

**FINANCIAL INDUSTRY REGULATORY AUTHORITY  
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT  
NO. 2021071475201**

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 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**

SG Americas has been a FINRA member since 2004 and is headquartered in New York, New York. The firm's ultimate parent is Société Générale, a public limited liability company headquartered in Paris, France. SG Americas has approximately 780 registered representatives and three branch locations. The firm conducts a general securities business.<sup>1</sup>

**OVERVIEW**

Federal securities laws require that FINRA member firms fingerprint most associated persons prior to or upon association with a firm. The firms review the fingerprint results as part of their background check to determine, among other things, whether a prospective associated person has previously engaged in misconduct that subjects that person to a statutory disqualification. As set forth in Section 3(a)(39) of the Securities Exchange Act of 1934, certain criminal and regulatory events will subject a person to a statutory disqualification.

Since at least January 2016, SG Americas has failed to fingerprint and review the fingerprint results to screen for statutory disqualification approximately 2,000 non-

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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).

registered associated persons employed by affiliates of the firm, as well as an unknown additional number of associated persons who are no longer employed by certain firm affiliates. Accordingly, SG Americas has violated Securities Exchange Act of 1934 § 17(f)(2), Exchange Act Rule 17f-2, and FINRA Rule 2010.

During the same period, SG Americas has failed to maintain fingerprint records for the non-registered associated persons whom it has failed to fingerprint, in violation of Exchange Act § 17(a), Exchange Act Rule 17a-3, and FINRA Rules 4511 and 2010.

In addition, since at least January 2016, SG Americas has failed to establish and maintain a supervisory system, including written procedures, reasonably designed to comply with fingerprinting requirements, in violation of FINRA Rules 3110(a) and (b) and 2010.

### **FACTS AND VIOLATIVE CONDUCT**

This matter originated from FINRA's review of a FINRA Rule 4530 disclosure filed by SG Americas.

#### **A. SG Americas has failed to fingerprint non-registered associated persons.**

Section 17(f)(2) of the Exchange Act and Exchange Act Rule 17f-2 require all partners, directors, officers, and employees of broker-dealers, unless they are exempt, to be fingerprinted. As explained in Notice to Members 05-39, members are responsible for obtaining a prospective employee's fingerprints and certain required identifying information, so that the firm can determine whether the prospective employee is subject to statutory disqualification.

A violation of Exchange Act § 17(f)(2) and Exchange Act Rule 17f-2 is also a violation of FINRA Rule 2010, which requires member firms to observe high standards of commercial honor and just and equitable principles of trade in the conduct of their business.

From at least January 2016 to January 2023, SG Americas failed to fingerprint and use fingerprint results to screen for statutory disqualification over 1,700 non-registered associated persons employed by four SG Americas affiliates in the United States and Canada. During the period January 2016 to the present, non-registered associated persons employed by affiliates of SG Americas were subject to background checks as part of the firm's screening process for statutory disqualification. However, the screening process did not include the collection of fingerprints and review of fingerprint results for these individuals. In February 2022—after FINRA initiated its investigation—the firm began remediation efforts, fingerprinting and reviewing the fingerprinting results for non-registered associated persons then employed by the firm's United States and Canadian affiliates. SG Americas was, however, unable to fingerprint 990 of the over 1,700 individuals because they were no longer associated with the firm or its affiliates. The firm was further unable to determine whether any of those formerly associated individuals were subject to statutory disqualification based on fingerprint results. SG Americas began fingerprinting and screening new employees of its United

States affiliates in July 2021 and new employees of its Canadian affiliates in October 2022. In January 2023, the firm completed its remediation efforts related to the fingerprinting and screening (based on fingerprint results) of its non-registered associated persons employed by the firm's United States and Canadian affiliates, and did not identify any individuals who were subject to statutory disqualification.

Since at least January 2016, SG Americas has failed to fingerprint and use fingerprint results to screen for statutory disqualification non-registered associated persons employed by an SG Americas affiliate in India. As part of its ongoing remedial efforts, the firm commenced fingerprinting approximately 220 of these individuals who are currently employed by the affiliate, and the firm is assessing whether other employees of the same affiliate must be fingerprinted. SG Americas is unable to determine how many former non-registered associated persons at this affiliate should have been fingerprinted, and whether any of those individuals were subject to statutory disqualification based on fingerprint results, because they are no longer associated with the firm.

By failing to fingerprint non-registered associated persons, SG Americas has violated Section 17(f)(2) of the Exchange Act, Exchange Act Rule 17f-2, and FINRA Rule 2010.

**B. SG Americas has failed to make and keep current required fingerprint records.**

Section 17(a) of the Exchange Act and Exchange Rule 17a-3(a)(13) require broker-dealers to make and keep fingerprint records for all of their non-exempt associated persons as required under Exchange Act Rule 17f-2. FINRA Rule 4511 requires member firms to make and preserve the records as required under the Exchange Act, including Exchange Act Rule 17a-3. A violation of Exchange Act Section 17(a), Exchange Act Rule 17a-3(a)(13), and FINRA Rule 4511 is also a violation of FINRA Rule 2010.

Since at least January 2016, SG Americas has failed to make and keep current required fingerprint records for more than 2,000 non-registered associated persons whom it failed to fingerprint.

Therefore, SG Americas violated Section 17(a) of the Exchange Act, Exchange Act Rule 17a-3(a)(13), and FINRA Rules 4511 and 2010.

**C. SG Americas failed to establish and maintain a supervisory system and written procedures reasonably designed to comply with fingerprinting requirements for non-registered associated persons.**

FINRA Rule 3110(a) requires member firms 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 member firms 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 is also a violation of FINRA Rule 2010.

Since at least January 2016, SG Americas has failed to establish, maintain, and enforce a supervisory system and written procedures reasonably designed to achieve compliance with the Exchange Act and FINRA rules discussed above regarding required fingerprinting and screening for statutory disqualification of non-registered associated persons. From at least January 2016 to December 2021, SG Americas lacked written procedures requiring the firm to fingerprint and to use fingerprint results to screen for statutory disqualification non-registered associated persons employed by affiliates based in the United States or Canada. Even after the firm adopted these written procedures, it still failed to establish and maintain a supervisory system reasonably designed to fingerprint and screen (based on fingerprint results) non-registered associated persons employed by affiliates based in the United States and Canada until January 2023, when it completed remediation efforts as to these individuals. And since at least January 2016, SG Americas has failed to incorporate into its supervisory system, including written procedures, any Exchange Act fingerprinting or screening requirements for non-registered associated persons employed by SG Americas affiliates based outside the United States and Canada.

Therefore, SG Americas has violated FINRA Rules 3110(a) and (b) and 2010.

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

- a censure;
- a \$950,000 fine; and
- an undertaking that, within 180 days of the date of the notice of acceptance of this AWC, a member of Respondent's senior management who is a registered principal of the firm shall certify in writing that, as of the date of the certification, the firm has:
  - i. Reviewed its systems and procedures regarding the identification of persons employed by the Respondent or any of its affiliates who are non-registered associated persons required to be fingerprinted and screened pursuant to Exchange Act Rule 17f-2 (the "17f-2 Population");
  - ii. Implemented a supervisory system, including written supervisory procedures, reasonably designed to achieve compliance with the fingerprinting requirements of Section 17(f)(2) of the Exchange Act and Exchange Act Rule 17f-2, associated recordkeeping requirements under Exchange Act Section 17(a) and Exchange Act Rule 17a-3, FINRA By-Laws Article III, Section 3(b), and FINRA Rule 4511 regarding the issues identified in this AWC; and

- iii. Completed its ongoing review to identify the operational 17f-2 Population (as of the date of the certification) who have not been previously fingerprinted as required by Exchange Act Rule 17f-2 and remediate the fingerprinting of such individuals. The certification shall also identify, with respect to such population: (i) the total number of associated persons fingerprinted and screened in connection with the review; (ii) the names, titles, and CRD numbers, where available, of any associated persons who were subject to statutory disqualification while associated with Respondent; and (iii) the names, titles, and CRD numbers, where available, of any associated persons for whom the Respondent could not determine statutory disqualification status.<sup>2</sup>

The certification shall include a narrative description and supporting exhibits sufficient to demonstrate Respondent's remediation and implementation. FINRA staff may request further evidence of Respondent's remediation and implementation, and Respondent agrees to provide such evidence. Respondent shall submit the certification to Rebecca Segrest, Senior Counsel, [rebecca.segrest@finra.org](mailto:rebecca.segrest@finra.org) and 9509 Key West Avenue, Rockville, MD 20850, with a copy to [EnforcementNotice@finra.org](mailto:EnforcementNotice@finra.org). Upon written request showing good cause, FINRA staff may extend this deadline.

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>2</sup> Any non-registered associated person who becomes employed by the firm or any of its affiliates after 150 days of the notice of acceptance of this AWC will be fingerprinted within 30 days of his or her association.

- 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.

December 2, 2024

Date

Gregory Zielinski

SG Americas Securities, LLC  
Respondent

Print Name: Gregory Zielinski

Title: Chief Operating Officer Americas

Reviewed by:

Paul Tyrrell

Paul Tyrrell  
Counsel for Respondent  
Sidley Austin LLP  
60 State Street, 36<sup>th</sup> Floor  
Boston, MA 02109

Accepted by FINRA:

December 6, 2024

Date

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

Rebecca Segrest  
Rebecca Segrest<sup>3</sup>  
Senior Counsel  
FINRA  
Department of Enforcement  
9509 Key West Avenue  
Rockville, MD 20850

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<sup>3</sup> Licensed to practice law in Georgia only.