

FINANCIAL INDUSTRY REGULATORY AUTHORITY

In the Matter of the
Continued Membership
of
Deutsche Bank Securities Inc.
(CRD No. 2525)
And
DWS Distributors, Inc.
(CRD No. 37306)

Notice Pursuant to
Rule 19h-1
Securities Exchange Act
of 1934¹

SD-2337

SD-2336

December 12, 2023

I. Introduction

On October 14, 2022, Deutsche Bank Securities Inc. (“DBSI”) and DWS Distributors, Inc. (“DWS”) (individually “Firm” and collectively “Firms”) separately submitted a Membership Continuance Application (“Applications”) to FINRA’s Credentialing Registration, Education, and Disclosure (“CRED”) Department.² The Applications seek to permit the Firms, FINRA members, to continue their membership with FINRA notwithstanding their statutory disqualification. A hearing was not held in these matters; rather, pursuant to FINRA Rule 9523(b), FINRA’s Department of Member Supervision (“FINRA,” “Member Supervision,” or “Department”) approves the Applications and is filing this Notice pursuant to Rule 19h-1 of the Securities Exchange Act of 1934 (“Exchange Act” or “SEA”).³

II. The Statutorily Disqualifying Event

The Firms are subject to statutory disqualification, as that term is defined in Section 3(a)(39)(F) of the Exchange Act, incorporating by reference Sections 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 both DBSI and DWS willfully violated Section 17(a) of the Exchange Act and Rule 17a-4(b)(4) and failed reasonably to supervise their

¹ This SEA Rule 19h-1 Notice, along with supporting Exhibits, addresses several technical issues and replaces the SEA Rule 19h-1 Notice filed by FINRA on October 27, 2023.

² See Applications and related attachments compiled by CRED, with a cover memorandum dated October 25, 2022, collectively attached as Exhibit 1.

³ The Firms consented to being listed on the same SEA Rule 19h-1 Notice.

employees with a view of preventing or detecting certain of their employees' aiding and abetting violations of Section 17(a) of the Exchange Act and Rule 17a-4(b)(4) thereunder ("SEC Order").⁴ According to the SEC Order, from at least January 2018 to September 2021, employees of the Firms sent and received off-channel communications that related to the Firms' business, and a majority of these written communications was not maintained or preserved by the Firms.⁵ 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 firms' policies by communicating using non-firm approved methods on their personal devices about the Firms' broker-dealer business.⁶

The Firms were ordered to cease and desist from committing or causing any future violations, censured, ordered to pay a civil money penalty jointly and severally in the amount of \$125,000,000,⁷ and to comply with undertakings.⁸

III. Remedial Measures⁹

According to the Applications, the Firms undertook measures to enhance policies, procedures, and controls to address the use of unapproved communications including upgrades to the electronic communication systems; enhancements to surveillance and compliance to investigate incidents; and the creation of a steering committee, which includes members from Legal, Compliance, Surveillance, Employee Relations, and Anti-Financial Crime Investigations, to address ongoing unapproved messaging incidents.

⁴ See SEC Order, *In re Deutsche Bank Securities Inc., DWS Investment Management Americas, Inc., and DWS Distributors, Inc.*, Exchange Act Release No. 95928 (Sept. 27, 2022), attached as Exhibit 2.

The SEC Order also 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 Firms 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, resulting from the entry of the SEC Order. See *In re Certain Broker-Dealer Practices*, Securities Act Release No. 11109 (Sept. 27, 2022), attached as Exhibit 3.

⁵ See Exhibit 2 at p. 2.

⁶ *Id.*

⁷ DBSI submitted evidence showing that the civil penalty was paid in full on October 7, 2022. See DBSI Correspondence dated April 25, 2023, attached as Exhibit 4 at FINRA pp. 81-84 (internal Exhibit B).

⁸ See Exhibit 2 at p. 11.

DBSI states that the Firm is in compliance with the undertakings ordered by the SEC; the Firm has retained an Independent Consultant ("IC") and is in the process of implementing the IC's recommendations. Further, the Firm relayed that it has imposed discipline on employees in accordance with the requirements of the undertakings and has notified the Commission of the same. See Exhibit 4 at FINRA p. 2, response 1.

DWS also states that it is similarly in compliance with the ordered undertakings and the civil penalty was timely paid on October 7, 2022. See DWS Correspondence dated April 25, 2023, attached as Exhibit 5 at FINRA p. 2, response 1.

⁹ See Exhibit 1 at DBSI Application at pp. FINRA00049-51 and DWS Application at pp. FINRA00034-37.

DBSI stated that it continues to provide regular reminders to employees that highlight specific points of concern with respect to electronic communications; provides regular trainings to staff and supervisors regarding use of approved communication channels; mandated that its employees attest that they are in compliance with the use of approved communication channels; utilizes a compliance surveillance program designed to identify instances of the potential use of unapproved communication channels to conduct business activities; invested in a messaging application that allows users to communicate internally and externally with clients in a compliant manner that allows for surveillance and retention of versions of WhatsApp and WeChat; and began using a text messaging software that is a secure and user-friendly application, which would allow employees to use WhatsApp and SMS when communicating with clients in a manner that is compliant with the Electronic Communication Systems Policy as well as applicable laws, rules, and regulations, in addition to using Microsoft Teams for internal text messaging.

According to DWS' Application, the Firm has undertaken remedial measures similar to those of DBSI, including the launch of an Off-Platform Communications Council to coordinate efforts to address unapproved messaging incidents in the U.S. region; training; written attestations that its employees are in compliance with policies relating to approved communication channels; and the use of similar technology tools and software to detect and capture its employees internal and external communications regarding Firm business.

IV. Firm Background

DBSI has been a FINRA member since March 1940¹⁰ and DWS since January 1995.¹¹ DBSI is headquartered in New York, New York,¹² with seven branches, all of which are listed as offices of supervisory jurisdiction.¹³ The Firm employs approximately 1992 individuals, which includes 1673 registered representatives, 365 of whom are registered principals, six owners, three non-registered fingerprint employees, 223 operations professionals and 74 individuals who are registered/investment adviser representatives.¹⁴ DBSI does not employ any statutorily disqualified individuals.¹⁵

DWS is headquartered in Chicago, Illinois,¹⁶ with six branches, all of which are listed as offices of supervisory jurisdiction.¹⁷ The Firm employs approximately 236 individuals,

¹⁰ See DBSI Central Registration Depository (“CRD”) Excerpts – Registration Information, attached as Exhibit 6 at p. 2.

¹¹ See DWS Central Registration Depository (“CRD”) Excerpts – Registration Information, attached as Exhibit 7 at p. 2.

¹² See Exhibit 6 at p. 1.

¹³ FINRA confirmed this through analysis of DBSI’ CRD information last performed on September 25, 2023.

¹⁴ *Id.*

¹⁵ *Id.*

¹⁶ See Exhibit 7 at p. 1.

¹⁷ FINRA confirmed this through analysis of DWS’ CRD information last performed on September 25, 2023.

which includes 230 registered representatives, 67 of whom are registered principals, five non-registered fingerprint employees, and one operations professional.¹⁸ DWS does not employ any statutorily disqualified individuals.¹⁹

DBSI is approved to engage in the following lines of business:²⁰ 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); Mutual fund retailer; U.S. government securities dealer; U.S. government securities broker; Municipal securities dealer; Municipal securities broker; Put and call broker or dealer or option writer; Investment advisory services; Trading securities for own account; Private placements of securities; Broker or dealer selling interests in mortgages or other receivables; and Effects transactions in commodity futures, commodities, commodity options as broker for others or dealer for own account.

DWS is approved to engage in the following lines of business:²¹ Mutual fund underwriter or sponsor and other securities business including acting as a wholesaler of foreign investment company securities to U.S. and non-U.S. broker-dealers and as a wholesaler or distributor of real estate investment trusts (“REITS”).

DBSI is a member of the following self-regulatory organizations (“SROs”): The Nasdaq Stock Market LLC (“Nasdaq”); the New York Stock Exchange LLC (“NYSE”);²² The Depository Trust Company (“DTC”), Fixed Income Clearing Corporation – Government Securities Division (“FICC-GOV”) and Fixed Income Clearing Corporation – Mortgage-Backed Securities Division (“FICC-MBS”), National Securities Clearing Corporation (“NSCC”) and the Municipal Securities Rulemaking Board (“MSRB”).²³ DWS is a member of NSCC.²⁴

Recent Examinations

In the past two years, there were no examinations completed by FINRA or the SEC of DWS that had findings which resulted in either a disciplinary or cautionary action. However, in the past two years, FINRA completed two routine examinations and 11 non-routine examinations of DBSI, including several on behalf of other SROs. The SEC also

¹⁸ *Id.*

¹⁹ *Id.*

²⁰ See DBSI CRD Excerpt: Types of Business, attached as Exhibit 8.

²¹ See DWS CRD Excerpt: Types of Business, attached as Exhibit 9.

²² See Exhibit 6 at p. 2.

²³ Membership in these organizations was verified by FINRA staff through a search of public member directories, last performed on September 27, 2023.

²⁴ *Id.*

completed one examination.

A. FINRA Routine Examinations of DBSI

The one exception found in the examination completed in May 2022²⁵ was referred to an Initial Review Group for further investigation.²⁶ The exception related to the Firm's self-reporting of certain published debt research reports that were not in compliance with the disclosure requirements of FINRA Rule 2242(c). In response, the Firm proposed to correct the disclosure lapse by alerting others, notifying its internal team of the importance of meeting disclosure requirements, adopting a post-distribution validation process, and enhancing its research website.²⁷

In March 2022, FINRA completed an examination on behalf of Cboe BYX Exchange, Inc. ("BYX"); Cboe BZX Exchange, Inc. ("BZX"); Cboe EDGA Exchange, Inc. ("EDGA"); Cboe EDGX Exchange, Inc. ("EDGX"); Investors' Exchange LLC ("IEX"); Long-Term Stock Exchange, Inc. ("LTSE"); MEMX LLC ("MEMX"); MIAX Pearl, LLC ("MIAX Pearl"); Nasdaq; NYSE; NYSE American LLC ("NYSE American"); NYSE Arca, Inc. ("NYSE Arca"); NYSE Chicago, Inc. ("NYSE Chicago"); and NYSE National, Inc. ("NYSE National").²⁸ The areas reviewed included, among other things, disciplinary actions and regulatory filings, order entry requirements, proxy voting, Regulation SHO, and supervision of algorithmic trading activity. This examination was closed without exceptions.

B. FINRA Non-Routine Examinations of DBSI

In the past two years, FINRA conducted 11 non-routine examinations, on behalf of itself, Nasdaq ISE, LLC ("ISE"), Nasdaq PHLX LLC ("PHLX"), BYX, Nasdaq, EDGA, EDGX, Cboe C2 Exchange, Inc. ("C2"), for which DBSI was issued a Cautionary Action Letter.²⁹ The examinations focused on inaccurately calculating the net positions of (or assess long and short sales by) its AGUs, incorrect effective dates of positions reported to the Large

²⁵ See Disposition Letter for Examination No. 20210693336 dated May 24, 2022, Examination Report dated April 21, 2022, and the Firm's Response dated May 13, 2022, collectively attached as Exhibit 10.

²⁶ The investigation was conducted under Matter No. 20220750438, which was closed, and the issues were referred to FINRA's 2022 Examination staff for further investigation under examination number 20220734166, which is currently open.

²⁷ See Exhibit 10 at Firm's Response, FINRA pp. 7-9.

²⁸ See Examination Report No. 20210693338 dated March 15, 2022, attached as Exhibit 11. DBSI's membership in these SROs has since been terminated, except for Nasdaq and NYSE. See Exhibit 6 at p. 2.

²⁹ See Cautionary Action Letters for ISE and PHLX Matter No. 20210720905 dated April 25, 2023; C2 Matter No. 20200673122 dated December 12, 2022; FINRA Matter No. 20210710671 dated June 3, 2022; FINRA Matter No. 20210694766 dated June 2, 2022; FINRA Matter Nos. 20200664992, 20190625844, 20190632058, and 20210711171 dated May 25, 2022; FINRA Matter No. 20190610658 dated April 8, 2022; Matter No. 20180583642 dated September 10, 2021 (FINRA, Nasdaq, PHLX, and IEX) and dated November 23, 2021 (BYX, EDGX, and EDGA); and FINRA Matter No. 20170544694 dated September 24, 2021 along with the Firm Responses where provided, collectively attached as Exhibit 12.

Options Positions Report (“LOPR”), TRACE reporting violations, defects in the Firm’s supervisory system, failure to manage risk and implement controls relating to its Global Equities Derivatives, submission of orders with inaccurate capacities to over-the-counter trading venues, and failure to comply with the requirements of Regulation SCI. DBSI responded in a variety of ways as required by the regulator. At times, DBSI was asked to and acknowledged the issued cautionary action; at other times DBSI did not submit a response because one was not required. In the instances where DBSI was asked to submit a written response, it stated in sum and substance that DBSI implemented and documented controls through Written Supervisory Procedures (“WSPs”), key operating documents, and Compliance policies and procedures relating to TRACE submissions; updated its WSPs relating to its compliance with customer confirmations in reference to fixed income products; and established a new control for TRACE reporting.

C. SEC Examination of DBSI

In September 2021, the SEC issued DBSI a deficiency letter.³⁰ The deficiencies relate to DBSI’s failure to establish and maintain AML WSPs containing an effective Customer Identification Program and an effective AML program that was sufficiently tailored to its business with respect to maintaining a transaction monitoring system that promotes compliance with BSA requirements.³¹ In response, DBSI stated that it implemented several measures, including but not limited to, enhancements of its AML WSPs, changes to improve investigative capabilities, and remediation of its Transaction Monitoring Program to detect potentially suspicious transactions and behavior.³²

Regulatory Actions

In the recent past, DWS has not been the subject of any regulatory or disciplinary actions by any regulatory body that has oversight of the Firm.

However, DBSI was the subject of recent disciplinary matters resulting in two Letters of Acceptance, Waiver and Consent (“AWCs”) entered into with FINRA; four AWCs entered into with, ISE, NYSE American, and PHLX; one Decision incorporating a Letter of Consent issued by Cboe Exchange, Inc. (“Cboe”); two Offers of Settlement and Consent entered into with C2 and BZX; one Commodity Futures Trading Commission (“CFTC”) order; and three disqualifying orders issued by the SEC.

A. FINRA Actions against DBSI

In March 2022, FINRA accepted an AWC³³ from DBSI to settle allegations that it failed to comply with its best execution obligations in connection with customer electronic equity

³⁰ See SEC Deficiency Letter, SEC File No. 8-17822 dated September 20, 2021 and the Firm Response dated November 10, 2021, collectively attached as Exhibit 13.

³¹ *Id.* at SEC Deficiency Letter, Exhibit A, FINRA p. 3.

³² *Id.* at Firm’s Response, FINRA pp. 12-24.

³³ See FINRA AWC No. 2014041813501 accepted on March 7, 2022, attached as Exhibit 14.

orders by routing marketable orders to a particular alternative trading system, unless the customer opted out of this preference, without considering whether an alternate routing arrangement may have provided better price improvement, fill rates, and speed execution.³⁴ The Firm settled additional allegations that it failed to establish and maintain a supervisory system, including WSPs reasonably designed to achieve compliance with best execution obligations and failed to disclose, in quarterly reports filed under Rule 606 of Regulation NMS, material aspects of its relationship with the markets to which it routed orders.³⁵ Consequently, the Firm consented to a censure and a \$2,000,000 fine, which was paid on March 20, 2022.³⁶

In August and September 2021, DBSI was subject to a Cboe Decision and signed AWCs to settle allegations brought by FINRA, ISE, NYSE American, and PHLX.³⁷ The allegations related to the Firm's failure to have a reasonably designed supervisory system for its participation, and the participation of its customers, in partial tender offers to achieve compliance with Rule 14e-4 of the Exchange Act, which generally prohibits the tendering of more shares than a person owns in a partial tender offer.³⁸ It was alleged that prior to February 2016, the Firm did not have a supervisory system to achieve compliance with the Exchange Act Rule and subsequently incorporated a two-page operational procedure document in its WSPs for processing instructions from customers and proprietary accounts related to tender offers.³⁹ However, this operational procedure document did not consider options positions or securities held by the same person in multiple accounts, when calculating a person's position in the security being tendered.⁴⁰ Consequently, the Firm consented to a censure and a total fine of \$800,000 of which \$156,250 was payable to FINRA, ISE, NYSE American, and PHLX, respectively, and \$175,000 to Cboe with an additional \$6,581 in disgorgement. FINRA confirmed that all payments were made to each respective regulator.⁴¹

³⁴ *Id.* at pp. 3-6.

³⁵ *Id.* at pp. 6-7.

³⁶ See Form U6, attached as Exhibit 15 at p. 3.

³⁷ See FINRA AWC No. 2014043121001 accepted on September 10, 2021; Cboe Disciplinary Decision No. 2014043121002 dated August 19, 2021; ISE AWC No. 2014043121003 dated September 10, 2021; NYSE American AWC No. 2014043121004 dated September 10, 2021; and PHLX AWC No. 2014043121005 dated September 10, 2021, collectively attached as Exhibit 16.

³⁸ *Id.* at FINRA AWC p. 1, para. 1.

³⁹ *Id.* at p. 3, paras 11-12.

⁴⁰ *Id.* at p. 3, para 12.

⁴¹ See Form U6 (payment made to FINRA), attached as Exhibit 17. *See also* Exhibit 4 at FINRA pp. 175-76, internal Exhibit G (payment made to Cboe and PHLX) and Firm Correspondence dated May 25, 2023 (payment made to ISE and NYSE American), attached as Exhibit 18.

B. Cboe Action(s)

DBSI was also subjected to two disciplinary decisions issued by C2⁴² and BZX, respectively.⁴³

In December 2022, C2 issued a Disciplinary Decision containing a Letter of Consent submitted by the Firm to settle allegations relating to its compliance obligations to report certain options positions and information to the LOPR.⁴⁴ It was alleged that the Firm deleted reportable expiring positions from the LOPR, and did not properly aggregate positions by underlying symbol, which led the Firm to misidentify reportable positions.⁴⁵ It was further alleged that the Firm did not have a supervisory system, including WSPs, designed to detect improper deletions and failed to properly aggregate positions.⁴⁶ The Firm consented to a censure and a \$145,000 fine, which FINRA confirmed was timely paid.⁴⁷

In November 2021, BZX issued a Disciplinary Decision containing a Letter of Consent submitted by the Firm to settle allegations relating to the Firm's traders manually entering incorrect order capacity that was submitted to BZX, thereby causing the Firm's failure to maintain accurate books and records relating to the capacity of such orders.⁴⁸ Consequently, the Firm consented to a censure and a \$22,500 fine, which FINRA confirmed was timely paid.⁴⁹

C. Nasdaq Options Market (“NOM”) Action against DBSI

In February 2023, NOM accepted an AWC (“NOM AWC”) from DBSI to settle allegations that the Firm failed to establish and maintain a supervisory system, including WSPs, reasonably designed to achieve compliance with applicable securities laws and regulations, and NOM rules related to detecting potentially manipulative trading by its direct market access (“DMA”) options clients.⁵⁰ NOM alleged that the Firm failed to detect marking the close activity by DMA clients,⁵¹ the Firm’s WSPs failed to identify supervisory steps to be

⁴² See C2 Disciplinary Decision Star No. 20200673122/File No. URE-61-02 dated December 12, 2022, attached as Exhibit 19.

⁴³ See BZX Disciplinary Decision Star No. 20180583642-01/File No. USRI-7853-05 dated November 23, 2021, attached as Exhibit 20.

⁴⁴ See Exhibit 19 at FINRA pp. 1-2.

⁴⁵ *Id.* at FINRA pp. 3-4

⁴⁶ *Id.* at FINRA p. 4.

⁴⁷ See Exhibit 4 at FINRA pp. 171-172, internal Exhibit F (payment of \$145,000).

⁴⁸ See Exhibit 20 at FINRA p. 3-6.

⁴⁹ See Exhibit 4 at FINRA p. 173, internal Exhibit F (payment of \$22,500).

⁵⁰ See NOM AWC No. 2019.12.0093 accepted on February 15, 2023, attached as Exhibit 21.

⁵¹ *Id.* at p. 2, para 9.

taken by the appropriate supervisor when reviewing close market manipulation reports,⁵² it failed to monitor for frontrunning, layering, ramping, and spoofing for options transactions,⁵³ and failed to provide evidence that the Firm conducted diligence to assess whether it had a reasonable basis for believing the representation that the broker-dealer client had processes in place that were reasonably designed to detect manipulative activity, including wash trades, professional customer activities and designations, and de facto market making.⁵⁴ Consequently, the Firm consented to a censure and a \$190,000 fine, which the Firm reported was promptly paid.⁵⁵

D. CFTC Action against DBSI

In September 2022, the CFTC found that DBSI violated CFTC recordkeeping requirements in that the Firm failed to preserve and maintain internal and external business-related written communications used by its employees, including those at senior levels that were sent via unapproved methods such as text messages and WhatsApp messages.⁵⁶ Because these business-related communications were not preserved and maintained by the Firm, they could not be readily available to be furnished to the CFTC upon request.⁵⁷ The CFTC further found that the Firm failed to implement a diligent supervisory system to ensure compliance with CFTC recordkeeping requirements and the Firm's own policies and procedures and failed to diligently supervise matters related to its business.⁵⁸ For its violative conduct, the Firm was ordered to cease and desist from violating certain CFTC rules and regulations, specifically Section 4g of the Commodity Exchange Act, 7 U.S.C. § 6g, and Regulations 1.31, 1.35, and 166.3, 17 C.F.R. §§ 1.31, 1.35, 166.3 (2021), pay \$75,000,000⁵⁹ as a civil penalty and comply with certain undertakings to conduct a comprehensive overview of its supervisory, compliance, and other policies and procedures designed to ensure that DBSI's electronic communications are preserved in accordance with the requirements of the Commodity Exchange Act, Regulations, and DBSI's policies and procedures.⁶⁰ The Firm represented that the civil penalty was paid in full⁶¹ and it is in compliance with the ordered undertakings.⁶²

⁵² *Id.* at p. 3, para 10.

⁵³ *Id.* at para 13.

⁵⁴ *Id.* at paras 15 and 16.

⁵⁵ See Firm's BD Amendment, attached as Exhibit 22.

⁵⁶ *In re Deutsche Bank AG and Deutsche Bank Securities Inc.*, CFTC Docket No. 22-48 (Sept. 27, 2022), attached as Exhibit 23. FINRA has determined that this is not a disqualifying event.

⁵⁷ *Id.* at p. 2.

⁵⁸ *Id.*

⁵⁹ *Id.* at p. 10. To be paid jointly and severally with Deutsche Bank AG.

⁶⁰ *Id.* at pp. 10-12.

⁶¹ See Exhibit 4 at FINRA pp. 167-170, internal Exhibit E (payment of the CFTC fine).

⁶² *Id.* at FINRA pp. 3-4, response 3.

E. Other Statutory Disqualifying Orders

In the recent past, DWS was not subjected to any other disqualifying orders. However, DBSI was the subject of three such orders, all of which were issued by the SEC but did not require the filing of a SEA Rule 19h-1 Notice with the Commission.

In March 2019, the SEC issued an order finding that DBSI willfully violated Sections 206(2) and 207 of the Investment Advisers Act of 1940 by breaching its fiduciary duty to its advisory clients in that DBSI purchased, recommended, or held for advisory clients mutual fund share classes that charged 12b-1 fees instead of the lower-cost share classes of the same funds for which the clients were eligible and failed to disclose in its Form ADV or otherwise, the conflicts of interest related to receipt of 12b-1 fees, and/or the selection of mutual fund share classes that pay such fees.⁶³ As a result, the Firm was censured, ordered to cease and desist from committing or causing any violations and any future violations of Sections 206(2) and 207 of the Advisers Act, pay disgorgement and prejudgment interest totaling \$2,971,462.85, and comply with undertakings.⁶⁴

In July 2018, the SEC issued an order finding that DBSI failed reasonably to supervise personnel on the securities lending desk within the meaning of Exchange Act Section 15(b)(4)(E) in that DBSI securities lending desk associated persons violated Section 17(a)(3) of the Securities Act of 1933 by obtaining American Depository Receipts (“ADRs”) from Pre-Release Brokers in circumstances where they should have known that such ADRs likely had been pre-released without compliance with the Pre-Release Brokers’ obligations under the Pre-Release Agreements.⁶⁵ Consequently, DBSI was censured and ordered to pay disgorgement, prejudgment interest and a civil penalty totaling \$1,648,265.92.⁶⁶

In February 2018, the SEC issued an order finding that DBSI failed reasonably to supervise DBSI traders and salespeople within the meaning of Exchange Act Section 15(b)(4)(E), with a view to preventing and detecting violations of the antifraud provisions of the federal securities laws in connection with DBSI’s secondary market transactions in non-agency commercial mortgage-backed securities (“CMBS”) and failed to establish and/or implement policies and procedures reasonably designed to prevent and detect traders and

⁶³ See *In re Deutsche Bank Securities Inc.*, Exchange Act Release No. 5197 (Mar. 11, 2019), attached as Exhibit 24. This order subjects the Firm to a statutory disqualification as defined in Exchange Act § 3(a)(39)(F), incorporating by reference Section 15(b)(4)(D).

⁶⁴ According to CRD, on April 18, 2019, the Firm submitted an affirmation to FINRA that sanctions are no longer in effect. Since there are no sanctions in effect for statutory disqualification purposes, an application to continue in membership is no longer required under FINRA rules.

⁶⁵ See *In re Deutsche Bank Securities Inc.*, Exchange Act Release No. 83677 (July 20, 2018), attached as Exhibit 25. This order subjects the Firm to a statutory disqualification as defined in Exchange Act § 3(a)(39)(F), incorporating by reference Section 15(b)(4)(E).

⁶⁶ According to CRD, on August 13, 2018, the Firm submitted an affirmation to FINRA that sanctions are no longer in effect. Since there are no sanctions in effect for statutory disqualification purposes, an application to continue in membership is no longer required under FINRA rules.

salespeople from making these false and misleading statements to customers.⁶⁷ Consequently, DBSI was censured and ordered to pay disgorgement, prejudgment interest and a civil penalty totaling \$2,349,986.⁶⁸

V. Prior SEA Rule 19h-1 Notices

FINRA previously filed two SEA Rule 19h-1 Notices approving DBSI continued membership. The first Notice was filed on December 17, 2014, approving DBSI's continued membership. FINRA approved the Firm's continued membership after DBSI became subject to statutory disqualification resulting from a June 9, 2009 consent judgment enjoining the Firm from violating the federal securities laws.⁶⁹ The SEC acknowledged FINRA's Notice on January 28, 2015.⁷⁰

The second Notice was filed on January 14, 2020, approving DBSI's continued membership. FINRA approved the Firm's continued membership after DBSI became subject to statutory disqualification resulting from a February 1, 2018 CFTC Order finding the Firm willfully violated certain anti-fraud and anti-manipulation provisions of the Commodity Exchange Act.⁷¹ The SEC acknowledged FINRA's Notice on March 23, 2020.

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

VI. The Firms' Proposed Continued Membership with FINRA Plan of Heightened Supervision

The Firms seek to continue their membership with FINRA notwithstanding their status as disqualified members. The Firms have agreed to the following Plan of Heightened Supervision as a condition of their continued membership with FINRA ("Supervision Plan"):⁷²

Deutsche Bank Securities Inc. and DWS Distributors, Inc. are 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

⁶⁷ See *In re Deutsche Bank Securities Inc.*, Exchange Act Release No. 82686 (Feb. 12, 2018), attached as Exhibit 26. This order subjects the Firm to a statutory disqualification as defined in Exchange Act § 3(a)(39)(F), incorporating by reference Section 15(b)(4)(E).

⁶⁸ According to CRD, on June 18, 2018, the Firm submitted an affirmation to FINRA that sanctions are no longer in effect. Since there are no sanctions in effect for statutory disqualification purposes, an application to continue in membership is no longer required under FINRA rules.

⁶⁹ See *In re the Continued Membership of Deutsche Bank Securities, Inc.*, SD-1802, (FINRA Dec. 17, 2014), and the SEC's Letter of Acknowledgement dated January 28, 2015, collectively attached as Exhibit 27.

⁷⁰ *Id.*

⁷¹ See *In re the Continued Membership of Deutsche Bank Securities, Inc.* SD-2190, (FINRA Jan. 14, 2020), and the SEC's Letter of Acknowledgement dated March 23, 2020, collectively attached as Exhibit 28.

⁷² See Executed Consent to Plans of Heightened Supervision dated September 19 and 20, 2023, attached as Exhibit 29.

by the U.S. Securities and Exchange Commission dated September 27, 2022, which found that the Firms 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 Firms failed to reasonably supervise their 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 this 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 Firms agree to the following:

1. The Firms 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 Sections 15(b) and 21(C) of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order, *In re Deutsche Bank Securities Inc., DWS Investment Management Americas, Inc., and DWS Distributors, Inc.*, Admin. Proc. No. 3-21173 (September 27, 2022) (“SEC Order”).
2. The Firms shall maintain copies of all correspondence between the Firms 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 Firms shall maintain copies of all such correspondence in a readily accessible file for ease of review by FINRA staff.
3. The Firms 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 Firms shall maintain copies of all certifications in a readily accessible file for ease of review by FINRA staff.
4. The Firms 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 Firms shall maintain copies of such documentation in a readily accessible file for ease of review by FINRA staff.
5. Within six months of the SEC’s Letter of Acknowledgment 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 Firms shall conduct training for all associated persons regarding the Digital

Communication Channels that the Firms have approved for business communication, along with the Firms' current policies regarding retention of business-related electronic communications. The Firms shall maintain a record of individual completion of said training and a copy of said training materials in a readily accessible file for ease of review by FINRA staff.

6. The Firms shall conduct the training described in item number 5 above for all new hires, within sixty-five days from the date of onboarding onto the Firms' training management system, for a term of six years from the date of the LOA. The Firms 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 file for ease of review by FINRA staff.
7. Within 90 days of the LOA, the Firms shall, to the extent that it has not already done so, establish and maintain a written list(s) of all Digital Communication Channels that their associated persons are permitted to use to communicate about Firm business. The list(s) shall be circulated to all of the Firms' associated persons at least semi-annually, for a term of six years from the date of the LOA. The Firms shall require that all associated persons obtain written approval for use of any Digital Communication Channels to communicate about Firms' business that are not already on the approved list(s) maintained by the Firms. The Firms shall maintain a record of all requests and approvals or rejections of each request, including the date of the requests and the Firms' decision. The Firms shall maintain copies of such requests and decisions in a readily accessible file for ease of review by FINRA staff.
8. The Firms 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 Firms' business. The Firms shall retain records of such disclosures in a readily accessible file for ease of review by FINRA staff.
9. Subject to Paragraph 7 above, the Firms shall prohibit associated persons from using Off-Channel Communications.
10. Within 90 days of the LOA, the Firms 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 Firms' archiving teams and retained in compliance with relevant securities laws and regulations. For a term of six years from the date of the LOA, the Firms shall maintain a record of all such Off-Channel Communications, including a record of the Firms' receipt of the communication, in a readily accessible file 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 supervisory policies and procedures detailing the Firms' Human Resources or Employee Relations process for disciplining associated persons who use Off-Channel Communications to communicate about

Firms' business. When the Firms utilize the Human Resources or Employee Relations disciplinary process, the Firms shall document each instance. The Firms shall retain records of such written supervisory policies and procedures and records of the disciplinary processes and each outcome.

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 Firms shall obtain written approval from FINRA's Statutory Disqualification Group prior to changing any provision of the Supervision Plan.
14. The Firms 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 each Firm's request to continue its membership with FINRA, subject to the terms and conditions set forth herein. In evaluating both Applications submitted by DBSI and DWS, FINRA assessed whether the Firms demonstrated that their 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 Firms' 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 Firms were not expelled or suspended, nor were any limitations placed on DBSI or DWS' 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 Firms 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. Moreover, the full amount of the civil monetary penalty was promptly paid and in DBSI's case, the Firm promptly paid the sums owed to the CFTC based on an order with similar findings as the disqualifying one. Additionally, the Firms represented that they are in compliance with the ordered undertakings and have been keeping the SEC abreast of disciplinary actions taken against employees in accordance with the SEC Order.

In determining to approve these Applications, Member Supervision took into consideration the Firms' on-going remedial efforts. In their Applications, the Firms stated that they have undertaken measures to enhance policies, procedures, and controls to address the use of unapproved communications including making upgrades to their electronic communication systems; enhancements to surveillance and compliance to investigate incidents; and the creation of a steering committee, which includes members from Legal, Compliance, Surveillance, Employee Relations, and Anti-Financial Crime Investigations, to address ongoing unapproved messaging incidents. Further, the Firms represented that they are conducting training with their employees and have implemented required written attestations from their employees that they are in compliance with the use of approved communication channels. The Firms have also relayed that they are utilizing various technology tools and software to detect and capture internal and external communications relating to the Firms' business.

Member Supervision is also cognizant of DBSI's lengthy regulatory and disciplinary history. However, 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 Jan. 1, 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 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).

Notably, DWS does not have any recent or regulatory actions filed against it, apart from the disqualifying order. However, FINRA does acknowledge DBSI's recent regulatory and disciplinary history, which includes additional statutory disqualifying events. Member Supervision also notes that, as of the date of this Notice, the Firm has paid all fines and complied with all undertakings ordered by regulators. None of these matters would prevent the continuance of the Firm as a FINRA member. With respect to DBSI's recent examination exceptions, DBSI took prompt corrective actions by addressing disclosure lapses, implementing, and updating key WSPs, and enhancing its compliance tools.

FINRA is further reassured by the controls set in place by the Firms' agreed to Supervision Plan, which bolsters the undertakings outlined in the SEC Order and will continue to provide oversight of the Firms and compliance with their remaining undertakings. In accordance with the Supervision Plan, the Firms agreed to conduct annual training for all associated persons, including new hires, regarding the Firms' approved digital communication methods and record retention policies. Further, the Supervision Plan calls for each associated person to obtain written approval to use unapproved digital communication channels and requires associated persons to disclose any unapproved

digital communication methods they are using for Firm business on a semi-annual basis. Further, the Supervision Plan requires the Firms to develop a process whereby an associated person must submit communications sent or received on a communication channel that is not in compliance with the Firms' record retention policies. These provisions will help to ensure that the Firms are aware of the communication methods being used by associated persons so that they can appropriately monitor, capture, and retain those communications. Additionally, the Supervision Plan mandates the development of policies and procedures for disciplining associated persons who use unapproved communication methods for Firm business and to keep in a readily accessible file 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.

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

Thus, FINRA is satisfied, based on the foregoing representations made pursuant to the Supervision Plan, that the Firms' 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 DBSI's and DWS' Applications to continue their membership with FINRA.

FINRA certifies that the Firms meet all qualification requirements and represents that the DBSI is registered with several other SROs, including Nasdaq, NYSE, DTC, FICC-GOV, FICC-MBS and NSCC. DWS is a member of NSCC. The SROs were provided with the terms and conditions of both Firms 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 Firms 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

EXHIBITS
SD-2336 and SD-2337

1. Applications and related attachments compiled by CRED, with a cover memorandum dated October 25, 2022.
2. SEC Order, *In re Deutsche Bank Securities Inc., DWS Investment Management Americas, Inc., and DWS Distributors, Inc.*, Exchange Act Release No. 95928 (Sept. 27, 2022).
3. *In re Certain Broker-Dealer Practices*, Securities Act Release No. 11109 (Sept. 27, 2022).
4. DBSI Correspondence dated April 25, 2023.
5. DWS Correspondence dated April 25, 2023.
6. DBSI Central Registration Depository (“CRD”) Excerpts – Registration Information.
7. DWS Central Registration Depository (“CRD”) Excerpts – Registration Information.
8. DBSI CRD Excerpt: Types of Business.
9. DWS CRD Excerpt: Types of Business.
10. Disposition for Examination No. 20210693336 dated May 24, 2022, Examination Report dated April 21, 2022, and the Firm’s Response dated May 13, 2022.
11. Examination Report No. 20210693338 dated March 15, 2022.
12. Cautionary Action Letters for ISE and PHLX Matter No. 20210720905 dated April 25, 2023; C2 Matter No. 20200673122 dated December 12, 2022; FINRA Matter No. 20210710671 dated June 3, 2022, FINRA Matter No. 20210694766 dated June 2, 2022; FINRA Matter Nos. 20200664992, 20190625844, 20190632058, and 20210711171 dated May 25, 2022; FINRA Matter No. 20190610658 dated April 8, 2022; Matter No. 20180583642 dated September 10, 2021 (FINRA, Nasdaq, PHLX, and IEX); and dated November 23, 2021 (BYX, EDGX, and EDGA); and FINRA Matter No. 20170544694 dated September 24, 2021, along with the Firm Responses where provided.
13. SEC Deficiency Letter, SEC File No. 8-17822 dated September 20, 2021 and the Firm Response dated November 10, 2021.

14. FINRA AWC No. 2014041813501 dated March 7, 2022.
15. Form U6.
16. FINRA AWC No. 2014043121001 dated September 10, 2021; Cboe Disciplinary Decision No. 2014043121002 dated August 19, 2021; ISE AWC No. 2014043121003 dated September 10, 2021; NYSE American AWC No. 2014043121004 dated September 10, 2021; and PHLX AWC No. 2014043121005 dated September 10, 2021.
17. Form U6.
18. Firm Correspondence dated May 25, 2023.
19. C2 Disciplinary Decision Star No. 20200673122/File No. URE-61-02 dated December 12, 2022.
20. BZX Disciplinary Decision Star No. 20180583642-01/File No. USRI-7853-05 dated November 23, 2021.
21. NOM AWC No. 2019.12.0093 accepted on February 15, 2023.
22. Firm's BD Amendment.
23. *In re Deutsche Bank AG and Deutsche Bank Securities Inc.*, CFTC Docket No. 22-48 (Sept. 27, 2022).
24. *In re Deutsche Bank Securities Inc.*, Exchange Act. Release No. 5197 (Mar. 11, 2019).
25. *In re Deutsche Bank Securities Inc.*, Exchange Act. Release No. 83677 (July 20, 2018).
26. *In re Deutsche Bank Securities Inc.*, Exchange Act. Release No. 82686 (Feb. 12, 2018).
27. *In re the Continued Membership of Deutsche Bank Securities, Inc.*, SD-1802, (FINRA Dec. 17, 2014).
28. *In re the Continued Membership of Deutsche Bank Securities, Inc.*, SD-2190, (FINRA Jan. 14, 2020).
29. Executed Consent to Plans of Heightened Supervision dated September 19 and 20, 2023.