

FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20110288918-01

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

RE: Canaccord Genuity Inc., Respondent
Broker-Dealer
CRD No. 1020

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Canaccord Genuity Inc. (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 April 3, 1946, and its registration remains in effect. The firm has no relevant disciplinary history.

SUMMARY

In Review No. 20110288918, the Department of Market Regulation's Offering Surveillance group (the "staff") reviewed, among other things, compliance by the firm with Rule 101 of SEC Regulation M ("Rule 101"), Rule 104 of SEC Regulation M ("Rule 104") and FINRA Rule 5190 during the periods of January 1, 2010 through March 31, 2010; October 1, 2010 through December 31, 2010; January 1, 2011 through June 30, 2011; and January 1, 2012 through March 31, 2012.

In Review No. 20140402914, the staff reviewed the firm's compliance with Rule 101 and FINRA Rule 5190 during the period of October 1, 2013 through December 31, 2013.

As a result of its reviews, the staff found that the firm violated Rule 101, Rule 104, the related FINRA notification rules, and supervision requirements, as described below.

FACTS AND VIOLATIVE CONDUCT

Matter No. 20110288918:

Rule 101

1. During the period from January 11, 2010 through January 14, 2010, the firm was a distribution participant in the offering of common stock for EnteroMedics Inc. ("ETRM"), which traded on The NASDAQ Stock Market LLC ("Nasdaq").
2. During the restricted period of January 11, 2010 through January 14, 2010, the firm purchased 39,100 shares of ETRM in a series of 82 transactions on a principal basis.
3. The conduct described in paragraphs 1 and 2 above constitutes separate and distinct violations of Rule 101.
4. As set forth in the table below, during the restricted periods shown, the firm was a distribution participant in the distribution of securities in offerings of common stock that traded on the Nasdaq, and published and maintained bids in the common stock.

Offering	Restricted Period
Anthera Pharmaceuticals, Inc. ("ANTH")	6/2/11
Synta Pharmaceuticals Corp. ("SNTA")	1/5/12
Anacor Pharmaceuticals, Inc. ("ANAC")	2/8/12
Rockwell Medical, Inc. ("RMTI")	2/9/12

5. The conduct described in paragraph 4 above constitutes separate and distinct violations of Rule 101.

Rule 104

6. During the period from November 19, 2010 through November 29, 2010, the firm was a distribution participant participating in a distribution of securities on behalf of the issuer Imris, Inc. ("IMRS"), which traded on the Over-the-Counter Bulletin Board ("OTCBB").
7. During the period from November 19, 2010 through November 29, 2010, the firm purchased 1,006,600 shares of IMRS, in connection with syndicate covering transactions associated with the distribution, without providing complete and accurate written notice to FINRA, prior to engaging in the first syndicate covering transaction.
8. The conduct described in paragraphs 6 and 7 above constitutes separate and distinct violations of Rule 104.

FINRA Rule 5190(c)(1)(A)

9. On February 8, 2012, the firm was not only a distribution participant, but also acted as a manager (or in a similar capacity) in the distribution of the common stock of ANAC.
10. Because the firm acted as a manager (or in a similar capacity) in the distribution of ANAC, it was required to submit to FINRA, in timely fashion, notification pursuant to FINRA Rule 5190(c)(1)(A) ("Regulation M Restricted Period Notification"). Specifically, pursuant to Rule 5190(c)(1)(A), the firm was required to file its notice with FINRA "no later than the business day prior to the first complete trading session of the applicable restricted period, unless later notification is necessary under specific circumstances." The Firm, however, failed to timely file the Regulation M Restricted Period Notification with FINRA.
11. The conduct described in paragraphs 9 and 10 above constitutes separate and distinct violations of FINRA Rule 5190(c)(1)(A).

Matter No. 20140402914:

Rule 101

12. During the period from December 4, 2013 through December 10, 2013, the firm was a distribution participant in an offering of common stock for Dakota Plains ("DAKP"), which traded on the OTCBB.
13. During the restricted period of December 4, 2013 through December 10, 2013, the firm (1) published and maintained bids in DAKP common stock, and (2) the firm purchased 2,100 shares of DAKP in a series of four transactions, on a principal basis, on December 5, 2013 and December 10, 2013.
14. The conduct described in paragraphs 12 and 13 above constitutes separate and distinct violations of Rule 101.

FINRA Rule 5190(c)(1)(A)

15. During the period from December 4, 2013 through December 10, 2013, the firm was not only a distribution participant, but also acted as a manager (or in a similar capacity) in the distribution of the common stock of DAKP.
16. Although the firm acted as a manager (or in a similar capacity) in the distribution of DAKP, the firm failed to timely file a Regulation M Restricted Period Notification with FINRA.
17. The conduct described in paragraphs 15 and 16 above constitutes separate and distinct violations of FINRA Rule 5190(c)(1)(A).

Matter Nos. 20110288918 and 20140402914:

18. 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 FINRA when acting as a distribution participant or manager in the offering of securities for compliance with Regulation M Rules 101 and 104, and the timely submission of required notifications to self-regulatory organizations. 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) the frequency of such reviews; 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 constitute violations of FINRA Rule 2010 and NASD Rule 3010.

- B. The firm also consents to the imposition of the following sanctions: A censure; a fine of \$49,500 (consisting of a fine of \$23,500 for the Rule 101 violations, \$4,000 for the Rule 104 violations, a fine of \$4,500 for the FINRA Rule 5190(c)(1)(A) violations, and a fine of \$17,500 for violations of FINRA Rule 2010 and NASD Rule 3010); and an undertaking to revise the firm's written supervisory procedures with respect to the areas described in paragraph I.A.18. Within 30 business days of acceptance of this AWC by the National Adjudicatory Council ("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.18; and (3) the date the revised procedures were implemented.

The firm agrees to pay the monetary sanctions upon notice that this AWC has been accepted and that such payments are 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 sanctions 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 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 Chief Legal Officer, 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 accordance with FINRA Rule 8313;
 - 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: (i) testimonial obligations; or (ii) 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.

10/20/15
Date

Respondent
Canaccord Genuity Inc.

By: Howard Green

Name: Howard Green

Title: SMD

Reviewed by:

[Signature]
Counsel for Respondent

Accepted by FINRA:

11/12/15
Date

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

[Signature]
Kenneth R. Bozza
Chief Counsel, Legal Section
Department of Market Regulation