

FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20140425124-01

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

RE: Cowen and Company, LLC, Respondent
Broker-Dealer
CRD No. 7616

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Cowen and Company, 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

The firm became a FINRA member on May 23, 1978, and its registration remains in effect.

RELEVANT DISCIPLINARY HISTORY

On May 28, 2013, the firm finalized an AWC in which it was censured and fined \$7,500 for violating FINRA Rule 7450 during the trade dates July 28 and 29, 2010.

On March 22, 2012, the firm finalized an AWC in which it was censured and fined \$17,500 (of which \$5,000 was for violating SEC Rule 17a-3 and \$7,500 was for violating FINRA Rule 7450) for conduct which occurred during the trade dates August 24 and 25, 2009.

SUMMARY

In matter 20140425124, the Trade Reporting and Compliance Engine ("TRACE") Team of the Department of Market Regulation (the "TRACE staff") reviewed the firm's compliance with TRACE reporting requirements and related books and records rules during the period of July 1, 2013, through December 31, 2013 (the "TRACE review period").

In matter 20150441540, the Trading and Financial Compliance Examination team of the Department of Market Regulation (the "TFCE staff") reviewed the firm's compliance with various Securities and Exchange Commission ("SEC"), FINRA/NASD, and other rules during the period of January 2015 (the "TFCE review period").

FACTS AND VIOLATIVE CONDUCT

20140425124

1. During the TRACE review period, the firm failed to report to TRACE 2,560 transactions in TRACE-eligible securities that it was required to report. Specifically, the firm:
 - o failed to report 1,779 transactions in TRACE-eligible Securitized Products to TRACE that it was required to report. The 1,779 transactions represent 73 percent of the 2,435 transactions in TRACE-eligible Securitized Products it reported to TRACE; and
 - o failed to report 781 transactions in TRACE-eligible Corporate Debt Securities to TRACE that it was required to report. The 781 transactions represent 96 percent of the 811 transactions in TRACE-eligible Corporate Debt Securities it reported to TRACE.

The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6730.

2. During the TRACE review period, the firm failed to show the time of execution on the memoranda of 812 brokerage orders. The conduct described in this paragraph constitutes separate and distinct violations of SEC Rule 17a-3 and FINRA Rules 4511 and 2010.

20150441540

3. During the TFCE review period, the firm: (i) in 4 instances reported cancel accept times rather than cancel request times in cancel/replace reports to the Order Audit Trail System ("OATS"), (ii) in 1 instance reported the cancel accept time in a cancel/replace report rather than the cancel request time, and failed to report other cancel/replaces to OATS, (iii) in 1 instance failed to report routes, executions, and/or cancels to OATS, (iv) in 1 instance incorrectly submitted a report to OATS for a non-reportable event, and (v) in 15 instances reported an incorrect order receipt time to

OATS. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 7450.

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

A censure and a fine of \$35,000 (comprised of a \$10,000 fine for violating FINRA Rule 7450, a \$17,500 fine for violating FINRA Rule 6730 and a \$7,500 fine for violating SEC Rule 17a-3 and FINRA Rules 4511 and 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.

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.

10/7/16
Date

Respondent
Cowen and Company, LLC

By: 

Name: STEVEN COHEN

Title: CCO

Reviewed by:

Attorney Name:
Counsel for Respondent
Firm Name:
Address:
City/State/Zip:
Phone Number:

Accepted by FINRA:

10/31/16
Date

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


Tina Salehi Gubb
Chief Counsel
FINRA Department of Market Regulation