

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2023077775501**

TO: Department of Enforcement
Financial Industry Regulatory Authority (FINRA)

RE: SG Americas Securities, LLC (Respondent)
Member Firm
CRD No. 128351

Pursuant to FINRA Rule 9216, Respondent SG Americas Securities, LLC (SGAS) 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, FINRA will not bring any future actions against Respondent alleging violations based on the same factual findings described in this AWC.

I.

ACCEPTANCE AND CONSENT

A. Respondent accepts and consents to the following findings by FINRA without admitting or denying them:

BACKGROUND

SGAS has been a FINRA member since April 2004. The firm is headquartered in New York, New York, and employs approximately 800 registered representatives operating out of four active branch locations.¹

OVERVIEW

From July 2017 through August 2023, SGAS inaccurately reported 166,421 transactions to FINRA's Trade Reporting and Compliance Engine (TRACE), in violation of FINRA Rules 6730 and 2010. In addition, from July 2017 through January 2025, the firm failed to establish, maintain, and enforce a supervisory system, including written supervisory procedures, reasonably designed to achieve compliance with the firm's TRACE reporting obligations, in violation of FINRA Rules 3110 and 2010. For these violations, the firm is censured and fined \$275,000.

FACTS AND VIOLATIVE CONDUCT

This matter originated from a review conducted by FINRA's Department of Market Regulation.

¹ For more information about the firm, including prior regulatory events, visit BrokerCheck® at www.finra.org/brokercheck.

SGAS inaccurately reported transactions in TRACE-eligible securities without the required “No Remuneration” indicator.

FINRA Rule 6730 sets forth the requirements that apply to firms when reporting transactions in TRACE-eligible securities. TRACE facilitates the mandatory reporting of over-the-counter transactions in eligible fixed income securities and provides increased price transparency to market participants and investors.

FINRA Rule 6730(a) provides, in relevant part, that “[e]ach member that is a Party to a Transaction in a TRACE-Eligible Security must report the transaction” and has an ongoing obligation to report transaction information promptly, accurately, and completely. Inaccurate information affects the audit trail and regulatory surveillance patterns, and can result in either false alerts or the inability to detect problematic transactions.

FINRA Rule 6730 identifies the specific types of information required to be included in trade reports submitted to TRACE, including information about price and the use of modifiers and indicators. FINRA Rules 6730(d)(1)(A) and 6730(d)(4)(F) require member firms to include the “No Remuneration” (NR) indicator where a trade report does not reflect either a commission, mark-up, or mark-down, subject to exceptions in Rule 6730(d)(1) that are not applicable here.² The NR indicator provides more meaningful pricing information that better reflects comparable prices for principal and agency trades by identifying those trades where no commission, mark-up, or mark-down was charged or known when reported.

A violation of FINRA Rule 6730 also constitutes a violation of FINRA Rule 2010, which requires members, in the conduct of their business, to observe high standards of commercial honor and just and equitable principles of trade.

From September 2017 through August 2023, SGAS failed to include the NR indicator on 166,421 TRACE reports for multi-leg transactions in TRACE-eligible securities.³ In these transactions, SGAS executed off-setting transactions with a SGAS customer and a SGAS non-member affiliate at the same price. Because the firm did not receive remuneration for the non-member affiliate trades, it was required to include the NR indicator in its TRACE reports for those transactions. The firm failed to include the NR indicator due to a coding error that occurred when the firm changed trade reporting systems in September 2017. In August 2023, the firm remediated the coding error.

By failing to include the NR indicator on 166,421 TRACE reports, SGAS violated FINRA Rules 6730(d)(4)(F) and 2010.

² The NR indicator became effective on July 18, 2016.

³ The TRACE reporting inaccuracies in this AWC all involved a failure to include the NR indicator. As noted below, many of these transactions also included at least one additional inaccuracy.

SGAS inaccurately reported transactions in TRACE-eligible securities without the required Non-Member Affiliate – Principal Transaction indicator and inaccurately reported to TRACE the capacity in which certain trades were executed.

FINRA Rule 6730(d)(4)(E) requires member firms to append a “Non-Member Affiliate – Principal Transaction” (NMAPT) indicator when reporting to TRACE a transaction with a non-member affiliate in which both the member and non-member affiliate act in a principal capacity and the trade occurs within the same day, at the same price, and in the same security as a transaction by the member with another contra-party.

FINRA Rule 6730(c)(7) requires members that are a party to a transaction in a TRACE-eligible security to report to TRACE the capacity—principal or agent—in which the member acted in executing the transaction.

From July 2017 through August 2023, SGAS failed to include the NMAPT indicator on 40,674 TRACE reports for multi-leg transactions in TRACE-eligible securities. In these transactions, SGAS and a non-member affiliate both acted in a principal capacity, and SGAS traded with another contra-party within the same day, at the same price, and in the same security that SGAS transacted with the non-member affiliate, which required the firm to include the NMAPT indicator in its TRACE reports for the non-member affiliate leg. The inaccurate reporting resulted, in part, from the firm’s failure to update its reporting logic following changes to its order management. In August 2023, the firm updated its trade reporting system to remediate this issue.

From November 2019 through June 2023, SGAS inaccurately reported to TRACE that it acted in an agency capacity in 8,513 multi-leg transactions in TRACE-eligible securities when, in fact, SGAS acted in a principal capacity. The inaccurate reporting resulted from the firm’s failure to update its reporting logic following changes to its order management. In June 2023, the firm updated its trade reporting system to remediate the issue.

By failing to include the NMAPT indicator on 40,674 TRACE reports, SGAS violated FINRA Rules 6730(d)(4)(E) and 2010, and by failing to accurately report its capacity on 8,513 TRACE reports, SGAS violated FINRA Rules 6730(c)(7) and 2010.

SGAS inaccurately identified the contra-party in TRACE reports.

FINRA Rule 6730(c)(6) requires member firms to report to TRACE the contra-party’s identifier in a transaction in a TRACE-eligible security. Beginning in September 2022, U.S. Treasury Securities transactions involving certain depository institutions were required to be reported to TRACE with the covered depository institution’s market participant identifier (MPID).⁴

From September 2022 through February 2023, SGAS failed to correctly identify the covered depository institution contra-party by its MPID on 1,642 TRACE reports for

⁴ Although Treasury TRACE information reported prior to March 25, 2024 was not disseminated publicly, a firm’s failure to report accurate information to TRACE affects the audit trail and regulatory surveillance patterns.

multi-leg transactions in TRACE-eligible securities involving a covered depository institution that was a non-member affiliate of SGAS. This was due to the firm not updating the coding in its trade reporting system in September 2022. In February 2023, the firm remediated the coding error.

By failing to accurately identify the contra-party in 1,642 TRACE reports, SGAS violated FINRA Rules 6730(c)(6) and 2010.

SGAS failed to establish and maintain a system reasonably designed to achieve compliance with the firm's TRACE reporting obligations.

FINRA Rule 3110(a) requires members to establish and maintain a system to supervise the activities of each associated person that is reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable FINRA rules. FINRA Rule 3110(b) requires members 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 FINRA rules. A violation of FINRA Rule 3110 also constitutes a violation of FINRA Rule 2010.

From July 2017 through January 2025, SGAS failed to establish, maintain, and enforce a supervisory system and written supervisory procedures (WSPs) reasonably designed to achieve compliance with FINRA Rule 6730. Specifically, until March 2023, the firm had no supervisory system to review the accuracy of its TRACE reporting regarding the use of NR and NMAPT indicators, the firm's executing capacity, or contra-parties. Further, during this period, the firm's WSPs failed to address the supervision of TRACE reporting, including who was responsible for supervising, what supervisory steps should be taken, and the frequency and documentation of those steps. The firm revised its WSPs in January 2025 regarding its supervision of the accuracy of its TRACE reporting.

By failing to establish, maintain, and enforce a supervisory system and WSPs reasonably designed to achieve compliance with FINRA Rule 6730, SGAS violated FINRA Rules 3110 and 2010.

B. Respondent also consents to the imposition of the following sanctions:

- a censure and
- a \$275,000 fine

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 an Election of Payment form showing the method by which it proposes to pay the fine imposed.

Respondent specifically and voluntarily waives any right to claim an inability to pay, now or at any time after the execution of this AWC, the monetary sanction imposed in this matter.

The sanctions imposed in this AWC shall be effective on a date set by FINRA.

II.

WAIVER OF PROCEDURAL RIGHTS

Respondent specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a complaint issued specifying the allegations against it;
- B. To be notified of the 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 National Adjudicatory Council (NAC) 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 Legal Officer, the NAC, or any member of the NAC, 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.

Respondent further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of FINRA Rule 9143 or the separation of functions prohibitions of FINRA 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 the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs (ODA), pursuant to FINRA Rule 9216;

- [REDACTED]
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against Respondent; and
 - C. If accepted:
 - 1. this AWC will become part of Respondent's permanent disciplinary record and may be considered in any future action brought by FINRA or any other regulator against Respondent;
 - 2. this AWC will be made available through FINRA's public disclosure program in accordance with FINRA Rule 8313;
 - 3. FINRA may make a public announcement concerning this agreement and its subject matter in accordance with FINRA Rule 8313; and
 - 4. 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 FINRA, or to which FINRA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects Respondent's right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party. Nothing in this provision affects Respondent's testimonial obligations in any litigation or other legal proceedings.
 - 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 FINRA, nor does it reflect the views of FINRA.

The undersigned, on behalf of Respondent, certifies that a person duly authorized to act on Respondent's 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 Respondent 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 in this AWC and the prospect of avoiding the issuance of a complaint, has been made to induce Respondent to submit this AWC.

May 20, 2025

Date

Sebastien DELMON

SG Americas Securities, LLC
Respondent

Print Name: Sebastien DELMON

Title: Director

Accepted by FINRA:

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

June 5, 2025

Date

John Sheehan

John Sheehan
Senior Counsel
FINRA
Department of Enforcement
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