

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2021073044801**

TO: Department of Enforcement
Financial Industry Regulatory Authority (FINRA)

RE: Aegis Capital Corp., (Respondent)
Member Firm
CRD No. 15007

Pursuant to FINRA Rule 9216, Respondent Aegis Capital Corp. 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 in this AWC.

I.

ACCEPTANCE AND CONSENT

- A. Respondent accepts and consents to the following findings by FINRA without admitting or denying them:

BACKGROUND

Aegis Capital Corp. has been a FINRA member since July 1984. The firm is headquartered in New York and has 230 registered individuals across 21 branch offices. The firm is a retail and institutional broker-dealer. Investment banking is included among the firm's primary lines of business.

In July 2019, Aegis consented to a censure and an aggregate fine of \$135,250 imposed by FINRA and the Nasdaq Stock Market LLC for violations of, among others, SEC Rules 101 and 104, FINRA Rules 5110 and 5190, Nasdaq Rule 4619, and related supervisory rules between August 2012 and July 2015. Aegis' violations included committing three Rule 101 violations when it purchased shares in one transaction in one covered security and entered bids on two covered securities. In addition, Aegis submitted 34 late or incomplete restricted period and trading notifications and submitted three late notices of intent when it acted as a market maker for the subject securities.¹

OVERVIEW

Between January 2021 and January 2025, in 90 instances, Aegis submitted untimely or incomplete restricted period notifications and trading notifications, or failed to submit such notifications, with FINRA in connection with its participation in security

¹ For more information about the firm, including prior regulatory events, visit BrokerCheck® at www.finra.org/brokercheck.

distributions that were subject to Regulation M of the Securities Exchange Act of 1934, in violation of FINRA Rules 5190 and 2010. In addition, between August 2019 and the present, Aegis failed to establish and maintain a supervisory system, including written supervisory procedures, reasonably designed to achieve compliance with FINRA Rule 5190, in violation of FINRA Rules 3110 and 2010. Finally, Aegis made inaccurate representations in a Corrective Action Statement it submitted to FINRA with the July 2019 AWC described above, in violation of FINRA Rule 2010. For these violations, Aegis is censured and fined \$400,000, of which \$185,000 shall be paid to FINRA. The firm must certify that it will enhance its supervisory procedures.

FACTS AND VIOLATIVE CONDUCT

This matter originated from FINRA surveillance alerts indicating that Aegis failed to timely and accurately submit Regulation M-related notifications to FINRA and various securities exchanges.

Regulation M, promulgated under the Exchange Act, is the SEC's principal anti-manipulation provision that applies to distributions of covered securities. Regulation M is intended to address manipulative conduct by preventing persons with an interest in the outcome of a distribution from influencing the pricing of those distributions and conditioning the market in order to facilitate a distribution. Regulation M prohibits manipulative conduct by deeming certain conduct as unlawful. For example, subject to the exceptions set forth therein, Rule 101 of Regulation M prohibits bidding for or purchasing a covered security during the applicable restricted period. Depending on the security, the restricted period begins either one business day or five business days prior to the determination of the offering price, or if the restricted period has already commenced, at such time a firm becomes a distribution participant.

FINRA Rule 5190(c) and 5190(d) set forth notice requirements applicable to all members participating in distributions of securities as a manager, or in a similar capacity, for purposes of monitoring compliance with the provisions of Regulation M. A violation of FINRA Rule 5190 also constitutes a violation of FINRA Rule 2010, which provides that "[a] member, in the conduct of its business, shall observe high standards of commercial honor and just and equitable principles of trade."

Aegis submitted untimely or incomplete notifications, or failed to submit such notifications, related to Regulation M.

Between January 2021 and January 2025, Aegis acted as a manager in distributions of securities subject to Regulation M. As such, Aegis was required to submit notifications pursuant to FINRA Rule 5190 in connection with such distributions. The firm, however, either did not submit, or submitted untimely or inaccurate, notifications to FINRA in 90 instances in connection with its participation in distributions of securities subject to Regulation M.

Restricted Period Notifications

FINRA Rule 5190(c)(1)(A) requires a member acting as a manager, or in a similar capacity, of a distribution of a security subject to a restricted period under Regulation M to provide written notification to FINRA regarding whether the distribution is subject to a one-day or five-day restricted period under Rule 101 of Regulation M. The written notice must provide the basis for such determination, including the contemplated date and time of the commencement of the restricted period, the listed security name and symbol, and identification of the distribution participants and affiliated purchasers. Firms must file the restricted period notification "no later than the business day prior to the first complete trading session of the applicable restricted period." Firms also have an obligation to amend restricted period notifications when new distribution participants are added.

Between January 2021 and December 2024, Aegis submitted 37 untimely restricted period notifications, the majority of which were submitted between one and five days late. Between October 2021 and January 2025, Aegis submitted incomplete restricted period notifications in connection with 41 offerings. The notifications were incomplete because Aegis did not amend the notifications when distribution participants joined the distributions after an initial restricted period notification was submitted. In May 2024, in connection with one offering, Aegis failed to submit a restricted period notification, even though the firm had been named as a placement agent in connection with the offering and was to receive compensation based on the success of the offering.

Therefore, Aegis violated FINRA Rules 5190(c)(1)(A) and 2010.

Trading Notifications

FINRA Rule 5190(c)(1)(B) requires a member acting as a manager, or in a similar capacity, of a distribution of a security subject to a restricted period under Regulation M to provide written notification to FINRA containing: the pricing of the distribution; the security name and symbol; the type of security; the number of shares offered; the offering price; the last sale before the distribution; the pricing basis; the SEC effective date and time; the trade date; the restricted period; and identification of the distribution participants and affiliated purchasers.

FINRA Rule 5190(d) requires a member acting as a manager, or in a similar capacity, of a distribution of a security that is considered "actively traded" under Rule 101 of Regulation M to file a trading notification that includes, among other things, the member's determination that no restricted period applies under Rule 101 and the basis for that determination.² FINRA Rules 5190(c)(1)(B) and 5190(d) require a member to file the trading notification no later than the close of business the next business day following the pricing of the distribution.

² Rule 101 of Regulation M defines an "actively traded" security as a security that has an average daily trading volume value of at least \$1,000,000 and is issued by an issuer whose common equity securities have a public float value of at least \$150,000,000; provided, however, that such security is not issued by the distribution participant or an affiliate of the distribution participant.

Between June 2021 and December 2024, Aegis was a manager and required to submit trading notifications pursuant to FINRA Rules 5190(c)(1)(B) and 5190(d). In June 2021, Aegis submitted a trading notification in connection with the distribution of an actively traded security nine days late. Between June 2023 and December 2024, Aegis submitted untimely trading notifications in connection with nine distributions. Three of the notifications were submitted between one and five days late, and six were submitted between eleven and 129 days late. In May 2024, in connection with one offering, Aegis failed to submit a trading notification, even though the firm had been named as a placement agent in connection with the offering and was to receive compensation based on the success of the offering.

Therefore, Aegis violated FINRA Rules 5190(c)(1)(B), 5190(d), and 2010.

Aegis failed to reasonably supervise its compliance with FINRA Rule 5190.

FINRA Rule 3110(a) requires each member firm to establish and maintain a system to supervise the activities of each associated person that is reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable FINRA rules. FINRA Rule 3110(b) requires a member firm to establish, maintain, and enforce written procedures to supervise the types of business in which it engages and the activities of its associated persons that are reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable FINRA rules. A violation of FINRA Rule 3110 is also a violation of FINRA Rule 2010.

Between August 2019 and the present, Aegis failed to establish or maintain a system, and written supervisory procedures, reasonably designed to achieve compliance with FINRA Rule 5190, specifically with respect to the timeliness and accuracy of the required notifications. Aegis' written supervisory procedures did not describe any supervisory reviews to ensure notifications were submitted in a timely manner and with accurate information. Nor were there specific procedures that addressed real-time monitoring of the firm's bidding activity during a distribution's restricted period to ensure that the firm did not bid during a restricted period. In practice, Aegis did not conduct reviews of its Regulation M-related notifications to determine whether the notifications submitted to FINRA were timely and accurate.

Therefore, Aegis violated FINRA Rules 3110 and 2010.

Aegis made inaccurate statements in a Corrective Action Statement in its prior AWC.

Making inaccurate representations to FINRA is a violation of FINRA Rule 2010.

In July 2019, Aegis executed an AWC in which the firm was censured and fined for violations of, among others, Regulation M, FINRA Rule 5190, and related supervisory rules between August 2012 and July 2015. Aegis submitted a Corrective Action Statement detailing some of the corrective steps the firm had purportedly taken to prevent future misconduct. Around this time, the firm's compliance department experienced significant personnel turnover, including the departure of its Chief Compliance Officer.

Three of the firm's statements in the Corrective Action Statement were untrue at the time they were made:

- "The firm has ensured that its Corporate Compliance Department now receives consistent and substantive continuing education particularly on Reg M and FINRA-related filings. Significantly, all Compliance professionals now [sic] several continuing education meetings or programs each year." However, the firm did not provide any training to its compliance staff related to Regulation M, FINRA Rule 5190, or comparable exchange-specific rules.
- "During 2016 and 2017, Aegis engaged a compliance consulting firm to review certain practices, including Regulation M compliance." However, the firm had not hired a compliance consultant in 2016 or 2017 for this purpose.
- "As the firm has previously advised the staff and provided to the staff, Aegis has engaged its outside counsel to develop new WSPs reasonably designed to address all requirements under Regulations M (including applicable FINRA and NASDAQ rules) that apply to its current business." However, the firm did not engage outside counsel and did not update its written supervisory procedures concerning Regulation M and FINRA Rule 5190.

Therefore, Aegis violated FINRA Rule 2010.

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

- a censure;
- a \$400,000 fine, of which \$185,000 shall be paid to FINRA;³ and
- an undertaking that, within 90 days of the date of the notice of acceptance of this AWC, a member of Respondent's senior management who is a registered principal of the firm shall certify in writing that, as of the date of the certification, the firm has remediated the issues identified in this AWC and implemented a supervisory system, including written supervisory procedures, reasonably designed to achieve compliance with FINRA Rule 5190 regarding the issues identified in this AWC. The certification shall include a narrative description and supporting exhibits sufficient to demonstrate Respondent's remediation and implementation. FINRA staff may request further evidence of Respondent's remediation and implementation, and Respondent agrees to provide such evidence. Respondent shall submit the certification to Sathish Dhandayutham, Principal Counsel, FINRA, 7950 Jones Branch Drive, Suite 301, Tysons, VA 22102, Sathish.Dhandayutham@finra.org, with a copy to EnforcementNotice@finra.org. Upon written request showing good cause, FINRA staff may extend this deadline.

³ The remainder of the fine shall be allocated to the Nasdaq Stock Market LLC and NYSE Arca, Inc.

Respondent agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. Respondent 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 an inability to pay, now or at any time after the execution of this AWC, the monetary sanction imposed in this matter.

The sanctions imposed in this AWC shall be effective on a date set by FINRA.

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 its acceptance or rejection.

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 Respondent's permanent disciplinary record and may be considered in any future action brought by FINRA or any other regulator against Respondent;
 - 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 its subject matter 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 Respondent's right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party. Nothing in this provision affects Respondent's testimonial obligations in any litigation or other legal proceedings.
- D. Respondent may attach a corrective action statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondent 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.

The undersigned, on behalf of Respondent, certifies that a person duly authorized to act on Respondent's 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 Respondent 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 in this AWC and the prospect of avoiding the issuance of a complaint, has been made to induce Respondent to submit this AWC.

Date

3/24/2026

Robert Fenman
Aegis Capital Corp.
Respondent

Print Name:

Robert Fenman

Title:

Chief Compliance Officer

Reviewed by:

Betsy T. Woter
Betsy T. Woter
Counsel for Respondent
Michael Best & Friedrich LLP
650 South Main Street, Suite 500
Salt Lake City, UT 84101

Accepted by FINRA:

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

Date

03/24/2026

Sathish Dhandayutham
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Principal Counsel
FINRA

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