

FINANCIAL INDUSTRY REGULATORY AUTHORITY

In the Matter of the  
Continued Membership  
of  
BNY Mellon Securities Corporation,  
(CRD No. 231)  
And  
Pershing LLC  
(CRD No. 7560)

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

SD-2418  
SD-2417

**January 29, 2025**

**I. Introduction**

On September 4, 2024, BNY Mellon Securities Corporation (“BNYMSC”) and Pershing LLC (“Pershing”) (individually “Firm” and collectively “Firms”) each submitted a Membership Continuance Application (“Applications”) to FINRA’s Credentialing, Registration, Education, and Disclosure (“CRED”) Department.<sup>1</sup> The Applications seek to permit the Firms, FINRA members, to continue their membership with FINRA notwithstanding their 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 Applications and is filing this Notice pursuant to Rule 19h-1 of the Securities Exchange Act of 1934 (“Exchange Act” or “SEA”).<sup>2</sup>

**II. The Statutorily Disqualifying Event**

The Firms are 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 2024 order issued by the Securities and Exchange Commission (“SEC” or “Commission”) finding that both BNYMSC and Pershing willfully violated Section 17(a) of the Exchange Act and Rule 17a-4(b)(4) and failed reasonably to supervise their employees with a view to preventing or detecting certain of their employees’ aiding and abetting violations of Section 17(a) of the Exchange Act and Rule 17a-4(b)(4)

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<sup>1</sup> See BNYMSC MC-400A and related attachments compiled by CRED, with a cover memorandum dated September 9, 2024, attached as Exhibit 1. See Pershing MC-400A and related attachments compiled by CRED, with a cover memorandum dated September 9, 2024, attached as Exhibit 2.

<sup>2</sup> The Firms consented to being listed on the same SEA Rule 19h-1 Notice.

thereunder within the meaning of SEA Section 15(b)(4)(E) (“SEC Order”).<sup>3</sup>

According to the SEC Order, from at least January 2020, employees of the Firms sent and received off-channel communications that related to the Firms’ business, and a majority of these written communications were not maintained or preserved by the Firms.<sup>4</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 the Firms’ policies by communicating using non-Firm approved methods on their personal devices about the Firms’ broker-dealer business.<sup>5</sup>

The Firms were censured, ordered to cease and desist from committing or causing any future violations, ordered to pay a civil money penalty of \$40,000,000 (jointly and severally), and ordered to comply with certain undertakings.<sup>6</sup>

### III. Remedial Measures

According to the Applications, the Firms represented that they undertook remedial measures prior to the issuance of the SEC Order, including enhancing Firm policies and procedures concerning electronic communications, training, and detection and surveillance activities.<sup>7</sup> According to the SEC Order, the Commission considered the Firms’ prompt remedial actions and cooperation with the SEC when determining to accept the Offer of Settlement and noted that the Firms self-reported off-channel communications prior to being contacted by the Commission.<sup>8</sup>

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<sup>3</sup> See SEC Order, *In re BNY Mellon Securities Corporation and Pershing LLC*, Exchange Act Release No. 100712 (Aug. 14, 2024), attached as Exhibit 3.

The SEC Order also triggered disqualification under Rules 262(b)(2), 506(d)(2)(ii), and 602(e) of the Securities Act of 1933 and Rule 503(b)(2) of Regulation Crowdfunding. On August 14, 2024, the SEC granted a waiver from the application of the disqualification provisions of these Rules. See SEC Order, *In re Off-Channel Communications at Registered Entities*, Securities Act Release No. 11298 (Aug. 14, 2024), attached as Exhibit 4.

<sup>4</sup> See Exhibit 3 at p. 2, para. 3.

<sup>5</sup> *Id.* at p. 2, para. 4.

<sup>6</sup> *Id.* at pp. 6-11. The Firms represented that they paid the civil money penalty of \$40,000,000 on August 20, 2024. See BNYMSC Discovery Responses dated November 1, 2024, and Pershing Discovery Responses dated November 4, 2024, collectively attached as Exhibit 5. The Firms also represented that they are in compliance with the undertakings thus far, including engaging an independent compliance consultant who is reviewing the Firms’ record retention practices. *Id.*

<sup>7</sup> See Exhibit 1 at FINRA pp. 24-25 and Exhibit 2 at FINRA pp. 24-25.

<sup>8</sup> See Exhibit 3 at pp. 5-6, para. 27.

#### IV. Firm Background

BNYMSC has been a FINRA member since February 5, 1947.<sup>9</sup> BNYMSC is headquartered in New York, New York with 27 branches (14 of which are Offices of Supervisory Jurisdiction).<sup>10</sup> The Firm employs approximately 428 registered representatives (122 of which are registered principals), two operations professionals, and 46 non-registered fingerprint employees.<sup>11</sup> BNYMSC does not employ any statutorily disqualified individuals.<sup>12</sup>

Pershing has been a FINRA member since May 4, 1973.<sup>13</sup> Pershing is headquartered in Jersey City, New Jersey, with 19 branches (18 of which are Offices of Supervisory Jurisdiction).<sup>14</sup> Pershing employs approximately 1037 of registered representatives (531 of which are registered principals), 87 operations professionals, and 1655 non-registered fingerprint employees.<sup>15</sup> Pershing does not employ any statutorily disqualified individuals.<sup>16</sup>

BNYMSC is approved to engage in the following lines of business: broker or dealer retailing corporate equity securities over-the-counter; broker or dealer selling corporate debt securities; mutual fund underwriter or sponsor; mutual fund retailer; U.S. government securities dealer; U.S. government securities broker; municipal securities dealer; municipal securities broker; broker or dealer selling variable life insurance or annuities; solicitor of time deposits in a financial institution; put and call broker or dealer or option writer; investment advisory services; 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; non-exchange member arranging for transactions in listed securities by exchange member; trading securities for own account; private placements of securities; broker or dealer involved in a networking, kiosk, or similar arrangement with a bank, savings bank or association, or credit union.<sup>17</sup>

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<sup>9</sup> See BNYMSC Central Registration Depository (“CRD”) Excerpt – Organization Registration Status, attached as Exhibit 6.

<sup>10</sup> FINRA confirmed this through analysis of the Firm’s information contained in CRD, last performed on January 2, 2025.

<sup>11</sup> *Id.*

<sup>12</sup> *Id.*

<sup>13</sup> See Pershing’s CRD Excerpt – Organization Registration Status, attached as Exhibit 7.

<sup>14</sup> FINRA confirmed this through analysis of the Firm’s information contained in CRD, last performed on January 2, 2025.

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

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

<sup>17</sup> See BNYMSC’s CRD Excerpt - Types of Business, attached as Exhibit 8.

Pershing is approved to engage in the following lines of business: exchange member engaged in exchange commission business other than floor activities; exchange member engaged in floor activities; 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); mutual fund underwriter or sponsor; mutual fund retailer; U.S. government securities dealer; U.S. government securities broker; municipal securities dealer; municipal securities broker; solicitor of time deposits in a financial institution; put and call broker or dealer or option writer; broker or dealer selling interests in mortgages or other receivables; engages in other securities business (broker or dealer selling unit investment trusts; broker or dealer of commercial paper; act in the capacity of a self-clearing broker-dealer for the settlement and clearance of customer transactions; act as a clearing broker-dealer for the settlement and clearance of the transactions of other broker-dealers; act as prime broker).<sup>18</sup>

BNYMSC is a member of the following self-regulatory organizations (“SROs”): Municipal Securities Rulemaking Board (“MSRB”); and National Securities Clearing Corporation (“NSCC”).<sup>19</sup>

Pershing 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”); MIAX Emerald, LLC (“MIAX Emerald”); MIAX PEARL, LLC (“MIAX PEARL”); MIAX Sapphire, LLC (“MIAX Sapphire”); Miami International Securities Exchange, LLC (“MIAX”); 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 MRX, LLC (“MRX”); Nasdaq PHLX LLC (“PHLX”); The Nasdaq Stock Market LLC (“Nasdaq”);<sup>20</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>21</sup>

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<sup>18</sup> See Pershing’s CRD Excerpts - Types of Business and Other Business Descriptions, collectively attached as Exhibit 9.

<sup>19</sup> Membership in these organizations was verified by FINRA staff through a search of public member directories, last performed on January 2, 2025.

<sup>20</sup> See Exhibit 7.

<sup>21</sup> Membership in these organizations was verified by FINRA staff through a search of public member directories, last performed on January 2, 2025.

### Recent Examinations

In the past two years, FINRA completed one routine examination of BNYMSC, which did not result in any exceptions.<sup>22</sup> FINRA did not complete any non-routine examinations of BNYMSC that resulted in a Cautionary Action Letter (“CAL”).

In the past two years, FINRA completed one routine examination of Pershing which resulted in a CAL, and two non-routine examinations of Pershing which resulted in CALs. The SEC also completed one examination that resulted in a deficiency letter.

#### A. FINRA Routine Examination of Pershing

In March 2023, FINRA issued a CAL to Pershing based on two exceptions pertaining to the Firm’s failure to accurately report certain transactions to the MSRB, including incorrectly reporting its capacity as principal on the interdealer leg of a transaction and its capacity as agent on the customer leg or vice-versa, as well as over-reporting at least 59 U.S. Treasury transactions to TRACE.<sup>23</sup> In response, the Firm acknowledged the interim manual process it was using was not consistently performed and represented that it has implemented new written supervisory procedures (“WSPs”), updated the agency facilitation account, and updated technology coding and processes to address the exceptions.<sup>24</sup>

#### B. FINRA Non-Routine Examinations of Pershing

In March 2024, FINRA issued a CAL to Pershing relating to its reporting the incorrect execution time on approximately 6,000 non-media trade reports reported to the FINRA/Nasdaq Trade Reporting Facility (“FNTRF”).<sup>25</sup> The Firm responded in writing indicating that it has ceased using an internal default time as of October 2022, and has updated its Policies and Procedures to utilize the time of execution when provided within the trade history or default to the trade processing system time.<sup>26</sup>

In August 2023, FINRA issued a CAL to Pershing based on two exceptions for Pershing’s failed to establish, maintain, and enforce a supervisory system, including WSPs, reasonably designed to ensure compliance with Section 5 of the Securities Act of 1933 (“Section 5”) for its foreign broker-dealer correspondent customers (“foreign IBDs”), and, as a result,

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<sup>22</sup> See Disposition Letter and Examination Report for Examination No. 20230769942 dated July 7, 2023, attached as Exhibit 10.

<sup>23</sup> See Disposition Letter for Examination No. 20220734146 dated March 2, 2023, Examination Report dated December 30, 2022, and Firm Response dated January 13, 2023, collectively attached as Exhibit 11.

<sup>24</sup> *Id.* at FINRA pp. 9-11.

<sup>25</sup> See CAL for Examination No. 20230785958 dated March 15, 2024, and Firm Response dated March 27, 2024, collectively attached as Exhibit 12.

<sup>26</sup> *Id.* at FINRA p. 3.

Pershing facilitated the sales of unregistered securities by foreign IBDs in violation Section 5.<sup>27</sup> The Firm responded in writing that it undertook a review of its foreign omnibus business and determined to exit the foreign omnibus portion of the business conducted through its US broker dealer.<sup>28</sup>

### C. SEC Examination

In September 2023, the SEC concluded an examination of Pershing that resulted in no deficiencies found.<sup>29</sup>

### **Regulatory Actions**

During the past two years, BNYMSC has not been the subject of any disciplinary matters aside from the SEC Order that led to the Application.

Aside from the SEC Order that led to the Application, Pershing has been the subject of three disciplinary matters resulting in three Letters of Acceptance, Waiver, and Consent (“AWCs”) entered into with FINRA during the past two years.

### Pershing FINRA Actions

On September 16, 2024, Pershing entered into an AWC with FINRA in connection with the Firm’s failure to include the Non-Transaction Based Compensation indicator when reporting transactions in municipal securities to the MSRB’s Real-Time Transaction Reporting System and the No Remuneration indicator to the Trade Reporting and Compliance Engine for transactions in TRACE-eligible securities.<sup>30</sup> Also, the Firm’s supervisory system was not reasonably designed to ensure compliance with the requirements of MSRB Rule G-14(b) and FINRA Rule 6730(d).<sup>31</sup> The Firm consented to a censure and a \$150,000 fine.<sup>32</sup>

On August 6, 2024, Pershing entered into an AWC with FINRA in connection with the Firm’s failure to report millions of fractional share trades and to establish a supervisory system reasonably designed to achieve compliance with FINRA rules applicable to its

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<sup>27</sup> See Disposition Letter for Examination No. 20180594152 dated August 24, 2023, Examination Report dated June 30, 2023, and Firm Response dated August 18, 2023, collectively attached as Exhibit 13.

<sup>28</sup> *Id.* at pp. 10-14.

<sup>29</sup> See SEC Examination Letter, SEC File No. 8-17574 dated September 26, 2023, attached as Exhibit 14.

<sup>30</sup> See FINRA AWC No. 2020066661101 dated September 16, 2024, attached as Exhibit 15.

<sup>31</sup> *Id.* at p. 2.

<sup>32</sup> *Id.* at p. 4. Pershing paid the fine on October 2, 2024. See CRD Disclosure Occurrence Composite for Occurrence 2358444, attached as Exhibit 16, at p. 2.

fractional share trades.<sup>33</sup> The Firm consented to a censure, a \$175,000 fine, and an undertaking to pay regulatory transaction fees related to the unreported fractional share trades.<sup>34</sup>

On July 31, 2024, Pershing entered into an AWC with FINRA in connection with the Firm's failure to provide accurate interest rate information for certain variable securities on account statements, trade confirmations, and online access portals, as well as the Firm's failure to establish and maintain a supervisory system, including written supervisory procedures, reasonably designed to review the accuracy of interest rate information disseminated by the Firm.<sup>35</sup> The Firm consented to a censure and a \$1.4 million fine.<sup>36</sup>

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

The Firms have 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 Firms seek to continue their membership with FINRA notwithstanding their status as disqualified members. The Firms have agreed to the following Plan of Heightened Supervision ("Supervision Plan" or "Plan") as a condition of their continued membership with FINRA.<sup>37</sup>

BNY Mellon Securities Corporation ("BNYMSC") and Pershing LLC ("Pershing") (collectively "Firms") are 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 14, 2024, which found that the Firms 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 Firms failed reasonably to supervise their employees within the meaning of Section 15(b)(4)(E).

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<sup>33</sup> See FINRA AWC No. 2021073236801 dated August 6, 2024, attached as Exhibit 17.

<sup>34</sup> *Id.* at p. 3. Pershing paid the fine on August 16, 2024. See CRD Disclosure Occurrence Composite for Occurrence 2352188, attached as Exhibit 18. Pershing is currently in the process of working with FINRA staff to coordinate the completion of the undertaking requiring Pershing to remit an additional payment representing the regulatory transaction fees for previously unreported fractional share trades.

<sup>35</sup> See FINRA AWC No. 2022073805701 dated July 31, 2024, attached as Exhibit 19.

<sup>36</sup> *Id.* at p. 5. Pershing paid the fine on August 13, 2024. See CRD Disclosure Occurrence Composite for Occurrence 2350996, attached as Exhibit 20 at p. 2.

<sup>37</sup> See Executed Consent to Plan of Heightened Supervision dated November 1, 2024, attached as Exhibit 21.

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 messaging 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 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 Firms agree to the following:

1. The Firms shall comply with all of the undertakings outlined in the SEC Order.
2. The Firms shall maintain copies of all correspondence between the respective Firms 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 Firms shall maintain copies of all such correspondence in a readily accessible place for ease of review by FINRA staff.
3. The Firms 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 Firms shall maintain copies of all certifications in a readily accessible place for ease of review by FINRA staff.
4. The Firms 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 Firms 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 (“LOA”) in this matter, to the extent that they have 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 Firms shall conduct training for all associated persons regarding the Digital Communication Channels that the Firms have approved for business communication, along with the Firms’ current policies regarding retention of business-related electronic communications. The Firms 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 Firms shall conduct the training described in Paragraph 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 Firms 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 Firms shall, to the extent that they have not already done so, establish and maintain a written list(s) of all Digital Communication Channels that their associated persons are permitted to use to communicate about Firm business. The list(s) shall be circulated to all of the respective Firm's associated persons at least on a semi-annual basis, for a term of six years from the date of the LOA. The Firms 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 Firms. The Firms shall maintain a record of all requests and approvals or rejections of each request, including the date of the requests and the respective Firm's decision. The Firms shall maintain copies of such requests and decisions in a readily accessible place for ease of review by FINRA staff.
  8. The Firms 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 the Firms' business. The Firms shall maintain records of such disclosures in a readily accessible place for ease of review by FINRA staff.
  9. Subject to Paragraph 7 above, the Firms shall prohibit associated persons from using Off-Channel Communications.
  10. Within 90 days of the LOA, the Firms shall, to the extent that they have 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 respective Firm and retained in compliance with relevant securities laws and regulations. For a term of six years from the date of the LOA, the Firms shall maintain a record of all such Off-Channel Communications, including a record of the respective 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 Firms shall, to the extent that they have not already done so, develop and maintain written supervisory policies and procedures detailing the respective Firm's processes for disciplining associated persons who use Off-Channel Communications to communicate about the Firms' business. When the Firms use the disciplinary process, the Firms shall document each instance. The Firms 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 Firms shall obtain written approval from FINRA's Statutory Disqualification Group prior to changing any provision of the Supervision Plan.

14. The Firms 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 each Firm's request to continue its membership with FINRA, subject to the terms and conditions set forth herein. In evaluating the Applications submitted by BNYMSC and Pershing, FINRA assessed whether the Firms have demonstrated that their 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 Firms' 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 Firms were not expelled or suspended, nor were any limitations placed on the Firms' 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 Firms 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. Moreover, the Firms represent that the full amount of the civil monetary penalty was paid, and they are in compliance with the undertakings in that they retained a compliance consultant who is reviewing the Firms' record retention practices.<sup>38</sup>

Member Supervision also acknowledges that within the SEC Order the Commission considered each Firms' prompt remedial actions and cooperation with the Commission when determining to accept the Offer of Settlement. Specifically, the Firms enhanced their policies and procedures, increased training concerning the use of approved communications methods, and began implementing significant changes to the technology available to personnel.<sup>39</sup>

In evaluating the Firms' Applications, FINRA acknowledges both BNYMSC and Pershing have limited regulatory and disciplinary histories, which should not prevent the Firms from

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<sup>38</sup> *See* Exhibit 5.

<sup>39</sup> *See* Exhibit 1 at FINRA pp. 16, 17 and Exhibit 2 at FINRA pp. 16, 17.

continuing in FINRA membership. Member Supervision also notes that there are no recent examination findings pertaining to BNYMSC. With respect to Pershing's recent examinations findings and exceptions, the Firm took steps to resolve them, which include enhancing policies and procedures and providing additional training. Following the approval of the Firms' continued membership in FINRA, FINRA intends to utilize its examination and surveillance processes to monitor the Firms' continued compliance with the standards prescribed by Exchange Act Rule 19h-1 and FINRA Rule 9523.

FINRA is further reassured by the controls set in place by the Firms' Supervision Plan which bolster the undertakings outlined in the SEC Order and will continue to provide oversight of the Firms and compliance with its remaining undertakings. In accordance with the Plan, the Firms agreed to conduct annual training for all associated persons, including new hires, regarding each Firm's approved digital communication methods and record retention policies for electronic communications. Further, the Plan calls for the Firms 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 each 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 Firms are aware of the communication methods being used by associated persons so that they can appropriately monitor, capture, and retain those communications. Additionally, the Plan mandates that each 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.

Thus, FINRA is satisfied, based on the foregoing and on the Firms' representations made pursuant to the Supervision Plan, that the Firms' 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 BNYMSC's and Pershing's Application to continue their membership with FINRA.

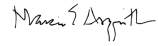
FINRA certifies that the Firms meet all qualification requirements and represents that the Firms are registered with several other SROs. BNYMSC is a member of NSCC. Pershing is a member of the following: BOX, BYX, BZX, C2, EDGA, EDGX, Cboe, IEX, LTSE, MEMX, MIAX Emerald, MIAX PEARL, MIAX Sapphire, MIAX, NYSE American, NYSE Arca, NYSE Chicago, NYSE National, BX, ISE, GEMX, MRX, PHLX, Nasdaq, NYSE, DTC, FICC-GOV, FICC-MBS, and NSCC.

The SROs have been provided with the terms and conditions of BNYMSC and Pershing'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 Firms 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-2417 and SD-2418

1. BNYMSC MC-400A and related attachments compiled by CRED, with a cover memorandum dated September 9, 2024.
2. Pershing MC-400A and related attachments compiled by CRED, with a cover memorandum dated September 9, 2024.
3. SEC Order, *In re BNY Mellon Securities Corporation and Pershing LLC*, Exchange Act Release No. 100712 (Aug. 14, 2024).
4. Order, *In re Off-Channel Communications at Registered Entities*, Securities Act Release No. 11298 (Aug. 14, 2024).
5. BNYMSC Discovery Responses dated November 1, 2024, and Pershing Discovery Responses dated November 4, 2024.
6. CRD Excerpt - BNYMSC Organization Registration Status.
7. CRD Excerpt - Pershing Organization Registration Status.
8. CRD Excerpt - BNYMSC Types of Business.
9. CRD Excerpt - Pershing Types of Business and Other Business Descriptions.
10. Disposition Letter and Examination Report for Examination No. 20230769942 dated July 7, 2023.
11. Disposition Letter for Examination No. 20220734146 dated March 2, 2023, Examination Report dated December 30, 2022, and Firm Response dated January 13, 2023.
12. CAL for Examination No. 20230785958 dated March 15, 2024, and Firm Response dated March 27, 2024.
13. Disposition Letter for Examination No. 20180594152 dated August 24, 2023, Examination Report dated June 30, 2023, and Firm Response dated August 18, 2023.
14. SEC Examination Letter, SEC File No. 8-17574 dated September 26, 2023.
15. Pershing FINRA AWC 2020066661101 dated September 16, 2024.
16. Pershing CRD Disclosure Occurrence Composite for Occurrence 2358444.
17. Pershing FINRA AWC 2021073236801 dated August 6, 2024.
18. Pershing CRD Disclosure Occurrence Composite for Occurrence No. 2352188.

19. Pershing FINRA AWC 2022073805701 dated July 31, 2024.
20. Pershing CRD Disclosure Occurrence Composite for Occurrence No. 2350996.
21. Executed Consent to Plan of Heightened Supervision, dated November 1, 2024.