

FINANCIAL INDUSTRY REGULATORY AUTHORITY

In the Matter of the
Continued Membership
of
BofA Securities, Inc.
(CRD No. 283942)

Notice Pursuant to
Rule 19h-1
Securities Exchange Act
of 1934

SD-2338

January 26, 2024

I. Introduction

On October 14, 2022, BofA Securities, Inc. (“BofA” or “the Firm”) submitted a Membership Continuance Application (“MC-400A Application” or “Application”) to FINRA’s Credentialing, Registration, Education, and Disclosure Department (“CRED”).¹ The Application seeks to permit the Firm, a FINRA member, to continue its membership with FINRA notwithstanding its statutory disqualification. A hearing was not held in this matter; rather, pursuant to FINRA Rule 9523(b), FINRA’s Department of Member Supervision (“FINRA,” “Member Supervision,” or “Department”) approves the Application and is filing this Notice pursuant to Rule 19h-1 of the Securities Exchange Act of 1934 (“Exchange Act” or “SEA”).

II. The Statutorily Disqualifying Event

The Firm is subject to statutory disqualification, as that term is defined in Section 3(a)(39)(F) of the Exchange Act, incorporating by reference Section 15(b)(4)(D) and (E), as a result of a September 2022 Order issued by the Securities and Exchange Commission (“SEC” or “Commission”) finding that the Firm willfully violated Section 17(a) of the Exchange Act and Rule 17a-4(b)(4) and failed reasonably to supervise its employees with a view to preventing or detecting certain of its employees’ aiding and abetting violations of Section 17(a) of the Exchange Act and Rule 17a-4(b)(4) thereunder (“SEC Order”).²

¹ See MC-400A Application and related attachments compiled by CRED, with a cover memorandum dated October 24, 2022, attached as Exhibit 1.

² See SEC Order, *In re BofA Securities, Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated*, Exchange Act Release No. 95921 (Sept. 27, 2022), attached as Exhibit 2.

The SEC Order also triggered disqualification under Rules 262(a)(4), 506(d)(1)(iv), and 602(c)(3) of the Securities Act of 1933 and Rule 503(a)(4)(ii) of Regulation Crowdfunding. On September 27, 2022, the SEC granted a waiver from the application of the disqualification provisions of these Rules. See *In re Certain Broker-Dealer Practices*, Securities Act Release No. 11109 (Sept. 27, 2022), attached as Exhibit 3.

According to the SEC Order, from at least January 2018 to September 2021, numerous BofA employees sent and received off-channel communications that related to the Firm's business, and a majority of these written communications was not maintained or preserved by the Firm.³ Further, supervisors who were responsible for preventing this misconduct among junior employees routinely communicated off-channel using their personal devices, and, in so doing, failed to comply with Firm policies by communicating using non-Firm approved methods on their personal devices about the Firm's broker-dealer business.⁴

The Firm was ordered to cease and desist from committing or causing any future violations, censured, ordered to pay a civil money penalty of \$125,000,000, jointly and severally with affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch"), and ordered to comply with undertakings.⁵

III. Remedial Measures

In its Application, the Firm represented that it has undertaken significant remedial measures in response to the SEC's investigation and findings, including enhancing policies, procedures and training concerning the use of approved communications methods, including on personal devices, and implementing changes to technology available to employees.⁶ Specifically, the Firm began issuing compliance advisories reminding employees of BofA policy against business-related communications on unapproved devices and platforms; created a working group comprised of leadership across various internal stakeholders to assess unapproved text message communications and making appropriate policy or supervisory enhancement recommendations; updated relevant Firm policies governing communication with clients; developed regular reporting to detect when employees are not using firm-issued phones; and conducted a disciplinary review of all current Firm employees identified within the course of the SEC's review.⁷ According to the SEC Order, the SEC considered the Firm's prompt remedial actions and cooperation with the Commission when determining to accept the Offer of Settlement.⁸

The Firm represented that it further committed to future remedial measures including a comprehensive review of Firm supervisory and compliance policies and procedures designed to ensure that Firm electronic communications are appropriately preserved; a

³ See Exhibit 2 at p. 2, para. 3.

⁴ *Id.* at p. 2, para. 4; p. 4, para. 17.

⁵ *Id.* at pp. 6-10. The Firm paid its fine in full with Merrill Lynch on October 5, 2022. See Correspondence from Elizabeth Marino to FINRA dated January 31, 2023 (with exhibits) and December 19, 2023, collectively attached as Exhibit 4 at FINRA pp. 1-2, Response 1; FINRA p. 11. The Firm represented that it is in compliance with all undertakings. *Id.* at FINRA pp. 62-64.

⁶ See Exhibit 1 at FINRA p. 24.

⁷ *Id.*

⁸ See Exhibit 2 at p. 6.

review of training to ensure that personnel are complying with Firm policies and federal securities laws regarding the preservation of electronic communications; an assessment of the Firm's surveillance program to ensure record retention compliance; an assessment of technological solutions that the Firm has begun implementing to meet record retention requirements, including an assessment of the likelihood that Firm personnel will use the technological solutions going forward; an assessment of preventative methods used with regard to the use of unauthorized methods of business communications, including a review of policies and procedures to determine whether they provide for any significant technology and/or behavioral restrictions that prevent the risk of use of unapproved communications methods; a review of electronic communications surveillance routines; a review of the framework addressing instances of non-compliance by Firm employees concerning the use of personal devices to communicate about Firm business in the past; and an assessment of its program for the preservation of electronic communications, including those found on personal devices.⁹

IV. Firm Background

The Firm has been a FINRA member since January 23, 2018.¹⁰ It is headquartered in New York, NY, with 149 branches, 113 of which are Offices of Supervisory Jurisdiction.¹¹ The Firm employs approximately 5,526 registered representatives (1,220 of which are registered principals), 371 non-registered fingerprint employees, and 88 operations professionals.¹² The Firm does not employ any associated persons that FINRA has determined are subject to statutorily disqualification.

BofA is approved to engage in the following lines of business:¹³ exchange member engaged in exchange commission business other than floor activities; exchange member engaged in floor activities; broker or dealer making inter-dealer markets in corporate securities over-the-counter; broker or dealer retailing corporate equity securities over-the-counter; broker or dealer selling corporate debt securities; underwriter or selling group participant (corporate securities other than mutual funds); U.S. government securities dealer; U.S. government securities broker; municipal securities dealer; municipal securities broker; solicitor of time deposits in a financial institution; put and call broker or dealer or option writer; broker or dealer selling securities of non-profit organizations; trading securities for own account; private placements of securities; broker or dealer selling interests in mortgages or other receivables; engages in other securities business;¹⁴ effects

⁹ See Exhibit 1 at FINRA pp. 24-26.

¹⁰ See CRD Excerpt: Organization Registration Status, attached as Exhibit 5.

¹¹ FINRA confirmed this through analysis of the Firm's information contained in the Central Registration Depository ("CRD"), last performed on November 29, 2023.

¹²*Id.*

¹³ See CRD Excerpts: Types of Business and Other Business Descriptions, collectively attached as Exhibit 6.

¹⁴ Per the Firm's CRD Record, the "other securities business" includes, without being limited to,

transactions in commodity futures, commodities, commodity options as a broker for others or dealer for own account; and engages in other non-securities business.¹⁵

The Firm is a member of the following self-regulatory organizations (“SROs”): BOX Exchange LLC (“BOX”); Cboe Exchange, Inc. (“Cboe”); Cboe BYX Exchange, Inc. (“BYX”); Cboe BZX Exchange, Inc. (“BZX”); Cboe C2 Exchange, Incorporated (“C2”); Cboe EDGA Exchange, Inc. (“EDGA”); Cboe EDGX Exchange, Inc. (“EDGX”); Investors Exchange LLC (“IEX”); Long-Term Stock Exchange, Inc. (“LTSE”); MEMX LLC (“MEMX”); MIAX Emerald, LLC (“MIAX Emerald”); MIAX Pearl, LLC (“MIAX Pearl”); Miami International Securities Exchange, LLC (“MIAX”); NYSE American LLC (“NYSE American”); NYSE Arca, Inc. (“NYSE Arca”); NYSE Chicago, Inc. (“NYSE Chicago”); NYSE National, Inc. (“NYSE National”); Nasdaq BX, Inc. (“BX”); Nasdaq GEMX, LLC (“GEMX”); Nasdaq ISE, LLC (“ISE”); Nasdaq MRX, LLC (“MRX”); Nasdaq PHLX LLC (“PHLX”); The Nasdaq Stock Market LLC (“Nasdaq”); New York Stock Exchange LLC (“NYSE”);¹⁶ Municipal Securities Rulemaking Board (“MSRB”); The Depository Trust Company (“DTC”); Fixed Income Clearing Corporation - Government Securities Division (“FICC-GOV”); Fixed Income Clearing Corporation - Mortgage Backed Securities Division (“FICC-MBS”); and the National Securities Clearing Corporation (“NSCC”).¹⁷

Recent Examinations

In the past two years, FINRA completed two routine examinations, one of which was conducted pursuant to Regulatory Service Agreements (“RSAs”) on behalf of other SROs including BOX, BYX, BZX, C2, EDGA, EDGX, Cboe, IEX, LTSE, PHLX, ISE, GEMX, MRX, Nasdaq, MEMX, MIAX, MIAX Emerald, MIAX Pearl, NYSE, NYSE National, NYSE Chicago, NYSE American, and NYSE Arca, as well as six non-routine examinations resulting in Cautionary Action Letters (“CAL(s)”). The SEC also completed one examination.

A. Routine FINRA Examinations

In April 2023, FINRA, on behalf of BOX, BYX, BZX, C2, EDGA, EDGX, Cboe, IEX, LTSE, PHLX, ISE, Nasdaq, MEMX, MIAX, MIAX Emerald, MIAX Pearl, NYSE, NYSE

investment banking, public offerings of securities, research, securities lending, stock loan/stock borrowed activities, exempt securities, repurchase agreements, reverse repurchase agreements, prime brokerage services, commercial paper, other short-term instruments, and clearing services. *Id.* at p. 2.

¹⁵ Per the Firm’s CRD Record, the “other non-securities business” includes, without being limited to, mergers and acquisitions and other transactional advisory services, corporate financing, loan syndications and loan trading, over-the-counter derivative products, commodities, FX and credit, venture capital and margin lending. *Id.*

¹⁶ See Exhibit 5.

¹⁷ Membership in these organizations was verified by FINRA staff through a search of public member directories, last performed on May 2, 2023.

National, NYSE Chicago, NYSE American, and NYSE Arca, issued a Cautionary Action to the Firm for nine exceptions.¹⁸ These exceptions pertained to the Firm’s failure to adequately implement its written supervisory procedures (“WSPs”) with respect to qualifications and registrations when the Firm failed to properly register five individuals with the Securities Trader Principal designation in violation of the rules of the above-listed SROs.¹⁹ The Firm responded in writing that while the Securities Trader Principal designation was not properly assigned to the identified employees, each held requisite licenses during the review period and the Firm had already corrected the designations.²⁰ The Firm further represented that it implemented a monthly control to ensure proper Trader Principal designations moving forward.²¹ Additional exceptions were referred to FINRA’s Department of Enforcement (“Enforcement”) for further investigation and resolution, and those matters are still open.²²

In April 2023, FINRA issued another Cautionary Action to the Firm for seven exceptions.²³ These exceptions pertained to the Firm’s failures to: adequately supervise its sponsored access program, establish controls to supervise electronic communications of Equity Commitment Committee (“ECC”) personnel who may have access to material non-public information, establish and implement a system to supervise the personal cryptocurrency trading activities of the Firm’s Cryptocurrency and Digital Assets Strategy Group, enforce its Initiations and Reinstatement of Coverage procedures, and establish and enforce procedures that codify the Firm’s policy regarding supervisors acknowledging the Personal Trading Review supervisory matrix signoff.²⁴ The Firm responded in writing that it enhanced its WSPs, enhanced its semi-annual review process, and began the process of re-evaluating relevant controls as part of a larger effort to enhance supervision with respect to its sponsored access program.²⁵ The Firm also added risk personnel who may attend the ECC to its electronic communication reviews, updated its WSPs prohibiting research analysts responsible for covering digital assets from owning cryptocurrencies, and amended WSPs to align with supervisory review practices.²⁶ Additional exceptions were referred to Enforcement and to FINRA’s Market Regulation Department for further

¹⁸ See Disposition Letter for Examination No. 20220734144 dated April 27, 2023, Examination Report dated April 18, 2023, and Firm Response dated February 27, 2023, collectively attached as Exhibit 7.

¹⁹ *Id.* at FINRA pp. 2, 14-22.

²⁰ *Id.* at FINRA p. 34.

²¹ *Id.*

²² *Id.* at FINRA p. 2. These exceptions remain open under Matter 20200674856.

²³ See Disposition Letter for Examination No. 20220734143 dated April 21, 2023, Examination Report dated January 30, 2023, and Firm Response dated February 27, 2023, collectively attached as Exhibit 8.

²⁴ *Id.* at FINRA pp. 1, 5-7, 12-14.

²⁵ *Id.* at FINRA p. 18.

²⁶ *Id.* at FINRA pp. 22-25.

investigation and resolution.²⁷ The matter referred to FINRA’s Quality of Markets Department was closed without further action while the Enforcement matter remains open.²⁸

B. Non-Routine FINRA Examinations

In June 2023, FINRA issued a Cautionary Action to the Firm for failing to maintain WSPs that were reasonably designed to achieve compliance with FINRA Rule 3110 regarding Rule 5310.²⁹ The Firm did not have any WSPs in place regarding the Firm’s supervision of its convertible bond trading and did not conduct a supervisory review of its convertible bond trading activity for compliance with FINRA Rule 5310.³⁰ The Firm responded in writing that it developed a new WSP for its Convertible Securities Trading and Sales Desk which provides, among other things, that a supervisory principal will, on a monthly basis, review a sampling of convertible bond trades to assess compliance with FINRA Rule 5310.³¹

In February 2023, FINRA issued a Cautionary Action to the Firm for failing to: report new issue offerings in TRACE-eligible Corporate Debt Securities within required time frames, report the accurate time of execution of certain transactions in TRACE-eligible Corporate Debt Securities, and identify the accurate pricing date for TRACE-eligible Corporate Debt Securities.³² The Firm responded in writing that it updated its procedures for submitting FINRA New Issue Forms to enhance compliance with FINRA rules and committed to reinforcing the requirements of TRACE reporting obligations to relevant personnel via enhanced training.³³

In December 2022, FINRA, on behalf of itself and IEX, issued a Cautionary Action to the Firm for failing to: input orders into the IEX system and an over-the-counter (“OTC”) venue with the correct “Agency” capacity code rather than a “Principal” code; comply with applicable books and records requirements because of the inaccurate order capacity codes that it used for numerous orders; and establish, maintain, and enforce a supervisory system reasonably designed to achieve compliance with IEX and FINRA rules related to the

²⁷ *Id.* at FINRA p. 1.

²⁸ This was confirmed through a review of internal FINRA records most recently conducted on November 21, 2023.

²⁹ See Disposition Letter for Examination No. 20210707120 dated June 1, 2023 and Firm Response dated June 13, 2023, collectively attached as Exhibit 9, at FINRA p. 1.

³⁰ *Id.*

³¹ *Id.* at FINRA p. 3.

³² See Disposition Letter for Examination No. 20220738341 dated February 2, 2023, and Firm Response dated February 16, 2023, collectively attached as Exhibit 10, at FINRA p. 1.

³³ *Id.* at FINRA p. 4.

accuracy of order and trade information.³⁴ The Firm responded in writing that it implemented logic designed to reject certain client orders marked as “Principal,” self-reported a parallel issue to CBOE, and implemented a dashboard to review sponsored access order work flows marked as “Principal,” which it formalized in the Firm’s WSPs.³⁵

In June 2022, FINRA issued a Cautionary Action to the Firm for lacking a supervisory system reasonably designed to achieve compliance with FINRA Rule 2121 for trades in convertible bonds.³⁶ The Firm responded in writing that it drafted a new WSP that established a review of convertible transactions on a scheduled basis covering the Firm’s Fair Pricing obligations.³⁷

In June 2022, FINRA issued a Cautionary Action to the Firm for failing to: report new issue offerings in TRACE-eligible Corporate Debt Securities within required time frames, report the accurate time of execution of certain transactions in TRACE-eligible Corporate Debt Securities, identify the accurate pricing date for TRACE-eligible Corporate Debt Securities, and provide documentary evidence that it performed supervisory reviews set forth in its WSPs.³⁸ The Firm responded in writing that it would assess its process for reporting new issue offerings in TRACE-eligible Corporate Debt Securities and take appropriate remedial measures, issue a compliance advisory memorandum regarding TRACE reporting obligations, and updated its WSPs regarding New Issue Reporting.³⁹

In May 2022, FINRA issued a Cautionary Action to the Firm for violating provisions of Regulation ATS and failing to establish a supervisory system reasonably designed to achieve compliance with Rule 301(b)(5) of Regulation ATS.⁴⁰ Specifically, the Firm failed to calculate the correct industry volume for the security FLRT, resulting in the Firm incorrectly believing that the Instinct X ATS (“MLIX”) did not meet the 5% threshold in

³⁴ See Disposition Letter for Examination No. 20200656625 dated December 13, 2022, and Firm Response dated December 20, 2022, collectively attached as Exhibit 11, at FINRA pp. 1-2. The Cautionary Action was based on a review of activity engaged in by the Firm and its predecessor Merrill Lynch, Pierce, Fenner & Smith Incorporated from January 1, 2014 to May 31, 2020. *Id.* at FINRA p. 1. BofA Securities, Inc. began doing business with the Market Participant Identity “MLCO” on May 12, 2019, which was previously assigned to Merrill Lynch, Pierce, Fenner & Smith Incorporated. *Id.*

³⁵ *Id.* at FINRA p. 4.

³⁶ See Disposition Letter for Examination No. 20210706065 dated June 29, 2022, and Firm Response dated July 29, 2022, collectively attached as Exhibit 12, at FINRA p. 1.

³⁷ *Id.* at FINRA p. 3.

³⁸ See Disposition Letter for Examination No. 20210692653 dated June 7, 2022, and Firm Response dated July 1, 2022, collectively attached as Exhibit 13, at FINRA p. 1.

³⁹ *Id.* at FINRA p. 4.

⁴⁰ See Disposition Letter for Examination No. 20210711402 dated May 23, 2022, and Firm Response dated July 6, 2022, collectively attached as Exhibit 14, at FINRA p. 1.

Rule 301(b)(5).⁴¹ As a result, the Firm did not have written standards for granting fair access, and did not file any Form ATS-Rs during the review with the information required by heightened Fair Access Rule requirements.⁴² The Firm responded in writing that it reviewed that company's volume calculation methodology and entered into an agreement with a company that would host, operate, and support the technology platform for Instinct X subject to Firm oversight.⁴³

C. SEC Examination

In September 2023, the SEC issued a deficiency letter to the Firm finding that the Firm failed to comply with Rules 15c3-5(c)(1)(i), 15c3-5(e), and FINRA Rule 3110(b)(1).⁴⁴ In particular, the Commission found that the Firm failed to: aggregate accounts used by the same customer to prevent order entry exceeding pre-set credit thresholds,⁴⁵ maintain Market Access Rule ("MAR") controls addressing the management and review of customer accounts where a recommendation for reduction in Open Buying Power ("OBP") was made and rebutted for two consecutive review cycles,⁴⁶ maintain MAR controls reasonably designed to address managing customer accounts with no trading activity for multiple review periods when customers were already at the lowest level of OBP,⁴⁷ prevent approximately 37 customers from entering orders exceeding their OBP,⁴⁸ maintain reasonably designed financial controls to ensure that child orders are checked against established OBP limits immediately prior to being sent to market for execution,⁴⁹ regularly review the effectiveness and accuracy of information produced by the Firm's risk alert system,⁵⁰ maintain WSPs identifying the "overfill" protection check nor any discussing the testing or management of the check,⁵¹ maintain WSPs adequately addressing how the Firm will monitor or assess the Firm's maximum loss scenarios with regard to customer trading

⁴¹ *Id.*

⁴² *Id.*

⁴³ *Id.* at FINRA pp. 3-4.

⁴⁴ See SEC Examination Letter for SEC File No. 8-69787 dated September 5, 2023, and the Firm's Response dated October 5, 2023, collectively attached as Exhibit 15.

⁴⁵ *Id.* at FINRA p. 3, para. I, 1.

⁴⁶ *Id.* at FINRA p. 3, para. I, 2.

⁴⁷ *Id.* at FINRA p. 3, para. I, 3.

⁴⁸ *Id.* at FINRA pp. 3-4, para. I, 4.

⁴⁹ *Id.* at FINRA p. 4, para. I, 5.

⁵⁰ *Id.* at FINRA pp. 4-5, para. II.

⁵¹ *Id.* at FINRA p. 5, para. III, 1.

activity,⁵² maintain WSPs addressing how the Firm would ensure that its MAR systems are accurately retrieving information following system upgrades and/or migrations,⁵³ maintain WSPs addressing how the Firm will remediate mapping issues when a customer's OBP is not accurately reflected on the Firm's alert notification reports,⁵⁴ and adhere to its WSPs regarding supervisory reviews of risk limit usage alerts and intra-quarter limit adjustments.⁵⁵ The Firm responded in writing that it will: implement a consolidated customer credit limit view that enables the Firm to maintain oversight of credit limits,⁵⁶ establish guidelines and update procedures regarding criteria for overriding recalibration recommendations,⁵⁷ update its procedures to include a requirement that the Firm will recommend reducing a customer's credit limit to zero in the scenario where a client has not consumed any of its credit limit capacity over a six-month period and there is not sales or sales trading coverage listed in the Firm's system for the same six-month period,⁵⁸ make software updates resulting in high-touch parent orders consuming OBP upon initial receipt rather than when the order is accepted,⁵⁹ enhance downstream financial risk checks through improving the way that OBP alerts from its risk engine are generated and stored and through a check that accounts for market price changes designed to prevent child orders from being routed to the market that would result in a breach of OBP limit,⁶⁰ update its WSPs to include a process for supervisors to periodically review OBP exception reports,⁶¹ perform an analysis and document the rationale for the calculation used in determining OBP thereby allowing the Firm to assess the maximum loss that the Firm would reasonably be expected to incur in the event of customer default,⁶² make software updates to ensure that its MAR systems are accurately retrieving information following system upgrades and/or migrations,⁶³ make software updates to remediate the identified customer mapping issue,⁶⁴ and further noted that the Firm had already added the "overfill" protection check

⁵² *Id.* at FINRA p. 5, para. III, 2.

⁵³ *Id.* at FINRA pp. 5-6, para. III, 3.

⁵⁴ *Id.* at FINRA p. 6, para. III, 4.

⁵⁵ *Id.* at FINRA p. 6, para. III, 5.

⁵⁶ *Id.* at FINRA p. 8, para. I, 1.

⁵⁷ *Id.* at FINRA p. 8, para. I, 2.

⁵⁸ *Id.* at FINRA p. 8, para. I, 3.

⁵⁹ *Id.* at FINRA p. 9, para. I, 4.

⁶⁰ *Id.* at FINRA p. 9, para. I, 5.

⁶¹ *Id.* at FINRA pp. 9-10, para. II; p. 11, para. III, 4-5.

⁶² *Id.* at FINRA p. 10, para. III, 2.

⁶³ *Id.* at FINRA pp. 10-11, para. III, 3.

⁶⁴ *Id.* at FINRA p. 11, para. III, 4.

to its WSPs.⁶⁵

Regulatory Actions

In the past two years, BofA has been the subject of various disciplinary matters resulting in three Letters of Acceptance, Waiver and Consent (“AWCs”) entered into with FINRA; one Letter of Consent entered into with BYX; one Letter of Consent entered into with BZX; one Letter of Consent entered into with EDGA; one Letter of Consent entered into with EDGX; one AWC with Nasdaq; one AWC with NYSE; one AWC with NYSE Arca; one order entered by the CFTC; and seven actions issued by the CME Group.⁶⁶

A. FINRA Actions

On November 29, 2023, the Firm entered into an AWC with FINRA in connection with the Firm’s violation of FINRA Rule 2010 by engaging in spoofing in the U.S. Treasury markets through two former traders, as well as the Firm’s failure to reasonably supervise for spoofing in the U.S. Treasury markets in violation of NASD Rule 3010 and FINRA Rules 3110(a) and 2010.⁶⁷ Specifically, the Firm did not conduct any surveillance or supervisory reviews for spoofing in U.S. Treasury markets prior to November 2015, and then only surveilled for spoofing by trading algorithms as opposed to manual spoofing by traders until mid-2019.⁶⁸ Until at least December 2020, the Firm limited its spoofing surveillance to orders entered through its proprietary order routing system while traders were able to enter and cancel U.S. Treasury orders in up to eight additional systems.⁶⁹ Prior to October 2022, the Firm did not conduct surveillance or supervisory reviews for potential cross-product spoofing in the U.S. Treasury markets.⁷⁰ In these conditions, two former BofA traders, acting separately, engaged in spoofing in 717 instances of spoofing in U.S. Treasury securities.⁷¹ The Firm consented to a censure and agreed to pay a \$24 million fine.⁷²

On September 12, 2022, the Firm entered into an AWC with FINRA in connection with the Firm’s failure to report OTC options positions to the Large Options Positions Reporting

⁶⁵ *Id.* at FINRA p. 10, para. III, 1.

⁶⁶ See CRD Snapshot Record for BofA Securities, Inc. (November 28, 2023), attached as Exhibit 16.

⁶⁷ See FINRA AWC No. 2019063152203 and FINRA’s cover letter to the Firm dated November 29, 2023, collectively attached at Exhibit 17.

⁶⁸ *Id.* at FINRA p. 8.

⁶⁹ *Id.*

⁷⁰ *Id.*

⁷¹ *Id.* at FINRA pp. 4-5.

⁷² *Id.* at FINRA p. 8. FINRA confirmed that the Firm paid its fine on December 8, 2023.

system (“LOPR”).⁷³ Specifically, the Firm failed to report OTC options positions to the LOPR in more than 7.4 million instances, violated OTC position limits in 26 instances, and failed to maintain a supervisory system reasonably designed to achieve compliance with FINRA Rule 2360(b).⁷⁴ The Firm consented to a censure, a \$5,000,000 fine, and was required to submit a written certification to FINRA stating that the Firm established, maintained, and enforced supervisory procedures, including WSPs, reasonably designed to achieve compliance with FINRA Rule 2360.⁷⁵

On July 15, 2022, the Firm entered into an AWC with FINRA in connection with the Firm’s failure to publish accurate data in monthly reports as required by Regulation NMS.⁷⁶ Specifically, the Firm published inaccurate data in 107 monthly reports and failed to establish a supervisory system reasonably designed to achieve compliance with Regulation NMS Rule 605.⁷⁷ The Firm consented to a censure and a \$325,000 fine.⁷⁸

B. BYX, BZX, EDGA, EDGX, Nasdaq, NYSE, and NYSE Arca Related Actions

In November 2022, BYX, BZX, EDGA, and EDGX issued decisions incorporating Letters of Consent, and Nasdaq, NYSE, and NYSE Arca entered into AWCs with the Firm, for the Firm’s violations of analogous rules.⁷⁹ Each action related to the Firm’s mismarking of orders with the “Principal” capacity code when they should have been marked as “Agency.”⁸⁰ As such, the Firm failed to maintain accurate books and records and did not maintain a supervisory system reasonably designed to achieve compliance with capacity

⁷³ See FINRA AWC No. 2018059109401 and FINRA’s cover letter to the Firm dated September 12, 2022, collectively attached as Exhibit 18.

⁷⁴ *Id.* at FINRA p. 3.

⁷⁵ *Id.* at FINRA p. 6. The Firm paid its fine on September 29, 2022. See Exhibit 4, at FINRA pp. 6-7, Response 12; FINRA p. 56. On October 31, 2022, the Firm submitted the required certification to FINRA. See BofA Certification for FINRA AWC No. 2018059109401 dated October 31, 2022, attached as Exhibit 19.

⁷⁶ See FINRA AWC No. 2019061061701 and FINRA’s cover letter to the Firm dated July 15, 2022, collectively attached as Exhibit 20.

⁷⁷ *Id.* at FINRA pp. 2-3.

⁷⁸ *Id.* at FINRA p. 5. The fine was paid on July 19, 2022. See Exhibit 4 at FINRA pp. 7, Response 13; FINRA p. 57.

⁷⁹ See BYX Disciplinary Decision and Letter of Consent, File No. URE 13-06 (Nov. 16, 2022); BZX Disciplinary Decision and Letter of Consent, File No. URE 13-05 (Nov. 16, 2022); EDGA Disciplinary Decision and Letter of Consent, File No. URE 13-08 (Nov. 16, 2022); EDGX Disciplinary Decision and Letter of Consent, File No. URE 13-07 (Nov. 16, 2022); Nasdaq AWC No. 2021.05.318 (Nov. 23, 2022); NYSE AWC No. 2022-03-17-00039 (Nov. 17, 2022); and NYSE Arca AWC No. 2022-03-17-039 (Nov. 17, 2022), collectively attached as Exhibit 21.

⁸⁰ *Id.* at FINRA pp. 4, 10, 16, 22, 26-27, 33, 39.

reporting requirements.⁸¹ The Firm consented to censures and a total fine of \$2,750,000 (BYX \$57,750; BZX \$673,750; EDGA \$134,750; EDGX \$1,058,750; Nasdaq \$385,000; NYSE \$40,000; NYSE Arca \$400,000).⁸²

B. CFTC Action

On September 27, 2022, the CFTC issued an order finding that the Firm violated Section 4g of the Commodity Exchange Act (7 U.S.C. § 6g) and Commission Regulations 1.31, 1.35, and 166.3 (17 C.F.R. §§ 1.31, 1.35, 166.3 (2021)).⁸³ These violations were based on the same misconduct underlying the SEC Order that is the subject of the Firm’s Application. The Firm was ordered to cease and desist from violating the cited sections of the Commodity Exchange Act and Commission Regulations; to pay a \$100,000,000 civil penalty, payable jointly and severally with Merrill Lynch and Bank of America, N.A.; and to comply with various undertakings related to the Firm’s preservation of records related to electronic communications.⁸⁴

C. CME Group Actions

On October 26, 2023, the CME Group issued two Notices of Summary Action finding that the Firm submitted proprietary block trades under an account designated for customer orders, thereby submitting inaccurate block trade reports.⁸⁵ The Firm was fined \$4,000 total.⁸⁶

On June 9, 2023, the CME Group issued a Notice of Disciplinary Action in connection with the Firm’s violations of rules governing calls for performance bonds and the release

⁸¹ *Id.*

⁸² *Id.* at FINRA pp. 5, 11, 17, 23, 27, 34, 40. The Firm represented that all fines were paid. *See* Exhibit 4 at FINRA pp. 3-5, Responses 4-9; FINRA pp. 49-54, 55.

⁸³ *See* CFTC Order, *In re Bank of America, N.A., BofA Securities, Inc., and Merrill Lynch, Pierce, Fenner & Smith Incorporated*, CFTC Docket No. 22-38 (Sept. 27, 2022), attached as Exhibit 22. FINRA has determined that this is not a disqualifying event.

⁸⁴ *Id.* at pp. 13-16. The Firm represented that the civil penalty was paid on October 5, 2022. *See* Exhibit 4 at FINRA p. 3, Response 3; FINRA p. 48. The Firm also represented that it is in full compliance with the undertakings required by the CFTC Order. *Id.* at FINRA p. 3, Response 3; FINRA pp. 62-64.

⁸⁵ *See* CME Group Notice of Summary Action, Case No. CBOT-RSRH-23-6945, dated October 26, 2023, and CME Notice of Summary Action, Case No. CME-RSRH-23-6945, dated October 26, 2023, collectively attached as Exhibit 23.

⁸⁶ *Id.* at FINRA pp. 2, 4. The Firm represented that it paid its fines on November 1, 2023. *See* Correspondence from Elizabeth Marino to FINRA, dated January 31, 2023 (with exhibits), collectively attached as Exhibit 24, at FINRA p. 1, Response 1; FINRA p. 8.

of excess performance bond deposits.⁸⁷ The Firm was fined \$150,000.⁸⁸

On May 3, 2023, the CME Group issued a Notice of Summary Action in connection with the Firm's inaccurate reporting of its open interest in a futures contract.⁸⁹ The Firm was fined \$1,500.⁹⁰

On March 24, 2023, the CME Group issued a Notice of Summary Action finding that the Firm submitted incorrect account numbers at order entry.⁹¹ The Firm was fined \$2,000.⁹²

On December 19, 2022, the CME Group issued a Notice of Disciplinary Action in connection with the Firm's violations of rules governing customer gross margining technical overview requirements.⁹³ The Firm was fined \$1,000,000.⁹⁴

On December 5, 2022, the CME Group issued a Notice of Summary Fine in connection with the Firm's failure to maintain current and accurate information in the CME Globex Exchange Fee System.⁹⁵ The Firm was fined \$5,000.⁹⁶

On March 18, 2022, the CME Group issued a Notice of Disciplinary Action issued in connection with the Firm's violations of Chicago Board of Trade rules related to calls for performance bonds; release of performance bond deposits; and segregation, secured and

⁸⁷ See CME Group Notice of Disciplinary Action, Case No. 23-CH-2311, dated June 9, 2023, attached as Exhibit 25.

⁸⁸ *Id.* at p. 2. The Firm represented that it paid its fine on June 26, 2023. See Exhibit 24, at FINRA p. 2, Response 2; FINRA pp. 11-12.

⁸⁹ See CME Group Notice of Summary Action, Case No. NYMEX-RSRH-23-6903, dated May 3, 2023, attached as Exhibit 26.

⁹⁰ *Id.* at p. 2. The Firm represented that it paid the fine on April 30, 2023. See Exhibit 24 at FINRA p. 2, Response 3; FINRA p. 15.

⁹¹ See CME Group Notice of Summary Action, Case No. CBOT-DQA-23-1087, dated March 24, 2023, attached as Exhibit 27.

⁹² *Id.* The Firm represented that it paid the fine via direct debit. See Exhibit 24 at FINRA p. 2, Response 4; FINRA p. 18.

⁹³ See CME Group Notice of Disciplinary Action, Case No. 22-CH-2206, dated December 19, 2022, attached as Exhibit 28.

⁹⁴ *Id.* The Firm represented that it paid the fine on December 27, 2022. See Exhibit 24 at FINRA p. 3, Response 5; FINRA pp. 20-21.

⁹⁵ See CME Group Notice of Summary Fine, Case No. CME-DQA-22-0987, dated December 5, 2022, attached as Exhibit 29.

⁹⁶ *Id.* The Firm represented that it paid the fine on December 27, 2022. See Exhibit 24 at FINRA p. 3, Response 6; FINRA p. 24.

cleared swaps customer account requirements.⁹⁷ The Firm was fined \$100,000.⁹⁸

V. Prior SEA Rule 19h-1 Notices

The Firm has not been the subject of any prior SEA Rule 19h-1 Notices.

VI. The Firm’s Proposed Continued Membership with FINRA Plan of Heightened Supervision

The Firm seeks to continue its membership with FINRA notwithstanding its status as a disqualified member. The Firm has agreed to the following Plan of Heightened Supervision (“Supervision Plan” or “Plan”) as a condition of its continued membership with FINRA.⁹⁹

BofA Securities, Inc. (the “Firm”) is subject to statutory disqualification pursuant to 3(a)(39)(F) of the Securities Exchange Act of 1934, which incorporates by reference Sections 15(b)(4)(D) & (E), as a result of an order issued by the U.S. Securities and Exchange Commission dated September 27, 2022, which found that the Firm willfully violated Section 17(a) of the Securities Exchange Act of 1934 and Rule 17a-4(b)(4) thereunder. The Order also found that the Firm failed to reasonably supervise its employees within the meaning of Section 15(b)(4)(E).

For the purpose of this Supervision Plan, the term “Digital Communication Channels” means all written electronic methods of communication used to conduct Firm business, including but not limited to, text message platforms, whether via SMS messaging, iMessage, or other messaging services such as WhatsApp; direct messaging platforms including Twitter, Instagram, LinkedIn, Slack, or Bloomberg Messaging; non-firm domain email accounts; and any other written electronic business-related correspondence. “Digital Communication Channels” encompass platforms used to exchange messages with internal or external stakeholders using either a personal or Firm-provided device.

For the purpose of the Supervision Plan, the term “Off-Channel Communications” means all business-related written electronic messages sent on Digital Communication Channels that are not captured by Firm surveillance and record-keeping systems.

In consenting to this Supervision Plan, the Firm agrees to the following:

1. The Firm shall comply with all of the undertakings outlined in the Securities and Exchange Commission (“SEC” or “Commission”) Order Instituting Administrative and Cease-and-Desist Proceedings, Pursuant to Section 15(b) and 21(C) of the

⁹⁷ See CME Group Notice of Disciplinary Action, Case No. 22-CH-2201, dated March 18, 2022, attached as Exhibit 30.

⁹⁸ *Id.* at p. 2. The Firm represented that it paid the fine on March 25, 2022. See Exhibit 4 at FINRA p. 7, Response 14; FINRA p. 58.

⁹⁹ See Executed Consent to Plan of Heightened Supervision dated December 1, 2023, attached as Exhibit 31.

Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order, *In re BofA Securities, Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated*, Exchange Act Release No. 95921 (September 27, 2022) (“SEC Order”).

2. The Firm shall maintain copies of all correspondence between the Firm and Commission staff relating to the SEC Order, including documenting when Commission staff grants extensions to the deadlines set forth in the SEC Order. The Firm shall maintain copies of all such correspondence in a readily accessible place for ease of review by FINRA staff.
3. The Firm shall provide FINRA’s Statutory Disqualification Group with copies of all certifications submitted to the SEC upon completion of the undertakings as specified in the SEC Order. The Firm shall maintain copies of all certifications in a readily accessible place for ease of review by FINRA staff.
4. The Firm shall maintain copies of all reports and supporting documentation submitted to SEC staff in accordance with the SEC Order, as well as any other documentation needed to evidence the status and completion of each of the undertakings outlined in the SEC Order. The Firm shall maintain copies of such documentation in a readily accessible place for ease of review by FINRA staff.
5. Within six months of the SEC’s Letter of Acknowledgement in this matter (“LOA”), to the extent that it has not already done so within the past six months, and on at least an annual basis thereafter, for a term of six years from the date of the LOA, the Firm shall conduct training for all associated persons regarding the Digital Communication Channels that the Firm has approved for business communication, along with the Firm’s current policies regarding retention of business-related electronic communications. The Firm shall maintain a record of individual completion of said training and a copy of said training materials in a readily accessible place for ease of review by FINRA staff.
6. The Firm shall conduct the training described in item number 5 above for all new hires, within sixty-five days from the date of commencement of new hire training, for a term of six years from the date of the LOA. The Firm shall retain a record of all new hire training, including a copy of all written training materials, and keep said record(s) in a readily accessible place for ease of review by FINRA staff.
7. Within 90 days of the LOA, the Firm shall, to the extent that it has not already done so, establish and maintain a written list(s) of all Digital Communication Channels that its associated persons are permitted to use to communicate about Firm business. The list(s) shall be provided to all of the Firm’s associated persons at least on a semi-annual basis, for a term of six years from the date of the LOA. The Firm shall require that all associated persons obtain written approval for use of any Digital Communication Channels to communicate about Firm business that are not already on the approved list(s) maintained by the Firm. The Firm shall maintain a record of all requests and approvals or rejections of each request, including the date of the requests and the Firm’s

decision. The Firm shall maintain copies of such requests and decisions in a readily accessible place for ease of review by FINRA staff.

8. The Firm shall require all associated persons to disclose on at least a semi-annual basis, for a term of six years from the date of the LOA, any unapproved Digital Communication Channels he/she is using to communicate about Firm business. The Firm shall retain records of such disclosures in a readily accessible place for ease of review by FINRA staff.
9. Subject to Paragraph 7 above, the Firm shall prohibit associated persons from using Off-Channel Communications.
10. Within 90 days of the LOA, the Firm shall, to the extent that it has not already done so, develop a process whereby, in the event that an associated person sends or receives an Off-Channel Communication, the Off-Channel Communication is submitted to the Firm and retained in compliance with relevant securities laws and regulations. For a term of six years from the date of the LOA, the Firm shall maintain a record of all such Off-Channel Communications, including a record of the Firm's receipt of the communication, in a readily accessible place for ease of review by FINRA staff.
11. Within 90 days of the LOA, the Firm shall, to the extent that it has not already done so, develop and maintain written policies and procedures detailing the Firm's processes for disciplining associated persons who use Off-Channel Communications to communicate about Firm business ("disciplinary processes"). When the Firm uses these disciplinary processes, the Firm shall document each instance. The Firm shall retain records of such written policies and procedures and records of these disciplinary processes and each outcome. The Firm's written policies and procedures concerning these disciplinary processes will be owned by the Employee Relations team.
12. All requested documents and certifications under this Supervision Plan shall be sent directly to FINRA's Statutory Disqualification Group at SDMailbox@FINRA.org.
13. The Firm shall obtain written approval from FINRA's Statutory Disqualification Group prior to changing any provision of the Supervision Plan.
14. The Firm shall submit any proposed changes or other requested information under this Supervision Plan to FINRA's Statutory Disqualification Group at SDMailbox@FINRA.org.

VII. Discussion

After carefully reviewing the entire record in this matter, FINRA approves the Firm's request to continue its membership with FINRA, subject to the terms and conditions set forth herein. In evaluating the Firm's Application, FINRA assessed whether the Firm has demonstrated that its continued membership is consistent with the public interest and does not create an unreasonable risk of harm to investors or the markets. *See* FINRA By-Laws, Art. III, Sec. 3(d); *cf. Frank Kufrovich*, 55 S.E.C. 616, 624 (2002) (holding that FINRA "may deny an application by a firm for association with a statutorily-disqualified individual

if it determines that employment under the proposed plan would not be consistent with the public interest and the protection of investors"). Typically, factors that bear on FINRA's assessment include, among other things, the nature and gravity of the statutorily disqualifying misconduct, the time elapsed since its occurrence, the restrictions imposed, the Firm's regulatory history, and whether there has been any intervening misconduct.

As of the date of this Notice, FINRA has determined that the Firm's continued membership is consistent with the public interest and does not create an unreasonable risk of harm to investors or the markets. While the SEC Order identified serious violations of securities laws, the Firm was not expelled or suspended, nor were any limitations placed on the Firm's securities activities. Although the SEC Order triggered certain disqualifications from exemptions from registration available under the Securities Act of 1933 ("Securities Act"), specifically Regulations A, D and E of the Securities Act and Regulation Crowdfunding, the SEC granted the Firm a waiver from the application of the disqualification provisions of Rules 262(a)(4)(ii), 506(d)(1)(iv)(B), and 602(c)(3) of the Securities Act and Rule 503(a)(4)(ii) of Regulation Crowdfunding.¹⁰⁰ Moreover, the full amount of the civil monetary penalty was promptly paid and the Firm promptly paid the sums owed to the CFTC based on an order with similar findings as the disqualifying one.¹⁰¹ Additionally, the Firm represented that it is in compliance with the ordered undertakings.¹⁰²

Member Supervision also acknowledges that within the SEC Order the SEC considered the Firm's prompt remedial actions and cooperation with the Commission when determining to accept the Offer of Settlement.¹⁰³ The Firm has also represented that it has enhanced its policies, procedures, training, technology platforms, surveillance system, and disciplinary structure pertaining to the use of unapproved electronic communication methods and electronic communications retention more broadly.¹⁰⁴

It is well settled that a firm's regulatory history bears upon the assessment of its ability to comply with securities law and regulations. *See In the Matter of the Continued Association of Craig Scott Taddonio with Meyers Associate, L.P.*, SD-2117, slip op. at 24-25 (FINRA NAC March 8, 2017). However, the corrective measures taken by firms to address deficiencies are weighed in determining whether to approve applications. *See In the Matter of the Association of X with the Sponsoring Firm*, SD11007 (FINRA NAC 2011) (where a firm's corrective actions negated Member Regulation's assertion that the firm failed to appreciate or respect securities rules and regulations). FINRA has also previously approved applications for continued membership where the firms had extensive regulatory history, including disqualifying events. *See In the Matter of the Continued Membership of Deutsche*

¹⁰⁰ *See* Exhibit 3.

¹⁰¹ *See* Exhibit 4 at FINRA pp. 1, 3, Responses 1 and 3; FINRA pp. 11, 48.

¹⁰² *Id.* at pp. 62-64.

¹⁰³ *See* Exhibit 2 at p. 6.

¹⁰⁴ *See* Exhibit 1 at FINRA p. 24.

Bank Securities, Inc., SD-2190 (FINRA Jan. 14, 2020) and *In the Matter of the Continued Membership of Citigroup Global Markets, Inc.*, SD-2082 (FINRA May 2, 2017) (approving continued membership where the firms had extensive regulatory history, including recent disqualifying events).

In its evaluation of the Firm's Application, FINRA acknowledges the Firm's recent regulatory and disciplinary history. Member Supervision also notes that, as of the date of this Notice, the Firm has paid all fines and has either fully complied with all undertakings ordered by regulators or demonstrated that it is currently complying with undertakings as applicable in the underlying SEC and related CFTC orders. None of these prior disciplinary matters would prevent the continuance of the Firm as a FINRA member.

With respect to the Firm's recent examination exceptions, the Firm took steps to resolve exceptions noted by FINRA staff, including updating relevant policies and procedures, making necessary technological changes where appropriate, and implementing additional reviews to resolve issues with inaccurate, incomplete, or untimely reporting of trade data.

FINRA is further reassured by the controls set in place by the Firm's Supervision Plan, which bolster the undertakings outlined in the SEC Order and will continue to provide oversight of the Firm and compliance with its remaining undertakings. In accordance with the Plan, the Firm agreed to conduct annual training for all associated persons, including new hires, regarding the Firm's approved digital communication channels and record retention policies. Further, the Plan calls for the Firm to maintain a list of approved digital communication methods that associated persons are permitted to use for Firm business and to circulate that list to its associated persons semi-annually. The Plan requires the Firm's associated persons to obtain written approval to use digital communication channels not already approved. The Plan prohibits the use of off-channel communications and requires associated persons to semi-annually disclose any unapproved digital communication methods they are using for Firm business; they must also forward any off-channel communications that may have taken place to the Firm for retention purposes. These provisions will help to ensure that the Firm is aware of the communication methods being used by associated persons so that it can appropriately monitor, capture, and retain those communications. Additionally, the Plan mandates that the Firm develop policies and procedures for disciplining associated persons who use unapproved communication methods for Firm business and segregate all certifications, reports, and supporting documentation submitted to the SEC regarding compliance with the undertakings, for ease of review by FINRA staff to ensure ongoing compliance.

The Department is further reassured by the progress the Firm has made on the undertakings required by the SEC. Specifically, the Firm retained an independent consultant in a timely manner in accordance with the SEC Order and has submitted periodic reports to the Commission regarding individuals who were disciplined for conduct related to the preservation of electronic communications.¹⁰⁵ In February 2023, the independent consultant submitted a written report of its findings to the Firm, Merrill Lynch, the SEC,

¹⁰⁵ See Exhibit 4 at FINRA pp. 1-2, Response 1; FINRA pp. 12-21; FINRA pp. 62-64.

and the CFTC.¹⁰⁶ In July 2023, the Firm and Merrill Lynch implemented a plan of action to adopt the recommendations contained in the independent consultant's report.¹⁰⁷

Following the approval of the Firm's continued membership in FINRA, FINRA intends to utilize its examination and surveillance processes to monitor the Firm's continued compliance with the standards prescribed by Exchange Act Rule 19h-1 and FINRA Rule 9523.

Thus, FINRA is satisfied, based on the foregoing and on the Firm's representations made pursuant to the Supervision Plan, that the Firm's continued membership in FINRA is consistent with the public interest and does not create an unreasonable risk of harm to the market or investors. Accordingly, FINRA approves BofA's Application to continue its membership with FINRA.

FINRA certifies that the Firm meets all qualification requirements and represents that the Firm is registered with several other SROs including BOX, Cboe, BYX, BZX, C2, EDGA, EDGX, IEX, LTSE, MEMX, MIAX Emerald, MIAX Pearl, MIAXNYSE American, NYSE Arca, NYSE Chicago, NYSE National, BX, GEMXISE, MRX, PHLX, Nasdaq, NYSE, DTC, FICC-GOV, FICC-MBS; and NSCC. The SROs were provided the terms and conditions of the Firm's proposed continued membership and concur with FINRA.

In conformity with the provisions of Rule 19h-1 of the Exchange Act, the continued membership of the Firm will become effective within 30 days of the receipt of this notice by the Commission, unless otherwise notified by the SEC.

On Behalf of FINRA,



Marcia E. Asquith
Executive Vice President & Corporate Secretary

¹⁰⁶ *Id.* at FINRA p. 63.

¹⁰⁷ *Id.*

Exhibits

1. BofA's MC-400A Application and related attachments compiled by FINRA's CRED, with a cover memorandum dated October 24, 2022.
2. SEC Order, *In re BofA Securities, Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated*, Exchange Act Release No. 95921 (Sept. 27, 2022).
3. *In re Certain Broker-Dealer Practices*, Securities Act Release No. 11109 (Sept. 27, 2022).
4. Correspondence from Elizabeth Marino to FINRA dated January 31, 2023 (with exhibits) and December 19, 2023.
5. CRD Excerpt: Registration Status.
6. CRD Excerpt: Types of Business and Other Business Descriptions.
7. Disposition Letter for Examination No. 20220734144 dated April 27, 2023, Examination Report dated April 18, 2023, and Firm Response dated February 27, 2023.
8. Disposition Letter for Examination No. 20220734143 dated April 21, 2023, Examination Report dated January 30, 2023, and Firm Response dated February 27, 2023.
9. Disposition Letter for Examination No. 20210707120 dated June 1, 2023 and Firm Response dated June 13, 2023.
10. Disposition Letter for Examination No. 20220738341 dated February 2, 2023, and Firm Response dated February 16, 2023.
11. Disposition Letter for Examination No. 20200656625 dated December 13, 2022, and Firm Response dated December 20, 2022.
12. Disposition Letter for Examination No. 20210706065 dated June 29, 2022, and Firm Response dated July 29, 2022.
13. Disposition Letter for Examination No. 20210692653 dated June 7, 2022, and Firm Response dated July 1, 2022.

14. Disposition Letter for Examination No. 20210711402 dated May 23, 2022, and Firm Response dated July 6, 2022.
15. SEC Examination Letter for SEC File No. 8-69787 dated September 5, 2023, and the Firm's Response dated October 5, 2023.
16. CRD Snapshot Record for BofA Securities, Inc. (Nov. 28, 2023).
17. FINRA AWC No. 2019063152203 with FINRA cover letter dated November 29, 2023.
18. FINRA AWC No. 2018059109401 and FINRA's cover letter to the Firm dated September 12, 2022.
19. BofA Certification for FINRA AWC No. 2018059109401 dated October 31, 2022.
20. FINRA AWC No. 2019061061701 and FINRA's cover letter to the Firm dated July 15, 2022.
21. BYX Disciplinary Decision and Letter of Consent, File No. URE 13-06 (Nov. 16, 2022); BZX Disciplinary Decision and Letter of Consent, File No. URE 13-05 (Nov. 16, 2022); EDGA Disciplinary Decision and Letter of Consent, File No. URE 13-08 (Nov. 16, 2022); EDGX Disciplinary Decision and Letter of Consent, File No. URE 13-07 (Nov. 16, 2022); Nasdaq AWC No. 2021.05.318 (Nov. 23, 2022); NYSE AWC No. 2022-03-17-00039 (Nov. 17, 2022); and NYSE Arca AWC No. 2022-03-17-039 (Nov. 17, 2022).
22. CFTC Order, *In re Bank of America, N.A., BofA Securities, Inc., and Merrill Lynch, Pierce, Fenner & Smith Incorporated*, CFTC Docket No. 22-38 (Sept. 27, 2022).
23. CBOT Notice of Summary Action, Case No. CBOT-RSRH-23-6945, dated October 26, 2023, and CME Notice of Summary Action, Case No. CME-RSRH-23-6945, dated October 26, 2023.
24. Correspondence from Elizabeth Marino to FINRA, dated January 31, 2023 (with exhibits).
25. CBOT Notice of Disciplinary Action, Case No. 23-CH-2311, dated June 9, 2023.

26. NYMEX Notice of Summary Action, Case No. NYMEX-RSRH-23-6903, dated May 3, 2023.
27. CBOT Notice of Summary Action, Case No. CBOT-DQA-23-1087, dated March 24, 2023.
28. CME Notice of Disciplinary Action, Case No. 22-CH-2206, dated December 19, 2022.
29. CME Notice of Summary Fine, Case No. CME-DQA-22-0987, dated December 5, 2022.
30. CBOT Notice of Disciplinary Action, Case No. 22-CH-2201, dated March 18, 2022.
31. Executed Consent to Plan of Heightened Supervision dated December 1, 2023.

Exhibit A

Plan of Heightened Supervision

BofA Securities, Inc. (the “Firm”) is subject to statutory disqualification pursuant to Section 3(a)(39)(F) of the Securities Exchange Act of 1934, which incorporates by reference Sections 15(b)(4)(D) & (E), as a result of an order issued by the U.S. Securities and Exchange Commission (“SEC” or “Commission”) dated September 27, 2022, which found that the Firm willfully violated Section 17(a) of the Securities Exchange Act of 1934 and Rule 17a-4(b)(4) thereunder (“SEC Order”). The SEC Order also found that the Firm failed reasonably to supervise its employees within the meaning of Section 15(b)(4)(E).

In consenting to this Supervision Plan¹ (“Supervision Plan”), the Firm agrees to the following:

1. The Firm shall comply with all the undertakings outlined in the SEC Order.
2. The Firm shall maintain copies of all correspondence between the Firm and Commission staff relating to the SEC Order, including documenting when Commission staff grants extensions to the deadlines set forth in the SEC Order. The Firm shall maintain copies of all such correspondence in a readily accessible place for ease of review by FINRA staff.
3. The Firm shall maintain copies of all reports and supporting documentation submitted to SEC staff in accordance with the SEC Order, as well as any other documentation needed to evidence the status and completion of each of the undertakings outlined in the SEC Order. The Firm shall maintain copies of such documentation in a readily accessible place for ease of review by FINRA staff.
4. The Firm shall provide FINRA’s Statutory Disqualification Group with copies of all certifications submitted to the SEC upon completion of the undertakings as specified under paragraph 36 of the SEC Order.
5. This Supervision Plan shall take effect on the date the Firm executes its consent to this Supervision Plan. The Supervision Plan shall be in effect until FINRA’s receipt of the Firm’s final certifications required by the SEC Order, after which time the Supervision Plan and its provisions thereto will expire.
6. All requested documents and certifications under this Supervision Plan shall be sent directly to FINRA’s Statutory Disqualification Group at SDMailbox@FINRA.org.
7. The Firm shall obtain written approval from FINRA’s Statutory Disqualification Group prior to changing any provision of the Supervision Plan.

¹ This Supervision Plan supersedes the Firm’s previous Supervision Plan executed on December 1, 2023.

8. The Firm shall submit any proposed changes or other requested information under this Supervision Plan to FINRA's Statutory Disqualification Group at SDMailbox@FINRA.org.