

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20110288146-01**

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, the firm was issued an AWC in which it was censured and fined \$43,000, including \$10,000 for Trade Reporting and Compliance Engine ("TRACE") violations during the period January 1, 2007 through March 31, 2007, and \$10,000 for violations of Municipal Securities Rulemaking Board ("MSRB") Rule G-14 during the period July 1 through September 30, 2007.

SUMMARY

In matter 20110288146, the staff of the Municipal Securities Team of the Department of FINRA's Market Regulation reviewed the firm's reporting of municipal securities transactions to the Real-time Transaction Reporting System ("RTRS") during the period April 1, 2011 through June 30, 2011.

In matters 20110308357 and 20120347254, the TRACE Corporate Bonds Team of FINRA's Department of Market Regulation reviewed the firm's reporting of transactions in TRACE-eligible securities during the periods May 10, 2011 through September 30, 2011, and July 1, 2012 through September 30, 2012, respectively.

FACTS AND VIOLATIVE CONDUCT

Matter no. 20110288146

1. During the period reviewed, the firm failed to report the correct Time of Trade to the RTRS in 25 reports of transactions in municipal securities. These transactions constituted nine percent of the inter-dealer transactions that the firm reported to the RTRS during the period reviewed (267). The conduct described in this paragraph constitutes separate and distinct violations of MSRB Rule G-14(b)(ii).
2. During the period reviewed, the firm failed to report information regarding 14 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. These transactions constituted five percent of the inter-dealer transactions that the firm reported to the RTRS during the period reviewed (267). The conduct described in this paragraph constitutes separate and distinct violations of MSRB Rule G-14.
3. During the period reviewed, the firm failed to document the correct time of execution on trade memorandum for 19 transactions in municipal securities. The conduct described in this paragraph constitutes separate and distinct violations of MSRB Rule G-8.

Matter no. 20110308357

4. During the period reviewed, the firm failed to report 103 new issue offerings in TRACE-eligible Corporate Securities to FINRA in accordance with the time frame of FINRA Rule 6760(c). These 103 new issue offerings constituted 52 percent of the 198 new issue offerings in TRACE-eligible corporate securities that the firm had an obligation to timely report to FINRA pursuant to FINRA Rule 6760 during the period reviewed. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6760(c).
5. During the period reviewed, the firm's supervisory system did not include written supervisory procedures reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and the Rules of FINRA, concerning the reporting of new issues to TRACE. Specifically, the firm's supervisory system did not include written supervisory procedures providing for: (1) the identification of the person(s) responsible for supervision with respect to the applicable rules; (2) a statement of the supervisory step(s) to be taken by the

identified person(s); (3) a statement as to how often such person(s) should take such step(s); and (4) a statement as to how the completion of the step(s) included in the written supervisory procedures should be documented. The conduct described in this paragraph constitutes a violation of FINRA Rule 2010 and NASD Rule 3010.

Matter no. 20120347254

6. During the period reviewed, the firm failed to report to TRACE 266 P1 transactions in TRACE-eligible corporate securities within T+1. These transactions constituted six percent of the P1 transactions in TRACE-eligible corporate securities that the firm should have reported to TRACE during the relevant period (4,256). 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 \$30,000 (including \$5,000 for the MSRB violations, \$17,500 for the TRACE violations, and \$7,500 for the TRACE supervisory violations, and an undertaking to revise the firm's written supervisory procedures with respect to the areas described in paragraph 5. Within 30 business days of acceptance of this AWC by the NAC, a registered principal of the Respondent shall submit to the COMPLIANCE ASSISTANT, LEGAL SECTION, MARKET REGULATION DEPARTMENT, 9509 KEY WEST AVENUE, ROCKVILLE, MD 20850, a signed, dated letter, or an e-mail from a work-related account of the registered principal to MarketRegulationComp@finra.org, providing the following information: (1) a reference to this matter; (2) a representation that the firm has revised its written supervisory procedures to address the deficiencies described in this paragraph; and, (3) the date the revised procedures were implemented.

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.

11-19-13
Date

Respondent
Deutsche Bank Securities Inc.

By: David M. Levine

Name: DAVID M. LEVINE

Title: Managing Director, Legal

Reviewed by:

By: Joseph Polizzotto

NAME: JOSEPH POLIZZOTTO

TITLE: MANAGING DIRECTOR

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

Accepted by FINRA:

10/10/13
Date

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

Tina Salehi Gubb
Tina Salehi Gubb
Chief Counsel
Department of Market Regulation