FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20130393135-04

TO: Department of Market Regulation
Financial Industry Regulatory Authority ("FINRA")

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

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Deutsche Bank Securities Inc. (the "Firm" or "Respondent") 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 herein.

I.

ACCEPTANCE AND CONSENT

A. Respondent 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 FINRA, or to which FINRA 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 FINRA:

BACKGROUND

The Firm has been a member of FINRA, and its predecessor NASD, since March 16, 1940, and its registration remains in effect.

The Firm does not have any relevant disciplinary history.

SUMMARY

In connection with Matter No. 20140399393, the Trading and Market Making Surveillance Group ("TMMS") of the Department of Market Regulation (the "staff") conducted the Firm's 2014 TMMS Examination in which the staff reviewed the trading activity for the trade date April 23, 2014 (the "first review period").

In connection with Matter No. 20140417491, the Market Manipulation Investigations Team of the Department of Market Regulation (the "staff") reviewed the Firm's compliance with risk management controls and supervisory procedures concerning the

failure to include a customer's order activity in the Firm's post-trade surveillance during the period March 1, 2014 through April 30, 2014 (the "second review period").

In connection with Matter No. 20140435497, the Trading Analysis Team of the Department of Market Regulation (the "staff") reviewed the Firm's compliance with post-trade market abuse surveillance on its equity customers' direct market access ("DMA") and other firm trading activity during the period March 1, 2012 through December 31, 2014 (the "third review period").

Based on its reviews, the staff determined the Firm engaged in the violative conduct set forth below, consisting of violations of FINRA Rules 2010 and 3110 (for conduct on or after December 1, 2014), NASD Rule 3010 (for conduct before December 1, 2014), and SEC Rule 15c3-5 of the Securities Exchange Act of 1934 ("SEC Rule 15c3-5").

APPLICABLE RULES

During the first review period, SEC Rule 15c3-5(b) required broker-dealers that provide market access to establish, document, and maintain a system of risk management controls and supervisory procedures reasonably designed to manage the financial, regulatory, and other risks of their market access business.[1]

During the first review period, SEC Rule 15c3-5(c)(1)(i) specifically required market access broker-dealers to have financial risk management controls and supervisory procedures reasonably designed to prevent the entry of orders that exceed appropriate pre-set credit or capital thresholds in the aggregate for each customer and the broker or dealer and, where appropriate, more finely-tuned by sector, security, or otherwise by rejecting orders if such orders would exceed the applicable credit or capital thresholds.

During the first review period, SEC Rule 15c3-5(c)(1)(ii) specifically required market access broker-dealers to have financial risk management controls and supervisory procedures reasonably designed to prevent the entry of erroneous orders, by rejecting orders that exceed appropriate price or size parameters, on an order-by-order basis or over a short period of time, or that indicate duplicative orders.

During the first review period, SEC Rule 15c3-5(c)(2)(iii) specifically required market access broker-dealers to have regulatory risk management controls and supervisory procedures reasonably designed to restrict access to trading systems and technology that

[1] SEC Rule 15c3-5 requires that, as gatekeepers to the financial markets, broker-dealers providing market access must "appropriately control the risks associated with market access so as not to jeopardize their own financial condition, that of other market participants, the integrity of trading on the securities markets, and the stability of the financial system." 17 C.F.R. § 240.15c3-5, 75 Fed. Reg. 69792, 69792 (Nov. 15, 2010).

provide market access to persons and accounts pre-approved and authorized by the broker or dealer.

During the second and third review periods, SEC Rule 15c3-5(c)(2) specifically required market access broker-dealers to have regulatory risk management controls and supervisory procedures reasonably designed to ensure compliance with all regulatory requirements, including post-trade obligations to monitor for manipulation, fraud and other illegal activity.

During the review periods, in the conduct of its business, FINRA Rule 2010 required market access broker-dealers to observe high standards of commercial honor and just and equitable principles of trade.

During the review periods, FINRA Rule 3110 (for conduct on or after December 1, 2014), and NASD Rule 3010 (for conduct before December 1, 2014), required market access broker-dealers to establish, maintain, and enforce written procedures to supervise the types of business in which it engages that are reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable FINRA and NASD rules.

FACTS AND VIOLATIVE CONDUCT

In connection with Matter No. 20140399393,[2] the staff found that:

1. During the first review period, the Firm failed to establish, document, and maintain a system of risk management controls and supervisory procedures reasonably designed to manage the regulatory risks in connection with market access, as follows:

   (i) Risk management controls and supervisory procedures that are reasonably designed to manage the financial, regulatory, and other risks of this business activity, a violation of SEC Rule 15c3-5(b) and FINRA Rule 2010;[3]

   (ii) Risk management controls and supervisory procedures to systematically limit the financial exposure of the broker or dealer that could arise as a result of

[2] The 2014 TMMS Examination violations against the Firm pertaining to the Order Audit Trail System ("OATS") under FINRA Rules 2010 and 7450 and NASD Rule 3010, are deferred pending consideration of potentially the same or similar violations against the Firm contained in the 2015 Trading and Financial Compliance Examination ("TFCE") and other OATS Reporting/Compliance Team matters.

[3] The Firm did not have: (i) adequate procedures for the escalation of potential market access issues for its "High Touch" order flow because it does not articulate what action(s) should be taken when presented with unusually sized orders or how the firm ensures its supervisors know its employees understand what constitutes an unusually large order and what action(s) should be taken; or (ii) adequate means of evidencing and escalating issues identified through its market access supervisory reviews.

market access, including to prevent the entry of orders that exceed appropriate pre-set credit or capital thresholds in the aggregate for each customer and the broker or dealer and, where appropriate, more finely-tuned by sector, security, or otherwise by rejecting orders if such orders would exceed the applicable credit or capital thresholds, a violation of SEC Rule 15c3-5(c)(1)(i) and FINRA Rule 2010;[4]

(iii) Risk management controls and supervisory procedures to systematically limit the financial exposure of the broker or dealer that could arise as a result of market access, including to prevent the entry of erroneous orders, by rejecting orders that exceed appropriate price or size parameters, on an order-by-order basis or over a short period of time, or that indicate duplicative orders, a violation of SEC Rule 15c3-5(c)(1)(ii) and FINRA Rule 2010;[5] and

(iv) Risk management controls and supervisory procedures to ensure compliance with all regulatory requirements, including to restrict access to trading systems and technology that provide market access to persons and accounts pre-approved and authorized by the broker or dealer, a violation of SEC Rule 15c3-5(c)(2)(iii) and FINRA Rule 2010.[6]

In connection with Matter No. 20140417491, the staff found that:

2. During the second review period, the Firm failed to establish, document, and maintain a system of risk management controls and supervisory procedures reasonably designed to manage the financial, regulatory, and other risks of its DMA business. Specifically, the Firm failed to include a customer's DMA trading activity in its post-trade market abuse surveillance during the second review period and, in doing so, failed to detect potential layering activity by its customer.[7] The conduct described in

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[4] The Firm did not: (i) have a formal process to monitor adequately intra-day changes to financial limits; (ii) have a codified process for ensuring financial limits, raised temporarily to respond to extreme market volatility, are reset; (iii) establish financial (credit) limits at the client level; (iv) employ hard blocks for its capital usage; (v) monitor capital usage on a pre-trade basis; or (vi) have an adequate procedure for monitoring financial limits for NYSE trading.

[5] The Firm did not have: (i) procedures to monitor erroneous orders on a pre-trade basis; or (ii) an adequate procedure for testing new technology regarding market access requirements in relation to implementing financial thresholds and preventing erroneous and/or duplicative orders.

[6] The Firm did not have an adequate procedure for monitoring system access because it is not clear in what context system access is reviewed, how the review is carried out, or how it is documented.

[7] Subsequent to the second review period, the Firm discovered and self-reported to FINRA that technical modifications to its surveillance system responsible for monitoring DMA activity had been configured such that it was only monitoring executed trades, not order information. *See* Matter No. 20140435497. Because the surveillance system was configured to only feed data on executed trades, the Firm's spoofing and layering market manipulation surveillance was not effective for certain DMA activity.

this paragraph constitutes a violation of FINRA Rule 2010, NASD Rule 3010 and SEC Rule 15c3-5(c)(2).

In connection with Matter No. 20140435497, the staff found that:

3. Due to an error during a change in the Firm's internal systems, certain post-trade market abuse surveillance was not run on the Firm's customer equity DMA business when utilizing two separate systems. In transitioning to one system (a customer DMA platform with smart order routing), the Firm failed to feed its DMA order data into the surveillance models. With only executed trades considered by the Firm's post-trade surveillance, potential manipulative order activity was not captured as part of the Firm's obligation to monitor for manipulation, fraud and other illegal activity. The gap in post-trade market abuse surveillance occurred for more than two years (July 1, 2012 through November 30, 2014), which represented approximately 21% of the Firm's total trading activity. This resulted in the exclusion of 239,945,894 orders involving 34,453,516,262 shares from post-trade market abuse surveillance during the third review period.

4. In the same manner, certain post-trade market abuse surveillance was not run on the Firm's DMA order activity originating from a second system from July 1, 2013 through December 31, 2014. This activity represented approximately 9% of the Firm's total trading activity. This resulted in the exclusion of 66,277,137 orders involving 8,764,283,906 shares from certain post-trade market abuse surveillance.

5. During the third review period, the Firm failed to establish, document, and maintain a system of risk management controls and supervisory procedures reasonably designed to manage the financial, regulatory, and other risks of its DMA business. Specifically, the Firm failed to include this customer equity DMA trading activity in certain post-trade market abuse surveillance during the third review period, and failed to detect this gap in surveillance for more than two years. The conduct described in this paragraph constitutes a violation of FINRA Rules 2010 and 3110 (for conduct on or after December 1, 2014), NASD Rule 3010 (for conduct before December 1, 2014), and SEC Rule 15c3-5(c)(2).

OTHER FACTORS

With respect to Matter No. 20140435497, on November 19, 2014, the Firm identified and self-reported the gap in its post-trade surveillance. Based upon the Firm's self-reporting, FINRA commenced an investigation with the cooperation of the Firm. By self-reporting its failure to perform market abuse surveillance on trading activity originating from two separate systems from July 1, 2012 through November 30, 2014, and July 1, 2013 through December 31, 2014, respectively, and providing extraordinary cooperation, the

Firm provided substantial assistance to FINRA's investigation. Accordingly, the sanction reflects significant consideration given to the actions taken by the Firm.[8]

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

A censure; a fine in the total amount of $2,500,000 to be paid jointly to Bats BYX Exchange, Inc., Bats BZX Exchange, Inc., Bats EDGA Exchange, Inc., Bats EDGX Exchange, Inc., The NASDAQ Stock Market LLC, NASDAQ BX, Inc., NASDAQ PHLX LLC, New York Stock Exchange LLC, NYSE MKT LLC, NYSE Arca, Inc., and FINRA, of which **$575,000** of that total amount shall be paid to FINRA.[9]

Respondent agrees to pay the monetary sanction(s) upon notice that this AWC has been accepted and that such payment(s) are due and payable. It 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 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

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 the Firm;

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 NAC and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

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[8] *See* Principal Consideration No. 12 of the FINRA Sanction Guidelines and Regulatory Notice 08-70.

[9] No undertaking is imposed in connection with Matter Nos. 20140417491 and 20140435497 because the Firm has already addressed the deficiencies identified during FINRA's investigation. No undertaking is imposed in this AWC in connection with matter 20140399393 because the firm addressed some of the identified deficiencies following the 2014 TMMS examination and the remaining deficiencies will be addressed through the 2016 Trading and Financial Compliance Examination (formerly TMMS).

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 acceptance or rejection of this AWC.

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 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 the Firm's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against the firm;

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 the subject matter thereof 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 the Firm's: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

D. Respondent 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 FINRA, nor does it reflect the views of FINRA 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.

APRIL 27, 2017
Date

Deutsche Bank Securities Inc.
Respondent

By: _____
Name: _____
Title: _____

Steven F. Raich
General Counsel - Americas

By: _____
Name: _____
Title: _____

Joe Salama
Managing Director &
Associate General Counsel

Reviewed by:

Peter Isajiw, Esq.
King & Spalding LLP
1185 Avenue of the Americas
New York, NY 10036
Tel: +1.212.556.2235

Counsel for Respondent

Accepted by FINRA:

6/28/2017
Date

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

Robert A. Marchman
Executive Vice President, Legal
FINRA Department of Market Regulation

NASDAQ BX, INC.
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20130393135-06

TO: NASDAQ BX, Inc.
c/o Department of Market Regulation
Financial Industry Regulatory Authority ("FINRA")

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

Pursuant to Rule 9216 of the NASDAQ BX, Inc. ("BX") 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, BX 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 BX, or to which BX 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 BX:

BACKGROUND

The firm has been a member of BX since March 18, 2009, and its registration remains in effect.

The firm does not have any relevant disciplinary history.

SUMMARY

In connection with Matter No. 20140417491, the Market Manipulation Investigations Team of the Department of Market Regulation (the "staff") reviewed the firm's compliance with risk management controls and supervisory procedures concerning the failure to include a customer's order activity in the firm's post-trade surveillance during the period March 1, 2014 through April 30, 2014 (the "first review period").

In connection with Matter No. 20140435497, the Trading Analysis Team of the Department of Market Regulation (the "staff") reviewed the firm's compliance with post-trade market abuse surveillance on its equity customers' direct market access ("DMA") and other firm trading activity during the period March 1, 2012 through December 31, 2014 (the "second review period").

Based on its review, the staff determined the firm engaged in the violative conduct set forth below, consisting of violations of Nasdaq BX Rules 2110 and 3010, and SEC Rule 15c3-5 of the Securities Exchange Act of 1934 ("SEC Rule 15c3-5").

APPLICABLE RULES

During the review periods, SEC Rule 15c3-5(c)(2) specifically required market access broker-dealers to have regulatory risk management controls and supervisory procedures reasonably designed to ensure compliance with all regulatory requirements, including post-trade obligations to monitor for manipulation, fraud and other illegal activity.

During the review periods, in the conduct of its business, Nasdaq BX Rule 2110 required market access broker-dealers to observe high standards of commercial honor and just and equitable principles of trade.

During the review periods, Nasdaq BX Rule 3010 required market access broker-dealers to establish, maintain, and enforce written procedures to supervise the types of business in which it engages that are reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable FINRA and NASD rules.

FACTS AND VIOLATIVE CONDUCT

In connection with Matter No. 20140417491, the staff found that:

1. During the first review period, the firm failed to establish, document, and maintain a system of risk management controls and supervisory procedures reasonably designed to manage the financial, regulatory, and other risks of its DMA business. Specifically, the firm failed to include a customer's DMA trading activity in its post-trade market abuse surveillance during the first review period and, in doing so, failed to detect potential layering activity by its customer.[1] The conduct described in this paragraph constitutes a violation of Nasdaq BX Rules 2110 and 3010, and SEC Rule 15c3-5(c)(2).

[1] Subsequent to the first review period, the firm discovered and self-reported to FINRA that technical modifications to its surveillance system responsible for monitoring DMA activity had been configured such that it was only monitoring executed trades, not order information. *See* Matter No. 20140435497. Because the surveillance system was configured to only feed data on executed trades, the firm's spoofing and layering market manipulation surveillance was not effective for certain DMA activity.

In connection with Matter No. 20140435497, the staff found that:

2. Due to an error during a change in the firm's internal systems, certain post-trade market abuse surveillance was not run on the firm's customer equity DMA business when utilizing two separate systems. In transitioning to one system (a customer DMA platform with smart order routing), the firm failed to feed its DMA order data into the surveillance models. With only executed trades considered by the firm's post-trade surveillance, potential manipulative order activity was not captured as part of the firm's obligation to monitor for manipulation, fraud and other illegal activity. The gap in post-trade market abuse surveillance occurred for more than two years (July 1, 2012 through November 30, 2014), which represented approximately 21% of the firm's total trading activity. This resulted in the exclusion of 239,945,894 orders involving 34,453,516,262 shares from post-trade market abuse surveillance during the second review period.

3. In the same manner, certain post-trade market abuse surveillance was not run on the firm's DMA order activity originating from a second system from July 1, 2013 through December 31, 2014. This activity represented approximately 9% of the firm's total trading activity. This resulted in the exclusion of 66,277,137 orders involving 8,764,283,906 shares from certain post-trade market abuse surveillance.

4. During the second review period, the firm failed to establish, document, and maintain a system of risk management controls and supervisory procedures reasonably designed to manage the financial, regulatory, and other risks of its DMA business. Specifically, the firm failed to include this customer equity DMA trading activity in certain post-trade market abuse surveillance during the second review period, and failed to detect this gap in surveillance for more than two years. The conduct described in this paragraph constitutes a violation of Nasdaq BX Rules 2110 and 3010, and SEC Rule 15c3-5(c)(2).

OTHER FACTORS

With respect to Matter No. 20140435497, on November 19, 2014, the firm identified and self-reported the gap in its post-trade surveillance. Based upon the firm's self-reporting, FINRA commenced an investigation with the cooperation of the firm. By self-reporting its failure to perform market abuse surveillance on trading activity originating from two separate systems from July 1, 2012 through November 30, 2014, and July 1, 2013 through December 31, 2014, respectively, and providing extraordinary cooperation, the firm provided substantial assistance to FINRA's investigation. Accordingly, the sanction reflects significant consideration given to the actions taken by the firm.

B. The firm also consents to the imposition of the following sanctions:

A censure; and a fine in the total amount of $2,500,000 to be paid jointly to Bats BYX Exchange, Inc., Bats BZX Exchange, Inc., Bats EDGA Exchange, Inc., Bats EDGX Exchange, Inc., The NASDAQ Stock Market LLC, NASDAQ BX, Inc., NASDAQ PHLX LLC, New York Stock Exchange LLC, NYSE MKT LLC, NYSE Arca, Inc., and FINRA, of which $225,000 of that total amount shall be paid to BX.[2]

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 BX'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 Exchange 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 Exchange Review Council, or any member of the Exchange 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.

[2] No undertaking is imposed in connection with Matter Nos. 20140417491 and 20140435497 because the firm has already addressed the deficiencies identified during the staff's investigation.

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 Market Regulation and the Exchange Review Council, the Review Subcommittee, or the Office of Disciplinary Affairs ("ODA"), pursuant to BX 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 BX or any other regulator against the firm;

2. BX may release this AWC or make a public announcement concerning this agreement and the subject matter thereof in accordance with BX 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 BX, or to which BX 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 BX 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 BX, nor does it reflect the views of the Exchange 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.

April 27, 2017
Date

Deutsche Bank Securities Inc.
Respondent

By: _____
Name:

Title: Steven F. Reich
General Counsel - Americas

By: _____
Name:

Title: Joe Salama
Managing Director &
Associate General Counsel

Reviewed by:

Counsel for Respondent

Peter Isajiw, Esq.
King & Spalding LLP
1185 Avenue of the Americas
New York, NY 10036
Tel: +1.212.556.2235

Accepted by BX:

6/28/2017
Date

Robert A. Marchman
Executive Vice President, Legal
Department of Market Regulation

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

BATS BYX EXCHANGE, INC.
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20130393135-09

TO: Bats BYX Exchange, Inc.
c/o Department of Market Regulation
Financial Industry Regulatory Authority ("FINRA")

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

Pursuant to Rule 8.3 of the Rules of Bats BYX Exchange, Inc. ("BYX"), 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, BYX 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 BYX, or to which BYX 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 BYX:

BACKGROUND

The firm has been a member of BYX since October 11, 2010, and its registration remains in effect.

The firm does not have any relevant disciplinary history.

SUMMARY

In connection with Matter No. 20130393135, the Market Analysis Section of the Department of Market Regulation (the "staff") reviewed the firm's compliance with market access controls related to trading activity on December 23, 2014 (the "first review period").

In connection with Matter No. 20140435497, the Trading Analysis Team of the Department of Market Regulation (the "staff") reviewed the firm's compliance with post-trade market abuse surveillance on its equity customers' direct market access ("DMA") and other firm trading activity during the period March 1, 2012 through December 31, 2014 (the "second review period").

Based on its reviews, the staff determined the firm engaged in the violative conduct set forth below, consisting of violations of BYX Rules 3.1 and 5.1, and SEC Rule 15c3-5 of the Securities Exchange Act of 1934 ("SEC Rule 15c3-5").

APPLICABLE RULES

During the first review period, SEC Rule 15c3-5(c)(1)(ii) specifically required market access broker-dealers to have financial risk management controls and supervisory procedures reasonably designed to prevent the entry of erroneous orders, by rejecting orders that exceed appropriate price or size parameters, on an order-by-order basis or over a short period of time, or that indicate duplicative orders.

During the second review period, SEC Rule 15c3-5(c)(2) specifically required market access broker-dealers to have regulatory risk management controls and supervisory procedures reasonably designed to ensure compliance with all regulatory requirements, including post-trade obligations to monitor for manipulation, fraud and other illegal activity.

During the review periods, in the conduct of its business, BYX Rule 3.1 required market access broker-dealers to observe high standards of commercial honor and just and equitable principles of trade.

During the review periods, BYX Rule 5.1 required market access broker-dealers to establish, maintain, and enforce written procedures to assure their compliance with applicable securities laws, rules, regulations and statements of policy promulgated thereunder, and with BYX rules.

FACTS AND VIOLATIVE CONDUCT

In connection with Matter No. 20130393135, the staff found that:

1. During the first review period, the firm failed to establish, document, and maintain a system of risk management controls and supervisory procedures reasonably designed to manage the regulatory risks in connection with market access. With respect to SEC Rule 15c3-5(c)(1)(ii), the firm failed to have adequate controls in place to prevent the transmission of erroneous orders, as its controls failed to prevent the entry of a large pre-open market order that resulted in the execution of orders far away

from the normal trading price of the security. Specifically, the firm sent a clearly erroneous filing to Nasdaq in Targa Resources Partners LP ("NGLS") when trades occurred between 9:33:00 and 9:34:00 in which the firm received an electronic buy order for 50,000 shares at market price and the firm's smart order router sent high priced limit orders to various exchanges.[1] The conduct described in the paragraphs above constitutes a violation of BYX Rules 3.1 and 5.1, and SEC Rule 15c3-5(c)(1)(ii).

In connection with Matter No. 20140435497, the staff found that:

2. Due to an error during a change in the firm's internal systems, certain post-trade market abuse surveillance was not run on the firm's customer equity DMA business when utilizing two separate systems. In transitioning to one system (a customer DMA platform with smart order routing), the firm failed to feed its DMA order data into the surveillance models. With only executed trades considered by the firm's post-trade surveillance, potential manipulative order activity was not captured as part of the firm's obligation to monitor for manipulation, fraud and other illegal activity. The gap in post-trade market abuse surveillance occurred for more than two years (July 1, 2012 through November 30, 2014), which represented approximately 21% of the firm's total trading activity. This resulted in the exclusion of 239,945,894 orders involving 34,453,516,262 shares from post-trade market abuse surveillance during the review period.

3. In the same manner, certain post-trade market abuse surveillance was not run on the firm's DMA order activity originating from a second system from July 1, 2013 through December 31, 2014. This activity represented approximately 9% of the firm's total trading activity. This resulted in the exclusion of 66,277,137 orders involving 8,764,283,906 shares from certain post-trade market abuse surveillance.

4. During the second review period, the firm failed to establish, document, and maintain a system of risk management controls and supervisory procedures reasonably designed to manage the financial, regulatory, and other risks of its DMA business. Specifically, the firm failed to include this customer equity DMA trading activity in certain post-trade market abuse surveillance during the second review period, and

[1] The mid-point of the bid/ask was $45.48 immediately prior to the order being entered. As a result of the large market order entering the market, NGLS shares executed as high as $10,102.42 within seconds. The primary auction for NGLS was delayed on NYSE which resulted in limited liquidity. Due to the delayed opening there was not enough liquidity in the secondary market to facilitate the 50,000 market order which resulted in orders being executed far away from the normal trading price of the security (approximately 21,705% above the prior days close). The firm had an issue with market data and the receipt of a primary open flag showing the NYSE market open when it was not open. Later that day, Nasdaq, on its own motion, pursuant to Nasdaq Rule 11890(b), and in conjunction with Bats, Direct Edge, NYSE Arca, and FINRA, determined to cancel all trades in NGLS at or above $47.74 that were executed in Nasdaq between 9:33:00 and 9:34:00.

failed to detect this gap in surveillance for more than two years. The conduct described in this paragraph constitutes a violation of BYX Rules 3.1 and 5.1, and SEC Rule 15c3-5(c)(2).

OTHER FACTORS

With respect to Matter No. 20140435497, on November 19, 2014, the firm identified and self-reported the gap in its post-trade surveillance. Based upon the firm's self-reporting, FINRA commenced an investigation with the cooperation of the firm. By self-reporting its failure to perform market abuse surveillance on trading activity originating from two separate systems from July 1, 2012 through November 30, 2014, and July 1, 2013 through December 31, 2014, respectively, and providing extraordinary cooperation, the firm provided substantial assistance to FINRA's investigation. Accordingly, the sanction reflects significant consideration given to the actions taken by the firm.

B. The firm also consents to the imposition of the following sanctions:

A censure and a fine in the total amount of $2,500,000 to be paid jointly to Bats BYX Exchange, Inc., Bats BZX Exchange, Inc., Bats EDGA Exchange, Inc., Bats EDGX Exchange, Inc., The NASDAQ Stock Market LLC, NASDAQ BX, Inc., NASDAQ PHLX LLC, New York Stock Exchange LLC, NYSE MKT LLC, NYSE Arca, Inc., and FINRA, of which **$168,750** of that total amount shall be paid to BYX.[2]

The firm agrees to pay the monetary sanction(s) upon notice that this AWC has been accepted and that such payment(s) are due and payable. It has submitted an Election of Payment form showing the method by which it proposes to pay the fine imposed.

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 BYX.

II.

WAIVER OF PROCEDURAL RIGHTS

The firm specifically and voluntarily waives the following rights granted under BYX Rules:

A. To have a Statement of Charges issued specifying the allegations against the firm;

B. To be notified of the Statement of Charges and have the opportunity to answer the

[2] No undertaking is imposed in connection with these matters because the firm has already addressed the deficiencies identified during the staff's investigation.

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 Appeals Committee of the BYX's Board of Directors 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 ("CRO"), in connection with the CRO'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 BYX Rule 8.16, 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 the CRO, pursuant to BYX Rule 8.3;

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 BYX or any other regulator against the firm;

2. This AWC will be published on a website maintained by BYX in accordance with BYX Rule 8.18. In addition, this AWC will be made available through FINRA's public disclosure program in response to public inquiries about the firm's disciplinary record; 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 BYX, or to which BYX is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects the firm's: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which BYX 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 BYX, nor does it reflect the views of BYX 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.

APRIL 27, 2017
Date

Deutsche Bank Securities Inc.
Respondent

By: _____
Name: Joe Salama
Title: Managing Director & Associate General Counsel

By: _____
Name: Steven F. Reich
Title: General Counsel - Americas

Reviewed by:

Counsel for Respondent

_____
Peter Isajiw, Esq.
King & Spalding LLP
1185 Avenue of the Americas
New York, NY 10036
Tel: +1.212.556.2235

MAY 18, 2017
Date

_____
Greg Hoogasian
Senior Vice President & Chief Regulatory Officer
Bats BYX Exchange, Inc.

BATS BZX EXCHANGE, INC.
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20130393135-08

TO: Bats BZX Exchange, Inc.
c/o Department of Market Regulation
Financial Industry Regulatory Authority ("FINRA")

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

Pursuant to Rule 8.3 of the Rules of Bats BZX Exchange, Inc. ("BZX"), 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, BZX 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 BZX, or to which BZX 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 BZX:

BACKGROUND

The firm has been a member of BZX since October 15, 2008, and its registration remains in effect.

The firm does not have any relevant disciplinary history.

SUMMARY

In connection with Matter No. 20140435497, the Trading Analysis Team of the Department of Market Regulation (the "staff") reviewed the firm's compliance with post-trade market abuse surveillance on its equity customers' direct market access ("DMA") and other firm trading activity during the period March 1, 2012 through December 31, 2014 (the "review period").

Based on its review, the staff determined the firm engaged in the violative conduct set forth below, consisting of violations of BZX Rules 3.1 and 5.1, and SEC Rule 15c3-5 of the Securities Exchange Act of 1934 ("SEC Rule 15c3-5").

APPLICABLE RULES

During the review period, SEC Rule 15c3-5(c)(2) specifically required market access broker-dealers to have regulatory risk management controls and supervisory procedures reasonably designed to ensure compliance with all regulatory requirements, including post-trade obligations to monitor for manipulation, fraud and other illegal activity.

During the review period, in the conduct of its business, BZX Rule 3.1 required market access broker-dealers to observe high standards of commercial honor and just and equitable principles of trade.

During the review period, BZX Rule 5.1 required market access broker-dealers to establish, maintain, and enforce written procedures to assure their compliance with applicable securities laws, rules, regulations and statements of policy promulgated thereunder, and with BZX rules.

FACTS AND VIOLATIVE CONDUCT

In connection with Matter No. 20140435497, the staff found that:

1. Due to an error during a change in the firm's internal systems, certain post-trade market abuse surveillance was not run on the firm's customer equity DMA business when utilizing two separate systems. In transitioning to one system (a customer DMA platform with smart order routing), the firm failed to feed its DMA order data into the surveillance models. With only executed trades considered by the firm's post-trade surveillance, potential manipulative order activity was not captured as part of the firm's obligation to monitor for manipulation, fraud and other illegal activity. The gap in post-trade market abuse surveillance occurred for more than two years (July 1, 2012 through November 30, 2014), which represented approximately 21% of the firm's total trading activity. This resulted in the exclusion of 239,945,894 orders involving 34,453,516,262 shares from post-trade market abuse surveillance during the second review period.

2. In the same manner, certain post-trade market abuse surveillance was not run on the firm's DMA order activity originating from a second system from July 1, 2013 through December 31, 2014. This activity represented approximately 9% of the firm's total trading activity. This resulted in the exclusion of 66,277,137 orders involving 8,764,283,906 shares from certain post-trade market abuse surveillance.

3. During the review period, the firm failed to establish, document, and maintain a system of risk management controls and supervisory procedures reasonably designed to manage the financial, regulatory, and other risks of its DMA business. Specifically, the firm failed to include this customer equity DMA trading activity in certain post-trade market abuse surveillance during the review period, and failed to detect this gap in surveillance for more than two years. The conduct described in this paragraph constitutes a violation of BZX Rules 3.1 and 5.1, and SEC Rule 15c3-5(c)(2).

OTHER FACTORS

With respect to Matter No. 20140435497, on November 19, 2014, the firm identified and self-reported the gap in its post-trade surveillance. Based upon the firm's self-reporting, FINRA commenced an investigation with the cooperation of the firm. By self-reporting its failure to perform market abuse surveillance on trading activity originating from two separate systems from July 1, 2012 through November 30, 2014, and July 1, 2013 through December 31, 2014, respectively, and providing extraordinary cooperation, the firm provided substantial assistance to FINRA's investigation. Accordingly, the sanction reflects significant consideration given to the actions taken by the firm.

B. The firm also consents to the imposition of the following sanctions:

A censure; and a fine in the total amount of $2,500,000 to be paid jointly to Bats BYX Exchange, Inc., Bats BZX Exchange, Inc., Bats EDGA Exchange, Inc., Bats EDGX Exchange, Inc., The NASDAQ Stock Market LLC, NASDAQ BX, Inc., NASDAQ PHLX LLC, New York Stock Exchange LLC, NYSE MKT LLC, NYSE Arca, Inc., and FINRA, of which **$168,750** of that total amount shall be paid to BZX.[1]

The firm agrees to pay the monetary sanction(s) upon notice that this AWC has been accepted and that such payment(s) are due and payable. It has submitted an Election of Payment form showing the method by which it proposes to pay the fine imposed.

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 BZX.

[1] No undertaking is imposed in connection with this matter because the firm has already addressed the deficiencies identified during the staff's investigation.

II.

WAIVER OF PROCEDURAL RIGHTS

The firm specifically and voluntarily waives the following rights granted under BZX Rules:

A. To have a Statement of Charges issued specifying the allegations against the firm;

B. To be notified of the Statement of Charges 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 Appeals Committee of the BZX's Board of Directors 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 CRO, in connection with the CRO'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 BZX Rule 8.16, 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 the CRO, pursuant to BZX Rule 8.3;

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 BZX or any other regulator against the firm;

2. This AWC will be published on a website maintained by BZX in accordance with BZX Rule 8.18. In addition, this AWC will be made available through FINRA's public disclosure program in response to public inquiries about the firm's disciplinary record; 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 BZX, or to which BZX is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects the firm's: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which BZX 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 BZX, nor does it reflect the views of BZX 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.

April 27, 2017
Date

Deutsche Bank Securities Inc.
Respondent

By: _____
Name:
Title:

Steven F. Reich
General Counsel - Americas

By: _____
Name:
Title:

Joe Salama
Managing Director &
Associate General Counsel

Reviewed by:

Counsel for Respondent

_____
Peter Isajiw, Esq.
King & Spalding LLP
1185 Avenue of the Americas
New York, NY 10036
Tel: +1.212.556.2235

May 18, 2017
Date

_____
Greg Hoogasian
Senior Vice President & Chief Regulatory Officer
Bats BZX Exchange, Inc.

BATS EDGA EXCHANGE, INC.
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20130393135-10

TO: Bats EDGA Exchange, Inc.
c/o Department of Market Regulation
Financial Industry Regulatory Authority ("FINRA")

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

Pursuant to Rule 8.3 of the Rules of Bats EDGA Exchange, Inc. ("EDGA"), 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, EDGA 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 EDGA, or to which EDGA 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 EDGA:

BACKGROUND

The firm has been a member of EDGA since May 21, 2010, and its registration remains in effect.

The firm does not have any relevant disciplinary history.

SUMMARY

In connection with Matter No. 20140417491, the Market Manipulation Investigations Team of the Department of Market Regulation (the "staff") reviewed the firm's compliance with risk management controls and supervisory procedures concerning the failure to include a customer's order activity in the firm's post-trade surveillance during the period March 1, 2014 through April 30, 2014 (the "first review period").

In connection with Matter No. 20140435497, the Trading Analysis Team of the Department of Market Regulation (the "staff") reviewed the firm's compliance with post-trade market abuse surveillance on its equity customers' direct market access ("DMA")

and other firm trading activity during the period March 1, 2012 through December 31, 2014 (the "second review period").

Based on its review, the staff determined the firm engaged in the violative conduct set forth below, consisting of violations of EDGA Rules 3.1 and 5.1, and SEC Rule 15c3-5 of the Securities Exchange Act of 1934 ("SEC Rule 15c3-5").

APPLICABLE RULES

During the review periods, SEC Rule 15c3-5(c)(2) specifically required market access broker-dealers to have regulatory risk management controls and supervisory procedures reasonably designed to ensure compliance with all regulatory requirements, including post-trade obligations to monitor for manipulation, fraud and other illegal activity.

During the review periods, in the conduct of its business, EDGA Rule 3.1 required market access broker-dealers to observe high standards of commercial honor and just and equitable principles of trade.

During the review periods, EDGA Rule 5.1 required market access broker-dealers to establish, maintain, and enforce written procedures to assure their compliance with applicable securities laws, rules, regulations and statements of policy promulgated thereunder, and with EDGA rules.

FACTS AND VIOLATIVE CONDUCT

In connection with Matter No. 20140417491, the staff found that:

1. During the first review period, the firm failed to establish, document, and maintain a system of risk management controls and supervisory procedures reasonably designed to manage the financial, regulatory, and other risks of this business activity in connection with its DMA business. Specifically, the firm failed to include a customer's DMA trading activity in its post-trade market abuse surveillance during the first review period and, in doing so, failed to detect potential layering activity by its customer.[1] The conduct described in this paragraph constitutes a violation of EDGA Rules 3.1 and 5.1, and SEC Rule 15c3-5(c)(2).

In connection with Matter No. 20140435497, the staff found that:

2. Due to an error during a change in the firm's internal systems, certain post-trade market abuse surveillance was not run on the firm's customer equity DMA business when utilizing two separate systems. In transitioning to one system (a customer

[1] Subsequent to the first review period, the firm discovered and self-reported to FINRA that technical modifications to its surveillance system responsible for monitoring DMA activity had been configured such that it was only monitoring executed trades, not order information. *See* Matter No. 20140435497. Because the surveillance system was configured to only feed data on executed trades, the firm's spoofing and layering market manipulation surveillance was not effective for certain DMA activity.

DMA platform with smart order routing), the firm failed to feed its DMA order data into the surveillance models. With only executed trades considered by the firm's post-trade surveillance, potential manipulative order activity was not captured as part of the firm's obligation to monitor for manipulation, fraud and other illegal activity. The gap in post-trade market abuse surveillance occurred for more than two years (July 1, 2012 through November 30, 2014), which represented approximately 21% of the firm's total trading activity. This resulted in the exclusion of 239,945,894 orders involving 34,453,516,262 shares from post-trade market abuse surveillance during the second review period.

3. In the same manner, certain post-trade market abuse surveillance was not run on the firm's DMA order activity originating from a second system from July 1, 2013 through December 31, 2014. This activity represented approximately 9% of the firm's total trading activity. This resulted in the exclusion of 66,277,137 orders involving 8,764,283,906 shares from certain post-trade market abuse surveillance.

4. During the second review period, the firm failed to establish, document, and maintain a system of risk management controls and supervisory procedures reasonably designed to manage the financial, regulatory, and other risks of its DMA business. Specifically, the firm failed to include this customer equity DMA trading activity in certain post-trade market abuse surveillance during the second review period, and failed to detect this gap in surveillance for more than two years. The conduct described in this paragraph constitutes a violation of EDGA Rules 3.1 and 5.1, and SEC Rule 15c3-5(c)(2).

OTHER FACTORS

With respect to Matter No. 20140435497, on November 19, 2014, the firm identified and self-reported the gap in its post-trade surveillance. Based upon the firm's self-reporting, FINRA commenced an investigation with the cooperation of the firm. By self-reporting its failure to perform market abuse surveillance on trading activity originating from two separate systems from July 1, 2012 through November 30, 2014, and July 1, 2013 through December 31, 2014, respectively, and providing extraordinary cooperation, the firm provided substantial assistance to FINRA's investigation. Accordingly, the sanction reflects significant consideration given to the actions taken by the firm.

B. The firm also consents to the imposition of the following sanctions:

A censure; and a fine in the total amount of $2,500,000 to be paid jointly to Bats BYX Exchange, Inc., Bats BZX Exchange, Inc., Bats EDGA Exchange, Inc., Bats EDGX Exchange, Inc., The NASDAQ Stock Market LLC, NASDAQ BX, Inc., NASDAQ PHLX LLC, New York Stock Exchange LLC, NYSE MKT LLC, NYSE Arca, Inc., and FINRA, of which $168,750 of that total amount shall be paid to EDGA.[2]

[2] No undertaking is imposed in connection with Matter Nos. 20140417491 and 20140435497 because the firm has already addressed the deficiencies identified during the staff's investigation.

The firm agrees to pay the monetary sanction(s) upon notice that this AWC has been accepted and that such payment(s) are due and payable. It has submitted an Election of Payment form showing the method by which it proposes to pay the fine imposed.

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 EDGA.

II.

WAIVER OF PROCEDURAL RIGHTS

The firm specifically and voluntarily waives the following rights granted under EDGA Rules:

A. To have a Statement of Charges issued specifying the allegations against the firm;

B. To be notified of the Statement of Charges 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 Appeals Committee of EDGA's Board of Directors 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 ("CRO"), in connection with the CRO'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 EDGA Rule 8.16, 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 the CRO, pursuant to EDGA Rule 8.3;

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 EDGA or any other regulator against the firm;

2. This AWC will be published on a website maintained by EDGA in accordance with EDGA Rule 8.18. In addition, this AWC will be made available through FINRA's public disclosure program in response to public inquiries about the firm's disciplinary record; 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 EDGA, or to which EDGA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects the firm's: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which EDGA 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 EDGA, nor does it reflect the views of EDGA 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.

APRIL 27, 2017
Date

Deutsche Bank Securities Inc.
Respondent

By: _____
Name:
Title:

Steven F. Reich
General Counsel - Americas

By: _____
Name:
Title:

Joe Salama
Managing Director &
Associate General Counsel

Reviewed by:

Counsel for Respondent

Peter Isajiw, Esq.
King & Spalding LLP
1185 Avenue of the Americas
New York, NY 10036
Tel: +1.212.556.2235

May 18, 2017
Date

Greg Hoogasian
Senior Vice President & Chief Regulatory Officer
Bats EDGA Exchange, Inc.

BATS EDGX EXCHANGE, INC.
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20130393135-11

TO: Bats EDGX Exchange, Inc.
c/o Department of Market Regulation
Financial Industry Regulatory Authority ("FINRA")

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

Pursuant to Rule 8.3 of the Rules of Bats EDGX Exchange, Inc. ("EDGX"), 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, EDGX 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 EDGX, or to which EDGX 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 EDGX:

BACKGROUND

The firm has been a member of EDGX since May 21, 2010, and its registration remains in effect.

The firm does not have any relevant disciplinary history.

SUMMARY

In connection with Matter No. 20140417491, the Market Manipulation Investigations Team of the Department of Market Regulation (the "staff") reviewed the firm's compliance with risk management controls and supervisory procedures concerning the failure to include a customer's order activity in the firm's post-trade surveillance during the period March 1, 2014 through April 30, 2014 (the "first review period").

In connection with Matter No. 20140435497, the Trading Analysis Team of the Department of Market Regulation (the "staff") reviewed the firm's compliance with post-trade market abuse surveillance on its equity customers' direct market access ("DMA")

and other firm trading activity during the period March 1, 2012 through December 31, 2014 (the "second review period").

Based on its review, the staff determined the firm engaged in the violative conduct set forth below, consisting of violations of EDGX Rules 3.1 and 5.1, and SEC Rule 15c3-5 of the Securities Exchange Act of 1934 ("SEC Rule 15c3-5").

APPLICABLE RULES

During the review periods, SEC Rule 15c3-5(c)(2) specifically required market access broker-dealers to have regulatory risk management controls and supervisory procedures reasonably designed to ensure compliance with all regulatory requirements, including post-trade obligations to monitor for manipulation, fraud and other illegal activity.

During the review periods, in the conduct of its business, EDGX Rule 3.1 required market access broker-dealers to observe high standards of commercial honor and just and equitable principles of trade.

During the review periods, EDGX Rule 5.1 required market access broker-dealers to establish, maintain, and enforce written procedures to assure their compliance with applicable securities laws, rules, regulations and statements of policy promulgated thereunder, and with EDGX rules.

FACTS AND VIOLATIVE CONDUCT

In connection with Matter No. 20140417491, the staff found that:

1. During the first review period, the firm failed to establish, document, and maintain a system of risk management controls and supervisory procedures reasonably designed to manage the financial, regulatory, and other risks of its DMA business. Specifically, the firm failed to include a customer's DMA trading activity in its post-trade market abuse surveillance during the first review period and, in doing so, failed to detect potential layering activity by its customer.[1] The conduct described in this paragraph constitutes a violation of EDGX Rules 3.1 and 5.1, and SEC Rule 15c3-5(c)(2).

[1] Subsequent to the first review period, the firm discovered and self-reported to FINRA that technical modifications to its surveillance system responsible for monitoring DMA activity had been configured such that it was only monitoring executed trades, not order information. *See* Matter No. 20140435497. Because the surveillance system was configured to only feed data on executed trades, the firm's spoofing and layering market manipulation surveillance was not effective for certain DMA activity.

In connection with Matter No. 20140435497, the staff found that:

2. Due to an error during a change in the firm's internal systems, certain post-trade market abuse surveillance was not run on the firm's customer equity DMA business when utilizing two separate systems. In transitioning to one system (a customer DMA platform with smart order routing), the firm failed to feed its DMA order data into the surveillance models. With only executed trades considered by the firm's post-trade surveillance, potential manipulative order activity was not captured as part of the firm's obligation to monitor for manipulation, fraud and other illegal activity. The gap in post-trade market abuse surveillance occurred for more than two years (July 1, 2012 through November 30, 2014), which represented approximately 21% of the firm's total trading activity. This resulted in the exclusion of 239,945,894 orders involving 34,453,516,262 shares from post-trade market abuse surveillance during the second review period.

3. In the same manner, certain post-trade market abuse surveillance was not run on the firm's DMA order activity originating from a second system from July 1, 2013 through December 31, 2014. This activity represented approximately 9% of the firm's total trading activity. This resulted in the exclusion of 66,277,137 orders involving 8,764,283,906 shares from certain post-trade market abuse surveillance.

4. During the second review period, the firm failed to establish, document, and maintain a system of risk management controls and supervisory procedures reasonably designed to manage the financial, regulatory, and other risks of its DMA business. Specifically, the firm failed to include this customer equity DMA trading activity in certain post-trade market abuse surveillance during the second review period, and failed to detect this gap in surveillance for more than two years. The conduct described in this paragraph constitutes a violation of EDGX Rules 3.1 and 5.1, and SEC Rule 15c3-5(c)(2).

OTHER FACTORS

With respect to Matter No. 20140435497, on November 19, 2014, the firm identified and self-reported the gap in its post-trade surveillance. Based upon the firm's self-reporting, FINRA commenced an investigation with the cooperation of the firm. By self-reporting its failure to perform market abuse surveillance on trading activity originating from two separate systems from July 1, 2012 through November 30, 2014, and July 1, 2013 through December 31, 2014, respectively, and providing extraordinary cooperation, the firm provided substantial assistance to FINRA's investigation. Accordingly, the sanction reflects significant consideration given to the actions taken by the firm.

B. The firm also consents to the imposition of the following sanctions:

A censure; and a fine in the total amount of $2,500,000 to be paid jointly to Bats BYX Exchange, Inc., Bats BZX Exchange, Inc., Bats EDGA Exchange, Inc., Bats EDGX Exchange, Inc., The NASDAQ Stock Market LLC, NASDAQ BX, Inc., NASDAQ PHLX LLC, New York Stock Exchange LLC, NYSE MKT LLC, NYSE Arca, Inc., and FINRA, of which $168,750 of that total amount shall be paid to EDGX.[2]

The firm agrees to pay the monetary sanction(s) upon notice that this AWC has been accepted and that such payment(s) are due and payable. It has submitted an Election of Payment form showing the method by which it proposes to pay the fine imposed.

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 EDGX.

II.

WAIVER OF PROCEDURAL RIGHTS

The firm specifically and voluntarily waives the following rights granted under EDGX Rules:

A. To have a Statement of Charges issued specifying the allegations against the firm;

B. To be notified of the Statement of Charges 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 Appeals Committee of EDGX's Board of Directors 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 ("CRO"), in connection with the CRO'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.

[2] No undertaking is imposed in connection with Matter Nos. 20140417491 and 20140435497 because the firm has already addressed the deficiencies identified during the staff's investigation.

The firm further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of EDGX Rule 8.16, 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 the CRO, pursuant to EDGX Rule 8.3;

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 EDGX or any other regulator against the firm;

2. This AWC will be published on a website maintained by EDGX in accordance with EDGX Rule 8.18. In addition, this AWC will be made available through FINRA's public disclosure program in response to public inquiries about the firm's disciplinary record; 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 EDGX, or to which EDGX is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects the firm's: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which EDGX 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 EDGX, nor does it reflect the views of EDGX 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.

APRIL 27, 2017
Date

Deutsche Bank Securities Inc.
Respondent

By: _____
Name:
Title: Steven F. Reich
General Counsel - Americas

By: _____
Name:
Title: Joe Salama
Managing Director &
Associate General Counsel

Reviewed by:

Counsel for Respondent

Peter Isajiw, Esq.
King & Spalding LLP
1185 Avenue of the Americas
New York, NY 10036
Tel: +1.212.556.2235

May 18, 2017
Date

Greg Hodgasian
Senior Vice President & Chief Regulatory Officer
Bats EDGX Exchange, Inc.

THE NASDAQ STOCK MARKET LLC
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20130393135-05

TO: The NASDAQ Stock Market LLC
c/o Department of Market Regulation
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 has been a member of Nasdaq since July 12, 2006, and its registration remains in effect.

The firm does not have any relevant disciplinary history.

SUMMARY

In connection with Matter No. 20130393135, the Market Analysis Section of the Department of Market Regulation (the "staff") reviewed the firm's compliance with market access controls related to trading activity from December 3, 2013 through December 23, 2014 (the "first review period").

In connection with Matter No. 20140417491, the Market Manipulation Investigations Team of the Department of Market Regulation (the "staff") reviewed the firm's compliance with risk management controls and supervisory procedures concerning the failure to include a customer's order activity in the firm's post-trade surveillance during the period March 1, 2014 through April 30, 2014 (the "second review period").

In connection with Matter No. 20140435497, the Trading Analysis Team of the Department of Market Regulation (the "staff") reviewed the firm's compliance with post-trade market abuse surveillance on its equity customers' direct market access ("DMA") and other firm trading activity during the period March 1, 2012 through December 31, 2014 (the "third review period").

Based on its review, the staff determined the firm engaged in the violative conduct set forth below, consisting of violations of Nasdaq Rule 2010A (for conduct on or after November 21, 2012), Nasdaq Rule 2110 (for conduct before November 21, 2012), and Nasdaq Rules 3010 and 4611(d), and SEC Rule 15c3-5 of the Securities Exchange Act of 1934 ("SEC Rule 15c3-5").

APPLICABLE RULES

During the first review period, SEC Rule 15c3-5(c)(1)(ii) specifically required market access broker-dealers to have financial risk management controls and supervisory procedures reasonably designed to prevent the entry of erroneous orders, by rejecting orders that exceed appropriate price or size parameters, on an order-by-order basis or over a short period of time, or that indicate duplicative orders.

During the second and third review periods, SEC Rule 15c3-5(c)(2) specifically required market access broker-dealers to have regulatory risk management controls and supervisory procedures reasonably designed to ensure compliance with all regulatory requirements, including post-trade obligations to monitor for manipulation, fraud and other illegal activity.

During the review periods, Nasdaq Rule 4611(d)(4) required, among other things, that market access broker-dealers establish adequate procedures and controls that permit such broker-dealers to effectively monitor and control the Sponsored Access or Direct Market Access to systematically limit its financial exposure.

During the review periods, in the conduct of its business, Nasdaq Rule 2010A (for conduct on or after November 21, 2012), and Nasdaq Rule 2110 (for conduct before November 21, 2012), required market access broker-dealers to observe high standards of commercial honor and just and equitable principles of trade.

During the review periods, Nasdaq Rule 3010 required market access broker-dealers to establish, maintain, and enforce written procedures to supervise the types of business in which it engages that are reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable FINRA and NASD rules.

FACTS AND VIOLATIVE CONDUCT

In connection with Matter No. 20130393135, the staff found that:

1. During the first review period, the firm failed to establish, document, and maintain a system of risk management controls and supervisory procedures reasonably designed to manage the regulatory risks in connection with market access. With respect to Rule 15c3-5(c)(1)(ii), the firm failed to have adequate controls in place to prevent the transmission of erroneous orders, as follows: (i) its limit order controls did not take into consideration wide spreads that are quoted at the market open and are not an accurate representation of the trading price of a security; (ii) its controls failed to prevent the entry of a large pre-open market order that resulted in the execution of orders far away from the normal trading price of the security; and (iii) the firm used an incorrect process to adjudicate a transaction. Specifically:

   (i) On December 3, 2013, the firm sent a Clearly Erroneous ("CE") filing to Nasdaq in PTC, Inc. when it entered an order at 9:30:00 which resulted in a 100 share execution at $2.21; however, the previous close in this stock was $32.58 and the Nasdaq Official Opening Print at 9:30:00 (after DBAB's trade) was $32.43;[1]

   (ii) On December 23, 2014, the firm sent a CE filing to Nasdaq in Targa Resources Partners LP ("NGLS") when trades occurred between 9:33:00 and 9:34:00 in which the firm received an electronic buy order for 50,000 shares at market price and DBAB's smart order router sent high priced limit orders to various exchanges;[2] and

[1] A DMA customer of the firm sent an unsolicited order to sell 2,750 shares of PTC through a VWAP algorithm before the open using the firm's algorithmic trading system to enter the order. The algorithm looked at the spread ($0.0101 – $33.00), saw the $0.0101 bid, and entered a limit order to sell $0.50 above the bid. The firm's limit check did not take into consideration wide spreads that are typically quoted at the open and are not an accurate representation of the trading price of a security. As a result, the order executed immediately at the market open before PTC's quotation contracted to a normalized spread, resulting in an erroneous execution of $2.21.

[2] The mid-point of the bid/ask was $45.48 immediately prior to the order being entered. As a result of the large market order entering the market, NGLS shares executed as high as $10,102.42 within seconds. The primary auction for NGLS was delayed on NYSE which resulted in limited liquidity. Due to the delayed opening there was not enough liquidity in the secondary market to facilitate the 50,000 market order which resulted in orders being executed far away from the normal trading price of the security (approximately 21,705% above the prior days close). The firm had an issue with market data and the receipt of a primary open flag showing the NYSE market open when

(iii) On December 3, 2014, the firm sent a CE filing to Nasdaq in Market Vectors Gold Miners ETF ("GDX") when trades occurred between 15:59:00 and 16:00:00 in which a 250,000 share sell market order fully executed at $17.72; however, Nasdaq declined to act, advising that the CE filing did not meet the parameters to justify breaking the trade.[3]

The conduct described in the paragraphs above constitutes a violation of Nasdaq Rules 2010A, 3010 and 4611(d), and SEC Rule 15c3-5(c)(1)(ii).

In connection with Matter No. 20140417491, the staff found that:

2. During the second review period, the firm failed to establish, document, and maintain a system of risk management controls and supervisory procedures reasonably designed to manage the financial, regulatory, and other risks of its DMA business. Specifically, the firm failed to include a customer's DMA trading activity in its post-trade market abuse surveillance during the second review period and, in doing so, failed to detect potential layering activity by its customer.[4] The conduct described in this paragraph constitutes a violation of Nasdaq Rules 2010A, 3010 and 4611(d), and SEC Rule 15c3-5(c)(2).

In connection with Matter No. 20140435497, the staff found that:

3. Due to an error during a change in the firm's internal systems, certain post-trade market abuse surveillance was not run on the firm's customer equity DMA business

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it was not open. Later that day, Nasdaq, on its own motion, pursuant to Nasdaq Rule 11890(b), and in conjunction with Bats, Direct Edge, NYSE Arca, and FINRA, determined to cancel all trades in NGLS at or above $47.74 that were executed in Nasdaq between 9:33:00 and 9:34:00.

[3] The firm received a customer order to sell GDXJ with order instructions to guarantee the closing stock price. A trader from the firm's ETF Trading Desk placed an order to sell GDX to hedge against the customer's order. The ETF trader placed the order as a marketable limit order through the firm's ARINA trading system. The smart order router then directed the order to INET (Nasdaq), who subsequently executed the order at a price of $17.72, a price well below the National Best Bid ("NBB") in effect seconds before its executions. While the firm did not cause the market event and sudden price drop in GDX, it failed to use the correct process to adjudicate a transaction. The firm understood that it did not enter an erroneous order and only filed a CE petition to have its trades broken. Because a clear and obvious error did not occur, the use of the CE filing process was not appropriate. *See* NASD Notice to *Members 04-66 (Sept. 2004) (Factor 5 provides that available procedures to adjudicate clearly erroneous transactions "are to be used only in cases of clear or obvious errors and should not be used as a proxy for proper system use or trading procedures.").*

[4] Subsequent to the second review period, the firm discovered and self-reported to FINRA that technical modifications to its surveillance system responsible for monitoring DMA activity had been configured such that it was only monitoring executed trades, not order information. *See* Matter No. 20140435497. Because the surveillance system was configured to only feed data on executed trades, the firm's spoofing and layering market manipulation surveillance was not effective for certain DMA activity.

when utilizing two separate systems. In transitioning to one system (a customer DMA platform with smart order routing), the firm failed to feed its DMA order data into the surveillance models. With only executed trades considered by the firm's post-trade surveillance, potential manipulative order activity was not captured as part of the firm's obligation to monitor for manipulation, fraud and other illegal activity. The gap in post-trade market abuse surveillance occurred for more than two years (July 1, 2012 through November 30, 2014), which represented approximately 21% of the firm's total trading activity. This resulted in the exclusion of 239,945,894 orders involving 34,453,516,262 shares from post-trade market abuse surveillance during the third review period.

4. In the same manner, certain post-trade market abuse surveillance was not run on the firm's DMA order activity originating from a second system from July 1, 2013 through December 31, 2014. This activity represented approximately 9% of the firm's total trading activity. This resulted in the exclusion of 66,277,137 orders involving 8,764,283,906 shares from certain post-trade market abuse surveillance.

5. During the third review period, the firm failed to establish, document, and maintain a system of risk management controls and supervisory procedures reasonably designed to manage the financial, regulatory, and other risks of its DMA business. Specifically, the firm failed to include this customer equity DMA trading activity in certain post-trade market abuse surveillance during the third review period, and failed to detect this gap in surveillance for more than two years. The conduct described in this paragraph constitutes a violation of Nasdaq Rule 2010A (for conduct on or after November 21, 2012), Nasdaq Rule 2110 (for conduct before November 21, 2012), and Nasdaq Rules 3010 and 4611(d), and SEC Rule 15c3-5(c)(2).

OTHER FACTORS

With respect to Matter No. 20140435497, on November 19, 2014, the firm identified and self-reported the gap in its post-trade surveillance. Based upon the firm's self-reporting, FINRA commenced an investigation with the cooperation of the firm. By self-reporting its failure to perform market abuse surveillance on trading activity originating from two separate systems from July 1, 2012 through November 30, 2014, and July 1, 2013 through December 31, 2014, respectively, and providing extraordinary cooperation, the firm provided substantial assistance to FINRA's investigation. Accordingly, the sanction reflects significant consideration given to the actions taken by the firm.

B. The firm also consents to the imposition of the following sanctions:

A censure and a fine in the total amount of $2,500,000 to be paid jointly to Bats BYX Exchange, Inc., Bats BZX Exchange, Inc., Bats EDGA Exchange, Inc., Bats

EDGX Exchange, Inc., The NASDAQ Stock Market LLC, NASDAQ BX, Inc., NASDAQ PHLX LLC, New York Stock Exchange LLC, NYSE MKT LLC, NYSE Arca, Inc., and FINRA, of which $225,000 of that total amount shall be paid to Nasdaq.[5]

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

[5] No undertaking is imposed in connection with these matters because the firm has already addressed the deficiencies identified during the staff's investigation.

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 Market Regulation and the Nasdaq Review Council, the Review Subcommittee, or 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.

April 27, 2017
Date

Deutsche Bank Securities Inc.
Respondent

By: _____
Name:
Title: Steven F. Reich
General Counsel, Americas

By: _____
Name:
Title: Joe Salama
Managing Director &
Associate General Counsel

Reviewed by:

Counsel for Respondent

_____
Peter Isajiw, Esq.
King & Spalding LLP
1185 Avenue of the Americas
New York, NY 10036
Tel: +1.212.556.2235

Accepted by Nasdaq:

6/28/2017
Date

_____
Robert A. Marchman
Executive Vice President, Legal
Department of Market Regulation

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

NYSE MKT LLC
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20130393135-02

TO: NYSE MKT LLC
c/o Department of Market Regulation
Financial Industry Regulatory Authority ("FINRA")

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

Pursuant to Rule 9216 of the NYSE MKT LLC ("NYSE MKT" or the "Exchange") Code of Procedure, Deutsche Bank Securities Inc. ("DBKS" or 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, NYSE MKT 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 NYSE MKT, or to which NYSE MKT 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 NYSE MKT:

BACKGROUND

The firm has been a member of NYSE MKT since February 26, 1988, and its registration remains in effect. The firm has been a member of FINRA, and its predecessor NASD, since March 16, 1940, and its registration remains in effect.

The firm does not have any relevant disciplinary history.

SUMMARY

1. In connection with Matter No. 20140435497, the Trading Analysis Team of the Department of Market Regulation (the "staff") reviewed the firm's compliance with post-trade market abuse surveillance on its equity customers' direct market

access ("DMA") and other firm trading activity during the period March 1, 2012 through December 31, 2014 (the "review period").[1]

2. Based on its review, the staff determined the firm engaged in the violative conduct set forth below, consisting of violations of NYSE MKT Rules 2010 and 3110 – Equities, and SEC Rule 15c3-5 of the Securities Exchange Act of 1934 ("SEC Rule 15c3-5").

APPLICABLE RULES

3. During the review period, SEC Rule 15c3-5(c)(2) specifically required market access broker-dealers to have regulatory risk management controls and supervisory procedures reasonably designed to ensure compliance with all regulatory requirements, including post-trade obligations to monitor for manipulation, fraud and other illegal activity.

4. During the review period, in the conduct of its business, NYSE MKT Rule 2010 – Equities required market access broker-dealers to observe high standards of commercial honor and just and equitable principles of trade.

5. During the review period, among other things, NYSE MKT Rule 3110 – Equities required market access broker-dealers to establish, maintain, and enforce written procedures to supervise the types of business in which it engages that are reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable Exchange rules.

FACTS AND VIOLATIVE CONDUCT

6. Due to an error during a change in the firm's internal systems, certain post-trade market abuse surveillance was not run on the firm's customer equity DMA business when utilizing two separate systems. In transitioning to one system (a customer DMA platform with smart order routing), the firm failed to feed its DMA order data into the surveillance models. With only executed trades considered by the firm's post-trade surveillance, potential manipulative order activity was not captured as part of the firm's obligation to monitor for manipulation, fraud and other illegal activity. The gap in post-trade market abuse surveillance occurred for more than two years (July 1, 2012 through November 30, 2014), which represented approximately 21% of the firm's total trading activity. This resulted in the exclusion of 239,945,894 orders involving 34,453,516,262 shares from post-trade market abuse surveillance during the review period.

[1] Effective May 14, 2012, NYSE Amex LLC was renamed NYSE MKT LLC. Some of the conduct referred to herein occurred prior to May 14, 2012, and thus the violations were of NYSE Amex rules. For purposes of this document, however, all the violations cited herein will be referred to as NYSE MKT Rules – Equities.

7. In the same manner, certain post-trade market abuse surveillance was not run on the firm's DMA order activity originating from a second system from July 1, 2013 through December 31, 2014. This activity represented approximately 9% of the firm's total trading activity. This resulted in the exclusion of 66,277,137 orders involving 8,764,283,906 shares from certain post-trade market abuse surveillance.

8. During the review period, the firm failed to establish, document, and maintain a system of risk management controls and supervisory procedures reasonably designed to manage the financial, regulatory, and other risks of its DMA business. Specifically, the firm failed to include this customer equity DMA trading activity in certain post-trade market abuse surveillance during the review period, and failed to detect this gap in surveillance for more than two years. The conduct described in this paragraph constitutes a violation of NYSE MKT Rules 2010 and 3110 - Equities, and SEC Rule 15c3-5(c)(2).

OTHER FACTORS

9. On November 19, 2014, the firm identified and self-reported the gap in its post-trade surveillance. Based upon the firm's self-reporting, FINRA commenced an investigation with the cooperation of the firm. By self-reporting its failure to perform market abuse surveillance on trading activity originating from two separate systems from July 1, 2012 through November 30, 2014, and July 1, 2013 through December 31, 2014, respectively, and providing extraordinary cooperation, the firm provided substantial assistance to FINRA's investigation. Accordingly, the sanction reflects significant consideration given to the actions taken by the firm.

B. The firm also consents to the imposition of the following sanctions:

A censure; and a fine in the total amount of $2,500,000 to be paid jointly to Bats BYX Exchange, Inc., Bats BZX Exchange, Inc., Bats EDGA Exchange, Inc., Bats EDGX Exchange, Inc., The NASDAQ Stock Market LLC, NASDAQ BX, Inc., NASDAQ PHLX LLC, New York Stock Exchange LLC, NYSE MKT LLC, NYSE Arca, Inc., and FINRA, of which $191,667 of that total amount shall be paid to NYSE MKT.[2]

The firm agrees to pay the monetary sanction(s) upon notice that this AWC has been accepted and that such payment(s) are due and payable. The firm has submitted a Method of Payment Confirmation form showing the method by which it will pay the fine imposed.

[2] No undertaking is imposed in connection with this matter because the firm has already addressed the deficiencies identified during the staff's investigation.

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 firm agrees that it shall not seek or accept, directly or indirectly, reimbursement or indemnification from any source, including but not limited to payment made pursuant to any insurance policy, with regard to any fine amounts that the firm pays pursuant to this AWC, regardless of the use of the fine amounts. The firm further agrees that it shall not claim, assert, or apply for a tax deduction or tax credit with regard to any federal, state, or local tax for any fine amounts that Respondent pays pursuant to this AWC, regardless of the use of the fine amounts.

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

II.

WAIVER OF PROCEDURAL RIGHTS

The firm specifically and voluntarily waives the following rights granted under the NYSE MKT'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 Exchange's Board of Directors 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 of NYSE MKT; the Exchange's Board of Directors, Disciplinary Action Committee ("DAC") and Committee for Review ("CFR"); any Director, DAC member or CFR member; Counsel to the Exchange Board of Directors or CFR; any other NYSE MKT employee; or any Regulatory Staff as defined in Rule 9120 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 Market Regulation and the Chief Regulatory Officer of NYSE MKT, pursuant to NYSE MKT 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. The AWC shall be sent to each Director and each member of the Committee for Review via courier, express delivery or electronic means, and shall be deemed final and shall constitute the complaint, answer, and decision in the matter, 25 days after it is sent to each Director and each member of the Committee for Review, unless review by the Exchange Board of Directors is requested pursuant to NYSE MKT Rule 9310(a)(1)(B).

2. This AWC will become part of the firm's permanent disciplinary record and may be considered in any future actions brought by NYSE MKT, or any other regulator against the firm;

3. NYSE MKT shall publish a copy of the AWC on its website in accordance with NYSE MKT Rule 8313;

4. NYSE MKT may make a public announcement concerning this agreement and the subject matter thereof in accordance with NYSE MKT Rule 8313; and

5. 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 NYSE MKT, or to which NYSE MKT is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects the firm's: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which NYSE MKT is not a party.

D. A signed copy of this AWC and the accompanying Method of Payment Confirmation form delivered by email, facsimile or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy.

E. 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 NYSE MKT, nor does it reflect the views of NYSE Regulation 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.

APRIL 27, 2017
Date

Deutsche Bank Securities Inc.
Respondent

By: _____

Name: Steven F. Reich

Title: General Counsel - Americas

By: _____

Name: _____

Title: Joe Salama
Managing Director &
Associate General Counsel

Reviewed by:

Counsel for Respondent

_____
Peter Isajiw, Esq.
King & Spalding LLP
1185 Avenue of the Americas
New York, NY 10036
Tel: +1.212.556.2235

Accepted by FINRA

5/15/17
Date

_____
Robert A. Marchman
Executive Vice President, Legal
Department of Market Regulation

Signed on behalf of NYSE MKT LLC, by delegated authority from the Chief Regulatory Officer of NYSE MKT LLC.

THE NEW YORK STOCK EXCHANGE LLC
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20130393135-03

TO: New York Stock Exchange LLC
c/o Department of Market Regulation
Financial Industry Regulatory Authority ("FINRA")

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

Pursuant to Rule 9216 of the New York Stock Exchange LLC ("NYSE" or the "Exchange") Code of Procedure, Deutsche Bank Securities Inc. ("DBKS" or 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, the NYSE 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 the NYSE, or to which the NYSE 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 the NYSE:

BACKGROUND

The firm has been a member of NYSE since November 17, 1972, and its registration remains in effect. The firm has been a member of FINRA, and its predecessor NASD, since March 16, 1940, and its registration remains in effect.

The firm does not have any relevant disciplinary history.

SUMMARY

1. In connection with Matter No. 20140417491, the Market Manipulation Investigations Team of the Department of Market Regulation (the "staff") reviewed the firm's compliance with risk management controls and supervisory procedures concerning the failure to include a customer's order activity in the firm's post-trade surveillance during the period March 1, 2014 through April 30, 2014 (the "first review period").

2. In connection with Matter No. 20140435497, the Trading Analysis Team of the Department of Market Regulation (the "staff") reviewed the firm's compliance with post-trade market abuse surveillance on its equity customers' direct market access ("DMA") and other firm trading activity during the period March 1, 2012 through December 31, 2014 (the "second review period").

3. Based on its reviews, the staff determined the firm engaged in the violative conduct set forth below, consisting of violations of NYSE Rules 2010 and 342 (for conduct prior to December 1, 2014), and NYSE Rule 3110 (for conduct on and after December 1, 2014), and SEC Rule 15c3-5 of the Securities Exchange Act of 1934 ("SEC Rule 15c3-5").

APPLICABLE RULES

4. During the review periods, SEC Rule 15c3-5(c)(2) specifically required market access broker-dealers to have regulatory risk management controls and supervisory procedures reasonably designed to ensure compliance with all regulatory requirements, including post-trade obligations to monitor for manipulation, fraud and other illegal activity.

5. During the review periods, in the conduct of its business, NYSE Rule 2010 required market access broker-dealers to observe high standards of commercial honor and just and equitable principles of trade.

6. During the review periods, among other things, NYSE Rule 342 (for conduct prior to December 1, 2014), and NYSE Rule 3110 (for conduct on and after December 1, 2014), required market access broker-dealers to establish, maintain, and enforce written procedures to supervise the types of business in which it engages that are reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable Exchange rules.

FACTS AND VIOLATIVE CONDUCT

In connection with Matter No. 20140417491, the staff found that:

7. During the first review period, the firm failed to establish, document, and maintain a system of risk management controls and supervisory procedures reasonably designed to manage the financial, regulatory, and other risks of its DMA business. Specifically, the firm failed to include a customer's DMA trading activity in its post-trade market abuse surveillance during the first review period and, in doing so, failed to detect potential layering activity by its customer.[1] The

[1] Subsequent to the first review period, the firm discovered and self-reported to FINRA that technical modifications to its surveillance system responsible for monitoring DMA activity had been configured such that it was only monitoring executed trades, not order information. *See* Matter No. 20140435497. Because the surveillance system

conduct described in this paragraph constitutes a violation of NYSE Rules 342 and 2010, and SEC Rule 15c3-5(c)(2).

In connection with Matter No. 20140435497, the staff found that:

8. Due to an error during a change in the firm's internal systems, certain post-trade market abuse surveillance was not run on the firm's customer equity DMA business when utilizing two separate systems. In transitioning to one system (a customer DMA platform with smart order routing), the firm failed to feed its DMA order data into the surveillance models. With only executed trades considered by the firm's post-trade surveillance, potential manipulative order activity was not captured as part of the firm's obligation to monitor for manipulation, fraud and other illegal activity. The gap in post-trade market abuse surveillance occurred for more than two years (July 1, 2012 through November 30, 2014), which represented approximately 21% of the firm's total trading activity. This resulted in the exclusion of 239,945,894 orders involving 34,453,516,262 shares from post-trade market abuse surveillance during the second review period.

9. In the same manner, certain post-trade market abuse surveillance was not run on the firm's DMA order activity originating from a second system from July 1, 2013 through December 31, 2014. This activity represented approximately 9% of the firm's total trading activity. This resulted in the exclusion of 66,277,137 orders involving 8,764,283,906 shares from certain post-trade market abuse surveillance.

10. During the second review period, the firm failed to establish, document, and maintain a system of risk management controls and supervisory procedures reasonably designed to manage the financial, regulatory, and other risks of its DMA business. Specifically, the firm failed to include this customer equity DMA trading activity in certain post-trade market abuse surveillance during the review period, and failed to detect this gap in surveillance for more than two years. The conduct described in this paragraph constitutes a violation of NYSE Rules 2010 and 342 (for conduct prior to December 1, 2014), and NYSE Rule 3110 (for conduct on and after December 1, 2014), and SEC Rule 15c3-5(c)(2).

OTHER FACTORS

11. With respect to Matter No. 20140435497, on November 19, 2014, the firm identified and self-reported the gap in its post-trade surveillance. Based upon the firm's self-reporting, FINRA commenced an investigation with the cooperation of the firm. By self-reporting its failure to perform market abuse surveillance on trading activity originating from two separate systems from July 1, 2012 through November 30, 2014, and July 1, 2013 through December 31, 2014, respectively,

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was configured to only feed data on executed trades, the firm's spoofing and layering market manipulation surveillance was not effective for certain DMA activity.

and providing extraordinary cooperation, the firm provided substantial assistance to FINRA's investigation. Accordingly, the sanction reflects significant consideration given to the actions taken by the firm.

B. The firm also consents to the imposition of the following sanctions:

A censure; and a fine in the total amount of $2,500,000 to be paid jointly to Bats BYX Exchange, Inc., Bats BZX Exchange, Inc., Bats EDGA Exchange, Inc., Bats EDGX Exchange, Inc., The NASDAQ Stock Market LLC, NASDAQ BX, Inc., NASDAQ PHLX LLC, New York Stock Exchange LLC, NYSE MKT LLC, NYSE Arca, Inc., and FINRA, of which $191,666 of that total amount shall be paid to NYSE.[2]

The firm agrees to pay the monetary sanction(s) upon notice that this AWC has been accepted and that such payment(s) are due and payable. The firm has submitted a Method of Payment Confirmation form showing the method by which it will pay the fine imposed.

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 firm agrees that it shall not seek or accept, directly or indirectly, reimbursement or indemnification from any source, including but not limited to payment made pursuant to any insurance policy, with regard to any fine amounts that the firm pays pursuant to this AWC, regardless of the use of the fine amounts. The firm further agrees that it shall not claim, assert, or apply for a tax deduction or tax credit with regard to any federal, state, or local tax for any fine amounts that Respondent pays pursuant to this AWC, regardless of the use of the fine amounts.

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

II.

WAIVER OF PROCEDURAL RIGHTS

The firm specifically and voluntarily waives the following rights granted under the NYSE'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;

[2] No undertaking is imposed in connection with Matter Nos. 20140417491 and 20140435497 because the firm has already addressed the deficiencies identified during the staff's investigation.

and

D. To appeal any such decision to the Exchange's Board of Directors 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 of the NYSE; the Exchange's Board of Directors, Disciplinary Action Committee ("DAC") and Committee for Review ("CFR"); any Director, DAC member or CFR member; Counsel to the Exchange Board of Directors or CFR; any other NYSE employee; or any Regulatory Staff as defined in Rule 9120 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 Market Regulation and the Chief Regulatory Officer of the NYSE, pursuant to NYSE 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. The AWC shall be sent to each Director and each member of the Committee for Review via courier, express delivery or electronic means, and shall be deemed final and shall constitute the complaint, answer, and decision in the matter, 25 days after it is sent to each Director and each member of the Committee for Review, unless review by the Exchange Board of Directors is requested pursuant to NYSE Rule 9310(a)(1)(B).

2. This AWC will become part of the firm's permanent disciplinary record and may be considered in any future actions brought by the NYSE, or any other regulator against the firm;

3. The NYSE shall publish a copy of the AWC on its website in accordance with NYSE Rule 8313;

4. The NYSE may make a public announcement concerning this agreement and the subject matter thereof in accordance with NYSE Rule 8313; and

5. 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 the NYSE, or to which the NYSE is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects the firm's: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which the NYSE is not a party.

D. A signed copy of this AWC and the accompanying Method of Payment Confirmation form delivered by email, facsimile or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy.

E. 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 the NYSE, nor does it reflect the views of NYSE Regulation 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.

April 27, 2017
Date

Deutsche Bank Securities Inc.
Respondent

By: _____

Name: Steven F. Reich

Title: General Counsel - Americas

By: _____

Name: Joe Salama

Title: Managing Director & Associate General Counsel

Reviewed by:

Counsel for Respondent

_____
Peter Isajiw, Esq.
King & Spalding LLP
1185 Avenue of the Americas
New York, NY 10036
Tel: +1.212.556.2235

Accepted by FINRA

5/15/17
Date

_____
Robert A. Marchman
Executive Vice President, Legal
Department of Market Regulation

Signed on behalf of the NYSE, by delegated authority from the Chief Regulatory Officer of the NYSE.

NYSE ARCA, INC.

NYSE REGULATION, Complainant, v. DEUTSCHE BANK SECURITIES INC., Respondent.	FINRA Proceeding No. 20130393135[1] May 23, 2017

Respondent violated SEC Rule 15c3-5(c)(2), and NYSE Arca Equities Rules 6.2(b), 6.18(b) and (c) and 2010, by failing to establish, document, and maintain a system of risk management controls and supervisory procedures reasonably designed to manage the financial, regulatory, and other risks of its direct market access business. Consent to a censure and a $191,666 fine.

Appearances

For the Complainant: Dean A. Floyd, Esq., Gerard P. Finn, Esq., and Robert A. Marchman, Esq., FINRA Department of Market Regulation.

For the Respondent: Peter Isajiw, Esq., King & Spalding LLP.

DECISION

Deutsche Bank Securities Inc. ("Deutsche Bank" or "Firm") and NYSE Arca, Inc. entered into an Offer of Settlement and Consent for the sole purpose of settling this disciplinary proceeding, without adjudication of any issues of law or fact, and without admitting or denying any allegations or findings referred to in the Offer of Settlement.[2] The Hearing Officer accepts the Offer of Settlement and Consent and issues this Decision in accordance with NYSE Arca Equities Rules.[3]

[1] Includes FINRA Proceeding Nos. 20140417491 and 20140435497.

[2] FINRA's Office of Hearing Officers reviewed the Offer of Settlement and Consent under the terms of a Regulatory Services Agreement (as amended) among NYSE Group, Inc., New York Stock Exchange LLC, NYSE Arca, Inc., NYSE MKT LLC, and FINRA.

[3] The facts, allegations, and conclusions contained in this Decision were taken from the executed Offer of Settlement and Consent.

FINDINGS OF FACTS AND VIOLATIONS

Background and Jurisdiction

1. The Firm became registered as an Equities Trading Permit ("ETP") Holder with NYSE Arca Equities Inc. (the "Exchange") on June 8, 2011. Founded in 1973, the Firm is an investment bank that provides security brokerage services including, but not limited to, direct market access ("DMA") to its customers.

2. On behalf of the Exchange, FINRA Market Regulation conducted a review of the Firm's compliance with NYSE Arca Equities Rules 6.2(b), 6.18 and 2010, and Securities and Exchange Commission Rule 15c3-5 of the Securities Exchange Act of 1934 ("SEC Rule 15c3-5") during the period between March 1, 2012, and December 31, 2014 (the "Review Period").

3. By letters dated September 24, 2015, and March 15, 2016, which the Firm received, the Legal Section of FINRA Market Regulation, on behalf of the Exchange, notified the Firm that it was investigating whether the Firm complied with SEC Rule 15c3-5, and NYSE Arca Equities Rules 6.2(b), 6.18 and 2010, during the Review Period.

Overview

4. This matter involves the Firm's compliance with SEC Rule 15c3-5(c)(2), and NYSE Arca Equities Rules 6.2(b), 6.18(b) and (c) and 2010, during the Review Period.

Violations

5. SEC Rule 15c3-5(c)(2) requires broker-dealers to have regulatory risk management controls and supervisory procedures reasonably designed to ensure compliance with all regulatory requirements, including post-trade obligations to monitor for manipulation, fraud and other illegal activity.[4]

6. NYSE Arca Equities Rule 6.2(b) prohibits conduct or proceeding inconsistent with just and equitable principles of trade. NYSE Arca Equities Rule 2010 requires that an "ETP Holder, in the conduct of its business, shall observe high standards of commercial honor and just and equitable principles of trade."

7. NYSE Arca Equities Rule 6.18(b) requires each ETP Holder to "establish and maintain a system to supervise the activities of its associated persons and the operation of its business. Such system must be reasonably designed to ensure compliance with applicable federal securities laws and regulations and NYSE Arca Equities Rules." NYSE Arca Equities Rule 6.18(c) also requires each ETP Holder to "establish, maintain,

[4] The term "regulatory requirements" mean all federal securities laws, rules and regulations, and rules of self-regulatory organizations that are applicable in connection with market access. SEC Rule 15c3-5(a)(2).

and enforce written procedures to supervise the business in which it engages and to supervise the activities of its associated persons that are reasonably designed to achieve compliance with applicable federal securities laws and regulations, and with the NYSE Arca Equities Rules."

8. In connection with STAR No. 20140417491:

a. From March 1, 2014, through April 30, 2014, the Firm failed to establish, document, and maintain a system of risk management controls and supervisory procedures reasonably designed to manage the financial, regulatory, and other risks of its direct DMA business. Specifically, the Firm failed to include a customer's DMA trading activity in its post-trade market abuse surveillance during the period noted above and, in doing so, failed to detect potential layering activity by its customer.[5]

In connection with Star No. 20140435497:

b. Due to an error during a change in the Firm's internal systems, certain post-trade market abuse surveillance was not run on the Firm's customer equity DMA business when utilizing two separate systems. In transitioning to one system (a customer DMA platform with smart order routing), the Firm failed to feed its DMA order data into the surveillance models. With only executed trades considered by the Firm's post-trade surveillance, potential manipulative order activity was not captured as part of the Firm's obligation to monitor for manipulation, fraud and other illegal activity. The gap in post-trade market abuse surveillance occurred for more than two years (July 1, 2012, through November 30, 2014), which represented approximately 21% of the Firm's total trading activity. This resulted in the exclusion of 239,945,894 orders involving 34,453,516,262 shares from post-trade market abuse surveillance during the Review Period.

c. In the same manner, certain post-trade market abuse surveillance was not run on the Firm's DMA order activity originating from a second system from July 1, 2013, through December 31, 2014. This activity represented approximately 9% of the Firm's total trading activity. This resulted in the exclusion of 66,277,137 orders involving 8,764,283,906 shares from certain post-trade market abuse surveillance.

d. During the Review Period, the Firm failed to establish, document, and maintain a system of risk management controls and supervisory procedures reasonably designed

[5] Subsequent to April 30, 2014, the Firm discovered and self-reported to FINRA that technical modifications to its surveillance system responsible for monitoring DMA activity had been configured such that it was only monitoring executed trades, not order information. *See* STAR No. 20140435497, *infra.* Because the surveillance system was configured to only feed data on executed trades, the Firm's spoofing and layering market manipulation surveillance was not effective for certain DMA activity.

to manage the financial, regulatory, and other risks of its DMA business. Specifically, the Firm failed to include this customer equity DMA trading activity in certain post-trade market abuse surveillance during the review period, and failed to detect this gap in surveillance for more than two years.

9. Accordingly, the Firm violated SEC Rule 15c3-5(c)(2), and NYSE Arca Equities Rules 6.2(b), 6.18(b) and (c) and 2010, during the Review Period.

Other Factors Considered

10. With respect to STAR No. 20140435497, on November 19, 2014, the Firm identified and self-reported the gap in its post-trade surveillance. Based upon the Firm's self-reporting, FINRA commenced an investigation with the cooperation of the Firm. By self-reporting its failure to perform market abuse surveillance on trading activity originating from two separate systems from July 1, 2012, through November 30, 2014, and July 1, 2013, through December 31, 2014, respectively, and providing extraordinary cooperation, the Firm provided substantial assistance to FINRA's investigation. Accordingly, the sanction reflects significant consideration given to the actions taken by the Firm.

ORDER

Deutsche Bank Securities Inc. violated SEC Rule 15c3-5(c)(2), and NYSE Arca Equities Rules 6.2(b), 6.18(b) and (c) and 2010, by failing to establish, document, and maintain a system of risk management controls and supervisory procedures reasonably designed to manage the financial, regulatory, and other risks of its DMA business.

SANCTIONS

Deutsche Bank Securities Inc. is censured and fined $191,666.[6] These sanctions are effective immediately.

Maureen A. Delaney

Maureen A, Delaney
Hearing Officer

[6] The Offer of Settlement provides for a total fine of $2,500,000 to be paid jointly to Bats BYX Exchange, Inc., Bats BZX Exchange, Inc., Bats EDGA Exchange, Inc., Bats EDGX Exchange, Inc., The NASDAQ Stock Market LLC, NASDAQ BX, Inc., NASDAQ PHLX LLC, New York Stock Exchange LLC, NYSE MKT LLC, NYSE Arca, Inc., and FINRA, of which $191,666 of that total amount shall be paid to NYSE Arca, Inc.

No undertaking is imposed in connection with FINRA Proceeding Nos. 20140417491 and 20140435497 because the firm has already addressed the deficiencies identified during the staff's investigation.

BEFORE THE BUSINESS CONDUCT COMMITTEE

OF

NASDAQ PHLX LLC

IN THE MATTER OF Deutsche Bank Securities, Inc. (CRD No. 2525), Respondent.	**PHLX Enforcement No. 2017-08** **FINRA No. 20130393135 (incl. 20140417491 and 20140435497)**

DECISION ISSUED UPON
ACCEPTANCE OF OFFER OF SETTLEMENT

The Decision of the Business Conduct Committee ("Committee") of NASDAQ PHLX LLC (the "Exchange") in the above-captioned matter is as follows:

1. Deutsche Bank Securities, Inc. ("Respondent" or the "Firm") made an Offer of Settlement, Stipulation of Facts and Consent to Sanctions ("Offer") on April 27, 2017.

2. At a special meeting on May 31, 2017, the Committee reviewed a report of an Exchange investigation concerning the facts underlying this matter, made a finding that said facts disclosed probable cause that Respondent had committed violations within the Exchange's disciplinary jurisdiction, and authorized the issuance of a Statement of Charges against Respondent based on said facts and violations. The Statement of Charges so authorized was dated June 1, 2017, and will forthwith be served upon Respondent.

3. Respondent made and entered into said Offer, pursuant to Exchange Rule 960.7, solely for the purposes of these proceedings and to settle and conclude all disciplinary actions by the Exchange based on or arising out of the facts hereinafter stipulated.

4. The Committee and Respondent have agreed to settle this matter on the following terms:

a. Respondent stipulates to the facts, consents to the conclusion of violations of certain provisions of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and certain provisions of Exchange Rules, and consents to the imposition of sanctions specifically including, but not limited to, consenting to pay the fine imposed by the Committee consistent with the Offer, and to comply with all other sanctions, all as hereinafter set forth, without admitting or denying the allegations or conclusions in the Statement of Charges.

b. The Exchange shall not institute or entertain at any time any further proceeding against Respondent based on or arising out of, in whole or in part, the facts hereinafter stipulated.

c. Respondent shall not institute or entertain at any time any further proceeding against the Exchange or any of its board members, officers, committee members, employees or agents, based on or arising out of, in whole or in part, the facts hereinafter stipulated, or the investigation, prosecution and disposition of this matter.

d. Nothing in Paragraph 4b above shall be construed to prevent the Exchange from instituting separate proceedings against Respondent arising from failures to pay fees, fines or other monies owed to the Exchange by Respondent, irrespective of whether the fees, fines or other monies owed are based on or arise from, in whole or in part, the facts hereinafter stipulated.

e. The Exchange shall not be precluded from instituting a separate proceeding against Respondent based on or arising from facts other than those hereinafter stipulated.

f. The Committee, in any other Exchange proceeding against Respondent, may take notice of the Decision to be issued herein in determining the appropriate sanction, if any, to be imposed in such other proceeding.

g. Respondent consents, as applicable, to the entry by the Committee of a Decision pursuant to Exchange Rules 960.7 and 960.8 containing the stipulation of facts in Paragraph 5 below, the conclusion of violations of Exchange Rules 707 and 748 and SEC Rule 15c3-5 as agreed to in Paragraph 6 below, and to the imposition of sanctions not to exceed those agreed to in Paragraph 8.

h. Respondent agrees that the Decision to be issued herein shall be final, and waive any right to a review of the Decision or any other phase or aspect of this proceeding:

(1) by the Board of Directors of the Exchange;

(2) by the U.S. Securities and Exchange Commission;

(3) by any federal or state court; or

(4) in any other forum or by any other means.

5. The facts, as stipulated to in the Offer, are as follows:

a. The Committee has jurisdiction over this matter pursuant to Exchange By-Law Article V, Section 5-3 and Exchange Rule 960.1.

b. Between March 1, 2012 through December 31, 2014 (the "Relevant Period"), the Firm was a member organization of the Exchange.

c. During the Relevant Period, Exchange Rules 707 and 748 and SEC Rule 15c3-5 were in full force and effect.

d. From March 1 through April 30, 2014, the Firm failed to establish, document, and maintain a system of risk management controls and supervisory procedures reasonably designed to manage the financial, regulatory, and other risks of its direct market access ("DMA") business. Specifically, the Firm failed to include a customer's DMA trading activity in its post-trade market abuse surveillance and, in doing so, failed to detect potential layering activity by its customer.

e. During the Relevant period, certain post-trade market abuse surveillance was not run on the Firm's customer equity DMA business when utilizing two separate systems due to an error during a change in the Firm's internal systems. In transitioning to one system (a customer DMA platform with smart order routing), the Firm failed to feed its DMA order data into the surveillance models. With only executed trades considered by the Firm's post-trade surveillance, potential manipulative order activity was not captured as part of the Firm's obligation to monitor for manipulation, fraud and other illegal activity. The gap in post-trade market abuse surveillance occurred for more than two years (July 1, 2012 through November 30, 2014), which represented approximately 21% of the firm's total trading activity. This resulted in the exclusion of 239,945,894 orders involving 34,453,516,262 shares from post-trade market abuse surveillance during the Relevant Period.

f. In the same manner, certain post-trade market abuse surveillance was not run on the Firm's DMA order activity originating from a second system from July 1, 2013 through December 31, 2014. This activity represented approximately 9 percent of the Firm's total trading activity. This resulted in the exclusion of 66,277,137 orders involving 8,764,283,906 shares from certain post-trade market abuse surveillance.

g. During the Relevant Period, the Firm failed to establish, document, and maintain a system of risk management controls and supervisory procedures reasonably designed to manage the financial, regulatory, and other risks of its DMA business.

6. The Committee accepts the foregoing stipulation of facts, and on the basis thereof finds that the Firm violated Exchange Rules 707 and 748 and SEC Rule 15c3-5.

7. The Committee believes that the sanctions proposed by Respondent in its Offer serve the public interest, are sufficiently remedial under the circumstances, and represent a proper discharge of the Exchange's regulatory responsibilities under the Exchange Act.

8. The Committee concurs in the sanctions consented to by Respondent, and orders the imposition of the following sanction – a censure and a total fine of $2,500,000 to be paid jointly to the Exchange, Bats BYX Exchange, Inc., Bats BZX Exchange, Inc., Bats EDGA Exchange, Inc., Bats EDGX Exchange, Inc., The NASDAQ Stock Market LLC, NASDAQ BX, Inc., New York Stock Exchange LLC, NYSE MKT LLC, NYSE Arca, Inc., and FINRA, of which $225,000 of that total amount shall be paid to the Exchange.

9. If Respondent fails to pay the fine within 30 calendar days of the date of this Decision, or fails to comply with any other sanction by the date set forth herein, the Committee shall declare Respondent to be in material breach of their agreement and may take whatever actions it deems necessary to respond to the breach, including, but not limited to, rescinding this Decision and allowing the matter to proceed in accordance with Exchange Rules 960.1 through 960.12.

Dated: 6/2, 2017.

BUSINESS CONDUCT COMMITTEE

By: Eleanor W. Myers
Eleanor W. Myers
Chair