

ADMINISTRATIVE PROCEEDING

File No. 3-17575

Former Morgan Stanley RMBS Trader Settles Charges

September 26, 2016 – The Securities and Exchange Commission today announced that Nicholas Bonacci has agreed to settle charges relating to misstatements he made to customers while a trader in residential mortgage-backed securities (RMBS) at Morgan Stanley.

An SEC investigation found that Bonacci misled Morgan Stanley customers who were seeking to buy RMBS about the price at which Morgan Stanley had bought the RMBS and the amount of Morgan Stanley's compensation for arranging the trades. The investigation also found that Bonacci misled purchasers by suggesting he was actively negotiating a transaction between customers when he was merely selling RMBS out of Morgan Stanley's inventory.

The SEC's order finds that Bonacci willfully aided and abetted and caused Morgan Stanley's violations of Section 15(c)(1)(a) of the Securities Exchange Act of 1934. Without admitting or denying the findings in the SEC's order, Bonacci agreed to the entry of a cease-and-desist order and pay a penalty of \$100,000. Bonacci also agreed to a 12 month suspension from the securities industry.

In determining appropriate relief, the SEC considered several mitigating factors, including Bonacci's cooperation with the SEC's investigation. Bonacci offered significant cooperation by, among other things, voluntarily providing on multiple occasions truthful, complete and reliable information about his conduct and that of other market participants. This allowed the SEC to more efficiently investigate and resolve the charges with him. In addition, Bonacci acknowledged his misconduct, accepted responsibility and provided SEC staff with credible assurances against future misconduct.

The SEC's investigation was conducted by William Finkel with assistance from Kapil Agrawal and Michael Birnbaum and supervised by Daniel Michael and Michael Osnato.

See also: [Order](#)