

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2015045039501**

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

RE: SunTrust Robinson Humphrey, Inc. (n/k/a Truist Securities, Inc.) (Respondent)
Member Firm
CRD No. 6271

Pursuant to FINRA Rule 9216, Respondent SunTrust Robinson Humphrey, Inc. 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 in this AWC.

I.

ACCEPTANCE AND CONSENT

- A. Respondent accepts and consents to the following findings by FINRA without admitting or denying them:

BACKGROUND

SunTrust (now known as Truist Securities, Inc.) has been a FINRA member since July 1972. It is a multi-service broker-dealer, also engaged in, among other things, sales, trading, and investment banking. In December 2019, SunTrust Banks, Inc. merged with BB&T Corporation to form Truist Financial Corporation. BB&T assumed SunTrust's assets and liabilities as part of the merger. In August 2020, Truist Financial Corporation transitioned SunTrust and BB&T Capital Markets over to its corporate name, becoming Truist Securities, Inc. headquartered in Atlanta, Georgia and has approximately 1,185 registered individuals at 26 branches.¹

OVERVIEW

From April 2013 through June 2015, in an effort to attract more investment banking business, certain traders at SunTrust engaged in trading designed to increase the firm's trading volume in certain stocks. On occasion, the firm bought and sold certain stocks with other market participants in quick succession, trading in the open market to increase the firm's trading volume. Certain traders at the firm also overstated their advertised trading volume to media sources that published trade rankings, representing that SunTrust

¹ For more information about the firm, including prior regulatory events, visit BrokerCheck® at www.finra.org/brokercheck.

had traded more stock than it actually had. Through these actions, SunTrust made it appear that it was more active in the stock of certain issuers that were either current or prospective clients. As a result, SunTrust violated FINRA Rules 5210 and 2010.

From April 2013 through October 2017, the firm's supervisory system was not reasonably designed to achieve compliance with Rule 5210. As a result, SunTrust violated NASD Rule 3010 and FINRA Rules 3110 and 2010.²

FACTS AND VIOLATIVE CONDUCT

This matter originated from an investigation conducted by the Trading Analysis Section of FINRA's Market Regulation Department.

SunTrust engaged in principal trading designed to increase the trading volume in certain securities, and overstated its advertised trading volume in those securities.

FINRA Rule 5210 provides, in part, that "[n]o member shall publish or circulate, or cause to be published or circulated, any . . . advertisement, . . . or communication of any kind which purports to report any transaction as a purchase or sale of any security unless such member believes that such transaction was a bona fide purchase or sale of such security." A violation of any FINRA rule is also a violation of FINRA Rule 2010, which requires member firms to "observe high standards of commercial honor and just and equitable principles of trade in the conduct of their business."

SunTrust's investment banking department created and maintained a document titled the "Focus List," which was provided to the firm's equity traders. The Focus List contained the names of companies that were current or prospective investment banking clients. In addition to the company names, the Focus List ranked how much of each company's stock SunTrust traded compared to other broker-dealers.³ The rankings were based on advertised trading volume on platforms such as Bloomberg and AutEx—subscription-based market data providers that use advertised trading volume to compile reports and securities-based rankings of broker-dealers. The Focus List also included a "target" trade ranking range—a goal for where the investment banking department wanted the firm to rank. Certain actual or prospective clients may have considered trade ranking when deciding whether to engage the firm for investment banking business.

During the relevant period, SunTrust increased its principal trading volumes in some of the Focus List stocks. In several instances, the firm's trading volume increased on the first day a stock was added to the Focus List and, in one instance, the firm's principal trading represented as much as 46 percent of the total daily volume in that security. To achieve this result, the firm sometimes entered principal orders to buy and sell shares of Focus List stocks in quick succession, sometimes losing money but increasing the firm's volume in those securities. For example, in one instance, the firm entered a buy order for

² FINRA Rule 3110 superseded NASD Rule 3010 on December 1, 2014.

³ The firm no longer maintained the Focus List as of June 2015.

77,777 shares in a security on the Focus List and a sell order for 77,777 shares in the same security eight seconds later, executing the purchase at a higher price than the sale.

SunTrust overstated its advertised trading volume in Focus List stocks on 962 occasions, totaling over 12 million shares. For example, on March 12, 2015, the firm traded 927 shares in one security but advertised that it traded 9,668 shares. By overstating its advertised trade volume in the securities on the Focus List, SunTrust was able to increase its trading rank without trading in those securities.

After receiving an inquiry from FINRA, SunTrust conducted an internal investigation, self-reported the cause and scope of the over-advertising, and instituted remedial changes.

Therefore, SunTrust violated FINRA Rules 5210 and 2010.

SunTrust's supervisory system was not reasonably designed to achieve compliance with FINRA Rule 5210.

FINRA Rule 3110(a), like its predecessor NASD Rule 3010(a), provides, in part, that “[e]ach member shall 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)(1), like its predecessor NASD Rule 3010(b), requires each member to “establish, maintain, and enforce written procedures to supervise the types of business in which it engages and the activities of its associated persons that are reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable FINRA rules.”

SunTrust's supervisory system, including its written procedures, was not reasonably designed to achieve compliance with FINRA Rule 5210. Although the firm had a Restricted List⁴ and a Watch List,⁵ as well as surveillance to review trading in the securities on those lists, the surveillance only reviewed the traders' personal accounts—not the firm's principal accounts—until October 2017. Moreover, SunTrust had surveillance reports designed to detect potentially manipulative trading, including wash trades, but the firm had no controls or reviews designed to identify its equity traders' orders to buy and sell stocks in similar or the same quantities within short periods of time in the firm's principal accounts until August 2017. Finally, the firm had no procedure or designated supervisor to review the firm's trading volume and compare it to the volume reported to third party publishing platforms until August 2015.

Therefore, SunTrust violated NASD Rule 3010 and FINRA Rules 3110 and 2010.

⁴ SunTrust placed a security on its Restricted List when its equity research analyst upgraded or downgraded a rating on that subject name.

⁵ SunTrust placed a security on its Watch List when it was “more likely than not” to engage in investment banking business with that security's issuer.

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

- a censure; and
- a \$1,250,000 fine.

Respondent agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. Respondent 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 an inability to pay, now or at any time after the execution of this AWC, the monetary sanction imposed in this matter.

The sanctions imposed in this AWC shall be effective on a date set by FINRA.

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 it;
- 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 its acceptance or rejection.

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 Respondent's permanent disciplinary record and may be considered in any future action brought by FINRA or any other regulator against Respondent;
 - 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 its subject matter 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 Respondent's right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party. Nothing in this provision affects Respondent's testimonial obligations in any litigation or other legal proceedings.
- D. Respondent may attach a corrective action statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. 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.

The undersigned, on behalf of Respondent, certifies that a person duly authorized to act on Respondent's 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 Respondent 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 in this AWC and the prospect of avoiding the issuance of a complaint, has been made to induce Respondent to submit this AWC.

May 23, 2022

Date

Albert Pappas

SunTrust Robinson Humphrey, Inc.
Respondent

Print Name: Albert Pappas

Title: Chief Compliance Officer

Reviewed by:

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Accepted by FINRA:

June 1, 2022

Date

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

Shawn Mallon

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