

NASDAQ PHLX LLC
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2022073416102

TO: Nasdaq Phlx LLC
c/o Department of Enforcement
Financial Industry Regulatory Authority (“FINRA”)

RE: BNP Paribas Securities Corp., Respondent
Broker-Dealer
CRD No. 15794

Pursuant to Rule 9216 of Nasdaq Phlx LLC (“Phlx”) Code of Procedure,¹ BNP Paribas Securities Corp. (“BNPS” or 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, Phlx will not bring any future actions against the Firm alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

A. Respondent 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 Phlx, or to which Phlx 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 Phlx:

BACKGROUND

BNPS became a member of Phlx on December 2, 2008, and a member of FINRA in December 1984. Headquartered in New York, New York, BNPS has approximately 1,500 registered representatives among its nine branch offices. The Firm engages in market making transactions and brokerage activities for its customers, which are primarily institutional.

RELEVANT PRIOR DISCIPLINARY HISTORY

In January 2020, BNPS was censured and fined \$97,500 for failing to accurately record the order receipt and transmission times of manual options orders it routed to, among other venues, Nasdaq Phlx, and for related supervisory failures in violation of Rule 17a-3(a)(6)(i) under the Securities Exchange Act of 1934 (the “Exchange Act”), Phlx Rule 760,² and Phlx Rule 748(h).

¹ The Nasdaq Stock Market LLC Rules General 5 Section 9000 et al. are incorporated by reference into Phlx Rule General 5, Section 3, and are thus Phlx Rules and thereby applicable to Phlx members, member organizations, persons associated with member organizations, and other persons subject to Phlx’s jurisdiction.

² Effective February 3, 2020, Phlx Rule 760 was relocated to Phlx Rule Options 6E, Section 1.

SUMMARY

During the period of February 2019 through October 2023 (the “Relevant Period”), BNPS violated Exchange Act Section 17(a), Exchange Act Rule 17a-3, Phlx Rule 760 (for conduct before February 3, 2020), and Phlx Rule Options 6E, Section 1 (for conduct on and after February 3, 2020) by failing to maintain accurate order receipt, order transmission, and order execution times for manually routed options orders. Additionally, from February 2019 through October 2023, BNPS violated Phlx Rule 748(h) (for conduct before February 3, 2020), Phlx Rule General 9, Section 20 (for conduct on and after February 3, 2020), Phlx Rule 707 (for conduct before February 3, 2020), Phlx Rule Options 9, Section 1 (for conduct between February 3, 2020 and January 21, 2021), and Phlx Rule General 9, Section 1(c) (for conduct on and after January 22, 2021)³ by failing to establish and maintain a supervisory system, including Written Supervisory Procedures (“WSPs”), reasonably designed to achieve compliance with federal securities laws and Phlx Rules relating to manual options recordkeeping.

FACTS AND VIOLATIVE CONDUCT

Recordkeeping Violations

1. Exchange Act Section 17(a) and Exchange Act Rule 17a-3(a)(6)(i) require broker-dealers to make and keep accurate books and records, including a “memorandum of each brokerage order, and of any other instruction, given or received for the purchase or sale of a security.” Under Exchange Act Rule 17a-3(a)(6)(i), each order memorandum “must show the terms and conditions of the order or instructions,” including, “the time the order was received, the time of entry... and... the time of execution.” Inherent in the requirement to keep books and records is the requirement that the records be accurate.
2. Phlx Rule Options 6E, Section 1 (and its predecessor, Phlx Rule 760) requires member firms to “make, keep current and preserve such books and records as the Exchange may prescribe and as may be prescribed by the Exchange Act and the rules and regulations thereunder.”
3. During the Relevant Period, BNPS failed to accurately record order receipt, transmission, or execution times on order memoranda for an estimated 139,511 manually routed options orders executed on Phlx or other options exchanges.
4. Accordingly, BNPS violated Exchange Act Section 17(a), Exchange Act Rule 17a-3, Phlx Rule 760 (for conduct before February 3, 2020), and Phlx Rule Options 6E, Section 1 (for conduct on and after February 3, 2020).

³ Effective February 3, 2020, Phlx Rule Options 9, Section 1 superseded Phlx Rule 707. In addition, effective January 22, 2021, Phlx Rule General 9, Section 1(c) superseded Phlx Rule Options 9, Section 1.

Supervisory Violations

5. Phlx Rule General 9, Section 20 (and its predecessor, Phlx Rule 748) requires members to “establish, maintain, and enforce written supervisory procedures, and a system for applying such procedures, to supervise the types of business(es) in which the member or member organization engages in and to supervise the activities of all registered representatives, employees, and associated persons. The written supervisory procedures and the system for applying such procedures shall reasonably be designed to prevent and detect, insofar as practicable, violations of the applicable securities laws and regulations, including the By-Laws and Rules of the Exchange.”
6. Phlx General 9, Section 1(c) (and its predecessors, Phlx Rule Options 9, Section 1 and Phlx Rule 707) prohibits member organizations from engaging in conduct inconsistent with just and equitable principles of trade.
7. During the Relevant Period, BNPS failed to establish, maintain, and enforce written supervisory procedures, and a system for applying such procedures, reasonably designed to prevent and detect, insofar as practicable, violations of federal securities laws and Phlx Rules relating to manual options recordkeeping.
8. The Firm’s options order flow involved the Firm manually routing options orders to third-party broker-dealers for execution on Phlx and other exchanges. The Firm’s supervisory process required the Firm to review whether the times it entered to record order receipt and transmission times accurately reflected that they occurred before the order execution times provided to the firm by the third-party broker-dealers. Due to errors in the order entry process, however, the actual execution times for manually routed options orders often preceded the recorded order receipt, transmission, and execution times. These inaccuracies went undetected because the order receipt, transmission, and execution times, while inaccurate, appeared in the correct order on the Firm’s systems, and the Firm did not conduct a review to determine whether the recorded times were accurate if the times appeared in the correct order.
9. As a result, the Firm failed to detect and remediate repeated inaccuracies in the order receipt, transmission, and execution times recorded on order memoranda for manual options orders.
10. Accordingly, BNPS violated Phlx Rules 748(h) (for conduct before February 3, 2020), Phlx Rule General 9, Section 20 (for conduct on and after February 3, 2020), Phlx Rule 707 (for conduct before February 3, 2020), Phlx Rule Options 9, Section 1 (for conduct between February 3, 2020 and January 21, 2021), and Phlx Rule General 9, Section 1(c) (for conduct on and after January 22, 2021).

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

1. a censure; and

2. a fine of \$600,000, of which \$150,000 shall be paid to the Exchange.⁴

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. The Firm has submitted a Payment Information form showing the method by which the Firm proposes to pay the fine imposed.

The Firm specifically and voluntarily waives any right to claim that the Firm 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 FINRA staff.

II.

WAIVER OF PROCEDURAL RIGHTS

The Firm specifically and voluntarily waives the following rights granted under Phlx's Code of Procedure:

- A. To have a Formal Complaint issued specifying the allegations against the Firm;
- B. To be notified of the Formal 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 Exchange Review Council 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 pre-judgment of the Chief Regulatory Officer, the Exchange Review Council, or any member of the Exchange Review Council, 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 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 Rule 9143 or the separation of functions prohibitions of 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.

⁴ The balance of the fine shall be paid to Cboe, NYSE American, and NYSE Arca.

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 FINRA's Department of Enforcement and the Exchange Review Council, the Review Subcommittee, or the Office of Disciplinary Affairs ("ODA"), pursuant to Phlx Rule 9216;
- 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 Phlx or any other regulator against the Firm;
 - 2. Phlx may release this AWC or make a public announcement concerning this agreement and the subject matter thereof in accordance with Phlx Rule 8310 and IM-8310-3;⁵ 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 Phlx, or to which Phlx is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects the Firm's right to take legal or factual positions in litigation or other legal proceedings in which Phlx 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 Phlx, nor does it reflect the views of Phlx 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 the Firm has agreed to the AWC's provisions voluntarily; and that

⁵ Series 8000 of Nasdaq Rules are incorporated by reference into Phlx General 5, Section 2, and are thus Phlx Rules and thereby applicable to Phlx members, member organizations, persons associated with member organizations, and other persons subject to Phlx's jurisdiction.

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.

June 6, 2025

Date

Joe Bonnaud

BNP Paribas Securities Corp.
Respondent

Print Name: Joe Bonnaud

Title: Chief Executive Officer

June 6, 2025

Date

Stephan Nawrocki

BNP Paribas Securities Corp.
Respondent

Print Name: Stephan Nawrocki

Title: Head of Equity Derivatives, Americas

Accepted by Phlx:

June 16, 2025

Date

Alexa Perlman

Alexa Perlman
Principal Counsel
FINRA, Department of Enforcement

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

PAYMENT INFORMATION

The fine amount will be reflected on an upcoming invoice and will be direct debited from the account for your Firm that Phlx currently has on file. ***Please DO NOT submit payment at this time.***

Please inform your finance or applicable department of this forthcoming debit. If you need to arrange for an alternative method of payment, please contact Nasdaq at (301) 978-8310.

Respectfully submitted,

June 6, 2025

Date

Joe Bonnaud

BNP Paribas Securities Corp.
Respondent

Joe Bonnaud

Print Name: _____

June 6, 2025

Date

Stephan Nawrocki

BNP Paribas Securities Corp.
Respondent

Stephan Nawrocki

Print Name: _____