

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2021069219701**

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

RE: BNP Paribas Securities Corp. (Respondent)
Member Firm
CRD No. 15794

Pursuant to FINRA Rule 9216, Respondent BNP Paribas Securities Corp. (BNPS) 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

BNP Paribas Securities Corp. has been a FINRA member since December 1984, and is headquartered in New York, New York. The firm has approximately 1,500 registered representatives among its nine branch offices. Among other things, the firm engages in market making transactions and brokerage activities, including options transactions, for its customers, which are primarily institutions, other broker-dealers, and affiliates. The firm's business also includes acting as an intermediating U.S. broker on behalf of its foreign broker-dealer affiliates pursuant to Rule 15a-6 under the Securities Exchange Act of 1934.

In May 2022, Cboe BZX Exchange, Inc. censured and fined the firm \$50,000 for violations relating to inaccurate LOPR reporting.¹ Specifically, from November 2014 to May 2020, BNPS failed to report or inaccurately reported listed options positions to the LOPR as a result of various coding issues and human error. In total, the firm failed to report or over-reported options positions in approximately 24,283 instances and inaccurately reported options positions in approximately 2,602 instances.²

¹ BNP Paribas Secs. Corp. (Star No. 20190614671-01/File No. USRI-9789-03/URE-25-03).

² For more information about the firm, including prior regulatory events, visit BrokerCheck® at www.finra.org/brokercheck.

OVERVIEW

From October 2019 to April 2024, BNPS failed to report 842 over-the-counter (OTC) options positions to the Large Options Positions Reporting (LOPR) system in 167,520 instances in violation of FINRA Rules 2360(b)(5) and 2010.

In addition, from October 2019 to April 2025, BNPS failed to establish and maintain a supervisory system, including written supervisory procedures (WSPs), reasonably designed to achieve compliance with FINRA Rule 2360 in violation of FINRA Rules 3110 and 2010.

For these violations, the firm agrees to a censure and a fine of \$125,000.

FACTS AND VIOLATIVE CONDUCT

This matter originated from FINRA's LOPR reviews and BNPS's self-reporting pursuant to FINRA Rule 4530.

BNPS failed to report certain OTC options positions to the LOPR.

FINRA requires member firms to report large options positions to the LOPR system.³ FINRA uses LOPR information to identify holders of large options positions and to surveil for potentially manipulative behavior, including attempts to corner the market in the underlying equity, leverage an option position to affect the price, or move the underlying equity to change the value of a large option position. The accuracy of LOPR reporting is essential to FINRA's surveillance. It is particularly important with respect to the OTC options market because there is no independent source of data for regulators to review OTC options.

FINRA Rule 2360(b)(5) requires member firms to report to the LOPR each customer or firm account that, acting alone or in concert, has established an aggregate position of 200 or more option contracts on the same side of the market covering the same underlying security or index. The report must identify the account holder and the total number of option contracts for each options class comprising the reportable position and must include other information as required by FINRA. These reporting requirements also apply to transactions with a foreign non-member broker or dealer that are intermediated by member firms under Exchange Act Rule 15a-6(a)(3).

A violation of FINRA Rule 2360(b)(5) also constitutes a violation of FINRA Rule 2010, which requires members, in the conduct of their business, to observe high standards of commercial honor and just and equitable principles of trade.

As part of its options business, BNPS acted as an intermediary between its affiliated foreign non-registered brokers or dealers and U.S.-based customers. BNPS's LOPR reporting system logic identified a transaction as intermediated—and thus eligible to be

³ The Options Clearing Corporation (OCC) hosts the LOPR system and collects and disseminates all LOPR data for the U.S. options exchanges and FINRA.

reported where other LOPR requirements were met (e.g., aggregate positions exceeded 200 contracts)—if the transaction involved a foreign broker or dealer and a BNPS salesperson that was located in the United States.

From October 2019 to April 2024, the firm failed to report 842 OTC options positions to the LOPR in 167,520 instances⁴ as a result of five separate issues arising out of transactions where BNPS acted as an intermediary between its foreign affiliates and U.S.-based customers.

First, from October 2019 to March 2021, BNPS failed to report to the LOPR 97 OTC options positions where it acted as an intermediary between its foreign affiliates and U.S.-based customers in 36,163 instances. In October 2019, BNPS migrated to a new LOPR reporting system, but the new system was not set up to receive updates on salesperson location information, and, over time, that data became outdated and inaccurate. As a result, the firm failed to identify certain intermediated transactions, and to assess whether such transactions required reporting to the LOPR, because its systems erroneously concluded that no U.S. salesperson was involved. The firm discovered this reporting issue in June 2020 and implemented a fix in October 2020 to ensure the salesperson location database was up to date. However, due to an oversight, the firm did not report to the LOPR the open intermediated OTC options positions until March 2021.⁵

Second, from October 2019 to May 2021, BNPS failed to report to the LOPR 325 OTC options positions where it acted as an intermediary between its foreign affiliates and U.S.-based customers in 80,630 instances. After the October 2019 migration, one of the firm's trading systems began erroneously excluding salesperson information when passing trade information to the LOPR reporting system. As a result, the reporting system concluded no U.S. salesperson was involved and did not report certain reportable intermediated transactions to the LOPR. The firm identified this issue in March 2021 and remediated the issue in May 2021.

Third, from October 2019 to February 2022, BNPS failed to report to the LOPR 188 OTC options positions where it acted as an intermediary between its foreign affiliates and U.S.-based customers in 30,200 instances. As part of the October 2019 migration, BNPS inadvertently excluded all transactions involving non-U.S.-based funds from consideration for LOPR reporting. However, BNPS intermediated some of these transactions involving non-U.S.-based funds, and they were therefore eligible to be reported if other LOPR requirements are met. The firm remediated this issue in February 2022.

Fourth, from April 2020 to August 2023, BNPS failed to report to the LOPR 24 OTC options positions where it acted as an intermediary between its foreign affiliates and U.S.-based customers in 3,778 instances. During this time, a U.S. salesperson erroneously

⁴ An "instance" occurs where a firm fails to report, or inaccurately reports, a position for one day. The number of instances is determined by multiplying a given reportable position by the number of trade dates that the position was not reported or was reported inaccurately.

⁵ An option position is reportable each day it is above the reporting threshold and the first day it falls below the reporting threshold. See OCC LOPR FAQ 24 (June 2020).

selected the wrong trader identifier when entering transactions. The firm used a trader's initials as the identifier, and the U.S. salesperson selected the initials of a former trader based in the Asia-Pacific region with similar initials. As a result, the firm failed to report certain intermediated transactions effected by the U.S. salesperson because the firm's systems associated the transactions with the former foreign trader. The firm identified, self-reported, and remediated the issue in August 2023.

Fifth, from June 2022 to April 2024, BNPS failed to report to the LOPR 208 OTC options positions where it acted as an intermediary between its foreign affiliates and U.S.-based customers in 16,776 instances. This resulted from a formatting error that occurred in information sent from one of the firm's trading systems to the firm's LOPR reporting system. Specifically, the trading system placed the salesperson location information in the wrong data field, and, therefore, the LOPR reporting system failed to recognize certain intermediated transactions involving large options positions. The firm remediated the formatting issue in April 2024.

Therefore, BNPS violated FINRA Rules 2360(b)(5) and 2010.

BNPS's system for supervising its LOPR reporting was not reasonably designed.

FINRA Rule 3110 requires member firms to establish and maintain a supervisory system, including written procedures, to supervise the activities of each associated person that is reasonably designed to achieve compliance with applicable securities laws, regulations, and FINRA rules. A violation of FINRA Rule 3110 also is a violation of FINRA Rule 2010.

From October 2019 to April 2025, the firm failed to establish and maintain a supervisory system, including WSPs, reasonably designed to achieve compliance with FINRA Rule 2360(b)(5). During this period, pursuant to its WSPs, the firm reviewed randomly selected options transactions to assess whether the firm correctly reported them to the LOPR. However, these reviews were not reasonably designed in that they did not ensure that a sufficient number of intermediated transactions would be reviewed for compliance with the LOPR reporting requirement. In April 2025, the firm remediated this issue by implementing new supervisory procedures, including WSPs, that recalculated on a daily basis the LOPR eligibility of each of the firm's OTC options positions to confirm each position was reported properly.

By failing to establish and maintain a supervisory system, including WSPs, reasonably designed to achieve compliance with FINRA Rule 2360(b)(5), BNPS violated FINRA Rules 3110 and 2010.

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

- a censure and
- a \$125,000 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 understands and acknowledges that it is permitted to retain an attorney at its expense to review and provide legal advice regarding the AWC before agreeing to the language and signing the AWC; that FINRA does not represent or advise it and Respondent cannot rely on FINRA for legal advice; 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.

January 8, 2026

Date

Stephan Nawrocki

BNP Paribas Securities Corp.
Respondent

Name: Steve Nawrocki

Title: Head of Equity Derivatives Americas

January 8, 2026

Date

Adil El Batji

BNP Paribas Securities Corp.
Respondent

Name: Adil El Batji

Title: Head of Global Equities Americas

Accepted by FINRA:

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

January 12, 2026

Date

Jeffery Ding

Jeffery Ding
Senior Counsel
FINRA
Department of Enforcement
200 Liberty Street, 11th Floor
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