

FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20060065005-01

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

RE: Deutsche Bank Securities Inc., Respondent
Broker-Dealer
CRD No. 2525

Pursuant to FINRA Rule 9216 of FINRA's 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 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 March 16, 1940, and its registration remains in effect.

RELEVANT DISCIPLINARY HISTORY

- On September 9, 2005, an AWC became final in which the firm was fined \$5,000 for violations of NASD Rule 6130.
- On December 15, 2006, an AWC became final in which the firm was censured and fined \$25,000 for violations of NASD Rule 6955(a).

- On June 12, 2007, an AWC became final in which the firm was censured and fined \$10,000 for violations of NASD Rule 6955(a) and \$15,000 for violations of NASD Rules 4632 and 6130.
- On June 26, 2008, an AWC became final in which the firm was censured and fined \$15,000 for violations of NASD Rule 6955(a) and \$15,000 for violations of NASD Rules 4632, 6130 and 2110.
- On February 5, 2009, an AWC became final in which the firm was censured and fined \$10,000 for violations of NASD Rule 6955(a) and \$10,000 for violations of NASD Rule 6130.

SUMMARY

In connection with 20060065005, the staff of the Department of Market Regulation (the "staff") conducted a review of the firm's short-interest reporting for the period from February 15, 2006 through February 15, 2007.

In connection with 20070077503, the staff conducted a sweep to determine the firm's compliance with NASD rules applicable to reporting to the Order Audit Trail System ("OATS") during the period from July 1, 2006 through September 30, 2006.

In connection with 20070095701, the staff conducted a review of the firm's Large Options Position Reports ("LOPR") filed during the period from June 11, 2007 through June 15, 2007.

In connection with 20080123316, the staff conducted a sweep to determine the firm's compliance with NASD Rules applicable to timely reporting of transactions to the NASD/Nasdaq Trade Reporting Facility ("NNTRF") and the FINRA/Nasdaq Trade Reporting Facility ("FNTRF")¹ during the period from May 1, 2007 through August 31, 2007.

In connection with 20080152547, the staff conducted a sweep to determine the firm's compliance with NASD Rules applicable to trade reporting transactions to the FNTRF during the period from May 1, 2008 through August 31, 2008.

¹ The NNTRF became the FNTRF on July 30, 2007.

FACTS AND VIOLATIVE CONDUCT

20060065005

1. From February 15, 2006 through February 15, 2007, the firm submitted to NASD its short interest position reports in NASDAQ securities. The firm reported 11 short interest positions totaling 2,282,838 shares when the firm should have reported four short interest positions totaling 1,326,908 shares. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 3360.
2. For settlement date September 15, 2006, the firm submitted to the New York Stock Exchange (the "Exchange") its short interest position report in securities listed on the Exchange. This report included a short position of 243 shares of Telecom Italia S.P.A. when the actual short position was zero shares. The conduct described in this paragraph constitutes a violation of NASD Rule 2110 and Incorporated NYSE Rule 421.10.

20070077503

3. From July 1, 2006 through September 30, 2006, the firm transmitted to OATS 14,140 Reportable Order Events ("ROEs") that were rejected by OATS for context or syntax errors and were repairable. The firm failed to repair 2,706 of these rejected ROEs during the period reviewed, representing 19 percent of all rejected repairable ROEs. As a result of the firm's failure to repair these ROEs, the firm failed to transmit 2,706 ROEs to OATS during the period reviewed. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 6955(a).
4. From July 1, 2006 through October 31, 2006, the firm transmitted to OATS 38,970 reports that contained inaccurate, incomplete, or improperly formatted data. Specifically, the firm reported 38,970 ROEs with a "Y" Resubmission Flag when no previous ROE had been submitted to OATS. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 6955(a).

20070095701

5. From June 11, 2007 through June 15, 2007, the firm failed to timely file with NASD accurate LOPRs covering 5,310 separate positions in conventional options. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 2860(b)(5).

20080123316

6. From May 1, 2007 through August 31, 2007, the firm failed to accept or decline in the NNTRF or the FNTRF 374 transactions in Reportable Securities within 20 minutes after execution, approximately four percent of all transactions that the firm had an obligation to accept or decline as the OEID during the period reviewed. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 6130(b).

20080152547

7. From May 1, 2008 through August 31, 2008, the firm failed to accept or decline in the FNTRF 400 transactions in Reportable Securities within 20 minutes after execution, approximately five percent of all transactions that the firm had an obligation to accept or decline as the OEID during the period reviewed. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 6130(b).

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

A censure and a fine of \$65,000 (\$15,000 for the short-interest reporting violations, \$10,000 for the OATS violations, \$5,000 for the LOPR violations and \$35,000 for the trade-reporting violations,).

The firm agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is 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 sanction 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 response to public inquiries about the firm's disciplinary record;

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 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.

The undersigned, on behalf of the firm, certifies that a person duly authorized to act on its 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 it 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 herein and the prospect of avoiding the issuance of a Complaint, has been made to induce the firm to submit it.

12/8/2010
Date

Respondent
Deutsche Bank Securities Inc.

Joseph Polyzotto
By: Robert E. Rice

Name: JOSEPH POLYZOTTO / ROBERT E. RICE

Title: MANAGING DIRECTOR / MANAGING DIRECTOR

Reviewed by:

Attorney Name
Counsel for Respondent
Firm Name
Address
City/State/Zip
Phone Number

Accepted by FINRA:

1/25/11
Date

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

Thomas R. Gira
Thomas R. Gira
Executive Vice President
Department of Market Regulation