

**Disciplinary Panel
American Stock Exchange LLC**

IN THE MATTER	:	Case No. 06-338
of	:	[AMXC08008]
DEUTSCHE BANK SECURITIES, INC.	:	Hearing Officer – DMF
	:	DECISION
	:	March 19, 2008

Pursuant to Article V, Section 2 of the Exchange Constitution and Rules 2(a) and (b) of the Rules of Procedure Applicable to Exchange Disciplinary Proceedings, this proceeding came before the Hearing Officer for review of the attached Stipulation and Consent to Penalty (Stipulation), which was entered into by the Parties for the purposes of settling this proceeding and concluding all disciplinary actions by the Exchange against Respondent based upon or arising out of the facts set forth in the Stipulation. Respondent, without admitting or denying the facts, allegations and conclusions contained in the Stipulation, consented to the entry of findings of violations of Exchange Rules, and the imposition of penalties, as set forth in the Stipulation.

After considering the stipulated facts, as well as the analysis and authorities set forth in the Exchange’s Memorandum in Support of Proposed Settlement, the Hearing Officer hereby accepts the Stipulation, and accordingly finds that Respondent:

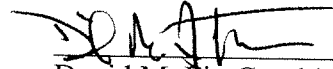
1. Violated Exchange Rule 208 on April 19, 2005 by accepting into the Firm’s electronic order entry system multiple odd-lot orders from a customer, rather than one round lot order; and

2. Violated Exchange Rule 320 (b) and (c) by failing to establish and maintain adequate policies, systems and procedures of supervision and control, including written supervisory procedures, and failing to establish a separate system of follow up and review, to ensure compliance with Exchange Rule 208, in particular, odd-lot trading practices, by Firms which contracted with Deutsche Bank Securities, Inc. to use the firm's electronic order entry system to enter trades on the Exchange.

With respect to the proposed penalties, the Hearing Officer notes that the violation involves odd-lot trades in a single product placed by a single institutional customer through Respondent's electronic order entry system on a single day, and that shortly thereafter Respondent amended its supervisory practices to improve its surveillance for possible violations of Exchange Rule 208. The Hearing Officer also notes that, according to the Stipulation, Respondent consented to a censure and a much larger fine by NYSE Arca as a result of much more substantial odd-lot violations by a customer which took place at around the same time as the violations addressed here, prior to Respondent amending its supervisory procedures to improve its surveillance of odd-lot orders. Taking these circumstances into consideration, the Hearing Officer concludes that the proposed penalties are adequate.

Therefore, in accordance with the Stipulation, for these violations Respondent is censured and fined \$10,000.

SO ORDERED.

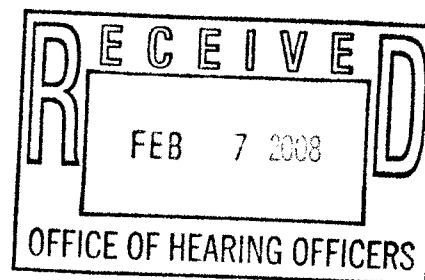


David M. FitzGerald
Hearing Officer

Copies to: Deutsche Bank Securities, Inc. *(via overnight and first-class mail)*
Robert E. Rice *(via first-class mail)*
Charles Falgie, Esq. *(via electronic and first-class mail)*
Joycelyn Thrower *(via electronic and first-class mail)*

EXHIBIT A

Disciplinary Panel
American Stock Exchange LLC



IN THE MATTER
OF
DEUTSCHE BANK SECURITIES, INC.

STIPULATION OF FACTS
AND
CONSENT TO PENALTY
Case No. 06-338
STAR ID#: 20050030315

This proceeding was instituted by the American Stock Exchange LLC (the "Exchange" or "AMEX") against DEUTSCHE BANK SECURITIES, INC. ("DBSI" or the "Firm") (CRD#2525), a Regular Member organization of the Exchange. This Stipulation of Facts and Consent to Penalty is entered into with DBSI pursuant to Article V, Section 2 of the Exchange Constitution in order to settle and conclude all disciplinary actions by the Exchange against DBSI based upon or arising out of the facts hereinafter stipulated. DBSI, without admitting or denying the facts, allegations and conclusions contained in this Stipulation of Facts and Consent to Penalty, hereby consents to the entry of findings of violations of the Exchange Rules and to the imposition of the penalties hereinafter provided. DBSI understands that a hearing officer, without conducting a formal hearing, will determine whether DBSI has committed the violations set forth herein and may fix and impose the agreed upon penalty or reject the Stipulation. This Stipulation can also be the subject of review by the Amex Adjudicatory Council. DBSI understands and acknowledges that the hearing officer's acceptance of this Stipulation may not be appealed by DBSI, and will become part of its disciplinary record and may be considered in any future proceeding brought by the Exchange.

STIPULATED FACTS:

- 1.0 During all relevant periods herein, Exchange Rule 208 provided in relevant part that:

A member or member organization may not combine the orders given by several customers to buy or sell odd-lots of the same stock into a round lot order without the prior approval of all of the customers interested. When a person gives, either for his own account, for various accounts in which he has an actual monetary interest, or for accounts over which such person is exercising investment discretion, buy or sell odd-lot orders which aggregate one or more round lots, a member or member organization shall not accept such orders for execution unless they are, as far as possible, consolidated into round lots, except that selling orders marked "long" or "short exempt" need not be so consolidated with selling orders marked "short."

- 1.1 During all relevant periods herein, Exchange Rules 320(b) and (c) provided in relevant part that:

(b) Each office, department or business activity of a member or member organization (including foreign incorporated branch offices) shall be under the supervision and control of the member or member organization establishing it and of the personnel delegated such authority and responsibility. The person in charge of a group of employees shall reasonably discharge his duties and obligations in connection with supervision and control of the activities of those employees related to the business of their employer including compliance with securities laws and regulations.

(c) The general partners, directors, trustees of each member organization shall provide for appropriate supervisory control and shall designate a general partner, principal executive officer, trustee to assume overall authority and responsibility for internal supervision and control of the organization and compliance with securities laws and regulations. This person shall: (1) delegate to qualified principals or employees responsibility and authority for supervision and control of each office, department or business activity, and provide for appropriate procedures of supervision and control; and (2) establish a separate system of follow-up and review to verify that the delegated authority and responsibility is being properly exercised.

BACKGROUND OF DBSI'S ODD-LOT VIOLATIONS

Odd-Lot Violations in Product B – April 19, 2005:

- 2.0 During all times relevant herein, DBSI was a Regular Member organization of the Exchange.
- 2.1 On or about April 19, 2005, Customer A, a non-Exchange member firm, was an institutional customer of DBSI.
- 2.2 During all relevant periods herein, Customer A contracted with DBSI to use DBSI's electronic order entry system to enter trades on the Exchange.
- 2.3 During all relevant periods herein, Product B was an equity security listed for trading on the Exchange.
- 2.4 On April 19, 2005, between 1:33:11 p.m. and 2:40:15 p.m., Customer A, utilizing DBSI's electronic order entry system, entered 56 odd-lot limit orders to sell Product B: one 20-share lot order and 55 96-share lots. One round-lot order of 100 shares was also entered, for a total of 5,400 shares through the entry of 57 separate orders.
- 2.5 If the 56 odd-lot orders had been properly entered as round lots by Customer A, the orders would have been exposed to public customers with the opportunity for price improvement in the auction market for Product B and then reported to the tape. Instead, by utilizing DBSI's electronic order entry system to enter multiple odd-lot sell orders, the specialist executed the multiple odd-lot sell orders at the prevailing bid in Product B, and the orders were not reported to the tape, consistent with the odd-lot rules.

Supervisory Failures:

- 3.0 During the relevant period, DBSI did not have adequate electronic or automated surveillance for possible violations of Exchange Rule 208, in particular, odd-lot trading practices, by Firms which had contracted with DBSI to use the Firm's electronic order entry system to enter trades on the Exchange.
- 3.1 During the relevant period, DBSI had failed to establish a separate system of follow-up and review, including adequate policies and procedures, sufficient to reasonably detect violations of Exchange Rule 208, in particular, odd-lot trading practices, in connection with Firms which used DBSI's electronic order entry system to enter trades on the Exchange, and sufficient to reasonably ensure that supervisory authority and responsibility was being properly exercised in connection with such firms with respect to Exchange Rule 208, in particular, odd-lot trading practices.¹

CONCLUSION:

By reason of the foregoing Stipulated Facts, an Exchange Disciplinary Panel may conclude that:

- 4.0 DBSI violated Exchange Rule 208 by accepting from Customer A multiple odd-lot orders, rather than one round lot order, into the Firm's electronic order entry system on April 19, 2005, as described in above paragraphs 2.0 through 2.5.
- 4.1 DBSI violated Exchange Rules 320(b) and (c) in that during the relevant period, DBSI failed to establish and maintain adequate policies, systems and procedures of supervision and control, including written supervisory procedures,

¹ Subsequent to DBSI's violative activity, as described herein, the Firm amended its supervisory practices in June 2005 regarding surveillance for possible violations of Exchange Rule 208.

and failed to establish a separate system of follow up and review, to ensure compliance with Exchange Rule 208, in particular, odd-lot trading practices, by Firms which contracted with DBSI to use the Firm's electronic order entry system to enter trades on the Exchange, as described in above paragraphs 3.0 through 3.1.

DISCIPLINARY ACTION:

A Disciplinary Panel may impose the following penalties upon DBSI:

- a) A censure; and,
- b) a fine of \$10,000.²

DBSI hereby acknowledges that it has read carefully this Stipulation and understands all of the provisions contained herein; that it has agreed to its provisions voluntarily; and that no offer, promise, threat or inducement of any kind has been tendered to DBSI by the Exchange, its staff or representatives to induce DBSI to enter into this Stipulation, aside from the prospect of settling this disciplinary proceeding based on the terms and conditions set forth in this Stipulation rather than adjudicating this matter by way of a hearing on a Charge Memorandum as provided by Exchange rules.

Further, DBSI agrees that it may not take any action or may not make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this Stipulation or create the impression that the Stipulation is without factual basis. Nothing in this provision affects DBSI's testimonial obligations or right to take legal or factual positions in litigation or other legal proceedings in which the Exchange is not a party.

Further, DBSI understands and agrees that the Exchange may make a public announcement concerning this Stipulation and the subject matter thereof in a manner

² It should be noted that DBSI had entered into an Offer of Settlement and Consent with NYSE Arca which was executed on November 16, 2006. According to the Stipulation, between April 4, 2005 and June 16, 2005, a DBSI Customer which had contracted with DBSI to use the Firm's electronic order entry system to enter trades, generated approximately 9,190 odd-lot orders that were accepted by the DBSI order routing system and routed to NYSE Arca for execution. DBSI consented to sanctions of a censure and a \$200,000 fine for these odd-lot violations. This, as well as the Firm's amendment of its supervisory procedures in June 2005 regarding surveillance for possible violations of Exchange Rule 208, was considered by Enforcement in determining the appropriate sanctions for this matter.

consistent with those specified in Rule 12 of the Rules and Procedures Applicable to Exchange Disciplinary Proceedings.

Finally, it is also understood and agreed that in any written submission to or proceeding before any person reviewing and/or body convened to consider this Stipulation of Facts and Consent to Penalty (including any reviewing person or body authorized by the Amex Constitution and/or Rules), neither Enforcement nor DBSI shall offer any argument that is inconsistent with the stipulated facts or the agreed-upon penalties, nor shall either party ask for the imposition of any penalties other than those agreed upon in this Stipulation of Facts and Consent to Penalty.

AMERICAN STOCK EXCHANGE LLC:

By: Claudia Crowley
Claudia Crowley
Senior Vice President
Chief Regulatory Officer
American Stock Exchange LLC

Agreed to this 17th day of January, 2008.

Robert Klein
On behalf of Deutsche Bank Securities, Inc.

Agreed to this 17th day of January, 2008.

Robert E. Neri
On behalf of Deutsche Bank Securities, Inc.