

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20120334788 - 01**

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

RE: Aegis Capital Corp., Respondent
Broker-Dealer
CRD No. 15007

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Aegis Capital Corp. (the "firm" or "Respondent") 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 has been a member of FINRA since July 20, 1984, and its registration remains in effect. The firm has no relevant prior disciplinary history.

SUMMARY

Limit Order Display

In connection with matter 20120334788, the Department of Market Regulation ("staff") reviewed the firm's compliance with requirements to immediately display, route, execute, or cancel customer limit orders during the period from January 1, 2012 through March 31, 2012, finding 19 violations.

In connection with matter 20130380188, the staff reviewed the firm's compliance with requirements to immediately display, route, execute, or cancel customer limit orders during the period from January 1, 2013 through March 31, 2013, finding 18 violations.

Order Protection and Timeliness

In connection with matter 20120352275, the staff reviewed the firm's compliance with requirements prohibiting trading ahead of customer orders during the period from October 1, 2011 through December 31, 2011, finding seven violations.

In connection with matter 20120341487, the staff reviewed the firm's compliance with requirements to execute customer orders fully and promptly and at the best possible price during the period from April 1, 2012 through June 30, 2012, finding 46 violations.

In connection with matter 20130367790, the staff reviewed the firm's compliance with requirements to execute customer orders fully and promptly and at the best possible price during the period from January 1, 2013 through March 31, 2013, finding 50 violations and that the firm's written supervisory procedures were deficient.

Books and Records

In connection with matter 20130362550, the staff reviewed the firm's trading activity in China Redstone Group, ("CGPI") and identified inaccurate information on the firm's books and records, and found that the firm, through its registered representative, inappropriately exercised discretionary authority in customers' accounts during December 2012.

FACTS AND VIOLATIVE CONDUCT

Limit Order Protection

20120334788

1. During the period from January 1, 2012 through March 31, 2012, the firm failed to display immediately 19 customer limit orders in over-the-counter ("OTC") equity securities in its public quotation, when each such order was at a price that would have improved the firm's bid or offer in each such security; when the order was priced equal to the firm's bid or offer and the national best bid or offer for each such security; and the size of the order represented more than a *de minimis* change in relation to the size associated with the firm's bid or offer in each such security. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6460.

20130380188

2. During the period from January 1, 2013 through March 31, 2013, the firm failed to display immediately 18 customer limit orders in OTC equity securities in its public quotation, when each such order was at a price that would have improved the firm's bid or offer in each such security; when the order was priced equal to the firm's bid or offer and the national best bid or offer for each such security; and the size of the order represented more than a *de minimis* change in relation to the size associated with the firm's bid or offer in each such security. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6460.

Order Protection and Order Timeliness

20120352275

3. During the period from October 1, 2011 through December 31, 2011, the firm failed to contemporaneously execute six customer orders in over-the-counter ("OTC") equity securities after it traded each of the subject securities for its own market-making account at a price that would have satisfied the customers' orders. In one instance, the firm failed to execute a customer's order at the same price or a better price than the firm received when it executed the proprietary transaction for its own account. This instance is reflected on Exhibit A (attached). The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rules 2010 and 5320.

20120341487

4. During the period from April 1, 2012 through June 30, 2012, in 46 instances, the firm failed to execute customer orders fully and promptly. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 2010, FINRA Rule 5310 (for conduct on or after May 31, 2012), and FINRA Rule 5320 (for conduct prior to May 31, 2012), and NASD Rule 2320 (for conduct prior to May 31, 2012).
5. During the period from April 1, 2012 through June 30, 2012, the firm failed to use reasonable diligence to ascertain the best inter-dealer market price, in 23 of the 46 instances identified above, and failed to buy or sell in such market so that the resultant price to its customer was as favorable as possible under the prevailing market conditions. The transactions are identified on Exhibit B (attached). The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 2010, FINRA Rule 5310 (for conduct on or after May 31, 2012), and FINRA Rule 5320 (for conduct prior to May 31, 2012), and NASD Rule 2320 (for conduct prior to May 31, 2012).

20130367790

6. During the period from January 1, 2013 through March 31, 2013, in 50 instances, the firm failed to execute customer orders fully and promptly, representing 100% of the sample reviewed. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rules 2010 and FINRA Rule 5310.
7. During the period from January 1, 2013 through March 31, 2013, the firm failed to use reasonable diligence to ascertain the best inter-dealer market price in 16 of the 50 instances identified above, and failed to buy or sell in such market so that the resultant price to its customer was as favorable as possible under the prevailing market conditions. These violations represent 32% of the sample reviewed. The transactions are identified on Exhibit C (attached). The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rules 2010 and 5310.
8. 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

FINRA Rules, concerning market order timeliness. Specifically, the firm's supervisory system did not include written supervisory procedures providing for a statement of the supervisory step(s) to be taken by the person responsible for the firm's supervisory reviews for market order timeliness. The conduct described in this paragraph constitutes a violation of FINRA Rule 2010 and NASD Rule 3010.

Books and Records

20130362550

9. During December 2012, the firm failed to accurately reflect that orders were solicited on 72 order tickets, customer order tickets, and customer monthly account statements for transactions in CGPI. These inaccurate records represented 100 percent of all the firm's orders in CGPI during December 2012. These violations constitute separate and distinct violations of SEC Rule 10b-10 and 17a-3, and FINRA Rule 4511.
10. During December 2012, the firm exercised discretionary authority in executing 64 orders in CGPI and failed to include on the order tickets that the transactions were executed pursuant to discretionary authority. These inaccurate tickets represented 88% of the firm's orders in CGPI during December 2012. These violations constitute separate and distinct violations of SEC Rule 17a-3 and FINRA Rule 4511.
11. During December 2012, the firm exercised discretionary authority in two customer accounts without having the appropriate authority granting the registered representative discretionary authority over the customers' accounts. This conduct constitutes separate and distinct violations of SEC Rule 17a-3, FINRA Rule 4512, and NASD Rule 2510.
12. 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 FINRA Rules concerning books and records, and exercising discretionary authority in customer accounts. 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 FINRA Rule 2010 and NASD Rule 3010.

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

A censure and \$85,000 fine comprised of the following:

- \$15,000 fine for the Limit Order Display violations comprised of a \$7,500 fine for matter 20120334788; and a \$7,500 fine for matter 20130381088;
- \$45,000 fine for the Order Protection and Timeliness violations comprised of a \$12,500 fine for matter 20120352275; \$12,500 fine for matter 20120341487; a \$15,000 fine for matter 20130367790; and a \$5,000 fine for deficient supervisory procedures for Order Protection and Order Timeliness;

- \$25,000 fine for the books and records violations in connection with matter 20130362550 comprised of a \$15,000 fine for the books and records violations, a \$5,000 fine for inappropriate exercise of discretionary authority, and a \$5,000 fine for the deficient supervisory procedures in connection with; and

Restitution to the customers identified on the Exhibits attached hereto in the total amount of **\$2,537.22** plus interest at the rate set forth in Section 6621(a) of the Internal Revenue Code, 26 U.S.C. 6621(a)(2), from the date of the violative conduct until the date this AWC is accepted by the National Adjudicatory Council ("NAC"). A registered principal of the firm shall submit satisfactory proof of payment of the restitution, or of reasonable and documented efforts undertaken to effect restitution, to the **COMPLIANCE ASSISTANT, LEGAL SECTION, MARKET REGULATION DEPARTMENT, 9509 KEY WEST AVENUE, ROCKVILLE, MD 20850** or in an e-mail from a work-related account of the registered principal to **MarketRegulationComp@finra.org**, no later than 120 days after acceptance of this AWC. If for any reason, Respondent cannot locate any customer identified in Exhibit A after reasonable and documented efforts within 120 days from the date the AWC is accepted, or such additional period agreed to by FINRA staff in writing, Respondent shall forward any undistributed restitution and interest to the appropriate escheat, unclaimed-property or abandoned-property fund for the state in which the customer is known to have last resided. Respondent shall provide satisfactory proof of such action to FINRA in the manner described above, within 14 days of forwarding the undistributed restitution and interest to the appropriate state authority; and

An undertaking to revise the firm's written supervisory procedures with respect to the areas described in paragraphs 8 and 12. 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 paragraphs 8 and 12; and, (3) the date the revised procedures were implemented.

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 imposition of a restitution order or any other monetary sanction herein, and the timing of such ordered payments, does not preclude customers from pursuing their own actions to obtain restitution or other remedies.

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 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

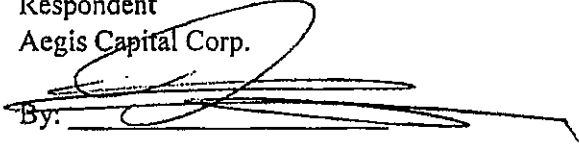
Respondent understands that:

- 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.

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.

June 3, 2015
Date

Respondent
Aegis Capital Corp.

By: 

Name: Anthony M. Mowat

Title: Chief Compliance Officer

Reviewed by:


Counsel for Respondent

Accepted by FINRA:

6-5-15
Date

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

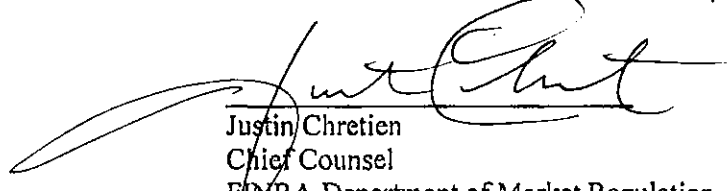

Justin Chretien
Chief Counsel
FINRA Department of Market Regulation

Exhibit A

Proprietary Trade							Customer Order						
Item #	Trade Report Date	Trade Report Time	Execution Time	Trade Vol	Issue Symbol	Trade Price	Order Received Date	Order Received Time	MPID	Order to Buy/Sell	Quantity	Limit Price	Restitution Amount
1	11/8/2011	09:36:58	9:36:35	5,000	SWCAU	9.90	11/8/2011	09:24:56	AGIS	B	99,750	10.00	\$500.00

Exhibit B

No	Order Receipt Date	Order Received Time	b / y	Qty	Issue	Ex Time	Last Principal Fill	Crossed Duration	Total Order Duration	Restitution
1	4/23/2012	10:29:32	B	575	CII	10:30:08	10:30:08	N/A	00:00:36	\$2.75
2	4/24/2012	09:47:17	B	1,200	ZNGA	09:48:21	9:48:21	0:00:00	00:01:04	\$24.00
3	4/24/2012	14:02:14	B	2,000	ZNGA	14:03:42	14:03:42	0:00:00	00:01:28	\$40.00
4	4/24/2012	15:38:18	B	3,500	VRNG	15:39:19	15:39:19	N/A	00:01:01	\$3.00
5	4/26/2012	12:01:37	B	5,000	IMMU	12:03:20	12:03:20	0:00:00	00:01:43	\$200.00
6	5/1/2012	10:36:43	B	1,400	NTCT	10:38:24	10:38:24	N/A	00:01:41	\$28.00
7	5/3/2012	10:27:12	B	1,900	SWHC	10:28:26	10:28:26	N/A	00:01:14	\$19.00
8	5/4/2012	10:37:56	S L	600	SLXP	10:38:37	10:38:37	N/A	00:00:41	\$26.00
9	5/14/2012	09:31:41	S L	1,100	ARNA	09:34:16	9:34:16	0:00:02	00:02:33	\$22.00
10	5/15/2012	14:28:58	B	5,000	SPPI	14:30:05	14:30:05	0:00:00	00:01:07	\$150.00
11	5/22/2012	10:19:21	B	625	MS	10:20:24	10:20:24	0:00:00	00:01:03	\$6.25
12	5/22/2012	14:57:10	S L	430	ACI	14:58:03	14:58:03	0:00:01	00:00:52	\$4.26
13	6/1/2012	10:02:23	B	2,000	F	10:03:32	10:03:32	0:00:00	00:01:09	\$20.00
14	6/4/2012	12:57:38	S L	1,300	CIEN	12:58:51	12:58:51	N/A	00:01:13	\$13.00
15	6/13/2012	11:13:54	B	900	DDD	11:14:32	11:14:32	N/A	00:00:38	\$8.91
16	6/18/2012	10:39:21	B	800	EQIX	10:40:37	10:40:37	N/A	00:01:16	\$62.00
17	6/18/2012	13:45:47	B	775	IDIX	13:46:20	13:46:20	0:00:00	00:00:33	\$2.63
18	6/20/2012	13:39:36	B	250	MCP	13:40:25	13:40:25	N/A	00:00:49	\$4.97
19	6/21/2012	10:11:14	B	900	RT	10:11:59		N/A	00:00:45	\$10.00
20	6/21/2012	14:10:33	B	2,200	HZNP	14:11:56	14:11:56	0:00:17	00:01:06	\$22.00
21	6/25/2012	12:02:42	B	1,000	ARNA	12:04:08	12:04:08	0:00:00	00:01:26	\$20.00
22	6/25/2012	15:05:59	B	2,000	FB	15:08:25	15:08:25	0:00:01	00:02:25	\$60.00
23	6/26/2012	13:17:13	B	2,000	EH1	13:18:13	13:18:13	0:00:00	00:01:00	\$66.60
Total Amount of Restitution Due:										\$815.38

Exception #	Order Receipt Date	Order Received Time	B/S	Qty	Sym	Ex Time	Last Principal Fill	Total Order Duration	Restitution
1	1/2/2013	14:34:24	B	575	YHOO	14:39:25	14:39:24	0:05:00	\$5.75
2	1/2/2013	15:56:28	B	1,000	YHOO	15:56:59	15:56:59	0:00:31	n/a
3	1/3/2013	15:44:25	SL	5,000	NOK	15:46:20	15:46:20	00:01:55	n/a
4	1/4/2013	11:28:32	B	1,000	VRNG	11:29:41	11:29:41	00:01:09	n/a
5	1/8/2013	10:03:23	B	800	GBX	10:04:34	10:04:34	00:01:11	n/a
6	1/8/2013	10:04:56	B	3,000	AA	10:06:51	10:06:51	00:01:55	n/a
7	1/8/2013	10:37:03	B	2,000	MED	10:38:29	10:38:29	00:01:26	\$180.00
8	1/8/2013	13:26:28	B	4,500	TSL	13:28:14	13:28:14	00:01:46	\$90.00
9	1/8/2013	15:13:01	B	900	MCP	15:15:58	15:15:58	00:02:57	\$26.10
10	1/9/2013	10:57:31	B	2,000	GSVC	10:58:50	10:58:50	00:01:19	n/a
11	1/9/2013	13:25:06	B	1,000	JOE	13:25:39	13:25:39	00:00:33	n/a
12	1/9/2013	15:41:52	B	1,000	VRNG	15:42:22	15:42:22	00:00:30	n/a
13	1/14/2013	10:53:25	B	5,000	END	10:54:50	10:54:50	00:01:25	\$75.00
14	1/15/2013	13:34:08	SL	1,500	MS	13:43:55	13:43:55	00:09:47	\$73.50
15	1/17/2013	15:21:22	B	1,000	GDX	15:21:54	15:21:54	00:00:32	n/a
16	1/18/2013	15:31:21	SL	110	SPY	15:32:13	15:32:13	00:00:52	n/a
17	1/22/2013	09:44:36	SL	500	SRC	09:45:13	09:45:13	00:00:37	\$55.40
18	1/22/2013	10:40:54	SL	1,000	LSI	10:41:35	10:41:35	00:00:41	n/a
19	1/22/2013	14:58:35	B	1,000	INTC	14:59:29	14:59:29	00:00:54	n/a
20	1/22/2013	15:00:30	B	1,000	INTC	15:01:10	15:01:10	00:00:40	n/a
21	1/23/2013	13:35:20	B	280	SINA	13:36:13	13:36:13	00:00:53	\$2.92
22	1/25/2013	15:26:24	B	1,200	UNM	15:27:41	15:27:41	00:01:17	n/a
23	1/28/2013	14:50:55	SL	700	VNR	14:53:25	14:53:25	00:02:30	n/a
24	1/29/2013	10:52:16	B	1,000	EMC	10:53:23	10:53:23	00:01:07	n/a
25	1/31/2013	11:15:10	B	1,000	MAT	11:16:13	11:16:13	00:01:03	n/a
26	2/1/2013	11:59:22	SL	2,500	AMD	12:00:37	12:00:37	00:01:15	n/a
27	2/1/2013	13:43:44	B	900	OMG	13:44:16	13:44:16	00:00:32	n/a
28	2/4/2013	14:45:37	B	1,400	MPEL	14:46:59	14:46:59	00:01:22	n/a
29	2/8/2013	10:02:05	B	2,000	ZNGA	10:03:10	10:03:10	00:01:05	\$20.00
30	2/12/2013	12:35:15	B	800	HRC	12:35:49	12:35:49	00:00:34	\$1.22
31	2/12/2013	13:03:01	B	4,000	GRPN	13:05:11	13:05:11	00:02:10	n/a
32	2/14/2013	14:38:20	B	458	SBY	14:39:16	14:39:16	00:00:56	n/a
33	2/15/2013	09:42:38	SL	2,000	VRNG	09:43:49	09:43:49	00:01:11	n/a
34	2/19/2013	14:46:08	B	800	MRVL	14:46:42	14:46:42	00:00:34	n/a
35	2/21/2013	12:18:16	B	2,500	AMD	12:19:45	12:19:45	00:01:29	\$50.00
36	2/27/2013	14:52:28	SL	1,100	PFM	14:53:42	14:53:42	00:01:14	n/a
37	3/1/2013	11:05:55	B	1,000	DKS	11:06:35	11:06:35	00:00:40	\$50.00
38	3/5/2013	12:56:11	SL	5,000	VRNG	12:57:43	12:57:43	00:01	