

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20130379096-01**

TO: Department of Market Regulation
Financial Industry Regulatory Authority ("FINRA")

RE: Goldman, Sachs & Co., Respondent
Broker-Dealer
CRD No. 361

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Goldman, Sachs & Co. (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, FINRA 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 FINRA, or to which FINRA 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 FINRA:

BACKGROUND

The firm has been a member of FINRA since October 26, 1936, and its registration remains in effect.

RELEVANT DISCIPLINARY HISTORY

The firm has the following relevant history related to FINRA Rule 6730:

- On October 22, 2013, FINRA accepted an AWC in which the firm consented to a censure and a total fine of \$25,000, which included a fine of \$20,000 for violations of FINRA Rules 6730(c), 6730(c)(6), and 6730(c)(8), during the period of January 1, 2011, through March 31, 2011.
- On March 15, 2013, FINRA accepted an AWC in which the firm consented to a censure and a total fine of \$39,000, which included a fine of \$37,000 for violations of FINRA Rule 6730(c), during the period of July 1, 2011, through September 30, 2011.

- On June 10, 2011, FINRA accepted an AWC in which the firm consented to a censure and a total fine of \$27,500, which included an unspecified fine for violations of Rule 6730(a) and a pattern or practice of late reporting without exceptional circumstances in violation of FINRA Rule 2010, during the period of January 1, 2009, through March 31, 2009.
- On March 16, 2010, FINRA accepted an AWC in which the firm consented to a censure and a total fine of \$40,000, which included an unspecified fine for violations of NASD Rule 6230(a) and a pattern or practice of late reporting without exceptional circumstances in violation of NASD Rule 2110, during the period of April 1, 2008, through June 30, 2008.

SUMMARY

In Review No. 20130379096, the Trade Reporting and Compliance Engine (“TRACE”) staff reviewed the firm’s compliance with TRACE reporting requirements for Corporate Debt Securities during the period of April 1, 2013, through June 30, 2013 (the “Corporate Debt review period”).

In Review No. 20140410704, the TRACE staff reviewed the firm’s compliance with TRACE reporting requirements for Securitized Products during the period of January 1, 2014, through March 31, 2014 (the “SP review period”).

In Review 20140411456, the TRACE staff reviewed the firm’s compliance with TRACE reporting requirements for Agency Debt Securities during the period of January 1, 2014, through March 31, 2014 (the “Agency Debt review period”).

FACTS AND VIOLATIVE CONDUCT

In connection with Matter No. 20130379096:

1. During the Corporate Debt review period, the firm failed to report to TRACE 1,713 secondary market trades (“SI transactions”) in TRACE-eligible Corporate Debt Securities within 15 minutes of the time of execution. These transactions constituted approximately 3.04 percent of the 56,425 SI transactions that the firm reported to TRACE during the review period. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6730(a) and a pattern or practice of late reporting without exceptional circumstances in violation of FINRA Rule 2010.

In connection with Matter No. 20140410704:

2. During the SP review period, the firm failed to report to TRACE 2,206 transactions in TRACE-eligible Securitized Products within the time required. These transactions constituted approximately 3.47 percent of the 63,488 TRACE-eligible Securitized Products transactions that the firm reported to TRACE during the SP review period. The conduct described in this paragraph constitutes separate and distinct violations of Rule

6730(a) and a pattern or practice of late reporting without exceptional circumstances in violation of Rule 2010.

In connection with Matter No. 20140411456:

3. During the Agency Debt review period, the firm failed to report to TRACE 101 S1 transactions in TRACE-eligible Agency Debt Securities within 15 minutes of the time of execution. These transactions constituted approximately 2.84 percent of the 3,556 S1 transactions that the firm reported to TRACE during the Agency Debt review period. The conduct described in this paragraph constitutes separate and distinct violations of Rule 6730(a).

In connection with Matter Nos. 20130379096, 20140410704, and 20140411456:

4. The firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations and the Rules of FINRA. At a minimum, adequate written supervisory procedures addressing quality of markets topics should describe the following:
 - (a) specific identification of the individual(s) responsible for supervision;
 - (b) the supervisory steps and reviews to be taken by the appropriate supervisor;
 - (c) the frequency of such reviews; and
 - (d) how such reviews shall be documented.

The firm's written supervisory procedures failed to provide for the minimum requirements for adequate written supervisory procedures, in the following subject area: timely submission of accurate reports to TRACE [elements (b), (c), and (d)]. The conduct described in this paragraph constitute violations of FINRA Rule 2010 and NASD Rule 3010.

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

A censure; a fine of \$185,000 (consisting of \$35,000 for the TRACE reporting violations in No. 20130379096; \$50,000 for the TRACE reporting violations in No. 20140410704; \$40,000 for the TRACE reporting violations in No. 20140411456; and \$60,000 for the supervisory violations in Nos. 20130379096, 20140410704, and 20140411456); and an undertaking to provide three reports, written and oral, to FINRA on dates that are no more than 3 months, 6 months, and 12 months after the date of the Notice of Acceptance of this AWC, regarding the effectiveness of the firm's written supervisory procedures with respect to the areas described in paragraph I.A.4. The written reports shall be certified by an officer of the firm and shall address, at a minimum, the efficacy of the firm's written supervisory procedures with regard to the timely submission of accurate reports to TRACE; the steps taken by supervisory personnel to ensure compliance with

applicable rules governing timely submission of accurate reports to TRACE; and the results of such supervisory reviews.

The firm agrees to pay the monetary sanctions upon notice that this AWC has been accepted and that such payments are due and payable. It has submitted an Election of Payment form showing the method by which it proposes to 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 sanctions imposed in this matter.

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

II.

WAIVER OF PROCEDURAL RIGHTS

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

- A. To have a Complaint issued specifying the allegations against the firm;
- 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, the firm specifically and voluntarily waives any right to claim bias or prejudgment of the General Counsel, 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 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 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

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 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 the firm; and
- C. If accepted:
 - 1. this AWC will become part of the firm’s permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against the firm;
 - 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 the subject matter thereof in accordance with FINRA Rule 8313; and
 - 4. 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 FINRA, or to which FINRA 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 FINRA is not a party.
- D. 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 FINRA, nor does it reflect the views of FINRA or its staff.

