

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2016047819701**

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

RE: Wunderlich Securities, Inc., Respondent
FINRA Member
CRD No. 2543

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Wunderlich Securities, Inc. ("WSI") 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 WSI alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. WSI 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

WSI has been a FINRA member since 1984 and is headquartered in Memphis, Tennessee. WSI is a general securities broker-dealer and currently has approximately 412 registered persons and 57 registered branch locations.

RELEVANT DISCIPLINARY HISTORY

On November 13, 2012, FINRA accepted an AWC in which WSI consented to a censure and a \$7,500 fine for TRACE-reporting violations during the time period, October 1, 2010 through December 31, 2010. Specifically, the firm failed to report the correct contra-party identifier for 115 TRACE-eligible securities transactions and failed to report 16 TRACE-eligible securities transactions. AWC No. 2011028000501.

OVERVIEW

During the time period, December 1, 2014, through December 31, 2015, WSI failed to timely report approximately 450 transactions involving TRACE-eligible securities, in violation of FINRA Rules 6730(a) and 2010. In addition, during the stated time period, WSI failed to maintain adequate written supervisory procedures addressing TRACE-reporting requirements applicable to transactions involving “to be announced” mortgage-backed securities, in violation of FINRA Rules 3110(b) and 2010.

FACTS AND VIOLATIVE CONDUCT

“To be announced” transactions involve the sale of a government agency pass-through mortgage-backed security where the parties agree that the seller will deliver to the buyer a pool of a specified face amount (and meeting certain other criteria) but the specific pool to be delivered at settlement is not specified at the time of execution (hereinafter, “MBS TBA transactions”). MBS TBA transactions fall into two categories, those “for good delivery” (“GD”) and those “not for good delivery” (“NGD”). For MBS TBA transactions GD, FINRA Rule 6730 generally requires that the transactions be reported to TRACE within 15 minutes of the time of execution. FINRA Rule 6730(a)(3)(D).

During the time period, December 1, 2014, through December 31, 2015, WSI failed to timely report to TRACE approximately 450 MBS TBA transactions GD that were executed between WSI and an affiliated registered investment advisor. WSI reported the subject transactions to TRACE two minutes to six hours late. By virtue of those failures, WSI violated FINRA Rules 6730(a) and 2010.

In addition, during stated time period, WSI’s written supervisory procedures were deficient in failing to address the TRACE-reporting requirements specifically applicable to MBS TBA transactions GD. By virtue of that deficiency, WSI violated FINRA Rules 3110(b) and 2010.

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

Censure and a fine of \$17,000.

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

WSI 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

WSI 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, WSI 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.

WSI 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

WSI 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 WSI; and

C. If accepted:

1. this AWC will become part of WSI's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against WSI;
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. WSI 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. WSI 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 WSI'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. WSI may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. WSI 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 WSI, 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 WSI 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 WSI to submit it.

11/17/2017
Date (mm/dd/yyyy)

James T. Roth
Wunderlich Securities, Inc., Respondent

By: James T. Roth

December 8, 2017

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

FINRA Department of Enforcement
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