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**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20060047908-01**

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FINRA
MARKET REGULATION

TO: Department of Market Regulation
Financial Industry Regulatory Authority ("FINRA")

RE: Rodman & Renshaw, LLC, Respondent
Broker-Dealer
CRD No. 16415

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Rodman & Renshaw, 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, FINRA 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 FINRA, or to which FINRA 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 FINRA:

BACKGROUND

The firm has been a member of FINRA since February 12, 1986, and its registration remains in effect.

RELEVANT DISCIPLINARY HISTORY

The firm has no prior relevant disciplinary history.

FACTS AND VIOLATIVE CONDUCT

In Matter No. 20060047908, the staff of the Department of Market Regulation (the "staff") conducted a Trading and Market Making Surveillance ("TMMS") examination in which the staff reviewed the trading activity of the firm as set forth in Exhibit No. 1, which is attached hereto and incorporated herein by reference, for trade dates March 16 through March 17, 2006, unless otherwise noted (the "review period").

1. During the review period, the firm failed to report to the Nasdaq Market Center ("NMC") the correct symbol indicating the capacity in which the firm executed 879 transactions in Reportable Securities. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 6130(d).
2. During the review period, the firm failed to report to NMC five last sale reports of transactions in Reportable Securities. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 6130(a).
3. During the review period, the firm transmitted to the Order Audit Trail System 160 reports that contained inaccurate, incomplete, or improperly formatted data. Specifically, the reports provided an inaccurate capacity. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 6955(a).
4. 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 SEC Rules 605 and 606 of Regulation NMS, the three quote rule and the books and records rules. Specifically, the firm's supervisory system did not include written supervisory procedures providing for: (1) the identification of the person(s) responsible for supervision with respect to the applicable rules; (2) a statement of the supervisory step(s) to be taken by the identified person(s); (3) a statement as to how often such person(s) should take such step(s); and (4) a statement as to how the completion of the step(s) included in the written supervisory procedures should be documented. The conduct described in this paragraph constitutes a violation of NASD Rules 2110 and 3010.
5. The firm failed to provide documentary evidence that on the trade date(s) reviewed in the TMMS examination it performed the supervisory reviews set forth in its written supervisory procedures concerning the registration and qualification of personnel, limit order display, the quote dissemination rule, limit order protection, market order protection, the 1% rule, best execution, the anti-intimidation/coordination rule, trade reporting, short sales, trading halts, backing away, locked and crossed markets, and maintaining identical quotes. The conduct described in this paragraph constitutes violations of NASD Rules 2110 and 3010.

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

A censure, a fine of \$25,000 (consisting of a fine of \$5,000 for the trade reporting violations, \$5,000 for the OATS violations, and \$15,000 for the supervisory violations), and an undertaking to revise the firm's written supervisory procedures with respect to the areas described in paragraph I.A.4. Within 30 business days of acceptance of this AWC by the NAC, a registered principal of the Respondent shall submit to the **COMPLIANCE ASSISTANT, LEGAL SECTION, MARKET REGULATION DEPARTMENT, 9509 KEY WEST AVENUE, 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 revised its written supervisory procedures to address the deficiencies described in paragraph I.A.4; and, (3) the date the revised procedures were implemented.

The firm agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. It has submitted an Election of Payment 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 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 FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against the firm;
- B. To be notified of the 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 National Adjudicatory Council ("NAC") 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 General Counsel, the NAC, or any member of the NAC, 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 FINRA Rule 9143 or the separation of functions prohibitions of FINRA 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 the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA 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 FINRA or any other regulator against the firm;
 - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about the firm's disciplinary record;
 - 3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 8313; and
 - 4. 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 FINRA, or to which FINRA 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 FINRA 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 FINRA, nor does it reflect the views of FINRA 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.

10/9/09
Date

Respondent

Rodman & Renshaw, LLC

By: Edward Rubin

Name: Edward Rubin

Title: CEO

Reviewed by:

Attorney Name
Counsel for Respondent
Firm Name
Address
City/State/Zip
Phone Number

Accepted by FINRA:

11/23/09
Date

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

Thomas R. Gira
Thomas R. Gira
Executive Vice President
Department of Market Regulation

Exhibit # 1
2006 MRE Exam Samples
Rodman & Renshaw LLC
20060047908

<u>Sample Size</u>	<u>Review Area</u>	<u>Sample Source</u>
23	customer and proprietary sale transactions, for compliance with SEC Rules 200(g) and/or 203(b),	from trade dates March 6 through 17, 2006.
618	customer and proprietary sales, for compliance with NASD Rule 6130,	from trade dates March 6 through 17, 2006.
59	short sales in NNM securities, for compliance with NASD Rule 3350,	from trade dates March 6 through 17, 2006.
0	short sales in CQS securities, for compliance with SEC Rule 10a-1,	from trade dates March 6 through 17, 2006.
25	cancelled trades for compliance with NASD Rules 4632(g), 4642(g), 4652(g), 6130(f), 6420(f), and 6620(f),	from trade dates March 6 through 17, 2006.
0	limit orders executed as principal, for compliance with NASD Rules 2110 (and IM-2110-2), 6440, 6541 and 2320, and SEC Rule 11Ac1-1 and 11Ac1-4,	from trade dates March 6 through 17, 2006.
0	"non displayed" limit orders and 0 marketable orders in the same securities received while holding the "non-displayed" orders, for compliance with NASD Rule 2320,	from trade dates March 6 through 17, 2006.
10	not held customer market orders, for compliance with NASD rule 2320,	from trade dates March 6 through 17, 2006.
0	trades executed in a principal or riskless principal capacity, for compliance with capacity reporting under NASD Trade Reporting and ACT rules,	from trade dates March 6 through 17, 2006.
N/A	orders for NASDAQ securities in soft dollar accounts, for compliance with trade reporting rules and the safe harbor limitations of SEC section 28(e),	from trade dates March 6 through 17, 2006.
0	open buy limit orders and stop sell limit orders in securities traded ex-dividend, for compliance with NASD Rule 3220,	from trade dates March 6 through 17, 2006.
N/A	trades reported and modified through a mixed capacity regulatory report, for compliance with NASD Rule 6130,	from trade dates March 6 through 17, 2006.
0	trades in securities reported with a .PRP modifier, for compliance with NASD Rules 4632 and 2320,	from trade dates March 6 through 17, 2006.

Exhibit # 1
2006 MRE Exam Samples
Rodman & Renshaw LLC
20060047908

<u>Sample Size</u>	<u>Review Area</u>	<u>Sample Source</u>
N/A	orders in securities for which the firm was a market center, for compliance with the order size/type classification requirements of SEC Rule 605, <i>(Note: Firm claims Small Market Exemption)</i>	from reported trade data during the previous 6 months of trading.
N/A	security/size/order data statistics published on the firm's monthly order execution report, for compliance with SEC Rule 605, <i>(Note: Firm claims Small Market Exemption)</i>	from reported trade data during the previous 6 months of trading.
N/A	data published on the firm's quarterly order routing report, for compliance with SEC Rule 606, <i>(Note: Firm claims Small Market Exemption)</i>	from trading activity during 4 th Quarter 2005.
0	customer transactions in OTCBB and OTC equity securities, for compliance with NASD Rules 3110(b) and 2320,	from trade dates March 6 through 17, 2006.
9	persons engaged in the firm's trading and market making activities, for compliance with NASD Registration rules,	from trading staff in March 2006.
50	orders in NNM or SC securities submitted to OATS, for compliance with NASD Rule 6955,	from trade dates March 6 through 17, 2006.
Approx. 80	order/trade records prepared and maintained in connection with the above samples, for general compliance with NASD Rule 3110 and SEC Rules 17a-3 and 17a-4,	from trade dates March 6 through 17, 2006 and various dates in March 2006.
Approx. 1690	trades reported to ACT or TRACS in connection with the above samples, for general compliance with NASD Trade Reporting and ACT rules,	from trade dates March 6 through 17, 2006.
56	customer trade confirmations reviewed in connection with the above samples, for compliance with SEC Rule 10b-10,	from trade dates March 6 through 17, 2006.
N/A	the firm's establishment and implementation of "regular & rigorous" reviews of the execution quality of orders sent to other market centers and internalized, for compliance with NASD Rules 2320 and 3010,	based on WSPs in effect during March 2006.
N/A	the firm's establishment and implementation of a supervisory system and written supervisory procedures, for compliance with NASD Rule 3010,	based on WSPs in effect during March 2006.