

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20130358240 - 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 \$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 \$5,000 for violations of FINRA Rule 2010 and NASD Rules 2110 and 3340 that occurred from July 1, 2008 through December 31, 2008; 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); fined \$30,000 for violations of SEC Rule 10b-10 in the 2009 and 2010 Trading and Market Making Surveillance ("TMMS") Examinations with trade dates April 15 and 16, 2009, and July 28 and 29, 2010, respectively; and fined a total of \$42,500 for equity trade reporting violations in three separate matters, two of which included violations of FINRA Rules 6380A, 7230A(b) or 7230A(d)(4), that occurred from May 1, 2009 to August 31, 2009, and January 1, 2010 to April 30, 2010.

On December 31, 2012, FINRA accepted an AWC in which the Firm was censured and fined \$20,000 for violations of SEC Rule 10b-10 that occurred during two separate periods, May 11-15, 2009, and January 11-15, 2010.

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; and fined \$22,500 for violations of FINRA Rule 7230A that occurred from May 1, 2010 through August 31, 2010.

SUMMARY

In connection with FINRA Matter No. 20130358240, the TMMS Group of the Department of Market Regulation (the "staff") conducted the Firm's 2013 TMMS Examination in which the staff reviewed the trading activity set forth on Exhibit 1, attached and incorporated herein by reference, for the trade dates June 20 and 21, 2013 (the "first review period").

In connection with FINRA Matter Nos. 20130377858 and 20130379121, the TRACE Corporate Bonds Team of the Department of Market Regulation (the "staff") reviewed the Firm's compliance with FINRA rules applicable to trade reporting to TRACE from April 1, 2013 through June 30, 2013 (the "second review period").

In connection with FINRA Matter No. 20140409852, the staff reviewed the Firm's compliance with FINRA rules applicable to trade reporting to TRACE from January 1, 2014 through March 31, 2014 (the "third review period").

In connection with FINRA Matter No. 20140408586, the Market Quality Team of the Department of Market Regulation (the "staff") reviewed the Firm's compliance with FINRA Rule 5260 from July 1, 2013 through December 31, 2013 (the "fourth 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 2010, 4511, 5260, 6380A, 6730(a), 6730(c)(8) and 7230A, and SEC Rules 10b-10 and 17a-3.

FACTS AND VIOLATIVE CONDUCT

In connection with FINRA Matter No. 20130358240,¹ the staff found that:

1. During the first review period, the Firm, on 12 occasions, inaccurately stated its capacity and inaccurately represented a commission equivalent/mark-down charge as a commission; on seven occasions, the Firm failed to state the price represented on the confirmation was an average price and inaccurately stated it was a market maker; on three occasions, the Firm failed to state the price represented on the confirmation was an average price; on one occasion, the Firm inaccurately stated it was a market maker and inaccurately stated the price on the confirmation was an average price; and on one occasion, the Firm inaccurately stated the price on the confirmation was an average price. The conduct described in this paragraph constitutes separate and distinct violations of SEC Rule 10b-10.
2. During the first review period, in seven instances, the Firm incorrectly reported the buy/sell indicator to the FINRA/Nasdaq Trade Reporting Facility ("TRF"); and in five instances, the Firm failed to submit a non-tape report to the TRF identifying a party involved in a trade executed within its Alternative Trading System ("ATS"). The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 7230A.
3. During the first review period, in seven instances, the Firm submitted a non-media reported trade to the TRF utilizing an inaccurate next-day settlement modifier; in four instances, the Firm inaccurately reported a principal trade to the TRF with a riskless capacity; and in one instance, the Firm submitted a media-reported transaction to the TRF utilizing an inaccurate outbound ISO modifier. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6380A.

¹ The 2013 TMMS Examination violations pertaining to the Order Audit Trail System ("OATS"), under FINRA Rules 2010 and 7450 and NASD Rule 3010, are deferred pending consideration of potentially the same or similar violations contained in the 2014 Trading and Financial Compliance Examination ("TFCE") and open OATS Reporting/Compliance Team matters.

In connection with FINRA Matter Nos. 20130377858 and 20130379121, the staff found that:

4. During the second review period, the Firm failed to report to TRACE the correct time of trade execution for 663 S1 transactions in TRACE-eligible corporate debt securities. These inaccurate reports constituted 4.98% of the 13,301 S1 matched inter-dealer reports that the Firm submitted to TRACE during the review period. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6730(c)(8).
5. During the second review period, the Firm failed to report to TRACE 588 S1 transactions in TRACE-eligible corporate debt securities within the time required by FINRA Rule 6730. These 588 S1 transactions constituted 4.42% of the total number of S1 transactions in TRACE-eligible corporate debt securities (13,301 S1 matched inter-dealer reports) 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.
6. During the second review period, the Firm failed to show the correct time of execution on the memorandum of 551 brokerage orders. The conduct described in this paragraph constitutes separate and distinct violations of SEC Rule 17a-3 and FINRA Rule 4511.
7. During the second review period, the Firm failed to report to TRACE 1,429 S1 transactions in TRACE-eligible corporate debt securities within the time required by FINRA Rule 6730. These 1,429 S1 transactions constituted 3.27% of the total number of S1 transactions in TRACE-eligible corporate debt securities (43,721) 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.
8. During the second review period, the Firm failed to report to TRACE 117 P1 transactions in TRACE-eligible corporate debt securities within the time required by FINRA Rule 6730. These 117 P1 transactions constituted 3.16% of the total number of P1 transactions in TRACE-eligible corporate debt securities (3,704) 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.

In connection with FINRA Matter No. 20140409852, the staff found that:

9. During the third review period, the Firm failed to report to TRACE the correct time of trade execution for 653 S1 transactions in TRACE-eligible corporate debt securities. These inaccurate reports constituted 5.14% of the 12,710 S1 matched inter-dealer reports that the Firm submitted to TRACE during the review period. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6730(c)(8).
10. During the third review period, the Firm failed to report to TRACE 653 S1 transactions in TRACE-eligible corporate debt securities within the time required by FINRA Rule 6730. These 653 S1 transactions constituted 5.14% of the total number of S1 transactions in TRACE-eligible corporate debt securities (12,710 S1 matched inter-dealer reports) 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.
11. During the third review period, the Firm failed to show the correct time of execution on the memorandum of 557 brokerage orders. The conduct described in this paragraph constitutes separate and distinct violations of SEC Rule 17a-3 and FINRA Rule 4511.

In connection with FINRA Matter No. 20140408586, the staff found that:

12. During the fourth review period, the Firm effected 10 transactions in securities while a trading halt was in effect with respect to each of the securities. This conduct constitutes separate and distinct violations of FINRA Rules 2010 and 5260.

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

A censure and a fine of \$162,500 (comprised of \$20,000 for the customer confirmation violations; \$35,000 for the equity trade reporting violations; \$90,000 for the TRACE reporting violations; and \$17,500 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 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 accordance with FINRA Rule 8313;
 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.

8-12-15
Date

Deutsche Bank Securities Inc., Respondent

By: David M. Levine

Name: DAVID M. LEVINE

Title: MANAGING DIRECTOR

By: [Signature]

NAME: _____

TITLE: _____

Accepted by FINRA:

9/11/15
Date

Joe Salama
Director &
Associate General Coun

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

[Signature]
Robert A. Marchman
Executive Vice President, Legal Section
FINRA Department of Market Regulation