

BrokerCheck Report

COWEN AND COMPANY

CRD# 7616

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Please be aware that fraudsters may link to BrokerCheck from phishing and similar scam websites, trying to steal your personal information or your money. Make sure you know who you're dealing with when investing, and contact FINRA with any concerns.

For more information read our [investor alert](#) on imposters.

About BrokerCheck®



BrokerCheck offers information on all current, and many former, registered securities brokers, and all current and former registered securities firms. FINRA strongly encourages investors to use BrokerCheck to check the background of securities brokers and brokerage firms before deciding to conduct, or continue to conduct, business with them.

- **What is included in a BrokerCheck report?**

- BrokerCheck reports for individual brokers include information such as employment history, professional qualifications, disciplinary actions, criminal convictions, civil judgments and arbitration awards. BrokerCheck reports for brokerage firms include information on a firm's profile, history, and operations, as well as many of the same disclosure events mentioned above.

- Please note that the information contained in a BrokerCheck report may include pending actions or allegations that may be contested, unresolved or unproven. In the end, these actions or allegations may be resolved in favor of the broker or brokerage firm, or concluded through a negotiated settlement with no admission or finding of wrongdoing.

- **Where did this information come from?**

- The information contained in BrokerCheck comes from FINRA's Central Registration Depository, or CRD® and is a combination of:

- o information FINRA and/or the Securities and Exchange Commission (SEC) require brokers and brokerage firms to submit as part of the registration and licensing process, and
- o information that regulators report regarding disciplinary actions or allegations against firms or brokers.

- **How current is this information?**

- Generally, active brokerage firms and brokers are required to update their professional and disciplinary information in CRD within 30 days. Under most circumstances, information reported by brokerage firms, brokers and regulators is available in BrokerCheck the next business day.

- **What if I want to check the background of an investment adviser firm or investment adviser representative?**

- To check the background of an investment adviser firm or representative, you can search for the firm or individual in BrokerCheck. If your search is successful, click on the link provided to view the available licensing and registration information in the SEC's Investment Adviser Public Disclosure (IAPD) website at <https://www.adviserinfo.sec.gov>. In the alternative, you may search the IAPD website directly or contact your state securities regulator at <http://www.finra.org/Investors/ToolsCalculators/BrokerCheck/P455414>.

- **Are there other resources I can use to check the background of investment professionals?**

- FINRA recommends that you learn as much as possible about an investment professional before deciding to work with them. Your state securities regulator can help you research brokers and investment adviser representatives doing business in your state.

Thank you for using FINRA BrokerCheck.



Using this site/information means that you accept the FINRA BrokerCheck Terms and Conditions. A complete list of Terms and Conditions can be found at

brokercheck.finra.org



For additional information about the contents of this report, please refer to the User Guidance or www.finra.org/brokercheck. It provides a glossary of terms and a list of frequently asked questions, as well as additional resources.

[For more information about FINRA, visit www.finra.org.](http://www.finra.org)



COWEN AND COMPANY

CRD# 7616

SEC# 8-22522

Main Office Location

599 LEXINGTON AVENUE
20TH FLOOR
NEW YORK, NY 10022
Regulated by FINRA New York Office

Mailing Address

599 LEXINGTON AVENUE
20TH FLOOR
NEW YORK, NY 10022

Business Telephone Number

646-562-1010

Report Summary for this Firm

This report summary provides an overview of the brokerage firm. Additional information for this firm can be found in the detailed report.

Firm Profile

This firm is classified as a limited liability company.

This firm was formed in Delaware on 01/15/2004.

Its fiscal year ends in December.

Firm History

Information relating to the brokerage firm's history such as other business names and successions (e.g., mergers, acquisitions) can be found in the detailed report.

Firm Operations

This firm is registered with:

- the SEC
- 17 Self-Regulatory Organizations
- 53 U.S. states and territories

Is this brokerage firm currently suspended with any regulator? **No**

This firm conducts 15 types of businesses.

This firm is affiliated with financial or investment institutions.

This firm has referral or financial arrangements with other brokers or dealers.

Disclosure Events

Brokerage firms are required to disclose certain criminal matters, regulatory actions, civil judicial proceedings and financial matters in which the firm or one of its control affiliates has been involved.

Are there events disclosed about this firm? **Yes**

The following types of disclosures have been reported:

Type	Count
Regulatory Event	39
Arbitration	8



Firm Profile

This firm is classified as a limited liability company.

This firm was formed in Delaware on 01/15/2004.

Its fiscal year ends in December.

Firm Names and Locations

This section provides the brokerage firm's full legal name, "Doing Business As" name, business and mailing addresses, telephone number, and any alternate name by which the firm conducts business and where such name is used.

COWEN AND COMPANY, LLC

Doing business as COWEN AND COMPANY

CRD# 7616

SEC# 8-22522

Main Office Location

599 LEXINGTON AVENUE
20TH FLOOR
NEW YORK, NY 10022

Regulated by FINRA New York Office

Mailing Address

599 LEXINGTON AVENUE
20TH FLOOR
NEW YORK, NY 10022

Business Telephone Number

646-562-1010



Firm Profile

This section provides information relating to all direct owners and executive officers of the brokerage firm.

Direct Owners and Executive Officers

Legal Name & CRD# (if any):	COWEN HOLDINGS, INC.
Is this a domestic or foreign entity or an individual?	Domestic Entity
Position	DIRECT PARENT
Position Start Date	11/2009
Percentage of Ownership	75% or more
Does this owner direct the management or policies of the firm?	Yes
Is this a public reporting company?	No

Legal Name & CRD# (if any):	CHARNEY, DANIEL S. 2158255
Is this a domestic or foreign entity or an individual?	Individual
Position	CO-PRESIDENT
Position Start Date	12/2017
Percentage of Ownership	Less than 5%
Does this owner direct the management or policies of the firm?	Yes
Is this a public reporting company?	No

Legal Name & CRD# (if any):	COHEN, STEVEN ANDREW 2218249
Is this a domestic or foreign entity or an individual?	Individual
Position	CHIEF COMPLIANCE OFFICER
Position Start Date	01/2013



Firm Profile

Direct Owners and Executive Officers (continued)

Percentage of Ownership	Less than 5%
Does this owner direct the management or policies of the firm?	No
Is this a public reporting company?	No
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Legal Name & CRD# (if any):	FAGIN, ROBERT BENJAMIN 2793090
Is this a domestic or foreign entity or an individual?	Individual
Position	DIRECTOR OF RESEARCH
Position Start Date	07/2012
Percentage of Ownership	Less than 5%
Does this owner direct the management or policies of the firm?	Yes
Is this a public reporting company?	No
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Legal Name & CRD# (if any):	HOLMES, JOHN 1281617
Is this a domestic or foreign entity or an individual?	Individual
Position	CHIEF OPERATING OFFICER AND PRINCIPAL OPERATIONS OFFICER
Position Start Date	02/2015
Percentage of Ownership	Less than 5%
Does this owner direct the management or policies of the firm?	Yes
Is this a public reporting company?	No
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Legal Name & CRD# (if any):	JORDAN, FRANCIS

Firm Profile



Direct Owners and Executive Officers (continued)

	5634167
Is this a domestic or foreign entity or an individual?	Individual
Position	PRINCIPAL FINANCIAL OFFICER
Position Start Date	03/2019
Percentage of Ownership	Less than 5%
Does this owner direct the management or policies of the firm?	No
Is this a public reporting company?	No
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Legal Name & CRD# (if any):	KHOWONG, PHONGSY 2379055
Is this a domestic or foreign entity or an individual?	Individual
Position	FINOP
Position Start Date	09/2012
Percentage of Ownership	Less than 5%
Does this owner direct the management or policies of the firm?	No
Is this a public reporting company?	No
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Legal Name & CRD# (if any):	NIZICH, MATTHEW JOHN 2119564
Is this a domestic or foreign entity or an individual?	Individual
Position	REGISTERED OPTIONS PRINCIPAL
Position Start Date	05/2008
Percentage of Ownership	Less than 5%



Firm Profile

Direct Owners and Executive Officers (continued)

Does this owner direct the management or policies of the firm? No

Is this a public reporting company? No

Legal Name & CRD# (if any): SOLOMON, JEFFREY MARC
2133254

Is this a domestic or foreign entity or an individual? Individual

Position CHIEF EXECUTIVE OFFICER

Position Start Date 10/2011

Percentage of Ownership Less than 5%

Does this owner direct the management or policies of the firm? Yes

Is this a public reporting company? No

Legal Name & CRD# (if any): WIESENECK, LARRY SCOTT
2277006

Is this a domestic or foreign entity or an individual? Individual

Position CO-PRESIDENT

Position Start Date 12/2017

Percentage of Ownership Less than 5%

Does this owner direct the management or policies of the firm? Yes

Is this a public reporting company?



Firm Profile

This section provides information relating to any indirect owners of the brokerage firm.

Indirect Owners

Legal Name & CRD# (if any):	COWEN INC.
Is this a domestic or foreign entity or an individual?	Domestic Entity
Company through which indirect ownership is established	RCG LV PEARL, LLC
Relationship to Direct Owner	PARENT
Relationship Established	11/2009
Percentage of Ownership	75% or more
Does this owner direct the management or policies of the firm?	Yes
Is this a public reporting company?	Yes

Legal Name & CRD# (if any):	RCG LV PEARL, LLC
Is this a domestic or foreign entity or an individual?	Domestic Entity
Company through which indirect ownership is established	COWEN HOLDINGS, INC
Relationship to Direct Owner	PARENT
Relationship Established	12/2014
Percentage of Ownership	75% or more
Does this owner direct the management or policies of the firm?	No
Is this a public reporting company?	No

Firm History

This section provides information relating to any successions (e.g., mergers, acquisitions) involving the firm.

No information reported.





Firm Operations

Registrations

This section provides information about the regulators (Securities and Exchange Commission (SEC), self-regulatory organizations (SROs), and U.S. states and territories) with which the brokerage firm is currently registered and licensed, the date the license became effective, and certain information about the firm's SEC registration.

This firm is currently registered with the SEC, 17 SROs and 53 U.S. states and territories.

Federal Regulator	Status	Date Effective
SEC	Approved	03/17/1978

SEC Registration Questions

This firm is registered with the SEC as:

A broker-dealer: Yes

A broker-dealer and government securities broker or dealer: Yes

A government securities broker or dealer only: No

This firm has ceased activity as a government securities broker or dealer: No

Self-Regulatory Organization	Status	Date Effective
FINRA	Approved	05/23/1978
Cboe BYX Exchange, Inc.	Approved	10/07/2010
Cboe BZX Exchange, Inc.	Approved	08/18/2008
Cboe EDGA Exchange, Inc.	Approved	05/14/2010
Cboe EDGX Exchange, Inc.	Approved	05/14/2010
Investors' Exchange LLC	Approved	08/16/2016
Long-Term Stock Exchange, Inc.	Approved	05/19/2020
MEMX LLC	Approved	07/16/2020
MIAX PEARL, LLC	Approved	10/12/2020
NYSE American LLC	Approved	06/05/1992
NYSE Arca, Inc.	Approved	07/01/1998
NYSE Chicago, Inc.	Approved	04/30/2020
Nasdaq BX, Inc.	Approved	01/12/2009
Nasdaq ISE, LLC	Approved	05/12/2006
Nasdaq PHLX LLC	Approved	07/01/1998
Nasdaq Stock Market	Approved	07/12/2006

New York Stock Exchange

Approved

10/18/1991



Firm Operations

Registrations (continued)

U.S. States & Territories	Status	Date Effective	U.S. States & Territories	Status	Date Effective
Alabama	Approved	05/22/1991	North Carolina	Approved	02/11/1991
Alaska	Approved	05/09/1991	North Dakota	Approved	05/31/1991
Arizona	Approved	10/03/1991	Ohio	Approved	04/24/1991
Arkansas	Approved	08/14/1991	Oklahoma	Approved	02/21/1991
California	Approved	11/29/1990	Oregon	Approved	01/31/1991
Colorado	Approved	01/23/1991	Pennsylvania	Approved	04/18/1991
Connecticut	Approved	02/28/1991	Puerto Rico	Approved	05/07/1998
Delaware	Approved	04/17/1991	Rhode Island	Approved	02/07/1991
District of Columbia	Approved	04/10/1991	South Carolina	Approved	02/13/1991
Florida	Approved	05/09/1991	South Dakota	Approved	01/18/1991
Georgia	Approved	01/10/1991	Tennessee	Approved	06/06/1991
Hawaii	Approved	06/28/1991	Texas	Approved	08/20/1991
Idaho	Approved	02/01/1991	Utah	Approved	04/25/1991
Illinois	Approved	04/08/1991	Vermont	Approved	04/22/1991
Indiana	Approved	02/25/1991	Virgin Islands	Approved	09/29/2021
Iowa	Approved	07/02/1991	Virginia	Approved	01/01/1991
Kansas	Approved	02/27/1991	Washington	Approved	03/13/1991
Kentucky	Approved	01/29/1991	West Virginia	Approved	02/04/1991
Louisiana	Approved	04/23/1991	Wisconsin	Approved	03/13/1991
Maine	Approved	03/28/1991	Wyoming	Approved	01/28/1991
Maryland	Approved	01/07/1991			
Massachusetts	Approved	03/08/1991			
Michigan	Approved	04/15/1991			
Minnesota	Approved	03/05/1991			
Mississippi	Approved	04/16/1991			
Missouri	Approved	02/20/1991			
Montana	Approved	01/07/1991			
Nebraska	Approved	02/11/1991			
Nevada	Approved	02/21/1991			
New Hampshire	Approved	05/22/1991			
New Jersey	Approved	01/24/1992			
New Mexico	Approved	04/26/1991			
New York	Approved	01/02/1985			



Firm Operations

Types of Business

This section provides the types of business, including non-securities business, the brokerage firm is engaged in or expects to be engaged in.

This firm currently conducts 15 types of businesses.

Types of Business

Exchange member engaged in exchange commission business other than floor activities
Exchange member engaged in floor activities
Broker or dealer making inter-dealer markets in corporation securities over-the-counter
Broker or dealer retailing corporate equity securities over-the-counter
Broker or dealer selling corporate debt securities
Underwriter or selling group participant (corporate securities other than mutual funds)
Mutual fund retailer
U S. government securities dealer
U S. government securities broker
Put and call broker or dealer or option writer
Broker or dealer selling tax shelters or limited partnerships in primary distributions
Broker or dealer selling tax shelters or limited partnerships in the secondary market
Trading securities for own account
Private placements of securities
Other - INVESTMENT BANKING / CORPORATE FINANCE / FINANCIAL ADVISORY SERVICES / CLEARING (SELF, CLIENT AND CORRESPONDENT)
WILL EFFECT TRANSACTIONS ON BEHALF OF CLIENTS INVOLVING, ADRS, ORDINARIES, FOREIGN-LISTED SECURITIES, SECURITIES FUTURES PRODUCTS AS WELL AS ENGAGE IN THE SALE OF RESEARCH AND SOFT DOLLAR ACTIVITIES.

Other Types of Business

This firm does effect transactions in commodities, commodity futures, or commodity options.

This firm does engage in other non-securities business.

Non-Securities Business Description: THE FIRM TRADES FOREIGN EXCHANGE PRODUCTS INCLUDING FX SPOT, FX NDFS AND FX FORWARDS WITH INSTITUTIONAL CUSTOMERS (ELIGIBLE CONTRACT PARTICIPANTS). ACT A DEPOSITOR, SPONSOR, UNDERWRITER FOR UNIT INVESTMENT TRUST ("UITS")



Firm Operations

Clearing Arrangements

This firm does hold or maintain funds or securities or provide clearing services for other broker-dealer(s).

Introducing Arrangements

This firm does refer or introduce customers to other brokers and dealers.

Name: INTERACTIVE BROKERS LLC
CRD #: 36418
Business Address: ONE PICKWICK PLAZA
 GREENWICH, CT 06830
Effective Date: 08/07/2017
Description: INTRODUCING BROKER FOR EQUITIES AND OPTIONS

Name: GOLDMAN SACHS & CO. LLC
CRD #: 361
Business Address: 200 WEST STREET
 NEW YORK, NY 10282
Effective Date: 04/08/2016
Description: APPLICANT HAS ENTERED INTO A CLEARING AGMT WITH GOLDMAN, SACHS & CO. APPLICANT INTRODUCES ITS CUSTOMERSTO GOLDMAN, SACHS & CO., A REGISTERED BROKER-DEALER, WHICH THEN WILL CLEAR TRANSACTIONS AND/OR CARRY ACCOUNTS FOR APPLICANT AND SUCH CUSTOMERS ON A FULLY-DISCLOSED BASIS.

Name: MERRILL LYNCH PROFESSIONAL CLEARING CORP.
CRD #: 16139
Business Address: ONE BRYANT PARK, 6TH FLOOR
 NEW YORK, NY 10036
Effective Date: 07/10/2014
Description: APPLICANT HAS ENTERED INTO A CLEARING AGMT WITH MERRILL LYNCH PROFESSIONAL CLEARING CORP. ("ML PRO"). MLPRO CLEARS TRANSACTIONS & CARRIES ACCOUNTS FOR APPLICANT & ITS CLIENTS ON A FULLY-DISCLOSED BASIS. ML PRO KEEPS & MAINTAINS CERTAIN BOOKS & RECORDS OF APPLICANT.

Name: ADM INVESTOR SERVICES, INC.

Firm Operations



Introducing Arrangements

This firm does refer or introduce customers to other brokers and dealers.

Business Address: 141 W JACKSON BLVD
SUITE 1600A
CHICAGO, IL 60604

Effective Date: 05/28/2014

Description: APPLICANT HAS ENTERED INTO A CLEARING AGMT WITH ADM INVESTOR SERVICES, INC. ("ADMIS"). ADMIS CLEARS TRANSACTIONS & CARRIES ACCOUNTS FOR APPLICANT & ITS CLIENTS ON A FULLY-DISCLOSED BASIS. ADMIS KEEPS & MAINTAINS CERTAIN BOOKS & RECORDS OF APPLICANT & HOLDS & MAINTAINS FUNDS & SECURITIES OF THE APPLICANT & ITS CLIENTS.

Name: NATIONAL FINANCIAL SERVICES LLC

CRD #: 13041

Business Address: 200 SEAPORT BLVD
BOSTON, MA 02110

Effective Date: 01/25/2007

Description: APPLICANT HAS ENTERED INTO A CLEARING ARRANGEMENT WITH NATIONAL FINANCIAL SERVICES LLC, WHO CLEARS TRANSACTIONS AND CARRIES ACCOUNTS OF APPLICANT AND ITS CLIENTS ON A FULLY DISCLOSED BASIS.

Name: PERSHING LLC

CRD #: 7560

Business Address: ONE PERSHING SQUARE
JERSEY CITY, NJ 07399

Effective Date: 03/17/2010

Description: APPLICANT HAS ENTERED INTO A CLEARING ARRANGEMENT WITH PERSHING LLC, WHO CLEARS TRANSACTIONS AND CARRIES ACCOUNTS OF APPLICANT AND ITS CLIENTS ON A FULLY DISCLOSED BASIS.

Name: BOFA SECURITIES, INC.

CRD #: 283942

Business Address: 101 HUDSON ST
10 FL



Introducing Arrangements

This firm does refer or introduce customers to other brokers and dealers.

JERSEY CITY, NJ 07302

Effective Date: 05/04/2011

Description: APPLICANT HAS ENTERED INTO A CLEARING ARRANGEMENT WITH BOFA SECURITIES, INC WHO CLEARS TRANSACTIONS AND CARRIES ACCOUNTS FOR APPLICANT AND ITS CLIENTS ON A FULLY DISCLOSED BASIS.

Firm Operations

Industry Arrangements



This firm does have books or records maintained by a third party.

Name: ADM INVESTOR SERVICES, INC.

Business Address: 141 W JACKSON BLVD
SUITE 1600A
CHICAGO, IL 60604

Effective Date: 05/28/2014

Description: APPLICANT HAS ENTERED INTO A CLEARING AGMT WITH ADM INVESTOR SERVICES, INC. ("ADMIS"). ADMIS CLEARS TRANSACTIONS & CARRIES ACCOUNTS FOR APPLICANT & ITS CLIENTS ON A FULLY-DISCLOSED BASIS. ADMIS KEEPS & MAINTAINS CERTAIN BOOKS & RECORDS OF APPLICANT.

Name: INTERACTIVE BROKERS LLC

CRD #: 36418

Business Address: ONE PICKWICK PLAZA
GREENWICH, CT 06830

Effective Date: 08/07/2017

Description: INTRODUCING BROKER FOR EQUITIES AND OPTIONS

Name: GOLDMAN SACHS & CO. LLC

CRD #: 361

Business Address: 200 WEST STREET
NEW YORK, NY 10282

Effective Date: 04/08/2016

Description: APPLICANT HAS ENTERED INTO A CLEARING AGMT WITH GOLDMAN, SACHS & CO. APPLICANT INTRODUCES ITS CUSTOMERS TO GOLDMAN, SACHS & CO., A REGISTERED BROKER-DEALER, WHICH THEN WILL CLEAR TRANSACTIONS AND/OR CARRY ACCOUNTS FOR APPLICANT AND SUCH CUSTOMERS ON A FULLY-DISCLOSED BASIS.

Name: MERRILL LYNCH PROFESSIONAL CLEARING CORP.

CRD #: 16139

Business Address: ONE BRYANT PARK, 6TH FLOOR
NEW YORK, NY 10036

Effective Date: 07/10/2014

Firm Operations



Industry Arrangements (continued)

Description:	APPLICANT HAS ENTERED INTO A CLEARING AGMT WITH MERRILL LYNCH PROFESSIONAL CLEARING CORP. ("ML PRO"). MLPRO CLEARS TRANSACTIONS & CARRIES ACCOUNTS FOR APPLICANT & ITS CLIENTS ON A FULLY-DISCLOSED BASIS. ML PRO KEEPS & MAINTAINS CERTAIN BOOKS & RECORDS OF APPLICANT.
Name:	GLOBAL RELAY
Business Address:	220 CAMBIE ST VANCOUVER, BC V6B2M9
Effective Date:	02/01/2018
Description:	GLOBAL RELAY MAINTAINS ELECTRONIC COMMUNICATIONS FOR THE APPLICANT
Name:	PROOFPOINT
Business Address:	892 ROSS DR SUNNYDALE, CA 94089
Effective Date:	07/01/2006
Description:	PROOFPOINT MAINTAINS ELECTRONIC COMMUNICATIONS FOR THE APPLICANT
Name:	WORKDAY
Business Address:	6110 STONERIDGE MALL RD PLEASANTON, CA 94588
Effective Date:	01/01/2019
Description:	WORKDAY MAINTAINS FINANCIAL AND HR RECORDS OF THE APPLICANT
Name:	BOFA SECURITIES, INC.
CRD #:	283942
Business Address:	101 HUDSON ST 10 FL JERSEY CITY, NJ 07302
Effective Date:	05/04/2011
Description:	BOFA SECURITIES, INC. IS COWEN'S CLEARING FIRM AND AS SUCH, MAINTAINS CERTAIN BOOKS OR RECORDS OF COWEN.
Name:	PERSHING LLC
CRD #:	7560

Firm Operations



Industry Arrangements (continued)

Business Address: ONE PERSHING PLAZA
JERSEY CITY, NJ 07399

Effective Date: 03/17/2010

Description: PERSHING LLC IS COWEN'S CLEARING FIRM AND AS SUCH, MAINTAINS CERTAIN BOOKS AND RECORDS OF THE FIRM. COWEN AND COMPANY LLC ASSUMED CLEARING AGREEMENT FROM RAMIUS SECURITIES LLC, AN AFFILIATED BROKER/DEALER.

Name: NATIONAL FINANCIAL SERVICES LLC

CRD #: 13041

Business Address: 200 SEAPORT BOULEVARD
BOSTON, MA 02110

Effective Date: 01/25/2007

Description: NATIONAL FINANCIAL SERVICES LLC IS COWEN'S CLEARING FIRM AND AS SUCH, MAINTAINS CERTAIN BOOKS OR RECORDS OF COWEN.

This firm does have accounts, funds, or securities maintained by a third party.

Name: ADM INVESTOR SERVICES, INC.

Business Address: 141 W JACKSON BLVD
SUITE 1600A
CHICAGO, IL 60604

Effective Date: 05/28/2014

Description: APPLICANT HAS ENTERED INTO A CLEARING AGMT WITH ADM INVESTOR SERVICES, INC. ("ADMIS"). ADMIS CLEARS TRANSACTIONS & CARRIES ACCOUNTS FOR APPLICANT & ITS CLIENTS ON A FULLY-DISCLOSED BASIS. ADMIS KEEPS & MAINTAINS CERTAIN BOOKS & RECORDS OF APPLICANT & HOLDS & MAINTAINS FUNDS & SECURITIES OF THE APPLICANT & ITS CLIENTS.

Name: INTERACTIVE BROKERS LLC

CRD #: 36418

Business Address: ONE PICKWICK PLAZA
GREENWICH, CT 06830

Effective Date: 08/07/2017

Description: INTRODUCING BROKER FOR EQUITIES AND OPTIONS

Name: GOLDMAN SACHS & CO. LLC

CRD #: 361

Firm Operations



Industry Arrangements (continued)

Business Address: 200 WEST STREET
NEW YORK, NY 10282

Effective Date: 04/08/2016

Description: APPLICANT HAS ENTERED INTO A CLEARING AGMT WITH GOLDMAN, SACHS & CO. APPLICANT INTRODUCES ITS CUSTOMERSTO GOLDMAN, SACHS & CO., A REGISTERED BROKER-DEALER, WHICH THEN WILL CLEAR TRANSACTIONS AND/OR CARRY ACCOUNTS FOR APPLICANT AND SUCH CUSTOMERS ON A FULLY-DISCLOSED BASIS.

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CRD #: 16139

Business Address: ONE BRYANT PARK, 6TH FLOOR
NEW YORK, NY 10036

Effective Date: 07/10/2014

Description: APPLICANT HAS ENTERED INTO A CLEARING AGMT WITH MERRILL LYNCH PROFESSIONAL CLEARING CORP. ("ML PRO"). MLPRO CLEARS TRANSACTIONS & CARRIES ACCOUNTS FOR APPLICANT & ITS CLIENTS ON A FULLY-DISCLOSED BASIS. ML PRO KEEPS & MAINTAINS CERTAIN BOOKS & RECORDS OF APPLICANT.

Name: PERSHING LLC

CRD #: 7560

Business Address: ONE PERSHING SQUARE
JERSEY CITY, NJ 07399

Effective Date: 03/17/2010

Description: PERSHING LLC IS COWEN'S CLEARING FIRM AND AS SUCH, MAINTAINS ACCOUNTS, FUNDS OR SECURITIES OF THE APPLICANT.

Name: BOFA SECURITIES, INC.

CRD #: 283942

Business Address: 101 HUDSON ST
10 FL
JERSEY CITY, NJ 07302

Effective Date: 05/04/2011

Description: BOFA SECURITIES, INC. IS COWEN'S CLEARING FIRM AND AS SUCH, MAINTAINS ACCOUNTS, FUNDS OR SECURITIES OF THE APPLICANT.

Name: NATIONAL FINANCIAL SERVICES LLC

Firm Operations



Industry Arrangements (continued)

CRD #: 13041

Business Address: 200 SEAPORT BOULEVARD
BOSTON, MA 13041

Effective Date: 01/25/2007

Description: NATIONAL FINANCIAL SERVICES LLC IS COWEN'S CLEARING FIRM AND AS SUCH, MAINTAINS ACCOUNTS, FUNDS AND SECURITIES OF COWEN.

This firm does have customer accounts, funds, or securities maintained by a third party.

Name: MERRILL LYNCH PROFESSIONAL CLEARING CORP.

CRD #: 16139

Business Address: ONE BRYANT PARK, 6TH FLOOR
NEW YORK, NY 10036

Effective Date: 07/10/2014

Description: APPLICANT HAS ENTERED INTO A CLEARING AGMT WITH MERRILL LYNCH PROFESSIONAL CLEARING CORP. ("ML PRO"). MLPRO CLEARS TRANSACTIONS & CARRIES ACCOUNTS FOR APPLICANT & ITS CLIENTS ON A FULLY-DISCLOSED BASIS. ML PRO KEEPS & MAINTAINS CERTAIN BOOKS & RECORDS OF APPLICANT.

Name: ADM INVESTOR SERVICES, INC.

Business Address: 141 W JACKSON BLVD
SUITE 1600A
CHICAGO, IL 60604

Effective Date: 05/28/2014

Description: APPLICANT HAS ENTERED INTO A CLEARING AGMT WITH ADM INVESTOR SERVICES, INC. ("ADMIS"). ADMIS CLEARS TRANSACTIONS & CARRIES ACCOUNTS FOR APPLICANT & ITS CLIENTS ON A FULLY-DISCLOSED BASIS. ADMIS KEEPS & MAINTAINS CERTAIN BOOKS & RECORDS OF APPLICANT & HOLDS & MAINTAINS

Name: INTERACTIVE BROKERS LLC

CRD #: 36418

Business Address: ONE PICKWICK PLAZA
GREENWICH, CT 06830

Effective Date: 08/07/2017

Description: INTRODUCING BROKER FOR EQUITIES AND OPTIONS

Name: GOLDMAN SACHS & CO. LLC

Firm Operations



Industry Arrangements (continued)

CRD #: 361

Business Address: 200 WEST STREET
NEW YORK, NY 10282

Effective Date: 04/08/2016

Description: APPLICANT HAS ENTERED INTO A CLEARING AGMT WITH GOLDMAN, SACHS & CO. APPLICANT INTRODUCES ITS CUSTOMERSTO GOLDMAN, SACHS & CO., A REGISTERED BROKER-DEALER, WHICH THEN WILL CLEAR TRANSACTIONS AND/OR CARRY ACCOUNTS FOR APPLICANT AND SUCH CUSTOMERS ON A FULLY-DISCLOSED BASIS.

Name: BOFA SECURITIES, INC.

CRD #: 283942

Business Address: 101 HUDSON ST
10 FL
JERSEY CITY, NJ 07302

Effective Date: 05/04/2011

Description: BOFA SECURITIES, INC. IS COWEN'S CLEARING FIRM AND AS SUCH, MAINTAINS ACCOUNTS, FUNDS, AND SECURITIES OF COWEN'S CUSTOMERS.

Name: PERSHING LLC

CRD #: 7560

Business Address: ONE PERSHING PLAZA
JERSEY CITY, NJ 07399

Effective Date: 03/17/2010

Description: PERSHING LLC IS COWEN'S CLEARING FIRM AND AS SUCH, MAINTAINS ACCOUNTS, FUNDS AND SECURITIES OF COWEN'S CUSTOMERS. COWEN AND COMPANY LLC ASSUMED CLEARING AGREEMENT FROM RAMIUS SECURITIES LLC, AN AFFILIATED BROKER/DEALER.

Name: NATIONAL FINANCIAL SERVICES LLC

CRD #: 13041

Business Address: 200 SEAPORT BOULEVARD
BOSTON, MA 02110

Effective Date: 01/25/2007

Description: NATIONAL FINANCIAL SERVICES LLC IS COWEN'S CLEARING FIRM AND AS SUCH, MAINTAINS ACCOUNTS, FUNDS, AND SECURITIES OF COWEN'S CUSTOMERS.

Firm Operations



Industry Arrangements (continued)

Control Persons/Financing

This firm does not have individuals who control its management or policies through agreement.

This firm does not have individuals who wholly or partly finance the firm's business.



Firm Operations

Organization Affiliates

This section provides information on control relationships the firm has with other firms in the securities, investment advisory, or banking business.

This firm is, directly or indirectly:

- in control of
 - controlled by
 - or under common control with
- the following partnerships, corporations, or other organizations engaged in the securities or investment advisory business.

COWEN PRIME ADVISORS LLC is under common control with the firm.

CRD #:	315686
Business Address:	1345 AVENUE OF THE AMERICAS 3RD FLOOR NEW YORK, NY 10105
Effective Date:	05/31/2021
Foreign Entity:	No
Country:	
Securities Activities:	No
Investment Advisory Activities:	Yes
Description:	COWEN PRIME ADVISORS LLC IS UNDER COMMON CONTROL OF ULTIMATE PARENT COWEN INC.

CHI ADVISORS LLC is under common control with the firm.

CRD #:	304684
Business Address:	599 LEXINGTON AVE NEW YORK, NY 10019
Effective Date:	03/31/2020
Foreign Entity:	No
Country:	
Securities Activities:	No
Investment Advisory Activities:	Yes
Description:	UNDER THE COMMON CONTROL OF THE SAME ULTIMATE PARENT, COWEN

Firm Operations



Organization Affiliates (continued)

INC.

COWEN AND COMPANY (ASIA) LIMITED is under common control with the firm.

Business Address: 29 WYNDHAM STREET
22ND FLOOR LKF29
CENTRAL, HONG KONG

Effective Date: 03/31/2020

Foreign Entity: Yes

Country: HONG KONG

Securities Activities: Yes

Investment Advisory Activities: No

Description: UNDER THE COMMON CONTROL OF THE SAME ULTIMATE PARENT, COWEN INC.

COWEN EXECUTION SERVICES LIMITED - UK is under common control with the firm.

Business Address: 1 SNOWDEN ST
11 FL
LONDON, UK EC2A2DQ

Effective Date: 06/01/2017

Foreign Entity: Yes

Country: UK

Securities Activities: Yes

Investment Advisory Activities: No

Description: UNDER THE COMMON CONTROL OF COWEN INC.

WESTMINSTER RESEARCH ASSOCIATES LLC is under common control with the firm.

CRD #: 14508

Business Address: 599 LEXINGTON AVE
27FL
NEW YORK, NY 10022

Effective Date: 06/01/2017

Foreign Entity: No

Firm Operations**Organization Affiliates (continued)****Country:****Securities Activities:** Yes**Investment Advisory Activities:** No**Description:** UNDER THE COMMON CONTROL OF COWEN INC.**COWEN PRIME SERVICES LLC is under common control with the firm.****CRD #:** 153397**Business Address:** 1345 AVENUE OF THE AMERICAS
NY, NY 10022**Effective Date:** 09/01/2015**Foreign Entity:** No**Country:****Securities Activities:** Yes**Investment Advisory Activities:** Yes**Description:** UNDER THE COMMON CONTROL OF THE SAME ULTIMATE PARENT, COWEN INC.**HEALTHCARE ROYALTY MANAGEMENT, LLC is under common control with the firm.****CRD #:** 169355**Business Address:** 300 ATLANTIC STREET
STAMFORD, CT 06901**Effective Date:** 05/01/2014**Foreign Entity:** No**Country:****Securities Activities:** No**Investment Advisory Activities:** Yes**Description:** UNDER THE COMMON CONTROL OF COWEN INC.**ATM EXECUTION LLC is under common control with the firm.****CRD #:** 122529

Firm Operations**Organization Affiliates (continued)**

Business Address: 599 LEXINGTON AVE
21 FLOOR
NY, NY 10022

Effective Date: 06/28/2011

Foreign Entity: No

Country:

Securities Activities: Yes

Investment Advisory Activities: No

Description: UNDER THE COMMON CONTROL OF THE SAME ULTIMATE PARENT, COWEN INC.

COWEN INVESTMENT MANAGEMENT LLC is under common control with the firm.

CRD #: 151953

Business Address: 599 LEXINGTON AVE
NEW YORK, NY 10022

Effective Date: 11/04/2009

Foreign Entity: No

Country:

Securities Activities: No

Investment Advisory Activities: Yes

Description: UNDER THE COMMON CONTROL OF THE SAME ULTIMATE PARENT, COWEN INC.

RAMIUS ADVISORS, LLC is under common control with the firm.

CRD #: 110806

Business Address: 599 LEXINGTON AVE
NEW YORK, NY 10022

Effective Date: 11/02/2009

Foreign Entity: No

Country:

Securities Activities: No

Firm Operations



Organization Affiliates (continued)

Investment Advisory Activities: Yes

Description: UNDER THE COMMON CONTROL OF THE SAME ULTIMATE PARENT, COWEN INC.

COWEN INTERNATIONAL LIMITED is under common control with the firm.

Business Address: 1 SNOWDEN STREET - 11TH FLOOR
LONDON, UNITED KINGDOM EC2A 2DQ

Effective Date: 05/01/2006

Foreign Entity: Yes

Country: UNITED KINGDOM

Securities Activities: Yes

Investment Advisory Activities: No

Description: UNDER THE COMMON CONTROL OF THE SAME ULTIMATE PARENT, COWEN INC.

This firm is not directly or indirectly, controlled by the following:

- bank holding company
- national bank
- state member bank of the Federal Reserve System
- state non-member bank
- savings bank or association
- credit union
- or foreign bank



Disclosure Events

All firms registered to sell securities or provide investment advice are required to disclose regulatory actions, criminal or civil judicial proceedings, and certain financial matters in which the firm or one of its control affiliates has been involved. For your convenience, below is a matrix of the number and status of disclosure events involving this brokerage firm or one of its control affiliates. Further information regarding these events can be found in the subsequent pages of this report.

	Pending	Final	On Appeal
Regulatory Event	0	39	0
Arbitration	N/A	8	N/A

Disclosure Event Details

What you should know about reported disclosure events:

1. **BrokerCheck provides details for any disclosure event that was reported in CRD. It also includes summary information regarding FINRA arbitration awards in cases where the brokerage firm was named as a respondent.**
2. **Certain thresholds must be met before an event is reported to CRD, for example:**
 - o A law enforcement agency must file formal charges before a brokerage firm is required to disclose a particular criminal event.
3. **Disclosure events in BrokerCheck reports come from different sources:**
 - o Disclosure events for this brokerage firm were reported by the firm and/or regulators. When the firm and a regulator report information for the same event, both versions of the event will appear in the BrokerCheck report. The different versions will be separated by a solid line with the reporting source labeled.
4. **There are different statuses and dispositions for disclosure events:**
 - o A disclosure event may have a status of *pending*, *on appeal*, or *final*.
 - § A "pending" event involves allegations that have not been proven or formally adjudicated.
 - § An event that is "on appeal" involves allegations that have been adjudicated but are currently being appealed.
 - § A "final" event has been concluded and its resolution is not subject to change.
 - o A final event generally has a disposition of *adjudicated*, *settled* or *otherwise resolved*.
 - § An "adjudicated" matter includes a disposition by (1) a court of law in a criminal or civil matter, or (2) an administrative panel in an action brought by a regulator that is contested by the party charged with some alleged wrongdoing.
 - § A "settled" matter generally involves an agreement by the parties to resolve the matter. Please note that firms may choose to settle customer disputes or regulatory matters for business or other reasons.
 - § A "resolved" matter usually involves no payment to the customer and no finding of wrongdoing on the part of the individual broker. Such matters generally involve customer disputes.
5. **You may wish to contact the brokerage firm to obtain further information regarding any of the disclosure events contained in this BrokerCheck report.**

Regulatory - Final

This type of disclosure event involves (1) a final, formal proceeding initiated by a regulatory authority (e.g., a state securities agency, self-regulatory organization, federal regulator such as the U.S. Securities and Exchange Commission, foreign financial regulatory body) for a violation of investment-related rules or regulations; or (2) a revocation or suspension of the authority of a brokerage firm or its control affiliate to act as an attorney, accountant or federal contractor.

Disclosure 1 of 39

Reporting Source: Regulator
Current Status: Final



Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT PUBLISHED QUOTATIONS IN A QUOTATION MEDIUM IN RELIANCE ON AN EXCEPTION WITHOUT DEMONSTRATING ITS ELIGIBILITY TO RELY ON THE EXCEPTION BY MAKING CONTEMPORANEOUS RECORDS REQUIRED BY FINRA. THE FINDINGS STATED THAT THE FIRM FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM, INCLUDING WSPS, REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RECORDKEEPING REQUIREMENTS AND THE REQUIREMENTS SET FORTH IN RULE 15C2-11(F)(2) OF THE SECURITIES EXCHANGE ACT OF 1934 (THE EXCHANGE ACT). THE FIRM'S PROCEDURES DID NOT DESCRIBE HOW A DAILY REVIEW OF AN OTC EQUITY STATISTICS SHEET PROVIDED BY A THIRD-PARTY SHOULD BE PERFORMED OR IDENTIFY ANY ADDITIONAL INFORMATION THAT SHOULD BE REVIEWED ALONG WITH THE OTC EQUITY STATISTICS SHEET, AND DID NOT SET FORTH ANY OTHER REVIEWS OF THE FIRM'S UNSOLICITED QUOTES IN ORDER TO ACHIEVE COMPLIANCE WITH A FINRA RULE. THE FIRM HAD NO SUPERVISORY SYSTEM, WSPS OR REVIEWS IN PLACE TO REVIEW FOR COMPLIANCE WITH THE REQUIREMENTS OF EXCHANGE ACT RULE 15C2-11 OR FINRA RULE 6432.

Initiated By: FINRA

Date Initiated: 07/09/2020

Docket/Case Number: [2017053655601](#)

Principal Product Type: Equity - OTC

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 07/09/2020

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? No

Sanctions Ordered: Censure
Monetary/Fine \$32,500.00

Other Sanctions Ordered: UNDERTAKING



Sanction Details: THE FIRM WAS CENSURED, FINED \$32,500 AND REQUIRED TO REVISE ITS WSPS. FINES PAID IN FULL ON JULY 17, 2020.

Reporting Source: Firm

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT PUBLISHED QUOTATIONS IN A QUOTATION MEDIUM IN RELIANCE ON AN EXCEPTION WITHOUT DEMONSTRATING ITS ELIGIBILITY TO RELY ON THE EXCEPTION BY MAKING CONTEMPORANEOUS RECORDS REQUIRED BY FINRA. THE FINDINGS STATED THAT THE FIRM FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM, INCLUDING WSPS, REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RECORDKEEPING REQUIREMENTS AND THE REQUIREMENTS SET FORTH IN RULE 15C2- 11(F)(2) OF THE SECURITIES EXCHANGE ACT OF 1934 (THE EXCHANGE ACT). THE FIRM'S PROCEDURES DID NOT DESCRIBE HOW A DAILY REVIEW OF AN OTC EQUITY STATISTICS SHEET PROVIDED BY A THIRD-PARTY SHOULD BE PERFORMED OR IDENTIFY ANY ADDITIONAL INFORMATION THAT SHOULD BE REVIEWED ALONG WITH THE OTC EQUITY STATISTICS SHEET, AND DID NOT SET FORTH ANY OTHER REVIEWS OF THE FIRM'S UNSOLICITED QUOTES IN ORDER TO ACHIEVE COMPLIANCE WITH A FINRA RULE. THE FIRM HAD NO SUPERVISORY SYSTEM, WSPS OR REVIEWS IN PLACE TO REVIEW FOR COMPLIANCE WITH THE REQUIREMENTS OF EXCHANGE ACT RULE 15C2-11 OR FINRA RULE 6432.

Initiated By: FINRA

Date Initiated: 07/09/2020

Docket/Case Number: [2017053655601](#)

Principal Product Type: Equity - OTC

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 07/09/2020

Sanctions Ordered: Censure
Monetary/Fine \$32,500.00



Other Sanctions Ordered: UNDERTAKING

Sanction Details: THE FIRM WAS CENSURED, FINED \$32,500 AND REQUIRED TO REVISE ITS WSPS.

Disclosure 2 of 39

Reporting Source: Regulator

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO ACCURATELY RECORD THE ORDER TRANSMISSION TIMES ON MANUAL OPTIONS ORDERS IT HAD ROUTED TO FLOOR BROKERS AT NYSE ARCA AND VARIOUS OTHER NATIONAL SECURITIES EXCHANGES FOR EXECUTION. THE FIRM'S WRITTEN SUPERVISORY PROCEDURES ("WSPS") AND SUPERVISORY SYSTEM APPLICABLE TO THE HANDLING OF MANUAL OPTIONS ORDERS WERE NOT REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE APPLICABLE RECORDKEEPING PROVISIONS OF THE FEDERAL SECURITIES LAWS AND NYSE ARCA RULES.

Initiated By: NYSE ARCA, INC.

Date Initiated: 03/02/2020

Docket/Case Number: 2017054001301

Principal Product Type: Options

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 03/02/2020

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? No

Sanctions Ordered: Censure
Monetary/Fine \$50,000.00

**Other Sanctions Ordered:****Sanction Details:**

THE FIRM WAS CENSURED AND FINED \$100,000, OF WHICH \$50,000 SHALL BE PAID TO NYSE ARCA. THE BALANCE OF THE FINE SHALL BE PAID TO NASDAQ PHLX LLC. ACCEPTANCE OF THIS AWC IS CONDITIONED UPON ACCEPTANCE OF SIMILAR SETTLEMENT AGREEMENTS IN A RELATED MATTER BETWEEN THE FIRM AND NASDAQ PHLX LLC.

Reporting Source:

Firm

Current Status:

Final

Allegations:

WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO ACCURATELY RECORD THE ORDER TRANSMISSION TIMES ON MANUAL OPTIONS ORDERS IT HAD ROUTED TO FLOOR BROKERS AT NYSE ARCA AND VARIOUS OTHER NATIONAL SECURITIES EXCHANGES FOR EXECUTION. THE FIRM'S WRITTEN SUPERVISORY PROCEDURES ("WSPS") AND SUPERVISORY SYSTEM APPLICABLE TO THE HANDLING OF MANUAL OPTIONS ORDERS WERE NOT REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE APPLICABLE RECORDKEEPING PROVISIONS OF THE FEDERAL SECURITIES LAWS AND NYSE ARCA RULES.

Initiated By:

NYSE ARCA, INC.

Date Initiated:

03/02/2020

Docket/Case Number:

2017054001301

Principal Product Type:

Options

Other Product Type(s):**Principal Sanction(s)/Relief****Sought:****Other Sanction(s)/Relief****Sought:****Resolution:**

Acceptance, Waiver & Consent(AWC)

Resolution Date:

03/02/2020

Sanctions Ordered:

Censure
Monetary/Fine \$50,000.00

Other Sanctions Ordered:**Sanction Details:**

THE FIRM WAS CENSURED AND FINED \$100,000, OF WHICH \$50,000 SHALL BE PAID TO NYSE ARCA. THE BALANCE OF THE FINE SHALL BE PAID TO



NASDAQ PHLX LLC. ACCEPTANCE OF THIS AWC IS CONDITIONED UPON ACCEPTANCE OF SIMILAR SETTLEMENT AGREEMENTS IN A RELATED MATTER BETWEEN THE FIRM AND NASDAQ PHLX LLC.

Disclosure 3 of 39

Reporting Source:	Regulator
Current Status:	Final
Allegations:	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO ACCURATELY RECORD THE ORDER TRANSMISSION TIMES OF MANUAL OPTIONS ORDERS IT HAD ROUTED TO FLOOR BROKERS AT PHLX AND VARIOUS OTHER NATIONAL SECURITIES EXCHANGES. THE FIRM'S WRITTEN SUPERVISORY PROCEDURES ("WSPS") AND SUPERVISORY SYSTEM APPLICABLE TO THE HANDLING OF MANUAL OPTIONS ORDERS WERE NOT REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE APPLICABLE RECORDKEEPING PROVISIONS OF THE FEDERAL SECURITIES LAWS AND PHLX RULES.
Initiated By:	NASDAQ PHLX LLC
Date Initiated:	03/03/2020
Docket/Case Number:	2017054001302
Principal Product Type:	Options
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	03/03/2020
Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?	No
Sanctions Ordered:	Censure Monetary/Fine \$50,000.00

**Other Sanctions Ordered:****Sanction Details:**

THE FIRM IS CENSURED AND FINED \$100,000, OF WHICH \$50,000 SHALL BE PAID TO PHLX. THE BALANCE OF THE FINE SHALL BE PAID TO NYSE ARCA, INC. ACCEPTANCE OF THIS AWC IS CONDITIONED UPON ACCEPTANCE OF A SIMILAR SETTLEMENT AGREEMENT IN A RELATED MATTER BETWEEN THE FIRM AND NYSE ARCA, INC.

Reporting Source:

Firm

Current Status:

Final

Allegations:

WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO ACCURATELY RECORD THE ORDER TRANSMISSION TIMES OF MANUAL OPTIONS ORDERS IT HAD ROUTED TO FLOOR BROKERS AT PHLX AND VARIOUS OTHER NATIONAL SECURITIES EXCHANGES. THE FIRM'S WRITTEN SUPERVISORY PROCEDURES ("WSPS") AND SUPERVISORY SYSTEM APPLICABLE TO THE HANDLING OF MANUAL OPTIONS ORDERS WERE NOT REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE APPLICABLE RECORDKEEPING PROVISIONS OF THE FEDERAL SECURITIES LAWS AND PHLX RULES.

Initiated By:

NASDAQ PHLX LLC

Date Initiated:

03/03/2020

Docket/Case Number:

2017054001302

Principal Product Type:

Options

Other Product Type(s):**Principal Sanction(s)/Relief Sought:****Other Sanction(s)/Relief Sought:****Resolution:**

Acceptance, Waiver & Consent(AWC)

Resolution Date:

03/03/2020

Sanctions Ordered:

Censure
Monetary/Fine \$50,000.00

Other Sanctions Ordered:**Sanction Details:**

THE FIRM IS CENSURED AND FINED \$100,000, OF WHICH \$50,000 SHALL BE PAID TO PHLX. THE BALANCE OF THE FINE SHALL BE PAID TO NYSE ARCA,



INC. ACCEPTANCE OF THIS AWC IS CONDITIONED UPON ACCEPTANCE OF A SIMILAR SETTLEMENT AGREEMENT IN A RELATED MATTER BETWEEN THE FIRM AND NYSE ARCA, INC.

Disclosure 4 of 39

Reporting Source: Regulator

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, COWEN AND COMPANY, LLC ("COWEN" OR THE "FIRM") CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IN A SERIES OF TRANSACTIONS, THE FIRM, A DISTRIBUTION PARTICIPANT, PARTICIPATED IN THE DISTRIBUTION OF SECURITIES ON BEHALF OF ISSUERS, PURCHASED SHARES OF A COVERED SECURITY (I.E., THE COMMON STOCK OF THE ISSUERS) ON A PRINCIPAL BASIS DURING THE RESTRICTED PERIOD ASSOCIATED WITH THE DISTRIBUTION.

THE FINDINGS STATED THAT THE FIRM WHILE ACTING AS A MANAGER (OR IN A SIMILAR CAPACITY) IN A DISTRIBUTION OF SECURITIES, WHICH WERE SUBJECT TO RESTRICTED PERIODS UNDER THE SECURITIES EXCHANGE ACT RULE 101 OF REGULATION M, ON BEHALF OF ISSUERS FAILED TO TIMELY SUBMIT A RESTRICTED PERIOD NOTIFICATION TO THE EXCHANGE ON BEHALF OF THE ISSUERS. WHILE ACTING AS A MANAGER (OR IN A SIMILAR CAPACITY) THE FIRM IN A DISTRIBUTION, ON BEHALF OF AN ISSUER, OF SECURITIES THAT WERE SUBJECT TO A RESTRICTED PERIOD UNDER EXCHANGE ACT RULE 101 FAILED TO TIMELY SUBMIT A TRADING NOTIFICATION TO THE EXCHANGE BY NO LATER THAN THE CLOSE OF BUSINESS THE NEXT BUSINESS DAY FOLLOWING THE PRICING OF THE DISTRIBUTION IN THE COMMON STOCK OF THE ISSUER. THE FIRM, WHILE ACTING AS A MANAGER (OR SIMILAR CAPACITY) IN A DISTRIBUTION OF SECURITIES ON BEHALF OF ISSUERS, FAILED TO SUBMIT A TIMELY TRADING NOTIFICATION TO THE EXCHANGE BY NO LATER THAN THE CLOSE OF BUSINESS THE NEXT BUSINESS DAY FOLLOWING THE PRICING OF THE DISTRIBUTION.

THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM, INCLUDING WRITTEN SUPERVISORY PROCEDURES ("WSPS"), THAT WAS REASONABLY DESIGNED TO ENSURE COMPLIANCE WITH THE REQUIREMENTS OF EXCHANGE ACT RULE 101 OF REGULATION M AND NYSE AREA EQUITIES RULE 5190.

Initiated By: NYSE ARCA, INC.

Date Initiated: 12/31/2019

Docket/Case Number: 2014040293003



Principal Product Type:	Equity Listed (Common & Preferred Stock)
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	12/31/2019
Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?	No
Sanctions Ordered:	Censure Monetary/Fine \$32,400.00
Other Sanctions Ordered:	UNDERTAKING
Sanction Details:	THE FIRM WAS CENSURED AND FINED A TOTAL OF \$120,000, OF WHICH \$32,400 IS PAYABLE TO THE EXCHANGE. THE FIRM IS REQUIRED TO REVISE ITS WSPS WITH RESPECT TO THE DEFICIENCIES DESCRIBED IN THE AWC.
<hr/>	
Reporting Source:	Firm
Current Status:	Final
Allegations:	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IN A SERIES OF TRANSACTIONS, THE FIRM, A DISTRIBUTION PARTICIPANT, PARTICIPATED IN THE DISTRIBUTION OF SECURITIES ON BEHALF OF ISSUERS, PURCHASED SHARES OF A COVERED SECURITY (I.E., THE COMMON STOCK OF THE ISSUERS) ON A PRINCIPAL BASIS DURING THE RESTRICTED PERIOD ASSOCIATED WITH THE DISTRIBUTION. THE FINDINGS STATED THAT THE FIRM WHILE ACTING AS A MANAGER (OR IN A SIMILAR CAPACITY) IN A DISTRIBUTION OF SECURITIES, WHICH WERE SUBJECT TO RESTRICTED PERIODS UNDER THE SECURITIES EXCHANGE ACT RULE 101 OF REGULATION M, ON BEHALF OF ISSUERS FAILED TO TIMELY

SUBMIT A RESTRICTED PERIOD NOTIFICATION TO THE EXCHANGE ON BEHALF OF THE ISSUERS. WHILE ACTING AS A MANAGER (OR IN A SIMILAR CAPACITY) THE FIRM IN A DISTRIBUTION, ON BEHALF OF AN ISSUER, OF SECURITIES THAT WERE SUBJECT TO A RESTRICTED PERIOD UNDER EXCHANGE ACT RULE 101 FAILED TO TIMELY SUBMIT A TRADING NOTIFICATION TO THE EXCHANGE BY NO LATER THAN THE CLOSE OF BUSINESS THE NEXT BUSINESS DAY FOLLOWING THE PRICING OF THE DISTRIBUTION IN THE COMMON STOCK OF THE ISSUER. THE FIRM, WHILE ACTING AS A MANAGER (OR SIMILAR CAPACITY) IN A DISTRIBUTION OF SECURITIES ON BEHALF OF ISSUERS, FAILED TO SUBMIT A TIMELY TRADING NOTIFICATION TO THE EXCHANGE BY NO LATER THAN THE CLOSE OF BUSINESS THE NEXT BUSINESS DAY FOLLOWING THE PRICING OF THE DISTRIBUTION. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM, INCLUDING WRITTEN SUPERVISORY PROCEDURES ("WSPS"), THAT WAS REASONABLY DESIGNED TO ENSURE COMPLIANCE WITH THE REQUIREMENTS OF EXCHANGE ACT RULE 101 OF REGULATION M AND NYSE AREA EQUITIES RULE 5190.

Initiated By: NYSE ARCA, INC.

Date Initiated: 12/31/2019

Docket/Case Number: 2014040293003

Principal Product Type: Equity Listed (Common & Preferred Stock)

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 12/31/2019

Sanctions Ordered: Censure
Monetary/Fine \$32,400.00

Other Sanctions Ordered: UNDERTAKING

Sanction Details: THE FIRM WAS CENSURED AND FINED A TOTAL OF \$120,000, OF WHICH



\$32,400 IS PAYABLE TO THE EXCHANGE. THE FIRM IS REQUIRED TO REVISE ITS WSPS WITH RESPECT TO THE DEFICIENCIES DESCRIBED IN THE AWC.

Disclosure 5 of 39

Reporting Source:	Regulator
Current Status:	Final
Allegations:	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT, A DISTRIBUTION PARTICIPANT PARTICIPATING IN A DISTRIBUTION OF SECURITIES ON BEHALF OF ISSUERS, PURCHASED SHARES OF A COVERED SECURITY ON A PRINCIPAL BASIS DURING THE RESTRICTED PERIOD ASSOCIATED WITH THE DISTRIBUTION. THE FINDINGS STATED THAT THE FIRM, ON BEHALF OF ISSUERS, ENTERED ITS QUOTES INTO THE MARKETPLACE DURING THE RESTRICTED PERIOD ASSOCIATED WITH THE DISTRIBUTION. THE FINDINGS ALSO STATED THAT THE FIRM, WHILE ACTING AS A MANAGER (OR IN A SIMILAR CAPACITY) IN A DISTRIBUTION OF SECURITIES FAILED TO TIMELY SUBMIT NOTIFICATIONS TO NASDAQ. THE FINDINGS ALSO INCLUDED THAT THE FIRM'S SUPERVISORY SYSTEM, INCLUDING ITS WSPS, DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO THE APPLICABLE SECURITIES LAWS AND REGULATIONS RELATING TO EXCHANGE ACT RULE 101 OF REGULATION M AND NASDAQ RULES 4614, 4619, AND 4624.
Initiated By:	NASDAQ STOCK MARKET
Date Initiated:	12/17/2019
Docket/Case Number:	2014040293002
Principal Product Type:	Other
Other Product Type(s):	UNSPECIFIED SECURITIES
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	12/17/2019



Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? No

Sanctions Ordered: Censure
Monetary/Fine \$43,200.00

Other Sanctions Ordered: UNDERTAKING

Sanction Details: THE FIRM IS CENSURED, FINED A TOTAL OF \$120,000, OF WHICH \$43,200 IS PAYABLE TO NASDAQ AND REQUIRED TO REVISE ITS WSPS.

Reporting Source: Firm

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT, A DISTRIBUTION PARTICIPANT PARTICIPATING IN A DISTRIBUTION OF SECURITIES ON BEHALF OF ISSUERS, PURCHASED SHARES OF A COVERED SECURITY ON A PRINCIPAL BASIS DURING THE RESTRICTED PERIOD ASSOCIATED WITH THE DISTRIBUTION. THE FINDINGS STATED THAT THE FIRM, ON BEHALF OF ISSUERS, ENTERED ITS QUOTES INTO THE MARKETPLACE DURING THE RESTRICTED PERIOD ASSOCIATED WITH THE DISTRIBUTION. THE FINDINGS ALSO STATED THAT THE FIRM, WHILE ACTING AS A MANAGER (OR IN A SIMILAR CAPACITY) IN A DISTRIBUTION OF SECURITIES FAILED TO TIMELY SUBMIT NOTIFICATIONS TO NASDAQ. THE FINDINGS ALSO INCLUDED THAT THE FIRM'S SUPERVISORY SYSTEM, INCLUDING ITS WSPS, DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO THE APPLICABLE SECURITIES LAWS AND REGULATIONS RELATING TO EXCHANGE ACT RULE 101 OF REGULATION M AND NASDAQ RULES 4614, 4619, AND 4624.

Initiated By: NASDAQ STOCK MARKET

Date Initiated: 12/17/2019

Docket/Case Number: 2014040293002



Principal Product Type: Other
Other Product Type(s): UNSPECIFIED SECURITIES
Principal Sanction(s)/Relief Sought:
Other Sanction(s)/Relief Sought:
Resolution: Acceptance, Waiver & Consent(AWC)
Resolution Date: 12/17/2019
Sanctions Ordered: Censure
 Monetary/Fine \$43,200.00
Other Sanctions Ordered: UNDERTAKING
Sanction Details: THE FIRM IS CENSURED, FINED A TOTAL OF \$120,000, OF WHICH \$43,200 IS PAYABLE TO NASDAQ AND REQUIRED TO REVISE ITS WSPS.

Disclosure 6 of 39

Reporting Source: Regulator
Current Status: Final
Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT BID FOR A COVERED SECURITY DURING A RESTRICTED PERIOD IN CONNECTION WITH NINE SECURITIES DISTRIBUTIONS AND PURCHASED A COVERED SECURITY DURING THE APPLICABLE RESTRICTED PERIOD IN CONNECTION WITH SIX DISTRIBUTIONS. THE FINDINGS STATED THAT THE FIRM FAILED TO PROVIDE COMPLETE AND/OR TIMELY NOTIFICATIONS TO FINRA IN CONNECTION WITH 16 DISTRIBUTIONS AS REQUIRED. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO ESTABLISH, MAINTAIN, AND ENFORCE WRITTEN PROCEDURES TO SUPERVISE THE TYPES OF BUSINESS THAT IT ENGAGED IN AND THE ACTIVITIES OF ITS ASSOCIATED PERSONS THAT WERE REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE SECURITIES EXCHANGE ACT OF 1934 (EXCHANGE ACT) RULE 101 OF REGULATION M AND FINRA RULE 5190.
Initiated By: FINRA
Date Initiated: 12/17/2019
Docket/Case Number: [2014040293001](#)
Principal Product Type: Other



Other Product Type(s):	UNSPECIFIED SECURITIES
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	12/17/2019
Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?	No
Sanctions Ordered:	Censure Monetary/Fine \$44,400.00
Other Sanctions Ordered:	UNDERTAKING
Sanction Details:	THE FIRM IS CENSURED, FINED \$120,000, OF WHICH \$44,400 IS PAYABLE TO FINRA AND REQUIRED TO REVISE ITS WSPS.
Regulator Statement	FINES PAID IN FULL ON DECEMBER 31, 2019.
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Reporting Source:	Firm
Current Status:	Final
Allegations:	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT BID FOR A COVERED SECURITY DURING A RESTRICTED PERIOD IN CONNECTION WITH NINE SECURITIES DISTRIBUTIONS AND PURCHASED A COVERED SECURITY DURING THE APPLICABLE RESTRICTED PERIOD IN CONNECTION WITH SIX DISTRIBUTIONS. THE FINDINGS STATED THAT THE FIRM FAILED TO PROVIDE COMPLETE AND/OR TIMELY NOTIFICATIONS TO FINRA IN CONNECTION WITH 16 DISTRIBUTIONS AS REQUIRED. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO ESTABLISH, MAINTAIN, AND ENFORCE WRITTEN PROCEDURES TO SUPERVISE THE TYPES OF BUSINESS THAT IT ENGAGED IN AND THE ACTIVITIES OF ITS ASSOCIATED PERSONS THAT WERE REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE SECURITIES EXCHANGE ACT OF 1934 (EXCHANGE



ACT) RULE 101 OF REGULATION M
AND FINRA RULE 5190.

Initiated By: FINRA

Date Initiated: 12/17/2019

Docket/Case Number: [2014040293001](#)

Principal Product Type: Other

Other Product Type(s): UNSPECIFIED SECURITIES

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 12/17/2019

Sanctions Ordered: Censure
Monetary/Fine \$44,400.00

Other Sanctions Ordered: UNDERTAKING

Sanction Details: THE FIRM IS CENSURED, FINED \$120,000, OF WHICH \$44,400 IS PAYABLE TO FINRA AND REQUIRED TO REVISE ITS WSPS.

Disclosure 7 of 39

Reporting Source: Regulator

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT TRANSMITTED REPORTS TO OATS THAT CONTAINED INACCURATE, INCOMPLETE, OR IMPROPERLY FORMATTED DATA. THE FINDINGS STATED THAT SPECIFICALLY, THE ROES CONTAINED INACCURATE FIRM ORDER IDENTIFICATIONS (FOIDS). THIS CONDUCT RESULTED FROM TWO ISSUES, THE FIRM'S MISUNDERSTANDING OF ITS FOID REPORTING OBLIGATION, AND THE MISREPORTING OF A CERTAIN TYPE OF ORDER THAT WAS UNIQUE TO A RECENTLY ACQUIRED BROKER-DEALER. DURING THE PERIOD, THE FIRM SUBMITTED CERTAIN ROUTE REPORTS SUBSEQUENT TO AN ORDER MODIFICATION (CANCEL/REPLACE) THAT LINKED TO THE FOID OF THE ORIGINAL ORDER INSTEAD OF THE MODIFIED ORDER. BECAUSE THE ROUTE REPORT SUBSEQUENT TO THE CANCEL/REPLACE



LINKED BACK TO THE ORIGINAL FOID, INSTEAD OF THE NEW FOID FOR THE REPLACED ORDER, THE SEQUENCING OF EVENTS WITHIN THE ORDER LIFECYCLE WAS INACCURATE. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO TRANSMIT ROES TO OAT. THIS CONDUCT RESULTED FROM A VENDOR ISSUE THAT OCCURRED WHEN MAINTENANCE WAS BEING PERFORMED ON AN OATS-REPORTING SERVER. THE SERVER ISSUE WAS RESOLVED AND THE FIRM RESUBMITTED THE ROES TO OATS. THE FINDINGS ALSO INCLUDED THAT THE FIRM FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM, INCLUDING WSPS, REASONABLY DESIGNED TO ENSURE THAT THE FIRM COMPLIED WITH ITS OATS REPORTING OBLIGATION.

Initiated By: FINRA

Date Initiated: 03/18/2019

Docket/Case Number: [2016049867901](#)

Principal Product Type: Other

Other Product Type(s): UNSPECIFIED SECURITIES

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 03/18/2019

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? No

Sanctions Ordered: Censure
Monetary/Fine \$175,000.00

Other Sanctions Ordered: UNDERTAKING

Sanction Details: THE FIRM WAS CENSURED, FINED \$175,000, AND REQUIRED TO REVISE ITS SUPERVISORY SYSTEM AND WRITTEN SUPERVISORY PROCEDURES WITH RESPECT TO THE FIRM'S COMPLIANCE WITH ITS OATS REPORTING OBLIGATION. FINES PAID IN FULL ON MARCH 18, 2019.

Regulator Statement THIS CASE INCLUDES CASE NUMBER 20170536479-



Reporting Source: Firm

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT TRANSMITTED TO THE ORDER AUDIT TRAIL SYSTEM (OATS) REPORTS THAT CONTAINED INACCURATE, INCOMPLETE, OR IMPROPERLY FORMATTED DATA, AND IT FAILED TO TRANSMIT REPORTABLE ORDER EVENTS (ROES) TO OATS. THE FINDINGS STATED THAT SPECIFICALLY, THE ROES CONTAINED INACCURATE FIRM ORDER IDS (FOIDS). THE FIRM SUBMITTED CERTAIN ROUTE REPORTS SUBSEQUENT TO AN ORDER MODIFICATION (CANCEL/REPLACE) THAT LINKED TO THE FOID OF THE ORIGINAL ORDER INSTEAD OF THE MODIFIED ORDER. BECAUSE THE ROUTE REPORT SUBSEQUENT TO THE CANCEL/REPLACE LINKED BACK TO THE ORIGINAL FOID, INSTEAD OF THE NEW FOID FOR THE REPLACED ORDER, THE SEQUENCING OF EVENTS WITHIN THE ORDER LIFECYCLE WAS INACCURATE. IN ADDITION, THE FIRM'S FAILURE TO TRANSMIT ROES TO OAT RESULTED FROM A VENDOR ISSUE THAT OCCURRED WHEN MAINTENANCE WAS BEING PERFORMED ON AN OATS-REPORTING SERVER. THE SERVER ISSUE WAS RESOLVED AND THE FIRM RESUBMITTED THE ROES TO OATS. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM, INCLUDING WRITTEN SUPERVISORY PROCEDURES (WSPS), REASONABLY DESIGNED TO ENSURE THAT THE FIRM COMPLIED WITH ITS OATS REPORTING OBLIGATION.

Initiated By: FINRA

Date Initiated: 03/18/2019

Docket/Case Number: [2016049867901](#)

Principal Product Type: Other

Other Product Type(s): UNSPECIFIED SECURITIES

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 03/18/2018



Sanctions Ordered: Censure
Monetary/Fine \$175,000.00

Other Sanctions Ordered: THE FIRM WAS REQUIRED TO REVISE ITS SUPERVISORY SYSTEM AND WRITTEN SUPERVISORY PROCEDURES.

Sanction Details: FINE OF \$175,000.00 PAID ON 3/21/2019.

Disclosure 8 of 39

Reporting Source: Regulator

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO REPORT TO THE TRADE REPORTING AND COMPLIANCE ENGINE (TRACE) TRANSACTIONS IN TRACE-ELIGIBLE SECURITIES THAT IT WAS REQUIRED TO REPORT, AND IT FAILED TO SHOW THE TIME OF EXECUTION ON THE MEMORANDA OF BROKERAGE ORDERS. THE FINDINGS STATED THAT THE FIRM ALSO REPORTED CANCEL ACCEPT TIMES RATHER THAN CANCEL REQUEST TIMES IN CANCEL/REPLACE REPORTS TO THE ORDER AUDIT TRAIL SYSTEM (OATS); REPORTED THE CANCEL ACCEPT TIME IN A CANCEL/REPLACE REPORT RATHER THAN THE CANCEL REQUEST TIME, AND FAILED TO REPORT OTHER CANCEL/REPLACES TO OATS; FAILED TO REPORT ROUTES, EXECUTIONS, AND/OR CANCELS TO OATS; INCORRECTLY SUBMITTED A REPORT TO OATS FOR A NON-REPORTABLE EVENT; AND REPORTED AN INCORRECT ORDER RECEIPT TIME TO OATS.

Initiated By: FINRA

Date Initiated: 10/31/2016

Docket/Case Number: [2014042512401](#)

Principal Product Type: Other

Other Product Type(s): UNSPECIFIED SECURITIES

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 10/31/2016



Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?	No
Sanctions Ordered:	Censure Monetary/Fine \$35,000.00
Other Sanctions Ordered:	
Sanction Details:	THE FIRM WAS CENSURED AND FINED \$35,000. FINES PAID IN FULL ON NOVEMBER 7, 2016.
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Reporting Source:	Firm
Current Status:	Final
Allegations:	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO REPORT TO THE TRADE REPORTING AND COMPLIANCE ENGINE (TRACE) TRANSACTIONS IN TRACE ELIGIBLE SECURITIES THAT IT WAS REQUIRED TO REPORT, AND IT FAILED TO SHOW THE TIME OF EXECUTION ON THE MEMORANDA OF BROKERAGE ORDERS. THE FINDINGS STATED THAT THE FIRM ALSO REPORTED CANCEL ACCEPT TIMES RATHER THAN CANCEL REQUEST TIMES IN CANCEL/REPLACE REPORTS TO THE ORDER AUDIT TRAIL SYSTEM (OATS); REPORTED THE CANCEL ACCEPT TIME IN A CANCEL/REPLACE REPORT RATHER THAN THE CANCEL REQUEST TIME, AND FAILED TO REPORT OTHER CANCEL/REPLACES TO OATS; FAILED TO REPORT ROUTES, EXECUTIONS, AND/OR CANCELS TO OATS; INCORRECTLY SUBMITTED A REPORT TO OATS FOR A NONREPORTABLE EVENT; AND REPORTED AN INCORRECT ORDER RECEIPT TIME TO OATS.
Initiated By:	FINRA
Date Initiated:	10/31/2016
Docket/Case Number:	2014042512401
Principal Product Type:	Other
Other Product Type(s):	UNSPECIFIED SECURITIES
Principal Sanction(s)/Relief Sought:	Other
Other Sanction(s)/Relief Sought:	RELIEF SOUGHT



Resolution: Acceptance, Waiver & Consent(AWC)
Resolution Date: 10/31/2016
Sanctions Ordered: Censure
 Monetary/Fine \$35,000.00
Other Sanctions Ordered:
Sanction Details: THE FIRM WAS CENSURED AND FINED \$35,000.

Disclosure 9 of 39

Reporting Source: Regulator
Current Status: Final
Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO TRANSMIT REPORTABLE ORDER EVENTS (ROES) TO THE ORDER AUDIT TRAIL SYSTEM (OATS) ON BUSINESS DAYS.
Initiated By: FINRA
Date Initiated: 03/23/2015
Docket/Case Number: [2013036151401](#)
Principal Product Type: No Product
Other Product Type(s):
Principal Sanction(s)/Relief Sought:
Other Sanction(s)/Relief Sought:
Resolution: Acceptance, Waiver & Consent(AWC)
Resolution Date: 03/23/2015
Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? No
Sanctions Ordered: Censure
 Monetary/Fine \$25,000.00

**Other Sanctions Ordered:**

Sanction Details: THE FIRM WAS CENSURED AND FINED \$25,000. 4/10/2015 FINE PAID IN FULL.

Reporting Source: Firm

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO TRANSMIT REPORTABLE ORDER EVENTS (ROES) TO THE ORDER AUDIT TRAIL SYSTEM (OATS) ON BUSINESS DAYS.

Initiated By: FINRA

Date Initiated: 03/23/2015

Docket/Case Number: [2013036151401](#)

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 03/23/2015

Sanctions Ordered: Censure
Monetary/Fine \$25,000.00

Other Sanctions Ordered:

Sanction Details: THE FIRM WAS CENSURED AND FINED \$25,000.

Disclosure 10 of 39

Reporting Source: Regulator

Current Status: Final

Allegations: COWEN AND COMPANY ("COWEN"), AN EXCHANGE TPH ORGANIZATION, WAS CENSURED AND FINED \$2,500 FOR THE FOLLOWING CONDUCT. COWEN FAILED TO REGISTER ONE (1) ASSOCIATED PERSON AS A PROPRIETARY TRADER PRINCIPAL (TP) WITH THE EXCHANGE IN WEBCRD.



(EXCHANGE RULE 3.6A - QUALIFICATION AND REGISTRATION OF TRADING PERMIT HOLDERS AND ASSOCIATED PERSONS)

Initiated By: CHICAGO BOARD OPTIONS EXCHANGE

Date Initiated: 08/01/2014

Docket/Case Number: 14-0123

Principal Product Type: Options

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief Sought:

Resolution: Decision & Order of Offer of Settlement

Resolution Date: 10/06/2014

Sanctions Ordered: Censure
Monetary/Fine \$2,500.00

Other Sanctions Ordered:

Sanction Details: A \$2,500 FINE AND A CENSURE.

Reporting Source: Firm

Current Status: Final

Allegations: THE FIRM FAILED TO REGISTER ONE (1) ASSOCIATED PERSON AS A PROPRIETARY TRADER PRINCIPAL (TP) WITH THE EXCHANGE IN WEBCRD. (EXCHANGE RULE 3.6A - QUALIFICATION AND REGISTRATION OF TRADING PERMIT HOLDERS AND ASSOCIATED PERSONS)

Initiated By: CHICAGO BOARD OPTIONS EXCHANGE

Date Initiated: 08/01/2014

Docket/Case Number: 14-0123

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Civil and Administrative Penalt(ies) /Fine(s)


Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 10/06/2014

Sanctions Ordered: Censure
Monetary/Fine \$2,500.00

Other Sanctions Ordered:

Sanction Details: FIRM CENSURED AND FINED \$2,500.00.

Disclosure 11 of 39

Reporting Source: Regulator

Current Status: Final

Allegations: COWEN AND COMPANY, LLC ("COWEN"), A CBOE STOCK EXCHANGE, LLC ("CBSX") TPH ORGANIZATION, WAS CENSURED AND FINED \$5,000 FOR THE FOLLOWING CONDUCT. COWEN FAILED TO ESTABLISH AND MAINTAIN A UNIQUE LOGON ID BY OR BEFORE JANUARY 2, 2012 AND, AS A RESULT, IMPROPERLY CAUSED NUMEROUS ORDERS TO BE EXECUTED THROUGH A LOGON ID THAT WAS NOT UNIQUE, AS REQUIRED BY CBSX REGULATORY CIRCULAR 11-151. (EXCHANGE RULE 4.1 - JUST AND EQUITABLE PRINCIPLES OF TRADE)

Initiated By: CHICAGO BOARD OPTIONS EXCHANGE

Date Initiated: 12/11/2013

Docket/Case Number: 13-0067

Principal Product Type: Options

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief Sought:

Resolution: Decision & Order of Offer of Settlement

Resolution Date: 02/27/2014

Sanctions Ordered: Censure
Monetary/Fine \$5,000.00

**Other Sanctions Ordered:**

Sanction Details: A \$5,000 FINE AND A CENSURE.

Reporting Source: Firm

Current Status: Final

Allegations: CBOE EXCHANGE RULE 4.1- COWEN AND COMPANY IMPROPERLY CAUSED NUMEROUS ORDERS TO BE EXECUTED THROUGH A LOGON ID THAT WAS NOT UNIQUE. THE LOGON ID WAS ESTABLISHED BY THE FIRM'S THIRD PARTY CONNECTIVITY PROVIDER WHO ALLOWED IT TO BE USED BY MULTIPLE FIRMS.

Initiated By: CHICAGO BOARD OPTIONS EXCHANGE

Date Initiated: 12/11/2013

Docket/Case Number: 13-0067

Principal Product Type: Options

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Decision & Order of Offer of Settlement

Resolution Date: 02/27/2013

Sanctions Ordered: Censure
Monetary/Fine \$5,000.00

Other Sanctions Ordered:

Sanction Details: A \$5,000 FINE AND A CENSURE

Disclosure 12 of 39

Reporting Source: Regulator

Current Status: Final

Allegations: NASDAQ RULE 4611(A)(6) - COWEN AND COMPANY IN NUMEROUS INSTANCES, INCORRECTLY ENTERED PROPRIETARY ORDERS WITH AN AGENCY CAPACITY INTO THE NASDAQ MARKET CENTER.



Initiated By: NASDAQ STOCK MARKET
Date Initiated: 08/27/2013
Docket/Case Number: 2012032434601
Principal Product Type: Other
Other Product Type(s): UNSPECIFIED SECURITIES
Principal Sanction(s)/Relief Sought:
Other Sanction(s)/Relief Sought:
Resolution: Acceptance, Waiver & Consent(AWC)
Resolution Date: 08/27/2013
Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? No
Sanctions Ordered: Censure
 Monetary/Fine \$25,000.00
Other Sanctions Ordered:
Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED AND FINED \$25,000.

Reporting Source: Firm
Current Status: Final
Allegations: NASDAQ RULE 4611(A)(6) - COWEN AND COMPANY IN NUMEROUS INSTANCES, INCORRECTLY ENTERED PROPRIETARY ORDERS WITH AN AGENCY CAPACITY INTO THE NASDAQ MARKET CENTER.
Initiated By: NASDAQ STOCK MARKET
Date Initiated: 08/27/2013
Docket/Case Number: 2012032434601
Principal Product Type: Other



Other Product Type(s): UNSPECIFIED SECURITIES

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 08/27/2013

Sanctions Ordered: Censure
Monetary/Fine \$25,000.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED AND FINED \$25,000

Disclosure 13 of 39

Reporting Source: Firm

Current Status: Final

Allegations: VIOLATION OF EXCHANGE RULE 1014(B)(II)(D)(1) BY INADVERTENTLY FAILING TO QUOTE CONTINUOUSLY, TWO-SIDED MARKETS IN MULTIPLE OPTIONS, THEREBY RESULTING IN 277 INSTANCES WHERE THE FIRM DID NOT ADEQUATELY QUOTE IN AT LEAST 60% OF THE SERIES.

Initiated By: NASDAQ OMX PHLX

Date Initiated: 05/10/2013

Docket/Case Number: 2013-03

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Settled

Resolution Date: 06/05/2013

Sanctions Ordered: Censure



Monetary/Fine \$15,000.00

Other Sanctions Ordered:

Sanction Details:

THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED AND FINED \$15,000.

Disclosure 14 of 39

Reporting Source:

Regulator

Current Status:

Final

Allegations:

SEC RULE 200(G) OF REGULATION SHO, NASDAQ RULE 4755 - COWEN AND COMPANY FAILED TO PROPERLY MARK SELL ORDERS AS LONG OR SHORT, AND AS A RESULT ENTERED ORDERS INTO THE NASDAQ MARKET CENTER THAT FAILED TO CORRECTLY INDICATE WHETHER THE ORDERS WERE A BUY, SHORT SALE OR LONG SALE.

Initiated By:

NASDAQ STOCK MARKET

Date Initiated:

05/28/2013

Docket/Case Number:

2010021590902

Principal Product Type:

Other

Other Product Type(s):

UNSPECIFIED SECURITIES

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution:

Acceptance, Waiver & Consent(AWC)

Resolution Date:

05/28/2013

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?

No

Sanctions Ordered:

Censure
Monetary/Fine \$10,000.00

Other Sanctions Ordered:

Sanction Details:

WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED



TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS;
THEREFORE, THE FIRM WAS CENSURED AND FINED \$10,000.

Reporting Source: Firm

Current Status: Final

Allegations: SEC RULE 200(G) OF REGULATION SHO, NASDAQ RULE 4755 - COWEN AND COMPANY FAILED TO PROPERLY MARK SELL ORDERS AS LONG OR SHORT, AND AS A RESULT ENTERED ORDERS INTO THE NASDAQ MARKET CENTER THAT FAILED TO CORRECTLY INDICATE WHETHER THE ORDERS WERE A BUY, SHORT SALE OR LONG SALE.

Initiated By: NASDAQ STOCK MARKET

Date Initiated: 05/28/2013

Docket/Case Number: 2010021590902

Principal Product Type: Other

Other Product Type(s): UNSPECIFIED SECURITIES

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 05/28/2013

Sanctions Ordered: Censure
Monetary/Fine \$10,000.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM WAS CENSURED AND FINED \$10,000.

Disclosure 15 of 39

Reporting Source: Regulator

Current Status: Final

Allegations: FINRA RULE 7450 - COWEN & COMPANY, LLC ERRONEOUSLY SUBMITTED SOME ROUTE AND/OR DESK REPORT INFORMATION TO THE ORDER AUDIT TRAIL SYSTEM (OATS) AND IN ONE INSTANCE, THE FIRM FAILED TO



SUBMIT A ROUTE REPORT TO OATS.

Initiated By: FINRA

Date Initiated: 05/28/2013

Docket/Case Number: 2010021590901

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 05/28/2013

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? No

Sanctions Ordered: Censure
Monetary/Fine \$7,500.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED AND FINED \$7,500. FINE PAID ON JUNE 24, 2013.

Reporting Source: Firm

Current Status: Final

Allegations: FINRA RULE 7450 - COWEN & COMPANY, LLC ERRONEOUSLY SUBMITTED SOME ROUTE AND/OR DESK REPORT INFORMATION TO THE ORDER AUDIT TRAIL SYSTEM (OATS) AND IN ONE INSTANCE, THE FIRM FAILED TO SUBMIT A ROUTE REPORT TO OATS.

Initiated By: FINRA

Date Initiated: 05/28/2013



Docket/Case Number: 2010021590901

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 05/28/2013

Sanctions Ordered: Censure
Monetary/Fine \$7,500.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED AND FINED \$7,500.

Disclosure 16 of 39

Reporting Source: Regulator

Current Status: Final

Allegations: COWEN & COMPANY, LLC ("COWEN"), AN EXCHANGE TRADING PERMIT HOLDER, WAS CENSURED AND FINED \$5,000 FOR THE FOLLOWING CONDUCT. COWEN FAILED TO REGISTER THE MINIMUM NUMBER OF INDIVIDUALS REQUIRED TO REGISTER AS PROPRIETARY TRADER PRINCIPAL (TP) IN WEBCRD BY NOVEMBER 5, 2011. (EXCHANGE RULE 3.6A - QUALIFICATION AND REGISTRATION OF CERTAIN ASSOCIATED PERSONS.)

Initiated By: CHICAGO BOARD OPTIONS EXCHANGE

Date Initiated: 12/17/2012

Docket/Case Number: 12-0101

Principal Product Type: Options

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Civil and Administrative Penalt(ies) /Fine(s)


Other Sanction(s)/Relief Sought:

Resolution: Decision & Order of Offer of Settlement

Resolution Date: 02/21/2013

Sanctions Ordered: Censure
Monetary/Fine \$5,000.00

Other Sanctions Ordered:

Sanction Details: A \$5,000 FINE AND A CENSURE.

Reporting Source: Firm

Current Status: Final

Allegations: THE APPLICANT FAILED TO REGISTER THE MINIMUM NUMBER OF INDIVIDUALS REQUIRED TO REGISTER AS PROPRIETARY TRADER PRINCIPAL (TP) IN WEBCRD BY NOVEMBER 5, 2011.

Initiated By: CHICAGO BOARD OPTIONS EXCHANGE

Date Initiated: 04/11/2012

Docket/Case Number: 12-0101

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought: THE APPLICANT WAS FINED \$5000.00.

Resolution: Settled

Resolution Date: 02/21/2013

Sanctions Ordered: Censure
Monetary/Fine \$5,000.00

Other Sanctions Ordered:

Sanction Details: THE APPLICANT WAS FINED \$5000 WHICH WAS PAID ON MARCH 11, 2013.



Reporting Source: Regulator

Current Status: Final

Allegations: SEC RULE 17A-3, FINRA RULES 2010, 7450, NASD RULES 3010, 3110 - COWEN AND COMPANY TRANSMITTED REPORTS TO THE ORDER AUDIT TRAIL SYSTEM (OATS) THAT INACCURATELY REPORTED AN "N" IN THE CUSTOMER INSTRUCTION FLAG FIELD AND FAILED TO REPORT A MARKET PARTICIPANT IDENTIFIER (MPID) TO OATS IN THE SENT TO MPID FIELD AND ALSO IMPROPERLY INCLUDED A DESTINATION CODE OF "N" IN SOME INSTANCES. THE FIRM INACCURATELY MARKED ITS TRADING LEDGER AS LONG WHEN THE FIRM'S POSITION AT THE TIME OF EXECUTION WAS SHORT AND FAILED TO SHOW THE CORRECT TIME OF ENTRY ON SEVERAL BROKERAGE ORDER MEMORANDA. THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATIONS AND NASD RULES CONCERNING BEST EXECUTION (EXECUTION OF CUSTOMER ORDERS AS AGENT ROUTED TO AND EXECUTED BY OTHER PARTIES BASED ON ORDER-BY-ORDER ROUTING DECISIONS BY THE FIRM); SHORT SALES (NAKED SHORT SELLING ANTI-FRAUD RULE); AND SEC RULE 611(B)(1) OF REGULATION NMS WITH REGARD TO THE SELF-HELP EXCEPTION.

Initiated By: FINRA

Date Initiated: 03/22/2012

Docket/Case Number: [2009017006301](#)

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 03/22/2012

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? No

Sanctions Ordered: Censure



Monetary/Fine \$17,500.00

Other Sanctions Ordered:

UNDERTAKING

Sanction Details:

WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED, FINED \$17,500 AND REQUIRED TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES REGARDING BEST EXECUTION (EXECUTION OF CUSTOMER ORDERS AS AGENT ROUTED TO AND EXECUTED BY OTHER PARTIES BASED ON ORDER-BY-ORDER ROUTING DECISIONS BY THE FIRM); SHORT SALES (NAKED SHORT SELLING ANTI-FRAUD RULE); AND SEC RULE 611(B)(1) OF REGULATION NMS WITH REGARD TO THE SELF-HELP EXCEPTION WITHIN 30 BUSINESS DAYS OF ACCEPTANCE OF THIS AWC BY THE NAC. FINE PAID IN FULL APRIL 9, 2012.

Reporting Source:

Firm

Current Status:

Final

Allegations:

SEC RULE 17A-3, FINRA RULES 2010, 7450, NASD RULES 3010, 3110 - COWEN AND COMPANY TRANSMITTED REPORTS TO THE ORDER AUDIT TRAIL SYSTEM (OATS) THAT INACCURATELY REPORTED AN "N" IN THE CUSTOMER INSTRUCTION FLAG FIELD AND FAILED TO REPORT A MARKET PARTICIPANT IDENTIFIER (MPID) TO OATS IN THE SENT TO MPID FIELD AND ALSO IMPROPERLY INCLUDED A DESTINATION CODE OF "N" IN SOME INSTANCES. THE FIRM INACCURATELY MARKED ITS TRADING LEDGER AS LONG WHEN THE FIRM'S POSITION AT THE TIME OF EXECUTION WAS SHORT AND FAILED TO SHOW THE CORRECT TIME OF ENTRY ON SEVERAL BROKERAGE ORDER MEMORANDA. THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATIONS AND NASD RULES CONCERNING BEST EXECUTION (EXECUTION OF CUSTOMER ORDERS AS AGENT ROUTED TO AND EXECUTED BY OTHER PARTIES BASED ON ORDER-BY-ORDER ROUTING DECISIONS BY THE FIRM); SHORT SALES (NAKED SHORT SELLING ANTI-FRAUD RULE); AND SEC RULE 611(B)(1) OF REGULATION NMS WITH REGARD TO THE SELF-HELP EXCEPTION.

Initiated By:

FINANCIAL INDUSTRY REGULATION AUTHORITY (FINRA)

Date Initiated:

03/22/2012

Docket/Case Number:

[2009017006301](#)

Principal Product Type:

No Product

Other Product Type(s):



Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 03/22/2012

Sanctions Ordered: Censure
Monetary/Fine \$17,500.00

Other Sanctions Ordered: UNDERTAKING

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED, FINED \$17,500 AND REQUIRED TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES REGARDING BEST EXECUTION (EXECUTION OF CUSTOMER ORDERS AS AGENT ROUTED TO AND EXECUTED BY OTHER PARTIES BASED ON ORDER-BY-ORDER ROUTING DECISIONS BY THE FIRM); SHORT SALES (NAKED SHORT SELLING ANTI-FRAUD RULE); AND SEC RULE 611(B)(1) OF REGULATION NMS WITH REGARD TO THE SELF-HELP EXCEPTION WITHIN 30 BUSINESS DAYS OF ACCEPTANCE OF THIS AWC BY THE NAC. THE FINE OF \$17,500 WAS PAID BY APPLICANT TO FINRA ON APRIL 2, 2012.

Disclosure 18 of 39

Reporting Source: Regulator

Current Status: Final

Allegations: NASDAQ RULE 4755 - COWEN AND COMPANY ENTERED ORDERS INTO THE NASDAQ MARKET CENTER THAT FAILED TO CORRECTLY INDICATE WHETHER THE ORDERS WERE A BUY, SHORT SALE OR LONG SALE.

Initiated By: NASDAQ STOCK MARKET

Date Initiated: 08/25/2010

Docket/Case Number: 2007010246302

Principal Product Type: Other

Other Product Type(s): UNSPECIFIED SECURITIES

Principal Sanction(s)/Relief Sought:



Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 08/25/2010

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? No

Sanctions Ordered: Censure
Monetary/Fine \$10,000.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED AND FINED \$10,000.

Reporting Source: Firm

Current Status: Final

Allegations: IT WAS ALLEGED THAT COWEN AND COMPANY ENTERED ORDERS INTO THE NASDAQ MARKET CENTER THAT FAILED TO CORRECTLY INDICATE WHETHER THE ORDERS WERE A BUY, SHORT SALE OR LONG SALE.

Initiated By: NASDAQ STOCK MARKET

Date Initiated: 08/25/2010

Docket/Case Number: 2007010246302

Principal Product Type: Other

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 08/25/2010

Sanctions Ordered: Censure



Monetary/Fine \$10,000.00

Other Sanctions Ordered:

Sanction Details:

WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED AND FINED \$10,000.

Disclosure 19 of 39

Reporting Source:

Regulator

Current Status:

Final

Allegations:

SEC RULE 10B-10, SEC RULE 200(G) OF REGULATION SHO, NASD RULES 2110, 3010, 4632, 4632(B), 4632(D), 6955(A) - COWEN AND COMPANY TRANSMITTED REPORTS TO THE ORDER AUDIT TRAIL SYSTEM (OATS) THAT CONTAINED INACCURATE, INCOMPLETE OR IMPROPERLY FORMATTED DATA; THE FIRM FAILED TO INCLUDE A DESK TIMESTAMP AND RELATED DESK INFORMATION, INCORRECTLY INCLUDED A REPORTING EXCEPTION CODE OF "R," FAILED TO SUBMIT THE CORRECT CAPACITY, AND/OR INCORRECTLY SUBMITTED DESK REPORTS. THE FIRM FAILED TO SUBMIT ONE REQUIRED ROUTE REPORT. THE FIRM FAILED TO SUBMIT TO THE FINRA/NASDAQ TRADE REPORTING FACILITY (FNTRF), FOR THE OFFSETTING, "RISKLESS" PORTION OF "RISKLESS" PRINCIPAL TRANSACTION(S) IN DESIGNATED SECURITIES, EITHER A CLEARING-ONLY REPORT WITH A CAPACITY INDICATOR OF "RISKLESS PRINCIPAL," OR A NON-TAPE, NON-CLEARING REPORT WITH A CAPACITY INDICATOR OF "RISKLESS PRINCIPAL." THE FIRM FAILED TO REPORT TO THE FNTRF LAST SALE REPORTS OF TRANSACTIONS IN DESIGNATED SECURITIES. THE FIRM FAILED TO PREPARE ACCURATE CUSTOMER CONFIRMATIONS; FAILED TO DISCLOSE ITS CORRECT CAPACITY IN TRANSACTIONS AND FAILED TO DISCLOSE ITS CORRECT CAPACITY IN TRANSACTIONS AND INCORRECTLY DISCLOSED ITS COMPENSATION AS COMMISSION. THE FIRM FAILED TO PROPERLY MARK ORDERS AS LONG OR SHORT. THE FIRM TRANSMITTED REPORTS TO OATS THAT CONTAINED INACCURATE, INCOMPLETE OR IMPROPERLY FORMATTED DATA; THE FIRM SUBMITTED AN INCORRECT DESTINATION CODE OF "N" AND/OR FAILED TO SUBMIT A REQUIRED MARKET PARTICIPANT IDENTIFIER (MPID). THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATIONS AND/OR NASD RULES ADDRESSING QUALITY OF MARKET TOPICS. THE FIRM'S WRITTEN SUPERVISORY PROCEDURES FAILED TO PROVIDE FOR MINIMUM REQUIREMENTS FOR ADEQUATE WRITTEN SUPERVISORY PROCEDURES IN BEST EXECUTION, TRADING HALT ACTIVITY AND UNIT AGGREGATION, OATS, AND SOFT DOLLAR ACCOUNTS AND TRADING. THE FIRM IMPROPERLY DOUBLE



REPORTED TRANSACTIONS TO THE NASD/NASDAQ TRADE REPORTING FACILITY (NNTRF) AND FNTRF AND IMPROPERLY REPORTED CROSS TRANSACTIONS TO THE NNTRF AND FNTRF.

Initiated By: FINRA

Date Initiated: 08/25/2010

Docket/Case Number: [2007010246301](#)

Principal Product Type: Other

Other Product Type(s): DESIGNATED SECURITIES

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 08/25/2010

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? No

Sanctions Ordered: Censure
Monetary/Fine \$110,000.00

Other Sanctions Ordered: UNDERTAKING

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED, FINED \$110,000 AND REQUIRED TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES REGARDING BEST EXECUTION, TRADING HALT ACTIVITY AND UNIT AGGREGATION, OATS, AND SOFT DOLLAR ACCOUNTS AND TRADING WITHIN 30 BUSINESS DAYS OF ACCEPTANCE OF THIS AWC BY THE NAC.

Reporting Source: Firm

Current Status: Final

Allegations: IT WAS ALLEGED THAT: COWEN AND COMPANY TRANSMITTED REPORTS TO THE ORDER AUDIT TRAIL SYSTEM (OATS) THAT CONTAINED INACCURATE, INCOMPLETE OR IMPROPERLY FORMATTED DATA; THE FIRM



FAILED TO INCLUDE A DESK TIMESTAMP AND RELATED DESK INFORMATION, INCORRECTLY INCLUDED A REPORTING EXCEPTION CODE OF "R," FAILED TO SUBMIT THE CORRECT CAPACITY, AND/OR INCORRECTLY SUBMITTED DESK REPORT. THE FIRM FAILED TO SUBMIT ONE REQUIRED ROUTE REPORT; FAILED TO SUBMIT TO THE FINRA/NASDAQ TRADE REPORTING FACILITY (FNTRF), FOR THE OFFSETTING, "RISKLESS" PORTION OF "RISKLESS" PRINCIPAL TRANSACTION(S) IN DESIGNATED SECURITIES, EITHER A CLEARING-ONLY REPORT WITH A CAPACITY INDICATOR OF "RISKLESS PRINCIPAL," OR A NON-TAPE, NON-CLEARING REPORT WITH A CAPACITY INDICATOR OF "RISKLESS PRINCIPAL." THE FIRM FAILED TO REPORT TO THE FNTRF LAST SALE REPORTS OF TRANSACTIONS IN DESIGNATED SECURITIES.

IT WAS ALLEGED THAT THE FIRM FAILED TO PREPARE ACCURATE CUSTOMER CONFIRMATIONS; FAILED TO DISCLOSE ITS CORRECT CAPACITY IN TRANSACTIONS AND INCORRECTLY DISCLOSED ITS COMPENSATION AS COMMISSION. THE FIRM FAILED TO PROPERLY MARK ORDERS AS LONG OR SHORT. THE FIRM TRANSMITTED REPORTS TO OATS THAT CONTAINED INACCURATE, INCOMPLETE OR IMPROPERLY FORMATTED DATA; THE FIRM SUBMITTED AN INCORRECT DESTINATION CODE OF "N" AND/OR FAILED TO SUBMIT A REQUIRED MARKET PARTICIPANT IDENTIFIER (MPID). +++

IT WAS ALLEGED THAT THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATIONS AND/OR NASD RULES ADDRESSING QUALITY OF MARKET TOPICS. THE FIRM'S WRITTEN SUPERVISORY PROCEDURES FAILED TO PROVIDE FOR MINIMUM REQUIREMENTS FOR ADEQUATE WRITTEN SUPERVISORY PROCEDURES IN BEST EXECUTION, TRADING HALT ACTIVITY AND UNIT AGGREGATION, OATS, AND SOFT DOLLAR ACCOUNTS AND TRADING. THE FIRM IMPROPERLY DOUBLE REPORTED TRANSACTIONS TO THE NASD/NASDAQ TRADE REPORTING FACILITY (NNTRF) AND FNTRF AND IMPROPERLY REPORTED CROSS TRANSACTIONS TO THE NNTRF AND FNTRF.

Initiated By: FINRA
Date Initiated: 08/25/2010
Docket/Case Number: [2007010246301](#)
Principal Product Type: Other
Other Product Type(s): UNSPECIFIED SECURITIES
Principal Sanction(s)/Relief Sought:



Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 08/25/2010

Sanctions Ordered: Censure
Monetary/Fine \$110,000.00

Other Sanctions Ordered: UNDERTAKING

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED, FINED \$110,000 AND REQUIRED TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES REGARDING BEST EXECUTION, TRADING HALT ACTIVITY AND UNIT AGGREGATION, OATS, AND SOFT DOLLAR ACCOUNTS AND TRADING WITHIN 30 BUSINESS DAYS OF ACCEPTANCE OF THIS AWC BY THE NAC.

Disclosure 20 of 39

Reporting Source: Regulator

Current Status: Final

Allegations: NASD RULE 6230(B) - COWEN AND COMPANY, LLC FAILED TO REPORT TO THE TRADE REPORTING AND COMPLIANCE ENGINE (TRACE) TRANSACTIONS IN TRACE-ELIGIBLE SECURITIES IT WAS REQUIRED TO REPORT.

Initiated By: FINRA

Date Initiated: 07/18/2008

Docket/Case Number: 20060055683-01

Principal Product Type: Other

Other Product Type(s): TRACE-ELIGIBLE SECURITIES

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 07/18/2008



Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? No

Sanctions Ordered: Monetary/Fine \$7,500.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTION AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS FINED \$7,500.

Reporting Source: Firm

Current Status: Final

Allegations: ALLEGED VIOLATIONS OF NASD RULE 6230(B). FINRA ALLEGED THAT DURING THE PERIOD OCTOBER 1, 2005 TO DECEMBER 31, 2005, THE FIRM FAILED TO REPORT TO THE TRADE REPORTING AND COMPLIANCE ENGINE ("TRACE") CERTAIN TRANSACTIONS IN TRACE-ELIGIBLE SECURITIES.

Initiated By: FINRA

Date Initiated: 07/18/2008

Docket/Case Number: 20060055683-01

Principal Product Type: Other

Other Product Type(s): TRACE-ELIGIBLE SECURITIES

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 07/18/2008

Sanctions Ordered: Monetary/Fine \$7,500.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE ENTRY OF FINDINGS AND WAS FINED \$7,500.



Disclosure 21 of 39

Reporting Source:	Regulator
Current Status:	Final
Allegations:	SEC RULE 200(G) OF REGULATION SHO, NASD RULES 2110, 3010, 4632(B), 6130(D) - COWEN AND COMPANY, LLC INCORRECTLY REPORTED TO THE FINRA/NASDAQ TRADE REPORTING FACILITY (FNTRF) THE FIRST LEG OF "RISKLESS" PRINCIPAL TRANSACTIONS IN DESIGNATED SECURITIES BECAUSE IT INCORRECTLY DESIGNATED THE CAPACITY OF THE TRANSACTIONS AS "RISKLESS" OR "AGENT;" INCORRECTLY REPORTED TO THE NASDAQ TRADE REPORTING FACILITY THE OFFSETTING, "RISKLESS" PORTION OF "RISKLESS" PRINCIPAL TRANSACTIONS IN DESIGNATED SECURITIES BECAUSE IT INCORRECTLY DESIGNATED THE CAPACITY OF THE TRANSACTIONS AS PRINCIPAL. THE FIRM FAILED TO REPORT TO THE FNTRF LAST SALE REPORTS OF TRANSACTIONS IN DESIGNATED SECURITIES. THE FIRM INCORRECTLY DENOTED A LONG SALE AS SHORT EXEMPT ON ITS TRADING LEDGER. THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATIONS AND NASD RULES ADDRESSING QUALITY OF MARKETS. THE FIRM'S WRITTEN SUPERVISORY PROCEDURES FAILED TO PROVIDE FOR MINIMUM REQUIREMENTS FOR ADEQUATE WRITTEN SUPERVISORY PROCEDURES IN MARKET ORDER PROTECTION AND TRADE REPORTING.
Initiated By:	FINRA
Date Initiated:	05/21/2008
Docket/Case Number:	2006006184101
Principal Product Type:	Other
Other Product Type(s):	DESIGNATED SECURITIES
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	05/21/2008



Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? No

Sanctions Ordered: Censure
Monetary/Fine \$15,000.00

Other Sanctions Ordered: UNDERTAKING

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED, FINED \$15,000 AND REQUIRED TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES REGARDING QUALITY OF MARKETS, MARKET ORDER PROTECTION AND TRADE REPORTING WITHIN 30 BUSINESS DAYS OF ACCEPTANCE OF THIS AWC BY THE NAC.

Reporting Source: Firm

Current Status: Final

Allegations: ALLEGED VIOLATIONS OF SEC RULE 200(G) OF REGULATION SHO, NASD RULES 2110, 3010, 4632(B) AND 6130(D). FINRA ALLEGED THAT DURING AUGUST 2006, THE FIRM INCORRECTLY REPORTED THE FIRST LEG AND THE OFFSETTING RISKLESS PORTION OF CERTAIN RISKLESS PRINCIPAL TRANSACTIONS IN CERTAIN SECURITIES AS THE FIRM FAILED TO PROPERLY DESIGNATE THE CAPACITY OF THOSE TRANSACTIONS. FURTHER, FINRA ALLEGED THAT DURING THIS SAME TIME PERIOD, THE FIRM FAILED TO REPORT THE LAST SALE REPORTS OF TRANSACTIONS IN CERTAIN SECURITIES AND INCORRECTLY DENOTED CERTAIN LONG SALES AS SHORT EXEMPT ON THE FIRM'S TRADING LEDGER. FINRA ALSO ALLEGED THAT THE FIRM'S WRITTEN SUPERVISORY PROCEDURES FAILED, IN CERTAIN RESPECTS, TO ADDRESS CERTAIN MINIMUM REQUIREMENTS IN THE AREAS OF MARKET ORDER PROTECTION AND TRADE REPORTING.

Initiated By: FINRA

Date Initiated: 05/21/2008

Docket/Case Number: 20060061841-01

Principal Product Type: Other

Other Product Type(s): DESIGNATED SECURITIES



Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 05/21/2008

Sanctions Ordered: Censure
Monetary/Fine \$15,000.00

Other Sanctions Ordered: UNDERTAKING

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM WAS CENSURED, FINED \$15,000 AND REQUIRED TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES REGARDING MARKET ORDER PROTECTION AND TRADE REPORTING WITHIN 30 BUSINESS DAYS OF ACCEPTANCE OF THIS AWC BY THE NAC.

Disclosure 22 of 39

Reporting Source: Regulator

Current Status: Final

Allegations: NASD RULES 2110, 3010, 3310 - COWEN AND COMPANY'S AGGREGATE TRADE VOLUME (BUY AND SELL) FOR EQUITY SECURITIES ADVERTISED IN PRIVATE SERVICE PROVIDERS FOR ONE MONTH SUBSTANTIALLY EXCEEDED THE FIRM'S EXECUTED TRADE VOLUME FOR THE SAME SECURITIES. THE FIRM FAILED TO DETERMINE WHETHER THE TRADE VOLUME THAT IT ADVERTISED IN THESE SERVICES ACCURATELY REFLECTED ITS EXECUTED TRADE VOLUME. THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATIONS AND NASD RULES CONCERNING NASD RULE 3310 - THE IDENTIFICATION OF THE PERSON(S) RESPONSIBLE FOR SUPERVISION WITH RESPECT TO THE ADVERTISED TRADE VOLUME ON SUBSCRIBER SERVICES AND APPLICABLE RULES. THE FIRM DID NOT SUPERVISE THE TRADE VOLUME THAT IT ADVERTISED IN THESE SYSTEMS.

Initiated By: FINRA

Date Initiated: 12/18/2007

Docket/Case Number: [2006006754701](#)

Principal Product Type: Equity Listed (Common & Preferred Stock)

**Other Product Type(s):****Principal Sanction(s)/Relief Sought:****Other Sanction(s)/Relief Sought:****Resolution:** Acceptance, Waiver & Consent(AWC)**Resolution Date:** 12/18/2007**Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?** No**Sanctions Ordered:** Censure
Monetary/Fine \$150,000.00**Other Sanctions Ordered:** UNDERTAKING**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED, FINED \$150,000 AND REQUIRED TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES WITH RESPECT TO COMPLIANCE WITH NASD RULE 3310 WITHIN 30 BUSINESS DAYS OF ACCEPTANCE OF THIS AWC BY THE NAC.**Reporting Source:** Firm**Current Status:** Final**Allegations:** ALLEGED VIOLATIONS OF NASD RULES 2110 AND 3310. FINRA ALLEGED THAT DURING AUGUST 2006, THE FIRM'S AGGREGATE TRADE VOLUME IN SELECTED EQUITY SECURITIES THAT IT ADVERTISED TO CERTAIN SERVICE PROVIDERS EXCEEDED THE FIRM'S EXECUTED TRADE VOLUME IN SUCH SECURITIES. AS A RESULT, FINRA ALLEGED THAT THE FIRM FAILED TO DETERMINE WHETHER THE TRADE VOLUME IT ADVERTISED ACCURATELY REFLECTED ITS EXECUTED VOLUME. IN ADDITION, FINRA ALLEGED THAT, PRIOR TO SEPTEMBER 2006, THE FIRM LACKED AN ADEQUATE SUPERVISORY SYSTEM AND PROCEDURES FOR COMMUNICATING TRADE VOLUME TO SUCH SERVICE PROVIDERS.**Initiated By:** FINRA**Date Initiated:** 12/18/2007



Docket/Case Number: 20060067547-01

Principal Product Type: Equity Listed (Common & Preferred Stock)

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 12/18/2007

Sanctions Ordered: Censure
Monetary/Fine \$150,000.00

Other Sanctions Ordered: UNDERTAKING

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS DESCRIBED HEREIN AND TO THE ENTRY OF FINDINGS. THEREFORE, THE FIRM WAS CENSURED, FINED \$150,000 AND REQUIRED TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES TO ENSURE COMPLIANCE WITH NASD RULE 3310 WITHIN THIRTY (30) BUSINESS DAYS OF ACCEPTANCE OF THE AWC BY THE NAC.

Disclosure 23 of 39

Reporting Source: Regulator

Current Status: Final

Allegations: NASD RULE 6130(B) FROM JANUARY 1, 2006 THROUGH APRIL 30, 2006, THE FIRM FAILED TO ACCEPT OR DECLINE IN THE NASDAQ MARKET CENTER 157 TRANSACTIONS IN REPORTABLE SECURITIES WITHIN 20 MINUTES AFTER EXECUTION.

Initiated By: NASD

Date Initiated: 05/03/2007

Docket/Case Number: 2006005345501

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought:



Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 05/03/2007

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? No

Sanctions Ordered: Monetary/Fine \$5,000.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTION AND TO THE ENTRY OF FINDINGS; THEREFORE THE FIRM IS FINED \$5,000.

Reporting Source: Firm

Current Status: Final

Allegations: NASD RULE 6130(B) FROM JANUARY 1, 2006 THROUGH APRIL 30, 2006, THE FIRM FAILED TO ACCEPT OR DECLINE IN THE NASDAQ MARKET CENTER 157 TRANSACTIONS IN REPORTABLE SECURITIES WITHIN 20 MINUTES AFTER EXECUTION.

Initiated By: NASD

Date Initiated: 05/03/2007

Docket/Case Number: 2006005345501

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 05/03/2007



Sanctions Ordered: Monetary/Fine \$5,000.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTION AND TO THE ENTRY OF FINDINGS; THEREFORE THE FIRM IS FINED \$5,000.

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Reporting Source: Regulator

Current Status: Final

Allegations: SEC RULE 605, NASD RULES 3370, 6955(A) - COWEN AND COMPANY, LLC EFFECTED SHORT SALES IN SECURITIES FOR THE FIRM'S PROPRIETARY ACCOUNT(S) AND FAILED TO MAKE/ANNOTATE AN AFFIRMATIVE DETERMINATION THAT THE FIRM COULD BORROW THE SECURITIES OR OTHERWISE PROVIDE FOR DELIVERY OF THE SECURITIES BY SETTLEMENT DATE; FAILED TO TIMELY REPORT TO OATS REPORTABLE ORDER EVENTS; TRANSMITTED TO OATS REPORTS THAT CONTAINED INACCURAZTE, INCOMPLETE OR IMPROPERLY FORMATTED DATA; FAILED TO SUBMIT TO OATS REQUIRED ORDER INFORMATION FOR AN ORDER; FAILED TO SUBMIT TO OATS A COMBINED ORDER/ROUTE REPORT FOR ORDERS; AND MADE AVAILABLE A REPORT ON THE COVERED ORDERS IN NATIONAL MARKET SYSTEM SECURITIES THAT IT RECEIVED FOR EXECUTION FROM ANY PERSON WHICH CONTAINED INCORRECT INFORMATION AS TO ORDER EXECUTION STATISTICS FOR MULTIPLE CATEGORIES AND FAILED TO CORRECTLY CLASSIFY A COVERED LIMIT ORDER INTO THE CORRECT ORDER TYPE AND SIZE CATEGORY.

Initiated By: NASD

Date Initiated: 12/04/2006

Docket/Case Number: [2005000269003](#)

Principal Product Type: Other

Other Product Type(s): UNKNOWN TYPE OF SECURITIES

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 12/04/2006



Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? No

Sanctions Ordered: Censure
Monetary/Fine \$30,000.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED AND FINED \$30,000.

Reporting Source: Firm

Current Status: Final

Allegations: ALLEGED VIOLATION OF NASD RULE 3370 - EFFECTED SHORT SALES IN FIRM'S PROPRIETARY ACCOUNT(S) IN OCTOBER 2004 AND DID NOT ADEQUATELY TO MAKE/ANNOTATE AN AFFIRMATIVE DETERMINATION THAT THE FIRM COULD BORROW OR DELIVER THE SECURITIES BY SETTLEMENT DATE;

ALLEGED VIOLATIONS OF NASD MARKETPLACE RULE 6855(A) INCLUDING THE FAILURE TO SUBMIT ONE ORDER TO OATS, TRANSMITTED INACCURATE, INCOMPLETE OR IMPROPERLY FORMATTED DATA TO OATS AND FAILED TO MAKE TIMELY REPORTABLE ORDER EVENT REPORTS TO OATS ;

ALLEGED VIOLATION OF SEC RULE 605

MADE AVAILABLE A REPORT ON ORDERS EXECUTED IN NATIONAL MARKET SYSTEM SECURITIES THAT CONTAINED INCOMPLETE AND INCORRECT CLASSIFICATION ORDER TYPE AND SIZE INFORMATION.

Initiated By: NASD

Date Initiated: 12/04/2006

Docket/Case Number: 20050002690-03

Principal Product Type: No Product

Other Product Type(s):



Principal Sanction(s)/Relief Sought:	Censure
Other Sanction(s)/Relief Sought:	MONETARY FINE OF \$30,000.00
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	12/04/2006
Sanctions Ordered:	Censure Monetary/Fine \$30,000.00
Other Sanctions Ordered:	
Sanction Details:	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED AND FINED \$30.000.00.

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Reporting Source:	Regulator
Current Status:	Final
Allegations:	NASD CONDUCT RULES 2110 AND 3010, AND NASD MARKETPLACE RULE 6955(A) - THE RESPONDENT SG COWEN & CO., LLC ("FIRM") FAILED TO SUBMIT ANY REPORTABLE ORDER EVENTS (ROES) TO OATS FOR APPROXIMATELY 50 MILLION ORDERS RECEIVED BY THE FIRM'S EQUITY DERIVATIVES DESK BETWEEN OCTOBER 1999 AND MARCH 2004. THE FIRM DEVELOPED A SYSTEM FOR CAPTURING AND REPORTING OATS DATA FOR ITS EQUITY DERIVATIVES DESK IN 1999. BUT AFTER OPERATIONAL CHANGES TO THAT SYSTEM WERE IMPLEMENTED SHORTLY AFTER THE FIRM BEGAN OATS REPORTING, DATA GENERATED FOR THE EQUITY DERIVATIVES DESK WAS NEVER FORWARDED TO NASD - EVEN THOUGH OTHER TRADING DESKS AT THE FIRM WERE REGULARLY SUBMITTING VOLUMINOUS OATS REPORTS. THE FIRM DID NOT CONDUCT A SUPERVISORY REVIEW TO ENSURE THAT THE NEW PROCESS RESULTED IN THE FIRM SUBMITTING ROES FOR ITS EQUITY DERIVATIVES DESK TO OATS. IN ADDITION, THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO THE APPLICABLE SECURITIES LAWS AND REGULATIONS, AND THE RULES OF NASD, CONCERNING OATS REPORTING BY THE EQUITY DERIVATIVES DESK. SPECIFICALLY, THE FIRM FAILED TO DESIGNATE A PERSON WITH THE RESPONSIBILITY OF ENSURING THAT THE EQUITY DERIVATIVES DESK WAS REPORTING THE REQUIRED INFORMATION TO OATS. THE FIRM ALSO FAILED TO ESTABLISH SUPERVISORY PROCEDURES THAT WERE REASONABLY DESIGNED TO



ENSURE THAT THE EQUITY DERIVATIVES DESK WAS REPORTING INFORMATION TO OATS. FURTHERMORE, THE FIRM DID NOT CONDUCT ANY SUPERVISORY REVIEWS TO CHECK WHETHER THE SYSTEM WAS SUBMITTING ROES FOR ITS EQUITY DERIVATIVES DESK TO OATS, EVEN THOUGH CERTAIN EVENTS OCCURRED DURING THIS PERIOD THAT SHOULD HAVE PROMPTED THE FIRM TO CONDUCT SUCH REVIEWS.

Initiated By: NASD

Date Initiated: 09/29/2004

Docket/Case Number: CMS040154

Principal Product Type: Other

Other Product Type(s): UNSPECIFIED SECURITIES

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 09/29/2004

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? No

Sanctions Ordered: Censure
Monetary/Fine \$800,000.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, RESPONDENT FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, FIRM IS CENSURED AND FINED \$800,000.

Reporting Source: Firm

Current Status: Final

Allegations: ALLEGED VIOLATION OF NASD RULES 2110 AND 3010 BY NOT REPORTING CERTAIN ORDER DATA TO OATS

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS



Date Initiated: 09/29/2004
Docket/Case Number: CMS040154
Principal Product Type: Equity - OTC
Other Product Type(s):
Principal Sanction(s)/Relief Sought: Censure
Other Sanction(s)/Relief Sought: FINE
Resolution: Acceptance, Waiver & Consent(AWC)
Resolution Date: 09/29/2004
Sanctions Ordered: Censure
 Monetary/Fine \$800,000.00
Other Sanctions Ordered:
Sanction Details: \$800,000.00 FINE PAID ON 10/14/04
Firm Statement NASDR ALLEGED THAT THE FIRM VIOLATED THE ABOVE-DESCRIBED RULES BY NOT REPORTING CERTAIN ORDER DATA TO OATS.

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Reporting Source: Firm
Current Status: Final
Allegations: ALLEGED VIOLATIONS OF SECTION 17(B) OF THE SECURITIES ACT OF 1933.
Initiated By: SECURITIES & EXCHANGE COMMISSION
Date Initiated: 08/25/2004
Docket/Case Number: 3-11602
Principal Product Type: No Product
Other Product Type(s):
Principal Sanction(s)/Relief Sought: Civil and Administrative Penalt(ies) /Fine(s)
Other Sanction(s)/Relief Sought: CEASE-AND-DESIST ORDER; CENSURE
Resolution: Consent



Resolution Date:	08/25/2004
Sanctions Ordered:	Censure Monetary/Fine \$125,000.00 Cease and Desist/Injunction
Other Sanctions Ordered:	N/A
Sanction Details:	N/A
Firm Statement	THE SEC ALLEGED THAT ON APRIL 30, 2001, SG COWEN WAS PAID \$100,000.00 BY THE LEAD UNDERWRITER OF A PUBLIC STOCK OFFERING FOR AN ISSUER, FOR ISSUING RESEARCH ON THAT ISSUER. THE SEC FURTHER ALLEGED THAT SG COWEN DID NOT DISCLOSE THAT PAYMENT IN ITS RESEARCH REPORTS ON THE ISSUER. PURSUANT TO AN OFFER OF SETTLEMENT, AND WITHOUT SG COWEN ADMITTING OR DENYING THE FINDINGS, THE SEC INSTITUTED PUBLIC ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS, AND IMPOSED THE FOLLOWING SANCTIONS: (1) A CEASE-AND-DESIST ORDER; (2) A CENSURE; AND (3) A CIVIL MONETARY PENALTY OF \$125,000.00.

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Reporting Source:	Regulator
Current Status:	Final
Allegations:	SEC RULE 11AC1-4, NASD RULES 2110, 2320, 3010, 6130 AND IM-2110-2 - MEMBER FIRM FAILED TO DISPLAY IMMEDIATELY CUSTOMER LIMIT ORDERS IN NASDAQ SECURITIES IN ITS PUBLIC QUOTATION WHEN EACH SUCH ORDER WAS AT A PRICE THAT WOULD HAVE IMPROVED THE FIRM'S BID OR OFFER IN EACH SUCH SECURITY; FAILED TO FULLY OR PARTIALLY EXECUTE WITHIN THE GENERAL TIME PARAMETER OF ONE MINUTE CUSTOMER LIMIT ORDERS IN NASDAQ SECURITIES AFTER IT TRADED EACH SUBJECT SECURITY FOR ITS OWN MARKET-MAKING ACCOUNT AT A PRICE THAT WOULD HAVE SATISFIED EACH CUSTOMER'S LIMIT ORDER; FAILED TO USE REASONABLE DILIGENCE TO ASCERTAIN THE BEST INTER-DEALER MARKET AND FAILED TO BUY OR SELL IN SUCH MARKET SO THAT THE RESULTANT PRICE TO ITS CUSTOMER WAS AS FAVORABLE AS POSSIBLE UNDER PREVAILING MARKET CONDITIONS; EXECUTED SHORT SALE TRANSACTIONS AND FAILED TO REPORT EACH OF THESE TRANSACTIONS TO ACT WITH A SHORT SALE MODIFIER; EXECUTED LONG SALE TRANSACTIONS AND INCORRECTLY REPORTED EACH OF THESE TRANSACTIONS TO ACT WITH A SHORT SALE OR SHORT SALE EXEMPT MODIFIER; FAILED TO REPORT TO ACT THE CORRECT SYMBOL INDICATING WHETHER THE FIRM EXECUTED TRANSACTIONS IN ELIGIBLE SECURITIES IN A PRINCIPAL, RISKLESS PRINCIPAL, OR AGENCY CAPACITY; ITS



SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO THE APPLICABLE SECURITIES LAWS AND REGULATIONS CONCERNING SUPERVISORY PERSONNEL AND REGISTRATION; FAILED TO PROVIDE DOCUMENTARY EVIDENCE THAT IT PERFORMED THE SUPERVISORY PROCEDURES CONCERNING THE REQUIREMENTS OF BEST EXECUTION, TRADE REPORTING, AFFIRMATIVE DETERMINATION, BID TEST, FIRM QUOTE COMPLIANCE, BOOKS AND RECORDS, FRONTRUNNING; FAILED TO PROVIDE DOCUMENT SUPERVISORY REVIEWS OF AUTOMATED SYSTEM; FAILED TO PROPERLY COMPLY WITH THE "LIMIT ORDER PROTECTION INTERPRETATION" AND SEC'S "LIMIT ORDER DISPLAY RULE";

Initiated By: NASD

Date Initiated: 12/26/2003

Docket/Case Number: CMS030301

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 12/26/2003

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? No

Sanctions Ordered: Censure
Monetary/Fine \$230,000.00

Other Sanctions Ordered: UNDERTAKING TO REVISE THE FIRM'S WRITTEN SUPERVISORY PROCEDURES.

Sanction Details: WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE THE FIRM IS CENSURED AND FINED \$230,000.

Reporting Source: Firm



Current Status:	Final
Allegations:	ALLEGED VIOLATIONS OF NASD RULES 2110, 2320, 3010, 6130, AND SEC RULE 11 AC1-4.
Initiated By:	NATIONAL ASSOCIATION OF SECURITIES DEALER
Date Initiated:	12/26/2003
Docket/Case Number:	CMS030301
Principal Product Type:	Equity - OTC
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Censure
Other Sanction(s)/Relief Sought:	FINE, UNDERTAKING
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	12/26/2003
Sanctions Ordered:	Censure Monetary/Fine \$230,000.00
Other Sanctions Ordered:	UNDERTAKING TO REVISE CERTAIN WRITTEN SUPERVISORY PROCEDURES.
Sanction Details:	\$230,000.00 FINE TO BE PAID BY JANUARY 22, 2004
Firm Statement	NASDR ALLEGED THAT THE FIRM VIOLATED THE ABOVE-DESCRIBED TRADING RULES IN CERTAIN INSTANCES BETWEEN 1998 AND 2002. [THE ALLEGED VIOLATIONS RESULTED PRIMARILY FROM ELECTRONIC TRADING SYSTEMS LIMITATIONS THAT THE FIRM HAS CORRECTED]. WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, THE FIRM AGREED TO THE SPECIFIED SANCTIONS.

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Reporting Source:	Firm
Current Status:	Final
Allegations:	ON DECEMBER 16, 2003, SG COWEN SECURITIES CORPORATION ENTERED INTO A NON-PROSECUTION AGREEMENT WITH WILLIAM D. MASON, CUYAHOGA COUNTY (OHIO) PROSECUTING ATTORNEY, UNDER WHICH MR. MASON AGREED NOT TO BRING ANY CRIMINAL, CIVIL OR ADMINISTRATIVE ACTION AGAINST SG COWEN RELATING TO FRANK GRUTTADAURIA'S FRAUDULENT CONDUCT IN MISAPPROPRIATING ASSETS



FROM CUSTOMER ACCOUNTS AND FALSIFYING ACCOUNT DOCUMENTS WHILE HE WAS AN SG COWEN EMPLOYEE FROM JULY 1, 1998 THROUGH OCTOBER 13, 2000. PURSUANT TO THE AGREEMENT SG COWEN AGREED TO PAY A TOTAL OF \$4.5 MILLION TO CUYAHOGA COUNTY AND THE STATE OF OHIO, REPRESENTING THE FORFEITURE OF CERTAIN FEES GENERATED BY GRUTTADAURIA AND PAYMENT FOR A PORTION OF THE COST OF MR. MASON'S INVESTIGATION. SG COWEN ALSO AGREED TO CONTINUE TO COOPERATE WITH MR. MASON'S OFFICE.

Initiated By: WILLIAM D. MASON, CUYAHOGA COUNTY PROSECUTING ATTORNEY, STATE OF OHIO.

Date Initiated: 09/26/2003

Docket/Case Number: N/A

Principal Product Type: Equity Listed (Common & Preferred Stock)

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Disgorgement

Other Sanction(s)/Relief Sought: COST OF INVESTIGATION

Resolution: Settled

Resolution Date: 12/16/2003

Sanctions Ordered: Monetary/Fine \$4,500,000.00
Disgorgement/Restitution

Other Sanctions Ordered: COST OF INVESTIGATION

Sanction Details: THE TOTAL OF 4.5 MILLION DOLLARS WAS PAID ON DECEMBER 29, 2003.

Firm Statement SEE ITEM #7 ABOVE.

Disclosure 29 of 39

Reporting Source: Regulator

Current Status: Final

Allegations: **12/01/03**STIPULATION AND CONSENT TO PENALTY FILED BY NYSE DIVISION OF ENFORCEMENT AND PENDING.
CHARGES: AS SET FORTH IN THE STIPULATION OF FACTS AND CONSENT TO PENALTY, SG COWEN (THE "FIRM") CONSENTED TO FINDINGS (WITHOUT ADMITTING OR DENYING GUILT) THAT IT VIOLATED SEC RULE 15C3-3 BY FAILING, ON ONE OR MORE OCCASIONS, TO ACCURATELY CALCULATE THE AMOUNT REQUIRED TO BE ON DEPOSIT IN ITS SPECIAL



RESERVE BANK ACCOUNT FOR THE EXCLUSIVE BENEFIT OF CUSTOMERS, THEREBY, ON ONE OR MORE OCCASIONS, CAUSING A HINDSIGHT DEFICIENCY; EXCHANGE RULE 476(A)(10) BY FAILING TO REPORT ACCURATELY TO THE EXCHANGE MARGIN DEBIT BALANCES DUE FROM PUBLIC CUSTOMERS; SECURITIES AND EXCHANGE COMMISSION RULES 17A-3(A)(11) AND 17A-4(B)(5) AND EXCHANGE RULE 440 BY FAILING TO MAKE, MAINTAIN AND PRESERVE APPROPRIATE ENTRIES IN THE FIRM'S BOOKS AND RECORDS WITH RESPECT TO CERTAIN INTER-COMPANY ACCOUNT BALANCES; AND EXCHANGE RULES 342(A) AND (B) BY FAILING TO PROVIDE FOR APPROPRIATE PROCEDURES OF SUPERVISION AND CONTROL AND TO ESTABLISH A SYSTEM OF FOLLOW-UP AND REVIEW TO PREVENT THE FOREGOING VIOLATIONS. THE FIRM STIPULATED TO A CENSURE AND A FINE \$60,000.

Initiated By: NEW YORK STOCK EXCHANGE DIVISION OF ENFORCEMENT

Date Initiated: 12/01/2003

Docket/Case Number: HPD#: 04-05

Principal Product Type: Other

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Decision

Resolution Date: 02/20/2004

Sanctions Ordered: Censure
Monetary/Fine \$60,000.00

Other Sanctions Ordered:

Sanction Details: **1/13/04**DECISION 04-05 ISSUED BY NYSE HEARING PANEL.
DECISION: AS SET FORTH IN THE HEARING PANEL DECISION, WHICH WAS BASED ON A STIPULATION OF FACTS AND CONSENT TO PENALTY, SG COWEN THE FIRM, VIOLATED SEC RULE 15C3-3 BY FAILING TO ACCURATELY CALCULATE THE AMOUNT REQUIRED TO BE ON DEPOSIT IN ITS SPECIAL RESERVE BANK ACCOUNT; VIOLATED EXCHANGE RULE 476(A)(10) BY FAILING TO ACCURATELY REPORT MARGIN DEBIT BALANCES DUE FROM PUBLIC CUSTOMERS; VIOLATED SEC RULES 17A-3(A)(11) AND 17A-4(B)(5) AND EXCHANGE RULE 440 BY FAILING TO MAKE APPROPRIATE ENTRIES IN BOOKS AND RECORDS WITH RESPECT TO CERTAIN INTER-COMPANY ACCOUNT BALANCES; AND VIOLATED EXCHANGE RULE 342 BY



FAILING TO APPROPRIATELY SUPERVISE TO PREVENT THE FOREGOING VIOLATIONS. THE FIRM WAS CENSURED AND FINED \$60,000.

Regulator Statement

2/20/04THE DECISION IS NOW FINAL AND EFFECTIVE IMMEDIATELY.CONTACT:MICHELE VAN TASSEL 212-656-5340

Reporting Source:	Firm
Current Status:	Final
Allegations:	ALLEGED FINANCIAL, OPERATIONAL AND RECORD KEEPING DEFICIENCIES RESULTING IN ALLEGED VIOLATIONS OF SEC RULES 15C3-3, AND 17A-3 AND 17A-4 AND NYSE RULES 342, 440, AND 476.
Initiated By:	NEW YORK STOCK EXCHANGE
Date Initiated:	12/01/2003
Docket/Case Number:	N/A
Principal Product Type:	Other
Other Product Type(s):	N/A
Principal Sanction(s)/Relief Sought:	Censure
Other Sanction(s)/Relief Sought:	FINE \$60,000.00
Resolution:	Stipulation and Consent
Resolution Date:	02/20/2004
Sanctions Ordered:	Censure Monetary/Fine \$60,000.00
Other Sanctions Ordered:	
Sanction Details:	CENSURE AND FINE \$60,000.00
Firm Statement	SEE ITEM 7 ABOVE.

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Reporting Source:	Regulator
Current Status:	Final
Allegations:	**08/01/2003** RESPONDENT FAILED REASONABLY TO SUPERVISE GRUTTADAURIA WITH A VIEW TO PREVENTING AND DETECTING HIS VIOLATIONS OF THE FEDERAL SECURITIES LAWS DURING THE 27 MONTH



PERIOD THAT IT EMPLOYED HIM FROM JULY 1998 TO OCTOBER 2000. FROM 1987 TO JANUARY 2002, WHILE EMPLOYED AT A SERIES OF FIVE DIFFERENT REGISTERED BROKER-DEALERS, GRUTTADAURIA DEFRAUDED OVER 60 CUSTOMERS BY LYING ABOUT PURCHASES AND SALES OF SECURITIES, MISAPPROPRIATING FUNDS AND SECURITIES, AND SENDING FALSIFIED ACCOUNT DOCUMENTS. BY THE TIME THAT GRUTTADAURIA CONFESSED GENERALLY TO HIS FRAUDULENT CONDUCT IN A LETTER TO THE FEDERAL BUREAU OF INVESTIGATION ON JANUARY 11, 2002, HE HAD MISAPPROPRIATED OVER \$115 MILLION FROM CUSTOMERS OVER A PERIOD OF 15 YEARS TRANSFERRING MOST OF THE MONEY TO OTHER CUSTOMERS TO COVER WITHDRAWAL REQUESTS AND OVERSTATED ACCOUNT VALUES BY MORE THAT \$280 MILLION.

Initiated By: NEW YORK STOCK EXCHANGE DIVISION OF ENFORCEMENT

Date Initiated: 08/01/2003

Docket/Case Number: HPD# 03-156

Principal Product Type: Other

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Decision

Resolution Date: 08/06/2003

Sanctions Ordered: Censure
Monetary/Fine \$5,000,000.00

Other Sanctions Ordered:

Sanction Details: **08/06/2003** EXCHANGE PANEL DECISION 03-156. FAILED TO IMPLEMENT ADEQUATE POLICIES AND PROCEDURES TO SUPERVISE A PRODUCING BRANCH OFFICE MANAGER, WHO ENGAGED IN FRAUDULENT CONDUCT; FAILED TO FULLY IMPLEMENT POLICIES AND PROCEDURES IT COMMITTED TO PURSUANT TO AN UNDERTAKING IMPOSED BY AN EXCHANGE HEARING PANEL; VIOLATED EXCHANGE RULE 342 BY FAILING TO PROVIDE FOR APPROPRIATE SUPERVISORY CONTROL OF CERTAIN BUSINESS ACTIVITIES, AND BY FAILING TO PROVIDE ADEQUATE SYSTEMS AND PROCEDURES TO ENSURE ADEQUATE SUPERVISION OF PRODUCING BRANCH OFFICE MANAGERS AND TO SUPERVISE CORRESPONDENCE OF PRODUCING BRANCH OFFICE MANAGERS; VIOLATED EXCHANGE RULE 405 BY FAILING TO SUPERVISE DILIGENTLY CERTAIN ACCOUNTS HANDLED



BY A PRODUCING BRANCH OFFICE MANAGER; VIOLATED EXCHANGE RULE 440 AND SEC RULE 17A-3 BY FAILING TO MAINTAIN COMPLETE AND ACCURATE BOOKS AND RECORDS - CONSENT TO CENSURE; \$5,000,000 FINE JOINTLY IMPOSED BY THE EXCHANGE AND THE SEC; AND SPECIAL UNDERTAKINGS.

Regulator Statement

****09/05/2003**** THE DECISION IS NOW FINAL AND IS EFFECTIVE IMMEDIATELY. CONTACT: PEGGY GERMINO (212) 656-8450.

Reporting Source:

Firm

Current Status:

Final

Allegations:

AT THE END OF JULY 2003, SG COWEN SIGNED CONSENT ORDERS WITH THE NYSE AND THE SEC THAT WE EXPECT WILL RESOLVE THE REGULATORY INVESTIGATIONS RELATING TO FRANK GRUTTADAURIA, A FORMER RETAIL BROKER OF SG COWEN. GRUTTADAURIA HAS BEEN CONVICTED AND SENTENCED TO SEVEN YEARS IMPRISONMENT BASED ON MISCONDUCT THAT HE ENGAGED IN WITH RESPECT TO CUSTOMER ACCOUNTS AT SG COWEN AND SEVERAL OTHER FIRMS. THE ORDERS CHARGE SG COWEN WITH VIOLATIONS OF NYSE AND THE FEDERAL SECURITIES LAWS , INCLUDING BOOKS AND RECORDS AND FAILURE TO SUPERVISE VIOLATIONS.

Initiated By:

NEW YORK STOCK EXCHANGE

Date Initiated:

01/31/2002

Docket/Case Number:

NYSE 03-156

Principal Product Type:

Options

Other Product Type(s):

FRANK GRUTTADAURIA MISAPPROPRIATED FUNDS FROM CLIENT ACCOUNTS AND FALSIFIED ACCOUNT DOCUMENTS.

Principal Sanction(s)/Relief Sought:

Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief Sought:

CEASE AND DESIST, CENSURE, RESTITUTION, UNDERTAKING

Resolution:

Order

Resolution Date:

08/14/2003

Sanctions Ordered:

Censure
Monetary/Fine \$5,000,000.00
Disgorgement/Restitution
Cease and Desist/Injunction



Other Sanctions Ordered:	IN ADDITION TO THE ABOVE, THE FIRM CONSENTED TO CERTAIN UNDERTAKINGS.
Sanction Details:	1) SGC WILL PARTICIPATE IN A SPECIAL ARBITRATION PROCESS FOR POTENTIAL VICTIMS; 2) WITHIN 120 DAYS OF THE DATE OF THE DECISION SGC WILL ENGAGE A CONSULTANT TO CONDUCT A REVIEW OF CERTAIN FIRM POLICIES, PROCEDURES, PRACTICES, AND SUPERVISORY SYSTEMS DESIGNED TO PREVENT RECURRENCE OF SUCH VIOLATIONS; 3) WITHIN SIX MONTHS SGC WILL ISSUE A REPORT OF THE REVIEW OF SGC'S BOARD WITH AN AFFIRMATION BY THE REVIEWER THAT ALL ACTIONS REFERRED TO IN THE REPORT HAVE BEEN IMPLEMENTED OR INCLUDE A SCHEDULE OF IMPLEMENTATION; 4) WITHIN 60 DAYS OF DELIVERY OF THE REPORT TO THE BOARD, THE FIRM SHALL SUBMIT TO THE EXCHANGE A WRITTEN REPRESENTATION BY SGC'S BOARD AND CEO THAT ALL ACTIONS AND/OR CHANGES HAVE BEEN COMPLETELY IMPLEMENTED OR INCLUDE A SCHEDULE OF IMPLEMENTATION; 5) SGC WILL COMPLY WITH ITS UNDERTAKINGS TO MAKE ACCELERATED PAYMENTS (REIMBURSEMENT FOR OUT OF POCKET LOSSES) TO CUSTOMERS WHO HAVE NOT PREVIOUSLY SETTLE THEIR CLAIMS AGAINST SGC.
Firm Statement	SG COWEN ENTERED INTO CONSENT ORDERS WITH THE NYSE AND THE SEC EFFECTIVE ON 8/14/03 RELATING TO FRANK GRUTTADAURIA, A FORMER RETAIL BROKER OF SG COWEN. GRUTTADAURIA HAS BEEN CONVICTED AND SENTENCED TO SEVEN YEARS IMPRISONMENT BASED ON MISCONDUCT THAT HE ENGAGED IN WITH RESPECT TO CUSTOMER ACCOUNTS AT SG COWEN AND SEVERAL OTHER FIRMS. THE ORDERS CHARGE SG COWEN WITH VIOLATIONS OF NYSE RULES AND THE FEDERAL SECURITIES LAWS, INCLUDING BOOKS AND RECORDS AND FAILURE TO SUPERVISE VIOLATIONS. PURSUANT TO THE ORDERS, SG COWEN WILL BE REQUIRED TO PAY A CIVIL MONETARY PENALTY OF \$2.5 MILLION FINE TO THE SEC AND A \$2.5 MILLION FINE TO THE NYSE. SG COWEN ALSO WILL BE REQUIRED TO COMPLY WITH CERTAIN UNDERTAKINGS NOTED ABOVE.

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Reporting Source:	Regulator
Current Status:	Final
Allegations:	SEC ADMIN PROCEEDING FILE NO. 3-11216, REL 34-48335, DATED AUGUST 14, 2003 - THE SECURITIES AND EXCHANGE COMMISSION ("COMMISSION") DEEMS IT APPROPRIATE AND IN THE PUBLIC INTEREST THAT PUBLIC ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS BE, AND HEREBY ARE, INSTITUTED PURSUANT TO SECTIONS 15(B) AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934 ("EXCHANGE ACT") AGAINST SG COWEN SECURITIES CORPORATION ("RESPONDENT" OR "SGC"). IN



ANTICIPATION OF THE INSTITUTION OF THESE PROCEEDINGS, RESPONDENT HAS SUBMITTED AN OFFER OF SETTLEMENT (THE "OFFER") WHICH THE COMMISSION HAS DETERMINED TO ACCEPT.

Initiated By: UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Date Initiated: 08/14/2003

Docket/Case Number: SEC ADMIN FILE NO. 3-11216/REL 34-48335

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Cease and Desist

Other Sanction(s)/Relief Sought:

Resolution: Order

Resolution Date: 08/14/2003

Sanctions Ordered: Censure
Monetary/Fine \$5,000,000.00
Cease and Desist/Injunction

Other Sanctions Ordered: UNDERTAKINGS

Sanction Details: IT IS HEREBY ORDERED: THAT SGC BE, AND HEREBY IS, CENSURED PURSUANT TO SECTION 15(B)(4) OF THE EXCHANGE ACT. PURSUANT TO SECTION 21C OF THE EXCHANGE ACT THAT SGC CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF SECTION 17(A) OF THE EXCHANGE ACT AND RULE 17A-3 THEREUNDER. THAT SGC SHALL, WITHIN TEN DAYS OF THE ENTRY OF THIS ORDER, PAY THE AMOUNT OF \$5 MILLION. SGC SHALL MAKE PAYMENTS AS FOLLOWS: (I) PURSUANT TO SECTION 21B OF THE EXCHANGE ACT, SGC SHALL PAY A CIVIL MONETARY PENALTY OF \$2,500,000 TO THE UNITED STATES TREASURY; AND (II) PURSUANT TO SGC'S AGREEMENT WITH THE NEW YORK STOCK EXCHANGE IN RELATED PROCEEDINGS, SGC SHALL PAY A FINE IN THE AMOUNT OF \$2,500,000 TO THE NEW YORK STOCK EXCHANGE. RESPONDENT ALSO UNDERTAKES TO PARTICIPATE IN A SPECIAL ARBITRATION PROCESS FOR POTENTIAL VICTIMS OF AN INDIVIDUAL'S FRAUDULENT ACTS. RESPONDENT HAS FURTHER UNDERTAKEN TO MAKE ACCELERATED PAYMENTS TO CUSTOMERS WHO HAVE NOT PREVIOUSLY SETTLED THEIR CLAIMS AGAINST SGC, AND FROM WHOM THE INDIVIDUAL MISAPPROPRIATED FUNDS OR SECURITIES (INCLUDING UNAUTHORIZED TRANSFERS), SUCH PAYMENTS REPRESENTING THE NET AMOUNT OF



PRINCIPAL DUE SUCH PERSONS TAKING INTO ACCOUNT THE VALUE OF THEIR ACCOUNTS PRIOR TO HIS FRAUDULENT ACTIVITY AND ANY SUBSEQUENT DEPOSITS OR WITHDRAWALS.

Regulator Statement

SGC FAILED REASONABLY TO SUPERVISE A REGISTERED REPRESENTATIVE'S CONDUCT AS A PRODUCING BOM IN THREE PRINCIPAL WAYS. FIRST, ALTHOUGH SGC HAD PROCEDURES ADDRESSING THE REVIEW OF OUTGOING AND INCOMING CORRESPONDENCE, THE REP WAS ABLE TO EVADE THAT REVIEW BECAUSE SGC DID NOT HAVE AN ADEQUATE SYSTEM FOR APPLYING THESE PROCEDURES TO HIM, WHO AS A PRODUCING BOM HAD ACCESS TO A FACSIMILE MACHINE AND THE OFFICE'S POSTAGE METER. SECOND, SGC FAILED TO HAVE ADEQUATE PROCEDURES TO PREVENT A PRODUCING BOM FROM AUTHORIZING THIRD-PARTY DISBURSEMENT REQUESTS FOR HIS OWN CLIENTS AND DEVIATING FROM THE FIRM'S CASHIERING AND RELATED OPERATIONS PROCEDURES IN ORDER TO PROCESS SUCH REQUESTS. THIRD, SGC HAD INADEQUATE PROCEDURES FOR AN INDEPENDENT SUPERVISOR TO FOLLOW UP ON CRITICAL MISSING ACCOUNT DOCUMENTATION INVOLVING THE REP'S CUSTOMERS.

Reporting Source: Firm

Current Status: Final

Allegations: AT THE END OF JULY 2003, SG COWEN SIGNED CONSENT ORDERS WITH THE NYSE AND THE SEC THAT WE EXPECT WILL RESOLVE THE REGULATORY INVESTIGATIONS RELATING TO FRANK GRUTTADAURIA, A FORMER RETAIL BROKER OF SG COWEN. GRUTTADAURIA HAS BEEN CONVICTED AND SENTENCED TO SEVEN YEARS IMPRISONMENT BASED ON MISCONDUCT THAT HE ENGAGED IN WITH RESPECT TO CUSTOMER ACCOUNTS AT SG COWEN AND SEVERAL OTHER FIRMS. THE ORDERS CHARGE SG COWEN WITH VIOLATIONS OF NYSE AND THE FEDERAL SECURITIES LAWS , INCLUDING BOOKS AND RECORDS AND FAILURE TO SUPERVISE VIOLATIONS.

Initiated By: SEC

Date Initiated: 01/31/2002

Docket/Case Number: SEC 3-11216

Principal Product Type: Other

Other Product Type(s): FRANK GRUTTADAURIA MISAPPROPRIATED FUNDS FROM CLIENT ACCOUNTS AND FALSIFIED ACCOUNT DOCUMENTS.

Principal Sanction(s)/Relief Sought: Other



Other Sanction(s)/Relief Sought:	CEASE AND DESIST, CENSURE, RESTITUTION, UNDERTAKING
Resolution:	Order
Resolution Date:	08/14/2003
Sanctions Ordered:	Censure Monetary/Fine \$5,000,000.00 Disgorgement/Restitution Cease and Desist/Injunction
Other Sanctions Ordered:	IN ADDITION TO THE ABOVE, THE FIRM CONSENTED TO CERTAIN UNDERTAKINGS.
Sanction Details:	1) SGC WILL PARTICIPATE IN A SPECIAL ARBITRATION PROCESS FOR POTENTIAL VICTIMS; 2) WITHIN 120 DAYS OF THE DATE OF THE DECISION SGC WILL ENGAGE A CONSULTANT TO CONDUCT A REVIEW OF CERTAIN FIRM POLICIES, PROCEDURES, PRACTICES, AND SUPERVISORY SYSTEMS DESIGNED TO PREVENT RECURRENCE OF SUCH VIOLATIONS; 3) WITHIN SIX MONTHS SGC WILL ISSUE A REPORT OF THE REVIEW OF SGC'S BOARD WITH AN AFFIRMATION BY THE REVIEWER THAT ALL ACTIONS REFERRED TO IN THE REPORT HAVE BEEN IMPLEMENTED OR INCLUDE A SCHEDULE OF IMPLEMENTATION; 4) WITHIN 60 DAYS OF DELIVERY OF THE REPORT TO THE BOARD, THE FIRM SHALL SUBMIT TO THE EXCHANGE A WRITTEN REPRESENTATION BY SGC'S BOARD AND CEO THAT ALL ACTIONS AND/OR CHANGES HAVE BEEN COMPLETELY IMPLEMENTED OR INCLUDE A SCHEDULE OF IMPLEMENTATION; 5) SGC WILL COMPLY WITH ITS UNDERTAKINGS TO MAKE ACCELERATED PAYMENTS (REIMBURSEMENT FOR OUT OF POCKET LOSSES) TO CUSTOMERS WHO HAVE NOT PREVIOUSLY SETTLE THEIR CLAIMS AGAINST SGC.
Firm Statement	SG COWEN ENTERED INTO CONSENT ORDERS WITH THE NYSE AND THE SEC EFFECTIVE ON 8/14/03 RELATING TO FRANK GRUTTADAURIA, A FORMER RETAIL BROKER OF SG COWEN. GRUTTADAURIA HAS BEEN CONVICTED AND SENTENCED TO SEVEN YEARS IMPRISONMENT BASED ON MISCONDUCT THAT HE ENGAGED IN WITH RESPECT TO CUSTOMER ACCOUNTS AT SG COWEN AND SEVERAL OTHER FIRMS. THE ORDERS CHARGE SG COWEN WITH VIOLATIONS OF NYSE RULES AND THE FEDERAL SECURITIES LAWS, INCLUDING BOOKS AND RECORDS AND FAILURE TO SUPERVISE VIOLATIONS. PURSUANT TO THE ORDERS, SG COWEN WILL BE REQUIRED TO PAY A CIVIL MONETARY PENALTY OF \$2.5 MILLION FINE TO THE SEC AND A \$2.5 MILLION FINE TO THE NYSE. SG COWEN ALSO WILL BE REQUIRED TO COMPLY WITH CERTAIN UNDERTAKINGS NOTED ABOVE.



Reporting Source: Firm

Current Status: Final

Allegations: THE SECURITIES DIVISION ALLEGED THAT SG COWEN'S BOSTON OFFICE VIOLATED PROVISIONS OF THE UNIFORM SECURITIES ACT BY FAILING TO PRESERVE FOR THE REQUISITE PERIOD OF TIME CERTAIN EMAIL COMMUNICATIONS.

Initiated By: OFFICE OF THE SECRETARY OF THE COMMONWEALTH OF MASSACHUSETTS, SECURITIES

Date Initiated: 06/11/2003

Docket/Case Number: E-2002-77

Principal Product Type: Other

Other Product Type(s): N/A

Principal Sanction(s)/Relief Sought: Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief Sought: THE ORDER REQUIRED SG COWEN TO PAY AN ADMINISTRATIVE FINE OF \$100,000 AND TO PRESERVE EMAIL IN ACCORDANCE WITH THE UNIFORM SECURITIES ACT.

Resolution: Decision & Order of Offer of Settlement

Resolution Date: 06/11/2003

Sanctions Ordered: Monetary/Fine \$100,000.00
Cease and Desist/Injunction

Other Sanctions Ordered:

Sanction Details: THE ORDER REQUIRED SG COWEN TO PAY AN ADMINISTRATIVE FINE OF \$100,000 AND TO PRESERVE EMAIL IN ACCORDANCE WITH THE UNIFORM SECURITIES ACT. THE FINE WAS PAID ON JUNE 18, 2003.

Firm Statement SG COWEN SUBMITTED AN OFFER OF SETTLEMENT AND AGREED TO THE FILING OF A CONSENT ORDER DATED JUNE 13, 2003, BY THE MASSACHUSETTS SECURITIES DIVISION, WITHOUT ADMITTING OR DENYING ANY OF THE FACTS OR ALLEGATIONS SET FORTH THEREIN. THE DIVISION ALLEGED IN THE CONSENT ORDER THAT SG COWEN'S BOSTON OFFICE VIOLATED PROVISIONS OF THE UNIFORM SECURITIES ACT BY FAILING TO PRESERVE FOR THE REQUISITE PERIOD OF TIME CERTAIN EMAIL COMMUNICATIONS. THE ORDER REQUIRED SG COWEN TO PAY AN ADMINISTRATIVE FINE OF \$100,000 AND TO PRESERVE EMAIL IN ACCORDANCE WITH THE ACT.



Disclosure 33 of 39

Reporting Source:	Regulator
Current Status:	Final
Allegations:	<p>NASD CONDUCT RULES 2110, 2320 AND 3010, NASD MARKETPLACE RULES 3320, 4613(B), 4613(E), 4613(E)(1)(C) AND 6420(A) AND SEC RULE 11AC1-1 - RESPONDENT MEMBER ("FIRM") FAILED TO USE REASONABLE DILIGENCE TO ASCERTAIN THE BEST INTER-DEALER MARKET AND FAILED TO BUY OR SELL IN SUCH MARKET SO THAT THE RESULTANT PRICE TO ITS CUSTOMER WAS AS FAVORABLE AS POSSIBLE UNDER PREVAILING MARKET CONDITIONS. THE FIRM, A MARKET MAKER IN SECURITIES, WITHOUT MAKING REASONABLE EFFORTS TO AVOID A LOCKED OR CROSSED MARKET BY EXECUTING TRANSACTIONS WITH ALL MARKET MAKERS WHOSE QUOTATIONS WOULD BE LOCKED OR CROSSED, ENTERED BID OR ASKED QUOTATIONS IN THE NASDAQ STOCK MARKET, WHICH CAUSED A LOCKED OR CROSSED MARKET CONDITION TO OCCUR IN EACH INSTANCE. THE FIRM LOCKED/CROSSED THE MARKET DURING THE PRE-OPENING PERIOD AND FAILED TO IMMEDIATELY THEREAFTER SEND A TRADE-OR-MOVE MESSAGE THROUGH SELECTNET TO THE MARKET PARTICIPANT WHOSE QUOTE IT LOCKED OR CROSSED THAT WAS PRICED AT THE RECEIVING MARKET PARTICIPANT'S QUOTED PRICE AND FAILED TO SEND A TRADE-OR-MOVE MESSAGE THROUGH SELECTNET WHEN AN AGGREGATE SIZE OF AT LEAST 5,000 SHARES TO ALL MARKET PARTICIPANTS WHOSE QUOTES IT LOCKED/CROSSED. AN ORDER WAS PRESENTED TO THE FIRM AT THE FIRM'S PUBLISHED BID OR PUBLISHED OFFER IN AN AMOUNT UP TO ITS PUBLISHED QUOTATION SIZE. THE FIRM FAILED TO EXECUTE THE ORDERS UPON PRESENTMENT AND THEREBY FAILED TO HONOR ITS PUBLISHED QUOTATION. THE FIRM FAILED, WITHIN 90 SECONDS AFTER EXECUTION, TO TRANSMIT THROUGH ACT, LAST SALE REPORTS OF TRANSACTIONS IN CQS SECURITIES. THE FIRM REPORTED TO ACT LAST SALE REPORTS OF TRANSACTIONS IN CQS SECURITIES ON AN "AS OF" BASIS WHEN ELECTRONIC SUBMISSION ON THE TRADE DATES OF SUCH TRANSACTIONS WAS POSSIBLE THROUGH ACT. THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO THE APPLICABLE SECURITIES LAWS AND REGULATIONS CONCERNING THE FIRM QUOTE RULES.</p>
Initiated By:	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated:	01/30/2003
Docket/Case Number:	CMS030011
Principal Product Type:	Other
Other Product Type(s):	CQS SECURITIES AND OTHER UNKNOWN TYPE OF SECURITIES



Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 01/30/2003

Sanctions Ordered: Censure
Monetary/Fine \$80,000.00
Disgorgement/Restitution

Other Sanctions Ordered: UNDERTAKING TO REVISE THE FIRM'S WRITTEN SUPERVISORY PROCEDURES.

Sanction Details: A CENSURE, A FINE OF \$80,000 (\$20,000 FOR THE BEST EXECUTION VIOLATIONS, \$15,000 FOR THE LOCKED/CROSSED MARKET VIOLATIONS, \$15,000 FOR THE TRADE-OR-MOVE VIOLATIONS, \$20,000 FOR THE FIRM QUOTE RULE VIOLATIONS, \$5,000 FOR THE TRADE REPORTING VIOLATIONS, AND \$5,000 FOR THE SUPERVISION VIOLATIONS), AN UNDERTAKING TO REVISE THE FIRM'S WRITTEN SUPERVISORY PROCEDURES WITHIN 30 BUSINESS DAYS, AND RESTITUTION IN THE TOTAL AMOUNT OF \$24,364.03, PLUS INTEREST FROM THE DATE OF THE VIOLATIVE CONDUCT UNTIL THE DATE THIS ACCEPTANCE, WAIVER AND CONSENT ("AWC") IS ACCEPTED BY NASD. A REGISTERED PRINCIPAL OF THE FIRM SHALL SUBMIT SATISFACTORY PROOF OF PAYMENT OF THE RESTITUTION, OR OF REASONABLE AND DOCUMENTED EFFORTS UNDERTAKEN TO EFFECT RESTITUTION, TO THE NASD NO LATER THAN 120 DAYS AFTER ACCEPTANCE OF THIS AWC. IF FOR ANY REASON, RESPONDENT CANNOT LOCATE ANY CUSTOMER AFTER REASONABLE AND DOCUMENTED EFFORTS WITHIN SUCH PERIOD, OR SUCH ADDITIONAL PERIOD AGREED TO BY NASD, RESPONDENT SHALL FORWARD ANY UNDISTRIBUTED RESTITUTION AND INTEREST TO THE APPROPRIATE ESCHEAT, UNCLAIMED-PROPERTY OR ABANDONED-PROPERTY FUND FOR THE STATE IN WHICH THE CUSTOMER LAST RESIDED.

Regulator Statement SPECIFICALLY, THE FIRM'S SUPERVISORY SYSTEM DID NOT INCLUDE WRITTEN SUPERVISORY PROCEDURES PROVIDING FOR THE IDENTIFICATION OF THE PERSON RESPONSIBLE AT THE FIRM TO ENSURE COMPLIANCE WITH THE APPLICABLE RULES; A STATEMENT OF THE STEPS THAT SUCH PERSON SHOULD TAKE TO ENSURE COMPLIANCE; A STATEMENT AS TO HOW OFTEN SUCH PERSON SHOULD TAKE SUCH STEPS; AND A STATEMENT AS TO HOW ENFORCEMENT OF SUCH WRITTEN SUPERVISORY PROCEDURES SHOULD BE DOCUMENTED AT THE FIRM.



Reporting Source: Firm

Current Status: Final

Allegations: ALLEGED VIOLATIONS OF NASD RULES 2110, 2320, 3010, 3320, 4613, 6420(A) AND SEC RULE 11AC1-1

Initiated By: NASD

Date Initiated: 01/30/2003

Docket/Case Number: CMS030011

Principal Product Type: Other

Other Product Type(s): CQS SECURITIES AND OTHER UNKNOWN TYPE OF SECURITIES

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought: RESTITUTION

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 01/30/2003

Sanctions Ordered: Censure
Monetary/Fine \$80,000.00
Disgorgement/Restitution

Other Sanctions Ordered:

Sanction Details: CENSURE, \$80,000 FINE, RESTITUTION OF \$24,364.03 PLUS INTEREST, AND AN UNDERTAKING TO REVISE CERTAIN WRITTEN SUPERVISORY PROCEDURES.

Firm Statement NASDR ALLEGED THAT SG COWEN SECURITIES CORP. VIOLATED THE ABOVE-DESCRIBED TRADING RULES IN CERTAIN INSTANCES BETWEEN 1998 AND 2001. WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, SG COWEN SECURITIES CORP. AGREED TO THE SPECIFIED SANCTIONS.

Disclosure 34 of 39

Reporting Source: Regulator

Current Status: Final

Allegations: NASD RULES 2110 AND 6240(A)(2)- RESPONDENT MEMBER FAILED TO REPORT TO FIPS TRANSACTIONS IN FIPS SECURITIES WITHIN FIVE MINUTES AFTER EXECUTION; AND, REPORTED INCORRECT INFORMATION



TO FIPS IN TRANSACTIONS IN FIPS SECURITIES AND INCORRECTLY DESIGNATED SUCH TRANSACTIONS AS LATE TO FIPS.

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 10/10/2000

Docket/Case Number: CMS000208

Principal Product Type: Equity - OTC

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 10/10/2000

Sanctions Ordered: Monetary/Fine \$5,000.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, SG COWEN SECURITIES CORP. CONSENTED TO THE DESCRIBED SANCTION AND TO THE ENTRY OF FINDINGS, THEREFORE, THE FIRM IS FINED \$5,000.

Reporting Source: Firm

Current Status: Final

Allegations: VIOLATION OF NASD MARKETPLACE RULE 6240(A)(2) AND NASD CONDUCT RULE 2110.

Initiated By: NASD REGULATION, INC.

Date Initiated: 07/27/2000

Docket/Case Number: MRD199915643

Principal Product Type: Other

Other Product Type(s): HIGH YIELD SECURITIES

Principal Sanction(s)/Relief Sought: Other

Other Sanction(s)/Relief Sought: FINE



Resolution: Acceptance, Waiver & Consent(AWC)
Resolution Date: 07/31/2000
Sanctions Ordered: Monetary/Fine \$5,000.00
Other Sanctions Ordered:
Sanction Details: FINE OF \$5,000.00
Firm Statement WITHOUT ADMITTING OR DENYING THE ALLEGATIONS SC COWEN SECURITIES CORP. AGREED TO A \$5,000 FINE.

Disclosure 35 of 39

Reporting Source: Regulator
Current Status: Final
Allegations: NASD RULES 2110, 4613 AND 6130 - RESPONDENT MEMBER, A MARKET MAKER IN SECURITIES, WITHOUT MAKING REASONABLE EFFORTS TO AVOID A LOCKED MARKET BY EXECUTING TRANSACTIONS WITH ALL MARKET MAKERS WHOSE QUOTATIONS WOULD BE LOCKED, ENTERED A BID OR ASK QUOTATION IN THE NASDAQ STOCK MARKET WHICH CAUSED A LOCKED MARKET CONDITION TO OCCUR IN EACH INSTANCE; AND, FAILED TO ACCEPT OR DECLINE IN ACT TRANSACTIONS IN ELIGIBLE SECURITIES WITHIN 20 MINUTES AFTER EXECUTION.
Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS
Date Initiated: 05/03/2000
Docket/Case Number: CMS000078
Principal Product Type: Equity - OTC
Other Product Type(s):
Principal Sanction(s)/Relief Sought:
Other Sanction(s)/Relief Sought:
Resolution: Acceptance, Waiver & Consent(AWC)
Resolution Date: 05/03/2000
Sanctions Ordered: Censure
 Monetary/Fine \$8,000.00
Other Sanctions Ordered:



Sanction Details: WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, SG COWEN SECURITIES CORP. CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE, THE FIRM IS CENSURED AND FINED \$8,000.

Reporting Source: Firm

Current Status: Final

Allegations: VIOLATION OF NASD MARKET PLACE RULE 6130(B) AND NASD CONDUCT RULE 2110, AND NASD MARKET PLACE RULE *4613(E).

Initiated By: NASD REGULATION, INC

Date Initiated: 05/03/2000

Docket/Case Number: CMS000078

Principal Product Type: Equity - OTC

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 05/03/2000

Sanctions Ordered: Censure
Monetary/Fine \$8,000.00

Other Sanctions Ordered:

Sanction Details: A CENSURE AND A FINE OF \$8,000 (COMPOSED OF A \$3,000 FINE FOR THE LOCKED AND CROSSED MARKET VIOLATION AND A \$5,000 FOR THE ACT REPORTING VIOLATION)

Firm Statement ON JULY 1, 1998, SOCIETE GENERALE SECURITIES CORPORATION ACQUIRED CERTAIN ASSETS OF COWEN & CO. (N/K/A SG COWEN SECURITIES CORPORATION). IN CONNECTION WITH THIS PROCEEDING, SG COWEN SECURITIES CORPORATION ALLEGEDLY VIOLATED IN 1998 NASD RULES 2110 AND 6130(B); *COWEN & COMPANY ALLEGEDLY VIOLATED NASD RULE 4613(E) IN 1997.


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Reporting Source:	Regulator
Current Status:	Final
Allegations:	NASD RULES 2110, 2320, 6130 AND SEC RULE 11AC1-4 - EXECUTION OF OTC TRANSACTION - FAILED TO CONTEMPORANEOUSLY EXECUTE CUSTOMER LIMIT ORDERS AFTER TRADING IN THE SAME SECURITY FOR ITS OWN ACCOUNT AT PRICES THAT WOULD HAVE SATISFIED THE CUSTOMER LIMIT ORDER; FAILED TO USE REASONABLE DILIGENCE TO ASCERTAIN THE BEST INTER-DEALER MARKET FOR THE FIRM THAT THE RESULTANT PRICE TO ITS CUSTOMERS WAS AS FAVORABLE AS POSSIBLE UNDER PREVAILING MARKET CONDITIONS; REPORTED TRANSACTIONS TO THE AUTOMATED CONFIRMATION TRANSACTION SERVICES IN VIOLATION OF APPLICABLE SECURITIES LAWS AND REGULATIONS REGARDING TRADE REPORTING; FAILED TO DISPLAY IMMEDIATELY CUSTOMER LIMIT ORDERS IN NASDAQ SECURITIES IN ITS PUBLIC QUOTATION, WHEN EACH SUCH ORDER WAS AT A PRICE THAT WOULD HAVE IMPROVED ITS BID OR OFFER IN EACH SUCH SECURITY; OR WHEN THE FULL SIZE OF EACH SUCH ORDER WAS PRICED EQUAL TO HIS BID OR OFFER AND THE NATIONAL BEST BID OR OFFER FOR EACH SUCH SECURITY, AND REPRESENTED MORE THAN A DE MINIMIS CHARGE IN RELATION TO THE SIZE ASSOCIATED WITH ITS BID OR OFFER IN EACH SUCH SECURITY; AND, FAILED TO ESTABLISH, MAINTAIN AND/OR ENFORCE ADEQUATE SUPERVISORY PROCEDURES REASONABLY DESIGNED TO ACHIEVE COMPLIANCE IN THE FOLLOWING AREAS: ACT COMPLIANCE, QUOTE RULE, TRADE REPORTING, 21(A) REPORT ISSUES, BEST EXECUTION, BOOKS AND RECORDS AND LIMIT ORDER PROTECTION AND DISPLAY.
Initiated By:	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated:	10/29/1999
Docket/Case Number:	CMS990139
Principal Product Type:	Equity - OTC
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	10/29/1999
Sanctions Ordered:	Censure



Monetary/Fine \$29,500.00
 Disgorgement/Restitution

Other Sanctions Ordered:

Sanction Details:

WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, SG COWEN SECURITIES CORP. CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED, FINED \$29,500, AND ORDERED TO PAY RESTITUTION TO INVESTORS IN THE AMOUNT OF \$42,496, PLUS INTEREST AND PROVIDE SATISFACTORY PROOF OF RESTITUTION NO LATER THAN 120 DAYS AFTER THE ACCEPTANCE OF THIS AWC.

Reporting Source:

Firm

Current Status:

Final

Allegations:

ACTION SETTLED BY SG COWEN SECURITIES CORPORATION AS SUCCESSOR IN INTEREST TO COWEN & CO. WHICH WAS THE SUBJECT OF NASD PROCEEDING ALLEGEDLY VIOLATED NASD RULES 2110, 2320,6130 AND SEC RULE 11AC1-4-EXECUTION OF OTC TRANSACTION-FAILED TO CONTEMPORANEOUSLY EXECUTE CUSTOMER LIMIT ORDERS AFTER TRADING IN THE SAME SECURITY FOR ITS OWN ACCOUNT AT PRICES THAT WOULD HAVE SATISFIED THE CUSTOMER LIMIT ORDER;FAILED TO USE REASONABLE DILIGENCE TO ASCERTAIN THE BEST INTER-DEALER MARKET FOR THE FIRM THAT THE RESULTANT PRICE TO ITS CUSTOMERS WAS AS FAVORABLE AS POSSIBLE UNDER PREVAILING MARKET CONDITIONS; REPORTED TRANSACTIONS TO THE AUTOMATED CONFIRMATION TRANSACTION SERVICES IN VIOLATION OF APPLICABLE SECURITIES LAWS AND REGULATIONS REGARDING TRADE REPORTING; FAILED TO DISPLAY IMMEDIATELY CUSTOMER LIMIT ORDERS IN NASDAQ SECURITIES IN ITS PUBLIC QUOTATION, WHEN EACH SUCH ORDER WAS AT A PRICE THAT WOULD HAVE IMPROVED ITS BID OR OFFER IN EACH SUCH SECURITY; OR WHEN THE FULL SIZE OF EACH SUCH ORDER WAS PRICED EQUAL TO IT'S BID OR OFFER AND THE NATIONAL BEST BID OR OFFER FOR EACH SUCH SECURITY AND REPRESENTED MORE THAN A DE MINIMIS CHARGE IN RELATION TO THE SIZE ASSOCIATED WITH ITS BID OR OFFER IN EACH SUCH SECURITY; AND, FAILED TO ESTABLISH, MAINTAIN AND/OR ENFORCE ADEQUATE SUPERVISORY PROCEDURES REASONABLY DESIGNED TO ACHIEVE COMPLIANCE IN THE FOLLOWING AREAS: ACT COMPLIANCE, QUOTE RULE, TRADE REPORTING, 21(A) REPORT ISSUES, BEST EXECUTION, BOOKS AND RECORDS AND LIMIT ORDER PROTECTION AND DISPLAY.

Initiated By:

NATIONAL ASSOCIATION OF SECURITIES DEALERS

Date Initiated:

10/29/1999



Docket/Case Number: CMS9990139

Principal Product Type: Equity - OTC

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 10/29/1999

Sanctions Ordered: Censure
Monetary/Fine \$29,500.00
Disgorgement/Restitution

Other Sanctions Ordered: RESTITUTION TO INVESTORS IN THE AMOUNT OF \$42,296, PLUS INTEREST AND PROVIDE SATISFACTORY PROOF OF RESTITUTION NO LATER THAN 120 DAYS AFTER THE ACCEPTANCE OF THIS AWC.

Sanction Details: PAID FINE OF \$29,500.00; PAID DISGORGEMENT OF \$42,296.00 PLUS INTEREST ON 2/29/2000.

Disclosure 37 of 39

Reporting Source: Regulator

Current Status: Final

Allegations: NASD RULES 2110, IM-2110-1, 3010 AND MARKETPLACE RULE 6240 - RESPONDENT MEMBER, ACTING THROUGH AN INDIVIDUAL, IN UNDERWRITINGS THAT TRADED AT A PREMIUM IN THE IMMEDIATE AFTERMARKET, DID NOT OBTAIN, PRIOR TO THE SALE OF THE OFFERINGS, THE NECESSARY DOCUMENTATION AND/OR REPRESENTATIONS THAT THE ULTIMATE PURCHASERS WERE NOT RESTRICTED PERSONS, AND ALSO DID NOT SUBMIT FREE-RIDING AND WITHHOLDING QUESTIONNAIRES IN A TIMELY MANNER, AND THE QUESTIONNAIRES CONTAINED INCOMPLETE INFORMATION REGARDING ALLOCATIONS MADE TO INVESTMENT PARTNERSHIP ACCOUNTS AND/OR FOREIGN BROKER-DEALERS OR BANKS; RESPONDENT MEMBER EFFECTED FIPS TRANSACTIONS AND REPORTED TRANSACTIONS LATE, WITH AN INACCURATE TIME OF EXECUTION, OR WITH AN INCORRECT PRICE; AND, FAILED TO ESTABLISH, MAINTAIN AND ENFORCE WRITTEN SUPERVISORY PROCEDURES TO ENSURE COMPLIANCE WITH THE REQUIREMENT TO REPORT TRANSACTIONS IN HIGH YIELD FIXED INCOME SECURITIES).



Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated: 04/23/1999
Docket/Case Number: C10990045
Principal Product Type: Other
Other Product Type(s):
Principal Sanction(s)/Relief Sought:
Other Sanction(s)/Relief Sought:
Resolution: Acceptance, Waiver & Consent(AWC)
Resolution Date: 04/23/1999
Sanctions Ordered: Censure
 Monetary/Fine \$9,500.00
Other Sanctions Ordered:
Sanction Details: WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, SG COWEN SECURITIES CORP CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE THE FIRM IS CENURED, FINED \$5,000.00, JOINTLY AND SEVERALLY, AND THE MEMBER FIRM IS FINED AN ADDITIONAL \$4,500.00 SOLELY.

Reporting Source: Firm
Current Status: Final
Allegations: DISTRICT NO. 10 NOTIFIED RESPONDENTS SG COWEN SECURITIES CORPORATION AND THOMAS JAMES MOYNA THAT THE LETTER OF AWC NO. C10990045 WAS ACCEPTED; THEREFORE, THEY ARE CENSURED AND FINED \$5,000.00, JOINTLY AND SEVERALLY, AND THE FIRM IS FINED AN ADDITIONAL \$4,500.00 SOLELY - (NASD RULES 2110, IM-2110-1, 3010 AND MARKETPLACE RULE 6240)

Initiated By: NASD REGULATION, INC.
Date Initiated: 04/23/1999
Docket/Case Number: C1099045
Principal Product Type: Other
Other Product Type(s): EQUITIES



Principal Sanction(s)/Relief Sought:	Censure
Other Sanction(s)/Relief Sought:	FINED \$5,000.00, JOINTLY AND SEVERALLY; AND THE MEMBER FIRM IS FINED AN ADDITIONAL \$4,500.00 SOLELY.
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	04/23/1999
Sanctions Ordered:	Censure Monetary/Fine \$5,000.00
Other Sanctions Ordered:	THE MEMBER FIRM IS FINED AN ADDITIONAL \$4,500.00 SOLELY
Sanction Details:	FINED \$5,000.00 JOINTLY AND SEVERALLY, AND THE MEMBER FIRM IS FINED AN ADDITIONAL \$4,500.00 SOLELY; CENSURED.

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Reporting Source:	Regulator
Current Status:	Final
Allegations:	VIOLATIONS OF SECTIONS 10(B), 11A(C), 15(C)(1) AND (2),AND 17(A) OF THE EXCHANGE ACT, AND RULES 10B-5, 11AC1- 1, 15C1-2, 15C2-7, AND 17A-3
Initiated By:	SECURITIES AND EXCHANGE COMMISSION
Date Initiated:	01/11/1999
Docket/Case Number:	
Principal Product Type:	Equity Listed (Common & Preferred Stock)
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Consent
Resolution Date:	01/11/1999
Sanctions Ordered:	Disgorgement/Restitution Cease and Desist/Injunction
Other Sanctions Ordered:	WITHIN 90 DAYS OF DATE OF ENTRY OF THIS ORDER, PROVIDE INDEPENDENT CONSULTANT APPOINTED BY SEC A DESCRIPTION OF ITS POLICIES, PROCEDURES AND PRACTICES RELATING TO PREVENTION OR



DETECTION OF THE TYPES OF IMPROPER CONDUCT.

Sanction Details:

\$1,335,000.00 CIVIL PENALTY;\$54,977.00 DISGORGEMENT

Regulator Statement

[TOP] 2/12/99 SEC ADMINISTRATIVE PROCEEDINGS, FILE NO. 3-9803,1/11/99; PURSUANT TO SECTIONS 15(B) AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934 AND SEC FINDINGS, SEC INSTITUTED ADMINISTRATIVE PROCEEDINGS AGAINST SG COWEN SECURITIES CORPORATION (SGC), AS SUCCESSOR TO COWEN & CO.

CONTEMPORANEOUSLY, SGC SUBMITTED A SETTLEMENT OFFER, WHICH SEC ACCEPTED. IN ITS OFFER, SGC WITHOUT ADMITTING OR DENYING FINDINGS, EXCEPT FOR FINDINGS OF SECTION II.A., WHICH ARE ADMITTED, CONSENTED TO ENTRY OF THE ORDER INSTITUTING PROCEEDINGS AND THIS ORDER MAKING FINDINGS AND IMPOSING SANCTIONS. SEC FOUND, COWEN MADE MARKETS IN SECURITIES TRADED IN NASDAQ MARKET. COWEN TRADED NASDAQ STOCKS FOR ITS OWN ACCOUNTS AND ACCOUNTS OF INSTITUTIONAL AND RETAIL INVESTORS. IN CONNECTION WITH ITS ACTIVITIES, COWEN ENGAGED IN; FRAUDULENT COORDINATION OF QUOTE MOVEMENTS; UNDISCLOSED ARRANGEMENTS TO COORDINATE QUOTATIONS; FAILURE TO HONOR QUOTATIONS;IMPROPER DSPG TRADING; FAILURE TO KEEP ACCURATE BOOKS AND RECORDS; FAILURE TO REASONABLY SUPERVISE NASDAQ TRADING; UNLAWFUL PROFITS AND OTHER GAINS. IT IS ORDERED, PURSUANT TO SECTIONS 15(B) AND 21C OF THE EXCHANGE ACT, THAT: (1) SGC

SHALL STOP COMMITTING OR CAUSING ANY VIOLATION OF, AND ANY FUTURE VIOLATION OF SECTIONS 10(B), 11A(C), 15(C)(1) AND (2),AND 17(A) OF THE EXCHANGE ACT, AND RULES 10B-5, 11AC1- 1, 15C1-2, 15C2-7, AND 17A-3; (2) SGC

SHALL, WITHIN 10 BUSINESS DAYS OF ENTRY OF THIS ORDER, PAY A \$1,335,000.00 CIVIL PENALTY; (3) SGC SHALL, WITHIN 10 BUSINESS DAYS OF WRITTEN NOTICE FROM SEC STAFF OR THE INDEPENDENT CONSULTANT, PAY \$54,977.00 IN DISGORGEMENT OF \$54,977.00 PURSUANT TO SECTION 21C(E) OF THE EXCHANGE ACT; AND (4) SGC SHALL, WITHIN 90 DAYS OF DATE OF ENTRY OF THIS ORDER, PROVIDE INDEPENDENT CONSULTANT APPOINTED BY SEC A DESCRIPTION OF ITS POLICIES, PROCEDURES AND PRACTICES RELATING TO PREVENTION OR DETECTION OF THE TYPES OF IMPROPER CONDUCT. (REL. NO. 34-40903, FILE NO. 3-9803)

Reporting Source:

Firm

Current Status:

Final

Allegations:

SEC ADMINISTRATIVE PROCEEDINGS, FILE NO. 3-9803, 1/11/99; PURSUANT TO SECTIONS 15(B) AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934



AND SEC FINDINGS, SEC INSTITUTED ADMINISTRATIVE PROCEEDINGS AGAINST SG COWEN SECURITIES CORPORATION (SGC), AS SUCCESSOR IN INTEREST TO THE FORMER COWEN & CO. CONTEMPORANEOUSLY, SGC SUBMITTED A SETTLEMENT OFFER, WHICH SEC ACCEPTED. IN ITS OFFER, SGC WITHOUT ADMITTING OR DENYING FINDINGS, EXCEPT FOR FINDINGS OF SECTION II.A., WHICH ARE ADMITTED, CONSENTED TO ENTRY OF THE ORDER INSTITUTING PROCEEDINGS AND THIS ORDER MAKING FINDINGS AND IMPOSING SANCTIONS. SEC FOUND, COWEN MADE MARKETS IN A NUMBER OF SECURITIES TRADED IN NASDAQ MARKET. COWEN TRADED NASDAQ STOCKS FOR ITS OWN ACCOUNTS AND ACCOUNTS OF INSTITUTIONAL AND RETAIL INVESTORS. IN CONNECTION WITH ITS ACTIVITIES, COWEN ENGAGED IN (1) FRAUDULENT COORDINATION OF QUOTE MOVEMENTS, (2) UNDISCLOSED ARRANGEMENTS TO COORDINATE QUOTATIONS, (3) FAILURE TO HONOR QUOTATIONS, (4) IMPROPER DSPG TRADING, (5) FAILURE TO KEEP ACCURATE BOOKS AND RECORDS, (6) FAILURE TO REASONABLY SUPERVISE NASDAQ TRADING, (7) UNLAWFUL PROFITS AND OTHER GAINS. IT IS ORDERED, PURSUANT TO SECTIONS 15(B) AND 21C OF THE EXCHANGE ACT, THAT: (1) SGC SHALL STOP COMMITTING OR CAUSING ANY VIOLATION OF, AND ANY FUTURE VIOLATION OF SECTIONS 10(B), 11A(C), 15(C)(1) AND (2), AND 17(A) OF THE EXCHANGE ACT, AND RULES 10B-5, 11AC1- 1, 15C1-2, 15C2-7, AND 17A-3; (2) SGC SHALL, WITHIN 10 BUSINESS DAYS OF ENTRY OF THIS ORDER, PAY A \$1,335,000.00 CIVIL PENALTY; (3) SGC SHALL, WITHIN 10 BUSINESS DAYS OF WRITTEN NOTICE FROM SEC STAFF OR THE INDEPENDENT CONSULTANT, PAY \$54,977.00 IN DISGORGEMENT. PURSUANT TO SECTION 21C(E) OF THE EXCHANGE ACT; AND (4) SGC SHALL, WITHIN 90 DAYS OF DATE OF ENTRY OF THIS ORDER, PROVIDE INDEPENDENT CONSULTANT APPOINTED BY SEC A DESCRIPTION OF ITS POLICIES, PROCEDURES AND PRACTICES RELATING TO PREVENTION OR DETECTION OF THE TYPES OF IMPROPER CONDUCT. (REL. NO. 34-4*SEE FAQ #1*

Initiated By:	SECURITIES & EXCHANGE COMMISSION
Date Initiated:	01/11/1999
Docket/Case Number:	SEC FILE 3-9803
Principal Product Type:	Equity - OTC
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Disgorgement
Other Sanction(s)/Relief Sought:	CEASE AND DESIST ORDER AND CIVIL PENALTY
Resolution:	Settled



Resolution Date: 01/11/1999

Sanctions Ordered: Monetary/Fine \$1,335,000.00
Disgorgement/Restitution
Cease and Desist/Injunction

Other Sanctions Ordered: FIRM ALSO AGREED TO A CEASE AND DESIST ORDER AND TO SUBMIT CERTAIN OF ITS' POLICIES TO AND INDEPENDENT CONSULTANT.

Sanction Details: CIVIL PENALTY OF \$1,335,000.00 AND DISGORGEMENT OF \$54,977.00

Firm Statement WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, SG COWEN AGREED TO THESE CONDITIONS TO SETTLE THIS MATTER.

Disclosure 39 of 39

Reporting Source: Regulator

Current Status: Final

Allegations: DEFENDANT BROKER-DEALER FAILED TO FILE ITS AUDITED FINANCIAL STATEMENTS IN ACCORDANCE WITH SECTION 13.1-518.1 OF THE VIRGINIA SECURITIES ACT FOR THE SECOND YEAR.

Initiated By: VIRGINIA - STATE CORPORATION COMMISSION
DIVISION OF SECURITIES

Date Initiated: 12/01/1994

Docket/Case Number: SEC940130

URL for Regulatory Action:

Principal Product Type:

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Consent

Resolution Date: 12/01/1994

Sanctions Ordered: Monetary/Fine \$500.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE ALLEGATIONS
DEFENDANT AGREED TO REFRAIN FROM ANY CONDUCT WHICH
CONSTITUTES



A VIOLATION OF SECTION 13.1-518.1 OF THE VIRGINIA SECURITIES ACT AS LONG AS IT IS REGISTERED AND TO PAY A PENALTY OF \$500.00.

Regulator Statement

CONTACT: RHEA SHELTON, CHIEF OF REGISTRATION,
804-371-9610.

Reporting Source:

Firm

Current Status:

Final

Allegations:

SOCIETE GENERALE SECURITIES CORPORATION WAS FINED \$500 IN CONNECTION WITH ITS CONSENT TO A FINDING BY THE VIRGINIA DIVISION OF SECURITIES THAT IT HAD ALLEGEDLY FAILED TO FILE AMENDED FINANCIAL STATEMENTS IN A TIMELY MANNER.

Initiated By:

STATE OF VIRGINIA

Date Initiated:

12/01/1994

Docket/Case Number:

N/A

Principal Product Type:

No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief Sought:

Resolution:

Consent

Resolution Date:

12/01/1994

Sanctions Ordered:

Monetary/Fine \$500.00

Other Sanctions Ordered:

Sanction Details:

FINE OF \$500.00 PAID ON 12/1/1994.

Arbitration Award - Award / Judgment

Brokerage firms are not required to report arbitration claims filed against them by customers; however, BrokerCheck provides summary information regarding FINRA arbitration awards involving securities and commodities disputes between public customers and registered securities firms in this section of the report.

The full text of arbitration awards issued by FINRA is available at www.finra.org/awardsonline.

Disclosure 1 of 8

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-MARGIN CALLS; ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum:	NASD
Case Initiated:	03/05/2001
Case Number:	01-00855
Disputed Product Type:	COMMON STOCK; DO NOT USE-NO OTHER TYPE OF SEC INVOLVE
Sum of All Relief Requested:	\$250,000.02
Disposition:	AWARD AGAINST PARTY
Disposition Date:	08/07/2002
Sum of All Relief Awarded:	\$24,093.01

There may be a non-monetary award associated with this arbitration.
Please select the Case Number above to view more detailed information.

Disclosure 2 of 8

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-CHURNING; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum:	NASD
Case Initiated:	05/07/2001
Case Number:	01-01873



Disputed Product Type: COMMON STOCK; DO NOT USE-NO OTHER TYPE OF SEC INVOLVE
Sum of All Relief Requested: \$605,000.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 12/11/2002
Sum of All Relief Awarded: \$368,600.00

There may be a non-monetary award associated with this arbitration.
Please select the Case Number above to view more detailed information.

Disclosure 3 of 8

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-CHURNING; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum: NASD
Case Initiated: 10/16/2001
Case Number: [01-05089](#)
Disputed Product Type: DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES
Sum of All Relief Requested: \$985,200.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 01/27/2003
Sum of All Relief Awarded: \$112,000.00

There may be a non-monetary award associated with this arbitration.
Please select the Case Number above to view more detailed information.

Disclosure 4 of 8

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE



Arbitration Forum: NASD
Case Initiated: 04/01/2002
Case Number: [02-01658](#)
Disputed Product Type: COMMON STOCK; DO NOT USE-NO OTHER TYPE OF SEC INVOLVE;
 MUTUAL FUNDS; OPTIONS
Sum of All Relief Requested: \$3,208,749.93
Disposition: AWARD AGAINST PARTY
Disposition Date: 06/12/2003
Sum of All Relief Awarded: \$283,778.00

There may be a non-monetary award associated with this arbitration.
 Please select the Case Number above to view more detailed information.

Disclosure 5 of 8

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-
 MISREPRESENTATION; ACCOUNT ACTIVITY-OTHER; ACCOUNT RELATED-
 NEGLIGENCE
Arbitration Forum: NASD
Case Initiated: 01/15/2003
Case Number: [03-00050](#)
Disputed Product Type: COMMON STOCK; DO NOT USE-NO OTHER TYPE OF SEC INVOLVE
Sum of All Relief Requested: \$72,000,000.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 08/05/2005
Sum of All Relief Awarded: \$484,847.17

There may be a non-monetary award associated with this arbitration.
 Please select the Case Number above to view more detailed information.

Disclosure 6 of 8

Reporting Source: Regulator



Type of Event: ARBITRATION

Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT ACTIVITY-OTHER

Arbitration Forum: NASD

Case Initiated: 04/01/2003

Case Number: [03-02032](#)

Disputed Product Type: COMMON STOCK; DO NOT USE-NO OTHER TYPE OF SEC INVOLVE

Sum of All Relief Requested: \$70,000,000.00

Disposition: AWARD AGAINST PARTY

Disposition Date: 02/11/2005

Sum of All Relief Awarded: \$700,601.00

There may be a non-monetary award associated with this arbitration.
Please select the Case Number above to view more detailed information.

Disclosure 7 of 8

Reporting Source: Regulator

Type of Event: ARBITRATION

Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE

Arbitration Forum: NASD

Case Initiated: 08/05/2003

Case Number: [03-05569](#)

Disputed Product Type: COMMON STOCK; DO NOT USE-NO OTHER TYPE OF SEC INVOLVE

Sum of All Relief Requested: \$307,467.00

Disposition: AWARD AGAINST PARTY

Disposition Date: 01/26/2005

Sum of All Relief Awarded: \$25,000.00

There may be a non-monetary award associated with this arbitration.
Please select the Case Number above to view more detailed information.

**Disclosure 8 of 8**

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT RELATED-MARGIN CALLS; DO NOT USE-NO OTHER CONTROVERSY INVOLVED
Arbitration Forum:	NASD
Case Initiated:	08/03/1999
Case Number:	99-03238
Disputed Product Type:	COMMON STOCK; DO NOT USE-NO OTHER TYPE OF SEC INVOLVE
Sum of All Relief Requested:	\$8,438.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	08/16/2000
Sum of All Relief Awarded:	\$7,786.99

There may be a non-monetary award associated with this arbitration.
Please select the Case Number above to view more detailed information.

End of Report



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