

BATS EDGA EXCHANGE, INC.
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20130367785-04

TO: Bats EDGA Exchange, Inc.
c/o Department of Market Regulation
Financial Industry Regulatory Authority ("FINRA")

RE: Nomura Securities International, Inc., Respondent
Broker-Dealer
CRD No. 4297

Pursuant to Rule 8.3 of the Rules of Bats EDGA Exchange, Inc. ("EDGA"), Nomura Securities International, Inc. (the "firm") 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, EDGA will not bring any future actions against the firm alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. The firm hereby accepts and consents, without admitting or denying the findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of EDGA, or to which EDGA is a party, prior to a hearing and without an adjudication of any issue of law or fact, to the entry of the following findings by EDGA:

BACKGROUND

The firm became an EDGA member on May 26, 2010. The firm's registration remains in effect.

RELEVANT DISCIPLINARY HISTORY

The firm has no relevant disciplinary history.

SUMMARY

In review 20130367785, the Trading Analysis staff of the Department of Market Regulation reviewed the firm's compliance with market access rules during the period from January 1 through April 30, 2013.

FACTS AND VIOLATIVE CONDUCT

1. The firm failed to establish, document and maintain a system of risk management controls and written supervisory procedures reasonably designed to manage the regulatory risks in connection with market access. Specifically, the firm failed to
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establish, document and maintain procedures and controls that restricted access to trading systems and technology that provided market access to individuals pre-approved by the firm. Furthermore, the firm failed to establish and maintain procedures that were reasonably designed to prevent the entry of orders that exceed appropriate pre-set credit limits. The conduct described in this paragraph constitutes a violation of SEC Rule 15c3-5 and EDGA Rules 3.1 and 5.1.

2. The firm failed to establish and maintain a system of controls and written supervisory procedures reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable Exchange Rules. Specifically, the firm failed to establish and maintain supervisory controls and procedures sufficient to detect and prevent potential layering, spoofing, wash trading and pre-arranged trading. The firm's written supervisory procedures also failed to designate the individual responsible for review, failed to adequately describe the type of activity that would warrant additional review, and failed to state specific steps to be taken as part of the review process. Furthermore, the firm failed to take reasonable steps to prevent a customer from engaging in potentially manipulative strategies. The conduct described in this paragraph constitutes a violation of EDGA Rules 3.1 and 5.1.

B. The firm also consents to the imposition of the following sanctions:

A censure; a total fine of \$120,000 to be paid jointly to EDGA, Bats EDGX Exchange, Inc., Bats BZX Exchange, Inc., the NASDAQ Stock Market LLC, NASDAQ PHLX LLC, NYSE MKT LLC, and New York Stock Exchange LLC, of which \$10,000 shall be paid to EDGA; and an undertaking to revise the firm's written supervisory procedures with respect to the areas described in paragraphs I.A.1 and I.A.2. Within 30 business days of this AWC becoming final, a registered principal of the Respondent shall submit to the **COMPLIANCE ASSISTANT, LEGAL SECTION, MARKET REGULATION DEPARTMENT, 9509 KEY WEST AVENUE, ROCKVILLE, MD 20850**, a signed, dated letter, or an e-mail from a work-related account of the registered principal to MarketRegulationComp@finra.org, providing the following information: (1) a reference to this matter; (2) a representation that the firm has revised its written supervisory procedures to address the deficiencies described in paragraphs I.A.1 and I.A.2 above; and, (3) the date the revised procedures were implemented.

Acceptance of this AWC is conditioned upon acceptance of parallel settlement agreements in related matters between the firm and Bats EDGX Exchange, Inc., Bats BZX Exchange, Inc., the NASDAQ Stock Market LLC, NASDAQ PHLX LLC, New York Stock Exchange LLC and NYSE MKT LLC.

The firm agrees to pay the monetary sanction(s) upon notice that this AWC has been accepted and that such payment(s) are due and payable. It has submitted an Election of Payment form showing the method by which it proposes to pay the fine imposed.

The firm specifically and voluntarily waives any right to claim that it is unable to pay, now or at any time hereafter, the monetary sanction(s) imposed in this matter.

The sanctions imposed herein shall be effective on a date set by EDGA.¹

II.

WAIVER OF PROCEDURAL RIGHTS

The firm specifically and voluntarily waives the following rights granted under EDGA Rules:

- A. To have a Statement of Charges issued specifying the allegations against the firm;
- B. To be notified of the Statement of Charges 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 Appeals Committee of EDGA's Board of Directors and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, the firm specifically and voluntarily waives any right to claim bias or prejudgment of the Chief Regulatory Officer ("CRO"), in connection with his or her participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including acceptance or rejection of this AWC.

The firm further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of EDGA Rule 8.16, 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

The firm 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 CRO, pursuant to EDGA Rule 8.3;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against the firm; and
- C. If accepted:

1. this AWC will become part of the firm's permanent disciplinary record and may be considered in any future actions brought by EDGA or any other regulator against the firm;
 2. this AWC will be published on a website maintained by EDGA in accordance with EDGA Rule 8.11, *Interpretations and Policies .01*. In addition, this AWC will be made available through FINRA's public disclosure program in response to public inquiries about the firm's disciplinary record; and
 3. The firm 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. The firm may not take any position in any proceeding brought by or on behalf of EDGA, or to which EDGA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects the firm's: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which EDGA is not a party.
- D. The firm may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. The firm 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 EDGA, nor does it reflect the views of EDGA or its staff.

The undersigned, on behalf of the Firm, certifies that a person duly authorized to act on its 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 it 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 herein and the prospect of avoiding the issuance of a Complaint, has been made to induce the firm to submit it.

5/16/2016
Date

Respondent
Nomura Securities International, Inc.

By: Faron Webb

Name: Faron Webb

Title: Managing Director
and General Counsel

Reviewed by:

David S. Sieradzki

Counsel for Respondent
David S. Sieradzki, Esq.
Schulte, Roth & Zabel, LLP

7/5/2016
Date

Tamara Schademann
Tamara Schademann
Chief Regulatory Officer
Bats Global Markets, Inc.

ELECTION OF PAYMENT FORM

The firm intends to pay the fine proposed in the attached Letter of Acceptance, Waiver and Consent by the following method (check one):

- ☐ A firm check or bank check for the full amount;
- ☒ Wire transfer;

Respectfully submitted,
Respondent
Nomura Securities International, Inc.

5/16/2010
Date

By: Faron Webb

Name: Faron Webb

Title: Managing Director and General Counsel