

**THE NASDAQ STOCK MARKET LLC
NOTICE OF ACCEPTANCE OF AWC**

Certified, Return Receipt Requested

**TO: Deutsche Bank Securities Inc.
Mr. Steven F. Reich
General Counsel
60 Wall Street
New York, NY 10005**

**FROM: The NASDAQ Stock Market LLC ("Nasdaq")
c/o Financial Industry Regulatory Authority ("FINRA")
Department of Enforcement
9509 Key West Avenue
Rockville, MD 20850**

DATE: November 6, 2018

RE: Notice of Acceptance of Letter of Acceptance, Waiver and Consent No. 20160511383-01

Please be advised that your above-referenced Letter of Acceptance, Waiver and Consent ("AWC") has been accepted on **November 6, 2018** by the Nasdaq Review Council's Review Subcommittee, or by the Office of Disciplinary Affairs on behalf of the Nasdaq Review Council, pursuant to Nasdaq Rule 9216. 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 are reminded that Section I of the attached Letter of Acceptance, Waiver, and Consent includes an undertaking. In accordance with the terms of the AWC, a registered principal of the firm is required to notify the Compliance Assistant, Department of Enforcement, 9509 Key West Avenue, Rockville, MD 20850, of completion of the undertaking.

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.

Deutsche Bank Securities Inc.
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If you have any questions concerning this matter, please contact me at (240) 386-5102.



Joaquin Gubb
Senior Counsel
Department of Enforcement, FINRA

Signed on behalf of NASDAQ

Enclosure

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

Deutsche Bank Securities Inc.
Mr. Andrew Stemmer
Director & Associate General Counsel
60 Wall Street
New York, NY 10005

Deutsche Bank Securities Inc.
Mr. Vijay Dewan
Director and Senior Counsel
60 Wall Street
New York, NY 10005

THE NASDAQ STOCK MARKET LLC
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20160511383-01

TO: The NASDAQ Stock Market LLC
c/o Department of Enforcement
Financial Industry Regulatory Authority ("FINRA")

RE: Deutsche Bank Securities Inc., Respondent
Broker-Dealer
CRD No. 2525

Pursuant to Rule 9216 of The NASDAQ Stock Market LLC ("Nasdaq") Code of Procedure, Deutsche Bank Securities Inc., (the "firm") 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, Nasdaq will not bring any future actions against the firm alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. The firm 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 Nasdaq, or to which Nasdaq 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 Nasdaq:

BACKGROUND

The firm became a member of FINRA on March 16, 1940 and of Nasdaq on July 12, 2006. The firm's registrations remain in effect. The firm has no relevant disciplinary history.

SUMMARY

The staff of the Market Analysis Section of the Department of Market Regulation at FINRA (the "staff") conducted two reviews of the firm's compliance with Nasdaq Rule 4613(a) during the periods from January 1, 2015 through December 31, 2016 (the "first review period") in Matter No. 20160511383, and January 1, 2017 through March 31, 2017 (the "second review period") in Matter No. 20170545700. Based on these two reviews, the staff determined that the firm violated Nasdaq Rule 4613(a), 2010A and 3010(a).

FACTS AND VIOLATIVE CONDUCT

Market Maker Quoting Obligations

1. Pursuant to Nasdaq Rule 4613(a), for each National Market System (“NMS”) security in which a Nasdaq member is registered as a market maker, the member is required to maintain a continuous two-sided trading interest, during regular market hours, at prices within certain parameters expressed as a percentage referenced from the National Best Bid or Offer (“NBBO”).
2. During the first review period, the firm, in 240 instances,¹ failed to maintain a continuous two-sided trading interest during regular market hours at prices within certain percentages away from the NBBO. These violations resulted primarily from the firm failing to properly submit a Market Maker Peg order due to a manual process, but also resulted from internal system errors. The conduct described in this paragraph constitutes separate and distinct violations of Nasdaq Rule 4613(a).
3. During the second review period, the firm, in 80 instances, failed to maintain a continuous two-sided trading interest during regular market hours at prices within certain percentages away from the NBBO. These violations occurred due to the firm failing to properly submit a Market Maker Peg order due to a manual process. The conduct described in this paragraph constitutes separate and distinct violations of Nasdaq Rule 4613(a).

Supervision

4. Nasdaq Rule 3010(a) provides, “Each member shall establish and maintain a system to supervise the activities of each registered representative and associated person that is reasonably designed to achieve compliance with applicable securities laws and regulations with applicable” Nasdaq rules.
5. Nasdaq Rule 2010A provides, “A member, in the conduct of its business, shall observe high standards of commercial honor and just and equitable principles of trade.”
6. During the review period, the firm’s supervisory system was not reasonably designed to achieve compliance with Nasdaq quoting obligations. Specifically, the firm’s written supervisory procedures failed to establish a procedure for review of the manual process that the firm used to determine its daily quoting obligation. Because the firm failed to establish a reasonable review of its daily process for determination of its quotation obligations (the failure of this manual process caused most of the violations

¹ In each review, the number of instances is the validated violations based on a sample.

cited in paragraphs 2 and 3), the firm's procedures related to its quoting requirements were not reasonable. The conduct described in this paragraph constitutes a violation of Nasdaq Rules 2010A and 3010.

- B. The firm also consents to the imposition of the following sanctions:
1. A censure,
 2. A fine of \$22,500, comprised of a \$15,000 fine for the quoting violations and a \$7,500 fine for the supervisory violations, and
 3. The firm also agrees to an undertaking to revise the firm's written supervisory procedures with respect to the areas described above in paragraph 6. Within 30 business days of acceptance of this AWC by the NAC, a registered principal of the Respondent shall submit to the **COMPLIANCE ASSISTANT, LEGAL SECTION, MARKET REGULATION DEPARTMENT, 9509 KEY WEST AVENUE, ROCKVILLE, MD 20850**, a signed, dated letter, or an e-mail from a work-related account of the registered principal to MarketRegulationComp@finra.org, providing the following information: (1) a reference to this matter; (2) a representation that the firm has revised its written supervisory procedures to address the deficiencies described in this paragraph ; and, (3) the date the revised procedures were implemented.

The firm agrees to pay the monetary sanction(s) in accordance with its executed Election of Payment Form.

The firm specifically and voluntarily waives any right to claim that it is unable to pay, now or at any time hereafter, the monetary sanction(s) imposed in this matter.

The sanctions imposed herein shall be effective on a date set by FINRA staff.

II.

WAIVER OF PROCEDURAL RIGHTS

The firm specifically and voluntarily waives the following rights granted under Nasdaq's Code of Procedure:

- A. To have a Formal Complaint issued specifying the allegations against the firm;
- B. To be notified of the Formal 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 Nasdaq Review Council and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, the firm specifically and voluntarily waives any right to claim bias or prejudgment of the Chief Regulatory Officer, the Nasdaq Review Council, or any member of the Nasdaq Review Council, 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.

The firm further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of Rule 9143 or the separation of functions prohibitions of 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

The firm 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 FINRA's Department of Enforcement and the Nasdaq Review Council, the Review Subcommittee, or the Office of Disciplinary Affairs ("ODA"), pursuant to Nasdaq Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against the firm; and
- C. If accepted:
 - 1. This AWC will become part of the firm's permanent disciplinary record and may be considered in any future actions brought by Nasdaq or any other regulator against the firm;
 - 2. Nasdaq may release this AWC or make a public announcement concerning this agreement and the subject matter thereof in accordance with Nasdaq Rule 8310 and IM-8310-3; and

3. The firm 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. The firm may not take any position in any proceeding brought by or on behalf of Nasdaq, or to which Nasdaq is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects the firm's right to take legal or factual positions in litigation or other legal proceedings in which Nasdaq is not a party.

D. The firm may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. The firm 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 Nasdaq, nor does it reflect the views of Nasdaq or its staff.

The undersigned, on-behalf of the firm, 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 it 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 herein and the prospect of avoiding the issuance of a Complaint, has been made to induce the firm to submit it.

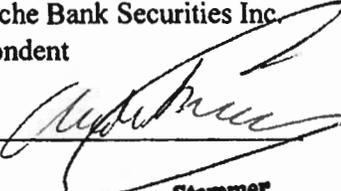
10/22/2018
Date

Deutsche Bank Securities Inc.
Respondent

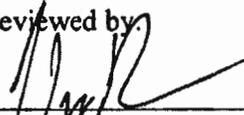
By: 

Name: Steven F. Reich
Title: General Counsel - Americas and,

Deutsche Bank Securities Inc.
Respondent

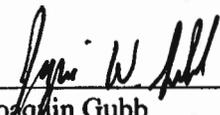
By: 

Name: Andrew Stemmer
Title: Director & Associate General Counsel

Reviewed by:

Vijay Dewan
Counsel for Respondent
Deutsche Bank Securities Inc.

Accepted by Nasdaq:

Nov 6, 2018
Date


Joaquin Gubb
Senior Counsel
Department of Enforcement

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

PAYMENT INFORMATION

The fine amount will be reflected on an upcoming invoice and will be direct debited from the account for your firm that Nasdaq currently has on file. **Please DO NOT submit payment at this time.**

Please inform your finance or applicable department of this forthcoming debit.

If you would like to arrange for an alternative method of payment, please enter the billing contact information below and Nasdaq's Billing Department will contact you. **Otherwise, please leave the following information blank.**

Billing Contact Name: VIJAY DEWAN
Billing Contact Address: 60 WALL ST., NY NY 10005
Billing Contact Email: vijay.dewan@db.com
Billing Contact Phone Number: 212-250-7266

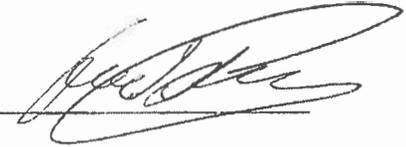
Respectfully submitted,

Respondent

Deutsche Bank Securities Inc.

10/22/2018

Date

By: 

Name: Andrew Stemmer
Director &

Title: Associate General Counsel