

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20110302070 - 01**

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

RE: Evercore Group L.L.C. (successor to International Strategy & Investment Group LLC)
Broker-Dealer
CRD No. 42405 (successor to CRD No. 28195)

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Evercore Group L.L.C. ("Respondent") (as successor to International Strategy & Investment Group LLC, or 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 Respondent alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. Respondent 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 became a member of FINRA on May 10, 1991. Effective December 31, 2015, the firm's broker dealer assets, operations, and assumed liabilities were transferred to Evercore Group L.L.C. as part of an asset transfer agreement. Then, the firm's Securities and Exchange Commission registration was terminated on February 21, 2016, and its FINRA registration was terminated on February 25, 2016. The firm has no relevant disciplinary history. Evercore Group L.L.C.'s registrations remain in effect.

SUMMARY

This matter results from an investigation conducted by the Quality of Markets Section of the Department of Market Regulation (the "staff") of the accuracy of the firm's advertised trade volume in a number of securities as transmitted through Bloomberg L.P. ("Bloomberg") during the period December 6, 2010 through March 28, 2013 (the "review period"). The investigation revealed that the firm overstated its advertised trade volume in 95 instances, as set forth below.

FACTS AND VIOLATIVE CONDUCT

1. Bloomberg L.P. ("Bloomberg") is a private service provider that allows certain subscribers, including broker-dealers, to advertise intra-day and historical trading volume in a particular

security. Participation by member firms in this service is voluntary.

2. Broker-dealer subscribers may send to Bloomberg advertisements of the trade volume that it transacted in a given security. The subscribers' advertised trade volume is used by Bloomberg to compile rankings and other custom-defined reports, including, but not limited to, reports that rank the most active broker-dealers by security.
3. During the review period, the firm overstated its advertised trade volume in 95 instances in 83 securities through Bloomberg. These 95 instances resulted in an overstatement of 5,680,374 shares. The overstatements ranged from lows of approximately one percent of the firm's executed trade volume in many instances to over 100 percent in some instances. The overstated advertised trade volume resulted from problems related to the implementation of a new order management system ("OMS") at the firm. These issues included a transitional period related to the new OMS, a lack of training for the traders using the new OMS, and subsequent adjustments to that OMS that caused the firm to automatically advertise certain trade volume that was also manually advertised. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rules 5210 and 2010.
4. The firm also failed to establish and implement a supervisory system that was reasonably designed to ensure compliance with regulatory requirements for accuracy in the firm's advertisements of executed trade volume during the review period. 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 in this paragraph constitutes a violation of FINRA Rule 2010 and NASD Rule 3010.

B. Respondent also consents to the imposition of the following sanctions:

A censure and a fine in the amount of \$140,000 (\$80,000 for violations of FINRA Rules 5210 and 2010; and \$60,000 for violations of NASD Rule 3010 and FINRA Rule 2010).

Respondent 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 an Election of Payment form showing the method by which it proposes to pay the fine imposed.

Respondent 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

Respondent 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, Respondent 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.

Respondent 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

Respondent 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 Respondent; 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. Respondent 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. Respondent 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. Respondent 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.**

Date

6/30/16

**Evercore Group L.L.C. (successor to
International Strategy & Investment Group
LLC)**

By: Vinayak Singh

Name: W. J. [Signature]

Title: Executive Committee Member,
Evercore ISI

Reviewed by:

**Counsel for Respondent
Evercore Group L.L.C.
(successor to International Strategy & Investment Group LLC)**

Accepted by FINRA:

Date

7/22/16

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


Robert A. Marchman
Executive Vice President
FINRA Department of Market Regulation