

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

**NO.** 20140430988-01

**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**

Respondent became a member of FINRA on December 27, 1984. Its registration remains in effect.

**RELEVANT DISCIPLINARY HISTORY**

On April 5, 2013, AWC 20100238925-01, the firm consented to a censure and a fine in the amount of \$12,500 for violations of Securities Exchange Act of 1934 ("SEA") Rules 611(a) and 611(c) of Regulation NMS during the periods of August 20 2007 through December 2008; January 1, 2009 through March 31 2009, and July 1 2009 through December 31 2009.

**SUMMARY**

In connection with Matter No. 20140430988, the Market Analysis Section of the Department of Market Regulation of FINRA ("staff") conducted a review of the firm's compliance with SEA Rule 611(c) of Regulation NMS, NASD Rule 3010 (for period before December 1, 2014), and FINRA Rules 3110 (for conduct on and after December 1, 2014) and 2010 during the period of February 4 2014 through January 14, 2015 (the

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“review period”). The staff found that due to various technology system issues, the firm on numerous occasions sent intermarket sweep orders that traded through protected quotations.

### **FACTS AND VIOLATIVE CONDUCT**

1. During the review period, the firm failed to take reasonable steps to establish that the intermarket sweep orders (“ISOs”) 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 SEA Rule 611(c) of Regulation NMS.
  2. During the review period, the firm’s supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to SEA Rule 611(c) of Regulation NMS. The conduct described in this paragraph constitutes a violation of NASD Rule 3010 (for conduct prior to December 1, 2014), and FINRA Rules 3110 (for conduct on and/or after December 1, 2014) and 2010.
- B. Respondent also consents to the imposition of the following sanctions:
1. A censure; and
  2. A total fine in the amount of \$135,000, of which \$45,000 is payable to FINRA<sup>1</sup> (consisting of a fine of \$35,000 for violations of SEA Rule 611(c) of Regulation NMS and fine of \$10,000 for violations of NASD Rule 3010 (for conduct prior to December 1, 2014) and FINRA Rules 3110 and 2010 (for conduct on or after December 1, 2014).
  3. Acceptance of this AWC is conditioned upon acceptance of similar settlement agreements in related matters between the firm and each of the following self-regulatory organizations: Bats EDGA Exchange, Inc.; Bats EDGX Exchange, Inc. and NYSE Arca Equities, Inc.

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;

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<sup>1</sup> The balance of the sanction will be paid to the self-regulatory organizations: Bats EDGA Exchange, Inc.; Bats EDGX Exchange, Inc. and NYSE Arca Equities, Inc.

- 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

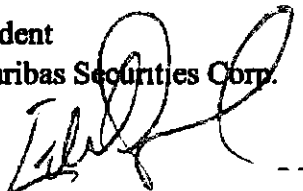
firm's: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

- 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.

9/22/16  
Date

Respondent  
BNP Paribas Securities Corp.

By: 

Name: Edward Speal  
Managing Director

Title: \_\_\_\_\_

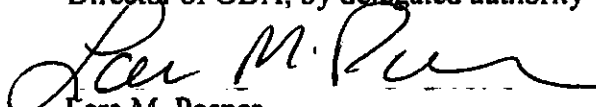
Reviewed by:

\_\_\_\_\_  
Attorney Name  
Counsel for Respondent  
BNP Paribas Securities Corp.  
Address  
City/State/Zip  
Phone Number

Accepted by FINRA

10/27/2016  
Date

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

  
Lara M. Posner  
Chief Counsel  
FINRA Department of Market Regulation