



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

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**To:** Members, Member Organizations, Participants and Participant Organizations

**From:** John C. Pickford, Enforcement Counsel, NASDAQ PHLX LLC<sup>SM</sup>

**DATE:** March 23, 2016

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**Enforcement No. 2016-02**  
**FINRA No. 20120330918**

On March 23, 2015, the Business Conduct Committee (the "Committee") of the NASDAQ PHLX LLC ("PHLX" or the "Exchange") issued a disciplinary decision against Deutsche Bank Securities Inc. ("DBAB" or the "Firm"), a member organization of the Exchange. In response to a Statement of Charges issued in this action, DBAB submitted an Offer of Settlement. Solely to settle this proceeding, and without admitting or denying the charge, DBAB consented to findings that during the period between August 2009 through present (the "Review Period"), DBAB violated Exchange Rules 748 and 1003. Specifically, DBAB consented to findings that the Firm had failed to report and had failed to correctly report options positions to the Large Options Positions Report during the Review Period as follows: (i) in as many as 943,545 instances, DBAB had failed to report options positions to the LOPR; (ii) in as many as 1,751,183 instances, DBAB had over-reported options positions to the LOPR; (iii) for an unknown amount of positions, DBAB had entered incorrect data in the "Effective Date" field due to errors involving the Firm's third-party vendor's processing of certain trades, which caused the positions to be unreported for one day and misreported for each day thereafter the position was reportable; and (v) in tens of millions of instances, DBAB had misreported options positions to the LOPR as a result of errors in various required LOPR data fields (e.g., City, Quantity, and Tax Identification fields) when reporting those positions and its failure to report Acting In Concert identifiers in certain instances. Additionally, DBAB had failed to have an adequate system and procedures for supervision related to compliance with options reporting.

The Committee found that DBAB had violated Exchange Rules 748 and 1003, and ordered the imposition of the following sanctions against DBAB: (i) a censure; (ii) a fine in the amount of \$4,000,000, of which \$1,333,333 shall be paid to the Exchange; and (iii) an undertaking, pursuant to which at intervals of 90 and 180 days after the Offer of Settlement becomes final, DBAB shall make a written submission to FINRA, on behalf of the Exchange, regarding the Firm's options positions reporting to the LOPR. The written submission shall address, at a minimum, the following: (i) an assessment of the degree to which the Firm has taken steps to confirm that the data Respondent submits to the LOPR system is accurate and that the Firm has reported all reportable positions to the LOPR system; and (ii) the adequacy of the Firm's policies, systems, procedures, and training relating to achieving complete and accurate reporting to the LOPR system. The Firm will pay the balance of the fine to FINRA and International Securities Exchange, LLC.

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For more information, contact:

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