

**NASDAQ ISE, LLC
NOTICE OF ACCEPTANCE OF AWC**

Certified, Return Receipt Requested

**TO: Nomura Securities International, Inc.
Mr. Faron Webb
Managing Director
Worldwide Plaza
309 West 49th Street
New York, NY 10019**

**FROM: Nasdaq ISE, LLC (“ISE”)
c/o Financial Industry Regulatory Authority (“FINRA”)
Department of Enforcement
9509 Key West Avenue
Rockville, MD 20850**

DATE: December 21, 2017

RE: Notice of Acceptance of Letter of Acceptance, Waiver and Consent No. 20150455863-02

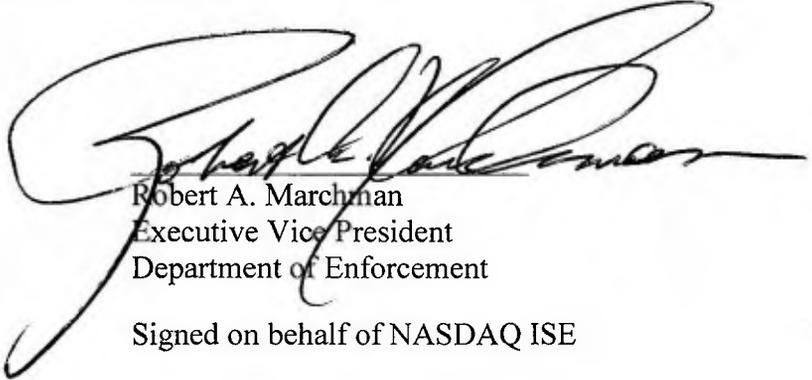
Please be advised that your above-referenced Letter of Acceptance, Waiver and Consent (“AWC”) has been accepted on **December 21, 2017** by ISE’s Business Conduct Committee. A copy of the AWC is enclosed herewith.

You are again reminded of your obligation, if currently registered, immediately to update your Uniform Application for Broker-Dealer Registration (“Form BD”) to reflect the conclusion of this disciplinary action. Additionally, you must also notify FINRA (or NASDAQ if you are not a member of FINRA) in writing of any change of address or other changes required to be made to your Form BD.

You will be notified by the Registration and Disclosure Department regarding sanctions if a suspension has been imposed and by NASDAQ’s Finance Department regarding the payment of any fine if a fine has been imposed.

Nomura Securities International, Inc.
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If you have any questions concerning this matter, please contact Elyse D. Kovar, Senior Counsel,
at (646) 430-7050.



Robert A. Marchman
Executive Vice President
Department of Enforcement
Signed on behalf of NASDAQ ISE

Enclosure

FINRA District 10 – New York
Michael Solomon
Senior Vice President and Regional Director
(Via email)

Bruce H. Newman
Counsel for Respondent
WilmerHale
7 World Trade Center
250 Greenwich Street
New York, NY 10007

NASDAQ ISE, LLC
Attn: John Zecca, Chief Regulatory Officer
60 Broad Street, 26th Floor
New York, NY 10004

Re: LETTER OF ACCEPTANCE, WAIVER AND CONSENT
File No. 20150455863
Nomura Securities International, Inc. (CRD No. 4297)

Chief Regulatory Officer and Business Conduct Committee Members:

Pursuant to ISE Rule 1603, Nomura Securities International, Inc. ("NMRA" or the "firm") submits this Letter of Acceptance, Waiver, and Consent ("AWC") to the NASDAQ ISE, LLC, formerly known as the International Securities Exchange, LLC ("ISE" or "Exchange") to propose a settlement of the alleged rule violations described in Section II below. This AWC is submitted to resolve this proceeding and on the condition that, if accepted, ISE will not bring any future actions against NMRA based on the same alleged violations.

NMRA understands that signing this AWC is a voluntary action on its part and that the AWC will not resolve this matter unless and until it has been reviewed and accepted by both the Chief Regulatory Officer ("CRO") and then the Business Conduct Committee ("BCC"), who must decide if it is appropriate in view of the facts and allegations involved. NMRA also understands that if either the CRO or the BCC decides to decline this AWC, it will not be used against NMRA to prove that any violations occurred.

NMRA understands that if this AWC is accepted by both the CRO and the BCC, it will become a part of its permanent disciplinary records and may be considered in any future actions brought by the ISE. NMRA also understands that its experience in the securities industry and any disciplinary history may be factors which the CRO and BCC will consider in deciding whether to accept this AWC. That experience and disciplinary history includes the following:

- NMRA has been a member of ISE since December 28, 2006, and its registration remains in effect.
- NMRA has one prior disciplinary action on ISE. On January 23, 2014, the firm entered into an Acceptance, Waiver and Consent ("AWC") with the ISE, in which it consented to a censure and a \$150,000 fine for five instances of anticipatory hedging on four separate trade dates during the period between April 2011 and February 2012. In each instance, after receiving customer options orders and executing a portion of such orders, but prior to disclosing the full terms and conditions of the orders to the marketplace, the firm purchased or sold related options for its proprietary account in order to hedge its anticipated facilitation of the remaining portions of the customer orders. (Matter No. 20110283560;

ISE File Nos. 2011-057, 2012-001 and 2012-067).

- In addition, in June 2014, NYSE American LLC (formerly NYSE MKT LLC) censured and fined NMRA \$90,000 for three instances on three separate trade dates during the period between April 2011 and June 2012. In each instance, after receiving customer options orders and executing a portion of such orders, but prior to disclosing the full terms and conditions of the orders to the marketplace, NMRA purchased or sold related options for its proprietary account in order to hedge its anticipated facilitation of the remaining portions of the customer orders (Matter No. 20110287783).

I. Waiver of Procedural Rights

NMRA is advised of, and specifically and voluntarily waives, the following rights which are granted by the ISE's disciplinary rules:

1. to have a Statement of Charges filed identifying the violations alleged in this matter;
2. to be notified of the Statement of Charges and have the opportunity to answer the allegations in writing;
3. to defend against the allegations in a hearing before a Panel consisting of a professional hearing officer and two members of the BCC and to be represented by an attorney at the hearing;
4. to have a written record of the hearing made and a written decision issued by the Panel; and
5. to appeal any such decision to the ISE's Board of Directors, then to the U.S. Securities and Exchange Commission and to a U.S. Court of Appeals.

NMRA further waives any provision of the ISE's disciplinary and other rules that may be interpreted as prohibiting any ISE staff member from advising the CRO and BCC in their decision as to whether to accept this AWC.

II. Acceptance and Consent

NMRA hereby accepts and consents, without admitting or denying the allegations, to the entry of findings by the ISE of the following acts and violations:

Summary

1. On May 22, 2015 ("Trade Date"), NMRA improperly hedged its anticipated facilitation of a customer order prior to disclosure to the trading crowd of all

material terms and conditions of the customer order, in violation of ISE Rule 400.02. NMRA also had related supervisory deficiencies until in or about July 2016.

Anticipatory Hedging Rule

2. Anticipatory hedging occurs when a firm hedges its position due to advance knowledge of an imminently executable options order. By hedging an option position prior to the order being represented in the marketplace, a firm may benefit from a better hedge price since it trades based on knowledge of an upcoming order. Anticipatory hedging prior to disclosure to the marketplace of all material terms and conditions of facilitated block orders is inconsistent with just and equitable principles of trade pursuant to ISE Rule 400.02.¹

Anticipatory Hedging Violations

3. On the Trade Date, at approximately 14:01:16, NMRA received a customer not held order to purchase 10,000 Avon Products, Inc. ("AVP") June 19, 2015 7.5 puts at \$0.75 ("Customer Order"). At approximately 14:02:27, NMRA routed the customer's buy order of 10,000 AVP June 19, 2015 7.5 puts with a limit price of \$0.65 cents (which was equal to the best bid quoted at the time).
4. At approximately 14:02:59, after receiving the Customer Order, but prior to disclosing the full terms and conditions of the Customer Order to the marketplace, NMRA purchased 6,851 AVP June 19, 2015 7 puts at \$0.45 for its proprietary account, of which 1,146 contracts executed on the Exchange, to hedge its anticipated facilitation of the pending Customer Order.
5. The conduct described in paragraphs three and four constituted separate and distinct violations of ISE Rule 400.02.

Supervision

6. ISE Rule 400 requires every Member to engage in acts or practices consistent with just and equitable principles of trade.

¹ ISE Rule 400.02 provides that it "may be considered conduct inconsistent with just and equitable principles of trade for any person associated with a Member who has knowledge of all material terms and conditions of: (i) an order and a solicited order, (ii) an order being facilitated, or (iii) orders being crossed; the execution of which are imminent, to enter, based on such knowledge, an order to buy or sell an option for the same underlying security as any option that is the subject of the order, or an order to buy or sell the security underlying such class, or an order to buy or sell any related instrument until (i) the terms of the order and any changes in the terms of the order of which the person associated with the Member has knowledge are disclosed to the trading crowd, or (ii) the trade can no longer reasonably be considered imminent in view of the passage of time since the order was received. The terms of an order are "disclosed" to the trading crowd on the Exchange when the order is entered into the System, the facilitation or Solicited Order Mechanisms."

7. ISE Rule 401 requires Members to supervise persons associated with the Member as to assure compliance with the Exchange Act, the Constitution or the Rules of the Exchange, and OCC rules insofar as they relate to the reporting or clearance of any Exchange Transaction, or any written interpretation thereof.
8. On the Trade Date and until in or about July 2016, NMRA's supervisory system for reviewing securities transactions was not reasonably designed to ensure compliance with Exchange rules prohibiting anticipatory hedging. The firm's supervisory system and written supervisory procedures applicable to anticipatory hedging transactions did not address, or provide for the supervision of, pre-hedge disclosure to the market of a customer's limit order at the price specified by the customer to ensure compliance with applicable anticipatory hedging rules, and the firm failed to adequately train its staff with respect to the foregoing. Such conduct violated ISE Rules 400 and 401.

NMRA hereby consents to the ISE imposing on it, at a maximum, the following sanction:

A censure and a fine in the amount of \$100,000, of which \$22,750 shall be paid to ISE (\$16,500 for anticipatory hedging violations, and \$6,250 for related supervisory failures).

Acceptance of this AWC is conditioned upon acceptance of similar settlement agreements in related matters between the Firm and each of the following self-regulatory organizations: NASDAQ PHILX LLC; NYSE American LLC; and Cboe Exchange, Inc.

III. Corrective Action and Other Matters

1. If this AWC is accepted by the BCC, ISE will take no further action against NMRA respecting the matters that are the subject of this AWC. If this AWC is rejected by the BCC, the matter shall proceed as though the letter had not been submitted. The BCC's decision to accept or reject this AWC shall be final, and NMRA may not seek review thereof.
2. NMRA may attach to this AWC any statement it wishes to have the CRO and BCC consider in deciding whether to accept it, although it may not deny the existence of the violations or make any other statements inconsistent with the AWC.
3. NMRA agrees to pay the monetary sanctions imposed on it upon notice that this AWC has been accepted and that such payment is due and payable, and has attached the election form showing the method by which it proposes to pay any fine imposed.
4. NMRA understands that ISE will make such public announcement concerning this

agreement and the subject matter thereof as ISE may deem appropriate.

NMRA certifies that it has read and understands all of the provisions of this AWC and has been given full opportunity to ask questions about it; and that no offer, threat, inducement, or promise of any kind has been made to induce NMRA to submit it.

Nomura Securities International, Inc.

By: Faron Webb

Name: Faron Webb

Title: Managing Director

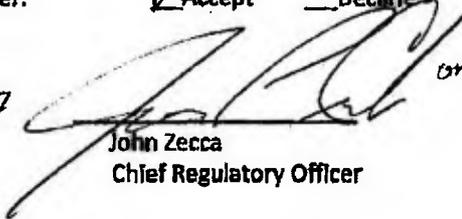
Date: 12/6/17

THIS SECTION RESERVED FOR EXCHANGE USE ONLY

Decision of the ISE Chief Regulatory Officer:

Accept Decline

December 21, 2017
Date

 on behalf of
John Zecca
Chief Regulatory Officer

Decision of the ISE Business Conduct Committee:

Accept Decline

December 21, 2017
Date

 on behalf of
John Zecca
For the Business Conduct Committee

LETTER OF ACCEPTANCE, WAIVER AND CONSENT

FINRA Matter No. 20150455863

Schedule A

Election of Payment Method

Nomura Securities International, Inc. proposes to pay the fine as described in Part II, *Acceptance and Consent*, of the AWC by:

- Automatic Deduction from the Firm's Options Clearing Corporation account;
- A firm check or bank check for the full amount;
- Wire transfer;
- The installment payment plan¹ (if agreed between NMRA and the Exchange staff, and approved by the BCC).

If the firm proposes to pay the fine by a firm check or a bank check for the full amount, or by wire transfer for the full amount, the Exchange must receive payment of the fine within 30 days of the AWC becoming final.

If the Exchange does not receive the firm check or a bank check for the full amount, or by wire transfer for the full amount, within 30 days of the AWC becoming final, the Exchange will deduct the fine from the firm's OCC account.

The Exchange will notify the firm by separate letter when the AWC is accepted and becomes final.

Respectfully submitted,

Nomura Securities International, Inc.

By: Faron Webb

Name: Faron Webb

Title: Managing Director

Date: 12/6/17

¹ The installment payment plan is only available for a fine of \$50,000 or more. Certain interest payments, minimum monthly payments and other requirements may apply. The Firm should discuss this fully with counsel before requesting this method of payment.