

FINANCIAL INDUSTRY REGULATORY AUTHORITY

In the Matter of the  
Continued Membership  
of  
BNP Paribas Securities Corp.  
(CRD No. 15794)

Notice Pursuant to  
Rule 19h-1  
Securities Exchange Act  
of 1934

SD-2373

**July 1, 2024**

**I. Introduction**

On August 14, 2023, BNP Paribas Securities Corp. (“BNPP” or “Firm”) submitted a Membership Continuance Application (“MC-400A” or “Application”) to FINRA’s Credentialing, Registration, Education, and Disclosure (“CRED”) Department.<sup>1</sup> The Application seeks to permit the Firm, a FINRA member, to continue its membership with FINRA notwithstanding its statutory disqualification. A hearing was not held in this matter; rather, pursuant to FINRA Rule 9523(b), FINRA’s Department of Member Supervision (“FINRA,” “Member Supervision,” or “Department”) approves the Application and is filing this Notice pursuant to Rule 19h-1 of the Securities Exchange Act of 1934 (“Exchange Act” or “SEA”).

**II. The Statutorily Disqualifying Event**

The Firm is 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 an August 8, 2023 order issued by the Securities and Exchange Commission (“SEC” or “Commission”) finding that BNPP willfully violated Section 17(a) of the Exchange Act and Rule 17a-4(b)(4) and failed reasonably to supervise its employees with a view to preventing or detecting certain of its employees’ aiding and abetting violations of Section 17(a) of the Exchange Act and Rule 17a-4(b)(4) thereunder (“SEC Order”).<sup>2</sup>

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<sup>1</sup> See MC-400A and related attachments compiled by CRED, with a cover memorandum dated October 6, 2023, collectively attached as Exhibit 1.

<sup>2</sup> See SEC Order, *In re BNP Paribas Securities Corp.*, Exchange Act Release No. 98079 (Aug. 8, 2023), attached as Exhibit 2.

The SEC Order also triggered disqualification under Rules 262(a)(4), 506(d)(1)(iv), and 602(c)(3) of the Securities Act of 1933 and Rule 503(a)(4)(ii) of Regulation Crowdfunding. On August 8, 2023, the SEC granted a waiver from the application of the disqualification provisions of these Rules. See *In re Certain Broker-Dealer Practices*, Securities Act Release No. 11221 (Aug. 8, 2023), attached as Exhibit 3.

According to the SEC Order, from at least January 2019, BNPP employees sent and received off-channel communications that related to the Firm's business, and a majority of these written communications was not maintained or preserved by the Firm.<sup>3</sup> 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 Firm policies by communicating using non-Firm approved methods on their personal devices about the Firm's broker-dealer business.<sup>4</sup>

The Firm was censured and ordered to cease and desist from committing or causing any future violations, pay a civil money penalty of \$35,000,000, and comply with certain undertakings.<sup>5</sup> The Firm paid the civil money penalty on August 11, 2023.<sup>6</sup>

### **III. Remedial Measures**

The Firm represented that prior to the SEC Order it had undertaken remedial measures in response to the SEC's findings, including publishing a revised policy covering the authorized communication channels, deploying live and on-line trainings, issuing reminder bulletins, and implementing a quarterly certification for markets personnel.<sup>7</sup> The Firm further represented that it established coordinated programs with dedicated governance in connection with off-channel communication remediation.<sup>8</sup> Moreover, the Firm stated that it is in compliance with the ordered undertakings in that it retained an independent compliance consultant ("IC") and is progressing in a timely manner on scheduled undertakings.<sup>9</sup> Specifically, the IC conducted a comprehensive review of the Firm's off-channel communications policies and procedures and issued its report with recommendations that the Firm is on track to begin implementing in May 2024.<sup>10</sup> The Firm also revised its group level policies and procedures, updated its training and technology, expanded staff covered in the quarterly certification and attestation process, prohibited the use of personal devices and issued to some staff company-authorized devices that restrict downloading of unauthorized applications.<sup>11</sup>

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<sup>3</sup> See Exhibit 2 at p. 2 para. 3.

<sup>4</sup> *Id.* at p. 2 para. 4.

<sup>5</sup> *Id.* at pp. 5-9.

<sup>6</sup> See Firm correspondence to FINRA dated January 26, 2024 (redactions by FINRA), attached as Exhibit 4, at FINRA p. 1, Response 1, and pp. 5-7.

<sup>7</sup> See Exhibit 4 at FINRA p. 4.

<sup>8</sup> See Firm correspondence to FINRA dated April 29, 2024 (redactions by FINRA), attached as Exhibit 5 at FINRA p. 1, Response 1.

<sup>9</sup> See Exhibit 4 at FINRA pp. 1-2, Response 1.

<sup>10</sup> See Exhibit 5 at FINRA pp. 1-2, Response 1.

<sup>11</sup> *Id.* at FINRA p. 2.

According to the SEC Order, the Commission considered the Firm's prompt remedial actions and cooperation with the SEC when determining to accept the Offer of Settlement.<sup>12</sup>

#### **IV. Firm Background**

The Firm has been a FINRA member since December 27, 1984.<sup>13</sup> It is headquartered in New York, New York, with nine branches (eight of which are Offices of Supervisory Jurisdiction).<sup>14</sup> The Firm employs approximately 1332 registered representatives (316 of which are registered principals), 138 operations professionals, and 1,851 non-registered fingerprint employees.<sup>15</sup> The Firm does not employ any statutorily disqualified individuals.<sup>16</sup>

BNPP is approved to engage in the following lines of business: exchange member engaged in exchange commission business other than 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); U.S. government securities dealer; U.S. government securities broker; municipal securities dealer; put and call broker or dealer or option writer; broker or dealer selling tax shelters or limited partnerships in primary distributions; broker or dealer selling tax shelters or limited partnerships in the secondary market; trading securities for own account; private placements of securities; engages in other securities business; effects transactions in commodity futures, commodities, commodity options as broker for others or dealer for own account; engages in other non-securities business.<sup>17</sup>

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<sup>12</sup> See Exhibit 2 at p. 5, para. 26.

<sup>13</sup> See Central Registration Depository ("CRD") Excerpt – Organization Registration Status, attached as Exhibit 6.

<sup>14</sup> FINRA confirmed this through analysis of the Firm's information contained in CRD, last performed on May 14, 2024.

<sup>15</sup> *Id.*

<sup>16</sup> *Id.*

<sup>17</sup> See CRD Excerpts – Types of Business and Other Business Descriptions, attached as Exhibit 7.

BNPP's CRD Record reflects "other securities business" conducted by the Firm includes: "1. futures commission merchant ("FCM"); 2. prime brokerage business; 3. [the Firm] and BNP Paribas Asset Management USA, Inc., an affiliate and registered investment adviser, are parties to a solicitation agreement, under which [the Firm] may refer interested clients to [the IA affiliate] and receive referral fees equal to a percentage of investment management fees earned by [the IA affiliate] over a period of time in respect of referred clients that enter advisory mandates;" and the "other non-securities business" includes "for the account of Paribas and its affiliates, [the Firm] arranges transactions in a broad range of derivative instruments which includes but is not limited to (1) credit derivatives, (2) currency & interest rate swaps, (3) emerging market loans and other instruments, and bank assets and syndicated loan positions. BNP Paribas is an "FCM" Futures Commission Merchant." *Id.* at p. 2.

The Firm is a member of the following self-regulatory organizations (“SROs”): BOX Exchange LLC (“BOX”); Cboe Exchange, Inc. (“Cboe”); Cboe BYX Exchange, Inc. (“BYX”); Cboe BZX Exchange, Inc. (“BZX”); Cboe C2 Exchange, Inc. (“C2”); Cboe EDGA Exchange, Inc. (“EDGA”); Cboe EDGX Exchange, Inc. (“EDGX”); Investors Exchange LLC (“IEX”); The Long-Term Stock Exchange (“LTSE”); MEMX LLC (“MEMX”); Miami International Securities Exchange, LLC (“MIAX”); MIAX PEARL, LLC (“MIAX PEARL”); New York Stock Exchange LLC (“NYSE”); NYSE American LLC (“NYSE American”); NYSE Arca, Inc. (“NYSE Arca”); NYSE Chicago, Inc. (“NYSE Chicago”); NYSE National, Inc. (“NYSE National”); Nasdaq BX, Inc. (“BX”); Nasdaq GEMX, LLC (“GEMX”); Nasdaq ISE, LLC (“ISE”); Nasdaq PHLX LLC (“PHLX”); The Nasdaq Stock Market LLC (“Nasdaq”);<sup>18</sup> Municipal Securities Rulemaking Board (“MSRB”); The Depository Trust Company (“DTC”); Fixed Income Clearing Corporation – Government Securities Division (“FICC-GOV”); Fixed Income Clearing Corporation – Mortgage-Backed Securities Division (“FICC-MBS”); and National Securities Clearing Corporation (“NSCC”).<sup>19</sup>

### **Recent Examinations**

In the past two years, FINRA completed two routine examinations of the Firm, including one on behalf of other SROs, both of which resulted in Cautionary Action Letters (“CALs”), and two non-routine examinations of the Firm which both resulted in CALs.

#### **A. FINRA Routine Examinations**

In October 2023, FINRA issued a CAL to the Firm, on behalf of BYX, BZX, C2, EDGA, EDGX, Cboe, PHLX, Nasdaq, NYSE American, NYSE Arca, and NYSE, based on two exceptions pertaining to four individuals who were not properly registered as Securities Trader Principals and one not registered as a General Securities Principal with the appropriate SROs, and the Firm’s failure to establish and maintain adequate written supervisory procedures (“WSPs”) for compliance with order entry requirements.<sup>20</sup> The Firm responded in writing identifying the root cause of the registration issues and noted that the issues were rectified during the course of FINRA’s examination prior to the issuance of the examination report.<sup>21</sup> The Firm further indicated that it had enhanced internal systems for filing and reviewing Form U4s, committed to amending its WSPs, and developed an exception report to address FINRA’s findings.<sup>22</sup> FINRA also referred two

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<sup>18</sup> See Exhibit 6.

<sup>19</sup> Membership in these organizations was verified by FINRA staff through a search of public member directories, last performed on May 13, 2024.

<sup>20</sup> See Disposition Letter for Examination No. 20220734161 dated October 31, 2023, Examination Report dated October 30, 2023 (revised from May 23, 2023 report), and Firm Response dated June 9, 2023, collectively attached as Exhibit 8, at FINRA pp. 1-2, 9-12.

<sup>21</sup> *Id.* at FINRA pp. 16-18.

<sup>22</sup> *Id.* at FINRA pp. 18-19.

additional exceptions to its Department of Enforcement (“Enforcement”) for further review and disposition on behalf of C2, Cboe, PHLX, Nasdaq, NYSE American, and NYSE Arca.<sup>23</sup> Those exceptions pertain to the Firm’s failure to establish and maintain adequate WSPs for compliance with recordkeeping and to maintain accurate books and records for manually received and/or handled options orders.<sup>24</sup> The Firm responded in writing that it will amend its WSPs, distribute written guidance to its trading desk supervisors, and provide additional training.<sup>25</sup>

In August 2023, FINRA issued a CAL to the Firm based on seven exceptions pertaining to the Firm’s failure to: enforce its WSPs regarding supervisory review of the daily options trade report; enforce its WSPs regarding documentation of supervisory review of option activity; implement and enforce adequate procedures, processes, and controls related to timely review, approval, and tracking of reported outside business activities (“OBAs”); make a Form A-12 annual affirmation within the appropriate time frame; ensure that the Firm’s Optional Regulatory Contact was properly licensed and registered as a Municipal Securities Principal; accurately report certain data to the Consolidated Audit Trail (CAT); maintain a supervisory system, including WSPs, reasonably designed to achieve compliance with SEA Rule 15c2-11; accurately report transactions to TRACE; and establish adequate supervisory processes to review surveillance reports related to potentially manipulative activity.<sup>26</sup> FINRA took no further action with respect to two exceptions.<sup>27</sup> Those exceptions pertain to compliance with timely, accurate and complete CAT data and the adequacy of ATS written supervisory procedures.<sup>28</sup> The Firm responded in writing identifying the root causes of the aforesaid exceptions, describing updates to policies and processes to mitigate the risk of reoccurrence, and committing to enhancements in staffing and relevant technologies.<sup>29</sup>

## B. FINRA Non-Routine Examinations

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<sup>23</sup> *Id.* at FINRA p. 1.

<sup>24</sup> *Id.* at FINRA pp. 7-9. As of the date of this Notice, these two exceptions are still under review.

<sup>25</sup> *Id.* at FINRA pp. 13-16.

<sup>26</sup> *See* Disposition Letter for Examination No. 20220734160 dated August 7, 2023, Examination Report dated May 19, 2023, and Firm Response dated June 9, 2023, collectively attached as Exhibit 9, at FINRA pp. 1, 6-12.

<sup>27</sup> *Id.* at FINRA p. 1.

<sup>28</sup> *Id.* at FINRA pp. 9-10, 12.

<sup>29</sup> *Id.* at FINRA pp. 13-22.

In January 2023, FINRA issued a CAL to the Firm based on two exceptions pertaining to TRACE reporting failures.<sup>30</sup> The Firm responded in writing that it had seen recent turnover of traders responsible for the majority of the trade reporting errors and conducted training with reminders of TRACE reporting obligations and requirements.<sup>31</sup> The Firm further noted that its reporting controls include daily monitoring and contact with SWAP traders and a monthly committee to review TRACE reporting performance.<sup>32</sup>

In September 2022, FINRA issued a CAL to the Firm based on one exception pertaining to the Firm's TRACE reporting failures.<sup>33</sup> The Firm responded in writing that it developed a TRACE Operational Committee made up of representatives from various relevant business units that meets monthly to review and improve the effectiveness of the Firm's compliance related to TRACE reporting.<sup>34</sup>

### **Regulatory Actions**

In the past two years, BNPP has been the subject of disciplinary matters resulting in one Letter of Acceptance, Waiver, and Consent ("AWC") entered into with FINRA, two Disciplinary Notices issued by ICE Futures U.S. ("ICE"), one order issued by the Commodity Futures Trading Commission ("CFTC"), and five Notices of Summary Action issued by the CME Group, in addition to the order issued by the SEC that resulted in the instant Application.

#### **A. FINRA Action**

On October 24, 2022, the Firm entered into an AWC with FINRA in connection with the over-reporting of 127,561 transactions in U.S. Treasury Securities to TRACE, incorrectly appending a modifier to TRACE reports for 782,320 Treasury transactions and failing to establish and maintain a supervisory system reasonably designed to achieve compliance with FINRA Rule 6730.<sup>35</sup> The Firm consented to a censure and a \$375,000 fine,<sup>36</sup> which was paid on November 21, 2022.<sup>37</sup>

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<sup>30</sup> See CAL for Examination No. 20220737187 dated January 12, 2023, and Firm Response (Undated), collectively attached as Exhibit 10, at FINRA p. 1.

<sup>31</sup> *Id.* at FINRA pp. 3-4.

<sup>32</sup> *Id.* at FINRA p. 4.

<sup>33</sup> See CAL for Examination No. 20220746810 dated September 7, 2022, and Firm Response dated September 21, 2022, collectively attached as Exhibit 11, at FINRA p. 1.

<sup>34</sup> *Id.* at FINRA pp. 3-4.

<sup>35</sup> See FINRA AWC No. 2019063673101 dated October 24, 2022 with cover page, collectively attached as Exhibit 12, at FINRA p. 3.

<sup>36</sup> *Id.* at FINRA p. 5.

<sup>37</sup> See FINRA Form U6 filing dated December 14, 2022, attached as Exhibit 13 at p. 3.

## B. ICE Actions

On September 20, 2023, ICE issued two Disciplinary Notices, one settled charges with the BNPP, and the other settled charges with the BNPP and BNP Paribas SA.<sup>38</sup> In the matter settled by BNPP individually, the Disciplinary Notice pertains to the Firm misreporting open interest in multiple instances with regard to two contracts, misreporting large trader positions in multiple instances in numerous energy futures and option contracts, and failing to establish, administer, and enforce supervisory systems, policies, and procedures reasonably designed to ensure compliance with ICE rules.<sup>39</sup> The Firm agreed to a \$200,000 fine in connection with these violations.<sup>40</sup> In the matter settled jointly with BNP Paribas SA, the Disciplinary Notice pertains to misreporting open interest and large trader positions in one contract and failing to diligently supervise its employees' activities related to open interest and large trader reporting.<sup>41</sup> The Firm agreed to a \$10,000 fine in connection with these violations.<sup>42</sup> The Firm paid both fines on September 29, 2023.<sup>43</sup>

## C. CFTC Action

On August 8, 2023, the CFTC issued an order finding that the Firm violated 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 (2022)).<sup>44</sup> The violations are based on the same misconduct underlying the SEC Order that is the subject of the Firm's Application.<sup>45</sup> The Firm and its co-respondent were ordered to cease and desist from violating the cited sections of the Commodity Exchange Act and Commission Regulations, to pay jointly and severally a \$75,000,000 civil penalty, and to comply with certain undertakings.<sup>46</sup>

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<sup>38</sup> See ICE Futures U.S. Disciplinary Notice, Case No. 2022-010 (Sept. 20, 2023), attached as Exhibit 14; and ICE Futures U.S. Disciplinary Notice, Case No. 2022-025 (Sept. 20, 2023), attached as Exhibit 15.

<sup>39</sup> See Exhibit 14 at p. 1.

<sup>40</sup> *Id.* at p. 2.

<sup>41</sup> See Exhibit 15 at p. 1.

<sup>42</sup> *Id.* at p. 2.

<sup>43</sup> See Exhibit 4 at FINRA p. 3 Response 3, and p. 22.

<sup>44</sup> See CFTC Order, *BNP Paribas S.A. and BNP Paribas Securities Corp.*, CFTC Docket No. 23-33 (Aug. 8, 2023), attached as Exhibit 16, at p. 8. FINRA has determined that this is not a disqualifying event.

<sup>45</sup> *Id.* at pp. 2-7.

<sup>46</sup> *Id.* at p. 9-13. The Firm and co-respondent paid the required fine on October 8, 2023. See Exhibit 4 at FINRA pp. 2-3, 21. The Firm further represented that it is in compliance with the undertakings. See Exhibit 5 at pp. 3-4, para. 2.

## B. CME Group Actions

On January 30, 2024, the CME Group issued a Notice of Summary Action finding that BNPP inaccurately reported long positions eligible for delivery in the December 2023 Chicago Board of Trade (“CBT”) 5-Year Treasury Note futures contract in violation of Rule 807.<sup>47</sup> The Firm was fined \$2,500, which it paid on January 24, 2024.<sup>48</sup>

On October 23, 2023, the CME Group issued two Notices of Summary Action finding that BNPP violated Rule 536.D by assigning trades, inaccurate Customer Type Indicator (“CTI”) Codes between August 1, 2023 and August 31, 2023.<sup>49</sup> The Firm was collectively fined \$2,000 (\$1,000 payable to COMEX and \$1,000 payable to CBOT).<sup>50</sup> The Firm paid the fines on October 16, 2023.<sup>51</sup>

On August 11, 2023, the CME Group issued a Notice of Summary Action finding that BNPP violated Rule 536.C by entering customer orders in a suspense account designated for proprietary order flow.<sup>52</sup> The Firm was fined \$4,000, which it paid on August 15, 2023.<sup>53</sup>

On October 7, 2022, the CME Group issued a Notice of Summary Action finding that BNPP violated Rules 526 and 526.F when it failed to report block trades in a timely manner and failed to accurately report the execution time of block trades in four instances to the Exchange.<sup>54</sup> The Firm was fined \$3,000, which it paid on October 13, 2022 and November 3, 2022.<sup>55</sup>

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<sup>47</sup> See CME Group Notice of Summary Action, *In re BNP Paribas Securities Corp.*, File No. CBOT-RSRH-23-7135 (Jan. 30, 2024), attached as Exhibit 17.

<sup>48</sup> *Id.* See also Exhibit 5 at FINRA p. 4, Response 4, and pp. 7-8.

<sup>49</sup> See CME Group Notices of Summary Action, *In re BNP Paribas Securities Corp.*, File Nos. COMEX-DQA-23-1293 and CBOT-DQA-23-1293 (each dated October 23, 2023), collectively attached as Exhibit 18.

<sup>50</sup> *Id.* at FINRA p. 1.

<sup>51</sup> See Exhibit 5, at FINRA p. 5, Response 5, and p. 9.

<sup>52</sup> See CME Group Notice of Summary Action, *In re BNP Paribas Securities Corp.*, File No. CME-DQA-23-1214 (Aug. 11, 2023), attached as Exhibit 19.

<sup>53</sup> *Id.* See also Exhibit 5 at FINRA p. 5 Response 6, and p. 10.

<sup>54</sup> See CME Group Notice of Summary Action, *In re BNP Paribas Securities Corp.*, File No. CME-RSRH-22-6656 (Oct. 7, 2022), attached as Exhibit 20.

<sup>55</sup> *Id.* See Exhibit 4 at FINRA p. 3, Response 4, and pp. 23-24. See also, Exhibit 5 at FINRA p. 4, Response 3, and p. 6. The Firm noted that BNPP was responsible to pay \$1,000 and the remaining \$2,000 of the fine was paid by BNPP London.



### C. Other Statutory Disqualification Matters

In addition to the above, in the past five years, the Firm was the subject of one SEC order, which also subjected the Firm to statutory disqualification but did not require the filing of a SEA Rule 19h-1 Notice with the Commission.

On June 29, 2020, the SEC issued an order finding the Firm willfully violated Rule 203(a)(1) of Regulation SHO, which prohibits lending shares to settle sale orders marked as “long,” when on 35 occasions the Firm loaned a hedge fund securities to settle sale orders marked as long without properly verifying that accuracy of the hedge fund’s representations.<sup>56</sup> The Firm was censured and ordered to cease and desist from committing or causing future violations of the pertinent sections of Regulation SHO and to pay a \$250,000 civil penalty.<sup>57</sup>

### V. **Prior SEA Rule 19h-1 Notices**

The Firm has not been the subject of any prior SEA Rule 19h-1 or 19d-1 Notices.

### VI. **The Firm’s Proposed Continued Membership with FINRA and Plan of Heightened Supervision**

The Firm seeks to continue its membership with FINRA notwithstanding its status as a disqualified member. The Firm has agreed to the following Plan of Heightened Supervision (“Supervision Plan” or “Plan”) as a condition of its continued membership with FINRA:<sup>58</sup>

BNP Paribas Securities Corp. (the “Firm”) is 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 by the U.S. Securities and Exchange Commission dated August 8, 2023, which found that the Firm 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 Firm failed to reasonably supervise its 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 X f/k/a Twitter, Instagram, LinkedIn, Slack, or Bloomberg Messaging; non-firm

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<sup>56</sup> See SEC Order, *In re BNP Paribas Securities Corp.*, Exchange Act Release No. 89177 (June 29, 2020), attached as Exhibit 21.

<sup>57</sup> *Id.* at p. 9. FINRA staff confirmed that the Firm paid the penalty, and the 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. See also [FINRA Regulatory Notice 09-19](#) (June 15, 2009). As such, a 19h-1 Notice was not filed in connection with this matter.

<sup>58</sup> See Executed Consent to Plan of Heightened Supervision dated February 9, 2024, attached as Exhibit 22.

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 Firm agrees to the following:

1. The Firm 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 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order, *In re BNP Paribas Securities Corp.*, Exchange Act Release No. 98079 (August 8, 2023) (“SEC Order”).
2. The Firm shall maintain copies of all correspondence between the Firm 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 Firm shall maintain copies of all such correspondence in a readily accessible place for ease of review by FINRA staff.
3. The Firm 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 Firm shall maintain copies of all certifications in a readily accessible place for ease of review by FINRA staff.
4. The Firm 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 Firm shall maintain copies of such documentation in a readily accessible place for ease of review by FINRA staff.
5. Within six months of the SEC’s Letter of Acknowledgement 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 Firm shall conduct training for all associated persons regarding the Digital Communication Channels that the Firm has approved for business communication, along with the Firm’s current policies regarding retention of business-related electronic communications. The Firm shall maintain a record of individual completion of said training and a copy of said training materials in a readily accessible place for ease of review by FINRA staff.
6. The Firm shall conduct the training described in item number 5 above for all new hires, within 65 days from the date of commencement of new hire training, for a term of six years from the date of the LOA. The Firm 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 place for ease of review by FINRA staff.

7. Within 90 days of the LOA, the Firm shall, to the extent that it has not already done so, establish and maintain a written list(s) of all Digital Communication Channels that its associated persons are permitted to use to communicate about Firm business. The list(s) shall be circulated to all of the Firm's associated persons at least on a semi-annual basis, for a term of six years from the date of the LOA. The Firm shall require that all associated persons obtain written approval for use of any Digital Communication Channels to communicate about Firm business that are not already on the approved list(s) maintained by the Firm. The Firm shall maintain a record of all requests and approvals or rejections of each request, including the date of the requests and the Firm's decision. The Firm shall maintain copies of such requests and decisions in a readily accessible place for ease of review by FINRA staff.
8. The Firm 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 Firm business. The Firm shall retain records of such disclosures in a readily accessible place for ease of review by FINRA staff.
9. Subject to Paragraph 7 above, the Firm shall prohibit associated persons from using Off-Channel Communications.
10. Within 90 days of the LOA, the Firm 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 Firm and retained in compliance with relevant securities laws and regulations. For a term of six years from the date of the LOA, the Firm shall maintain a record of all such Off-Channel Communications, including a record of the Firm's receipt of the communication, in a readily accessible place 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 Firm's processes for disciplining associated persons who use Off-Channel Communications to communicate about Firm business. When the Firm uses the disciplinary process, the Firm shall document each instance. The Firm 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](mailto:SDMailbox@FINRA.org).
13. The Firm shall obtain written approval from FINRA's Statutory Disqualification Group prior to changing any provision of the Supervision Plan.
14. The Firm shall submit any proposed changes or other requested information under this Supervision Plan to FINRA's Statutory Disqualification Group at

[SDMailbox@FINRA.org](mailto:SDMailbox@FINRA.org).

## VII. Discussion

After carefully reviewing the entire record in this matter, FINRA approves the Firm's request to continue its membership with FINRA, subject to the terms and conditions set forth herein. In evaluating BNPP's Application, FINRA assessed whether the Firm has demonstrated that its 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 Firm's 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 Firm was not expelled or suspended, nor were any limitations placed on BNPP's 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 Firm 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.<sup>59</sup> Moreover, the full amount of the civil monetary penalty was promptly paid, and the Firm promptly paid the sums owed to the CFTC based on an order with similar findings as the disqualifying order. Additionally, the Firm represented that it is in compliance with the ordered undertakings.<sup>60</sup> BNPP retained an independent consultant who has completed a report with recommendations, the implementation of which were set to in May 2024.<sup>61</sup>

Member Supervision also acknowledges, in issuing the SEC Order, the Commission considered the Firm's prompt remedial actions and cooperation when determining to accept the Offer of Settlement from the Firm. Specifically, the Firm revised its off-channel communications' policies and procedures, deployed additional live and on-line training, issued reminder bulletins, and launched quarterly certifications for markets personnel.<sup>62</sup>

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<sup>59</sup> *See* Exhibit 3.

<sup>60</sup> *See* Exhibit 5 at FINRA pp. 1-4, Responses 1 & 2.

<sup>61</sup> *Id.*

<sup>62</sup> *See* Exhibit 4 at FINRA p. 4.

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 Mar. 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).

In its evaluation of the Firm's Application, FINRA acknowledges the Firm's recent regulatory and disciplinary history, including its additional statutory disqualifying event. 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 the Firm's recent examination exceptions, the Firm addressed the exceptions by enhancing internal systems for filing and reviewing Form U4s, amending its WSPs, and developing an exception report to address FINRA's findings, amongst other measures taken by the Firm.

FINRA is further reassured by the controls put in place by the Firm's Supervision Plan which bolster the undertakings outlined in the SEC Order and will continue to provide oversight of the Firm and compliance with its remaining undertakings. In accordance with the Plan, the Firm agreed to conduct annual training for all associated persons, including new hires, regarding the Firm's approved digital communication methods and record retention policies for electronic communications. Further, the Plan calls for the Firm to maintain a list of approved digital communication methods that associated persons are permitted to use for Firm business and to circulate that list to its associated persons semi-annually. The Plan requires the Firm's associated persons to obtain written approval to use digital communication channels not already approved. The Plan prohibits the use of off-channel communications and requires associated persons to semi-annually disclose any unapproved digital communication methods they are using for Firm business; they must also forward any off-channel communications that may have taken place to the Firm for retention purposes. These provisions will help to ensure that the Firm is aware of the communication methods being used by associated persons so that it can appropriately monitor, capture, and retain those communications. Additionally, the Plan mandates that the Firm develop policies and procedures for disciplining associated persons who use unapproved communication methods for Firm business and segregate 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 Firm's continued membership in FINRA, FINRA intends to utilize its examination and surveillance processes to monitor the Firm's continued

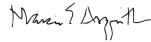
compliance with the standards prescribed by Exchange Act Rule 19h-1 and FINRA Rule 9523.

Thus, FINRA is satisfied, based on the foregoing and on the Firm's representations made pursuant to the Supervision Plan, that the Firm's 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 BNPP's Application to continue its membership with FINRA.

FINRA certifies that the Firm meets all qualification requirements and represents that the Firm is registered with several other SROs including BOX; Cboe; BYX; BZX; C2; EDGA; EDGX; IEX; LTSE; MEMX; MIAX; MIAX PEARL; NYSE; NYSE American; NYSE Arca; NYSE Chicago; NYSE National; BX; GEMX; ISE; PHLX; Nasdaq; DTC; FICC-GOV; FICC-MBS; and NSCC. The SROs have been provided with the terms and conditions of BNPP's 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 Firm 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,



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Marcia E. Asquith  
Executive Vice President & Corporate Secretary

**EXHIBITS**  
**SD-2373**

1. MC-400A and related attachments compiled by CRED, with a cover memorandum dated October 6, 2023.
2. SEC Order, *In re BNP Paribas Securities Corp.*, Exchange Act Release No. 98079 (Aug. 8, 2023).
3. *In re Certain Broker-Dealer Practices*, Securities Act Release No. 11221 (Aug. 8, 2023).
4. Firm correspondence to FINRA dated January 26, 2024 (redactions by FINRA).
5. Firm correspondence to FINRA dated April 29, 2024.
6. CRD Excerpt – Organization Registration Status.
7. CRD Excerpts – Types of Business and Other Business Descriptions.
8. Disposition Letter for Examination No. 20220734161 dated October 31, 2023, Examination Report dated October 30, 2023 (revised from May 23, 2023 report), and Firm Response dated June 9, 2023.
9. Disposition Letter for Examination No. 20220734160 dated August 7, 2023, Examination Report dated May 19, 2023, and Firm Response dated June 9, 2023.
10. CAL for Examination No. 20220737187 dated January 12, 2023, and Firm Response (Undated).
11. CAL for Examination No. 20220746810 dated September 7, 2022, and Firm Response dated September 21, 2022.
12. FINRA AWC No. 2019063673101 dated October 24, 2022 with cover page.
13. FINRA Form U6 filing dated December 14, 2022.
14. ICE Futures U.S. Disciplinary Notice, Case No. 2022-010 (Sept. 20, 2023).
15. ICE Futures U.S. Disciplinary Notice, Case No. 2022-025 (Sept. 20, 2023).
16. CFTC Order, *BNP Paribas S.A. and BNP Paribas Securities Corp.*, CFTC Docket No. 23-33 (August 8, 2023).
17. CME Group Notice of Summary Action, *In re BNP Paribas Securities Corp.*, File No. CBOT-RSRH-23-7135 (Jan. 30, 2024).

18. CME Group Notices of Summary Action, *In re BNP Paribas Securities Corp.*, File Nos. COMEX-DQA-23-1293 and CBOT-DQA-23-1293 (both dated Oct. 23, 2023).
19. CME Group Notice of Summary Action, *In re BNP Paribas Securities Corp.*, File No. CME-DQA-23-1214 (Aug. 11, 2023).
20. CME Group Notice of Summary Action, *In re BNP Paribas Securities Corp.*, File No. CME-RSRH-22-6656 (Oct. 7, 2022).
21. SEC Order, *In re BNP Paribas Securities Corp.*, Exchange Act Release No. 89177 (June 29, 2020).
22. Executed Consent to Plan of Heightened Supervision dated February 9, 2024.



## Exhibit A

### Plan of Heightened Supervision

BNP Paribas Securities Corp. (the “Firm”) is 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 by the U.S. Securities and Exchange Commission (“SEC” or “Commission”) dated August 8, 2023, which found that the Firm willfully violated Section 17(a) of the Securities Exchange Act of 1934 and Rule 17a-4(b)(4) thereunder (“SEC Order”). The SEC Order also found that the Firm failed reasonably to supervise its employees within the meaning of Section 15(b)(4)(E).

In consenting to this Supervision Plan<sup>1</sup> (“Supervision Plan”), the Firm agrees to the following:

1. The Firm shall comply with all the undertakings outlined in the SEC Order.
2. The Firm shall maintain copies of all correspondence between the Firm 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 Firm shall maintain copies of all such correspondence in a readily accessible place for ease of review by FINRA staff.
3. The Firm 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 Firm shall maintain copies of such documentation in a readily accessible place for ease of review by FINRA staff.
4. The Firm shall provide FINRA’s Statutory Disqualification Group with copies of all certifications submitted to the SEC upon completion of the undertakings as specified under paragraph 34 of the SEC Order.
5. This Supervision Plan shall take effect on the date the Firm executes its consent to this Supervision Plan. The Supervision Plan shall be in effect until FINRA’s receipt of the Firm’s final certifications required by the SEC Order, after which time the Supervision Plan and its provisions thereto will expire.
6. All requested documents and certifications under this Supervision Plan shall be sent directly to FINRA’s Statutory Disqualification Group at [SDMailbox@FINRA.org](mailto:SDMailbox@FINRA.org).
7. The Firm shall obtain written approval from FINRA’s Statutory Disqualification Group prior to changing any provision of the Supervision Plan.
8. The Firm shall submit any proposed changes or other requested information under this Supervision Plan to FINRA’s Statutory Disqualification Group at [SDMailbox@FINRA.org](mailto:SDMailbox@FINRA.org).

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<sup>1</sup> This Supervision Plan supersedes the Firm’s previous Supervision Plan executed on February 9, 2024.