's systems when the trader "first has the opportunity," rather than upon receipt of the order; and (ii) did not include a supervisory review of the accuracy of order transmission times of options orders handled by the Desk. In November 2019, the firm updated its relevant WSPs to address these points.
 13. The conduct described in paragraph 12 constitutes a violation of Phlx Rule 748(h).
 14. During the Exam Review Period and through December 2017, the firm failed to review the electronic communications of four employees who were responsible for taking retail orders received from the firm's financial advisers. During this period, the firm exempted from supervisory review the electronic communications of these four employees in one branch office who did not typically interact with firm customers. In December 2017, the firm included the electronic communications of these employees in its review.
 15. The conduct described in paragraph 14 constitutes a violation of Phlx Rule 748(h).
- B. The firm also consents to the imposition of the following sanctions:
1. A censure; and
 2. A fine of \$95,000, of which \$24,166.67 (\$16,666.67 for the books and records violations, \$7,500 for the supervision violations), shall be paid to the Exchange.¹

¹ The balance of the fine shall be paid to NYSE Arca, Inc., NYSE American LLC, and Nasdaq ISE, LLC.

Acceptance of this AWC is conditioned upon acceptance of similar settlement agreements in related matters between the firm and NYSE Arca, Inc., NYSE American LLC, and Nasdaq ISE, LLC.

Respondent agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. Respondent has submitted a Payment Information 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 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 Phlx'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 Review Council 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 Chief Regulatory Officer, the Exchange Review Council, or any member of the Exchange 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.

Respondent 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


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 FINRA's Department of Enforcement and the Exchange Review Council, the Review Subcommittee, or the Office of Disciplinary Affairs ("ODA"), pursuant to Phlx 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 Respondent; and
- C. If accepted:
 - 1. This AWC will become part of the Respondent's permanent disciplinary record and may be considered in any future actions brought by Phlx or any other regulator against the Respondent;
 - 2. Phlx may release this AWC or make a public announcement concerning this agreement and the subject matter thereof in accordance with Phlx Rule 8310 and IM-8310-3; and
 - 3. Respondent 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. Respondent may not take any position in any proceeding brought by or on behalf of Phlx, or to which Phlx is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects the Respondent's right to take legal or factual positions in litigation or other legal proceedings in which Phlx 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 Phlx, nor does it reflect the views of Phlx 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 the firm 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.


Raymond James & Associates, Inc.
Respondent

12/10/19
Date

By: 
Name: TASH EWIN
Title: PRESIDENT & CEO

Reviewed by: 
Counsel for Respondent
Michael D. Wolk
Sidley Austin LLP
1501 K Street, N.W.
Washington, DC 20005
(202) 736-8807

Accepted by Phlx:
1/13/2020
Date


Steven M. Tanner
Senior Counsel
Department of Enforcement

Signed on behalf of Phlx, 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 need to arrange for an alternative method of payment, please contact Nasdaq at (301) 978-8310 by no later than the last business day of the month in which the Notice of Acceptance of the AWC was issued. *Otherwise, a direct debit will process from the account for your firm that Nasdaq currently has on file.*

Respectfully submitted,

12/10/19

Date

Raymond James & Associates, Inc.
Respondent

By: 

Name: TASH ELWID

Title: PRESIDENT & CEO