

FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20100237658-01

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 February 5, 2009, an AWC became final wherein the firm was censured and fined \$43,000, including \$10,000 for violations of NASD Rule 6230(a) during the period January 1, 2007 through March 31, 2007; \$10,000 for violations of NASD Rule 6130(g) during the periods January 1, 2007 through April 30, 2007 and January 1, 2008 through April 30, 2008; and \$10,000 for OATS violations during the period December 1, 2005 through December 31, 2005.

On January 25, 2011 an AWC became final wherein the firm was censured and fined \$65,000. The fine included a \$35,000 fine for violations of NASD Rule 6130(b) during the periods May 1 through August 31, 2007 and May 1 through August 31, 2008 and a \$10,000 fine for OATS violations during the period July 1, 2006 through October 31, 2006.

SUMMARY

In connection with matters 20100237658, 20100238853, 20110282163 and 20120319566 (the "Rule 611 matters"), the Market Analysis Section of FINRA's Department of Market Regulation reviewed the firm's compliance with SEC Rule 611 of regulation NMS during the periods August 20, 2007 through December 31, 2008, January 1, 2009 through June 30, 2009, January 1, 2010 through March 31, 2010 and April 1, 2010 through September 30, 2011.

In connection with matter 20110269378, the Trade Reporting and Compliance Engine ("TRACE") Corporate Team of FINRA's Department of Market Regulation reviewed the firm's reporting of inter-dealer corporate bond transactions to TRACE during the period January 1, 2010 through March 31, 2010.

In connection with matter 20110292530, the TRACE Corporate Team of FINRA's Department of Market Regulation reviewed the firm's reporting of SI and PI inter-dealer corporate bond transactions to TRACE during the period April 1, 2011 through June 30, 2011.

In connection with matter 20110283604, the Trade Reporting Team of FINRA's Department of Market Regulation reviewed the firm's reporting of transactions in OTC Equity securities during the period January 1, 2011 through April 30, 2011.

In connection with matter 20110283684, the Order Audit Trail System ("OATS") Compliance Team of FINRA's Department of Market Regulation reviewed the firm's reporting of Reportable Order Events ("ROEs") during the period January 1, 2011 through March 31, 2011.

In connection with matter 20110292917, the OTC Compliance Team of FINRA's Department of Market Regulation reviewed the firm's compliance with NASD Rule 3340/FINRA Rule 5260 during the period January 1, 2009 through June 30, 2011.

FACTS AND VIOLATIVE CONDUCT

The Rule 611 matters

1. During the period of January 1, 2010 through March 31, 2010, the firm's trading center failed to establish, maintain, and enforce written policies and procedures that were reasonably designed to prevent trade-throughs of protected quotations in NMS stocks that do not fall within any applicable exception, and if relying on an exception, were reasonably designed to assure compliance with the terms of the exception. The conduct described in this paragraph constitutes a violation of SEC Rule 611(a) of Regulation NMS, NASD Rule 3010, and FINRA Rule 2010.
2. During the period August 27, 2007 through June 30, 2009, the firm failed to take reasonable steps to establish that 67 intermarket sweep orders it routed met the definitional requirements set forth in Rule 600(b)(30) of Regulation NMS. The conduct described in this paragraph constitutes a violation of SEC Rule 611(c) of Regulation NMS.
3. During the period April 1, 2010 through September 30, 2011, the firm failed to take reasonable steps to establish that 30 intermarket sweep orders it routed met the definitional requirements set forth in Rule 600(b)(30) of Regulation NMS. The conduct described in this paragraph constitutes a violation of SEC Rule 611(c) of Regulation NMS.

20110269378

During the period January 1, 2010 through March 31, 2010:

4. The firm failed to report to TRACE the correct contra-party's identifier for 418 transactions in TRACE-eligible securities. These transactions constituted five percent of the inter-dealer transactions in TRACE-eligible securities that the firm was required to report to TRACE during the relevant period (7,776). The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6730(c)(6).
5. The firm failed to report to TRACE 92 transactions in TRACE-eligible securities that it was required to report. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6730(b).

6. The firm reported to TRACE eight transactions in TRACE-eligible securities that it was not required to report. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6730(e).

20110292530

During the period April 1, 2011 through June 30, 2011:

7. The firm failed to report to TRACE 235 S1 transactions in TRACE-eligible Corporate Debt Securities that it was required to report. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6730(b)(1).
8. The firm failed to report to TRACE the correct contra-party's identifier for 221 S1 transactions in TRACE-eligible Corporate Debt Securities. These reports constituted two percent of the S1 inter-dealer reports that the firm should have submitted during the period (10,625). The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6730(c)(6).
9. The firm failed to accurately report to TRACE the market identifier for 52 S1 transaction in a TRACE-eligible Corporate Debt Security. These reports constituted less than one percent of the S1 inter-dealer reports that the firm should have submitted during the period (10,625). The conduct described in this paragraph constitutes a violation of FINRA Rule 6730(d)(4)(D).
10. The firm failed to submit a report to TRACE identifying the correct volume (7), price (3), execution date (21), or execution time (20) for 51 S1 transactions in TRACE-eligible Corporate Debt Securities. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rules 6730(c)(2), 6730(c)(3), 6730(c)(5), and 6730(c)(8).

20110283604

11. During the period January 1, 2011 through April 30, 2011, the firm failed, within 30 seconds after execution, to transmit to the OTC Trade Reporting Facility ("OTCTRF") 169 reports of transactions in OTC securities. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6622(a) and a pattern or practice of late reporting without exceptional circumstances in violation of FINRA Rule 2010.

20110283684

12. During the period January 1, 2011 through March 31, 2011, the firm transmitted to OATS 132,867 ROEs that were rejected by OATS for context or syntax errors and were repairable. The firm failed to repair 45,447 of these rejected ROEs during the period, representing 34.20 percent of all rejected repairable ROEs. As a result of the firm's failure to repair these ROEs, the firm failed to transmit 45,447 ROEs to OATS during the period. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 7450.

20110292917

13. During the period January 1, 2009 through June 30, 2011, the firm effected 87 transactions in 47 securities while a trading halt was in effect with respect to each of the securities. The conduct in this paragraph constitutes separate and distinct violations of NASD Conduct Rule 3340 (for trades executed prior to December 14, 2009) and FINRA Rule 5260 (for trades executed on or after December 14, 2009) and FINRA Rule 2010.

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

- A censure and a fine of \$110,000 (comprised of \$50,000 for the violations of SEC Rule 611, NASD Rule 3010, and FINRA Rule 2010 in the Rule 611 matters; \$30,000 for the TRACE violations; \$15,000 for the equity trade reporting violations; \$5,000 for the OATS violations; and \$10,000 for the trading halt violations).

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: (i) testimonial obligations; or (ii) 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.

Date 12/5/13

Respondent
Deutsche Bank Securities Inc.

By: David Levine

Name: DAVID LEVINE

Title: MANAGING DIRECTOR

Reviewed by:

By: Joseph Polizzotto

NAME: JOSEPH POLIZZOTTO

TITLE: MANAGING DIRECTOR

Attorney Name
Counsel for Respondent

Accepted by FINRA:

Date 1/9/14

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

Robert A. Marchman
Robert A. Marchman
Executive Vice President
Department of Market Regulation