

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20130386301-01**

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

RE: Great Point Capital LLC, Respondent
Broker-Dealer
CRD No. 114203

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Great Point Capital LLC ("Great Point" 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 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 became a member of FINRA in 2001, and its registration remains in effect.

RELEVANT DISCIPLINARY HISTORY

On June 10, 2011, FINRA accepted an AWC in which the firm was censured and fined \$10,000 for violations of NASD Rule 6955 and FINRA Rule 7450 related to Order Audit Trail System ("OATS") reporting violations from September 1, 2008 to December 31, 2008.

SUMMARY

In connection with matter 20130386301, FINRA's OATS Compliance Team of the Department of Market Regulation reviewed the OATS reporting of the firm from May 1, 2013 to August 31, 2013.

In connection with matter 20140430049, FINRA's OATS Compliance Team of the Department of Market Regulation reviewed the OATS reporting of the firm from May 1, 2014 to August 31, 2014.

In connection with matter 20150439798, FINRA's OATS Compliance Team of the Department of Market Regulation reviewed the OATS reporting of the firm from June 1, 2014 to April 30, 2015.

Based on their review in matter nos. 20130386301, 20140430049, and 20150439798, the OATS Compliance Team and Legal Section of the Department of Market Regulation found that firm failed to report certain Reportable Order Events ("ROEs"), reported certain ROEs late or inaccurately, and had inadequate supervision concerning OATS reporting.

In connection with matter 20110292590, FINRA's Department of Member Regulation reviewed the compliance of the firm with rules related to the registration of associated persons from January 1, 2010 to February 4, 2013. Based on this review, FINRA's Department of Enforcement found registration violations and related supervisory violations.

FACTS AND VIOLATIVE CONDUCT

20130386301

1. From May 1, 2013 to August 31, 2013, the firm failed to timely report to OATS 1,448,363 ROEs. These late ROEs represented 5.3% of all ROEs (27,306,480) that the firm transmitted to OATS during the review period. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 7450.

20140430049

2. From May 1, 2014 to August 31, 2014, the firm failed to timely report to OATS 352,858 ROEs. These late ROEs represented 7.7% of all ROEs (4,583,821) that the firm transmitted to OATS during the review period. In addition, the firm transmitted to OATS 168 Route or Combined Order/Route Reports that contained inaccurate, incomplete or improperly formatted data. As a result, the OATS system was unable to link to the corresponding new order transmitted by the destination member or to the related order in

the exchange market center. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 7450.

20150439798

3. From June 1, 2014 to April 30, 2015, the firm failed to transmit to OATS 2,152,947 ROEs on 231 business days. These ROEs represented 13.41% of all ROEs (16,052,349) that the firm was required to transmit to OATS during the review period. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 7450.

20140430049 and 20150439798

4. From May 1, 2014 to April 30, 2015, 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 Rules of FINRA, concerning OATS reporting. 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(s) responsible for supervision with respect to OATS reporting. The conduct described in this paragraph constitutes violations of FINRA Rule 2010, NASD Rule 3010 (for conduct before December 1, 2014) and FINRA Rule 3110 (for conduct on or after December 1, 2014).

20110292590

5. During the period between January 1, 2010 and February 4, 2013, the firm permitted as many as 49 registered persons to engage in equity trading activity when those persons were not qualified to do so. Specifically, the firm did not require those individuals to possess a Series 55 license, although such a license was required for their equity trading activity. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 1032(f) and FINRA Rule 2010.
6. During the period between January 1, 2010 and February 4, 2013, 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 Rules of FINRA, concerning registration of its associated persons. Specifically, the firm had no written policies and procedures in place regarding exemptions from registration that the firm granted to certain individuals, nor did it have written policies and procedures in place regarding the supervision of those exempted individuals on an ongoing basis. While the firm allowed certain individuals to request exemption from Series 55 qualification if they met certain criteria, it had no written procedures governing the process for requesting the exemption, explaining the criteria for granting that exemption, or detailing how the firm would

supervise for continued compliance with those criteria. The conduct described in this paragraph constitutes violations of NASD Rule 3010 and FINRA Rule 2010.

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

A censure, a fine of \$150,000 payable to FINRA (\$80,000 for the OATS reporting violations of FINRA Rule 7450 and related supervisory violations; and \$70,000 for the registration violations and related supervisory violations), and an undertaking to revise the firm's written supervisory procedures with respect to the areas described in paragraphs I.A.4 and I.A.6. 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 paragraphs I.A.4 and I.A.6; and (3) the date the revised procedures were implemented.

The firm 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.

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(s) 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 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 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.

12-16-15
Date

Respondent
Great Point Capital LLC

By: [Signature]
Name: Gabriel Mengin
Title: Principal

Reviewed by:
[Signature]
Counsel for Respondent

Accepted by FINRA:

December 18, 2015
Date

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

David E. Rosenstein [Signature]
David E. Rosenstein
Senior Vice President, Legal Section
Department of Market Regulation