

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

**Certified, Return Receipt Requested**

**TO: BMA Securities, LLC  
Mr. Burt Arnold  
President  
2321 Rosecrans Avenue  
Suite 3285  
El Segundo, CA 90245**

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

**DATE: May 21, 2018**

**RE: Notice of Acceptance of Letter of Acceptance, Waiver and Consent No. 20160511369-01**

**Please be advised** that your above-referenced Letter of Acceptance, Waiver and Consent ("AWC") has been accepted on **May 21, 2018** by the Nasdaq Review Council's Review Subcommittee, or by the Office of Disciplinary Affairs on behalf of the Nasdaq Review Council, pursuant to Nasdaq Rule 9216. A copy of the AWC is enclosed herewith.

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

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

BMA Securities, LLC  
Page 2

If you have any questions concerning this matter, please contact me at (240) 386-5314.



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Robert A. Gomez  
Principal Counsel  
Department of Enforcement, FINRA

Signed on behalf of NASDAQ

Enclosure

FINRA District 2 – Los Angeles  
Donald K. Lopezi  
Senior Vice President and Regional Director  
(Via email)

**THE NASDAQ STOCK MARKET LLC**  
**LETTER OF ACCEPTANCE, WAIVER AND CONSENT**  
**NO. 20160511369-01**

TO: The Nasdaq Stock Market LLC  
c/o Department of Enforcement  
Financial Industry Regulatory Authority ("FINRA")

RE: BMA Securities, LLC, Respondent  
Broker-Dealer  
CRD No. 108219

Pursuant to Rule 9216 of The Nasdaq Stock Market LLC ("Nasdaq") Code of Procedure, BMA Securities, LLC (the "firm" or "Respondent") submits this Letter of Acceptance, Waiver and Consent ("AWC") for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, Nasdaq will not bring any future actions against Respondent alleging violations based on the same factual findings described herein.

**I.**

**ACCEPTANCE AND CONSENT**

- A. Respondent hereby accepts and consents, without admitting or denying the findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of Nasdaq, or to which Nasdaq is a party, prior to a hearing and without an adjudication of any issue of law or fact, to the entry of the following findings by Nasdaq:

**BACKGROUND**

The firm became a member of FINRA on July 5, 2001 and of Nasdaq on July 12, 2006. The firm's registration remains in effect. The firm has no relevant disciplinary history.

**SUMMARY**

The staff of the Market Analysis Section of the Department of Market Regulation at FINRA (the "Staff") conducted a review of the firm's compliance with Nasdaq Rule 4613(a) during the period from January 1, 2015 through June 30, 2015 (the "review period"). Based on its review, the Staff determined that the firm violated Nasdaq Rules 4613(a), 3010 and 2010A, as set forth below.

**FACTS AND VIOLATIVE CONDUCT**

**Market Maker Quoting Obligations**

1. Pursuant to Nasdaq Rule 4613(a), for each National Market System (NMS) security in which a Nasdaq member is registered as a market maker, the member is required to maintain a continuous two-sided trading interest, during regular market hours, at

prices within certain parameters expressed as a percentage referenced from the National Best Bid or Offer (“NBBO”).

2. During the review period, the firm, in 92 instances,<sup>1</sup> failed to maintain a continuous two-sided trading interest, during regular market hours, at prices within certain percentages away from the NBBO. The violations occurred because the firm did not ensure that the order management system that it used to manage its quotes for Nasdaq stocks was functioning properly. The conduct described in this paragraph constitutes separate and distinct violations of Nasdaq Rule 4613(a).

### Supervision

3. Nasdaq Rule 3010(a) provides, “Each member shall establish and maintain a system to supervise the activities of each registered representative and associated person that is reasonably designed to achieve compliance with applicable securities laws and regulations with applicable Nasdaq rules.”
4. Nasdaq Rule 2010A provides, “A member, in the conduct of its business, shall observe high standards of commercial honor and just and equitable principles of trade.”
5. During the review period, the firm’s supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to Nasdaq Rule 4613(a). Specifically, the firm’s written supervisory procedures did not include steps to ensure that the firm maintained a continuous two-sided quotation in the securities in which it was registered as a market maker. Moreover, although the firm’s written supervisory procedures referenced certain reports that were supposed to be reviewed to help ensure compliance with Nasdaq Rule 4613(a), the reports did not identify or self-detect the firm’s violations of Nasdaq Rule 4613(a). The conduct described in this paragraph constitutes a violation of Nasdaq Rules 3010 and 2010A.<sup>2</sup>

B. Respondent also consents to the imposition of the following sanctions:

1. A censure; and
2. A fine of \$12,500 (\$7,500 for the market making quoting obligation violations and \$5,000 for the supervision violations).

Respondent agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. It has submitted an Election of

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<sup>1</sup> This is the number of validated violations based on a sample.

<sup>2</sup> In view of steps that the firm has already taken to enhance its supervisory procedures to ensure compliance with its quoting obligations, an undertaking is not being ordered in this matter.

Payment form showing the method by which it proposes to pay the fine imposed.

Respondent specifically and voluntarily waives any right to claim that it is unable to pay, now or at any time hereafter, the monetary sanction imposed in this matter.

The sanctions imposed herein shall be effective on a date set by FINRA staff.

## II.

### WAIVER OF PROCEDURAL RIGHTS

Respondent specifically and voluntarily waives the following rights granted under Nasdaq's Code of Procedure:

- A. To have a formal Complaint issued specifying the allegations against the firm;
- B. To be notified of the formal Complaint and have the opportunity to answer the allegations in writing;
- C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made and to have a written decision issued; and
- D. To appeal any such decision to the Nasdaq Review Council and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, Respondent specifically and voluntarily waives any right to claim bias or prejudgment of the Chief Regulatory Officer, the Nasdaq Review Council, or any member of the Nasdaq Review Council, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including acceptance or rejection of this AWC.

Respondent further specifically and voluntarily waives any right to claim that a person violated the *ex parte* prohibitions of Nasdaq Rule 9143 or the separation of functions prohibitions of Nasdaq Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

## III.

### OTHER MATTERS

Respondent understands that:

- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by FINRA's Department of Enforcement and the Nasdaq Review Council, the Review Subcommittee, or the Office of Disciplinary Affairs ("ODA"), pursuant to Nasdaq Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of

the allegations against Respondent; and

C. If accepted:

1. This AWC will become part of the firm's permanent disciplinary record and may be considered in any future actions brought by Nasdaq or any other regulator against the firm;
2. Nasdaq may release this AWC or make a public announcement concerning this agreement and the subject matter thereof in accordance with Nasdaq Rule 8310 and IM-8310-3; and
3. Respondent may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. Respondent may not take any position in any proceeding brought by or on behalf of Nasdaq, or to which Nasdaq is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects the firm's: (a) testimonial obligations; or (b) right to take legal or factual positions in litigation or other legal proceedings in which Nasdaq is not a party.

D. Respondent may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. The firm understands that it may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute factual or legal findings by Nasdaq, nor does it reflect the views of Nasdaq or its staff.



### ELECTION OF PAYMENT FORM

The firm intends to pay the fine proposed in the attached Letter of Acceptance, Waiver and Consent by the following method (check one):

A firm check or bank check for the full amount; or

Wire transfer.

Respectfully submitted,  
Respondent  
BMA Securities, LLC

5/10/2018

Date

By: B. Arnold

Name: Burt Arnold

Title: Pres.

### Billing and Payment Contact

Please enter the billing contact information below. Nasdaq MarketWatch will contact you with billing options and payment instructions. *Please DO NOT submit payment until Nasdaq has sent you an invoice.*

Billing Contact Name: JENNIFER BURKHARD

Billing Contact Address: 2321 ROSECRANS AVE SUITE 3285 EL SEGUNDO, CA

Billing Contact Email: JBURKHARD@BMASECURITIES.COM 90245

Billing Contact Phone Number: 310-544-3545