

Cowen and Company, LLC
Statement of Financial Condition
June 30, 2024
(Unaudited)

(SEC I.D. No. 8-22522)

Cowen and Company, LLC
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(Unaudited)

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(In thousands of dollars)

Assets

Cash	\$	258,209
Cash segregated under federal and other regulations		59,660
Collateralized Agreements:		
Securities borrowed		3,302,961
Securities purchased under agreements to resell		207,349
Financial instruments owned, at fair value (\$703,315 were pledged to various parties)		1,505,183
Deposits with clearing organizations and brokers		187,864
Receivables:		
Brokers, dealers and clearing organizations		173,494
Customers		76,301
Fees, interest and other, net of allowance of \$9,817		29,356
Other assets		34,371
Total assets	\$	5,834,748

Liabilities and Member's Equity

Liabilities

Collateralized Agreements:		
Securities loaned	\$	3,770,561
Securities sold under agreements to repurchase		60,066
Financial instruments sold, not yet purchased, at fair value		281,939
Payables:		
Brokers, dealers and clearing organizations		619,113
Customers		160,767
Fees, interest and other		50,208
Related parties		41,531
Accrued expenses and other liabilities		147,874
Total liabilities		5,132,059

Member's equity		702,689
Total liabilities and member's equity	\$	5,834,748

The accompanying notes are an integral part of this statement of financial condition.

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1. Organization and Business

Cowen and Company, LLC (the "Company"), a Delaware single member limited liability company, is a registered broker-dealer with the Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934 ("SEA") and is a member of the Financial Industry Regulatory Authority, Inc. ("FINRA"). The Company is a member of other self-regulatory organizations ("SROs"), the New York Stock Exchange and other principal exchanges. FINRA serves as the Company's Designated Examining Authority. The Company is subject to the regulations of the SEC, FINRA, as well as other SROs and exchanges. The Company is a wholly-owned subsidiary of Cowen Holdings, Inc. ("Parent") which is an indirectly wholly-owned subsidiary of Cowen Inc. Cowen Inc. is an indirectly wholly-owned subsidiary of The Toronto-Dominion Bank (the "Bank"), a bank chartered under the Bank Act (Canada).

The Company provides a comprehensive suite of execution and clearing services to market participants, including equities, fixed income and commission management services. The Company also offers sales and trading and securities financing to corporations and institutional investor clients. Primary target sectors include healthcare, technology, media and telecommunications, information and technology services, consumer, industrials and energy. The Company's institutional clients include banks, investment managers, hedge funds, corporations, plan sponsors, broker-dealers, family offices, and financial intermediaries.

On April 1, 2024, the Company's investment banking and research businesses were migrated to an affiliated entity, TD Securities (USA) LLC (TDS).

2. Significant Accounting Policies

Basis of Presentation

The Company's statement of financial condition is prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP") as promulgated by the Financial Accounting Standards Board through the Accounting Standards Codification ("ASC") as the source of authoritative accounting principles in the preparation of the accompanying statement of financial condition.

Use of Estimates

The preparation of the accompanying statement of financial condition in conformity with US GAAP requires management of the Company to make estimates and assumptions that affect the fair value of securities, the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the accompanying statement of financial condition, as well as the accounting for goodwill. Actual results could materially differ from those estimates.

Cash

Cash consists of cash held on deposit with BMO Harris Bank NA and Bank of America, N.A.

Cash Segregated Under Federal and Other Regulations

Cash segregated under federal and other regulations ("Segregated cash") consists of cash deposited in special reserve bank accounts for the exclusive benefit of customers ("Customer Reserve Bank Accounts") and cash deposited in special reserve bank accounts for brokers and dealers ("PAB Reserve Bank Accounts") under the Customer Protection Rule 15c3-3 of the SEA ("SEA Rule 15c3-3"). Segregated cash is held at CIBC Bank USA, Bank of America NA, and Customers Bank.

Please refer to Note 7, "Regulatory Requirements", for additional information.

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Deposits with Clearing Organizations and Brokers

Under the terms of the agreements between the Company and some of its clearing organizations and brokers, balances owed to these counterparties are collateralized by certain of the Company's cash balances that could be used to offset losses incurred by the clearing organizations and brokers on behalf of the Company's activities, if such losses were to occur. Deposits with clearing organizations and brokers are held in cash.

Allowance for Credit Losses

The Company measures the allowance for credit losses in accordance with ASC Topic 326, Financial Instruments - Credit Losses ("ASC 326"). ASC 326 prescribes the impairment model for certain financial assets by requiring a current expected credit loss methodology to estimate expected credit losses over the entire life of the financial asset, recorded at inception or purchase. Under ASC 326, the Company has the ability to determine there are no expected credit losses in certain circumstances (e.g., based on collateral arrangements or based on the credit quality of the borrower or issuer). The guidance in ASC 326 does not apply to loans and receivables between entities under common control. The Company applies the practical expedient based on collateral maintenance provisions in estimating the allowance for credit losses for collateralized financing agreements. The allowance for credit losses was not material for the period presented.

Fair Value Measurements

US GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date;
- Level 2 Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active; and
- Level 3 Fair value is determined based on pricing inputs that are unobservable and includes situations where there is little, if any, market activity for the asset or liability. The determination of fair value for assets and liabilities in this category requires significant management judgment or estimation.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The Company considers observable data to be that market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the Company's perceived risk of that instrument.

The Company primarily uses the market approach to value its financial instruments measured at fair value. In determining an instrument's level within the hierarchy, the Company categorizes its financial instruments into two categories: securities and derivative contracts. To the extent applicable, each of these categories can further be divided between those held long or sold short.

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Securities

Securities with values based on quoted market prices in active markets for identical assets are classified within level 1 of the fair value hierarchy. These securities include actively traded common stock, exchange traded funds (“ETFs”), units, warrants, rights and preferred stocks.

Certain positions for which trading activity may not be readily visible, including certain corporate bonds and preferred stock, are stated at fair value and classified within level 2 of the fair value hierarchy. The estimated fair values assigned by management are determined in good faith and are based on available information considering trading activity, broker quotes, quotations provided by published pricing services, counterparties and other market participants, and pricing models using quoted inputs, and do not necessarily represent the amounts which might ultimately be realized. As level 2 investments include positions that are not always traded in active markets, valuations may be adjusted to reflect illiquidity. Level 3 securities consist of financial instruments where market data is not readily available or observable.

Financial Instruments owned, and Financial Instruments sold, not yet purchased transactions are recorded on a trade date basis at fair value.

Financial Instruments sold, not yet purchased, at fair value, represent obligations of the Company to deliver the specified security and thereby create a liability to purchase the security in the market at prevailing prices. The Company's liability for securities to be delivered is measured at their fair value as of the date of the statement of financial condition.

Derivative Contracts

Derivative contracts can be exchange-traded or privately negotiated over-the-counter (“OTC”). Exchange-traded derivatives, such as exchange-traded option contracts, are typically classified within level 1 or level 2 of the fair value hierarchy depending on whether or not they are deemed to be actively traded.

The Company's direct involvement with derivative financial instruments primarily consists of exchange-traded options. Fair values for those option contracts are based on quoted market prices. The Company utilizes foreign exchange forward and swap contracts to reduce its exposure to fluctuations in foreign exchange rates. These instruments are recorded at fair value based on available market data and are classified within level 2 of the fair value hierarchy.

Receivables from and Payables to Brokers, Dealers and Clearing Organizations

Receivables from and payables to brokers, dealers, and clearing organizations primarily include margin requirements, amounts related to unsettled trades, commissions receivable and commission management payables, and amounts for securities failed to deliver by the Company to the purchaser or failed to receive by the Company from the seller by the settlement date. Payables to brokers, dealers, and clearing organizations also include deposits held in proprietary accounts of brokers and dealers.

Receivables and payables arising from unsettled trades are reported on a net basis.

Please refer to Note 4, “Receivables from and Payables to Brokers, Dealers and Clearing Organizations”, for additional information.

Receivables from and Payables to Customers

Receivables from customers primarily include amounts owed by customers on cash transactions, net of related customer payables, and amounts owed for securities transactions not completed on settlement date.

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Payables to customers primarily consist of cash and short sale proceeds, net of related customer receivables, amounts owed to customers for securities transactions not completed on settlement date and other miscellaneous customer payables.

Receivables from and Payables to Customers are recorded on a settlement date basis on the statement of financial condition.

Securities owned by customers are not reflected as assets of the Company on the statement of financial condition. The Company holds these securities with the intention of settlement against customer orders and are held as collateral for customer receivables.

Fees, Interest and Other Receivables and Payables

Fees, interest and other receivables, net of allowance, include interest accrued on securities lending transactions and dividends receivable. Payables include interest accrued on securities lending transactions and dividends payable.

Additionally, Fees, interest and other receivables and payables include amounts owed to or due from affiliates who are deemed to be subordinated customers, as the Company and affiliate have entered into non-conforming subordination agreements.

Collateralized Agreements

Securities Borrowed and Securities Loaned

Securities borrowed and securities loaned are carried at the amounts of cash collateral advanced or received on a gross basis. Securities borrowed transactions require the Company to deposit cash or securities as collateral with the lender. With respect to securities loaned, the Company receives cash or securities as collateral from the borrower. When the Company receives securities as collateral, and has concluded it (i) is the transferor and (ii) can pledge the securities to third parties, the Company recognizes the securities received as collateral at fair value in Financial instruments owned, at fair value with the corresponding obligation to return the securities received as collateral at fair value in Financial instruments sold, not yet purchased, at fair value. Securities received as collateral are not recognized when the Company either (i) is not the transferor or (ii) cannot pledge the securities to third parties. At June 30, 2024, the Company had \$44,447 securities received as collateral related to securities lending transactions. The initial collateral advanced or received approximates or is greater than the market value of securities borrowed or loaned. The Company monitors the market value of securities borrowed and loaned on a daily basis, with additional collateral obtained or returned, as necessary. Securities borrowed and loaned may also result in credit exposures for the Company in an event that the counterparties are unable to fulfill their contractual obligations. The Company applies the practical expedient based on collateral maintenance provisions in estimating the allowance for credit losses. Related allowances for credit losses were not material for the period presented.

Please refer to Note 3, "Fair Value Measurements, Securities Borrowed, and Securities Loaned", and Note 9, "Guarantees and Off-Balance Sheet Arrangements", for additional information and disclosures.

Securities Purchased Under Agreements to Resell and Securities Sold Under Agreements to Repurchase

Securities purchased under agreements to resell ("reverse repurchase agreements") and securities sold under agreements to repurchase ("repurchase agreements") are accounted for as collateralized financing transactions and are recorded at their contracted resale or repurchase amount plus accrued interest. Repurchase agreements are transactions in which a firm buys or sells financial instruments from/to a counterparty, typically in exchange for cash, and simultaneously enters into an agreement to resell or

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repurchase the same financial instruments to/from such counterparty at a stated price plus accrued interest at a future date.

Offsetting of Derivative Financial Instruments and Securities Financing Agreements

To reduce credit risk exposure associated with derivative activities and securities financing transactions, the Company may enter into master netting agreements, master securities lending agreements, master repurchase agreements or similar agreements and collateral arrangements with counterparties. A master agreement creates a single contract under which all transactions between two counterparties are executed allowing for trade aggregation and a single net payment obligation. Master agreements provide protection in bankruptcy in certain circumstances and, where legally enforceable, enable receivables and payables with the same counterparty to be settled or otherwise eliminated by applying amounts due against all or a portion of an amount due from the counterparty or a third-party. Under our ISDA master netting agreements, the Company typically also executes credit support annexes, which provide for collateral, either in the form of cash or securities, to be posted by or paid to a counterparty based on the fair value of the derivative receivable or payable based on the rates and parameters established in the credit support annex.

In the event of the counterparty's default, provisions of the master agreement permit acceleration and termination of all outstanding transactions covered by the agreement such that a single amount is owed by, or to, the non-defaulting party. In addition, any collateral posted can be applied to the net obligations, with any excess returned; and the collateralized party has a right to liquidate the collateral. Any residual claim after netting is treated along with other unsecured claims in bankruptcy court.

The conditions supporting the legal right of offset may vary from one legal jurisdiction to another and the enforceability of master netting agreements and bankruptcy laws in certain countries or in certain industries is not free from doubt. The right of offset is dependent both on contract law under the governing arrangement and consistency with the bankruptcy laws of the jurisdiction where the counterparty is located. Industry legal opinions with respect to the enforceability of certain standard provisions in respective jurisdictions are relied upon as a part of managing credit risk. In cases where the Company has not determined an agreement to be enforceable, the related amounts are not offset. Master netting agreements are a critical component of the Company's risk management processes as part of reducing counterparty credit risk and managing liquidity risk.

The Company is also a party to clearing agreements with various central clearing parties. Under these arrangements, the central clearing counterparty facilitates settlement between counterparties based on the net payable owed or receivable due and, with respect to daily settlement, cash is generally only required to be deposited to the extent of the net amount. In the event of default, a net termination amount is determined based on the market values of all outstanding positions and the clearing organization or clearing member provides for the liquidation and settlement of the net termination amount among all counterparties to the open contracts or transactions.

Please refer to Note 3, "Fair Value Measurements, Securities Borrowed, and Securities Loaned" for additional information and disclosures.

Stock-Based Compensation

The Company participates in the Bank's stock-based compensation plan and issues restricted stock units ("RSUs") to certain employees. Under the RSU plan, the participants are granted units equivalent to the Bank's common shares. During the vesting period, dividend equivalents accrue to the participants in the form of additional share units. The plan is managed, and the share price hedged, by the Bank.

On the statement of financial condition, unsettled portions of the RSU awards are reported in Payables to related parties.

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Income Taxes

The Company is a single member limited liability company that is disregarded for income tax purposes. The Company is included in the consolidated federal and combined state and local tax returns filed by Toronto Dominion Holdings (U.S.A.) Inc (TDH), a wholly-owned subsidiary of the Bank. Cowen Inc. elected not to allocate the consolidated amount of current and deferred tax expenses to its disregarded subsidiaries, including the Company.

Foreign Currency Transactions

The U.S. dollar is the Company's functional and reporting currency. Assets and liabilities denominated in non-U.S. currencies are translated into U.S dollar based on current rates, which are spot rates prevailing on the date of the statement of financial condition.

Other Assets

Other assets consist primarily of memberships in exchange, other miscellaneous receivables and goodwill.

Accrued Expenses and Other Liabilities

Accrued expenses and other liabilities primarily consist of collateralized loan facilities not covered under securities lending agreements, reserves for certain litigation matters and accrued expenses including clearing related fees, accounts payable, accrued compensation and other miscellaneous liabilities.

Recent Pronouncements

There are no recently issued or recently adopted pronouncements that are expected to have an impact to the Company's statement of financial condition.

3. Fair Value Measurements, Securities Borrowed, and Securities Loaned

The Bank has established valuation policies and procedures and an internal control infrastructure over its fair value measurement of financial instruments. In the event that observable inputs are not available, the control processes are designed to ensure that the valuation approach utilized is applicable, reasonable and consistently applied. Where a pricing model is used to determine fair value, these control processes include reviews of the methodology and inputs for both reasonableness and applicability. Consistent with best practices, recently executed comparable transactions and other observable market data are used for the purposes of validating both the model and the assumptions used to calculate fair value. Independent of trading and valuation functions, Cowen Inc.'s valuation committee in conjunction with its price verification team, plays an important role in determining that financial instruments are appropriately valued and that fair value measurements are both reasonable and reliable. This is particularly important where prices or valuations that require inputs are less observable. The valuation committee is comprised of senior management, including non-investment professionals, who are responsible for overseeing and monitoring the pricing of the Company's investments.

The US GAAP fair value leveling hierarchy is designated and monitored on an ongoing basis. In determining the designation, the Company takes into consideration a number of factors including the observability of inputs, liquidity of the investment and the significance of a particular input to the fair value measurement. Designations, models, pricing vendors, third party valuation providers and inputs used to derive fair market value are subject to review by the valuation committee and the internal audit group. The Company reviews its valuation policy guidelines on an ongoing basis and may adjust them in light of improved valuation metrics and models, the availability of reliable inputs and information, and prevailing market conditions. The Company regularly reviews a profit and loss report, as well as other periodic reports, and analyzes material changes from period to period in the valuation of its investments as part of its control procedures. The Company also performs back testing on a regular basis by comparing prices observed in executed transactions to previous valuations.

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The following tables present the assets and liabilities that are measured at fair value on a recurring basis on the accompanying statement of financial condition by caption and by level within the valuation hierarchy as of June 30, 2024:

	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
Financial instruments owned				
Common stock, ETFs and units	\$ 1,390,513	\$ 168	\$ 2,815	\$ 1,393,496
Warrants and rights	33,111	1,926	1,923	36,960
Corporate bonds	—	17,032	1,279	18,311
Preferred stock	1,094	13,385	—	14,479
Derivative contracts:				
Options	—	41,748	—	41,748
Currency Swap	—	189	—	189
Total derivative contracts	—	41,937	—	41,937
Total financial instruments owned	\$ 1,424,718	\$ 74,448	\$ 6,017	\$ 1,505,183

	Liabilities at Fair Value			
	Level 1	Level 2	Level 3	Total
Financial instruments sold, not yet purchased				
Common stock, ETFs and units	\$ 166,394	—	\$ —	\$ 166,394
Corporate bonds	—	16,902	—	16,902
Preferred stock	—	12,579	—	12,579
Derivative contracts:				
Options	—	86,046	—	86,046
Currency Forwards	—	18	—	18
Total derivative contracts	—	86,064	—	86,064
Total financial instruments sold, not yet purchased	\$ 166,394	\$ 115,545	\$ —	\$ 281,939

The fair market value for level 3 securities may be highly sensitive to the use of industry standard models, unobservable inputs and subjective assumptions. The degree of fair market value sensitivity is also contingent upon the subjective weight given to specific inputs and valuation metrics. The Company may hold various financial instruments where different weight may be applied to industry standard models representing standard valuation metrics such as: discounted cash flows, market multiples, comparative transactions, capital rates, recovery rates and timing, and bid levels. Generally, changes in the weights ascribed to the various valuation metrics and the significant unobservable inputs in isolation may result in significantly lower or higher fair value measurements. Volatility levels for warrants are not readily observable and subject to interpretation. The interrelationship between unobservable inputs may vary significantly amongst level 3 securities as they are generally highly idiosyncratic. Significant increases (decreases) in any of those inputs in isolation can result in a significantly lower (higher) fair value measurement.

As of June 30, 2024, the determination for fair value for all level 3 securities held by the Company was based on prices from recent market transactions.

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Derivative contracts, at fair value

The Company predominantly enters into derivative transactions to satisfy client needs and to manage its own exposure to market and credit risks resulting from its trading activities. The Company's direct exposure to derivative financial instruments include exchange-traded option contracts, currency swaps and currency forwards. The Company's derivatives trading activities expose the Company to certain risks, such as price and interest rate fluctuations, volatility risk, credit risk, counterparty risk, foreign currency movements and changes in the liquidity of markets.

The following table presents the gross and net derivative positions and the related offsetting amount as of June 30, 2024:

<i>Fair Value</i>	Gross amounts recognized	Gross amounts offset on the Statement of Financial Condition	Net amounts included on the Statement of Financial Condition	Amounts not offset (a)	Net amounts
Derivative assets (b)	\$ 41,937	\$ —	\$ 41,937	\$ —	\$ 41,937
Derivative liabilities	86,064	—	86,064	—	86,064

- a. Includes amounts subject to enforceable master netting provisions that are permitted to be offset to the extent an event of default has occurred, but where certain other criteria are not met with respect to offsetting accounting guidance.
- b. The quantity of options contracts in receivable on derivative contracts, at fair value is 295 thousand and the quantity of options contracts in payable on derivative contracts, at fair value is 523 thousand. The notional values of derivative assets and liabilities are \$11,783 and \$10,957, respectively.

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Other financial assets and liabilities

The following table presents the carrying values and fair values of financial assets and liabilities and information on their classification within the fair value hierarchy which are not measured at fair value on a recurring basis as of June 30, 2024.

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial Assets					
Cash	\$ 258,209	\$ 258,209	\$ —	\$ —	\$ 258,209
Segregated cash	59,660	59,660	—	—	59,660
Collateralized Agreements:					
Securities borrowed	3,302,961	—	3,302,961	—	3,302,961
Reverse repurchase agreements	207,349	—	207,349	—	207,349
Deposits with clearing organizations and brokers	187,864	187,864	—	—	187,864
Receivables:					
Brokers, dealers and clearing organizations	173,494	—	173,494	—	173,494
Customers	76,301	—	76,301	—	76,301
Fees, interest and other	29,356	—	29,356	—	29,356
Other assets	11,412	—	11,412	—	11,412
Financial Liabilities					
Collateralized Agreements:					
Securities loaned	3,770,561	—	3,770,561	—	3,770,561
Repurchase agreements	60,066	—	60,066	—	60,066
Payables:					
Brokers, dealers and clearing organizations	619,113	—	619,113	—	619,113
Customers	160,767	—	160,767	—	160,767
Fees, interest and other	50,208	—	50,208	—	50,208
Related parties	41,531	—	41,531	—	41,531
Accrued expenses and other liabilities	147,874	—	147,874	—	147,874

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Collateralized Agreements

The following table presents the contractual gross and net collateralized agreements and the related offsetting amount as of June 30, 2024:

	Gross amounts recognized	Gross amounts offset on the Statement of Financial Condition	Net amounts included on the Statement of Financial Condition	Financial Instruments not offset (a)	Net amounts
Assets					
Securities borrowed	\$ 3,302,961	\$ —	\$ 3,302,961	\$ 3,245,592	\$ 57,369
Reverse repurchase agreements	207,349	—	207,349	207,349	—
Liabilities					
Securities loaned	\$ 3,770,561	\$ —	\$ 3,770,561	\$ 3,717,774	\$ 52,787
Repurchase agreements	60,066	—	60,066	60,066	—

a. Includes amounts subject to enforceable master netting provisions that are permitted to be offset to the extent an event of default has occurred, but where certain other criteria are not met with respect to offsetting accounting guidance.

The following table presents gross obligations for securities loaned and repurchase agreements by remaining contractual maturity and class of collateral pledged as of June 30, 2024:

	Open and Overnight	Up to 30 days	31-90 days	Greater than 90 days	Total
Securities loaned					
Common stock	\$ 3,682,232	\$ —	\$ —	\$ —	\$ 3,682,232
Corporate bonds	88,329	—	—	—	88,329
Total Securities loaned	3,770,561	—	—	—	3,770,561
Repurchase agreements					
Equity	2,476	—	—	—	2,476
Corporate bonds	57,590	—	—	—	57,590
Total Repurchase agreements	60,066	—	—	—	60,066

4. Receivables from and Payables to Brokers, Dealers and Clearing Organizations

Receivables from and payables to brokers, dealers, and clearing organizations as of June 30, 2024, are as follows:

	<u>Receivables from</u>	<u>Payables to</u>
Broker dealers	\$ 71,489	\$ 343,461
Trade date payable	—	208,152
Securities failed to deliver/receive	14,125	15,691
Clearing organizations	83,564	42,790
Commissions and fees	4,316	—
Commission management	—	9,019
Total	\$ 173,494	\$ 619,113

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5. Stock-Based Compensation and Other Employee Compensation

Stock-Based Compensation

Certain employees of the Company participate in the Bank's RSU plan. As of June 30, 2024, the outstanding number of awards granted was 2.8 million shares. The associated liability is recorded in Payables to related parties on the statement of financial condition and settled in the ordinary course of business (refer to Note 8, "Related Party Transactions", for additional information and disclosures). Under the legacy plans, amounts vested were stock settled.

6. Commitments and Contingencies

Commitments

The Company has entered into agreements with certain information technology and clearing service providers including, but not limited to, Fidessa Corporation, Broadridge Securities Processing Solutions, Raptor Trading Systems Inc and FIS Brokerage & Securities. As of June 30, 2024, the Company's annual minimum guaranteed payments under these agreements are as follows:

2024	\$	5,360
2025		4,926
2026		3,253
2027		3,257
2028		4,100
Thereafter		—
	\$	<u>20,896</u>

Contingencies

In the ordinary course of business, the Company and its affiliates and current and former officers, directors and employees (the "Company and Related Parties") can be named as defendants in, or as parties to, various legal actions and proceedings. Certain of these actions and proceedings assert claims or seek relief in connection with alleged violations of securities, banking, anti-fraud, anti-money laundering, employment and other statutory and common laws. Certain of these actual or threatened legal actions and proceedings include claims for substantial or indeterminate compensatory or punitive damages, or for injunctive relief.

In the ordinary course of business, the Company and Related Parties are also subject to governmental and regulatory examinations, information gathering requests (both formal and informal), certain of which may result in adverse judgments, settlements, fines, penalties, injunctions or other relief. The Company is subject to regulation by various U.S., state, foreign and other regulators. In connection with formal and informal inquiries by these regulators, the Company receives requests, and orders seeking documents and other information in connection with various aspects of their regulated activities. The Company and certain of its affiliates reached an agreement in principle to resolve investigations by the SEC and the Commodity Futures Trading Commission ("CFTC") concerning compliance with records preservation requirements related to business communications exchanged on unapproved electronic channels. The Company has recorded a provision for its portion of the expected penalties totaling \$11,250.

The Company seeks to resolve all litigation and regulatory matters in the manner management believes is in the best interests of the Company, and contests liability, allegations of wrongdoing and, where applicable, the amount of damages or scope of any penalties or other relief sought as appropriate in each

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pending matter. For many legal and regulatory matters, the Company is unable to estimate a range of reasonably possible loss.

In accordance with US GAAP, the Company establishes reserves for contingencies when the Company believes that it is probable that a loss has been incurred and the amount of loss can be reasonably estimated. The Company discloses a contingency if there is at least a reasonable possibility that a loss may have been incurred and there is no reserve for the loss because the conditions above are not met. The Company's disclosure would include an estimate of the reasonably possible loss or range of loss for those matters, for which an estimate can be made. Neither a reserve nor disclosure is required for losses that are deemed remote.

7. Regulatory Requirements

Regulatory Capital

As a registered broker-dealer, the Company is subject to the Uniform Net Capital Rule 15c3-1 ("SEA Rule 15c3-1") which requires the maintenance of minimum net capital. The Company computes net capital under the alternative method and is required to maintain minimum net capital, as defined in SEA Rule 15c3-1(a)(2)(i), equal to the greater of \$1,500 or 2% of aggregate debits arising from customer transactions as shown in the Computation for Determination of Customer Account Reserve Requirements ("2% of aggregate debits") plus 10% of excess margin collateral on reverse repurchase agreements. At June 30, 2024 the Company's net capital was \$481,845, which exceeded minimum requirements by \$474,051. Advances to affiliates, repayment of borrowings, distributions, dividend payments and other equity withdrawals are subject to certain notification and other provisions of SEA Rule 15c3-1 and other SROs.

As an options clearing member of the Options Clearing Corporation ("OCC"), under OCC Rule 302 the Company is also required to maintain net capital equal to the greater of \$2,000 or 2% of aggregate debits.

Customer Protection

Pursuant to SEA Rule 15c3-3, the Company is required to compute a reserve requirement for customer accounts in order to determine the amount of cash or acceptable qualified securities it is required to deposit in Customer Reserve Bank Accounts. As of June 30, 2024, the Company had segregated cash of \$33,571 on deposit in Customer Reserve Bank Accounts.

Pursuant to SEA Rule 15c3-3, the Company is also required to compute a reserve requirement for proprietary accounts of broker-dealers ("PAB") in order to determine the amount it is required to deposit in PAB Reserve Bank Accounts. As of June 30, 2024, the Company had segregated cash of \$26,089 on deposit in PAB Reserve Bank Accounts.

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(In thousands of dollars, except where noted)

8. Related Party Transactions

In the normal course of business, the Company enters into transactions with related parties.

Payables to related parties is presented net on the statement of financial condition, pursuant to a netting agreement in place between the Company and its affiliates and per the agreement is settled net with Cowen Services Company, LLC ("CSC"). These amounts settle in the ordinary course of business. Balances with related parties included in the statement of financial condition are as follows:

Assets		At June 30, 2024
Securities borrowed	\$	2,481,223
Financial instruments owned		189
Receivables:		
Brokers, dealers and clearing organizations		17,881
Fees, interest and other, net of allowance		10,935
Liabilities		
Securities loaned	\$	1,960,862
Financial instruments sold		18
Payables:		
Brokers, dealers and clearing organizations		12,441
Fees, interest and other		21,357
Related parties		41,531

Revolving Credit Agreement

Cowen Inc. has entered into a revolving credit facility with TDH. Amounts drawn under the facility bear interest at agreed upon benchmark rates plus applicable spreads. Capital received under this facility is subsequently allocated to certain subsidiaries of Cowen Inc., including the Company.

The unsettled portion of the Company's interest payable is recorded in Payables to related parties on the statement of financial condition.

Subordinated Debt Agreement

The Company has entered into an agreement with TDH allowing the Company to borrow capital on a revolving basis, in an amount not to exceed \$400,000. Amounts advanced bear interest at rates to be agreed upon between TDH and the Company at time of advance. As of June 30, 2024, no capital has been advanced to the Company under the agreement.

Collateralized Agreements

The Company engages in securities lending transactions with affiliates Cowen Financial Products LLC ("CFP"), ATM Execution LLC ("ATM"), TD Prime Services LLC and TD Securities Inc. Accrued interest related to these transactions is recorded in Fees, interest, and other receivables and payables on the statement of financial condition.

Trade Execution and Clearance

The Company provides trade execution and/or clearing services to ATM and Cowen Execution Services Limited ("CESL"), affiliated broker-dealers, including providing introduced or omnibus clearance to their customers.

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The Company provides clearing services to and maintains margin and collateral from CFP, a registered securities-based swap dealer, which are included in payable to brokers, dealers and clearing organizations on the statement of financial condition. The Company additionally provides custody services to CFP.

The Company also provides clearing services to and maintains margin and collateral from affiliates which is included in receivables from customers on the statement of financial condition. In the event that the Company and its affiliate have entered into a non-conforming subordination agreement, such activity is included in fees, interest and other payables on the statement of financial condition.

The Company has a commission sharing agreement with Westminster Research Associates LLC ("WRA"), an affiliated broker-dealer. The Company remits to WRA a portion of commissions generated from trades executed for soft dollar credits as part of the commission sharing agreement. The Company pays an administration fee to WRA for each trade executed as part of the agreement, included in payable to brokers, dealers and clearing organizations on the statement of financial condition.

Support Arrangements

Under a master services agreement between TDH and Cowen Inc, TDS provides certain administrative, support, and other services to the Company and is reimbursed by the Company for related compensation expenses. The Company continues to incur non-compensation expenses related to the investment banking and research businesses migrated to TDS and is reimbursed by TDS for a portion of such expenses. Amounts arising from these arrangements are recorded net in Payables to related parties on the statement of financial condition. CSC also agreed to provide certain administrative and other support services to the Company.

WRA provides use of their proprietary software and associated materials.

CESL and TD Bank Hong Kong have employees that support the Company's business operations.

The Company also provides sales, marketing and trading support to ATM.

9. Guarantees and Off-Balance Sheet Arrangements

Customer Activities and Credit Risk

In securities transactions, the Company's customer and correspondent clearance activities involve the execution and settlement of various customer securities transactions. These activities may expose the Company to off-balance sheet risk in the event the customer is unable to fulfill its contractual obligations.

The Company's customer securities activities are primarily transacted on a delivery versus payment or cash basis. In delivery versus payment transactions, the Company is exposed to risk of loss in the event of the customers' or brokers' inability to meet the terms of their contracts.

The Company's exposure to credit risk can be directly impacted by volatile securities markets, which may impair the ability of counterparties to satisfy their contractual obligations. The Company seeks to control its credit risk through a variety of reporting and control procedures, including establishing credit limits based upon a review of the customers' financial condition and credit ratings.

The Company typically enters into securities lending and repurchase transactions in order to fund financial instruments owned, primarily equities and corporate bonds, and to earn interest rate spreads. Under these transactions, the Company receives cash collateral. Increases in securities prices may cause the market value of the securities loaned or repurchase agreements to exceed the amount of cash received as collateral. The Company mitigates the risk of the counterparty not returning the securities by monitoring the market values daily and requiring additional cash as collateral when necessary, and when

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applicable, participating in a risk-sharing program offered through the OCC. At June 30, 2024, the Company had gross obligations relating to securities loaned of \$3,717,774 of which cash collateral totaling \$3,770,561 was received and gross obligations relating to repurchase agreements of \$76,928 of which cash collateral totaling \$60,066 was received. These securities loaned and repurchase agreements have no contractual maturity and may be recalled on demand at any time, subject to a two-day notice period.

In the normal course of business, the Company obtains securities under securities borrowed and reverse repurchase agreements on terms which permits the Company to repledge or resell the securities to others.

	Fair Value
Collateral received with right to sell or repledge	\$ 3,445,359
Collateral sold or repledged	3,139,630

Please refer to Note 3, "Fair Value Measurements, Securities Borrowed, and Securities Loaned", for further information and disclosures.

Market Risk

Market risk represents the risk of loss that may result from the change in value of a financial instrument due to fluctuations in its market price. Market price may be exacerbated in times of trading illiquidity when market participants refrain from transacting in normal quantities and/or at normal bid-offer spreads. The Company's exposure to market risk is primarily related to the fluctuation in the fair values of securities owned and sold, but not yet purchased and its role as a financial intermediary in customer trading and market making. Market risk is inherent in financial instruments and risks arise in options, warrants and derivative contracts from changes in the fair values of their underlying financial instruments. The Company trades in equity securities as an active participant in listed markets. The Company typically maintains securities in inventory to facilitate its market making activities and customer order flow. The Company may use a variety of risk management techniques and hedging strategies in the ordinary course of its trading business to manage its exposures. In connection with the Company's trading business, management also reviews reports appropriate to the risk profile of specific trading activities. Typically, market conditions are evaluated, and transaction details and securities positions are reviewed. These activities are intended to ensure that the Company's trading strategies are conducted within acceptable risk tolerance parameters, particularly when it commits its own capital to facilitate client trading. Activities include price verification procedures, position reconciliations and reviews of transaction booking. The Company believes that these procedures, which stress timely communications between traders, trading management and senior management, are important elements of the risk management process.

Guarantees

The Company provides access to execution venues for certain customers via sponsored line agreements. These customers transmit non-solicited trade orders directly to the execution venue. The Company monitors the activity but is exposed to the risk of loss should the customer not meet its settlement obligations. The Company is billed for activity flowing through these lines and is reimbursed by the client. The Company is exposed to credit risk in the event that the client is unable to fulfill its settlement obligations with respect to these charges. The Company may maintain cash at financial institutions in excess of federally insured limits. The Company has not experienced any material losses in such accounts and does not believe it is exposed to significant credit risks.

In the normal course of business, certain activities of the Company involve the execution and clearance of customer securities transactions through clearing brokers. These activities may expose the Company to

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off-balance sheet risk in the event a customer is unable to fulfill its contractual obligation since, pursuant to the clearing agreement, the Company has agreed to indemnify the clearing brokers without limit for losses that the clearing brokers may sustain from the clients introduced by the Company. However, the transactions are collateralized by the counterparty's underlying securities, thereby reducing the associated risk of the position to the changes in the market value of the security through settlement date. At June 30, 2024, there were no amounts to be indemnified to these clearing brokers pursuant to these agreements.

Off-Balance Sheet Arrangements

The Company loans securities temporarily to other brokers in connection with its securities lending activities. The Company receives cash as collateral for the securities loaned. Increases in security prices may cause the market value of the securities loaned to exceed the amount of cash received as collateral. In the event the counterparty to these transactions does not return the loaned securities, the Company may be exposed to the risk of acquiring the securities at prevailing market prices in order to satisfy its client obligations. The Company manages this risk by requiring credit approvals for counterparties, by monitoring the market value of securities loaned on a daily basis, and by requiring additional cash as collateral or returning collateral when necessary.

The Company enters into secured and unsecured borrowing agreements to obtain funding necessary to cover daily securities settlements with clearing organizations. At times funding is required for unsettled customer delivery versus payment and riskless principal transactions, as well as to meet deposit requirements with clearing organizations. Secured arrangements are collateralized by the securities.

The Company maintains uncommitted financing arrangements with affiliates and non-affiliates, the details of which are summarized below as of June 30, 2024. All non-affiliated arrangements are with large financial institutions.

Secured / Unsecured	Lender	Maturity Date	Rate	Contractual Amount	Available Amount
Unsecured	Cowen Inc.	None	Federal Funds effective rate plus 2%	\$ 300,000	\$ 300,000
Unsecured	Non-affiliate	None	Prime Rate	25,000	25,000
Secured	Non-affiliate	None	Federal Funds effective rate plus 0.80%	75,000	75,000
Secured	Non-affiliate	None	Federal Funds effective rate plus 1%	150,000	150,000
Total				<u>\$ 550,000</u>	<u>\$ 550,000</u>

10. Subsequent Events

The Company has evaluated events through August 29, 2024, the date the statement of financial condition was issued and has determined that there were no subsequent events requiring adjustment or disclosure to the statement of financial condition, except the below.

On August 20, 2024, the Company paid \$11,250 to settle the record preservation matter with the SEC and CFTC. Under these settlements, the Company and its affiliates agreed to various other customary terms similar to those imposed on other financial institutions that have resolved similar investigations. Please refer to Note 6, " Commitments and Contingencies " for additional information and disclosures.