

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2015043313001**

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

RE: TD Securities (USA) LLC, Respondent
CRD No. 18476

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondent TD Securities (USA) LLC ("TDS" or 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 TDS alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. TDS 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

TDS has been a member of FINRA since July 1987. The Firm provides a full range of capital and credit market products and services to institutional clients. It has no retail customers. TDS currently has approximately 513 registered representatives and 10 branch office locations, the largest of which is in New York, New York.

RELEVANT DISCIPLINARY HISTORY

TDS does not have any relevant disciplinary history with the Securities and Exchange Commission, FINRA, any other self-regulatory organization or any state securities regulator.

OVERVIEW

Over the 13-month period from February 2014 through February 2015 (the "Relevant Period"), TDS failed to adequately conduct reviews or document its

reviews of emails sent and received by employees in six of the Firm's business groups (the "Six Business Groups").

FACTS AND VIOLATIVE CONDUCT

FINRA Rule 3110(a) requires members to establish and maintain a system to supervise the activities of each associated person that is reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable FINRA Rules. FINRA Rule 3110(b)(4) requires members to develop written procedures for, among other things, the review of electronic correspondence relating to its investment banking or securities business, and requires that such review be evidenced in writing.

During the Relevant Period, TDS used both emails and the electronic messaging tool of the Bloomberg system ("Bloomberg Messages") to communicate internally and with clients of the Firm.

For the first ten months of the Relevant Period (February through November 2014), TDS failed to evidence in writing that it timely completed each of its monthly reviews of email communications and Bloomberg Messages sent and received by employees in four of the Six Business Groups. In particular:

- For five of the ten months, TDS failed entirely to document its review for any of the four business groups;
- For four of the ten months, TDS's documentation did not evidence a complete or timely review in any of the four business groups; and
- For one of the ten months, TDS's documentation did not evidence a complete review in three of the four business groups.

For the remaining three months of the Relevant Period (December 2014 through February 2015), TDS failed to conduct any of the monthly reviews of email communications or Bloomberg Messages sent and received by employees in each of the Six Business Groups.

These failures affected a combined total of approximately 3.1 million email communications and Bloomberg Messages that could have been subject to the Firm's review.

The failures were caused by understaffing and the Firm's failure to replace personnel responsible for the reviews. Specifically, on March 17, 2014, TDS terminated the employment of and failed to replace one of the two employees responsible for conducting and documenting the review of email communications and Bloomberg Messages sent and received by employees in the Six Business Groups (the "Email Reviewers"). On January 28, 2015, TDS terminated the

position of and failed to replace the second of the two Email Reviewers. The Firm did not replace the Email Reviewers until April 9, 2015.

By reason of the foregoing, TDS violated NASD Conduct Rules 3010(a) and (d) (for the period before December 1, 2014), FINRA Rules 3110(a) and (b)(4) (on and after December 1, 2014), and FINRA Rule 2010.

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

- a censure and a fine of \$125,000.

The Respondent agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. The Respondent has submitted an Election of Payment form showing the method by which the Respondent proposes to pay the fine imposed.

The Respondent specifically and voluntarily waives any right to claim that it is unable to pay, now or at any time hereafter, the monetary sanction imposed in this matter.

The sanctions imposed herein shall be effective on a date set by FINRA staff.

II.

WAIVER OF PROCEDURAL RIGHTS

The 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 Respondent;
- 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 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.

The 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

The Respondent understands that:

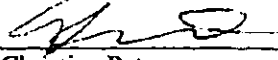
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;**
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against the Respondent; and**
- C. If accepted:**
 - 1. This AWC will become part of the Respondent's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against me;**
 - 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 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. The 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 Respondent'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 Respondent may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. The Respondent 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.

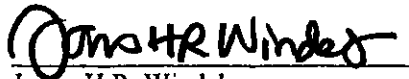
The undersigned, on behalf of the Firm, certifies that a person duly authorized to act on its behalf has read and understands all of the provisions of this AWC and have been given a full opportunity to ask questions about it; that the Firm has agreed to its provisions voluntarily; and that no offer, 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.

Respondent TD Securities (USA) LLC
(BD No. 18476)

12/8/16
Date (mm/dd/yyyy)

By: 
Christina Petrou
Managing Director and CCO

Reviewed by:



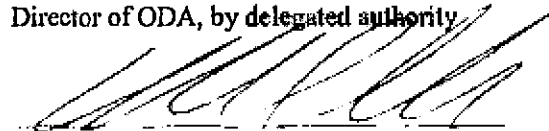
James H.R. Windels
Counsel for Respondent
Davis Polk & Wardwell LLP
450 Lexington Avenue
New York, NY 10017
(212) 450-4978

Accepted by FINRA:

January 11, 2017

Date

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



David C. Pollack
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FINRA Department of Enforcement
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