

**THE NASDAQ STOCK MARKET LLC  
NOTICE OF ACCEPTANCE OF AWC**

**Certified, Return Receipt Requested**

**TO: Nomura Securities International, Inc.  
Mr. Faron Webb  
Managing Director  
Worldwide Plaza  
309 West 49th Street  
New York, NY 10019**

**FROM: The NASDAQ Stock Market LLC ("Nasdaq")  
c/o Financial Industry Regulatory Authority ("FINRA")  
Department of Market Regulation  
9509 Key West Avenue  
Rockville, MD 20850**

**DATE: July 19, 2016**

**RE: Notice of Acceptance of Letter of Acceptance, Waiver and Consent No. 20120342559-01**

**Please be advised** that your above-referenced Letter of Acceptance, Waiver and Consent ("AWC") has been accepted on **July 19, 2016** by the Nasdaq Review Council's Review Subcommittee, or by the Office of Disciplinary Affairs on behalf of the Nasdaq Review Council, pursuant to Nasdaq Rule 9216. A copy of the AWC is enclosed herewith.

You are again reminded of your obligation, if currently registered, immediately to update your Uniform Application for Broker-Dealer Registration ("Form BD") to reflect the conclusion of this disciplinary action. Additionally, you must also notify FINRA (or NASDAQ if you are not a member of FINRA) in writing of any change of address or other changes required to be made to your Form BD.

You are reminded that Section I of the attached Letter of Acceptance, Waiver, and Consent includes an undertaking. In accordance with the terms of the AWC, a registered principal of the firm is required to notify the Compliance Assistant, Legal Section, Market Regulation Department, 9509 Key West Avenue, Rockville, MD 20850, of completion of the undertaking.

You will be notified by the Registration and Disclosure Department regarding sanctions if a suspension has been imposed and by NASDAQ's Finance Department regarding the payment of any fine if a fine has been imposed.

Nomura Securities International, Inc.  
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If you have any questions concerning this matter, please contact Dean A. Floyd, Principal Counsel, at (240) 386-6867.



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Gerard P. Finn  
Chief Counsel, Legal Section  
Department of Market Regulation

Signed on behalf of NASDAQ

Enclosure

FINRA District 10 – New York  
Michael Solomon  
Senior Vice President and Regional Director  
(Via email)

David S. Sieradzki, Special Counsel  
Schulte, Roth & Zabel LLP  
1152 Fifteenth Street, NW  
Suite 850  
Washington, DC 20005

**THE NASDAQ STOCK MARKET LLC**  
**LETTER OF ACCEPTANCE, WAIVER AND CONSENT**  
**NO. 20120342559-01**

TO: The NASDAQ Stock Market LLC  
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 9216 of The NASDAQ Stock Market LLC ("Nasdaq") Code of Procedure, 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, Nasdaq 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 Nasdaq, or to which Nasdaq 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 Nasdaq:

**BACKGROUND**

The firm became a member of Nasdaq on July 12, 2006. The firm's Nasdaq membership remains in effect.

**RELEVANT PRIOR DISCIPLINARY HISTORY**

The firm has no relevant disciplinary history.

**SUMMARY**

In review 20120342559, the Market Analysis staff of the Department of Market Regulation reviewed the firm's compliance with Nasdaq order protection rules during the period from April 1 through June 30, 2012.

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

### **FACTS AND VIOLATIVE CONDUCT**

In connection with review 20120342559:

1. During the period April 1 through June 30, 2012, the firm failed to reasonably avoid displaying, and engaged in a pattern or practice of displaying, quotations that locked a protected quotation. The conduct described in this paragraph constitutes a violation of Nasdaq Rules 4613(e) and 4755(a).
2. 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's written supervisory procedures were not reasonably designed to prevent the entry of orders for which all regulatory requirements had not been met on a pre-order basis. The conduct described in this paragraph constitutes a violation of SEC Rule 15c3-5 and Nasdaq Rules 2110, 3010 and 4611(d)(4).

In connection with review 20130367785:

3. During the period January 1 through April 30, 2013, 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 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 Nasdaq Rules 2110, 3010 and 4611(d)(4).
4. 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 Nasdaq Rule 3010.

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

A censure; a fine of \$30,000 (consisting of a \$10,000 fine for the locked quotation violations identified in review 20120342559 and a \$20,000 fine for the market access and supervision related violations identified in reviews 20120342559 and 20130367785, which constitutes Nasdaq's share of a \$120,000 total fine to be paid jointly to Nasdaq, NASDAQ PHLX LLC, Bats BZX Exchange, Inc., Bats EDGX Exchange, Inc., Bats EDGA Exchange, Inc., NYSE MKT LLC and New York Stock Exchange LLC); and an undertaking to revise the firm's written supervisory procedures with respect to the areas described in paragraphs I.A.2, I.A.3 and I.A.4. 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](mailto: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.2, I.A.3 and I.A.4 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 EDGA Exchange, Inc., Bats EDGX Exchange, Inc., Bats BZX Exchange, Inc., NASDAQ PHLX LLC, NYSE MKT LLC and New York Stock Exchange LLC.

The firm agrees to pay the monetary sanction(s) in accordance with its executed Election of Payment Form.

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 FINRA staff.

## **II.**

### **WAIVER OF PROCEDURAL RIGHTS**

The firm specifically and voluntarily waives the following rights granted under Nasdaq'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 Nasdaq 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 prejudice of the Chief Regulatory Officer, the Nasdaq Review Council, or any member of the Nasdaq 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.

### **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 Market Regulation and the Nasdaq Review Council, the Review Subcommittee, or the Office of Disciplinary Affairs ("ODA"), pursuant to Nasdaq 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 Nasdaq or any other regulator against the firm;
  - 2. Nasdaq may release this AWC or make a public announcement concerning this agreement and the subject matter thereof in accordance with Nasdaq

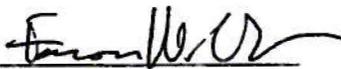
Rule 8310 and IM-8310-3; and

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 Nasdaq, or to which Nasdaq 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 Nasdaq 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 Nasdaq, nor does it reflect the views of Nasdaq 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.

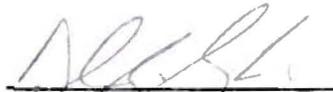
5/16/2016  
Date

Nomura Securities International, Inc.  
Respondent

By:   
Name:

Title:

Reviewed by:

  
Counsel for Respondent  
David S. Sieradzki, Esq.  
Schulte, Roth & Zabel, LLP  
Accepted by Nasdaq:

7/17/16  
Date

 / CF  
Robert A. Marchman, Esq.  
Executive Vice President  
Department of Market Regulation

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

### 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;
- The installment payment plan.<sup>1</sup>
  - Monthly
  - Quarterly

Respectfully submitted,

Respondent  
Nomura Securities International, Inc.

5/16/2016  
Date

By: Faron Webb

Name: Faron Webb

Title: Managing Director and  
General Counsel

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<sup>1</sup> The installment payment plan is only available for a fine of \$50,000 or more. Certain requirements apply.