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REGISTRATION & DISCLOSURE

**NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
DEPARTMENT OF MARKET REGULATION**

20060054835-01

**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. ("the firm") 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 the firm alleging violations based on the same factual findings.

The firm 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 the firm; and
3. If accepted:
 - a. this AWC will become part of the firm'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 the firm'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-8310-3; and

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- d. 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. Nothing in this provision affects the firm's testimonial obligations or right to take legal or factual positions in litigation or other legal proceedings in which NASD is not a party.

The firm 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:

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

- On December 15, 2006, an AWC became final in which the firm was censured and fined \$25,000 for violations of NASD Marketplace Rule 6955.
- On February 6, 2006, an AWC became final in which the firm was censured and fined \$15,000 for violations of NASD Rules 2110, 3010, and 6620.
- On September 9, 2005, an AWC became final in which the firm was censured and fined \$15,000 for violations of NASD Rules 3370 and 6130 and SEC Rule 10b-10.
- On August 26, 2004, an AWC became final in which the firm was censured and fined \$10,000 for violations of NASD Marketplace Rule 4632 and SEC Rule 10b-10.
- On August 19, 2004, an AWC became final in which the firm was censured and fined \$15,000 for violations of NASD Rules 2110 and 6955.
- On December 31, 2003, an AWC became final in which the firm was censured and fined \$9,000 for violations of NASD Rules 2110, 4632, and 6620.

I.

WAIVER OF PROCEDURAL RIGHTS

The firm 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 the firm;
- 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, 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 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

In connection with the 2006 Trading and Market Making Surveillance Examination of Deutsche Bank Securities, Inc., 20060054835, the Department of Market Regulation staff (the "staff") reviewed the items set forth on Exhibit #1 primarily for trade dates May 22 and 23, 2006 (the "review period").

- A. The firm hereby accepts and consents, without admitting or denying the findings, 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. The firm failed to submit to the Trade Reporting Facility, formerly the Nasdaq Market Center, for the offsetting, "riskless" portion of 476 "riskless" principal transactions in designated securities, either a clearing-only report with a capacity indicator of "riskless principal," or a non-tape, non-clearing report with a capacity indicator of "riskless principal." The firm also failed to report to the Trade Reporting Facility, formerly the Nasdaq Market Center, two last sale reports of transactions in designated securities. The conduct described in this paragraph constitutes separate and distinct violations of NASD Marketplace Rule 4632.

2. The firm failed to report to the Trade Reporting Facility the correct symbol indicating whether the transaction was a buy, sell, sell short, sell short exempt or cross for 55 transactions in Reportable Securities. The conduct described in this paragraph constitutes separate and distinct violations of NASD Marketplace Rule 6130(d).
3. The firm executed 64 long sale transactions and incorrectly marked the firm's ledger as "short" or "short exempt" for those orders. The conduct described in this paragraph constitutes separate and distinct violations of SEC Rule 200(g) of Regulation SHO.
4. The firm failed to submit required information to OATS in connection with nine orders. Specifically, the firm failed to submit three combined order route reports; failed to submit five route reports; and failed to submit any order information for a single order. These failures to report represented approximately 12 percent of the sample of reports reviewed in the TMMS examination that the firm transmitted during the review period. The conduct described in this paragraph constitutes separate and distinct violations of NASD Marketplace Rule 6955(a).
5. The firm failed on 16 occasions to provide written notification disclosing to its customer its correct capacity in the transaction; and failed on one occasion to provide written notification disclosing to its customer the correct average price. The conduct described in this paragraph constitutes separate and distinct violations of SEC Rule 10b-10.

- B. The firm also consents to the imposition, at a maximum, of the following sanctions:

A censure and a fine of \$30,000 (comprised of a \$5,000 fine for the trade reporting violations, a \$5,000 fine for the SEC Rule 200(g) violations, a \$10,000 fine for the OATS violations, and a \$10,000 fine for the SEC Rule 10b-10 violations).

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

III.

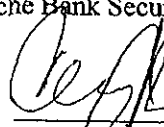
OTHER MATTERS

- A. The firm 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 findings 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. The firm 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. The firm specifically and voluntarily waives any right to claim that the firm is unable to pay, now or at any time hereafter, any monetary sanction imposed in this matter.

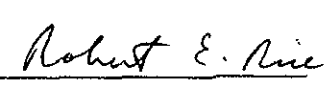
Deutsche Bank Securities, Inc., certifies that a duly authorized officer has read and understood all of the provisions of this AWC and has been given a full opportunity to ask questions about it, and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein, has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

Deutsche Bank Securities, Inc.

Date: May 15, 2007

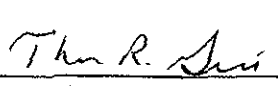
By: 
Name: Managing Director
Title: Christopher Mullen

Reviewed by:


Counsel for Respondent

Accepted by NASD:

6/11/07
Date


Thomas R. Gira
Executive Vice President
Market Regulation

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

Attachments:
Standard Election of Payment Form



Deutsche Bank Securities Inc.
Global Equities
60 Wall Street
New York, NY 10005-2858

Tel +1 212 250 2500

May 15, 2007

Via Fax and Federal Express

Mr. Timothy Nagy
Counsel
NASD - Market Regulation
9509 Key West Avenue
Rockville, Maryland 20850-3329

Re: Transmittal of Letter of Acceptance, Waiver and Consent 20060054835

Dear Mr. Nagy:

This Corrective Action Statement is in response to your letter dated April 17, 2007.

The information in this paragraph is required to appear in this letter by the April 17, 2007 transmittal letter relating to this AWC: This Corrective Action Statement is submitted by Deutsche Bank Securities Inc. ("DBAB" or "the Firm"). It does not constitute factual or legal findings by NASD, nor does it reflect the views of NASD, or its staff.

1. **The Firm failed to submit to the Trade Reporting Facility, formerly the Nasdaq Market Center, for the offsetting, "riskless" portion of 476 "riskless" principal, transactions in designated securities, either a clearing-only report with a capacity indicator of "riskless principal", or a non-tape, non-clearing report with a capacity indicator of "riskless principal". The Firm also failed to report to the Trade Reporting Facility, formerly the Nasdaq Market Center, two last sale reports of transactions in designated securities. The conduct described in this paragraph constitutes separate and distinct violations of NASD Marketplace Rule 4632.**

As stated in our response dated February 16, 2007, this issue was limited to instances when the Firm routed orders to SUMO using the OMS Direct feature in BRASS. DBAB was aware of the issue prior to the commencement of the exam and alerted the Staff of it during the course of the exam. The issue was promptly corrected the week of July 17, 2006. Additionally, the Firm incorporated into the Nasdaq Market Making Written Supervisory Procedures a review of Riskless Principal trades to confirm the accuracy of trade reports.

2. **The Firm failed to report to the Trade Reporting Facility the correct symbol indicating whether the transaction was a buy, sell, sell short, sell short exempt or cross for 55 transactions in Reportable Securities. The conduct described in this paragraph constitutes separate and distinct violations of NASD Marketplace Rule 6130(d).**

All 55 transactions cited in this section were a subset of the 64 transactions cited in Section 3, below.

3. **The Firm executed 64 long sale transactions and incorrectly marked the Firm's ledger as "short" or "short exempt" for those orders. The conduct described in this paragraph constitutes separate and distinct violations of SEC Rule 200(g) of Regulation SHO.**

Out of the 64 transactions cited, 17 were caused by certain traders in one of the Sectors of the Market Making Desk not having the View Trader function properly enabled. This led to what was a long sale being reported as a short sale. The Firm has since revised its mapping of View Trader to these traders to prevent a repeat occurrence.

The remaining 47 were related to a separate BRASS system issue where under certain circumstances, BRASS processed the customer portion ahead of the principal market ("street-leg") transaction and thus incorrectly reported principal long sales as "short" or "short exempt." The matter was resolved in October 2006 with Sungard's implementation of BRASS software releases 7.6.2.17 and 7.7.

4. **The Firm failed to submit required information to OATS in connection with nine orders. Specifically, the Firm failed to submit three combined order route reports; failed to submit five route reports; and failed to submit any order information for a single order. These failures to report represented approximately 12 percent of the sample of reports reviewed in the TMMS examination that the Firm transmitted during the review period. The conduct described in this paragraph constitutes separate and distinct violations of NASD Marketplace Rule 6955(a).**

The Firm believes that the 9 orders were isolated incidents and unrelated to any other OATS reporting issues.

5. **The Firm failed on 16 occasions to provide written notification disclosing to its customer its capacity in the transaction; and failed on one occasion to provide written notification disclosing to its customer the correct average price. The conduct described in this paragraph constitutes separate and distinct violations of SEC Rule 10b-10.**

Out of the 16 findings above, 11 were related to trades being incorrectly reported as "dual agent". The Firm acknowledges the issue and is currently working with Technology and Operations to identify any common cause and resolve the matter.

Of the remaining five instances, four were related to trades being incorrectly reported as agent. The Firm has since resolved this issue.

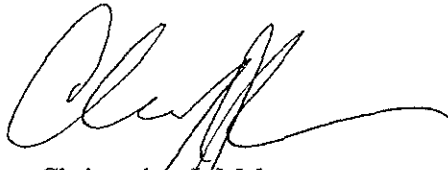
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We also wish to note that the Firm has since resolved issues related to the majority of findings cited over the previous two years involving accurate disclosure of execution capacity on customer confirmations. These issues generally were separate and distinct from those which arose during the TMMS 2006 examination.

We thank you for your consideration in this matter.



Christopher J. Mahon
Managing Director