

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20140399404-01**

TO: Department of Market Regulation
Financial Industry Regulatory Authority ("FINRA")

RE: BNP Paribas Securities Corp., Respondent
Broker-Dealer
CRD No. 15794

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, BNP Paribas Securities Corp. ("the "firm" or "Respondent") 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 Respondent alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A.** Respondent 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 December 27, 1984, and its registration remains in effect.

RELEVANT DISCIPLINARY HISTORY

On March 15, 2013, FINRA accepted an AWC in which the firm was censured and fined \$45,000, which included a fine of \$7,500 for Order Audit Trail System ("OATS") reporting violations.

SUMMARY

In connection with the firm's 2014 Trading and Financial Compliance Examination ("TFCE"), Matter No. 20140399404, the TFCE staff of FINRA's Department of Market Regulation (the "staff") reviewed the firm's trading activity for trade dates March 27, 2014 and March 28, 2014 (the "review period"), unless otherwise noted.

FACTS AND VIOLATIVE CONDUCT

1. During the review period, the firm transmitted to OATS 22 reports that contained inaccurate, incomplete, or improperly formatted data. Specifically, the firm: (a) submitted unnecessary New Order Reports for eight orders; (b) failed to submit Cancel Reports for four orders; (c) failed to submit New Order and Route Reports and submitted unnecessary Order Route Reports for three orders; (d) failed to submit Route Reports, submitted inaccurate timestamps on New Order Reports, and submitted unnecessary Order Route Reports for three orders; (e) incorrectly submitted a Route Report instead of a Cancel/Replace Report for one order; (f) failed to submit a Route Report and submitted an inaccurate timestamp on a New Order Report for one order; (g) submitted unnecessary Order Route Reports for one order; and (h) failed to submit a Cancel/Replace Report for one order. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 7450.
2. During the period May 2011 through January 2015, the firm transmitted to OATS 101,258 reports that contained inaccurate, incomplete, or improperly formatted data. Specifically, the firm failed to append the Not Held ("NH") Special Handling Code. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 7450.
3. During the period April 2009 through October 27, 2015, the firm transmitted to OATS approximately 16 reports each day that contained inaccurate, incomplete, or improperly formatted data. Specifically, the firm failed to append the ADD Special Handling Code. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 7450.
4. The firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to certain applicable securities laws and regulations, and/or the Rules of FINRA. At a minimum, adequate written supervisory procedures addressing quality of markets topics should describe the following:
 - (a) specific identification of the individual(s) responsible for supervision;
 - (b) the supervisory steps and reviews to be taken by the appropriate supervisor;
 - (c) the frequency of such reviews; and
 - (d) how such reviews shall be documented.

The firm's written supervisory procedures failed to provide for one or more of the four above-cited minimum requirements for adequate written supervisory procedures, in the following subject area: OATS Reporting (ensuring that OATS data is reported accurately and timely) [deficient in requirements (b), (c), and (d)]. The conduct described in this paragraph constitutes a violation of FINRA Rule 2010 and NASD Rule 3010.

B. Respondent also consents to the imposition of the following sanctions:

A censure, a fine of \$40,000 (comprised of \$20,000 for the OATS violations and \$20,000 for the supervision violation), and an undertaking to revise the firm's written supervisory procedures, as warranted, with respect to the area described in paragraph I.A.4, above. Within 30 days of acceptance of this AWC by the National Adjudicatory Council ("NAC"), a registered principal of the firm 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 addressed and corrected the deficiencies described in Section I.A.4, above; and (3) the date the deficient procedures were addressed and corrected by the firm.

Respondent 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.

Respondent 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

Respondent 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, Respondent 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.

Respondent 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

Respondent 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 Respondent; 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. Respondent 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. Respondent 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. Respondent 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.

2/17/2016
Date

Respondent
BNP Paribas Securities Corp.

By: [Signature]

Name: GEORGE NUNN

Title: C.O.O. Global Markets Americas

Reviewed by:

Attorney Name
Counsel for Respondent

Accepted by FINRA:

3-15-16
Date

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

[Signature]
Justin Chretien
Chief Counsel
FINRA Department of Market Regulation