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Mail: P.O. BOX 13167
AUSTIN, TEXAS 78711-3167

Phone: (512) 305-8300
Facsimile: (512) 305-8310

Texas State Securities Board

208 E. 10th Street, 5th Floor
Austin, Texas 78701-2407
www.ssb.state.tx.us

IN THE MATTER OF
THE DEALER REGISTRATION OF
TD AMERITRADE, INC.

§
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Order No. IC15-CAF-01

TO: J. Thomas Bradley
TD Ameritrade, Inc. (CRD #7870)
200 South 108th Avenue
Omaha, NE 68154

CONSENT ORDER

Be it remembered that TD Ameritrade, Inc. ("Respondent") appeared before the Securities Commissioner of the State of Texas ("Securities Commissioner") and consented to the entry of this order ("Order") and the Findings of Fact and Conclusions of Law contained herein.

FINDINGS OF FACT

1. Respondent has waived (a) Respondent's rights to notice and hearing in this matter; (b) Respondent's rights to appear and present evidence in this matter; (c) Respondent's rights to appeal this Order; and (d) all other procedural rights granted to the Respondent by The Securities Act, Tex. Rev. Civ. Stat. Ann. arts. 581-1 to 581-43 (West 2010 & Supp. 2014)("Texas Securities Act"), and the Administrative Procedure Act, Tex. Gov't Code Ann. §§ 2001.001 to 2001.902 (West 2008 & Supp. 2014)("Administrative Procedure Act").
2. On July 28, 1983, Respondent registered with the Securities Commissioner as a dealer. This registration is currently effective.
3. Respondent provides brokerage and custody services to retail clients through its Retail division and to persons and entities acting as independent investment advisers ("Advisers") providing investment advisory services to clients through its Institutional division ("Institutional Platform").
4. In connection with the Institutional Platform, the Advisers' clients open securities accounts with Respondent. As such, the Advisers' clients are also customers of Respondent.

5. Respondent handles the transferring of funds from a customer's account to the account of a third party.

Third-Party Wire Transfers

6. Respondent's processes relating to third-party wire transfers through the Institutional Platform require written instructions from the customer which may be conveyed through the customer's designated Adviser instructing Respondent to make a one-time or reoccurring wire transfer to a third-party. Such instructions provide the amount to be transferred, the third party's name and account information, and the signature of the customer.
7. Prior to February 2011, Respondent's processes relating to third-party wire transfers through the Institutional Platform included the issuance of a notice to the customer of the transfer ("Disbursement Notice") in certain circumstances.
8. In February 2011, Respondent adopted a written procedure for Institutional Platform accounts requiring the issuance of a Disbursement Notice in each one-time third-party wire or at origination of standing instructions for reoccurring third-party wires.
9. Until August 2014, the delivery of the Disbursement Notices to Institutional Platform accounts relied on a manual process.
10. The manual process required the daily creation of a list of disbursements, aggregation of multiple disbursements if applicable, gathering the necessary information such as the amount of the disbursement and address of record for the account, and preparation and mailing of the Disbursement Notices.
11. In August 2014, the manual process for delivery of Disbursement Notices to Institutional Platform accounts was automated, resulting in the electronic generation and issuance of Disbursement Notices.
12. Unlike the Institutional Platform, at all relevant times Respondent's Retail division procedures required delivery of Disbursement Notices in Retail accounts in connection with third-party wire transfers.
13. The process for delivering Disbursement Notices in Retail accounts was automated.

Respondent Failed to Send Disbursement Notices

14. In 2014, the staff of the Texas State Securities Board ("Staff") conducted an investigation related to the third-party wire requests made by Respondent's customers on the Institutional Platform. In connection with this investigation, the Staff reviewed a sample of third-party wire disbursement requests made in the Institutional Platform accounts. The Staff's review period was from August 2012 through September 2013.

15. Of the requests reviewed by the Staff, Respondent failed to send a Disbursement Notice to customers in many instances of wire transfers to third-parties.
16. The failures to send the Disbursement Notice were due to the manual process described above. Thus, Respondent did not enforce its written supervisory procedures relating to the issuance of Disbursement Notices to Institutional Platform accounts from February 2011 through August 2014.
17. Pursuant to §115.10(b)(1) of the Rules and Regulations of the State Securities Board (the "Board Rules"), a dealer shall establish, maintain, and enforce written procedures to supervise the activities of its agents that are reasonably designed to achieve compliance with applicable securities laws.

Remedial Measures

18. From 2011 through early 2013, Respondent noticed through periodic supervision that the manual process for sending the Disbursement Notices was resulting in a deficiency to issue the Disbursement Notice to Institutional Platform accounts in some instances.
19. In July 2013 Respondent initiated a project to build an automated process to send the Disbursement Notices to Institutional Platform accounts. The automated process was fully deployed in August 2014.
20. Respondent provided significant cooperation throughout the Staff's investigation.

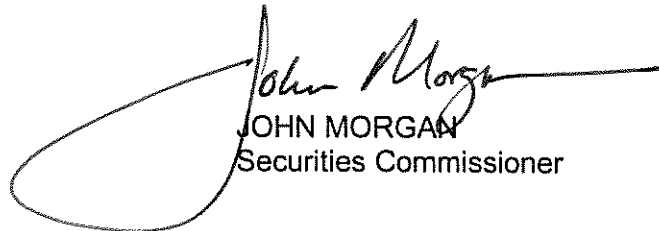
CONCLUSIONS OF LAW

1. Respondent's failures to enforce its written supervisory procedures constitute violations of §115.10(b)(1) of the Board Rules.
2. Respondent's violations of a Board Rule provide bases for the assessment of an administrative fine against Respondent pursuant to Section 23-1 of the Texas Securities Act.
3. Respondent's violations of a Board Rule also provide bases for the issuance of an Order reprimanding Respondent pursuant to Section 14.A(6) of the Texas Securities Act.

ORDER

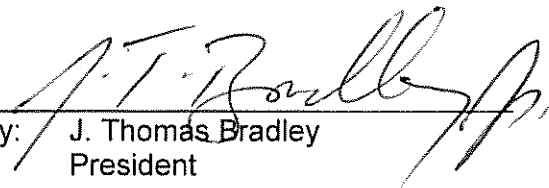
1. It is therefore ORDERED that TD Ameritrade, Inc. is hereby REPRIMANDED.
2. It is further ORDERED that TD Ameritrade, Inc. shall pay an ADMINISTRATIVE FINE in the amount of Three Hundred Thousand Dollars (\$300,000.00) to the general fund of the State of Texas within ten (10) days of the entry of this Order.
3. Respondent further agrees to contribute One Hundred Thousand Dollars (\$100,000.00) within ten (10) days of the entry of this Order to be used for investor education efforts in Texas to the Investor Education Fund of the Investor Protection Trust, 1020 Nineteenth Street NW, Suite 890, Washington, D.C., 20036-6123.

SIGNED AND ENTERED BY THE SECURITIES COMMISSIONER this 27th
day of July, 2015.


JOHN MORGAN
Securities Commissioner

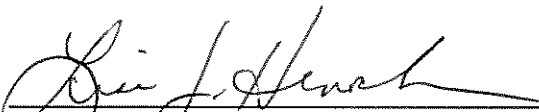
Respondent:


TD Ameritrade, Inc.


By: J. Thomas Bradley
President

Approved as to Form:


Ronak V. Patel
Deputy Securities Commissioner

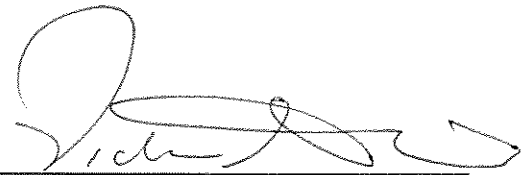

Lisa J. Henoch
Deputy General Counsel
TD Ameritrade, Inc.


Clinton T. Edgar
Attorney
Inspections and Compliance Division

ACKNOWLEDGMENT

On the 20th day of July, 2015, TD Ameritrade, Inc. ("Respondent"), by and through J. Thomas Bradley, appeared before me, executed the foregoing Order, and acknowledged that:

1. J. Thomas Bradley is duly authorized to enter into the foregoing Order on behalf of Respondent;
2. J. Thomas Bradley has read the foregoing Order;
3. Respondent has been fully advised of its rights under the Texas Securities Act and the Administrative Procedure Act;
4. Respondent knowingly and voluntarily consents to the entry of the foregoing Order and the Findings of Fact and Conclusions of Law contained therein; and
5. Respondent, by consenting to the entry of the foregoing Order, has knowingly and voluntarily waived its rights as set forth therein.



Notary Public in and for
the State of New Jersey

My commission expires on: 5/4/17

[affix notary seal here]

