

CBOE EDGX EXCHANGE, INC.
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2014039942004

TO: Cboe EDGX Exchange, Inc.
c/o Department of Enforcement
Financial Industry Regulatory Authority ("FINRA")

RE: Cowen Execution Services LLC, Respondent
Broker-Dealer
CRD No. 35693

Pursuant to Rule 8.3 of the Rules of Cboe EDGX Exchange, Inc. ("EDGX"), Cowen Execution Services LLC ("Cowen" 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, EDGX 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 EDGX, or to which EDGX 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 EDGX:

BACKGROUND

Cowen has been a member of FINRA since 1994 and a member of EDGX since 2010, and both registrations remain in effect. Prior to June 1, 2017, the firm was known as Convergenx Execution Solutions LLC. Cowen does not have any relevant disciplinary history.

SUMMARY

Matter No. 20140399420 resulted from the 2014 Trading and Financial Compliance Examination of the firm, in which FINRA's Department of Market Regulation (the "Staff"), on behalf of FINRA as well as various securities exchanges, including EDGX, conducted a review of the firm's compliance with the rules of FINRA and the various exchanges concerning supervision.

Matter No. 20150454561 resulted from a referral to the Staff from the Cboe BYX Exchange, Inc. Pursuant to the referral, the Staff conducted a review of the firm's compliance with Rule 15c3-5 of the Securities Exchange Act of 1934 ("Rule 15c3-5") and EDGX Rules 3.1 and 5.1 during the period from March 10, 2014 through December 9, 2014.

Matter No. 20140421398 resulted from a referral to the Staff from the Cboe BZX Exchange, Inc. Pursuant to the referral, the Staff conducted a review of the firm's compliance with Rule 15c3-5 and EDGX Rules 3.1 and 5.1 on February 10, 2014.

Based on the above review in Matter No. 20140399420, 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/or the Rules of EDGX and the Securities and Exchange Commission ("SEC"). The firm's written supervisory procedures ("WSPs") were not reasonably designed concerning trading practice rules and trade reporting.

Based on the above reviews in Matter Nos. 20150454561 and 20140421398, the firm failed to establish, document, and maintain a system of risk management controls and supervisory procedures reasonably designed to achieve compliance with Rule 15c3-5. The firm failed to establish, document, and maintain a system of risk management controls reasonably designed to prevent the entry of erroneous orders, by rejecting orders that exceed appropriate price or size parameters, on an order-by-order basis or over a short period of time. In addition, the firm did not have reasonably designed supervisory procedures concerning restricting access to order entry, restricting access to trading systems, ensuring the accuracy of information concerning credit determinations, and documenting decisions concerning modifications to pre-set credit thresholds.

FACTS AND VIOLATIVE CONDUCT

Matter No. 20140399420

1. During August 2014, 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/or the Rules of EDGX and the SEC. At a minimum, adequate WSPs addressing trading and market making topics should describe the following:
 - (a) specific identification of the individual(s) responsible for supervision;
 - (b) the supervisory steps and reviews to be taken by the appropriate supervisor;
 - (c) the frequency of such reviews; and
 - (d) how such reviews shall be documented.

The firm's WSPs failed to provide for one or more of the four above-cited minimum requirements for adequate WSPs in the following subject areas: Trading Practice Rules: Occurrences prohibited by EDGX [(c),(d)]; and Trade Reporting: Orders Entered into EDGX - Capacity [(b)].

In addition, the firm failed to provide documentary evidence that, during June 2014, it performed the supervisory reviews set forth in its WSPs in the following subject area: Other Rules: Trading Practice Rules: Occurrences prohibited by EDGX.

The conduct described in the above paragraphs constitutes violations of EDGX Rules 3.1 and 5.1.

Matter No. 20150454561

2. From March 10, 2014 through December 9, 2014, the firm failed to establish, document, and maintain a system of risk management controls reasonably designed to prevent the entry of erroneous orders, by rejecting orders that exceed appropriate price or size parameters, on an order-by-order basis or over a short period of time. In addition, the firm failed to establish, document, and maintain supervisory procedures reasonably designed to prevent the entry of orders for securities for a broker-dealer, customer, or other person if such person is restricted from trading those securities and to restrict access to trading systems and technology that provide market access to persons and accounts that are pre-approved and authorized by the broker-dealer. The conduct described in this paragraph constitutes violations of EDGX Rules 3.1 and 5.1, and Rules 15c3-5(c)(1)(ii), (c)(2)(ii), and (c)(2)(iii).

Matter No. 20140421398

3. On February 14, 2014, the firm failed to establish, document, and maintain supervisory procedures reasonably designed to ensure the accuracy of the information used to make determinations regarding appropriate credit thresholds for customers. Specifically, the firm failed to have a supervisory system that ensured the accuracy of data concerning the assets under management of its customers. In addition, the firm failed to establish, document, and maintain supervisory procedures reasonably designed to ensure that it properly documented decisions regarding modifications to pre-set credit thresholds. The conduct described in this paragraph constitutes violations of EDGX Rules 3.1 and 5.1 and Rule 15c3-5(c)(1).

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

A censure, a fine of \$17,500, and an undertaking to revise the firm's WSPs with respect to the areas described in paragraphs I.A.1 to I.A.3. Within 30 business days of acceptance of this AWC by the Chief Regulatory Officer ("CRO"), a registered principal of the Respondent shall submit to the COMPLIANCE ASSISTANT, DEPARTMENT OF ENFORCEMENT, 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 WSPs to address the deficiencies described in paragraphs I.A.1 to I.A.3.; 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 EDGX.

II.

WAIVER OF PROCEDURAL RIGHTS

The firm specifically and voluntarily waives the following rights granted under EDGX Rules:

- A. To have a Statement of Charges issued specifying the allegations against the firm;
- B. To be notified of the Statement of Charges 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 Appeals Committee of EDGX's Board of Directors 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 CRO, in connection with the CRO'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 EDGX Rule 8.16, 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:

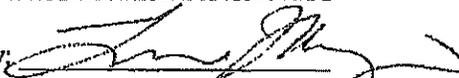
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the CRO, pursuant to EDGX Rule 8.3;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against the firm; and
- C. If accepted:
 - I. this AWC will become part of the firm's permanent disciplinary record and may be considered in any future actions brought by EDGX or any other regulator against the firm;

2. this AWC will be published on a website maintained by EDGX in accordance with EDGX Rule 8.18. In addition, this AWC will be made available through FINRA's public disclosure program in response to public inquiries about the firm's disciplinary record; and
 3. 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 EDGX, or to which EDGX 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 EDGX 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 EDGX, nor does it reflect the views of EDGX 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.

11/30/18
Date

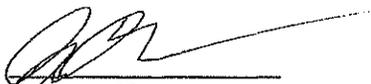
Respondent
Cowen Execution Services LLC

By: 

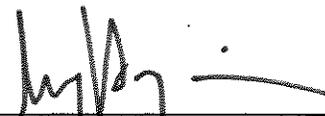
Name: Linan Messinger

Title: Chief Compliance Officer

Reviewed by:


Attorney Name Michael D. Wolf
Counsel for Respondent
Sidley Austin LLP
1501 K St., N.W.
Washington, D.C. 20005

12/13/2018
Date


Greg Hoogasian
Senior Vice President & Chief Regulatory Officer
Cboe EDGX Exchange, Inc.

ELECTION OF PAYMENT FORM

The firm intends to pay the fine proposed in the attached Letter of Acceptance, Waiver and Consent by the following method (check one):

- A firm check or bank check for the full amount;

- Wire transfer;

Respectfully submitted,
Respondent
Cowen Execution Services LLC

11/30/18
Date

By: 
Name: Linda Messinger
Title: Chief Compliance Officer