

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2017055000501**

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

RE: Jonathan R. Belden, Respondent
CRD No. 5955909

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I, Jonathan Belden ("Belden"), submit 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 me alleging violations based on the same factual findings described herein.

**I.
ACCEPTANCE AND CONSENT**

- A. I hereby accept and consent, 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

Belden entered the securities industry in March 2014 and became registered with FINRA as a General Securities Representative (Series 7) and Investor Advisor (Series 66) through an association with Merrill Lynch Pierce Fenner & Smith, Inc. ("Merrill Lynch," or the "Firm") in April 2014. On July 20, 2017, Merrill Lynch filed a Uniform Termination Notice for Securities Industry Registration (Form U5) disclosing that on July 6, 2017, Belden had been discharged for "conduct involving unauthorized trading in client accounts."

Belden is not currently registered with FINRA or associated with a FINRA member firm. Pursuant to Article V, Section 4 of the FINRA By-Laws, however, FINRA retains jurisdiction over him.

RELEVANT DISCIPLINARY HISTORY

Belden has no disciplinary history with the Securities and Exchange Commission, FINRA, any other self-regulatory organization or any state securities regulator.

OVERVIEW

Between March 9, 2017 and May 22, 2017 (the "Relevant Period"), Belden effected approximately 200 securities transactions in seven customers' accounts without written discretionary authority from the customers and without his employer firm's, Merrill Lynch Pierce Fenner & Smith, Inc.'s ("Merrill Lynch's," or the "Firm's"), acceptance of the accounts as discretionary. By virtue of this conduct, Belden violated NASD Rule 2510(b) and FINRA Rule 2010. In addition, on four occasions between April 21 and 26, 2017, Belden mismarked order tickets for trades as unsolicited when, in fact, he solicited the trades, in violation of FINRA Rules 4511 and 2010.

FACTS AND VIOLATIVE CONDUCT

Exercising Discretionary Authority without Written Authorization

NASD Rule 2510(b) provides that before exercising discretion in a customer account, a registered person must have prior written authorization from the customer, which has been accepted by the member firm employer in writing. During the Relevant Period, Belden executed more than 200 trades in the accounts of seven customers pursuant to their verbal discretionary authority. Belden did not obtain written authorization from the customers. In addition, Belden was not authorized by the Firm to exercise discretion in customers' accounts, and the accounts had not been accepted by Merrill Lynch as discretionary. By virtue of the foregoing, Belden violated NASD Rule 2510(b) and FINRA Rule 2010.

Causing the Firm to Maintain Inaccurate Books and Records

FINRA Rule 4511 provides that, "Members shall make and preserve books and records as required under the FINRA rules, the Exchange Act and the applicable Exchange Act rules." SEC Rule 17a-3 requires firms to make a record of "each brokerage order, and of any other instruction, given or received for the purchase or sale of securities, whether executed or unexecuted." This record includes the terms and conditions of the order, including whether the order was solicited. A registered representative who mismarks an order as unsolicited therefore causes a firm to create an inaccurate record, in violation of Rules 4511 and 2010.

On four occasions between April 21 and 26, 2017, Belden mismarked order tickets for trades as unsolicited when, in fact, he solicited the trades, in violation of FINRA Rules 4511 and 2010. Belden engaged in this conduct to facilitate transactions in a security on the Firm's restricted list. Because the Firm's electronic order system did not allow solicited orders in securities on the restricted list to be processed absent further Firm review, Belden mismarked the orders as unsolicited.

B. I also consent to the imposition of the following sanctions:

- a suspension from associating with any FINRA member in any capacity for a period of sixty calendar days, and
- a fine of \$10,000.

I understand that if I am barred or suspended from associating with any FINRA member, I become subject to a statutory disqualification as that term is defined in Article III, Section 4 of FINRA's By-Laws, incorporating Section 3(a)(39) of the Securities Exchange Act of 1934. Accordingly, I may not be associated with any FINRA member in any capacity, including clerical or ministerial functions, during the period of the bar or suspension (see FINRA Rules 8310 and 8311).

The fine shall be due and payable either immediately upon reassociation with a member firm, or prior to any application or request for relief from any statutory disqualification resulting from this or any other event or proceeding, whichever is earlier.

I specifically and voluntarily waive any right to claim that I am unable to pay, now or at any time hereafter, the monetary sanction(s) imposed in this matter.

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

II. WAIVER OF PROCEDURAL RIGHTS

I specifically and voluntarily waive the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against me;
- 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, I specifically and voluntarily waive any right to claim bias or prejudice 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 acceptance or rejection of this AWC.

I further specifically and voluntarily waive 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.

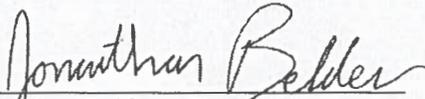
III. OTHER MATTERS

I understand 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 me; and
- C. If accepted:
 - 1. this AWC will become part of my permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against me;
 - 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. I 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. I 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 my: (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. I may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. I understand that I 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.

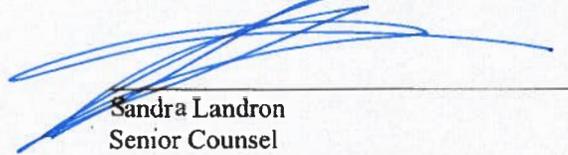
I certify that I have read and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it; that I understand and acknowledge that FINRA does not represent or advise me and I cannot rely on FINRA or FINRA staff members for legal advice; that I have agreed to its 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 me to submit it.

04-11-2018
Date


Jonathan Belden – Respondent

Accepted by FINRA:
4/12/18
Date

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



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