

**FINANCIAL INDUSTRY REGULATORY AUTHORITY  
LETTER OF ACCEPTANCE, WAIVER AND CONSENT  
NO. 2019061061201**

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

RE: Raymond James & Associates, Inc. (Respondent)  
Member Firm  
CRD No. 705

Pursuant to FINRA Rule 9216, Respondent Raymond James & Associates, Inc. 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**

Raymond James has been a FINRA member since August 1964. The firm is headquartered in St. Petersburg, Florida, has approximately 770 branch offices, and employs approximately 8,000 registered representatives.<sup>1</sup>

**OVERVIEW**

From January 2014 through May 2022, Raymond James sent its customers at least 1,850,000 confirmations that inaccurately disclosed the firm's execution capacity or whether the trade was executed at an average price, or inaccurately disclosed or omitted its status as a market maker in the security. As a result, Raymond James violated Exchange Act Rule 10b-10, promulgated under Section 10(b) of Securities Exchange Act of 1934, Exchange Act Section 17(a), Exchange Act Rule 17a-3, and FINRA Rules 2232, 4511, and 2010.

**FACTS AND VIOLATIVE CONDUCT**

This matter originated from a FINRA examination of Raymond James.

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<sup>1</sup> For more information about the firm, including prior regulatory events, visit BrokerCheck® at [www.finra.org/brokercheck](http://www.finra.org/brokercheck).

## ***Background—Trade Confirmation Requirements***

Trade confirmations protect investors who buy or sell securities through broker-dealers by, among other things, alerting them to potential conflicts of interest with their broker-dealers and providing them the means to verify the terms of their transactions and evaluate transaction costs and the quality of their broker-dealers' executions.

Exchange Act Rule 10b-10 requires broker-dealers that effect securities transactions for customers to provide customers a confirmation, at or before completion of each transaction, disclosing certain basic terms of the transaction. Rule 10b-10(a)(1) requires disclosure of, among other things, the price of the transaction. Rule 10b-10(a)(2) requires broker-dealers to disclose whether they are "acting as agent for [the] customer, as agent for some other person, as agent for both such customer and some other person, or as principal for its own account; and if the broker or dealer is acting as principal, whether it is a market maker in the security."

FINRA Rule 2232(a) requires member firms, at or before the completion of any transaction in any security effected for or with an account of a customer, to provide such customer with written confirmation that conforms with the requirements of Exchange Act Rule 10b-10.

Exchange Act Section 17(a), Exchange Act Rule 17a-3(a)(8), and FINRA Rule 4511 require broker-dealers to make and keep current certain books and records, including confirmations of all purchases and sales of securities. Confirmation records must be accurate to comply with these requirements.

A violation of the Exchange Act, an Exchange Act rule, or any FINRA rule also is a violation of FINRA Rule 2010, which states that "[a] member, in the conduct of its business, shall observe high standards of commercial honor and just and equitable principles of trade."

### ***Raymond James sent customers at least 1,850,000 inaccurate trade confirmations.***

First, from January 2014 to January 2021, when the firm acted in more than one capacity in executing orders, the firm did not provide each specific capacity in which the firm acted on the customer confirmations. Instead, Raymond James disclosed that it acted in a "mixed capacity (i.e., agent, agency cross, principal and/or riskless principal)" and that the "breakdown of execution capacity is available upon request." Raymond James's system prevented the firm from populating the specific capacities in which the firm acted if the firm acted in more than one capacity on a transaction. This issue affected approximately 750,000 confirmations.<sup>2</sup>

Second, from at least July 2017 to September 2022, due to a programming error, the firm sent customers trade confirmations that incorrectly disclosed transactions as average price executions when the firm filled the order in a single execution. A review of two of the

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<sup>2</sup> The firm updated its system in August 2021 to specify each capacity in which the firm acted.

firm's six order management systems, from October 2019 to December 2019, revealed that the firm incorrectly identified single executions as average price executions on approximately 1,050,000 confirmations issued to customers.<sup>3</sup>

Third, from December 2018 through June 2020, Raymond James failed to disclose or inaccurately disclosed that it was a market maker on approximately 52,350 confirmations sent to customers. This issue stemmed from a programming error that impacted the input that identified the accurate market maker status on trade confirmations.<sup>4</sup>

Therefore, Respondent violated Exchange Act Rule 10b-10, Exchange Act Section 17(a), Exchange Act Rule 17a-3, and FINRA Rules 2232, 4511, and 2010.

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

- a censure and
- a fine of \$300,000.

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;

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<sup>3</sup> The firm updated its system in September 2022 to properly identify whether transactions were average price executions.

<sup>4</sup> The firm corrected the programming error in June 2020.

- 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;
- 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.

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January 13, 2023

\_\_\_\_\_  
Date



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Raymond James & Associates, Inc.  
Respondent

Name: Tash Elwyn  
Title: President and CEO

Reviewed by:



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

Accepted by FINRA:

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

January 30, 2023

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Date



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Steven M. Tanner  
Senior Counsel  
FINRA  
Department of Enforcement  
200 Liberty Street  
New York, NY 10281