

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

Via Certified Mail, Return Receipt Requested

**TO: Cowen & Company, LLC
Mr. Steven Cohen
Chief Compliance Officer
599 Lexington Avenue, 20th Floor
New York, New York 10022**

**FROM: The NASDAQ Stock Market LLC (“Nasdaq”)
FINRA, Department of Enforcement
15200 Omega Drive, Suite 300
Rockville, MD 20850**

DATE: December 17, 2019

RE: Notice of Acceptance of Letter of Acceptance, Waiver and Consent No. 2014040293002


Please be advised that your above-referenced Letter of Acceptance, Waiver and Consent (“AWC”) has been accepted on **December 17, 2019** 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, 15200 Omega Drive, Suite 300, 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.

If you have any questions concerning this matter, please contact me at (240) 386-4891.



Manuel Yanez
Senior Counsel
FINRA Department of Enforcement

Cowen & Company, LLC
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Enclosure

cc: FINRA District 10 – New York
William St. Louis
Senior Vice President and Regional Director
(Via email)

Michael D. Wolk, Esq.
Counsel for Respondent
Sidley Austin LLP
1501 K Street, N.W.
Washington, D.C. 20005

THE NASDAQ STOCK MARKET LLC
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2014040293002

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

RE: Cowen and Company, LLC, Respondent
Broker-Dealer
CRD No. 7616

Pursuant to Rule 9216 of The NASDAQ Stock Market LLC ("Nasdaq") Code of Procedure, Cowen and Company, 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 became a FINRA member on May 23, 1978, and a Nasdaq member on July 12, 2006, and its registrations remain in effect. The Firm is headquartered in New York, New York, has approximately 10 branch offices, and employs approximately 584 registered individuals. The Firm has no relevant disciplinary history.

SUMMARY

In matters 20140402930, 20150468750, 20160515161, 20170558479, 20180569318, and Alert No. 1001214284, the Offering Surveillance Group of the Department of Market Regulation (the "Staff") reviewed the Firm's compliance with the Securities Exchange Act of 1934 (the "Exchange Act") Rule 101 of Regulation M, Nasdaq Rule 4619, and related supervisory rules during the periods of October 1, 2013 through December 31, 2013, July 1, 2014 through September 30, 2014, April 1, 2015 through June 30, 2015, April 1, 2016 through June 30, 2016, September 2016 through May 2017, August 2016 through May 2017, and March 2015 through August 2017 (collectively, the "Review Period").

Exchange Act Rule 101 of Regulation M states, in relevant part, that “[i]n connection with a distribution of securities, it shall be unlawful for a distribution participant or an affiliated purchaser of such person, directly or indirectly, to bid for, purchase, or attempt to induce any person to bid for or purchase, a covered security during the applicable restricted period. . . .”

Pursuant to Rule 100, a “distribution participant” is “an underwriter, *prospective underwriter*, broker, dealer, or other person who has agreed to participate or is participating in a distribution.”

In connection with such distributions of securities, broker-dealers must also comply with relevant notification rules. For example, Nasdaq Rule 4619(e)(1) states that:

[a] member acting as a manager (or in a similar capacity) of a distribution of a security that is a subject security or reference security under SEC Rule 101 and any member that is a distribution participant or an affiliated purchaser in such a distribution that does not have a manager shall provide written notice to Nasdaq MarketWatch and the Market Regulation Department of FINRA no later than the business day prior to the first entire trading session of the one-day or five-day restricted period under SEC Rule 101, unless later notification is necessary under the specific circumstances.

Nasdaq Rule 4619(e)(1)(A) provides that:

[t]he notice required by subparagraph (e)(1) of th[e] Rule shall be provided by submitting a completed Underwriting Activity Report that includes a request on behalf of each Nasdaq Market Maker that is a distribution participant or an affiliated purchaser to withdraw the Nasdaq Market Maker’s quotations, or that includes a request on behalf of each Nasdaq Market Maker that is a distribution participant (or an affiliated purchaser of a distribution participant) that its quotations be identified as those of a passive market maker and includes the contemplated date and time of the commencement of the restricted period.

Nasdaq Rule 4619(e)(5) provides that:

[a] member acting as a manager (or in a similar capacity of a distribution subject to subparagraph (e)(1)) of th[e] Rule shall submit a request to Nasdaq MarketWatch and the Market Regulation Department of FINRA to rescind the excused withdrawal status or passive market making status of distribution participants and affiliated purchasers, which request shall include the date and time of the pricing of the offering, the offering price, and the time the offering terminated, and, if not in writing, shall be confirmed in writing no later than the close of business the day the offering terminates.

During the relevant review periods, the Firm violated Exchange Act Rule 101 of Regulation M, Nasdaq Rule 4619, and related supervisory rules, as described below.

FACTS AND VIOLATIVE CONDUCT

In connection with matter 20140402930:

1. On July 22, 2013, in a series of 129 transactions, the Firm, a distribution participant participating in a distribution of securities on behalf of Issuer "A,"¹ purchased 32,111 shares of a covered security (*i.e.*, the common stock of Issuer A) on a principal basis during the restricted period associated with the distribution. The conduct described in this paragraph constitutes separate and distinct violations of Exchange Act Rule 101 of Regulation M.
2. The Firm, a distribution participant participating in a distribution of securities on behalf of Issuer A, entered its quotes into the marketplace during the restricted period associated with the distribution (March 25, 2013 through July 29, 2013). The conduct described in this paragraph constitutes separate and distinct violations of Exchange Act Rule 101 of Regulation M.

In connection with matter 20150468750:

3. The Firm, a distribution participant participating in a distribution of securities on behalf of Issuer "B," entered its quotes into the marketplace during the restricted period associated with the distribution (April 13, 2015 through April 14, 2015). The conduct described in this paragraph constitutes separate and distinct violations of Exchange Act Rule 101 of Regulation M.

In connection with matter 20160515161:

4. The Firm, a distribution participant participating in a distribution of securities on behalf of the issuers listed below, entered its quotes into the marketplace during the restricted periods associated with each distribution, as follows:
 - a. During the restricted period of August 28, 2015 through March 29, 2016 in the common stock of Issuer "H";
 - b. During the restricted period of March 21, 2016 through May 17, 2016 in the common stock of Issuer "I"; and
 - c. During the restricted period of May 31, 2016 through June 9, 2016 in the common stock of Issuer "J."

The conduct described in this paragraph constitutes separate and distinct violations of Exchange Act Rule 101 of Regulation M.

¹ Issuer names have been replaced throughout this document with generic references. The generic references are the same references as those included in the FINRA Letter of Acceptance, Waiver and Consent in this matter. The letters used to reference issuers do not identify any symbols associated with particular issuers.

5. **The Firm, while acting as a manager (or in a similar capacity) in a distribution of securities, which were subject to restricted periods under Exchange Act Rule 101, on behalf of the issuers listed below, failed to timely submit a Restricted Period Notification to Nasdaq, as follows:**
 - a. **On behalf of Issuer H, the Firm failed to submit a Restricted Period Notification no later than the business day prior to the first complete trading session of the restricted period (August 28, 2015 through March 29, 2016);**
 - b. **On behalf of Issuer I, the Firm failed to submit a Restricted Period Notification no later than the business day prior to the first complete trading session of the restricted period (March 21, 2016 through May 17, 2016); and**
 - c. **On behalf of Issuer J, the Firm failed to submit a Restricted Period Notification no later than the business day prior to the first complete trading session of the restricted period (May 31, 2016 through June 9, 2016).**

The conduct described in this paragraph constitutes separate and distinct violations of Nasdaq Rule 4619(e)(1)(A).

In connection with matter 20170558479:

6. **The Firm, a distribution participant participating in a distribution of securities on behalf of the issuers listed below, entered its quotes into the marketplace during the restricted periods associated with each distribution, as follows:**
 - a. **During the restricted period of September 22, 2016 through May 1, 2017 in the common stock of Issuer I; and**
 - b. **During the restricted period of January 19, 2017 through April 25, 2017 in the common stock of Issuer "K."**

The conduct described in this paragraph constitutes separate and distinct violations of Exchange Act Rule 101 of Regulation M.

7. **The Firm, while acting as a manager (or in a similar capacity) in a distribution of securities, which were subject to restricted periods under Exchange Act Rule 101, on behalf of the issuers listed below, failed to timely submit a Restricted Period Notification to Nasdaq, as follows:**
 - a. **On behalf of Issuer I, the Firm failed to submit a Restricted Period Notification no later than the business day prior to the first complete trading session of the restricted period (September 22, 2016 through May 1, 2017);**
 - b. **On behalf of Issuer "R," the Firm failed to submit a Restricted Period Notification no later than the business day prior to the first complete**

trading session of the restricted period (November 18, 2016 through January 13, 2017); and

- c. On behalf of Issuer K, the Firm failed to submit a Restricted Period Notification no later than the business day prior to the first complete trading session of the restricted period (January 19, 2017 through April 25, 2017).

The conduct described in this paragraph constitutes separate and distinct violations of Nasdaq Rule 4619(e)(1)(A).

8. The Firm, while acting as a manager (or in a similar capacity) in a distribution of securities, which was subject to a restricted period (September 22, 2016 through May 1, 2017) under Exchange Act Rule 101, on behalf of Issuer I, failed to timely submit a Trading Notification to Nasdaq by no later than the close of business the day the distribution for the common stock of Issuer I terminated. The conduct described in this paragraph constitutes a violation of Nasdaq Rule 4619(e)(5).

In connection with matter 20180569318:

9. The Firm, a distribution participant participating in a distribution of securities on behalf of Issuer "E," entered its quotes into the marketplace during the restricted period associated with the distribution (August 8, 2016 through January 9, 2017). The conduct described in this paragraph constitutes separate and distinct violations of Exchange Act Rule 101 of Regulation M.
10. The Firm, while acting as a manager (or in a similar capacity) in a distribution of securities, which was subject to a restricted period under Exchange Act Rule 101, on behalf of Issuer E, failed to timely submit a Restricted Period Notification to Nasdaq no later than the business day prior to the first complete trading session of the restricted period (August 8, 2016 through January 9, 2017). The conduct described in this paragraph constitutes separate and distinct violations of Nasdaq Rule 4619(e)(1)(A).

In connection with Alert No. 1001214284:

11. On August 10, 2017, in a series of nine transactions, the Firm, a distribution participant participating in a distribution of securities on behalf of Issuer "G," purchased 9,092,709 shares of a covered security (*i.e.*, the common stock of Issuer G) on a principal basis during the restricted period associated with the distribution. The conduct described in this paragraph constitutes separate and distinct violations of Exchange Act Rule 101 of Regulation M.
12. The Firm, a distribution participant participating in a distribution of securities on behalf of Issuer "D," entered its quotes into the marketplace during the restricted period associated with the distribution (September 15, 2015 through December

26, 2017). The conduct described in this paragraph constitutes separate and distinct violations of Exchange Act Rule 101 of Regulation M.

13. The Firm, while acting as a manager (or in a similar capacity) in a distribution of securities, which was subject to a restricted period under Exchange Act Rule 101, on behalf of Issuer D, failed to timely submit a Restricted Period Notification to Nasdaq no later than the business day prior to the first complete trading session of the restricted period (September 15, 2015 through December 26, 2017). The conduct described in this paragraph constitutes separate and distinct violations of Nasdaq Rule 4619(e)(1)(A).

In connection with all matters:

14. During the Review Period, the Firm's supervisory system, including its written supervisory procedures ("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. The Firm's written supervisory procedures ("WSPs") failed to provide for any supervisory process to ensure its compliance with these rules. Rather, the WSPs only generally restated the Regulation M Rule 101 requirements, failed to address relevant Nasdaq notification rules and requirements, and failed to provide for any means by which the Firm would supervise to ensure that those requirements would be met. Further, the Firm misunderstood what, in connection with a distribution of securities, triggered the obligations of Regulation M Rule 101 and related notification rules. Specifically, the Firm incorrectly asserted the receipt of a placement notice in connection with a distribution triggered its obligations under the rules. The conduct described in this paragraph constitutes a violation of Nasdaq Rules 3010(a) and 2010A.

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

1. A censure, an aggregate fine of \$120,000, of which \$43,200 shall be paid to Nasdaq (comprising of \$21,600 for violating Exchange Act Rule 101, \$10,800 for violating Nasdaq Rule 4619, and \$10,800 for the supervision violation), and an undertaking to revise the Firm's WSPs, as warranted, with respect to the areas described in paragraph I.A.14. Within 30 business days of acceptance of this AWC by the Nasdaq Review Council, a registered principal of the Firm shall submit to the COMPLIANCE ASSISTANT, DEPARTMENT OF ENFORCEMENT, 15200 OMEGA DRIVE, SUITE 300, ROCKVILLE, MD 20850, a signed, dated letter, or an e-mail from a work-related account of the registered principal to MarketRegulationComp@finra.org, providing the following information: (1) a reference to this matter; (2) a representation that the Firm has addressed the deficiencies described in paragraph I.A.14; and, (3) the date the deficient procedures were addressed and corrected by the Firm.

The Firm agrees to pay the monetary sanction(s) upon notice that this AWC has been accepted and that such payment(s) are due and payable. It has submitted a Payment

Information form showing the method by which it proposes to pay the fine imposed.

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 prejudgment 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.

11/26/19

Date

Cowen and Company, LLC

Respondent

By: 

Name: STEVEN COHEN

Title: CCO

Reviewed by:



Counsel for Respondent

Firm Name

Address

City/State/Zip

Phone Number

Accepted by Nasdaq:

12.17.2019

Date


Manuel Yanez
Senior Counsel
Department of Enforcement

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

PAYMENT INFORMATION

For firms, the fine and/or disgorgement amount will be reflected on an upcoming invoice and will be direct debited from the account for your firm that the Exchange currently has on file. *Please DO NOT submit payment at this time.*

Please inform your finance or applicable department of this forthcoming debit.

For individuals, and for firms that would like to arrange for an alternative method of payment, please enter the billing contact information below and the Exchange's Billing Department will contact you. *Otherwise, please leave the following information blank.*

Billing Contact Name: _____

Billing Contact Address: _____

Billing Contact Email: _____

Billing Contact Phone Number: _____

Respectfully submitted,

Respondent

Cowen and Company, LLC

11/26/19

Date

By: 

Name: STEVEN COHEN

Title: CCO