

**THE NASDAQ STOCK MARKET LLC
NOTICE OF ACCEPTANCE OF AWC**

Certified, Return Receipt Requested

**TO: Chardan Capital Markets LLC
Mr. Steven Urbach
Chief Executive Officer
17 State Street
Suite 2130
New York, NY 10004**

**FROM: The NASDAQ Stock Market LLC ("Nasdaq")
c/o Financial Industry Regulatory Authority ("FINRA")
Department of Enforcement
9509 Key West Avenue
Rockville, MD 20850**

DATE: December 13, 2018

RE: Notice of Acceptance of Letter of Acceptance, Waiver and Consent No. 2015046871502

Please be advised that your above-referenced Letter of Acceptance, Waiver and Consent ("AWC") has been accepted on **December 13, 2018** by the Nasdaq Review Council's Review Subcommittee, or by the Office of Disciplinary Affairs on behalf of the Nasdaq Review Council, pursuant to Nasdaq Rule 9216. A copy of the AWC is enclosed herewith.

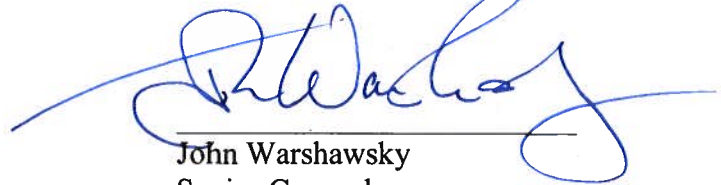
You are again reminded of your obligation, if currently registered, immediately to update your Uniform Application for Broker-Dealer Registration ("Form BD") to reflect the conclusion of this disciplinary action. Additionally, you must also notify FINRA (or NASDAQ if you are not a member of FINRA) in writing of any change of address or other changes required to be made to your Form BD.

You are reminded that Section I of the attached Letter of Acceptance, Waiver, and Consent includes an undertaking. In accordance with the terms of the AWC, a registered principal of the firm is required to notify the Compliance Assistant, Department of Enforcement, 9509 Key West Avenue, Rockville, MD 20850, of completion of the undertaking.

You will be notified by the Registration and Disclosure Department regarding sanctions if a suspension has been imposed and by NASDAQ's Finance Department regarding the payment of any fine if a fine has been imposed.

Chardan Capital Markets LLC
Page 2

If you have any questions concerning this matter, please contact me at (240) 386-5690.



John Warshawsky
Senior Counsel
Department of Enforcement, FINRA

Signed on behalf of NASDAQ

Enclosure

FINRA District 10 – New York
Michael Solomon
Senior Vice President and Regional Director
(Via email)

Robert I. Rabinowitz, Esq.
Counsel for Respondent
Becker & Poliakoff
331 Newman Springs Road, Suite 225
Red Bank, NJ 07701

THE NASDAQ STOCK MARKET LLC
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2015046871502

TO: The NASDAQ Stock Market LLC
c/o Department of Enforcement
Financial Industry Regulatory Authority ("FINRA")

RE: Chardan Capital Markets LLC, Respondent
Broker-Dealer
CRD No. 120128

Pursuant to Rule 9216 of The NASDAQ Stock Market LLC ("Nasdaq") Code of Procedure, Chardan Capital Markets LLC (the "firm") submits this Letter of Acceptance, Waiver and Consent ("AWC") for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, Nasdaq will not bring any future actions against the firm alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. The firm hereby accepts and consents, without admitting or denying the findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of Nasdaq, or to which Nasdaq is a party, prior to a hearing and without an adjudication of any issue of law or fact, to the entry of the following findings by Nasdaq:

BACKGROUND

The firm has been a member of FINRA since July 2, 2002, and a member of Nasdaq since July 12, 2006, and its registrations remain in effect. The firm has no relevant disciplinary history.

SUMMARY

The Financial Industry Regulatory Authority's ("FINRA") Department of Market Regulation, Offering Surveillance Group ("staff"), conducted a review of the firm's compliance with Rules 101 and 104 of SEC Regulation M; rules promulgated by Nasdaq and other SROs requiring that the firm provide various notices to the relevant SROs as a result of the firm's participation in a distribution of securities; and related supervisory requirements during the period of November 28, 2014, through September 30, 2015 (the "review period"). The staff's review was conducted for Nasdaq, FINRA, and NYSE

Arca, Inc. ("NYSE Arca"). As detailed below, during the review period, the firm failed to comply with Rule 104 and Nasdaq Rules 4614, 3010, and 2110.¹

FACTS AND VIOLATIVE CONDUCT

Violations of Rule 104 of SEC Regulation M and Nasdaq Rule 4614

1. Rule 104(a) generally provides, that "[i]t shall be unlawful for any person, directly or indirectly, to stabilize, to effect any syndicate covering transaction, or to impose a penalty bid, in connection with an offering of any security, in contravention of the provisions of this section." The rule continues by providing an exception, in Rule 104(b), when stabilizing is undertaken "for the purpose of preventing or retarding a decline in the market price of a security."
2. When one undertakes to display or transmit a stabilizing bid, Rule 104(h)(1) requires the provision of "prior notice to the market on which such stabilizing will be effected" and disclosure of "its purpose to the person with whom the bid is entered."
3. Rule 4614(a) further provides that "[a] Nasdaq Market Maker that intends to stabilize the price of a security that is a subject or reference security under SEC Rule 101 shall submit a request to Nasdaq MarketWatch for the entry of a one-sided bid that is identified on Nasdaq as a stabilizing bid in compliance with the standards set forth in this Rule and SEC Rules 101 and 104."
4. During July 24, 2015, through July 30, 2015, the firm acted as a distribution participant and acted as a manager (or in a similar capacity) in the distribution of securities in an offering for Rada Electronics Industries Limited ("RADA").
5. On July 31, 2015, the firm entered 351 stabilizing bids into the marketplace in connection with the offering of the RADA securities, which were listed on the Nasdaq stock market, and failed to provide prior notice of its intent to engage in such activity.
6. The conduct described in the above paragraphs 4 and 5 constitutes separate and distinct violations of SEC Regulation M, Rule 104, and Nasdaq Rule 4614.

Supervision Rules Violations

7. The firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to certain applicable securities laws and regulations, and/or the Rules of Nasdaq. At a minimum, adequate written supervisory procedures addressing quality of markets topics should describe the following:
 - (a) specific identification of the individual(s) responsible for supervision;

¹ Related disciplinary actions on behalf of FINRA and NYSE Arca concurrently are being taken in conjunction with this matter.

- (b) the supervisory steps and reviews to be taken by the appropriate supervisor;
- (c) the frequency of such reviews; and
- (d) how such reviews shall be documented.

The firm's written supervisory procedures failed to provide for one or more of the four above-cited minimum requirements for adequate written supervisory procedures, in the following subject areas: Regulation M, Rule 104, and Nasdaq Rule 4614 [elements (a), (b), (c), and (d)]. The conduct described in this paragraph constitutes violations of Nasdaq Rules 3010 and 2110.

B. The firm also consents to the imposition of the following sanctions:

A censure; a fine of \$16,500 (consisting of \$4,000 for the Rule 104 and Rule 4614 violations and \$12,500 for the supervisory violations); and an undertaking to provide two written reports to FINRA (on behalf of Nasdaq) on dates that are no more than 45 days and 90 days after the date of the Notice of Acceptance of this AWC, concerning the firm's implementation and effectiveness of the firm's policies, systems, and procedures (written and otherwise) and training (collectively, the "Controls") related to the areas described in paragraph I.A.7 above to ensure the firm is in compliance with Rule 104 of Regulation M and Rule 4614.

The written reports shall be certified by a registered principal who is also a senior executive officer of the firm and shall address, at a minimum, the implementation and performance of the firm's Controls; the steps taken by supervisory personnel to ensure compliance in the above-mentioned areas and the results of such supervisory reviews; training; and modification or recommendations for improvements to the Controls and dates of the effectiveness of such modifications or planned implementation of such recommendations. Upon written request showing good cause, FINRA staff may extend any of the procedural dates set forth herein.

The firm agrees to pay the monetary sanction(s) in accordance with its executed Election of Payment Form.

The firm specifically and voluntarily waives any right to claim that it is unable to pay, now or at any time hereafter, the monetary sanction(s) imposed in this matter.

The sanctions imposed herein shall be effective on a date set by FINRA staff.

II.

WAIVER OF PROCEDURAL RIGHTS

The firm specifically and voluntarily waives the following rights granted under Nasdaq's Code of Procedure:

- A. To have a Formal Complaint issued specifying the allegations against the firm;
- B. To be notified of the Formal Complaint and have the opportunity to answer the allegations in writing;
- C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made and to have a written decision issued; and
- D. To appeal any such decision to the Nasdaq Review Council and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, the firm specifically and voluntarily waives any right to claim bias or prejudice of the Chief Regulatory Officer, the Nasdaq Review Council, or any member of the Nasdaq Review Council, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including acceptance or rejection of this AWC.

The firm further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of Rule 9143 or the separation of functions prohibitions of Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

III.

OTHER MATTERS

The firm understands that:

- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by FINRA's Department of Enforcement and the Nasdaq Review Council, the Review Subcommittee, or the Office of Disciplinary Affairs ("ODA"), pursuant to Nasdaq Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against the firm; and

C. If accepted:

1. This AWC will become part of the firm's permanent disciplinary record and may be considered in any future actions brought by Nasdaq or any other regulator against the firm;
2. Nasdaq may release this AWC or make a public announcement concerning this agreement and the subject matter thereof in accordance with Nasdaq Rule 8310 and IM-8310-3; and
3. The firm may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. The firm may not take any position in any proceeding brought by or on behalf of Nasdaq, or to which Nasdaq is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects the firm's right to take legal or factual positions in litigation or other legal proceedings in which Nasdaq is not a party.

D. The firm may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. The firm understands that it may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute factual or legal findings by Nasdaq, nor does it reflect the views of Nasdaq or its staff.

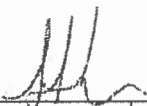
The undersigned, on behalf of the firm, certifies that a person duly authorized to act on its behalf has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that it has agreed to the AWC's provisions voluntarily; and that no offer, threat,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

11-14-18

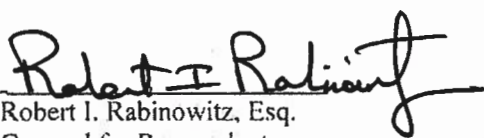
Date

Chardan Capital Markets LLC

Respondent

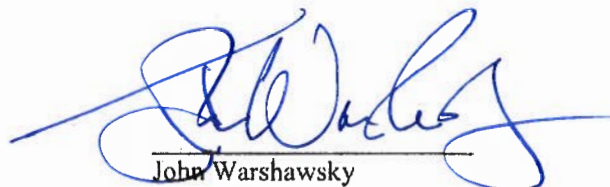
By: 
Name: Steven Urbick
Title: CEO

Reviewed by:


Robert I. Rabinowitz, Esq.
Counsel for Respondent
Becker & Poliakoff
331 Newman Springs Road, Suite 225
Red Bank, New Jersey 07701
Telephone: 732-842-1662

Accepted by Nasdaq:

Dec. 13, 2018
Date


John Warshawsky
Senior Counsel
Department of Enforcement

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

ELECTION OF PAYMENT FORM

The firm intends to pay the fine proposed in the attached Letter of Acceptance, Waiver and Consent by the following method (check one):

- A firm check or bank check for the full amount
 Wire transfer

Respectfully submitted,

Respondent

Chardan Capital Markets LLC

11-14-18

Date

By: St. Ullrich

Name: Steven Urbich

Title: CEO

Billing and Payment Contact

Please enter the billing contact information below. Nasdaq MarketWatch will contact you with billing options and payment instructions. **Please DO NOT submit payment until Nasdaq has sent you an invoice.**

Billing Contact Name: Andrew Miller

Billing Contact Address: 17 State Street, Suite 1600, N.Y. N.Y. 10004

Billing Contact Email: Accountspayable@chardan.com

Billing Contact Phone Number: 646-465-9000