

RECEIVED

NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
DEPARTMENT OF MARKET REGULATION
20050004905-01

JAN -4 P 12: 32
1112
1112

TO: Department of Market Regulation
NASD

RE: Deutsche Bank Securities, Inc., Respondent
Broker/Dealer
CRD Number 2525

Pursuant to Rule 9216 of NASD Code of Procedure, Deutsche Bank Securities, Inc. ("DBAB") submits this Letter of Acceptance, Waiver and Consent ("AWC") for the purpose of proposing a settlement of the alleged rule violations described in Part II below. This AWC is submitted on the condition that, if accepted, NASD will not bring any future actions against DBAB alleging violations based on the same factual findings.

DBAB understands that:

1. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by NASD's Department of Market Regulation and National Adjudicatory Council ("NAC") Review Subcommittee or Office of Disciplinary Affairs, pursuant to NASD Rule 9216;
2. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against DBAB; and
3. If accepted:
 - a. this AWC will become part of DBAB's permanent disciplinary record and may be considered in any future actions brought by NASD or any other regulator against the firm;
 - b. this AWC will be made available through NASD's public disclosure program in response to public inquiries about DBAB's disciplinary record;
 - c. NASD may make a public announcement concerning this agreement and the subject matter thereof in accordance with NASD Rule 8310 and IM-8310-2; and

20050004905 (in)

000047044 2006

- d. DBAB 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 allegation in this AWC or create the impression that the AWC is without factual basis. Nothing in this provision affects DBAB's testimonial obligations or right to take legal or factual positions in litigation or other legal proceedings in which NASD is not a party.

DBAB also understands that its experience in the securities industry and disciplinary history may be factors that will be considered in deciding whether to accept this AWC. That experience and relevant history are as follows:

DBAB and its predecessors have been members of NASD since March 1940, and the firm's registration remains in effect. DBAB has the following relevant disciplinary history:

- On August 26, 2004, an AWC became final in which DBAB was censured and fined \$10,000 for violations of NASD Marketplace Rule 4632 and SEC Rule 10b-10.
- On December 31, 2003, an AWC became final in which DBAB was censured and fined \$9,000 for violations of NASD Rules 2110, 4632 and 6620.

I.

WAIVER OF PROCEDURAL RIGHTS

DBAB specifically and voluntarily waives the following rights granted under NASD's Code of Procedure:

- A. To have a Formal Complaint issued specifying the allegations against DBAB;
- B. To be notified of the Formal 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 NAC and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, DBAB 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.

DBAB further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of Rule 9143 or the separation of functions prohibitions of 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.

II.

ACCEPTANCE AND CONSENT

This matter is the result of a review conducted by the staff of the Department of Market Regulation of DBAB's compliance with NASD's trade reporting rules during the period September 1, 2004 through December 31, 2004 ("the review period"). The staff also reviewed DBAB's written supervisory procedures and supervisory system with respect to trade reporting.

- A. DBAB hereby accepts and consents, without admitting or denying the allegations solely for the purposes of this proceeding and any other proceeding brought by or on behalf of NASD, or to which NASD 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 NASD:
1. DBAB failed, within 90 seconds after execution, to transmit through Nasdaq Market Center 69 last sale reports of transactions in OTC Equity securities. These transactions constitute six percent of the transactions reviewed (1,140) that DBAB was required to report to Nasdaq Market Center during the review period.
 2. The conduct described above in paragraph one constitutes a pattern or practice of late reporting without exceptional circumstances in violation of NASD Conduct Rule 2110.
 3. Of the 69 transactions cited in paragraph one, DBAB failed, within 90 seconds after execution, to transmit through Nasdaq Market Center six last sale reports of transactions in OTC Equity securities and failed to designate through Nasdaq Market Center such last sale reports as late.
 4. The conduct described in paragraph three constitutes separate and distinct violations of NASD Marketplace Rule 6620(a).
 5. Of the 69 transactions identified in paragraph one, DBAB failed to designate as "T" through Nasdaq Market Center, but rather incorrectly designated as

“SLD” through Nasdaq Market Center, six last sale reports of transactions in OTC Equity securities executed outside normal market hours.

6. The conduct described in paragraph five constitutes separate and distinct violations of NASD Marketplace Rule 6620(a)(3).
 7. During the review period the firm failed to enforce its written supervisory procedures for trade reporting, which specified that the designated supervisor would review and initial the late trade report and the potential late trade report on a daily basis.
 8. The conduct described in paragraph seven constitutes a violation of NASD Conduct Rules 2110 and 3010.
- B. DBAB also consents to the imposition, at a maximum, of the following sanctions:

A censure and a fine of \$15,000 (comprised of a \$10,000 fine for the trade reporting violations and a \$5,000 fine for the supervision violations).

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

III.

OTHER MATTERS

- A. DBAB understands that it may attach a Corrective Action Statement to this AWC, which is a statement by the Respondent of demonstrable corrective steps taken to prevent future misconduct. Respondent 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 NASD nor does it reflect the views of NASD or its staff.
- B. DBAB agrees to pay any monetary sanctions imposed on it upon notice that this AWC has been accepted and that such payments are due and payable, and have attached the election of payment form showing the method by which it proposes to pay any fine imposed.
- C. DBAB specifically and voluntarily waives any right to claim that DBAB is unable to pay, now or at any time hereafter, any monetary sanction imposed in this matter.

Deutsche Bank Securities, Inc. certifies that a duly authorized officer has read and understood all of the provisions of this AWC and has been given a full opportunity to ask questions about it, and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein, has been made to induce DBAB to submit it.

Deutsche Bank Securities, Inc.

Date: January 3, 2006

By: Robert Khzami
Name: Robert Khzami
Title: Managing Director

Reviewed by:

Robert E. Rine
Counsel for Respondent

Accepted by NASD:

2/6/06
Date

Thomas R. Gira
Thomas R. Gira
Executive Vice President & Deputy
Market Regulation

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

Attachments:
Standard Election of Payment Form