

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2023077094801**

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

RE: FNBB Capital Markets, LLC (Respondent)
Member Firm
CRD No. 132091

Pursuant to FINRA Rule 9216, Respondent FNBB Capital Markets, LLC (FNBB) 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

FNBB, a FINRA member since December 2004, is a full-service broker-dealer engaged in the trading of municipal and U.S. government securities. The firm employs 31 registered representatives and is headquartered in Birmingham, Alabama.¹

OVERVIEW

From June 2020 to September 2023, FNBB failed to include certain required mark-up and mark-down information on confirmations sent to retail (*i.e.*, non-institutional) customers in connection with 121 municipal securities transactions in violation of Municipal Securities Rulemaking Board (MSRB) Rule G-15.

From September 2019 to the present, FNBB also failed to establish and maintain a supervisory system, including written supervisory procedures (WSPs), reasonably designed to ensure compliance with MSRB Rule G-15 in violation of MSRB Rule G-27.

FACTS AND VIOLATIVE CONDUCT

This matter originated from an examination conducted by FINRA's Department of Market Regulation.

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

FNBB failed to include certain required mark-up and mark-down information on retail customer confirmations for municipal securities transactions.

MSRB Rule G-15 requires each broker, dealer or municipal securities dealer, at or before the completion of a transaction in municipal securities with or for the account of a customer, to send the customer a written confirmation that complies with the requirements of MSRB Rule G-15(a)(i). MSRB Rule G-15(a)(i)(F)(1) requires, with exceptions not relevant here, that retail customer confirmations include the dealer's mark-up or mark-down for the transaction to be calculated as provided in the rule and expressed as both a total dollar amount and a percentage of the prevailing market price.

Between June 2020 and September 2023, FNBB issued 121 non-institutional customer confirmations for municipal transactions. The confirmations reported the firm's mark-up and mark-down as a dollar amount, but failed to include the mark-up or mark-down as a percentage of the prevailing market price because the firm did not select the appropriate fields in its clearing firm's systems when entering the transactions.

Therefore, FNBB violated MSRB Rule G-15.

FNBB failed to establish and maintain a supervisory system, including WSPs, reasonably designed to ensure compliance with MSRB Rule G-15.

MSRB Rule G-27 requires brokers, dealers and municipal securities dealers to establish and maintain a supervisory system, including written procedures, to supervise the conduct of their municipal securities activities to ensure compliance with MSRB rules and applicable provisions of the Securities Exchange Act of 1934 and Exchange Act rules.

From September 2019 to present, the firm failed to establish a supervisory system or conduct any supervisory reviews to confirm that mark-ups and mark-downs on retail customer trade confirmations were disclosed accurately and completely as both a total dollar amount and a percentage of prevailing market price. In addition, FNBB's WSPs did not reference or discuss MSRB Rule G-15's requirement that mark-ups or mark-downs be disclosed as both a total dollar amount and a percentage of the prevailing market price.

Therefore, FNBB violated MSRB Rule G-27.

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

- a censure;
- a \$30,000 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 ensure compliance with MSRB Rule G-15 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 Valerie Cahan, Counsel, Brookfield Place, 200 Liberty Street, New York, NY 10281, valerie.cahan@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.

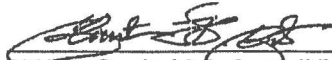
OTHER MATTERS

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.

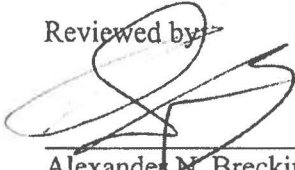
6/26/24
Date


FNBB Capital Markets, LLC
Respondent

Print Name: Christian H. Corts

Title: President

Reviewed by



Alexander N. Breckinridge V
Counsel for Respondent
Jones Walker LLP
201 St. Charles Ave, Ste 5100
New Orleans, LA 70170
Accepted by FINRA:

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

6/27/2024/vc
Date

Valerie Caham 7/10/2024
Valerie Caham
Counsel
FINRA
Department of Enforcement
Brookfield Place
200 Liberty Street
New York, NY 10281