



Notice of Disciplinary Action against Deutsche Bank Securities, Inc., a Member Organization

To: Members, Member Organizations, Participants and Participant Organizations
From: Joseph Cusick, Enforcement Counsel, NASDAQ PHLXSM
DATE: July 27, 2017

FINRA Matter No. 20130393135 (incl. 20140417491 and 20140435497) Enforcement No. 2017-08

On June 2, 2017, the Business Conduct Committee (the "Committee") issued a disciplinary decision against Deutsche Bank Securities, Inc. ("DBAB" or the "Firm"), a member organization of the NASDAQ PHLX LLC ("PHLX" or the "Exchange"). In response to Statement of Charges issued in this action, DBAB submitted an Offer of Settlement, Stipulation of Facts and Consent to Sanctions ("Offer"). Solely to settle these proceedings, and without admitting or denying the charges, DBAB consented to findings that during the period between March 1, 2012 through December 31, 2014 (the "Review Period"), DBAB committed violations of SEC Rule 15c3-5 and Exchange Rules 707 and 748.

Specifically, DBAB consented to findings that during the Review Period, it failed to include Direct Market Access trading activity in its post-trade market abuse surveillance, and consequently failed to detect potential layering activity. For this reason, DBAB failed to establish, document and maintain a system of risk management controls and written supervisory procedures reasonably designed to manage the financial and regulatory risks in connection with market access.

The Offer submitted by DBAB was accepted by the Committee and was the basis of its Decision. The Committee found that DBAB had violated SEC Rule 15c3-5 and Exchange Rules 707 and 748 and imposed the following sanctions: (i) a censure and (ii) a fine in the amount 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.

For more information, contact:

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