

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2018056299001**

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

RE: SunTrust Robinson Humphrey, Inc. (now known as Truist Securities, Inc.) (Respondent)
Member Firm
CRD No. 6271

Pursuant to FINRA Rule 9216, Respondent SunTrust Robinson Humphrey, Inc. (SunTrust), now known as Truist Securities, 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 firm since 1972. Its headquarters is in Atlanta, Georgia. SunTrust has approximately 1,169 registered persons operating out of 26 branch offices and engages in a general securities business.¹

OVERVIEW

From 2012 until November 2017, SunTrust failed to establish and maintain a supervisory system, including written procedures (WSPs), reasonably designed to achieve compliance with the firm's obligation to review correspondence and internal communications. As a result, the firm failed to timely review approximately 950,000 electronic messages. Accordingly, the firm violated NASD Rule 3010 and FINRA Rules 3110 and 2010.²

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

² FINRA Rule 3110 superseded NASD Rule 3010 on December 1, 2014.

FACTS AND VIOLATIVE CONDUCT

This matter originated from FINRA's 2018 firm examination of SunTrust.

NASD Rule 3010 required, and FINRA Rule 3110 requires, a member firm: (a) 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; and (b) 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 the applicable FINRA rules.

FINRA Rule 3110(b)(4) and its predecessor, NASD Rule 3010(d)(2), require a member firm to review the incoming and outgoing electronic correspondence of its associated persons and internal communications relating to its securities business. FINRA Rule 2010 requires a FINRA member firm, in the conduct of its business, to observe high standards of commercial honor and just and equitable principles of trade. A violation of NASD Rule 3010 or FINRA Rule 3110 also violates FINRA Rule 2010.

Specifically, FINRA Rule 3110(b)(4) states that a firm's written supervisory procedures shall include procedures for the review of incoming and outgoing written (including electronic) correspondence and internal communications relating to the member's investment banking or securities business. The supervisory procedures must be appropriate for the member's business, size, structure, and customers. The supervisory procedures must require the member's review of: (A) incoming and outgoing written (including electronic) correspondence to properly identify and handle in accordance with firm procedures, customer complaints, instructions, funds and securities, and communications that are of a subject matter that require review under FINRA rules and federal securities laws. (B) internal communications to properly identify those communications that are of a subject matter that require review under FINRA rules and federal securities laws.

In 2007, FINRA issued Regulatory Notice 07-59 providing guidance regarding the review and supervision of electronic communications. Firms may employ a risk-based approach to the review in accordance with the supervision of their business, however, they "must have policies and procedures for the review by a supervisor of employees' incoming, outgoing, and internal electronic communications that are of a subject matter that require review under FINRA rules and federal securities laws."

From 2012 through 2017, SunTrust Failed to Review Certain Emails Flagged for Review by the Firm's Automated System.

SunTrust had WSPs detailing how supervisors were to review associated persons' electronic communications. The firm had an automated email review system in place that alerted a designated supervisor to conduct a supervisory review for specified emails. SunTrust's email server fed into the firm's email review system.

SunTrust's email review system had a filter setting that limited the length of time flagged emails remained in the review set for supervisory review. This filter was set at an organizational level to two weeks, which meant emails not reviewed within two weeks dropped out of the supervisory review set.

From 2012 through 2017, SunTrust's supervisory system flagged 7,068,875 electronic communications for review. During that period, 855,770 flagged emails were not reviewed due to the filter setting. The firm retained the emails.

SunTrust became aware of the electronic communications dropping out of the review set in April 2017. In November 2017, after conducting a review of the relevant process and technology issues, SunTrust expanded the filter setting so that unreviewed emails stayed in the review set for three months.³ Subsequently, in April 2019, SunTrust adopted an electronic communications surveillance system that prevented emails flagged for review from dropping out of the review set.

From 2012 through 2017, SunTrust Failed to Review Certain Bloomberg Email Messages of Associated Persons.

From 2012 through 2017, the firm also failed to ensure newly onboarded employees' Bloomberg email addresses fed into the email review system. This resulted in SunTrust failing to review approximately 94,539 messages from 239 Bloomberg email messaging accounts associated with 97 associated persons.

SunTrust's WSPs required a regular review for new Bloomberg addresses and submission of a technology ticket to link the Bloomberg account to the associated person's profile. Because SunTrust did not consistently implement its procedure, the firm failed to include Bloomberg email addresses in the IT profiles of 97 associated persons during the onboarding process. This resulted in the firm's email server, which fed into the firm's email review system, not capturing emails from certain Bloomberg email addresses. The firm retained all the messages.

In October 2015, the firm discovered instances of the failure to ensure newly onboarded employees' Bloomberg email addresses were linked to its email server. SunTrust did not implement new procedures until July 2017. In July 2017, SunTrust, after conducting an end-to-end review, implemented a weekly reconciliation of email account information from Bloomberg to the firm's email review system.

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

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

- a censure and
- a \$150,000 fine.

³ The firm subsequently hired a consultant to assist in the review of the backlog of electronic communications.

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.

December 10, 2021

Date

Albert Pappas

SunTrust Robinson Humphrey, Inc., now
known as Truist Securities, Inc.
Respondent

Albert Pappas
Managing Director and Chief Compliance
Officer

Reviewed by:

Timothy Nagy

Timothy B. Nagy
Counsel for Respondent
Sidley Austin LLP
1501 K Street, N.W.
Washington, D.C. 20005
tnagy@sidley.com
(202) 736-8054

Accepted by FINRA:

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

December 21, 2021

Date

Rebecca L. Segrest

Rebecca L. Segrest
Senior Counsel
FINRA Department of Enforcement
3490 Piedmont Road, N.E.
Suite 500
Atlanta, Georgia 30305
(404) 239-6125
rebecca.segrest@FINRA.org