

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2022073414301**

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

RE: BofA Securities, Inc. (Respondent)
Member Firm
CRD No. 283942

Pursuant to FINRA Rule 9216, Respondent BofA 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

BofA Securities has been a FINRA member since January 2018. The firm is headquartered in New York, New York, has approximately 120 branch offices, and employs approximately 5,500 registered representatives. The firm is a full-service broker-dealer providing a range of financial services, including sales and trading, market making, investment banking, and underwriting.¹

OVERVIEW

From January 2020 to September 2023, BofA Securities published 15 quarterly reports regarding customer orders in NMS securities pursuant to Rule 606 of Regulation National Market System (NMS) under the Securities Exchange Act of 1934 that provided inaccurate and incomplete information. As a result, the firm violated Rule 606(a) of Regulation NMS and FINRA Rule 2010.

During the same period, BofA Securities failed to establish, maintain, and enforce a supervisory system, including written supervisory procedures (WSPs), reasonably

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

designed to achieve compliance with Rule 606. As a result, the firm violated FINRA Rules 3110(a) and (b) and 2010.

For these violations, BofA Securities is censured and fined \$225,000.

FACTS AND VIOLATIVE CONDUCT

This matter originated from a FINRA cycle examination of BofA Securities.

A. BofA Securities violated Rule 606(a) of Regulation NMS by publishing inaccurate or incomplete information in its Rule 606 reports.

Rule 606 disclosures are designed to help customers: better understand how their firm routes and handles their orders; assess the quality of order handling services provided by their firm; and ascertain whether the firm is effectively managing potential conflicts of interest that may impact their firm's routing decisions. Rule 606 requires every broker-dealer to make available to the public a quarterly report containing information on its routing of non-directed orders in NMS securities.²

Rule 606(a)(1) requires broker-dealers to publish quarterly reports that contain statistical information regarding the routing of held, non-directed customer orders in NMS stocks, and both held and not held, non-directed customer orders in NMS securities that are option contracts.³ The reports must include the following information:

- (i) The percentage of total orders that were non-directed, and the percentages of total non-directed orders that were market orders, marketable limit orders, non-marketable limit orders, and other orders;
- (ii) The ten venues to which the largest number of non-directed orders were routed for execution, any venue to which five percent or more of non-directed orders were routed for execution, and information concerning the types of non-directed orders that were routed to the venue;
- (iii) For each venue identified, the net aggregate amount of any payment for order flow received, payment from any profit-sharing relationship received, transaction fees paid, and transaction rebates received, both as a

² Rule 600(b) defines a "non-directed order" to mean any customer order other than a directed order and a "directed order" to mean a customer order that the customer specifically instructed the broker-dealer to route to a particular venue for execution.

³ A broker-dealer must attempt to execute a "held" order immediately, whereas "not held" orders provide the broker-dealer with price and time discretion in handling the order.

total dollar amount and per share, for specified types of non-directed orders; and

- (iv) A discussion of the material aspects of the broker-dealer's relationship with each venue identified, including a description of any arrangement for payment for order flow, any profit-sharing relationship, and any terms of such arrangements, that may influence a broker's or dealer's order routing decision, including arrangements specified in the rule. For all venues with tiered pricing terms, the firm must include a description of all of the venues' pricing tiers, the pricing for each tier, and the tier applied to the firm.⁴

A violation of Rule 606(a) is also a violation of FINRA Rule 2010, which states that "[a] member, in the conduct of its business, shall observe high standards of commercial honor and just and equitable principles of trade."

From January 2020 to September 2023, BofA Securities published a total of 15 Rule 606 reports that failed to comply with the requirements of Rule 606(a) in the following ways:⁵

- In 12 of the reports, the firm erroneously included millions of directed orders in its non-directed order statistics when those orders should have been excluded. Additionally, the firm excluded non-directed orders that should have been included in the firm's non-directed order statistics.
- In nine of the reports, the firm excluded all of its non-directed complex options orders from its reporting statistics.
- In 14 of the reports, the firm excluded required information about fees that the firm paid to its execution venues and exchanges, including transaction fees paid and payments from any profit-sharing relationships.
- In four of its reports, the firm incorrectly reported the fees that it paid to execution venues as positive values and rebates that it received from execution venues as negative values.
- In 11 of its reports, the firm did not disclose material aspects of its relationship with execution venues to which it routed orders. Specifically, for venues with

⁴ See *Responses to Frequently Asked Questions Concerning Rule 606 of Regulation NMS* Question 12.02 (last updated June 26, 2024), available at <https://www.sec.gov/rules-regulations/staff-guidance/trading-markets-frequently-asked-questions/faq-rule-606-regulation>; see also *Observations Related to Regulation NMS Rule 606 Disclosures* at 6 (Nov. 10, 2022), available at <https://www.sec.gov/files/reg-nms-rule-606-disclosures-risk.alert.pdf> (explaining that providing a hyperlink to the venue's current pricing tiers does not satisfy these requirements).

⁵ As a result of the examination, which identified certain Rule 606 reporting violations, the firm identified several additional issues related to its Rule 606 reports and disclosed them to FINRA examination staff.

tiered pricing schedules, the firm provided only hyperlinks to each venue's current pricing tiers and did not disclose the tier or pricing available to the firm.

Therefore, the firm violated Regulation NMS Rule 606 and FINRA Rule 2010.

B. BofA Securities failed to establish, maintain, and enforce a supervisory system, including WSPs, reasonably designed to achieve compliance with Rule 606 of Regulation NMS.

FINRA Rule 3110(a) requires member firms 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) requires member firms 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. A violation of FINRA Rule 3110(a) and (b) is also a violation of FINRA Rule 2010.

From January 2020 to September 2023, BofA Securities' supervisory system, including its WSPs, was not reasonably designed to achieve compliance with Rule 606. The firm had no procedures and no reasonable process to review the information presented in its Rule 606 reports for completeness or accuracy. The firm conducted a month-to-month comparison of its Rule 606 reports prior to publication. However, its review was not designed to identify whether the information in its Rule 606 reports was complete or accurate. As a result, the firm failed to detect that it was reporting the inaccurate and incomplete information described above.

In September 2023, the firm implemented updated WSPs concerning its Rule 606 reports to include supervisory steps designed to assess data accuracy and to determine whether its material aspects information was complete and accurate.

By failing to establish, maintain, and enforce a supervisory system reasonably designed to achieve compliance with Rule 606, BofA Securities violated FINRA Rules 3110(a) and (b) and 2010.

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

- a censure; and
- a \$225,000 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.

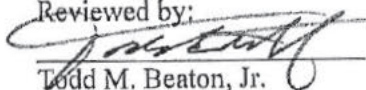
10 December 2025
Date


BofA Securities, Inc.
Respondent

Print Name: Sally Burke

Title: Associate GC & Managing Director

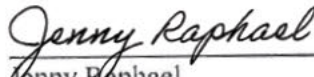
Reviewed by:


Todd M. Beaton, Jr.
Counsel for Respondent
McGuireWoods
1251 Avenue of the Americas, 20th Floor
New York, NY 10020

Accepted by FINRA:

December 19, 2025
Date

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


Jenny Raphael
Counsel
FINRA
Department of Enforcement
9509 Key West Avenue
Rockville, MD 20850