

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2022077355501**

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

RE: BBVA Securities Inc. (Respondent)
Member Firm
CRD No. 27060

Pursuant to FINRA Rule 9216, Respondent BBVA Securities Inc. submits this Letter of Acceptance, Waiver, and Consent (AWC) for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, FINRA will not bring any future actions against Respondent alleging violations based on the same factual findings described in this AWC.

I.

ACCEPTANCE AND CONSENT

- A. Respondent accepts and consents to the following findings by FINRA without admitting or denying them:

BACKGROUND

BBVA Securities Inc. is a broker-dealer firm headquartered in New York, New York, and has been a FINRA member firm since September 1990. The firm engages in a general securities business, has one branch, and currently employs approximately 160 registered representatives. In July 2016—its peak during the time of the relevant events—BBVA employed approximately 1,600 registered representatives and had approximately 700 branches.¹

OVERVIEW

Between July 2016 and January 2023, BBVA failed to include a required indicator on approximately 50,000 reports to FINRA's Trade Reporting and Compliance Engine (TRACE) as required by FINRA Rule 6730. Accordingly, BBVA violated FINRA Rules 6730 and 2010.

From July 2016 to the present, BBVA failed to establish and maintain a supervisory system, including written supervisory procedures, reasonably designed to achieve compliance with the TRACE reporting requirements of FINRA Rule 6730. Specifically, the firm failed to review its TRACE reports for accuracy, including to assess whether it

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

had included required indicators. Accordingly, BBVA violated FINRA Rules 3110 and 2010.

FACTS AND VIOLATIVE CONDUCT

This matter originated from a review conducted by FINRA's Department of Market Regulation of the firm's compliance with FINRA rules applicable to TRACE reporting.

BBVA failed to use the NR indicator where required by TRACE reporting rules.

FINRA Rule 6730 (Transaction Reporting) sets out the requirements that apply to firms when reporting transactions in TRACE-eligible securities. TRACE facilitates the mandatory reporting of over-the-counter transactions in certain fixed-income securities and provides increased price transparency to market participants and investors. Inaccurate trade reporting of disseminated trades directly impacts investors and other market participants by depriving them of meaningful information necessary to make trading and valuation decisions. Inaccurate information affects the audit trail and can result in either false alerts or the inability to detect problematic transactions.

FINRA Rules 6730(d)(1)(A) and 6730(d)(4)(F) require member firms to include the No Remuneration indicator where a trade report does not reflect either a commission, mark-up or mark-down, with certain exceptions not applicable here.

A violation of FINRA Rule 6730 also constitutes a violation of FINRA Rule 2010, which requires members, in the conduct of their business, to observe high standards of commercial honor and just and equitable principles of trade.

Between July 2016 and January 2023, BBVA failed to include the No Remuneration indicator required by FINRA Rules 6730(d)(1)(A) and (d)(4)(F) on approximately 50,000 TRACE reports. The firm, which did not receive a commission or mark-up or mark-down on those transactions, was required to include the No Remuneration indicator. In January 2023, the firm remediated its failure to include the No Remuneration indicator on its TRACE reports by updating its trade reporting software.

Therefore, Respondent violated FINRA Rules 6730 and 2010.

BBVA's supervisory system was not reasonably designed to achieve compliance with TRACE reporting rules.

FINRA Rule 3110(a) requires a member firm to establish and maintain a system to supervise the activities of each associated person that is reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable FINRA rules. FINRA Rule 3110(b) requires a member firm to establish, maintain, and enforce written procedures to supervise the types of business in which it engages and the activities of its associated persons that are reasonably designed to achieve compliance with the applicable securities laws and regulations, and with applicable FINRA Rules. A violation of FINRA Rule 3110 also constitutes a violation of FINRA Rule 2010.

From July 2016 to the present, BBVA has failed to establish and maintain a system, including WSPs, reasonably designed to achieve compliance with FINRA Rule 6730. The firm does not conduct supervisory reviews of TRACE reports for accuracy and instead relies on a review of order information entered into the firm's trading system, as well as rejection notices or similar information provided from TRACE. Because modifiers and indicators required by Rule 6730, including the No Remuneration indicator, are applied by the firm's reporting software subsequent to order entry, the firm's review of order information cannot detect errors with those indicators or other errors outside of faulty data input. Similarly, the rejection notices and other information from TRACE cannot detect errors outside the scope of those reports, including the firm's failure to include the No Remuneration indicator where required. BBVA's WSPs also fail to specify how, and which aspects of, the firm's TRACE reports should be reviewed for accuracy, including the accuracy of the No Remuneration indicator.

Therefore, Respondent violated FINRA Rules 3110 and 2010.

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

- a censure;
- a \$175,000 fine; and
- an undertaking that, within 60 days of the date of the notice of acceptance of this AWC, a member of Respondent's senior management who is a registered principal of the firm shall certify in writing that, as of the date of the certification, the firm has remediated the issues identified in this AWC and implemented a supervisory system, including written supervisory procedures, reasonably designed to achieve compliance with FINRA Rule 6730 regarding the issues identified in this AWC. The certification shall include a narrative description and supporting exhibits sufficient to demonstrate Respondent's remediation and implementation. FINRA staff may request further evidence of Respondent's remediation and implementation, and Respondent agrees to provide such evidence. Respondent shall submit the certification to Jonathan Ossip, Counsel, Department of Enforcement, at 1700 K Street NW, Washington, DC 20006, or by email to jonathan.ossip@finra.org, with a copy to EnforcementNotice@finra.org. Upon written request showing good cause, FINRA staff may extend this deadline.

Respondent agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. Respondent has submitted an Election of Payment form showing the method by which it proposes to pay the fine imposed.

Respondent specifically and voluntarily waives any right to claim an inability to pay, now or at any time after the execution of this AWC, the monetary sanction imposed in this matter.

The sanctions imposed in this AWC shall be effective on a date set by FINRA.

II.

WAIVER OF PROCEDURAL RIGHTS

Respondent specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a complaint issued specifying the allegations against it;
- B. To be notified of the complaint and have the opportunity to answer the allegations in writing;
- C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made, and to have a written decision issued; and
- D. To appeal any such decision to the National Adjudicatory Council (NAC) and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, Respondent specifically and voluntarily waives any right to claim bias or prejudgment of the Chief Legal Officer, the NAC, or any member of the NAC, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

Respondent further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of FINRA Rule 9143 or the separation of functions prohibitions of FINRA Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

III.

OTHER MATTERS

Respondent understands that:

- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs (ODA), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against Respondent; and

C. If accepted:

1. this AWC will become part of Respondent's permanent disciplinary record and may be considered in any future action brought by FINRA or any other regulator against Respondent;
2. this AWC will be made available through FINRA's public disclosure program in accordance with FINRA Rule 8313;
3. FINRA may make a public announcement concerning this agreement and its subject matter in accordance with FINRA Rule 8313; and
4. Respondent may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. Respondent may not take any position in any proceeding brought by or on behalf of FINRA, or to which FINRA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects Respondent's right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party. Nothing in this provision affects Respondent's testimonial obligations in any litigation or other legal proceedings.

D. Respondent may attach a corrective action statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondent understands that it may not deny the charges or make any statement that is inconsistent with the AWC in this statement. This statement does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA.

The undersigned, on behalf of Respondent, certifies that a person duly authorized to act on Respondent's behalf has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that Respondent has agreed to the AWC's provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth in this AWC and the prospect of avoiding the issuance of a complaint, has been made to induce Respondent to submit this AWC.

August 22, 2024

Date

Joseph Spinelli

BBVA Securities Inc.
Respondent

Joseph Spinelli
Print Name: _____

CCO
Title: _____

Accepted by FINRA:

August 27, 2024

Date

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

Jonathan J. Ossip

Jonathan J. Ossip
Counsel
FINRA
Department of Enforcement
1700 K Street NW
Washington, DC 20006