

FINRA

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

2014 AUG 22 PM 12: 01

NO. 20120339358-01

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, Respondent Deutsche Bank Securities Inc. (the "Respondent" or "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, and its predecessor NASD, since March 16, 1940, and its registration remains in effect.

RELEVANT DISCIPLINARY HISTORY

On January 13, 2014, FINRA accepted an AWC in which, among other things, the firm was censured and fined \$30,000 for Trade Reporting and Compliance Engine ("TRACE") violations (FINRA Rule 6730) in two separate matters that occurred from January 1, 2010 through March 31, 2010, and April 1, 2011 through June 30, 2011, respectively.

On December 12, 2013, FINRA accepted an AWC in which, among other things, the firm was censured and fined \$25,000, comprised of \$17,500 for TRACE violations (FINRA Rule 6760(c)) that occurred from May 10, 2011 through September 30, 2011, and \$7,500

for TRACE violations (FINRA Rule 6730) that occurred from July 1, 2012 through September 30, 2012.

On February 5, 2013, FINRA accepted an AWC in which, among other things, the firm was censured and fined \$100,000 for TRACE violations (FINRA Rule 6730) in four separate matters during the periods July 1, 2007 through September 30, 2007 (one matter), July 8, 2008 through September 30, 2008 (one matter), and April 1, 2009 through June 30, 2009 (two matters).

On November 26, 2012, FINRA accepted an AWC in which, among other things, the firm was censured and fined \$5,000 for TRACE violations (FINRA Rule 6730) during the period July 1, 2011 through September 30, 2011.

SUMMARY

In connection with FINRA Matter No. 20120339358, the TRACE Corporate Bonds staff of the Department of Market Regulation (the “staff”) reviewed the firm’s reporting of its inter-dealer transactions in corporate bonds to TRACE from February 6, 2012 through June 30, 2012 (the “review period”).

In connection with FINRA Matter No. 20130362904, the TRACE Agency/SP staff of the Department of Market Regulation (the “staff”) reviewed the firm’s compliance with FINRA Rule 6760 from April 1, 2012 through September 30, 2012 (the “review period”).

In connection with FINRA Matter No. 20130367319, the staff reviewed the firm’s compliance with FINRA Rule 6760 from October 1, 2012 through March 31, 2013 (the “review period”).

In connection with FINRA Matter No. 20130388681, the staff reviewed the firm’s compliance with FINRA rules applicable to trade reporting to TRACE from July 1, 2013 through September, 2013 (the “review period”).

Based on its reviews, the staff determined the firm engaged in the violative conduct set forth below, consisting of violations of FINRA Rules 6730 and 6760.

FACTS AND VIOLATIVE CONDUCT

In connection with FINRA Matter No. 20120339358, the staff found that:

1. During the review period, the firm failed to report to TRACE 196 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).

2. During the review period, the firm failed to report to TRACE the correct contra-party's identifier for 1,204 S1 transactions in TRACE-eligible Corporate Debt Securities. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6730(c)(6).
3. During the review period, the firm reported to TRACE 64 S1 transactions in TRACE-eligible Corporate Debt Securities that it was not required to report. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6730.
4. During the review period, the firm failed to submit a report to TRACE identifying the correct volume for one S1 transaction in a TRACE-eligible Corporate Debt Security. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6730(c)(2).
5. In total, these 1,465 transactions constituted 5.35% of the transactions in TRACE-eligible S1 inter-dealer reports (27,404) that the firm was required to report to TRACE during the review period.

In connection with FINRA Matter No. 20130362904, the staff found that:

6. During the review period, the firm failed to report 24 new issue offerings in TRACE-eligible Agency Debt Securities to FINRA in accordance with the time frame set forth in FINRA Rule 6760(c). These 24 new issue offerings constituted 38.71% of the 62 new issue offerings in TRACE-eligible Agency Debt Securities that the firm had an obligation to report timely to FINRA pursuant to FINRA Rule 6760(c) during the review period. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6760(c).

In connection with FINRA Matter No. 20130367319, the staff found that:

7. During the review period, the firm failed to report 119 new issue offerings in TRACE-eligible Corporate Debt Securities to FINRA in accordance with the time frame set forth in FINRA Rule 6760(c). These 119 new issue offerings constituted 47.41% of the 251 new issue offerings in TRACE-eligible Corporate Debt Securities that the firm had an obligation to report timely to FINRA pursuant to FINRA Rule 6760(c) during the review period. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6760(c).

In connection with FINRA Matter No. 20130388681, the staff found that:

8. During the review period, the firm failed to report to TRACE 1,004 transactions in TRACE-eligible Securitized Products within the time required by FINRA Rule 6730. These 1,004 transactions constituted 3.06% of the total number of transactions in TRACE-eligible Securitized Products (32,791) 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).

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

Censure and a fine of \$55,000 for TRACE reporting 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 Chief Legal Officer, 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: (a) testimonial obligations; or (b) 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.

8/20/14
Date

Deutsche Bank Securities Inc., Respondent

By: David M. Levine

Name: DAVID M. LEVINE

Title: MANAGING DIRECTOR

By: Charlie Gambino

NAME: Charlie Gambino
TITLE: Managing Director & Associate General Counsel

Accepted by FINRA:

9/17/14
Date

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

Gerard P. Finn

Gerard P. Finn
Chief Counsel, Legal Section
Department of Market Regulation