

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2023077005701**

TO: Department of Enforcement
Financial Industry Regulatory Authority (FINRA)

RE: Curvature Securities LLC (Respondent)
Member Firm
CRD No. 169708

Pursuant to FINRA Rule 9216, Respondent Curvature Securities LLC (“Curvature” or the “firm”) 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, FINRA will not bring any future actions against Respondent alleging violations based on the same factual findings described in this AWC.

I.

ACCEPTANCE AND CONSENT

- A. Respondent accepts and consents to the following findings by FINRA without admitting or denying them:

BACKGROUND

Curvature has been a FINRA member since 2014 and is based in Chatham, New Jersey. It currently employs approximately 35 registered individuals in two branch offices.¹

OVERVIEW

From February 28, 2023 through October 6, 2023, Curvature failed to accurately calculate its required customer reserve on 32 occasions, resulting in 27 hindsight deficiencies ranging from \$20,906 to \$6,846,329. The firm’s failure to accurately calculate its customer reserve obligations caused the firm to maintain inaccurate books and records and to make eight FOCUS filings inaccurately reporting its customer reserve. As a result of the foregoing, Curvature violated Sections 15(c) and 17(a) of the Securities Exchange Act of 1934 (the “Exchange Act”), Rules 15c3-3, 17a-3, 17a-4, and 17a-5 thereunder, and FINRA Rules 4511 and 2010.

¹ For more information about the firm, visit BrokerCheck® at www.finra.org/brokercheck.

FACTS AND VIOLATIVE CONDUCT

This investigation originated from FINRA’s 2023 cycle examination of the firm.

A. Curvature Did Not Maintain a Sufficient Balance in its Customer Reserve Account

Exchange Act Rule 15c3-3, also known as the “Customer Protection Rule,” protects customer assets from being improperly used by a broker-dealer for its own purposes, and ensures the prompt return of customer assets in the event of a broker-dealer’s insolvency, by requiring broker-dealers: (i) to maintain a special reserve bank account for the benefit of customers; and (ii) to fund the reserve account in an amount determined by using the calculation contained in the Rule.

In general, the reserve formula requires a broker-dealer to calculate any amounts it owes customers, called credits, and compare the credits to any amounts customers owe it, called debits. If credits exceed debits, the broker-dealer must deposit the difference in the reserve account. A hindsight deficiency occurs when a broker-dealer discovers that it previously failed to make a sufficient deposit in its reserve account.

A violation of Exchange Act Rule 15c3-3 is also a violation of FINRA Rule 2010, which requires members and their associated persons to “observe high standards of commercial honor and just and equitable principles of trade” in the conduct of their business.

From February 28, 2023 through October 6, 2023, Curvature improperly calculated its customer reserve formula on 32 occasions. As a result, Curvature did not make sufficient deposits into its reserve account, resulting in 27 hindsight deficiencies ranging from \$20,906 to \$6,846,329 and totaling \$29,233,133.

Each of the 27 hindsight deficiencies resulted from Curvature inadvertently omitting the short market values of securities in its customers’ cash and margin accounts, and related withholding taxes, when making its weekly customer reserve calculation, as required by Exchange Act Rule 15c3-3. This error resulted from the firm mistakenly relying on a data source for its computation that excluded its customers’ short market values of securities.²

By virtue of the foregoing conduct, Curvature violated Exchange Act § 15(c), Rule 15c3-3 thereunder, and FINRA Rule 2010.

² Starting in mid-October 2023, to address its error and properly calculate its customer reserve formula, Curvature took prompt remedial steps by using a comprehensive data source for its customer reserve computation and resolved the hindsight deficiencies in its customer reserve account.

B. Curvature Maintained Inaccurate Books and Records

FINRA Rule 4511 requires each FINRA member to, among other things, make and preserve books and records in conformity with Exchange Act § 17(a) and Rules 17a-3 and 17a-4 thereunder. Exchange Act Rule 17a-3(a)(11) requires broker-dealers to make and keep current a record of the proof of money balances of all ledger accounts in the form of trial balances and a record of the computation of aggregate indebtedness and net capital as of the trial balance date. Exchange Act Rule 17a-4(b)(5) requires broker-dealers to preserve all trial balances and computations of aggregate indebtedness and net capital, among other things. An SEC Interpretation of this Rule states that all reserve computations and supporting documents made pursuant to Rule 15c3-3(e)(3) are included within this requirement.

Implicit in the record-keeping rules is the requirement that the firm's books and records be accurate. A violation of Exchange Act § 17(a), Rules 17a-3 and 17a-4, and FINRA Rule 4511 is also a violation of FINRA Rule 2010.

As described above, Curvature inadvertently relied on incomplete data when calculating its customer reserve requirement on 32 different occasions between February 28, 2023 through October 6, 2023. As a result, Curvature created and maintained inaccurate books and records in violation of Exchange Act § 17(a), Rules 17a-3 and 17a-4 thereunder, and FINRA Rules 4511 and 2010.

C. Curvature Filed Eight Inaccurate FOCUS Reports

Section 17(a) of the Exchange Act and Rule 17a-5(a) thereunder require FINRA-regulated broker-dealers to prepare and file monthly or quarterly FOCUS reports containing certain accurate accounting and financial information, including the amount the firm is required to maintain in its reserve account. The filing of an inaccurate FOCUS report is a violation of Exchange Act §17(a), Rule 17a-5(a)(2) thereunder, and FINRA Rule 2010.

Because Curvature did not include all necessary data when calculating its reserve account requirement, the firm filed eight FOCUS reports for the months-ending February 2023 through September 2023 that inaccurately reflected the firm's customer reserve obligation. By virtue of the foregoing, the firm also violated Exchange Act §17(a), Rule 17a-5(a)(2) thereunder, and FINRA Rule 2010.

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

- a censure and
- a \$50,000 fine.

Respondent agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. Respondent has submitted an Election of Payment form showing the method by which it proposes to pay the fine imposed.

Respondent specifically and voluntarily waives any right to claim an inability to pay, now or at any time after the execution of this AWC, the monetary sanction imposed in this matter.

The sanctions imposed in this AWC shall be effective on a date set by FINRA.

II.

WAIVER OF PROCEDURAL RIGHTS

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

- A. To have a complaint issued specifying the allegations against it;
- B. To be notified of the 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 National Adjudicatory Council (NAC) 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 Legal Officer, the NAC, or any member of the NAC, 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.

Respondent further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of FINRA Rule 9143 or the separation of functions prohibitions of FINRA 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

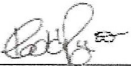
Respondent understands that:

- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs (ODA), pursuant to FINRA 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 Respondent's permanent disciplinary record and may be considered in any future action brought by FINRA or any other regulator against Respondent;
 2. this AWC will be made available through FINRA's public disclosure program in accordance with FINRA Rule 8313;
 3. FINRA may make a public announcement concerning this agreement and its subject matter in accordance with FINRA Rule 8313; and
 4. 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 FINRA, or to which FINRA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects Respondent's right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party. Nothing in this provision affects Respondent's testimonial obligations in any litigation or other legal proceedings.
- D. Respondent may attach a corrective action statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondent 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 FINRA, nor does it reflect the views of FINRA.

The undersigned, on behalf of Respondent, certifies that a person duly authorized to act on Respondent's behalf has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that Respondent has agreed to the AWC's provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth in this AWC and the prospect of avoiding the issuance of a complaint, has been made to induce Respondent to submit this AWC.

February 5, 2025
Date

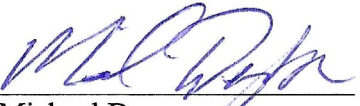


Curvature Securities LLC
Respondent

Print Name: Todd Pigott

Title: CCO

Reviewed by:

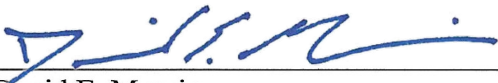


Michael Dyson
Meghan Rohan
Counsel for Respondent
Sullivan & Worcester LLP
1251 Avenue of the Americas
19th Floor
New York, NY 10020

Accepted by FINRA:

Signed on behalf of the
Director of ODA, by delegated authority

February 6, 2025
Date



David E. Marvin
Counsel, Enforcement
FINRA
Department of Enforcement
1700 K Street NW
Washington, DC 20006

CORRECTIVE ACTION STATEMENT
ON BEHALF OF CURVATURE SECURITIES LLC
FINRA MATTER NO. 2023077005701

This Corrective Action Statement is submitted by the Respondent, Curvature Securities LLC (the “Firm”) (CRD No. 169708), in connection with the Letter of Acceptance, Waiver and Consent (“AWC”) in FINRA Matter No. 2023077005701. It does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA.

The Firm has undertaken several steps designed to remediate the error identified in the AWC and to prevent future violations. In acknowledging the error, the Firm took prompt remedial steps to update its written supervisory procedures and enhance its controls for changing functions in the applicable reserve formula in the following manner:

- Documenting any proposed changes to the formula or the Firm’s reserve calculation spreadsheet;
- Instituting mandatory review of the proposed changes by the Firms’ President and, upon approval, sign-off approval by the Firm’s Chief Compliance Officer;
- Implementing mandatory weekly meetings between the Firm’s FINOP and the FINOP’s designees to review and verify the reserve calculation and discuss any material changes to the customer reserve amount from the previous week; and
- If material changes are observed, the FINOP is required to elevate such changes to the Firm’s President and Chief Compliance Officer in writing via email.

Going forward, with the Firm’s enhanced controls fully implemented, the error will not reoccur.