

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT**

NO. 20130356646-01

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

**RE: Ascendant Capital Markets, LLC, Respondent
Broker-Dealer
CRD No. 152912**

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Ascendant Capital Markets, LLC (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

ASCM is a Nevada limited liability corporation with its principal place of business located in Irvine, California. The Firm became a member of FINRA on February 28, 2011, and its registration remains in effect. The Firm does not have any relevant prior disciplinary history.

SUMMARY

In Matter No. 20130356646, the Department of Market Regulation's Customer Issues Team ("Staff") conducted a review of the Firm's compliance with order handling rules during the period of April 1, 2012 through June 30, 2012, which was later expanded to include the period of April 1, 2011 through July 6, 2012 (the "Review Period").

FACTS AND VIOLATIVE CONDUCT

1. During the Review Period the Firm failed, within 30 seconds after execution, to transmit to the FINRA/Nasdaq Trade Reporting Facility ("FNTRF") 69 last sale

reports of transactions in designated securities, and failed to designate through the FNTRF using the applicable trade report modifier that 67 of such last sale reports were late. These transactions constitute approximately 95% percent of the 72 transactions reviewed that the Firm reported to the FNTRF during the Review Period. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rules 6380A(a)(1) and (a)(5), and a pattern or practice of late reporting without reasonable justification or exceptional circumstances in violation of FINRA Rules 2010 and 6380A(a)(4).

2. During the Review Period the Firm failed to report the correct time of execution to the FNTRF in 68 last sale reports of transactions in designated securities, and incorrectly designated to the FNTRF each of these reports as ".T" (*i.e.*, executed after normal market hours) when the transactions were executed during normal market hours. These transactions constitute approximately 94% percent of the 72 transactions reviewed that the Firm reported to the FNTRF during the Review Period. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 7230A(d)(4), and a pattern or practice of failing to accurately report the correct time of execution in violation of FINRA Rule 2010.
3. During the Review Period the Firm transmitted to OATS 12 reports that contained inaccurate, incomplete, or improperly formatted data. Specifically, the reports contained inaccurate Not Held special handling codes. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 7450.
4. During the Review Period the Firm failed to show the correct time of execution on the memorandum of 68 brokerage orders and failed to show the correct terms and conditions on the memorandum of 12 brokerage orders. The conduct described in this paragraph constitutes separate and distinct violations of Rule 17a-3 of the Securities Exchange Act of 1934 ("SEA"), NASD Rule 3110(a) (for conduct prior to December 5, 2011) and FINRA Rule 4511 (for conduct on or after December 5, 2011).
5. During the Review Period, the Firm failed to establish and maintain a supervisory system that was reasonably designed to achieve compliance with the applicable securities laws and regulations, and FINRA Rules, concerning equity trade reporting, OATS, and books and records requirements. In addition, during the Review Period the Firm failed to enforce its written supervisory procedures, which specified that the "Designated Principal" is responsible for: (i) implementing the proper trade reporting requirements for all transactions conducted by the firm; (ii) periodically comparing trade reports to order execution documents to ensure that trades are being properly reported as they are executed; (iii) ensuring the Firm conducts OATS activities, including reporting, in compliance with FINRA rules; and (iv) periodically reviewing OATS data, including special handling codes, to ensure it was properly and timely submitted. The conduct described in this paragraph constitutes a violation of NASD Rule 3010 and FINRA Rule 2010.

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

- 1. A censure,**
- 2. A fine of \$57,500 (consisting of a fine of \$25,000 for the violations of FINRA Rules 6380A, 7230A(d) and 2010, \$5,000 for the violations of FINRA Rule 7450, \$7,500 for the violations of SEA Rule 17a-3, NASD Rule 3110(a) and FINRA Rule 4511, and \$20,000 for the violations of NASD Rule 3010 and FINRA Rule 2010), and**
- 3. An undertaking requiring the Firm to address the trade reporting, OATS, books and records, and supervisory deficiencies described above to ensure that the Firm has implemented procedures that are reasonably designed to achieve compliance with the rules and regulations cited herein.**
 - a. Within 90 days after the date of the issuance of a Notice of Acceptance of this AWC, a registered principal of the Firm shall submit to the COMPLIANCE ASSISTANT, LEGAL SECTION, MARKET REGULATION DEPARTMENT, 9509 KEY WEST AVENUE, ROCKVILLE, MD 20850, a signed, dated letter providing the following information: (i) a reference to this matter; (ii) a representation that the Firm has addressed the deficiencies described above; and (iii) the date(s) that this was completed.**
 - b. The Department of Market Regulation may, upon a showing of good cause and in its sole discretion, extend the time for compliance with this provision.**

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 it;**
- 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.

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.

2/22/16
Date

Respondent Ascendant Capital Markets LLC

By: [Signature]

Name: MARK DEGGARD DAHL

Title: CEO

Reviewed by:

[Signature]
Mark L. Smith
Smith Correll LLP
11766 Wilshire Blvd., Suite 1670
Los Angeles, CA 90025
Counsel for Respondent

Accepted by FINRA:

3/22/16
Date

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

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