

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT**

NO. 20090174106-01

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 became a member of FINRA on March 16, 1940, and its registration remains in effect.

RELEVANT DISCIPLINARY HISTORY

On September 28, 2007, an AWC became final wherein the firm was censured and fined \$10,000 for violations of NASD Rule 6955(a) during the period October 1, 2005 through December 31, 2005.

On September 28, 2007, an AWC became final wherein the firm was censured and fined \$20,000 for violations of NASD Rules 6230(a) and 2110 during the period April 1, 2006 through June 30, 2006.

STAR No. 20090174106 (inc. 20090188308, 20100237798, 20100238740, 20100249574, 20100251658, 20100255534, 20100256559 and 20110297679) (SDR)

On June 16, 2008, an AWC became final wherein the firm was censured and fined \$7,500 for violations of SEC Rule 17a-3(a)(6) and NASD Rules 3110 and 2110 during the period April 2 and 3, 2007.

On June 26, 2008, an AWC became final wherein the firm was censured and fined \$37,500, including \$15,000 for violations of NASD Rule 6955(a) during the period July 1, 2005 through December 31, 2005 and \$15,000 for trade reporting violations during the periods January 1, 2006 through April 30, 2006 and May 1, 2006 through August 31, 2006.

On February 5, 2009, an AWC became final wherein the firm was censured and fined \$43,000, including \$10,000 for violations of NASD Rule 6955(a) during the period December 1, 2005 through December 31, 2005, \$10,000 for violations of NASD Rule 6130 during the periods January 1, 2007 through April 30, 2007 and January 1, 2008 through April 30, 2008 and \$10,000 for violations of Municipal Securities Rulemaking Board ("MSRB") Rule G-14 during the period July 1, 2007 through September 30, 2007.

On February 16, 2010, an AWC became final wherein the firm was censured and fined \$575,000, including \$15,000 for violations of SEC Rule 17a-3 and NASD Rules 3110 and 2110 during the period January 3, 2005 through approximately December 31, 2008.

SUMMARY

In connection with matter 20090174106, the Fixed Income Investigations Team of FINRA's Market Regulation Department reviewed the firm's executions of corporate bond transactions during the period October 1, 2008 through December 31, 2008.

In connection with matter 20090188308, the Short Interest Group of FINRA's Market Regulation Department reviewed the firm's short interest reporting during the period March 14, 2008 through April 15, 2010.

In connection with matter 20100237798, the Trade Reporting Section of FINRA's Market Regulation Department reviewed the firm's trade reporting to the FINRA/Nasdaq Trade Reporting facility ("FNTRF") during the periods January 14, 2008 through March 31, 2008 and July 8, 2008 through September 30, 2008.

In connection with matter 20100238740, the Trade Reporting Section of FINRA's Market Regulation Department reviewed the firm's use of trade modifiers during the period May 1, 2010 through May 31, 2010.

In connection with matter 20100249574, the Municipal Bonds Section of FINRA's Market Regulation Department reviewed the firm's reporting to the Real-time Transaction Reporting System ("RTRS") during the period July 1, 2010 through September 30, 2010.

In connection with matter 20100251658, the Order Audit Trail System ("OATS") Team of FINRA's Market Regulation Department reviewed the firm's OATS reporting during the period April 1, 2010 through June 30, 2010.

In connection with matter 20100255534, the Trade Reporting Section of FINRA's Market Regulation Department reviewed the firm's trade reporting for NMS securities during the period May 1, 2010 through August 31, 2010.

In connection with matter 20100256559, the Municipal Bonds Section of FINRA's Market Regulation Department reviewed the firm's reporting to the RTRS during the period July 1, 2010 through September 30, 2010.

In connection with matter 20110297679, the Trade Reporting and Compliance Engine ("TRACE") Agency/SP Team of FINRA's Market Regulation Department reviewed the firm's trade reporting in TRACE-eligible securities during the period July 1, 2011 through September 30, 2011.

FACTS AND VIOLATIVE CONDUCT

20090174106

1. In seven transaction pairs, the firm sold corporate bonds to customers and failed to sell such bonds at a price that was fair, taking into consideration all relevant circumstances, including market conditions with respect to each bond at the time of the transaction, the expense involved and that the firm was entitled to a profit. The transactions are identified on Exhibit A which is attached. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rules 2110, 2440 and IM-2440.

20090188308

2. During a two year time period from March 14, 2008 to April 15, 2010, on 29 settlement dates, the firm submitted to FINRA short interest position reports which included short interest positions totaling 508,966,077 shares of numerous stocks, when the actual short interest in those stocks totaled 498,330,906 shares. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 3360 and NYSE Rule 421 (for settlement dates prior to December 15,

2008) and FINRA Rule 4560 (for settlement dates on or after December 15, 2008).

20100237798

3. The firm transmitted to the FNTRF 70 last sale reports of transactions in designated securities and failed to designate through the FNTRF such last sale reports as reflecting a price different from the current market when the execution was based on a prior reference point in time, constituting 70 percent of the transactions (100) reviewed. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 4632(a)(5)(G).
4. The firm failed to designate as “.W” to the FNTRF 13 last sales reports of transactions in NMS securities that occurred at prices based on an average weighting or another special pricing formula. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 4632(a)(5)(E).
5. The firm failed to report the correct time of execution to the FNTRF in 78 last sale reports of transactions in designated securities, constituting 78 percent of the transactions (100) reviewed. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 4632(c)(5).

20100238740

6. The firm failed to show the correct terms and conditions on the memorandum of 41 brokerage orders. The conduct described in this paragraph constitutes separate and distinct violations of SEC Rule 17a-3 and NASD Rule 3110.

20100249574

7. The firm failed to report the correct time of trade to the RTRS in 24 reports of transactions in municipal securities. The conduct described in this paragraph constitutes separate and distinct violations of MSRB Rule G-14(b)(ii).
8. The firm failed to report information regarding 24 purchase and sale transactions effected in municipal securities to the RTRS in the manner prescribed by Rule G-14 RTRS Procedures and the RTRS Users Manual. Specifically, the firm failed to report information about such transactions within 15 minutes of Time of Trade to an RTRS Portal. The conduct described in this paragraph constitutes separate and distinct violations of MSRB Rule G-14.
9. In 23 instances, the firm improperly reported information to the RTRS that it was not

required to report. Specifically, the firm improperly reported to the RTRS certain “purchase and sale transactions effected in municipal securities” that the firm had already reported to the RTRS. The conduct described in this paragraph constitutes separate and distinct violations of MSRB Rule G-14.

10. The firm failed to show the correct time of execution on the memorandum of 24 brokerage orders in municipal securities. The conduct described in this paragraph constitutes separate and distinct violations of MSRB Rule G-8.

20100251658

11. The firm transmitted to OATS 5,207 Reportable Order Events (“ROEs”) that were rejected by OATS for context or syntax errors and were repairable. The firm failed to repair 3,041 of these rejected ROEs during the review period, representing 58.40 percent of all rejected repairable ROEs. As a result of the firm's failure to repair these ROEs, the firm failed to transmit 3,041 ROEs to OATS during the review period. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 7450.
12. Of the 5,207 ROEs that were rejected by OATS for context or syntax errors and were repairable, the firm: (1) failed to populate the “Y” Resubmit Flag and the ROE Reconciliation ID for 1,321 rejection resubmissions; (2) failed to repair 1,314 of its resubmissions within the required five business days; (3) failed to populate the ROE Reconciliation ID and failed to repair the rejected ROEs within five business days for 43 of the rejection resubmissions; and (4) failed to populate the correct ROE Reconciliation ID for two rejection resubmissions. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 7450.

20100255534

13. The firm failed to accept or decline in the FNTRF 126 transactions in Reportable Securities within 20 minutes after execution. The 126 transactions constituted approximately 32 percent of all eligible trades that the firm was required to accept or decline (388). The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 7230A.

20100256559

14. In 49 instances, the firm improperly reported information to the RTRS that it should not have. Specifically, the firm improperly reported 29 “purchase and sale transactions effected in municipal securities” to the RTRS, when the inter-dealer deliveries were “step outs” and thus, were not inter-dealer transactions reportable to the RTRS. In 20 instances, the firm improperly reported to the RTRS certain

“purchase and sale transactions effected in municipal securities” that the firm had already reported to the RTRS. The conduct described in this paragraph constitutes separate and distinct violations of MSRB Rule G-14.

20110297679

15. The firm failed to report to TRACE 629 S1 transactions within 15 minutes of the time of execution. These late transactions constituted 5.87 percent of the S1 transactions in TRACE-eligible agency debt securities (10,715) that the firm reported to TRACE during the review period. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6730(a) and a pattern or practice of late reporting without exceptional circumstances in violation of FINRA Rule 2010.

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

- A censure.
- A fine of \$175,000 (comprised of \$20,000 for the fair pricing violations in matter 20090174106, \$50,000 for the short interest reporting violations in matter 20090188308, \$22,500 for the trade reporting violations in matter 20100237798, \$5,000 for the books and records violations in matter 20100238740, \$12,500 for the violations of MSRB Rule G-14 and \$2,500 for the violations of MSRB Rule G-8 in matter 20100249574, \$12,500 for the OATS violations in matter 20100251658, \$22,500 for the trade reporting violations in matter 20100255534, \$22,500 for the violations of MSRB Rule G-14 in matter 20100256559 and \$5,000 for the violations of TRACE reporting violations in matter 20110297679).
- Restitution by Respondent to the customers in Exhibit A which is attached in the total amount of \$10,314.44, plus interest at the rate set forth in Section 6621(a) of the Internal Revenue Code, 26 U.S.C. 6621(a)(2), from the date of the violative conduct until the date this AWC is accepted by the National Adjudicatory Council. A registered principal of the firm shall submit satisfactory proof of payment of the restitution, or of reasonable and documented efforts undertaken to effect restitution, to the COMPLIANCE ASSISTANT, LEGAL SECTION, MARKET REGULATION DEPARTMENT, 9509 KEY WEST AVENUE, ROCKVILLE, MD 20850 or in an e-mail from a work-related account of the registered principal to MarketRegulationComp@finra.org, no later than 120 days after acceptance of this AWC. If for any reason, Respondent cannot locate any customer after reasonable and documented efforts within such period, or such additional period agreed to by the staff, Respondent shall forward any undistributed restitution and interest to the appropriate escheat, unclaimed-property or abandoned-property fund for the state in which the customer is known to have last resided.

The firm agrees to pay the monetary sanction(s) upon notice that this AWC has been accepted and that such payment(s) are 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(s) 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.

October 18, 2012

Date

Respondent

Deutsche Bank Securities Inc.

By: Joseph Polizzotto Robert E. Rice

Name: JOSEPH POLIZZOTTO / ROBERT E. RICE

Title: Managing Director

Reviewed by:

Attorney Name

Counsel for Respondent

Accepted by FINRA:

11/28/12
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

Deutsche Bank Securities, Inc. ("DBKS")
Matter No. 20090174106

Exhibit A

Item No.	8210 #	Date	CUSIP ID	Issue	Quantity	Contra 1*	Trade 1 Time	Trade 1 Price	Firm	Contra 2*	Trade 2 Time	Trade 2 Price	Markup	Restitution
1	13	11/12/2008	540424AN8	LTR.GF	125	B-D (S)	15:11:56	87.953	DBKS	C (B)	15:53:20	90.953	3.41%	\$ 1,683.10
2	20	11/19/2008	94986EAA8	WFC.GES	275	B-D (S)	11:02:28	87	DBKS	C (B)	11:05:05	89.9	3.33%	\$ 2,591.88
3	23	11/20/2008	94986EAA8	WFC.GES	35	B-D (S)	14:27:03	83.5	DBKS	C (B)	14:38:28	86.5	3.59%	\$ 392.44
4	25	11/26/2008	670346AK1	NUE.GG	150	B-D (S)	12:50:18	95.828	DBKS	C (B)	12:51:51	98.828	3.13%	\$ 1,481.42
5	29	12/17/2008	14912L2M2	CAT.GHU	100	B-D (S)	14:31:33	93.088	DBKS	C (B)	14:59:05	96.125	3.26%	\$ 1,435.89
6	30	12/23/2008	20030NAR2	CMCSA.HD	150	B-D (S)	11:36:47	95.099	DBKS	C (B)	13:16:40	98.125	3.18%	\$ 2,056.92
7	31	12/23/2008	20030NAR2	CMCSA.HD	50	B-D (S)	12:21:35	95.082	DBKS	C (B)	13:39:26	98.082	3.16%	\$ 672.79
* Contra parties are identified as follows: B-D (S) indicates another Broker-Dealer selling to the firm; B-D (B) indicates another Broker-Dealer buying from the firm; C (S) indicates a customer selling to the firm; and C (B) indicates a customer buying from the firm.														\$ 10,314.44