

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

**Certified, Return Receipt Requested**

**TO: D.A. Davidson & Co.  
Mr. Doug Woodcock  
President  
8 Third Street North  
Great Falls, MT 59401**

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

**DATE: May 1, 2015**

**RE: Notice of Acceptance of Letter of Acceptance, Waiver and Consent No. 20120321457-01**

**Please be advised** that your above-referenced Letter of Acceptance, Waiver and Consent ("AWC") has been accepted on **May 1, 2015** 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.

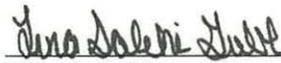
You are again reminded of your obligation, if currently registered, immediately to update your Uniform Application for Broker-Dealer Registration ("Form BD") to reflect the conclusion of this disciplinary action. Additionally, you must also notify FINRA (or NASDAQ if you are not a member of FINRA) in 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, Legal Section, Market Regulation Department, 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.

D.A. Davidson & Co.  
Page 2

If you have any questions concerning this matter, please contact Kevin M. McGee, Senior Counsel,  
at (240) 386-5098.



---

Tina Salehi Gubb  
Chief Counsel, Legal Section  
Department of Market Regulation

Signed on behalf of NASDAQ

Enclosure

FINRA District 3 – Seattle  
Donald K. Lopezi  
Vice President and Regional Director  
(Via email)

Michael D. Wolk, Esq.  
Counsel for Respondent  
Sidley Austin LLP  
1501 K Street, NW  
Washington, DC 20005

**THE NASDAQ STOCK MARKET LLC**  
**LETTER OF ACCEPTANCE, WAIVER AND CONSENT**  
NO. 20120321457-01

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

RE: D.A. Davidson & Co., Respondent  
Broker-Dealer  
CRD No. 199

Pursuant to Rule 9216 of The NASDAQ Stock Market LLC ("Nasdaq") Code of Procedure, D.A. Davidson & Co. (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 became a member of FINRA on September 22, 1952, and of Nasdaq on July 31, 2006, and its registrations remain active. The firm has no relevant disciplinary history.

## FACTS AND VIOLATIVE CONDUCT

In connection with 20120321457, the staff in the Offerings Surveillance Group of the Department of Market Regulation (the "staff") reviewed the firm's compliance with SEC Rule 101 of Regulation M in connection with a secondary common stock offering by First PacTrust Bancorp, Inc. ("First PacTrust") on or about June 23, 2011. The staff found that:

- On June 22, 2011, in 84 transactions, the firm, a distribution participant in the First PacTrust offering, purchased 13,200 shares of First PacTrust common stock on a principal basis during the restricted period associated with the distribution. The conduct described in this paragraph constitutes separate and distinct violations of SEC Rule 101 of Regulation M.
- The firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations for determining when the firm becomes a distribution participant subject to SEC Rule 101 of Regulation M. Specifically, the firm's supervisory system did not include written supervisory procedures providing for: (1) the identification of the person responsible for supervision with respect to the applicable rules; (2) a statement of the supervisory step to be taken by the identified person; (3) a statement as to how often such person should take such steps; and (4) a statement as to how the completion of the step(s) included in the written supervisory procedures should be documented. This conduct was in violation of Nasdaq Rules 3010 and 2110.

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

- A censure;
- A fine of \$17,500 (\$10,000 for the Regulation M violations and \$7,500 for the supervision violation); and
- An undertaking to submit to the COMPLIANCE ASSISTANT, LEGAL SECTION, MARKET REGULATION DEPARTMENT, 9509 KEY WEST AVENUE, ROCKVILLE, MD 20850, no later than 30 days after the AWC becomes final, a signed, dated letter or e-mail from a work-related account of the registered principal to [MarketRegulationComp@finra.org](mailto:MarketRegulationComp@finra.org), acknowledging that the firm revised its written supervisory procedures to address the deficiencies described in paragraph A.2 above, and the date the revised procedures were implemented.

The firm agrees to pay the monetary sanction 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 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

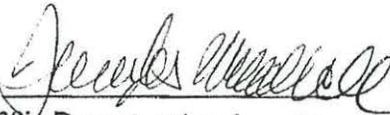
The firm understands that:

- 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 Market Regulation 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.

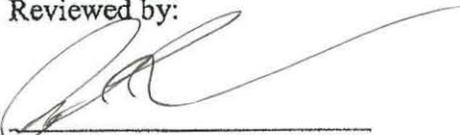
The undersigned, on behalf of the firm, certifies that a person duly authorized to act on its behalf has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that it has agreed to the AWC's provisions voluntarily; and that no offer, threat, 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.

April 9, 2015  
Date

D.A. Davidson & Co.  
Respondent

By:   
Name: Doug Woodcock  
Title: President, Equity Capital Markets

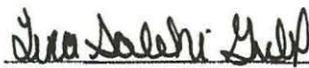
Reviewed by:



Michael D. Wolk, Esq.  
Counsel for Respondent  
Sidley Austin LLP  
1501 K Street, NW  
Washington, D.C. 20005  
Tel. (202) 736-8807

Accepted by Nasdaq:

5/1/15  
Date

  
Tina Salehi Gubb, Esq.  
Chief Counsel  
Department of Market Regulation

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;
- The installment payment plan.<sup>1</sup>
  - Monthly
  - Quarterly

Respectfully submitted,

Respondent  
D.A. Davidson & Co.

April 9/2015  
Date

By: Doug Woodcock

Name: Doug Woodcock

Title: President, Equity Capital Markets

<sup>1</sup> The installment payment plan is only available for a fine of \$50,000 or more. Certain requirements apply.