UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

DIVISION OF
CORPORATION FINANCE

March 13, 2026

Patrick M. Smith
Katten Muchin Roseman LLP
525 W. Monroe Street
Chicago, IL 60661-3693

Re: **Wedbush Securities Inc.**
Waiver of disqualification pursuant to Rule 506(d)(2)(ii) of Regulation D

Dear Patrick M. Smith:

This is in response to your letter dated March 12, 2026 ("Waiver Letter"), written on behalf of Wedbush Securities Inc. ("Wedbush"), related to the Commission's December 15, 2021 order against Wedbush pursuant to Sections 15(b) and 21C of the Securities and Exchange Act of 1934 and Section 203(e) of the Investment Advisers Act of 1940 (the "Order"). Entry of the Order resulted in Wedbush being disqualified from relying on Rule 506 of Regulation D under the Securities Act of 1933. Wedbush requests relief from that disqualification.

Based on the facts and representations in the Waiver Letter, we have determined that Wedbush has made a showing of good cause under Rule 506(d)(2)(ii) of Regulation D that it is not necessary under the circumstances to deny it reliance on Rule 506. Any different facts from those represented or Wedbush's failure to comply with the terms of the Order would require us to revisit our determination and the Commission reserves the right, in its sole discretion, to revoke or further condition the waiver under those circumstances.

For the Commission, by the Division of Corporation Finance, pursuant to delegated authority.

Sincerely,

/s/ M. Hughes Bates

M. Hughes Bates
Chief, Office of Enforcement Liaison
Division of Corporation Finance

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March 12, 2026

Via Electronic Mail

Office of Enforcement Liaison
Division of Corporation Finance
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549-3628

Re: In the Matter of Wedbush Securities, December 15, 2021

Dear Office of Enforcement Liaison:

We write on behalf of Wedbush Securities Inc. ("Wedbush" or the "Firm") in connection with the above-referenced settled administrative proceeding (the "2021 OIP") and related disqualifications.

The Firm has been subject to the disqualification provisions in Regulations D (the "Disqualification") as a result of the Commission finding that Wedbush violated Section 5 of the Securities Act of 1933 (the "Securities Act") by failing to discharge its due diligence obligations under Section 4(a)(4) of the Securities Act with respect to trading activity more than six years ago by a former customer of the Firm's Prime Brokerage group and the requirement in the 2021 OIP that Wedbush retain an independent compliance consultant (the "ICC") to evaluate certain aspects of its business.

Wedbush has dutifully executed the substantive obligations under the 2021 OIP, including by making material enhancements to its procedures and systems of compliance following the recommendations of the ICC. Moreover, Wedbush has steadfastly avoided recurring anti-money laundering ("AML") and due diligence compliance issues since the events underlying the 2021 OIP concluded. It has done so while other of its business units that were not involved in the compliance matters described in the 2021 OIP have been significantly impacted due to the ongoing Disqualifications. Accordingly, we respectfully request that the Commission, or the Staff pursuant to delegated authority, grant a waiver of any disqualification provisions that Wedbush may be subject to pursuant to Regulation D as a result of the 2021 OIP.

BACKGROUND

In the 2021 OIP, the Commission accepted Wedbush's Offer of Settlement, without admitting or denying the findings, except as to the Commission's jurisdiction over it and the subject matter of the proceeding. In the 2021 OIP, the Commission found that:

1. From January 2017 through September 2018 (the "Relevant Period"), Wedbush, a registered broker-dealer, violated Sections 5(a) and 5(c) of the Securities Act when it engaged in unregistered offers and sales of large blocks of low-priced securities by an offshore customer. No registration statement was in effect as to Wedbush's offers and sales of the securities at issue, and no exemption from registration was applicable to them. Although brokers may rely on an exemption under Section 4(a)(4) of the Securities Act, this exemption would be available to Wedbush only if, after conducting a reasonable inquiry into the facts surrounding the sales at issue, Wedbush was not aware of facts indicating that its offshore customer was engaging in an unlawful distribution of securities. Wedbush offered and executed sales for its customer without conducting a reasonable inquiry during the relevant time-period.

2. In addition, Wedbush violated Section 17(a) of the Securities Exchange Act of 1934 (the "Exchange Act") and Rule 17a-8 thereunder. Wedbush's policies and procedures acknowledged a heightened risk of illegal unregistered offerings associated with the sale of low-priced securities in general, and specifically when a customer deposits large blocks of thinly traded or low-priced securities; engages in a pattern of depositing securities, selling the shares shortly thereafter, and wiring out the proceeds; deposits shares of a publicly traded company that has undergone a recent name change; or makes sales coinciding with a sudden spike in trading volume or stock price. Despite the red flags, Wedbush failed to file suspicious activity reports.

The 2021 OIP required Wedbush to (1) pay disgorgement of $173,508.40 and prejudgment interest of $34,332.16; (2) pay a civil money penalty in the amount of $1,000,000; and (3) retain an ICC to conduct a comprehensive review of Wedbush's supervisory, compliance and other policies and procedures reasonably designed to prevent violations of the federal securities laws by Wedbush and its employees, involving: (1) firm wide internal audit and corporate governance policies and procedures; (2) Wedbush's retail and institutional securities businesses with respect to (a) customer onboarding; (b) Know Your Customer; (c) AML; (d) review of customer's purchases, sales, transfers, and/or deposits of securities; and (e) market access; (3) all remedial measures adopted by Wedbush in connection with regulatory enforcement actions since 2014; and (4) Wedbush's compliance with any disqualification(s)

under Rule 506 of Regulation D and Regulation A of the Securities Act, including policies and procedures to ensure compliance with any disqualification.

DISCUSSION

Wedbush requests that the Commission waive the ongoing Disqualification stemming from the 2021 OIP under Regulation D.[1] The Commission (or the Staff pursuant to delegated authority) has the authority to waive the Disqualification upon a showing of good cause that such Disqualification are not necessary under the circumstances. *See* 17 C.F.R. § 230.506(d)(2)(ii) (Regulation D). Wedbush cites the following as evidence that good cause exists for the Commission to grant such a waiver.

The Misconduct Involved the Offer and Sale of Securities by a Customer in a Discrete Business Line

The conduct set forth in the 2021 OIP related to a fraudulent scheme by a former customer of Wedbush's Prime Brokerage group. The 2021 OIP described the scheme as involving the deposit and subsequent sale of unregistered, low-priced securities through the former customer's Wedbush account. The Section 5 violations in the 2021 OIP stem from a finding that personnel in the Firm's Prime Brokerage group failed to perform sufficient due diligence on those low-priced securities transactions. The Section 17 violations in the 2021 OIP arise from the Firm's failure to timely file SARs with respect to certain of those transactions. While Wedbush ultimately filed a SAR with respect to the customer's activity, the Firm's AML surveillance program had certain latent gaps (which were identified prior to the 2021 OIP and promptly remediated) that resulted in delay.

Despite Being Subject to the SEC's "Bad Actor" Disqualifications, Wedbush Did Not Violate Any Scienter-Based Securities Laws

None of the violations alleged in the 2021 OIP is scienter-based.

The Duration of the Misconduct

The 2021 OIP states that Wedbush's violations occurred between January 2017 and September 2018.

[1] Wedbush also was subject to certain statutory disqualifications due to the imposition of the independent compliance consultant under the 2021 Order. Wedbush has satisfied the independent compliance consultant terms of the 2021 Order and is seeking only a waiver of the Disqualification.

Responsibility for the Misconduct

Wedbush, as an entity, was responsible for the violations at issue in the 2021 OIP. The Firm promptly addressed the relevant shortcomings in its policies and systems that, at least for a period of time, did not detect the former customer's misconduct described in the 2021 OIP. The 2021 OIP did not find that any Wedbush personnel, including management, condoned, encouraged, or knowingly ignored these violations.

Wedbush Has Taken Significant Remedial Action

Beginning prior to the entry of the 2021 OIP, and continuing over the past three years through its work with the ICC, Wedbush has taken significant remedial steps to address the conduct and prevent a recurrence of the violations at issue in the 2021 OIP as well as substantially improve its regulatory compliance.

Over the past three years, the Firm's ICC conducted a broad review of Wedbush's supervisory and compliance policies and procedures across numerous business lines related to a variety of relevant subject matters, including the Know-Your-Customer rule, AML rules and regulations, and regulations governing customers' deposit, purchase, and sale of securities. The ICC specifically reviewed the Firm's policies, procedures and controls with respect to the deposit and sale of low-priced securities,[2] and made a number of recommendations for improvement, which the Firm addressed to the ICC's satisfaction. The ICC's review and the Firm's responses to the ICC's recommendations have addressed every aspect of the conduct at issue in 2021 OIP and more.

Through its work with the ICC, and as part of its independent response to the OIP, Wedbush has improved its procedures and controls relating to the deposit of low-priced securities, revamped its supervisory structure and hired additional qualified personnel, and improved its training of supervisors and staff. The Firm's changes and enhancements since the OIP have extended beyond just improvements to its procedures relating to the deposit of low-priced securities. The Firm has strengthened its overall supervision and regulatory compliance program, and the Firm has not suffered a significant due diligence or AML compliance shortfall since the conduct described in the 2021 OIP concluded.

Improved Policies, Procedures, and Internal Controls

As part of the Firm's work with the ICC, the ICC reviewed and made recommendations with respect to Firm's policies and procedures governing nearly every aspect of the Firm's business

[2] The Firm defines "low-priced securities" as securities that trade at or below $5 per share and/or have a market cap less-than or equal to $300 million

lines. As a result, the Firm has implemented several new policies and updated nearly all other policies since the OIP.

For example, the Firm implemented a new Compliance and Supervision Policy, which augments the Firm's existing compliance and supervisory procedures and clarifies the specific roles and responsibility for ensuring compliance with securities laws and regulations, the responsibility for remediation of any issues, and the responsibility for bringing matters to the attention of appropriate individuals in the compliance department and, if necessary, the Firm's disciplinary committee. This policy also provides a uniform process for the periodic review, updating, and approval of policies across the Firm.

As relevant to the conduct described in the OIP, the Firm has completely transformed the policies and procedures governing the deposit of low-priced securities and its AML program, with additional layers of controls across the Firm. The Firm's AML Program has adopted procedures relating to customer due diligence, which will assign a risk profile to customers based, in part, on whether the customer trades and/ or deposits low-priced securities. For example, a customer may be deemed "high risk" if they regularly deposit microcap and/or low-priced securities and/or engage in significant trading microcap/low priced securities. To the extent a "high risk" customer is approved to maintain a Wedbush account, it will be subject to heightened supervision, including enhanced transaction monitoring processes as well as monthly reporting of certain statistics to the Firm's Board of Directors. Additionally, the customer is subject to an annual customer identification/know your customer "refresh" review. Moreover, as discussed further detail below, the Firm's AML program has also adopted procedures and implemented appropriately designed controls related to the deposit of low-priced securities and trading in low-priced securities. The adequacy of the Firm's AML program is reviewed annually in multiple ways, including through an AML and OFAC Risk Assessment to help ensure that the Firm is adequately addressing and mitigating existing and emerging AML risks and has timely addressed any regulatory changes. In addition to an annual review and certification by external auditors, the Firm's Internal Audit Department conducts independent testing on the Firm's AML controls.

In connection with its enhancement to its procedure and controls for the acceptance of deposits of low-priced securities, the Firm's updated policy relating to the deposit of low-priced securities restricts the deposit of 10,000 shares or more of OTCQX, OTCQB, and pink sheet stocks.[3] In each instance, the Firm requires the completion of a Deposit Securities Request Questionnaire

[3] As discussed below, the Firm also monitors all deposits of low-priced securities through daily report in order to identify any customers who may attempt to circumvent the 10,000 share threshold by making multiple deposits over a number of days.

("DSRQ"), with supporting documentation to verify how the shares were acquired.[4] If the account holder cannot provide evidence that the shares were purchased on the open market (such as through purchase confirmation),[5] then the deposit will undergo additional scrutiny to confirm how the shares were acquired (e.g., through a review of the Securities Purchase Agreement, private placement offering or stock award).

Since the Relevant Period, Wedbush has significantly expanded the scope of information and related documentation that customers are required to furnish with respect to the deposit of restricted and low-priced securities. Specifically, Wedbush's DSRQ has been enhanced to require (1) information on other deposits of the same security at any other broker dealer within the last year (increased from 90 days); (2) detailed, chronological information on the acquisition of the security along with supporting documentation; and (3) a list of any extraordinary corporate events (e.g., stock splits, stock repurchase, listing or delisting change) within the last 90 days. The DSRQ also requires the Wedbush broker to verify certain information regarding the securities with the relevant transfer agent, including whether the shares are restricted.

The DSRQ and supporting documents are reviewed by the Firm's line of business supervisors as well a review by regulatory supervisory personnel in the Firm's operations department. The line of business supervisors are responsible for reviewing in their individual capacities: (a) the adequacy of the documentation provided, (b) the background of the customer and the issuer of the low-priced security, (c) review previous sales by the customer, (d) any affiliation between the customer and the issuer, and (e) whether there are restrictions on the sale of the shares. The verification process will include, as necessary, reviewing publicly available information on the low-priced security from reputable sources.

Firm Compliance department personnel will review and test a sample of the DSRQ forms and supporting documents on at least an annual basis to help ensure that Firm personnel are requesting the correct information and verifying the information provided.

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[4] Wedbush's policy provides for one, limited exception to DSRQ requirement when a client has purchased shares through another broker-dealer and Wedbush receives evidence that such shares were purchased on the open market more than three years prior to the deposit. Any such exception requires the approval of two executive vice presidents to ensure proper oversight. The Firm's ICC has reviewed and specifically approved this limited exception to the completion of a DSRQ. It should be noted that as of the date of this request, the Firm has not elected to rely on this particular exception to the policy.

[5] The Firm confirms that the low-priced securities were acquired in the open market as part of its determination of whether the deposited shares are restricted from trading.

Enhancements to Supervisory Structure

Since the Relevant Period, the Firm has made a number of improvements to its supervisory structure to improve its ability to prevent regulatory issues and to detect and respond to any issues that might arise.

First, the Firm has enhanced its supervision relating to the deposit and trading of low-priced securities. The Firm now has a qualified regulatory supervisor responsible for reviewing its in-house exception report for low-priced securities transactions.[6] The AML Compliance group also receives a daily report of OTC deposits and verifies that proper documentation, verifications, and approvals were obtained. In addition, the Firm's "Account Transfers" team manually reviews ACAT transfer initiation forms, will determine if any of the transferred stocks are low-priced securities, and will reject transfers if proper documentation is not on file and necessary approvals recorded. The Fim utilizes a similar control to check DWAC transfers.

For trading in low-priced securities, the AML Compliance group utilizes an automated third-party surveillance platform to surveil trading activity and review alerts for trading in large volumes and/or a large portion of daily trading volume. These surveillance reports are reviewed to detect potentially manipulative trading in low-priced securities. Any issues noted with respect to trading in low-priced securities are escalated to the AML compliance officer and the appropriate line of business supervisor. Records of all of these low-priced security reviews are maintained and evidenced on the AML Monthly Checklist.

Second, the Firm enhanced its corporate governance and established additional committees to bolster its regulatory compliance efforts. Through its work with the ICC, the Firm refreshed its corporate bylaws, adopting corporate governance guidelines, and updating numerous committee charters and committee process documents. The Firm also established several new committees, including the AML Oversight Committee (the "AMLOC"), the Regulatory Remediation Committee (the "RRC"), the Operational Risk Committee, and the Disciplinary Committee.

The AMLOC meets monthly to ensure the effectiveness of all aspects of the Firm's AML program. The AMLOC is responsible for reviewing and providing guidance on, among other things, Suspicious Activity Report filings; "high" and "medium" risk account opening; transaction monitoring alerts; and the Firm's AML and economic sanctions-related policies, practices and procedures. The AMLOC also contributes to the Firm establishing a proper "tone at the top," the

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[6] During the time period at issue in the 2021 OIP, a flaw in the design of the automated report used by the former AML Compliance Officer to surveil for suspicious activity caused it not capture Deposit/Withdrawal at Custodian deposits. Wedbush self-identified and corrected this design error in August 2017.

compliance function being sufficiently independent, and the compliance function having appropriate resources to fulfill its AML-related duties. Members of the AMLOC include representatives from legal, compliance, operations, and relevant business units.

The RRC is tasked with (1) establishing mechanisms to monitor and track potential and actual regulatory findings so that they can be addressed promptly; (2) promptly reviewing material inquiries and examination reports from regulators to facilitate their appropriate handling; (3) developing a methodology for validating actions taken in response to regulatory matters; and (4) considering the effects of regulatory developments on the Firm's activities. The work of the RRC is regularly reported to the Firm's Board so that the Board can assess regulatory risks and provide additional resources to address issues as needed. The RRC also has authority to refer matters to the Firm's Disciplinary Committee. The Firm's Internal Audit Department is responsible for validating the work of the RRC (utilizing a risk-based approach).

In addition, the Firm refreshed its Audit Committee Charter to bolster its independence and oversight over the Firm's compliance with legal and regulatory requirements and the processes established by management to help ensure such compliance.

Third, the Firm hired a number of employees to strengthen its compliance and AML operations, including senior leadership, such as a new General Counsel and new Chief Compliance Officer, and other personnel experienced in compliance and AML issues.[7] All members of the AML Department are required to receive CAMS certification from ACAMS[8] and specialized SAR training. Overall, the AML Compliance team has become a resource for associates and managers to consult prior to initiating new deposits and submitting the necessary paperwork.

Fourth, the Firm has also specifically improved the supervisory structure over the Prime Brokerage group, which was the group at issue in the 2021 OIP. Since September 2018, the Prime Brokerage group has been supervised by the Advanced Clearing and Prime Services Division ("ACAPS"), led by a highly experienced Division Head (an Executive Vice President with 42 years of industry experience). ACAPS is also supported by a Managing Director, who is experienced and knowledgeable in regulatory compliance. Finally, following the 2021 OIP, ACAPS hired a new Regulatory Supervisor, with relevant experience supervising the deposit of low-priced securities, to further bolster the Firm's regulatory compliance.

[7] Each member of the Firm's AML team must be certified by ACAMS.

[8] CAMS or "Certified Anti-Monley Laundering Specialist" certification is offered by ACAMS, the Association of Certified Anti-Money Laundering Specialists. This is a globally recognized professional credential for individuals working in AML compliance.

Fifth, the Firm has centralized its AML and Onboarding functions across different business lines to standardize the data and documentation requirements across the firm. The Firm has also created a Principal Review Desk within the Operations Department, which is responsible for onboarding new Wealth Management and Capital Markets customers and reviewing and approving new account documents before an account is opened. The Principal Review Desk also reviews and approves wire transfers for these customers. In addition, the Firm has implemented a centralized platform for transaction monitoring and customer screening, and it has enhanced its SARs filing, tracking, and reporting to senior management, including the Board of Directors.

Enhancements to Training

The Firm has also implemented additional and improved training for supervisors and staff in areas related to the 2021 OIP. The Firm has implemented low-priced securities training for new hires. In addition, Wedbush's AML Compliance group provides mandatory annual training relating to its enhanced policies and procedures. The annual training is tailored for employees based on their potential role in handling low-priced securities and designed to ensure that each employee understands his or her role in the process. For example, certain training may emphasize the requirement that customers must "provide evidence of how shares were acquired" and that employees must document the sources used to verify the information provided by the client. This has resulted in specialized training with managers, financial advisors, and operations personnel to discuss, among other things, the types of potential red flags that those employees must be aware of and how to respond. The Firm has also implemented a new testing component following its employee training to help ensure that materials are understood. Finally, as noted above, AML Compliance members receive additional annual training from ACAMS.

As demonstrated by the steps outlined above, Wedbush has conducted an inquiry into the conduct described in the 2021 OIP and its Chief Compliance Officer is assured that the conduct described therein is not indicative of a widespread governance issue throughout the Firm.

Disqualification Has Had a Negative Impact on Wedbush

While the conduct at issue in the 2021 OIP does not relate to Wedbush's Wealth Management group, the Disqualifications have particularly impacted this business line.

Wedbush's Wealth Management group provides brokerage and advisory services to over 50,000 client accounts with approximately $18.0 billion in client assets, including $5.9 billion of client advisory assets under management. The Disqualifications have impacted the Wealth Management group in a variety of ways.

First, the Wealth Management group has lost revenue as advisers are no longer able to act as compensated solicitors for securities newly issued pursuant to certain exemptions, notably

Regulation D. Wedbush has lost revenue since it is unable to participate in certain private placement transactions or other transactions relying on Regulation D. In addition to lost revenue for Wedbush, this has a detrimental impact on Wedbush financial advisers who are unable to receive compensation from offerings that depend on Regulation D. Wedbush has also lost certain dealer selling agreements because it is unable to participate in Regulation D offerings. In addition, Wedbush financial advisers do not always receive access to the same investment opportunities from certain funds due to the Disqualifications. Many Wedbush clients (and potential clients) desire access to a broad range of alternative investments and any restriction on their access to offerings places Wedbush at a competitive disadvantage to other firms.

Second, the inability to receive compensation for acting as a compensated solicitor for future Regulation A and D offerings has negatively impacted the Firm's ability to recruit and retain financial advisers. Moreover, certain financial advisers that the Firm has recruited have had difficulty transferring client assets to Wedbush due to the Disqualifications. The loss of qualified financial advisers has a material negative impact on Wedbush's bottom line and future growth.

Given the limited scope, duration, and nature of the conduct described in the 2021 OIP, Wedbush believes that the adverse collateral consequences of continuing the Disqualifications on its business is not necessary under the circumstances and there is good cause to waive the Disqualifications.

Prior Relief

The Commission previously waived potential disqualifications of Wedbush on two occasions.

First, on February 5, 2018, the Commission waived potential disqualification under Rule 262 of Regulation A and Rule 506 of Regulation D in connection with an undertaking ordered in *In the Matter of Wedbush Securities Inc.* (LA-4518) (the "2018 Matter"). The 2018 Matter concerned violations of Exchange Act Rule 15c3-3, the Consumer Protection Rule, arising from a securities coding error in Wedbush's Rule 15c3-3 reserve calculation. Between September 2014 and January 2015, the error caused Wedbush to underfund its Reserve Account and experience weekly Reserve Account deficiencies. Upon discovering the error, Wedbush deposited $133 million into its Reserve Account to resolve the deficiency and subsequently fixed the error in its Reserve Account calculations. The conduct in the 2018 Matter occurred in a different department at the Firm (the Regulatory Accounting group), that has no connection with the personnel at issue in the 2021 OIP (the Prime Brokerage group and AML Compliance group).

Second, on August 8, 2023, the Commission waived the potential disqualification of Wedbush—along with 10 other firms—in connection with an undertaking ordered in *In the Matter of Wedbush Securities Inc.* (3-21550) (the "Off-Channel Communication Matter"). Wedbush and the other 10 firms were charged as part of the Division of Enforcement's Broker-Dealer Off-Channel

Communications Initiative, and each settled for violations of the SEC's record-keeping requirements and for a failure to supervise. As part of the settlements, the Commission found that good cause existed to waive the disqualifications of Regulations A, D, E, and Crowdfunding for Wedbush and the 10 other settling firms.

There is no nexus between the conduct at issue in the 2018 Matter or the Off-Channel Communication Matter and the violations in the 2021 OIP.

REQUEST FOR WAIVER

For the foregoing reasons, Wedbush respectfully submits that a continuation of the Disqualifications is not necessary under the circumstances, in the public interest, or for the protection of investors, and that good cause exists to support the requested relief. Accordingly, Wedbush respectfully requests that the Commission (or the Division, pursuant to delegated authority) waive any disqualifications provisions in Regulation D to the extent they may be applicable to Wedbush as a result of the entry of the 2021 OIP.

If you have any questions or require any additional information regarding this request, please contact me.

Sincerely,

Patrick M. Smith

cc: Michael J. Diver, Katten Muchin Rosenman LLP
Andrew Druch, Wedbush Securities Inc.