UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2021

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number: 001-34516

Cowen Inc.

(Exact name of registrant as specified in its charter)

Delaware (State or Other Jurisdiction of Incorporation or Organization)	**27-0423711** (I.R.S. Employer Identification No.)
599 Lexington Avenue **New York, New York** (Address of Principal Executive Offices)	**10022** (Zip Code)

(646) 562-1010

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Exchange on Which Registered
Class A Common Stock, par value $0.01 per share	COWN	The Nasdaq Global Market
7.75% Senior Notes due 2033	COWNL	The Nasdaq Global Market

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐	Accelerated filer ☒	Non-accelerated filer ☐	Smaller reporting company ☐	Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

As of July 29, 2021, there were 29,015,731 shares of the registrant's common stock outstanding.

Special Note Regarding Forward-Looking Statements

We have made statements in this Quarterly Report on Form 10-Q (including in "Management's Discussion and Analysis of Financial Condition and Results of Operations") that are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. In some cases, you can identify these statements by forward-looking terms such as "may," "might," "will," "would," "could," "should," "expect," "plan," "anticipate," "believe," "estimate," "predict," "project," "possible," "potential," "intend," "seek" or "continue," the negative of these terms and other comparable terminology or similar expressions. In addition, our management may make forward-looking statements to analysts, representatives of the media and others. These forward-looking statements represent only the Company's beliefs regarding future events (many of which, by their nature, are inherently uncertain and beyond our control) and are predictions only, based on our current expectations and projections about future events. There are important factors that could cause our actual results, level of activity, performance or achievements to differ materially from those expressed or implied by the forward-looking statements. In particular, you should consider the risks contained in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2020 and the risks contained in Item 1A of this periodic report on Form 10-Q for the three and six months ended June 30, 2021.

Although we believe the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, level of activity, performance or achievements. Moreover, neither we nor any other person assumes responsibility for the accuracy or completeness of any of these forward-looking statements. You should not rely upon forward-looking statements as predictions of future events. We undertake no obligation to update any of these forward-looking statements after the date of this filing to conform our prior statements to actual results or revised expectations.

Unaudited Condensed Consolidated Financial Statements are presented for the three and six months ended June 30, 2021 and 2020. The Consolidated Financial Statements as of December 31, 2020 were audited.

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PART I. FINANCIAL INFORMATION

Item 1. Unaudited Condensed Consolidated Financial Statements

Cowen Inc.
Condensed Consolidated Statements of Financial Condition
(dollars in thousands, except share and per share data)
(unaudited)

	As of June 30, 2021	As of December 31, 2020
Assets		
Cash and cash equivalents	$ 806,887	$ 645,169
Cash collateral pledged	64,895	110,743
Segregated cash	178,179	185,141
Securities owned, at fair value ($2,469,150 and $1,218,947 were pledged to various parties)	3,718,191	2,001,602
Securities purchased under agreements to resell	—	191
Receivable on derivative contracts, at fair value	109,747	51,482
Securities borrowed	1,791,331	1,908,187
Other investments ($149,105 and $133,454 at fair value, respectively)	332,742	255,027
Deposits with clearing organizations, brokers and banks	96,120	104,952
Receivable from brokers, dealers and clearing organizations, net of allowance of $670 and $885, respectively	2,207,742	1,729,744
Receivable from customers, net of allowance of $674 and $530, respectively	185,753	103,963
Fees receivable, net of allowance of $3,363 and $3,348, respectively	158,348	160,349
Due from related parties	21,500	21,068
Fixed assets, net of accumulated depreciation and amortization of $44,795 and $40,670, respectively	31,265	33,023
Operating lease right-of-use assets	74,755	78,241
Goodwill	147,084	147,084
Intangible assets, net of accumulated amortization of $28,921 and $37,884, respectively	26,929	24,403
Deferred tax asset, net	3,936	9,030
Other assets	95,362	54,884
Consolidated Funds		
Cash and cash equivalents	298	417
Securities owned, at fair value	3,523	10,622
Other investments	102,368	192,670
Other assets	46	207
Total Assets	**$ 10,157,001**	**$ 7,828,199**
Liabilities, Temporary Equity and Permanent Equity		
Liabilities		
Securities sold, not yet purchased, at fair value	$ 1,080,929	$ 728,115
Securities sold under agreements to repurchase	2,622	5,036
Payable for derivative contracts, at fair value	59,598	76,160
Securities loaned	3,177,201	2,476,414
Payable to brokers, dealers and clearing organizations	530,868	415,143
Payable to customers	2,657,112	1,680,326
Commission management payable	125,978	116,987
Compensation payable	465,079	373,339
Operating lease liabilities	79,160	82,735
Notes payable and other debt	480,899	383,067
Convertible debt	—	80,808
Fees payable	28,229	43,833
Due to related parties	91	51
Accounts payable, accrued expenses and other liabilities	205,183	196,479
Consolidated Funds		
Due to related parties	4	7
Accounts payable, accrued expenses and other liabilities	205	578
Total Liabilities	**$ 8,893,158**	**$ 6,659,078**

Cowen Inc.
Condensed Consolidated Statements of Financial Condition
(dollars in thousands, except share and per share data)
(unaudited)

	As of June 30, 2021	As of December 31, 2020
(continued)		
Commitments and Contingencies (Note 17)		
Temporary Equity		
Redeemable non-controlling interests	$ —	$ —
Permanent Equity		
Cowen Inc. stockholders' equity		
Preferred stock, par value $0.01 per share: 10,000,000 shares authorized, 120,750 shares issued and outstanding as of June 30, 2021 (aggregate liquidation preference of $120,750) and 10,000,000 shares authorized, 120,750 shares issued and outstanding as of December 31, 2020 (aggregate liquidation preference of $120,750), respectively	$ 1	$ 1
Class A common stock, par value $0.01 per share: 62,500,000 shares authorized, 54,012,833 shares issued and 28,995,801 outstanding as of June 30, 2021 and 62,500,000 shares authorized, 49,465,491 shares issued and 26,845,628 outstanding as of December 31, 2020, respectively (including 244,916 and 334,230 restricted shares, respectively)	334	334
Class B common stock, par value $0.01 per share: 62,500,000 authorized, no shares issued and outstanding as of June 30, 2021 and December 31, 2020, respectively	—	—
Additional paid-in capital	1,166,165	1,130,138
(Accumulated deficit) retained earnings	369,517	185,901
Accumulated other comprehensive income (loss)	(2)	(7)
Less: Class A common stock held in treasury, at cost, 25,017,032 and 22,619,863 shares as of June 30, 2021 and December 31, 2020, respectively	(438,671)	(346,870)
Total Cowen Inc. Stockholders' Equity	**1,097,344**	**969,497**
Nonredeemable non-controlling interests	166,499	199,624
Total Permanent Equity	**$ 1,263,843**	**$ 1,169,121**
Total Liabilities, Temporary Equity and Permanent Equity	**$ 10,157,001**	**$ 7,828,199**

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Cowen Inc.
Condensed Consolidated Statements of Operations
(in thousands, except per share data)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	**2020**	**2021**	**2020**
Revenues				
Investment banking	$ 224,981	$ 203,982	$ 529,815	$ 309,010
Brokerage	139,060	130,209	312,797	271,586
Investment income (loss)				
Securities principal transactions, net	40,572	157,588	104,537	126,543
Portfolio fund principal transactions, net	(1,882)	12,094	13,521	9,276
Carried interest allocations	(35,530)	37,757	61,239	26,213
Total investment income (loss)	3,160	207,439	179,297	162,032
Management fees	14,995	11,653	40,737	23,257
Incentive income	169	—	2,427	—
Interest and dividends	62,173	47,918	121,561	89,995
Insurance and reinsurance premiums	11,493	5,967	18,610	16,438
Other revenues	2,031	1,286	3,690	2,868
Consolidated Funds				
Principal transactions, net	693	37,387	(2,656)	(35,756)
Interest and dividends	2	332	4	2,857
Other revenues	—	11	—	620
Total revenues	**458,757**	**646,184**	**1,206,282**	**842,907**
Interest and dividends expense	63,073	49,304	120,714	88,096
Total net revenues	**395,684**	**596,880**	**1,085,568**	**754,811**
Expenses				
Employee compensation and benefits	219,186	305,282	607,382	429,710
Brokerage and trade execution costs	38,813	34,866	84,469	67,752
Underwriting expenses	6,152	8,871	13,067	12,511
Professional, advisory and other fees	17,457	14,395	32,917	25,434
Service fees	6,379	6,768	12,110	13,605
Communications	9,710	8,073	18,977	16,249
Occupancy and equipment	9,946	8,973	19,486	18,503
Depreciation and amortization	4,565	6,200	8,919	11,642
Client services and business development	4,336	2,760	11,184	14,563
Insurance and reinsurance claims, commissions and amortization of deferred acquisition costs	5,216	6,434	11,671	16,864
Other expenses	11,208	7,321	7,867	11,549
Consolidated Funds				
Interest and dividends	—	812	—	2,064
Professional, advisory and other fees	63	274	173	1,264
Brokerage and trade execution costs	—	17	—	37
Other expenses	61	482	222	934
Total expenses	**333,092**	**411,528**	**828,444**	**642,681**
Other income (loss)				
Net gains (losses) on other investments	6,730	6,528	19,375	6,466
Bargain purchase gain, net of tax	—	—	3,855	—
Gain/(loss) on debt extinguishment	—	—	(4,538)	—
Total other income (loss)	**6,730**	**6,528**	**18,692**	**6,466**
Income (loss) before income taxes	**69,322**	**191,880**	**275,816**	**118,596**
Income tax expense (benefit)	10,244	44,932	64,672	43,759
Net income (loss)	**59,078**	**146,948**	**211,144**	**74,837**

Cowen Inc.
Condensed Consolidated Statements of Operations
(in thousands, except per share data)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	**2020**	**2021**	**2020**
(continued)				
Net income (loss) attributable to non-controlling interests in consolidated subsidiaries and investment funds	13,755	33,113	18,317	(29,075)
Net income (loss) attributable to Cowen Inc.	**45,323**	**113,835**	**192,827**	**103,912**
Preferred stock dividends	1,698	1,698	3,396	3,396
Net income (loss) attributable to Cowen Inc. common stockholders	**$ 43,625**	**$ 112,137**	**$ 189,431**	**$ 100,516**
Weighted average common shares outstanding:				
Basic	26,903	27,983	27,130	28,289
Diluted	33,858	29,316	33,703	29,644
Earnings (loss) per share:				
Basic	$ 1.62	$ 4.01	$ 6.98	$ 3.55
Diluted	$ 1.29	$ 3.83	$ 5.62	$ 3.39

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Cowen Inc.
Condensed Consolidated Statements of Comprehensive Income (Loss)
(dollars in thousands)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	**2020**	**2021**	**2020**
Net income (loss)	$ 59,078	$ 146,948	$ 211,144	$ 74,837
Other comprehensive income (loss), net of tax:				
Foreign currency translation	1	—	5	—
Total other comprehensive income (loss), net of tax	1	—	5	—
Comprehensive income (loss)	**$ 59,079**	**$ 146,948**	**$ 211,149**	**$ 74,837**
Less: Comprehensive income attributable to non-controlling interests	13,755	33,113	18,317	(29,075)
Comprehensive income (loss) attributable to Cowen Inc.	**$ 45,324**	**$ 113,835**	**$ 192,832**	**$ 103,912**

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Cowen Inc.
Condensed Consolidated Statements of Changes in Equity
(dollars in thousands, except share data)
(unaudited)

	Common Shares Outstanding	Common Stock	Preferred Shares Outstanding	Preferred Stock	Treasury Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings/ (Accumulated deficit)	Total Cowen Inc. Stockholders' Equity	Nonredeemable Non-controlling Interests	Total Permanent Equity	Redeemable Non-controlling Interest
Balance, March 31, 2021	**26,852,331**	**$ 334**	**120,750**	**$ 1**	**$ (373,774)**	**$ 1,151,377**	**$ (3)**	**$ 328,930**	**$ 1,106,865**	**$ 133,115**	**$ 1,239,980**	**$ —**
Net income (loss) attributable to Cowen Inc.	—	—	—	—	—	—	—	45,323	45,323	—	45,323	—
Net income (loss) attributable to non-controlling interests in consolidated subsidiaries and investment funds	—	—	—	—	—	—	—	—	—	13,755	13,755	—
Foreign currency translation	—	—	—	—	—	—	1	—	1	—	1	—
Capital contributions	—	—	—	—	—	—	—	—	—	24,323	24,323	—
Capital withdrawals	—	—	—	—	—	—	—	—	—	(4,694)	(4,694)	—
Restricted stock awards issued	846,381	—	—	—	—	—	—	—	—	—	—	—
Purchase of treasury stock, at cost	(1,641,559)	—	—	—	(64,897)	—	—	—	(64,897)	—	(64,897)	—
Share settlement of convertible notes (See Note 18)	2,938,648	—	—	—	—	—	—	—	—	—	—	—
Preferred stock dividends (See Note 19)	—	—	—	—	—	—	—	(1,698)	(1,698)	—	(1,698)	—
Cash dividends to common stockholders (See Note 19)	—	—	—	—	—	—	—	(3,038)	(3,038)	—	(3,038)	—
Share based awards	—	—	—	—	—	14,788	—	—	14,788	—	14,788	—
Balance, June 30, 2021	**28,995,801**	**$ 334**	**120,750**	**$ 1**	**$ (438,671)**	**$ 1,166,165**	**$ (2)**	**$ 369,517**	**$ 1,097,344**	**$ 166,499**	**$ 1,263,843**	**$ —**

	Common Shares Outstanding	Common Stock	Preferred Shares Outstanding	Preferred Stock	Treasury Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings/ (Accumulated deficit)	Total Cowen Inc. Stockholders' Equity	Nonredeemable Non-controlling Interests	Total Permanent Equity	Redeemable Non-controlling Interest
Balance, March 31, 2020	**27,628,117**	**$ 334**	**120,750**	**$ 1**	**$ (305,192)**	**$ 1,119,534**	**$ (5)**	**$ (29,869)**	**$ 784,803**	**$ 138,241**	**$ 923,044**	**$ 318,001**
Net income (loss) attributable to Cowen Inc.	—	—	—	—	—	—	—	113,835	113,835	—	113,835	—
Net income (loss) attributable to non-controlling interests in consolidated subsidiaries and funds	—	—	—	—	—	—	—	—	—	5,047	5,047	28,066
Capital contributions	—	—	—	—	—	—	—	—	—	—	—	65,356
Capital withdrawals	—	—	—	—	—	—	—	—	—	(2,959)	(2,959)	(50,712)
Consolidation of entity	—	—	—	—	—	—	—	—	—	48,596	48,596	—
Deconsolidation of entity	—	—	—	—	—	—	—	—	—	—	—	(360,711)
Restricted stock awards issued	691,149	—	—	—	—	—	—	—	—	—	—	—
Purchase of treasury stock, at cost	(711,098)	—	—	—	(9,779)	—	—	—	(9,779)	—	(9,779)	—
Preferred stock dividends (See Note 19)	—	—	—	—	—	—	—	(1,698)	(1,698)	—	(1,698)	—
Cash dividends to common stockholders (See Note 19)	—	—	—	—	—	—	—	(1,083)	(1,083)	—	(1,083)	—
Common stock issuance related to 2019 acquisition	33,432	—	—	—	—	308	—	—	308	—	308	—
Share based awards	—	—	—	—	—	15,299	—	—	15,299	—	15,299	—
Balance, June 30, 2020	**27,641,600**	**$ 334**	**120,750**	**$ 1**	**$ (314,971)**	**$ 1,135,141**	**$ (5)**	**$ 81,185**	**$ 901,685**	**$ 188,925**	**$ 1,090,610**	**$ —**

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	Common Shares Outstanding	Common Stock	Preferred Shares Outstanding	Preferred Stock	Treasury Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings/ (Accumulated deficit)	Total Cowen Inc. Stockholders' Equity	Nonredeemable Non-controlling Interests	Total Permanent Equity	Redeemable Non-controlling Interest
Balance, December 31, 2020	**26,845,628**	**$ 334**	**120,750**	**$ 1**	**$ (346,870)**	**$ 1,130,138**	**$ (7)**	**$ 185,901**	**$ 969,497**	**$ 199,624**	**$ 1,169,121**	**$ —**
Net income (loss) attributable to Cowen Inc.	—	—	—	—	—	—	—	192,827	192,827	—	192,827	—
Net income (loss) attributable to non-controlling interests in consolidated subsidiaries and funds	—	—	—	—	—	—	—	—	—	18,317	18,317	—
Foreign currency translation	—	—	—	—	—	—	5	—	5	—	5	—
Capital contributions	—	—	—	—	—	—	—	—	—	46,838	46,838	—
Capital withdrawals	—	—	—	—	—	—	—	—	—	(23,467)	(23,467)	—
Deconsolidation of entity	—	—	—	—	—	—	—	—	—	(74,813)	(74,813)	—
Common stock issuance related to 2019 acquisition	56,801	—	—	—	—	2,202	—	—	2,202	—	2,202	—
Restricted stock awards issued	1,551,893	—	—	—	—	—	—	—	—	—	—	—
Purchase of treasury stock, at cost	(2,397,169)	—	—	—	(91,801)	—	—	—	(91,801)	—	(91,801)	—
Share settlement of convertible notes (See Note 18)	2,938,648	—	—	—	—	—	—	—	—	—	—	—
Preferred stock dividends (See Note 19)	—	—	—	—	—	—	—	(3,396)	(3,396)	—	(3,396)	—
Cash dividends to common stockholders (See Note 19)	—	—	—	—	—	—	—	(5,815)	(5,815)	—	(5,815)	—
Share based awards	—	—	—	—	—	33,825	—	—	33,825	—	33,825	—
Balance, June 30, 2021	**28,995,801**	**$ 334**	**120,750**	**$ 1**	**$ (438,671)**	**$ 1,166,165**	**$ (2)**	**$ 369,517**	**$ 1,097,344**	**$ 166,499**	**$ 1,263,843**	**$ —**

	Common Shares Outstanding	Common Stock	Preferred Shares Outstanding	Preferred Stock	Treasury Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings/ (Accumulated deficit)	Total Cowen Inc. Stockholders' Equity	Nonredeemable Non-controlling Interests	Total Permanent Equity	Redeemable Non-controlling Interest
Balance, December 31, 2019	**28,610,357**	**$ 334**	**120,750**	**$ 1**	**$ (284,301)**	**$ 1,110,635**	**$ (5)**	**$ (16,809)**	**$ 809,855**	**$ 94,320**	**$ 904,175**	**$ 391,275**
Cumulative effect of the adoption of the new current expected credit loss standard (See Note 2d)	—	—	—	—	—	—	—	(10)	(10)	—	(10)	—
Net income (loss) attributable to Cowen Inc.	—	—	—	—	—	—	—	103,912	103,912	—	103,912	—
Net income (loss) attributable to non-controlling interests in consolidated subsidiaries and funds	—	—	—	—	—	—	—	—	—	3,849	3,849	(32,924)
Capital contributions	—	—	—	—	—	—	—	—	—	88,682	88,682	184,223
Capital withdrawals	—	—	—	—	—	—	—	—	—	(46,522)	(46,522)	(181,863)
Consolidation of entity	—	—	—	—	—	—	—	—	—	48,596	48,596	—
Deconsolidation of entity	—	—	—	—	—	—	—	—	—	—	—	(360,711)
Common stock issuance related to 2019 acquisition	74,694	—	—	—	—	926	—	—	926	—	926	—
Restricted stock awards issued	1,282,912	—	—	—	—	—	—	—	—	—	—	—
Purchase of treasury stock, at cost	(2,326,363)	—	—	—	(30,670)	—	—	—	(30,670)	—	(30,670)	—
Preferred stock dividends (See Note 19)	—	—	—	—	—	—	—	(3,396)	(3,396)	—	(3,396)	—
Cash dividends to common stockholders (See Note 19)	—	—	—	—	—	—	—	(2,512)	(2,512)	—	(2,512)	—
Share based awards	—	—	—	—	—	23,580	—	—	23,580	—	23,580	—
Balance, June 30, 2020	**27,641,600**	**$ 334**	**120,750**	**$ 1**	**$ (314,971)**	**$ 1,135,141**	**$ (5)**	**$ 81,185**	**$ 901,685**	**$ 188,925**	**$ 1,090,610**	**$ —**

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Cowen Inc.
Condensed Consolidated Statements of Cash Flows
(dollars in thousands)
(unaudited)

	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Cash flows from operating activities:		
Net income (loss)	$ 211,144	$ 74,837
Adjustments to reconcile net income (loss) to net cash provided by / (used in) operating activities:		
Bargain purchase gain, net of tax	(3,855)	—
Depreciation and amortization	8,919	11,642
Amortization of debt issuance costs	1,541	674
Amortization of debt discount (premium)	6,671	2,241
Noncash lease expense	(89)	(858)
(Gain) / loss on extinguishment of debt	3,890	—
Share-based awards	33,825	23,580
Change in deferred taxes	3,734	43,219
Contingent liability adjustment	(614)	—
Purchases of securities owned, at fair value	(487,573)	(989,060)
Proceeds from sales of securities owned, at fair value	411,727	1,136,485
Proceeds from sales of securities sold, not yet purchased, at fair value	139,788	699,116
Payments to cover securities sold, not yet purchased, at fair value	(136,095)	(695,813)
Proceeds from other investments	20,174	17,126
Investment Income (loss) principal transactions, net	(159,474)	(148,104)
Consolidated Funds		
Purchases of securities owned, at fair value	(4,000)	(1,837,137)
Proceeds from sales of securities owned, at fair value	10,464	1,786,399
Purchases of other investments	—	(1,840)
Proceeds from other investments	14,130	6,734
Investment Income (loss) principal transactions, net	2,450	39,525
(Increase) decrease in operating assets:		
Securities owned, at fair value, held at broker-dealer	(1,565,860)	701,807
Receivable on derivative contracts, at fair value	(58,264)	(25,869)
Securities borrowed	116,856	(798,944)
Deposits with clearing organizations, brokers and banks	8,832	(12,083)
Receivable from brokers, dealers and clearing organizations	(477,998)	(446,922)
Receivable from customers, net of allowance	(81,790)	(1,227)
Fees receivable, net of allowance	4,380	(52,767)
Due from related parties	(139)	2,507
Other assets	(27,781)	(979)
Consolidated Funds		
Receivable on derivative contracts, at fair value	(2,917)	(19,710)
Receivable from brokers	—	(961)
Other assets	11	890
Increase (decrease) in operating liabilities:		
Securities sold, not yet purchased, at fair value, held at broker-dealer	340,495	84,612
Securities sold under agreement to repurchase	(2,414)	(23,244)
Payable for derivative contracts, at fair value	(16,562)	(6,292)
Securities loaned	700,787	20,618
Payable to brokers, dealers and clearing organizations	115,725	(30,457)
Payable to customers	976,786	357,438
Commission management payable	8,991	52,952
Compensation payable	70,491	50,324
Fees payable	(15,604)	64,272
Due to related parties	40	(9)
Accounts payable, accrued expenses and other liabilities	6,685	30,978
Consolidated Funds		
Contributions received in advance	—	450
Payable to brokers	—	8,560
Payable for derivative contracts, at fair value	—	11,967

Cowen Inc.
Condensed Consolidated Statements of Cash Flows
(dollars in thousands)
(unaudited)

	Six Months Ended June 30,	
	2021	**2020**
(continued)		
Due to related parties	(3)	(393)
Accounts payable, accrued expenses and other liabilities	(373)	95
Net cash provided by / (used in) operating activities	**177,131**	**136,379**
Cash flows from investing activities:		
Securities purchased under agreement to resell	191	—
Purchases of other investments	(61,519)	(33,211)
Purchase of business	2,109	—
Cash at deconsolidated entity	(5,620)	(20,939)
Proceeds from sales of other investments	63,447	27,579
Purchase of fixed assets and intangibles	(5,513)	(6,236)
Net cash provided by / (used in) investing activities	**(6,905)**	**(32,807)**
Cash flows from financing activities:		
Repayments on convertible debt	(88,119)	—
Deferred debt issuance cost	(6,642)	—
Borrowings on notes and other debt	301,786	62,812
Repayments on notes and other debt	(201,998)	(94,342)
Purchase of treasury stock	(70,540)	(24,571)
Cash dividends paid	(5,201)	(2,512)
Preferred dividends paid	(3,396)	(3,396)
Contingent liability payment	(10,698)	(5,653)
Capital contributions by non-controlling interests in operating entities	27,821	286
Capital withdrawals to non-controlling interests in operating entities	(4,196)	(2,900)
Consolidated Funds		
Capital contributions by non-controlling interests in Consolidated Funds	19,017	272,619
Capital withdrawals to non-controlling interests in Consolidated Funds	(19,271)	(226,573)
Net cash provided by / (used in) financing activities	**(61,437)**	**(24,230)**
Change in cash and cash equivalents	108,789	79,342
Cash and cash equivalents, including cash collateral pledged and segregated cash, beginning of period	941,470	445,888
Cash and equivalents at end of period:		
Cash and cash equivalents	806,887	340,075
Cash collateral pledged	64,895	7,511
Segregated cash	178,179	177,526
Cash and cash equivalents, Consolidated Funds	298	118
Cash and cash equivalents, including cash collateral pledged and segregated cash, end of period	**$ 1,050,259**	**$ 525,230**
Supplemental information		
Cash paid during the year for interest	$ 113,758	$ 72,452
Cash paid during the year for taxes	$ 63,728	$ 1,455
Supplemental non-cash information		
Purchase of treasury stock, at cost, through net settlement (See Note 19)	$ 21,232	$ 6,029
Preferred stock dividends declared (See Note 19)	3,396	3,396
Cash dividends declared (See Note 19)	5,815	2,512
Net assets (liabilities) acquired upon acquisition (net of cash)	3,107	—
Net Increase in non-controlling interests due to consolidation of operating entity	—	48,596
Net decrease in non-controlling interests in Consolidated Fund due to deconsolidation of Consolidated Fund (See Note 2)	74,813	360,711
Common stock issuance in relation to acquisition (See Note 3)	2,202	926

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Cowen Inc.

Notes to Unaudited Condensed Consolidated Financial Statements

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Cowen Inc.

Notes to Unaudited Condensed Consolidated Financial Statements

1. Organization and Business

Cowen Inc., a Delaware corporation formed in 2009, is a diversified financial services firm that, together with its consolidated subsidiaries (collectively, "Cowen" or the "Company"), provides investment banking, research, sales and trading, prime brokerage, global clearing, securities financing, commission management services and investment management through its two business segments: the Operating Company ("Op Co") and the Asset Company ("Asset Co").

The Op Co segment consists of four divisions: the Investment Banking division, the Markets division, the Research division and the Cowen Investment Management ("CIM") division. The Company refers to the Investment Banking division, the Markets division and the Research division combined as its investment banking businesses. Op Co's investment banking businesses offer advisory and global capital markets origination, domain knowledge-driven research, sales and trading platforms for institutional investors, global clearing, commission management services and also a comprehensive suite of prime brokerage service. Sectors covered by Op Co's investment banking business include healthcare, technology, media and telecommunications, consumer, industrials, technology enabled services, and energy. Op Co’s CIM division includes advisers to investment funds (including private equity structures and privately placed hedge funds) and registered funds. The Company has also invested capital in its insurance and reinsurance businesses.

The Asset Co segment consists of certain of the Company's private investments, private real estate investments and other legacy investment strategies. The focus of Asset Co is to drive future monetization of the invested capital of the segment.

2. Significant Accounting Policies

a. Basis of presentation

These unaudited condensed consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP") as promulgated by the Financial Accounting Standards Board ("FASB") through Accounting Standards Codification (the "Accounting Standards") as the source of authoritative accounting principles in the preparation of financial statements, and include the accounts of the Company, its operating and other subsidiaries, and entities in which the Company has a controlling financial interest or a general partner interest. All material intercompany transactions and balances have been eliminated on consolidation. Certain investment funds that are consolidated in these accompanying condensed consolidated financial statements, as further discussed below, are not subject to the consolidation provisions with respect to their own controlled investments pursuant to specialized industry accounting.

The accompanying condensed financial statements should be read in conjunction with the Company’s financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2020 (the "2020 Form 10-K"). Certain footnote disclosures included in the 2020 Form 10-K have been condensed or omitted from the accompanying condensed financial statements as they are not required for interim reporting under US GAAP or are insignificant to the interim reporting period.

During the first quarter of 2021, the Company changed the presentation of certain income streams on its condensed consolidated statements of operations by moving the income streams from Other income - net gains (losses) on securities, derivatives and other investments to Revenues. Additionally, the Company moved proprietary trading gains and losses generated by the Company’s broker dealer entities from Brokerage revenue to Investment income (loss) – securities principal transactions, net. The specified presentation changes included the following:

From	To	Income Streams
Other income - net gains (losses) on securities, derivatives and other investments	Investment income (loss) – securities principal transactions, net	proprietary trading gains and losses genera outside of the Company's broker-dealer entities
Other income - net gains (losses) on securities, derivatives and other investments	Investment income (loss) – portfolio fund principal transactions, net	gains and losses from portfolio funds
Other income - net gains (losses) on securities, derivatives and other investments	Investment income (loss) – carried interest allocations	carried interest allocations
Other income - net gains (losses) on securities, derivatives and other investments	Other revenue	net gains and losses on foreign currency transactions
Brokerage revenue	Investment income (loss) – securities principal transactions, net	proprietary trading gains and losses genera by the Company's broker-dealer entities
Other income – Consolidated Funds – net realized and unrealized gains (losses) on investments and other transactions and other income – Consolidated Funds – net realized and unrealized gains (losses) on derivatives	Consolidated Funds – principal transactions, net	proprietary trading gains and losses genera from the Consolidated Funds
Other income – Consolidated Funds – net gains (losses) on foreign currency transactions	Consolidated Funds – other revenue	net gains and losses on foreign currency transactions generated by the Consolidated Func

The Company believes that these presentation changes provide a better representation of the Company's operating results as it is used by management to monitor the Company's financial performance and is consistent with industry practice. The changes in presentation have no impact on net income and prior period amounts have been recast to reflect such changes in presentation.

b. Principles of consolidation

The Company consolidates all entities that it controls through a majority voting interest or otherwise, including those investment funds in which the Company either directly or indirectly has a controlling financial interest. In addition, the Company consolidates all variable interest entities for which it is the primary beneficiary.

The Company determines whether it has a controlling financial interest in an entity by first evaluating whether the entity is a Voting Operating Entity ("VOE") or a Variable Interest Entity ("VIE") under US GAAP.

Voting Operating Entities—VOEs are entities in which (i) the total equity investment at risk is sufficient to enable the entity to finance its activities independently, (ii) the equity holders at risk have the obligation to absorb losses, the right to receive residual returns and the right to direct the activities of the entity that most significantly impact the entity's economic performance and (iii) voting rights of equity holders are proportionate to their obligation to absorb losses or the right to receive returns.

Under US GAAP consolidation requirements, the usual condition for a controlling financial interest in a VOE is ownership of a majority voting interest. Accordingly, the Company consolidates all VOEs in which it owns a majority of the entity's voting shares or units.

Variable Interest Entities—VIEs are entities that lack one or more of the characteristics of a VOE. In accordance with US GAAP, an enterprise must consolidate all VIEs of which it is the primary beneficiary. Under the US GAAP consolidation model for VIEs, an enterprise that (1) has the power to direct the activities of a VIE that most significantly impacts the VIE's economic performance, and (2) has an obligation to absorb losses or the right to receive benefits from the VIE that could potentially be significant to the VIE, is considered to be the primary beneficiary of the VIE and thus is required to consolidate it.

The Company determines whether it is the primary beneficiary of a VIE upon its initial involvement with the VIE and reassesses whether it is the primary beneficiary on an ongoing basis as long as it has any continuing involvement with the VIE by performing a periodic qualitative and/or quantitative analysis of the VIE that includes a review of, among other things, its capital structure, contractual agreements between the Company and the VIE, the economic interests that create or absorb variability, related party relationships and the design of the VIE. As of June 30, 2021, the total assets and total liabilities of the consolidated

VIEs were $313.7 million and $7.3 million, respectively. As of December 31, 2020, the total assets and total liabilities of the consolidated VIEs were $325.5 million and $10.1 million, respectively. The deconsolidation of one Consolidated Fund, during the first quarter of 2021, decreased the overall VIEs net assets. The VIEs act as investment managers and/or investment companies that may be managed by the Company or the Company may have equity interest in those investment companies. The VIEs are financed through their operations and/or loan agreements with the Company.

In the ordinary course of business, the Company also sponsors various other entities that it has determined to be VIEs. These VIEs are primarily investment funds for which the Company serves as the general partner, managing member and/or investment manager with decision-making rights. The Company consolidates these investment funds when its variable interest is potentially significant to the entity. (see Note 6 for additional disclosures on VIEs).

The Company consolidates investment funds for which it acts as the managing member/general partner and investment manager. At June 30, 2021, the Company consolidated the following investment funds: Ramius Enterprise LP (“Enterprise LP”) and Cowen Private Investments LP ("Cowen Private"). At December 31, 2020, the Company consolidated the following investment funds: Enterprise LP, Cowen Private, and Cowen Sustainable Investments I LP ("CSI I LP"). These funds are referred to as each a "Consolidated Fund" and collectively the "Consolidated Funds".

During the first quarter of 2021, the Company deconsolidated CSI I LP due to the Company's ownership being diluted through a capital equalization event. During the second quarter of 2020, the Company deconsolidated Ramius Merger Fund LLC (the "Merger Fund") and Ramius Merger Arbitrage UCITS Fund ("UCITS Fund") due to a partial redemption of the Company’s direct portfolio fund investment in Merger Fund and a partial termination of the notional value of UCITS Fund units referenced in a total return swap with a third party. The Company continues to hold a direct retained portfolio fund investment in the Merger Fund and CSI I LP and continues to have economic exposure to the returns of UCITS Fund through a total return swap with a third party. Merger Fund, CSI I LP and UCITS Fund continue to be related parties of the Company after deconsolidation. CSI I Golden Holdco LP ("Golden HoldCo") and CSI I Prodigy Holdco LP ("Prodigy HoldCo") were consolidated through November 2020 when the Company raised additional capital within the sustainable investing strategy that diluted the Company's direct and indirect ownership. As a result, the Company's direct and indirect ownership in Golden Holdco and Prodigy Holdco is no longer expected to be significant to either entity and the entities were deconsolidated.

Equity Method Investments—For operating entities over which the Company exercises significant influence but which do not meet the requirements for consolidation as outlined above, the Company uses the equity method of accounting. The Company's investments in equity method investees are recorded in other investments in the accompanying condensed consolidated statements of financial condition. The Company's share of earnings or losses from equity method investees is included in Net gains (losses) on other investments in the accompanying condensed consolidated statements of operations.

The Company evaluates its equity method investments for impairment whenever events or changes in circumstances indicate that the carrying amounts of such investments may not be recoverable. The difference between the carrying value of the equity method investment and its estimated fair value is recognized as an impairment charge when the loss in value is deemed other than temporary.

Other—If the Company does not consolidate an entity or apply the equity method of accounting, the Company accounts for its investment in such entity (primarily consisting of securities of such entity which are purchased and held principally for the purpose of selling them in the near term and classified as trading securities), at fair value with unrealized gains (losses) resulting from changes in fair value reflected within Investment income (loss) - Securities principal transactions, net or Investment income (loss) - portfolio fund investment income (loss) in the accompanying condensed consolidated statements of operations.

Retention of Specialized Accounting—The Consolidated Funds and certain other consolidated companies are investment companies and apply specialized industry accounting. The Company reports its investments on the consolidated statements of financial condition at their estimated fair value, with unrealized gains (losses) resulting from changes in fair value reflected within Consolidated Funds - Principal transactions, net in the accompanying condensed consolidated statements of operations. Accordingly, the accompanying condensed consolidated financial statements reflect different accounting policies for investments depending on whether or not they are held through a consolidated investment company.

Certain portfolio fund investments qualify as equity method investments and are investment companies that apply specialized industry accounting. In applying equity method accounting guidance, the Company retains the specialized accounting of the investees and reports its investments on the condensed consolidated statements of financial condition at their estimated fair value, with unrealized gains (losses) resulting from changes in fair value reflected within Investment Income - portfolio fund principal transactions, net in the accompanying condensed consolidated statements of operations.

In addition, the Company's broker-dealer subsidiaries, Cowen and Company, LLC ("Cowen and Company"), Westminster Research Associates LLC ("Westminster"), Cowen Execution Services Limited ("Cowen Execution Ltd"), ATM Execution LLC

("ATM Execution"), Cowen International Limited ("Cowen International Ltd"), and Cowen Prime Services LLC ("Cowen Prime") apply the specialized industry accounting for brokers and dealers in securities, which the Company retains upon consolidation.

c. Use of estimates

The preparation of the accompanying condensed consolidated financial statements in conformity with US GAAP requires the management of the Company to make estimates and assumptions that affect the fair value of securities and other investments, the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the accompanying condensed consolidated financial statements, as well as the accounting for goodwill and identifiable intangible assets and the reported amounts of revenues and expenses during the reporting period. Actual results could materially differ from those estimates.

d. Allowance for credit losses

The Company measures the allowance for credit losses in accordance with adopted ASC Topic 326, Financial Instruments – Credit Losses (“ASC 326”), which. ASC 326 impacts the prescribes the impairment model for certain financial assets measured at amortized cost by requiring a current expected credit loss ("CECL") methodology to estimate expected credit losses over the entire life of the financial asset, recorded at inception or purchase. Under the accounting update guidance, 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 Company applies the guidance in ASC 326 to securities borrowed and fees and other receivables carried at amortized cost (including, but not limited to, receivables related to securities transactions, underwriting fees, strategic/financial advisory fees and placement and sales agent fees, management fees and incentive fees receivable).

The allowance for credit losses is based on the Company's expectation of the collectability of financial instruments carried at amortized cost, including securities borrowed and fees and other receivables utilizing the CECL framework. The Company considers factors such as historical experience, credit quality, age of balances and current and future economic conditions that may affect the Company’s expectation of the collectability in determining the allowance for credit losses. The Company’s expectation is that the credit risk associated with fees and other receivables is not significant until they are 90 days past due based on the contractual arrangement and expectation of collection in accordance with industry standards.

For securities borrowed, the Company applies a practical expedient to measure the allowance for credit losses based on the fair value of the collateral. If the fair value of the collateral held exceeds the amortized cost and the borrower is expected to continue to replenish the collateral as needed, the Company will not recognize an allowance. If the fair value of collateral is less than amortized cost and the borrower is expected to continue to replenish the collateral as needed, the Company applies the CECL model, utilizing a probability and loss given default methodology, only to the extent of the shortfall between the fair value of the collateral and amortized cost.

The credit loss expense related to the allowance for credit losses as well as any recoveries of amounts previously charged is reflected in other expenses in the accompanying condensed consolidated statements of operations.

e. Valuation of investments and derivative contracts

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. However, the determination of what constitutes "observable" requires significant judgment by the Company. 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. Inputs reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

The Company and its operating subsidiaries act as the manager for the Consolidated Funds. Both the Company and the Consolidated Funds hold certain investments which are valued by the Company, acting as the investment manager. The fair value of these investments is based on their proportional rights of the underlying portfolio company, and is generally estimated based on proprietary models developed by the Company, which include discounted cash flow analysis, public market comparables, and other techniques and may be based, at least in part, on independently sourced market information. The material estimates and assumptions used in these models include the timing and expected amount of cash flows, the appropriateness of discount rates used, and, in some cases, the ability to execute, timing of, and estimated proceeds from expected financings. Significant judgment and estimation impact the selection of an appropriate valuation methodology as well as the assumptions used in these models, and the timing and actual values realized with respect to investments could be materially different from values derived based on the use of those estimates. The valuation methodologies applied impact the reported value of the Company's investments and the investments held by the Consolidated Funds in the condensed consolidated financial statements. Certain of the Company's investments are relatively illiquid or thinly traded and may not be immediately liquidated on demand if needed. Fair values assigned to these investments may differ significantly from the fair values that would have been used had a ready market for the investments existed and such differences could be material.

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 the Company's financial instruments into three categories: securities, derivative contracts and other investments. To the extent applicable, each of these categories can further be divided between those held long or sold short.

The Company has the option to measure certain financial assets and financial liabilities at fair value with changes in fair value recognized in earnings each period. The election is made on an instrument by instrument basis at initial recognition of an asset or liability or upon an event that gives rise to a new basis of accounting for that instrument. The Company has elected the fair value option for certain of its investments held by its operating companies. This option has been elected because the Company believes that it is consistent with the manner in which the business is managed, as well as the way that financial instruments in other parts of the business are recorded.

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 primarily include active listed equities, certain U.S. government and sovereign obligations, Exchange Traded Funds ("ETFs"), mutual funds and certain money market securities.

Certain positions for which trading activity may not be readily visible, consisting primarily of convertible debt, corporate debt and loans and restricted equities, 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 and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability.

Derivative Contracts—Derivative contracts can be exchange-traded or privately negotiated over-the-counter (“OTC”). Exchange-traded derivatives, such as futures contracts and 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. OTC derivatives, such as generic forwards, swaps and options, are classified as level 2 when their inputs can be corroborated by market data. OTC derivatives, such as swaps and options, with significant inputs that cannot be corroborated by readily available or observable market data are classified as level 3.

Other Investments—Other investments consist primarily of portfolio funds, carried interest and equity method investments, which are valued as follows:

i. **Portfolio Funds—**Portfolio funds include interests in private investment partnerships, foreign investment companies and other collective investment vehicles which may be managed by the Company or its affiliates. The Company applies the practical expedient provided by the US GAAP fair value measurements and disclosures guidance relating to investments in certain entities that calculate net asset value ("NAV") per share (or its equivalent). The practical expedient permits an entity holding investments in certain entities that either are investment companies or have attributes similar to an investment company, and calculate NAV per share or its equivalent for which the fair value is not readily determinable, to measure the fair value of such investments on the basis of that NAV per share, or its equivalent, without adjustment. Investments which are valued using NAV per share as a practical expedient are not categorized within the fair value hierarchy.

ii. Carried Interest—For the private equity and debt fund products the Company offers, the Company is allocated incentive income by the investment funds based on the extent by which the investment funds performance exceeds predetermined thresholds. Carried interest allocations are generally structured from a legal standpoint as an allocation of capital in the Company's capital account. The Company accounts for carried interest allocations by applying an equity ownership model. Accordingly, the Company accrues performance allocations quarterly based on the fair value of the underlying investments assuming hypothetical liquidation at book value.

iii. Equity Method Investments—For operating entities over which the Company exercises significant influence but which do not meet the requirements for consolidation as outlined above, the Company applies the equity method of accounting. The Company's investments in equity method investees are recorded in other investments in the accompanying condensed consolidated statements of financial condition. The Company's share of earnings or losses from equity method investees is included in Net gains (losses) on other investments in the accompanying condensed consolidated statements of operations.

See Notes 6 and 7 for further information regarding the Company's investments, including equity method investments and fair value measurements.

f. Offsetting of derivative contracts

To reduce credit exposures on derivatives, the Company may enter into master netting agreements with counterparties that permit the Company the right, in the event of a default by a counterparty, to offset the counterparty's rights and obligations under the agreement and to liquidate and offset any collateral against any net amount owed by the counterparty. Derivatives are reported on a net-by-counterparty basis (i.e., the net payable or receivable for derivative assets and liabilities for a given counterparty) in the condensed consolidated statements of financial condition when a legal right of offset exists under an enforceable netting agreement. Additionally, derivatives are reported net of cash collateral received and posted under enforceable credit support agreements in the condensed consolidated statements of financial position, provided a legal right of offset exists. See Notes 6 for further information about offsetting of derivative financial instruments.

g. Receivable from and payable to brokers

Receivable from brokers, dealers, and clearing organizations includes amounts receivable for securities failed to deliver by the Company to a purchaser by the settlement date, amounts receivable from broker-dealers and clearing organizations, commissions receivable from broker-dealers, and interest receivable from securities financing arrangements and are reported net of an allowance for credit losses.

Payable to brokers, dealers and clearing organizations includes amounts payable for securities failed to receive by the Company from a seller by the settlement date, amounts payable to broker-dealers and clearing organizations for unsettled trades, interest payable for securities financing arrangements, and payables of deposits held in proprietary account of brokers and dealers.

Pursuant to the master netting agreements the Company has entered into with its brokers, dealers and clearing organizations, receivables and payables arising from unsettled trade are presented net (assets less liabilities) across balances with the same counterparty. The Company's receivable from and payable to brokers, dealers and clearing organizations balances are held at multiple financial institutions.

h. Receivable from and payable to customers

Receivable from customers includes amounts owed by customers on cash and margin transactions, recorded on a settlement-date basis and prepaid research, net of allowance for credit losses. For prepaid research, a prepaid research asset is established for research and related services disbursed in advance of anticipated client commission volumes.

Payable to customers primarily consists of amounts owed to customers relating to securities transactions not completed on settlement date, recorded on a settlement-date basis on the statement of financial condition, and other miscellaneous customer payables.

Securities owned by customers, including those that collateralize margin, 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.

i. Fees receivable

Fees receivable primarily relate to securities transactions and are reported net of an allowance for credit losses. Fees receivable also include amounts due to the Company for underwriting fees, strategic/financial advisory fees and placement and sales agent fees. Additionally, management and incentive fees due to the Company are earned as the managing member, general partner and/or investment manager to the Company's investment funds and are recognized in accordance with appropriate revenue recognition guidance (see Note 2**n**).

j. Securities financing arrangements

Securities borrowed and securities loaned are carried at the amounts of cash collateral advanced or received on a gross basis. The related rebates are recorded in the accompanying condensed consolidated statements of operations as interest and dividends income and interest and dividends expense. Securities borrowed transactions require the Company to deposit cash 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 Securities owned, at fair value with the corresponding obligation to return the securities received as collateral at fair value in Securities 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. 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. See Note 2d for further information.

Fees and interest received or paid are recorded in interest and dividends income and interest and dividends expense, respectively, on an accrual basis in the accompanying condensed consolidated statements of operations. In cases where the fair value basis of accounting is elected, any resulting change in fair value would be reported in Investment Income - Securities principal transactions, net in the accompanying condensed consolidated statements of operations. Accrued interest income and expense are recorded in receivable from brokers, dealers and clearing organizations and payable to brokers, dealers and clearing organizations, respectively, on an accrual basis in the accompanying condensed consolidated statements of financial condition. At June 30, 2021 and December 31, 2020, the Company did not have any securities lending transactions for which fair value basis of accounting was elected.

k. Securities sold under agreements to repurchase

Securities purchased under agreement to resell 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. A repo is a transaction 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 repurchase the same or substantially the same financial instruments to/from such counterparty at a stated price plus accrued interest at a future date. 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 Securities owned, at fair value with the corresponding obligation to return the securities received as collateral at fair value in Securities 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. The initial collateral advanced approximates or is greater than the market value of securities purchased or sold in the transaction. The Company typically enters into repurchase transactions with counterparties that prefer repurchase transactions to securities borrowed and securities loaned transactions. The Company has executed master repurchase agreements with such counterparties and utilizes such counterparties to finance its own positions, or replace a securities lending transaction with a repurchase for matched book purposes. The Company monitors the market value of repurchases on a daily basis, with additional collateral obtained or returned, as necessary. Repurchases may also result in credit exposures for the Company in an event that the counterparties are unable to fulfill their contractual obligations. The Company mitigates its credit risk by continuously monitoring its credit exposure and collateral values by demanding additional collateral or returning excess collateral in accordance with the netting provisions available in the master repurchase contracts in place with the counterparties.

Interest paid is recorded in interest and dividends expense in accordance with US GAAP and market convention for the imputation of interest on repurchase agreement transactions on an accrual basis in the accompanying condensed consolidated statements of operations. In cases where the fair value basis of accounting is elected, any resulting change in fair value would be reported in Investment Income - Securities principal transactions, net in the accompanying condensed consolidated statements of operations. At June 30, 2021 and December 31, 2020, the Company did not have any repurchase agreements for which fair value basis of accounting was elected.

l. Goodwill and intangible assets

Goodwill

Goodwill represents the excess of the purchase price consideration of acquired companies over the estimated fair value assigned to the individual assets acquired and liabilities assumed. Goodwill is allocated to the Company's reporting units at the date the goodwill is initially recorded. Once goodwill has been allocated to the reporting units, it generally no longer retains its identification with a particular acquisition but instead becomes identifiable with the reporting unit. As a result, all of the fair value of each reporting unit is available to support the value of goodwill allocated to the unit.

In accordance with US GAAP requirements for testing for impairment of goodwill, the Company tests goodwill for impairment on an annual basis or at an interim period if events or changed circumstances would more likely than not reduce the fair value of a reporting unit below its carrying amount. In testing for goodwill impairment, the Company has the option to first assess qualitative factors to determine whether the existence of events or circumstances led to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If, after assessing the totality of events and circumstances, the Company concludes that fair value exceeds its carrying amount, then performing a quantitative impairment test is not necessary. If the Company concludes otherwise, the Company is required to perform a quantitative impairment test that requires a comparison of the fair value of the reporting unit to its carrying value, including goodwill. If the fair value of the reporting unit exceeds its carrying value, the related goodwill is not considered impaired and no further analysis is required. If the carrying value of the reporting unit exceeds its fair value, then the Company recognizes an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value.

Intangible assets

Intangible assets with finite lives are amortized over their estimated average useful lives. Intangible assets are tested for potential impairment whenever events or changes in circumstances suggest that an asset or asset group's carrying value may not be fully recoverable. An impairment loss, calculated as the difference between the estimated fair value and the carrying value of an asset or asset group, is recognized in the accompanying condensed consolidated statements of operations if the sum of the estimated undiscounted cash flows relating to the asset or asset group is less than the corresponding carrying value. The Company continually monitors the estimated average useful lives of existing intangible assets.

m. Non-controlling interests in consolidated subsidiaries

Non-controlling interests represent the pro rata share of the income or loss of the non-wholly owned consolidated entities attributable to the other owners of such entities. When non-controlling interest holders have redemption features that can be exercised at the option of the holder currently or contingent upon the occurrence of future events, their ownership has been classified as temporary equity. Ownership which has been classified in permanent equity are non-controlling interests which are either not redeemable at the option of the holder or the holder does not have the unilateral right to redeem its ownership interests.

n. Revenue recognition

The Company recognizes revenue in accordance with ASC Topic 606, Revenue from Contracts with Customers ("ASC Topic 606"), which requires that an entity recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Company follows a five-step model to (a) identify the contract(s) with a customer, (b) identify the performance obligations in the contract, (c) determine the transaction price, (d) allocate the transaction price to the performance obligations in the contract, and (e) recognize revenue when (or as) the entity satisfies a performance obligation. In determining the transaction price, the Company includes variable consideration only to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized would not occur when the uncertainty associated with the variable consideration is resolved. Significant judgments are required in the application of the five-step model including; when determining whether performance obligations are satisfied at a point in time or over time; how to allocate transaction prices where multiple performance obligations are identified; when to recognize revenue based on the appropriate measure of the Company's progress under the contract; and whether constraints on variable consideration should be applied due to uncertain future events.

The Company's principal sources of revenue are generated within two segments. The Op Co segment generates revenue through five principal sources: investment banking revenue, brokerage revenue, management fees, investment income (loss) and incentive income. Investment income is excluded from ASC Topic 606. The Asset Co segment generates revenue through investment income (loss), management fees and incentive income. Investment income is excluded from ASC Topic 606. Revenue from contracts with customers includes management fees, incentive income, investment banking revenue and brokerage services revenue excluding principal transactions. ASC Topic 606 does not apply to revenue associated with financial instruments, interest income and expense, leasing and insurance contracts. The following is a description of principal activities, from which the Company generates its revenue. For more detailed information about reportable segments, see Note 22.

Investment banking

The Company earns investment banking revenue primarily from fees associated with public and private capital raising transactions and providing strategic advisory services. Investment banking revenues are derived primarily from public and private small- and mid-capitalization companies within the Company's sectors.

Investment banking revenue consists of underwriting fees, strategic/financial advisory fees, expenses reimbursed from clients and placement and sales agent fees.

- **Underwriting fees.** The Company earns underwriting fees in securities offerings in which the Company acts as an underwriter, such as initial public offerings, follow-on equity offerings, debt offerings, and convertible securities offerings. Fee revenue relating to underwriting commitments is recorded at the point in time when all significant items relating to the underwriting process have been completed and the amount of the underwriting revenue has been determined. This generally is the point at which all of the following have occurred: (i) the issuer's registration statement has become effective with the SEC or the other offering documents are finalized; (ii) the Company has made a firm commitment for the purchase of securities from the issuer; (iii) the Company has been informed of the number of securities that it has been allotted; and (iv) the issuer obtains control and benefits of the offering; which generally occurs on trade date.

  Underwriting fees are recognized gross of transaction-related expenses, and such amounts are adjusted to reflect actual expenses in the period in which the Company receives the final settlement, typically within 90 days following the closing of the transaction.

- **Strategic/financial advisory fees.** The Company's strategic advisory revenue includes success fees earned in connection with advising companies, principally in mergers, acquisitions and restructuring transactions. The Company also earns fees for related advisory work such as providing fairness opinions. A significant portion of the Company's advisory revenue (i.e., success-related advisory fees) is considered variable consideration and recognized when it is probable that the variable consideration will not be reversed in a future period. The variable consideration is constrained until satisfaction of the performance obligation. The Company records strategic advisory revenues at the point in time, gross of related expenses, when the services for the transactions are completed or the contract is canceled under the terms of each assignment or engagement.

- **Placement and sales agent fees.** The Company earns placement agency fees and sales agent commissions in non-underwritten transactions, such as private placements of loans and debt and equity securities, including private investment in public equity transactions ("PIPEs"), and as sales agent in at-the-market offerings of equity securities. The Company records placement revenues (which may be in cash and/or securities) at the point in time when the services for the transactions are completed under the terms of each assignment or engagement. The Company records sales agent commissions on a trade-date basis.

- **Expense reimbursements from clients.** Investment banking revenue includes expense reimbursements for transaction-related expenses, primarily consisting of legal, travel and other costs directly associated with the transaction. Expense reimbursements associated with investment banking engagements are recognized in revenue at the point in time when the Company is contractually entitled to reimbursement. The related expenses are presented gross within their respective expense category in the accompanying condensed consolidated statements of operations.

Brokerage

Brokerage revenue consists of commissions, principal transactions, equity research fees and trade conversion revenue.

- **Commissions.** Commission revenue includes fees from executing and clearing client transactions and commission sharing arrangements. Trade execution and clearing services, when provided together, represent a single performance obligation as the services are not separately identifiable in the context of the contract. Commission revenues associated with combined trade execution and clearing services on a standalone basis, are recognized at a point in time on trade-date. Commission revenues are generally paid on settlement date and the Company records a receivable between trade-date and payment on settlement date. The Company permits institutional customers to allocate a portion of their commissions to pay for research products and other services provided by third parties. The amounts allocated for those purposes are commonly referred to as "soft dollar arrangements". The Company also offers institutional clients the ability to allocate a portion of their gross commissions incurred on trades executed with various brokers to pay for research products and other services provided by third parties by entering into commission sharing arrangements. The Company acts as an agent in the soft dollar and commission sharing arrangements as the customer controls the use of the soft dollars and directs payments to third-party service providers on its behalf. Accordingly, amounts allocated to soft dollar arrangements are netted against commission revenues and recorded on trade date. Commissions on soft dollar brokerage are recorded net of the related expenditures. The costs of commission sharing arrangements are recorded for each eligible trade and shown net of commission revenue.

- **Equity research fees.** Equity research fees are paid to the Company for providing access to equity research. In the US, revenue is recognized once an arrangement exists, access to research has been provided and the customer has benefited from the research. As part of MiFID II, the international customers of the Company's broker-dealers have executed equity research contracts with its clients. The contracts either contain a fixed price for providing access to research or a price at the discretion of the customer with a contract minimum. Fixed equity research fees are recognized over the contract period as the customer is benefiting from the research throughout the contract term. When the equity research fees are based on the customer's discretion with a contract minimum, the Company recognizes the contract minimum over the life of the contract as the customer benefits from the research provided and adjusts the revenue when the Company can estimate the amount of equity research fees over the contract minimum. Additionally, the Company earns variable consideration for attending client conferences and events. Revenue is recognized when the Company attends a client conference or event.
- **Trade conversion revenue.** Trade conversion revenue includes fees earned from converting foreign securities into an American Depository Receipt ("ADR") and fees earned from converting an ADR into foreign securities on behalf of customers, and margins earned from facilitating customer foreign exchange transactions. Trade conversion revenue is recognized on a trade-date basis.

Investment Income

Investment income (loss) consists of securities principal transactions, net, portfolio fund principal transactions, net and carried interest allocations. Investment income is excluded from ASC Topic 606.

- **Securities principal transactions, net.** Principal transactions, net includes realized gains and losses from transactions in financial instruments and unrealized gains and losses from ongoing changes in the fair value of the Company's positions.

  Principal transactions, net generated by the Company's broker-dealers include net trading gains and losses from the Company's market-making activities in over-the-counter equity and fixed income securities, trading of convertible securities, and trading gains and losses on inventory and other Company positions, which include securities previously received as part of investment banking transactions. In certain cases, the Company provides liquidity to clients by buying or selling blocks of shares of listed stocks without previously identifying the other side of the trade at execution, which subjects the Company to market risk. These positions are typically held for a short duration.

  With respects to the Company's proprietary trading strategies, purchases and sales of securities, net of commissions, derivative contracts, and the related revenues and expenses are recorded on a trade-date basis with net trading gains and losses included as a component of Investment income - Securities principal transactions, net, in the accompanying condensed consolidated statements of operations.
- **Portfolio Fund principal transactions, net.** Portfolio funds include interests in private investment partnerships, foreign investment companies and other collective investment vehicles which may be managed by the Company or its affiliates. The Company applies the practical expedient provided by the US GAAP fair value measurements and disclosures guidance relating to investments in certain entities that calculate net asset value ("NAV") per share (or its equivalent). The practical expedient permits an entity holding investments in certain entities that either are investment companies or have attributes similar to an investment company, and calculate NAV per share or its equivalent for which the fair value is not readily determinable, to measure the fair value of such investments on the basis of that NAV per share, or its equivalent, without adjustment. Investments which are valued using NAV per share as a practical expedient are not categorized within the fair value hierarchy. Realized and unrealized gains (losses) resulting from changes in NAV per share are reflected within Investment income – portfolio fund principal transactions, net in the accompanying condensed consolidated statements of operations.

- **Carried interest allocations.** The Company is allocated carried interest based on net profits (as defined in the respective investment management or partnership agreement) related to certain of the Company's private equity investment funds. For the private equity and debt fund products the Company offers, the carried interest earned is typically up to 30% of the distributions made to investors after return of their contributed capital and generally a preferred return. The Company recognizes carried interest allocated to the Company under an equity ownership model as investment income - carried interest allocations in the accompanying condensed consolidated statements of operations accordance with ASC Topic 323. Under the equity method of accounting the Company recognizes its allocations of incentive income or carried interest within Investment Income - Carried interest allocations in the accompanying condensed consolidated statements of operations along with the allocations proportionate to the Company's ownership interests in the investment funds.

  Generally, carried interest is earned after the investor has received a full return of its invested capital, plus a preferred return. However, for certain private equity structures, the Company is entitled to receive incentive fees earlier, provided that the investors have received their preferred return on a current basis or on an investor by investor basis. These private equity structures are generally subject to a potential clawback of these incentive fees upon the liquidation of the private equity structure if the investor has not received a full return of its invested capital plus the preferred return thereon.

Management fees

The Company earns management fees from investment funds and certain managed accounts for which it serves as the investment manager; such fees earned are typically based on committed and invested capital. The Company has determined that the primary drivers of management fees are committed and invested capital relating to private equity funds. The management fees are earned as the investment management services are provided and are not subject to reversals. The performance obligation related to the transfer of these services is satisfied over time because the customer is receiving and consuming the benefits as they are provided by the Company.

Management fees are generally paid on a quarterly basis and are prorated for capital inflows (or commitments) and redemptions (or distributions) and are recognized as revenue at that time as they relate specifically to the services provided in that period, which are distinct from the services provided in other periods. While some investors may have separately negotiated fees, in general the management fees are as follows:

- **Private equity funds.** Management fees for the Company's private equity or debt funds are generally charged at an annual rate of 1% to 2% of committed capital during the investment period (as defined in the relevant partnership agreement). After the investment period, management fees for these private equity funds are generally charged at an annual rate of 1% to 2% of the net asset value or the aggregate cost basis of the unrealized investments held by the private equity funds. For certain other private equity funds (and managed accounts), the management fees range from 0.2% to 1% and there is no adjustment based on the investment period. Management fees for the Company's private equity funds are generally paid on a quarterly basis.
- **Hedge funds.** Management fees for the Company's hedge funds are generally charged at an annual rate of up to 2% of utilized invested capital, committed capital or notional trading level. Management fees are generally calculated monthly at the end of each month.

Incentive income

The Company earns incentive income based on net profits (as defined in the respective investment management or partnership agreement) related to certain of the Company's investment funds and managed accounts. The incentive income is charged to the investment funds in accordance with their corresponding investment management or partnership agreement. For the hedge funds the Company offers, incentive income earned is typically up to 20% (in certain cases on performance in excess of a benchmark) of the net profits earned for the full year that are attributable to each fee-paying investor.

The Company recognizes incentive income charged to the Company's hedge funds based on the net profits of the hedge funds. The Company recognizes such incentive income when the fees are no longer subject to reversal or are crystallized. For certain hedge funds, the incentive fee crystallizes annually when the high-water mark for such hedge funds is reset, which delays recognition of the incentive fee until year end. In periods following a period of a net loss attributable to an investor, the Company generally does not earn incentive income on any future profits attributable to such investor until the accumulated net loss from prior periods is recovered, an arrangement commonly referred to as a "high-water mark." Generally, incentive income is earned after the investor has received a full return of its invested capital, plus a preferred return.

Consolidated Funds – principal transaction, net

Purchases and sales of securities, net of commissions, derivative contracts, and the related revenues and expenses are recorded on a trade-date basis with net trading gains and losses included as a component of Consolidated Funds - Principal transactions, net in the accompanying condensed consolidated statements of operations.

Certain of the Companies Consolidated Funds invest in other investment funds for which the Company applies the practical expedient provided by the US GAAP fair value measurements and disclosures guidance relating to investments in certain entities that calculate net asset value ("NAV") per share (or its equivalent). The practical expedient permits an entity holding investments in certain entities that either are investment companies or have attributes similar to an investment company, and calculate NAV per share or its equivalent for which the fair value is not readily determinable, to measure the fair value of such investments on the basis of that NAV per share, or its equivalent, without adjustment. Investments which are valued using NAV per share as a practical expedient are not categorized within the fair value hierarchy. Realized and unrealized gains (losses) resulting from changes in NAV per share are reflected within Consolidated Funds – Principal transaction, net.

Interest and dividends

Interest and dividends are earned by the Company from various sources. The Company receives interest and dividends primarily from securities finance activities and securities held by the Company for purposes of investing capital, investments held by its Consolidated Funds and its brokerage balances. Interest is recognized in accordance with US GAAP and market convention for the imputation of interest of the host financial instrument. Interest income is recognized on the debt of those issuers that is deemed collectible. Interest income and expense includes premiums and discounts amortized and accreted on debt investments based on criteria determined by the Company using the effective yield method, which assumes the reinvestment of all interest payments. Dividends are recognized on the ex-dividend date.

Insurance and reinsurance

Premiums for insurance and reinsurance contracts are earned over the coverage period. In most cases, premiums are recognized as revenues ratably over the term of the contract with unearned premiums computed on a monthly basis. For each of its contracts, the Company determines if the contract provides indemnification against loss or liability relating to insurance risk, in accordance with US GAAP. If the Company determines that a contract does not expose it to a reasonable possibility of a significant loss from insurance risk, the Company records the contract under the deposit method of accounting with any net amount receivable reflected as an asset in other assets, and any net amount payable reflected as a liability within accounts payable, accrued expenses and other liabilities on the condensed consolidated statements of financial condition.

The liabilities for losses and loss adjustment expenses are recorded at the estimated ultimate payment amounts, including reported losses. Estimated ultimate payment amounts are based upon (1) reports of losses from policyholders, (2) individual case estimates and (3) estimates of incurred but unreported losses.

Provisions for losses and loss adjustment expenses are charged to earnings after deducting amounts recovered and estimates of recoverable amounts and are included in other expenses on the condensed consolidated statements of operations.

Costs of acquiring new policies, which vary with and are directly related to the production of new policies, have been deferred to the extent that such costs are deemed recoverable from future premiums or gross profits. Such costs include commissions and allowances as well as certain costs of policy issuance and underwriting and are included within other assets in the condensed consolidated statements of financial condition.

All of the items above are reported net of any Outward Reinsurance (see Note 14), which is determined as the portion of the Company's premiums, liabilities for losses and loss adjustment expenses, provisions for losses and loss adjustment expenses, and costs of acquiring new policies that are ceded to providers of such Outward Reinsurance pursuant to their terms and conditions. These ceded amounts are calculated based on the same principles outlined above.

Interest and dividends expense

Interest and dividends expense relates primarily to securities finance activities, trading activity with respect to the Company's investments and interest expense on debt.

o. Income taxes

The Company accounts for income taxes in accordance with US GAAP which requires the recognition of tax benefits or expenses based on the estimated future tax effects of temporary differences between the financial statement and tax basis of its assets and liabilities. The effect on deferred taxes of a change in tax rates is recognized as income or loss in the period that includes the enactment date. Valuation allowances are established to reduce deferred tax assets to an amount that is more likely than not to be realized. The Company evaluates its deferred tax assets for recoverability considering negative and positive evidence, including its historical financial performance, projections of future taxable income, future reversals of existing taxable temporary differences, and tax planning strategies. The Company records a valuation allowance against its deferred tax assets to bring them to a level that it is more likely than not to be utilized.

US GAAP clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements, requiring the Company to determine whether a tax position is more likely than not to be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. For tax positions meeting the more likely than not threshold, the tax amount recognized in the financial statements is reduced by the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant taxing authority. The Company recognizes accrued interest and penalties related to its uncertain tax positions as a component of income tax expense.

In accordance with federal and state tax laws, the Company and its subsidiaries file consolidated federal, state, and local income tax returns as well as stand-alone state and local tax returns. The Company also has subsidiaries that are residents in foreign countries where tax filings have to be submitted on a stand-alone or combined basis. These subsidiaries are subject to taxes in their respective countries and the Company is responsible for and therefore reports all taxes incurred by these subsidiaries in the condensed consolidated statements of operations. The foreign jurisdictions where the Company owns subsidiaries and has tax filing obligations are the United Kingdom, Luxembourg, Malta, Gibraltar, Germany, Switzerland, South Africa, Canada, and Hong Kong.

p. Recent pronouncements

In August 2020, the FASB issued guidance simplifying an issuer's accounting for convertible instruments by eliminating two of the three models in *ASC 470-20* that require separate accounting for embedded conversion features; separate accounting is still required in certain cases. The guidance also simplifies the settlement assessment that entities are required to perform to determine whether a contract qualifies for equity classification. The guidance requires entities to use the if-converted method for all convertible instruments in the diluted earnings per share calculation and include the effect of potential share settlement (if the effect is more dilutive) for instruments that may be settled in cash or shares, except for certain liability-classified share-based payment awards. The guidance requires new disclosures about events that occur during the reporting period and cause conversion contingencies to be met and about the fair value of a public business entity's convertible debt at the instrument level. For public business entities, the guidance is effective for reporting periods beginning after December 15, 2021 and interim periods within those fiscal years with early adoption permitted. The Company is currently evaluating the impact of the new guidance.

In August 2018, the FASB issued guidance prescribing targeted improvements to financial services – insurance industry accounting guidance for long-duration contracts. The new guidance (i) prescribes the discount rate to be used in measuring the liability for future policy benefits for traditional and limited payment long-duration contracts, and requires assumptions for those liability valuations to be updated after contract inception, (ii) requires more market-based product guarantees on certain separate account and other account balance long-duration contracts to be accounted for at fair value, (iii) simplifies the amortization of deferred acquisition costs for virtually all long-duration contracts, and (iv) introduces certain financial statement presentation requirements, as well as significant additional quantitative and qualitative disclosures. For all entities, the guidance is effective for reporting periods beginning after December 15, 2022 and interim periods within those fiscal years with early adoption permitted. The Company is currently evaluating the impact of the new guidance.

3. Acquisition

Malta Holdings

On February 26, 2021 (the "Malta Holdings Acquisition Date"), the Company, through its indirect wholly owned subsidiary, Cowen Malta Holdings Ltd. ("Malta Holdings"), completed the acquisition of all of the outstanding equity interest of Axeria Insurance Limited (the "Acquisition"), an insurance company organized under the laws of Malta whose principal business activity is to provide insurance coverage to third parties (See Note 14). Axeria Insurance Limited was renamed Cowen Insurance Company Ltd ("Cowen Insurance Co") upon acquisition. The Acquisition was completed for a combination of cash and deferred consideration. In the aggregate, the purchase price, assets acquired, and liabilities assumed were not significant and near-term impact to the Company and its consolidated results of operations and cash flows is not expected to be significant.

The aggregate estimated purchase price of the Acquisition was $12.7 million. On the Malta Holdings Acquisition Date, the Company paid upfront consideration of $12.5 million, with additional deferred consideration of $0.2 million which was paid during the second quarter of 2021.

The Acquisition was accounted for under the acquisition method of accounting in accordance with US GAAP. As such, the results of operations of the business acquired is included in the accompanying condensed consolidated statements of operations since the date of the Acquisition and the assets acquired, liabilities assumed recorded at their fair values within their respective line items on the accompanying condensed consolidated statement of financial condition. The Company has recognized a bargain purchase gain of $5.2 million related to the Acquisition and is shown net of associated tax of $1.3 million in the consolidated statement of operations. The bargain purchase gain is primarily driven by the recognition of the customer relationships intangible asset and a contractual discount on the closing equity balance at the Malta Holdings Acquisition Date. Additionally, following the Acquisition, the business acquired is included in the Cowen Investment Management reporting unit within the Operating Company segment.

The table below summarizes the purchase price allocation of net tangible and intangible assets acquired and liabilities assumed as of February 26, 2021:

	(dollars in thousands)	
Cash	$	14,844
Securities owned, at fair value		1,571
Fixed assets		30
Intangible assets		4,794
Other assets		12,828
Compensation payable		(17)
Other liabilities		(16,099)
Total net identifiable assets acquired and liabilities assumed		**17,951**
Bargain purchase gain		(5,216)
Total estimated purchase price	**$**	**12,735**

As of the Malta Holdings Acquisition Date, the estimated fair value of the Company's intangible assets, which are primarily broker relationships, was $4.6 million and had a weighted average useful life of 10 years. The licenses of $0.2 million has indefinite life. Amortization expense for the three and six months ended June 30, 2021 was $0.1 million and $0.2 million, respectively.

As of June 30, 2021, the estimated amortization expense related to these intangible assets in future periods is as follows:

	(dollars in thousands)	
2021	$	229
2022		458
2023		458
2024		458
2025		458
Thereafter		2,365
	$	**4,426**

In addition to the purchase price consideration, for the six months ended June 30, 2021, the Company had incurred acquisition-related expenses of $0.2 million, including financial advisory, legal and valuation services, which are included in professional, advisory and other fees in the accompanying condensed consolidated statements of operations.

4. Cash Collateral Pledged

As of June 30, 2021 and December 31, 2020, the Company pledged cash collateral in the amount of $3.4 million and $4.0 million respectively, which relates to letters of credit issued to the landlords of the Company's premises in New York City, Boston and San Francisco. The Company also has pledged cash collateral for reinsurance agreements which amounted to $61.5 million, as of June 30, 2021, and $106.8 million, as of December 31, 2020, which are expected to be released periodically as per the terms of the reinsurance policy between June 30, 2021 and March 31, 2024 (see Notes 14 and 18).

As of June 30, 2021, the Company has the following irrevocable letters of credit, related to leased office space, for which there is cash collateral pledged, which the Company pays a fee on the stated amount of the letter of credit.

Location	Amount		Maturity
	(dollars in thousands)		
New York	$	208	April 2022
New York	$	1,325	October 2022
New York	$	1,253	November 2021
Boston	$	194	March 2028
San Francisco	$	458	October 2025
	$	**3,438**	

To the extent any letter of credit is drawn upon, interest will be assessed at the prime commercial lending rate. As of June 30, 2021 and December 31, 2020 there were no amounts due related to these letters of credit.

5. Segregated Cash

As of June 30, 2021 and December 31, 2020, cash segregated in compliance with federal regulations and other restricted deposits of $178.2 million and $185.1 million, respectively, consisted of cash deposited in Special Reserve Bank Accounts for the exclusive benefit of customers under SEC Rule 15c3-3 and cash deposited in Special Reserve Bank Accounts for the exclusive benefit of Proprietary Accounts of Broker-Dealers ("PAB") under SEC Rule 15c3-3.

6. Investments of Operating Entities and Consolidated Funds

a. Operating entities

Securities owned, at fair value

Securities owned, at fair value are held by the Company and are considered held for trading. Substantially all equity securities, which are not part of the Company's self-clearing securities finance activities, are pledged to external clearing brokers under terms which permit the external clearing broker to sell or re-pledge the securities to others subject to certain limitations.

As of June 30, 2021 and December 31, 2020, securities owned, at fair value consisted of the following:

	As of June 30, 2021	As of December 31, 2020
	(dollars in thousands)	
Common stock	$ 3,456,667	$ 1,770,301
Preferred stock	110,408	69,358
Warrants and rights	32,136	27,701
Government bonds	4,348	19,721
Corporate bonds	85,972	86,503
Convertible bonds	9,712	6,040
Term loan (*)	12,563	12,623
Trade claims (*)	5,719	8,713
Private investments	666	642
	$ 3,718,191	**$ 2,001,602**

(*) The Company has elected the fair value option for securities owned, at fair value with a fair value of $5.7 million and $8.8 million, respectively, at June 30, 2021 and December 31, 2020.

Receivable on and Payable for 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 includes futures, currency forwards, equity swaps, interest rate swaps and options. 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 Company's long and short exposure to derivatives is as follows:

Receivable on derivative contracts	As of June 30, 2021		As of December 31, 2020	
	Number of contracts / Notional Value	Fair value	Number of contracts / Notional Value	Fair value
	(dollars in thousands)			
Currency forwards	$ 140,070	$ 882	$ 4,902	$ 15
Equity swaps	$ 1,938,568	189,275	$ 944,544	64,634
Options (a)	189,369	39,964	371,188	49,102
Netting - swaps (b)		(120,374)		(62,269)
		$ 109,747		**$ 51,482**

Payable for derivative contracts

	As of June 30, 2021		As of December 31, 2020	
	Number of contracts / Notional Value	Fair value	Number of contracts / Notional Value	Fair value
	(dollars in thousands)			
Futures	$ 3,923	$ 115	$ —	$ —
Currency forwards	$ 13,711	$ 245	$ 123,346	$ 3,067
Equity swaps	$ 1,740,599	140,380	$ 896,863	43,560
Interest rate swaps	$ 285,000	1,108	—	—
Options (a)	153,037	36,722	198,320	66,566
Netting - swap (b)		(118,972)		(37,033)
		$ 59,598		**$ 76,160**

(a) Includes the volume of contracts for index, equity, commodity future and cash conversion options.

(b) Derivatives are reported on a net basis, by counterparty, when a legal right of offset exists under an enforceable netting agreement as well as net of cash collateral received or posted under enforceable credit support agreements. See Note 2f for further information on offsetting of derivative financial instruments.

The following tables present the gross and net derivative positions and the related offsetting amount, as of June 30, 2021 and December 31, 2020. This table does not include the impact of over-collateralization.

	Gross amounts recognized	Gross amounts offset on the Condensed Consolidated Statements of Financial Condition (a)	Net amounts included on the Condensed Consolidated Statements of Financial Condition	Gross amounts not offset in the Condensed Consolidated Statements of Financial Condition		Net amounts
				Financial instruments (a)	Cash Collateral pledged (a)	
	(dollars in thousands)					
As of June 30, 2021						
Receivable on derivative contracts, at fair value	$ 230,121	$ 120,374	$ 109,747	$ 2,317	$ 60,440	$ 46,990
Payable for derivative contracts, at fair value	178,570	118,972	59,598	2,317	4,077	53,204
As of December 31, 2020						
Receivable on derivative contracts, at fair value	$ 113,751	$ 62,269	$ 51,482	$ 691	$ 169	$ 50,622
Payable for derivative contracts, at fair value	113,193	37,033	76,160	691	3,174	72,295

(a) Includes financial instruments subject to enforceable master netting provisions that are permitted to be offset to the extent an event of default has occurred.

The realized and unrealized gains/(losses) related to derivatives trading activities were $(56.5) million and $(38.2) million for the three months ended June 30, 2021 and 2020 and $(21.0) million and $(9.4) million for the six months ended June 30, 2021 and 2020, respectively, and are included in Investment income - Securities principal transactions, net in the accompanying condensed consolidated statements of operations. The net gains (losses) on derivative contracts in the table above are one of a number of activities comprising the Company's business activities and are calculated before consideration of economic hedging transactions, which generally offset the net gains (losses) included above.

Pursuant to the various derivatives transactions discussed above, except for exchange traded derivatives and certain options, the Company is required to post/receive collateral. These amounts are recognized in receivable from brokers, dealers and clearing organizations and payable to brokers, dealers and clearing organizations respectively. As of June 30, 2021 and December 31, 2020, all derivative contracts were with major financial institutions.

Other investments

As of June 30, 2021 and December 31, 2020, other investments included the following:

	As of June 30, 2021	As of December 31, 2020
	(dollars in thousands)	
Portfolio funds, at fair value (1)	$ 149,105	$ 133,454
Carried interest (2)	144,428	82,892
Equity method investments (3)	39,209	38,681
	$ 332,742	**$ 255,027**

(1) Portfolio funds, at fair value

The portfolio funds, at fair value as of June 30, 2021 and December 31, 2020, included the following:

	As of June 30, 2021	As of December 31, 2020
	(dollars in thousands)	
Starboard Value and Opportunity Fund LP (c)(*)	$ 47,529	$ 42,519
Formation8 Partners Fund I, L.P. (f)	30,890	31,894
Cowen Healthcare Investments II LP (i) (*)	20,760	26,186
Lagunita Biosciences, LLC (d)	3,768	3,850
Eclipse Ventures Fund I, L.P. (b)	6,445	4,457
HealthCare Royalty Partners II LP (a)(*)	1,625	1,588
HealthCare Royalty Partners LP (a)(*)	900	1,072
Starboard Leaders Fund LP (e)(*)	2,338	2,020
Eclipse SPV I, LP (j)(*)	2,270	1,708
Ramius Merger Fund LLC (m)(*)	2,751	2,197
TriArtisan ES Partners LLC (k)(*)	1,859	1,657
Cowen Healthcare Investments III LP (i)(*)	7,084	5,714
TriArtisan PFC Partners LLC (l)(*)	852	691
Starboard Value and Opportunity Fund Ltd (c) (*)	2,639	2,364
Eclipse Ventures Fund II, L.P. (b)	2,403	1,733
Eclipse Continuity Fund I, L.P. (b)	1,895	1,101
Cowen Sustainable Investments I LP (i)(*)	10,294	—
Difesa Partners, LP (h)	1,014	848
BDC Fund I Coinvest 1, L.P. (g)	1,250	1,250
Other private investment (n)(*)	316	326
Other affiliated funds (o)(*)	223	279
	$ 149,105	**$ 133,454**

* These portfolio funds are affiliates of the Company.

The Company has no unfunded commitments regarding the portfolio funds held by the Company except as noted in Note 17.

(a) HealthCare Royalty Partners, L.P. and HealthCare Royalty Partners II, L.P. are private equity funds and therefore distributions will be made when cash flows are received from the underlying investments, typically on a quarterly basis.

(b) Each of Eclipse Ventures Fund I, L.P., Eclipse Ventures Fund II, L.P. and Eclipse Continuity Fund I, L.P. are venture capital funds which invests in early stage and growth stage hardware companies. Distributions will be made when the underlying investments are liquidated.

(c) Starboard Value and Opportunity Fund LP and Starboard Value and Opportunity Fund Ltd permits quarterly withdrawals upon 90 days' notice.

(d) Lagunita Biosciences, LLC, is a healthcare investment company that creates and grows early stage companies to commercialize impactful translational science that addresses significant clinical needs, is a private equity structure and therefore distributions will be made when the underlying investments are liquidated.

(e) Starboard Leaders Fund LP does not permit withdrawals, but instead allows terminations with respect to capital commitments upon 30 days' prior written notice at any time following the first anniversary of an investor's initial capital contribution.

(f) Formation8 Partners Fund I, L.P. is a private equity fund which invests in early stage and growth transformational information and energy technology companies. Distributions will be made when the underlying investments are liquidated.

(g) BDC Fund I Coinvest 1, L.P. is a private equity fund focused on investing in growth companies in industries disrupted by digitization. Distributions will be made when the underlying investments are liquidated.

(h) Difesa Partners, LP permits semi-annual withdrawals occurring on or after the anniversary of initial contribution upon 90 days written notice.

(i) Cowen Healthcare Investments II LP, Cowen Healthcare Investments III LP and Cowen Sustainable Investments I LP are private equity funds. Distributions are made from the fund when cash flows or securities are received from the underlying investments. Investors do not have redemption rights.

(j) Eclipse SPV I, L.P. is a co-investment vehicle organized to invest in a private company focused on software-driven automation projects. Distributions will be made when the underlying investments are liquidated.

(k) TriArtisan ES Partners LLC is a co-investment vehicle organized to invest in a privately held nuclear services company. Distributions will be made when the underlying investment is liquidated.

(l) TriArtisan PFC Partners LLC is a co-investment vehicle organized to invest in a privately held casual dining restaurant chain. Distributions will be made when the underlying investment in liquidated.

(m) Ramius Merger Fund LLC permits monthly withdrawals on 45 days prior notice.

(n) Other private investment represents the Company's closed end investment in a portfolio fund that invests in a wireless broadband communication provider in Italy.

(o) The majority of these investment funds are affiliates of the Company or are managed by the Company and the investors can redeem from these funds as investments are liquidated.

(2) Carried interest

The Company applies an accounting policy election to recognize incentive income allocated to the Company under an equity ownership model in other investments in the accompanying condensed consolidated statements of financial condition (see Note 2n). Carried interest allocated to the Company from certain portfolio funds represents Cowen's general partner capital accounts from those funds. These balances are subject to change upon cash distributions, additional allocations or reallocations back to limited partners within the respective funds. All carried interest balances are earned from affiliates of the Company.

A portion of the Company's carried interest is granted to employees through profit sharing awards designed to more closely align compensation with the overall realized performance of the Company. These arrangements enable certain employees to earn compensation based on performance revenue earned by the Company and are recorded within compensation payable in the accompanying condensed consolidated statements of financial condition and employee compensation and benefits expense in the accompanying condensed consolidated statements of operation based on the probable and estimable payments under the terms of the awards.

The carried interest as of June 30, 2021 and December 31, 2020, included the following:

	As of June 30, 2021	As of December 31, 2020
	(dollars in thousands)	
Cowen Healthcare Investments II LP	$ 53,122	$ 62,112
Cowen Healthcare Investments III LP	15,016	11,520
Cowen Sustainable Investments I LP	13,745	—
Cowen Sustainable Investments Offshore I LP	18,070	—
CSI I Prodigy Co-Investment LP	6,335	—
CSI PRTA Co- Investment LP	25,100	—
TriArtisan TGIF Partners LLC	3,815	3,361
TriArtisan ES Partners LLC	4,225	3,152
TriArtisan PFC Partners LLC	3,772	1,455
Ramius Multi-Strategy Fund LP	669	734
Ramius Merger Fund LLC	372	368
RCG IO Renergys Sarl	187	190
	$ 144,428	**$ 82,892**

(3) Equity method investments

Equity method investments include investments held by the Company in several operating companies. The operating agreement that governs the management of day-to-day operations and affairs of these entities stipulates that certain decisions require support and approval from other members in addition to the support and approval of the Company. As a result, all operating decisions made in these entities requires the support of both the Company and an affirmative vote of a majority of the other managing members who are not affiliates of the Company. As the Company does not possess control over any of these entities, the presumption of consolidation has been overcome pursuant to current Accounting Standards and the Company accounts for these investments under the equity method of accounting. Included in equity method investments are the investments in (a) HealthCare Royalty Partners General Partners (b) Starboard Value (and certain related parties) which serves as an operating company whose operations primarily include the day-to-day management (including portfolio management) of several activist investment funds and related managed accounts and (c) operating companies whose operations primarily include the day-to-day management of real estate entities.

During 2020, the Company completed assessments of the recoverability of the Company's equity method investments and determined that the carrying value of the investment in Surf House Ocean View Holdings, LLC exceeded the estimated fair value of the Company's interest, which was other than temporary. An other than temporary impairment charge of $4.0 million and $11.3 million for the three and six months ended June 30, 2020, respectively was recognized to reduce the carrying value of the investment to fair value, which was subsequently completely impaired at the end of 2020. Impairment charges are included in net gains (losses) on other investments on the accompanying condensed consolidated statements of operations. The Company recorded no impairment charges in relation to its other equity method investments for the three and six months ended June 30, 2021 and 2020.

The Company elected to use the cumulative earnings approach for the distributions it receives from its equity method investments. Under the cumulative earnings approach, any distributions received up to the amount of cumulative earnings are treated as return on investment and classified in operating activities within the cash flows. Any excess distributions would be considered as return of investments and classified in investing activities.

The following table summarizes equity method investments held by the Company:

	As of June 30, 2021	As of December 31, 2020
	(dollars in thousands)	
Starboard Value LP	$ 30,650	$ 31,528
HealthCare Royalty GP III, LLC	2,268	2,213
RCG Longview Management, LLC	—	268
HealthCare Royalty GP, LLC	626	920
HealthCare Royalty GP II, LLC	275	269
HealthCare Royalty GP IV, LLC	2,063	304
RCG Longview Debt Fund IV Management, LLC	331	331
HCR Overflow Fund GP, LLC	742	740
RCG Longview Equity Management, LLC	105	105
HCR Stafford Fund GP, LLC	1,466	1,025
Liberty Harbor North	222	222
Other	461	756
	$ 39,209	**$ 38,681**

The Company's income (loss) from equity method investments was income of $6.7 million and a loss $6.5 million for the three months ended June 30, 2021 and 2020 and income of $19.4 million and $6.5 million for the six months ended June 30, 2021 and 2020, respectively, and is included in net gains (losses) on other investments on the accompanying condensed consolidated statements of operations.

Securities sold, not yet purchased, at fair value

Securities sold, not yet purchased, at fair value represent obligations of the Company to deliver a specified security at a contracted price and, thereby, create a liability to purchase that security at prevailing prices. The Company's liability for securities to be delivered is measured at their fair value as of the date of the condensed consolidated financial statements. However, these transactions result in off-balance sheet risk, as the Company's ultimate cost to satisfy the delivery of securities sold, not yet purchased, at fair value may exceed the amount reflected in the accompanying condensed consolidated statements of financial condition. As of June 30, 2021 and December 31, 2020, securities sold, not yet purchased, at fair value consisted of the following:

	As of June 30, 2021	As of December 31, 2020
	(dollars in thousands)	
Common stock	$ 1,072,447	$ 699,894
Corporate bonds	37	11,358
Government bonds	—	1,500
Preferred stock	1,147	6,589
Warrants and rights	7,298	8,774
	$ 1,080,929	**$ 728,115**

Securities purchased under agreements to resell/securities sold under agreements to repurchase and securities lending and borrowing transactions

The following tables present the contractual gross and net securities borrowing and lending agreements and securities sold under agreements to repurchase and the related offsetting amount as of June 30, 2021 and December 31, 2020.

	Gross amounts recognized, net of allowance	Gross amounts offset on the Condensed Consolidated Statements of Financial Condition (a)	Net amounts included on the Condensed Consolidated Statements of Financial Condition	Gross amounts not offset on the Condensed Consolidated Statements of Financial Condition: Additional Amounts Available	Financial instruments	Cash Collateral pledged (b)	Net amounts
	(dollars in thousands)						
As of June 30, 2021							
Securities borrowed	$ 1,791,331	$ —	$ 1,791,331	$ —	$ 1,701,594	$ —	$ 89,737
Securities loaned	3,177,201	—	3,177,201	—	3,121,948	—	55,253
Securities sold under agreements to repurchase	2,622	—	2,622	—	2,854	—	(232)
As of December 31, 2020							
Securities borrowed	$ 1,908,187	$ —	$ 1,908,187	$ —	$ 1,809,399	$ —	$ 98,788
Securities loaned	2,476,414	—	2,476,414	—	2,383,342	—	93,072
Securities purchased under agreements to resell	191	—	191	—	204	—	(13)
Securities sold under agreements to repurchase	5,036	—	5,036	—	5,544	—	(508)

(a) Includes financial instruments subject to enforceable master netting provisions that are permitted to be offset to the extent an event of default has occurred.

(b) Includes the amount of cash collateral held/posted.

The following tables present gross obligations for securities loaned and securities sold under agreements to repurchase by remaining contractual maturity and class of collateral pledged as of June 30, 2021 and December 31, 2020:

	Open and Overnight	Up to 30 days	31 - 90 days	Greater than 90 days	Total
	(dollars in thousands)				
As of June 30, 2021					
Securities loaned					
Common stock	$ 2,947,667	$ —	$ —	$ —	$ 2,947,667
Corporate bonds	229,534	—	—	—	229,534
Securities sold under agreements to repurchase					
Corporate bonds	—	—	2,622	—	2,622
As of December 31, 2020					
Securities loaned					
Common stock	2,232,688	—	—	—	2,232,688
Corporate bonds	243,726	—	—	—	243,726
Securities sold under agreements to repurchase					
Corporate bonds	$ —	$ —	$ 5,036	$ —	$ 5,036

Variable Interest Entities

The total assets and liabilities of the variable interest entities for which the Company has concluded that it holds a variable interest, but for which it is not the primary beneficiary, are $9.6 billion and $577.8 million as of June 30, 2021 and $8.0 billion and $1.3 billion as of December 31, 2020, respectively. The carrying value of the Company's exposure to loss for these variable interest entities as of June 30, 2021 was $204.6 million, and as of December 31, 2020 was $210.7 million, all of which is included in other investments, at fair value in the accompanying condensed consolidated statements of financial condition. Additionally, the Company's maximum exposure to loss for the variable interest entities noted above as of June 30, 2021 and December 31, 2020, was $271.3 million and $326.0 million, respectively. The maximum exposure to loss often differs from the carrying value of exposure to loss of the variable interests. The maximum exposure to loss is dependent on the nature of the variable interests in the VIEs and is limited to the notional amounts of certain commitments and guarantees.

b. Consolidated Funds

Securities owned, at fair value

As of June 30, 2021 and December 31, 2020, securities owned, at fair value, held by the Consolidated Funds consisted of the following:

	As of June 30, 2021		As of December 31, 2020	
	(dollars in thousands)			
Common stock	$	3,523	$	4,816
Warrants and rights		—		5,806
	$	**3,523**	**$**	**10,622**

Other investments, at fair value

Investments in portfolio funds, at fair value

As of June 30, 2021 and December 31, 2020, investments in portfolio funds, at fair value, included the following:

	As of June 30, 2021		As of December 31, 2020	
	(dollars in thousands)			
Investments of Enterprise LP	$	102,368	$	104,475
Investments of Cowen Sustainable Investments I LP		—		88,195
	$	**102,368**	**$**	**192,670**

Consolidated portfolio fund investments of Enterprise LP

On May 12, 2010, the Company announced its intention to close Enterprise Master. Enterprise LP operated under a "master-feeder" structure up until January 1, 2019, when Enterprise Master distributed its capital to each feeder and was liquidated. As of June 30, 2021 and December 31, 2020, the consolidated investments in portfolio funds include Enterprise LP's investment in RCG Special Opportunities Fund, Ltd which is a portfolio fund that invests in a limited number of private equity investments directly as well as through affiliated portfolio funds.

Consolidated portfolio fund investments of Cowen Sustainable Investments I LP

Cowen Sustainable Investments I LP ("CSI I LP") is a private investment fund making debt and equity investments in companies and real assets that are accelerating the global transition to a sustainable economy. The fund primarily focuses its investments around four themes: (i) renewable energy and battery storage; (ii) clean transportation; (iii) sustainable agriculture and food production; and (iv) resource and industrial efficiency. CSI I LP has made investments in ecoATM, LLC, a manufacturer and owner of automated kiosks that allow consumers to sell back unwanted smart phones, and Proterra, Inc, a designer and manufacturer of zero-emission electric transit vehicles and electric vehicle technology solutions for commercial applications. CSI I LP is a private equity-style vehicle that does not permit redemptions; proceeds realized from the fund’s investments are expected to be distributed after the end of the fund’s investment period. CSI I LP was consolidated as of December 31, 2020 and deconsolidated during the first quarter of 2021 (See Note 2).

Indirect Concentration of the Underlying Investments Held by Consolidated Funds

From time to time, either directly held by the Company, indirectly through the Company's consolidated entities or indirectly through its investments in the Consolidated Funds, the Company may maintain exposure to a particular issue or issuer (both long and/or short) which may account for 5% or more of the Company's equity. Based on information that is available to the Company as of June 30, 2021 and December 31, 2020, the Company assessed whether or not its interests in an issuer for which the Company's pro-rata share exceeds 5% of the Company's equity. There was one indirect concentration that exceeded 5% of the Company's equity as of June 30, 2021 and December 31, 2020, respectively.

Through its investments in a Consolidated Fund and combined with direct Company investments, the Company maintained exposure to a particular investment which accounted for 5% or more of the Company's equity.

Investment's percentage of the Company's stockholders' equity						
	Issuer	**Security Type**	**Country**	**Industry**	**Percentage of Stockholders' Equity**	**Market Value**
						(dollars in thousands)
As of June 30, 2021	Linkem S.p.A.	Equity, loans and warrants	Italy	Wireless Broadband	7.88 %	$ 86,454
As of December 31, 2020	Linkem S.p.A.	Equity, loans and warrants	Italy	Wireless Broadband	9.07 %	$ 87,944

7. Fair Value Measurements for Operating Entities and Consolidated Funds

The following table presents the assets and liabilities that are measured at fair value on a recurring basis on the accompanying condensed consolidated statements of financial condition by caption and by level within the valuation hierarchy as of June 30, 2021 and December 31, 2020:

	Assets at Fair Value as of June 30, 2021				
	Level 1	**Level 2**	**Level 3**	**Netting (c)**	**Total**
	(dollars in thousands)				
Operating Entities					
Securities owned, at fair value					
Government bonds	$ 4,348	$ —	$ —	$ —	$ 4,348
Preferred stock	4,938	—	105,470	—	110,408
Common stock	3,414,724	343	41,600	—	3,456,667
Convertible bonds	—	—	9,712	—	9,712
Corporate bonds	—	85,865	107	—	85,972
Trade claims	—	—	5,719	—	5,719
Term loan	—	—	12,563	—	12,563
Warrants and rights	20,505	—	11,631	—	32,136
Private investments	—	—	666	—	666
Receivable on derivative contracts, at fair value					
Currency forwards	—	882	—	—	882
Equity swaps	—	189,275	—	(120,374)	68,901
Options	39,720	—	244	—	39,964
Consolidated Funds					
Securities owned, at fair value					
Common stock	3,523	—	—	—	3,523
	$ 3,487,758	**$ 276,365**	**$ 187,712**	**$ (120,374)**	**$ 3,831,461**
Portfolio funds measured at net asset value (a)					149,105
Consolidated Funds' portfolio funds measured at net asset value (a)					102,368
Carried interest (a)					144,428
Equity method investments (a)					39,209
Total investments					**$ 4,266,571**

Cowen Inc.
Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

	Liabilities at Fair Value as of June 30, 2021				
	Level 1	Level 2	Level 3	Netting (c)	Total
	(dollars in thousands)				
Operating Entities					
Securities sold, not yet purchased, at fair value					
Common stock	$ 1,072,447	$ —	$ —	$ —	$ 1,072,447
Corporate bonds	—	37	—	—	37
Preferred stock	1,147	—	—	—	1,147
Warrants and rights	7,298	—	—	—	7,298
Payable for derivative contracts, at fair value					
Futures	115	—	—		115
Currency forwards	—	245	—	—	245
Equity swaps	—	140,380	—	(118,972)	21,408
Interest rate swaps	—	1,108	—	—	1,108
Options	33,103	—	3,619	—	36,722
Accounts payable, accrued expenses and other liabilities					
Contingent consideration liability (b)	—	—	24,810	—	24,810
	$ 1,114,110	**$ 141,770**	**$ 28,429**	**$ (118,972)**	**$ 1,165,337**

(a) In accordance with US GAAP, portfolio funds are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy. Carried interest and equity method investments presented in the table above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the condensed consolidated statement of financial condition.

(b) In accordance with the terms of the purchase agreements for acquisitions that closed during the first quarter of 2019 and the fourth quarter of 2020, the Company is required to pay to the sellers a portion of future net income and/or revenues of the acquired businesses, if certain targets are achieved through the periods ended December 31, 2020 and December 31, 2023. For both the Quarton acquisition, completed during the first quarter of 2019, and the MHT acquisition, completed during the fourth quarter of 2020, the Company estimated the contingent consideration liabilities using a combination of Monte Carlo and Discounted Cash Flow methods which require the Company to make estimates and assumptions regarding the future cash flows and profits. Changes in these estimates and assumptions could have a significant impact on the amounts recognized. The undiscounted amounts for the Quarton acquisition can range from $10.1 million to $25.0 million. The undiscounted amounts for the MHT acquisition have no minimum or maximum as it is calculated based on revenue.

(c) Derivatives are reported on a net basis, by counterparty, when a legal right of offset exists under an enforceable netting agreement as well as net of cash collateral received or posted under enforceable credit support agreements. See Note 2f for further information on offsetting of derivative financial instruments.

Cowen Inc.
Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

	Assets at Fair Value as of December 31, 2020				
	Level 1	Level 2	Level 3	Netting (c)	Total
	(dollars in thousands)				
Operating Entities					
Securities owned, at fair value					
Government bonds	$ 19,721	$ —	$ —	$ —	$ 19,721
Preferred stock	9,391	—	59,967	—	69,358
Common stock	1,746,407	108	23,786	—	1,770,301
Convertible bonds	—	—	6,040	—	6,040
Corporate bonds	—	86,368	135	—	86,503
Trade claims	—	—	8,713	—	8,713
Term loan	—	—	12,623	—	12,623
Private investments	—	—	642	—	642
Warrants and rights	21,154	—	6,547	—	27,701
Receivable on derivative contracts, at fair value					
Currency forwards	—	15	—	—	15
Equity swaps	—	64,634	—	(62,269)	2,365
Options	48,851	—	251	—	49,102
Consolidated Funds					
Securities owned, at fair value					
Common stock	1,865	—	2,951	—	4,816
Warrants and rights	—	—	5,806	—	5,806
	$ 1,847,389	**$ 151,125**	**$ 127,461**	**$ (62,269)**	**$ 2,063,706**
Portfolio funds measured at net asset value (a)					133,454
Consolidated Funds' portfolio funds measured at net asset value (a)					192,670
Carried interest (a)					82,892
Equity method investments (a)					38,681
Total investments					**$ 2,511,403**

	Liabilities at Fair Value as of December 31, 2020				
	Level 1	Level 2	Level 3	Netting (c)	Total
	(dollars in thousands)				
Operating Entities					
Securities sold, not yet purchased, at fair value					
US Government securities	$ —	$ —	$ 1,500	$ —	$ 1,500
Common stock	699,894	—	—	—	699,894
Corporate bonds	—	10,654	704	—	11,358
Preferred stock	6,589	—	—	—	6,589
Warrants and rights	8,774	—	—	—	8,774
Payable for derivative contracts, at fair value					
Currency forwards	—	3,067	—	—	3,067
Equity swaps	—	43,560	—	(37,033)	6,527
Options	62,651	—	3,915	—	66,566
Accounts payable, accrued expenses and other liabilities					
Contingent consideration liability (b)	—	—	36,718	—	36,718
	$ 777,908	**$ 57,281**	**$ 42,837**	**$ (37,033)**	**$ 840,993**

(a) In accordance with US GAAP, portfolio funds are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy. Carried interest and equity method investments presented in the table above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the condensed consolidated statement of financial condition.

(b) In accordance with the terms of the purchase agreements for acquisitions that closed during the first quarter of 2019 and the fourth quarter of 2020, the Company is required to pay to the sellers a portion of future net income and/or revenues of the acquired businesses, if certain targets are achieved through the periods ended December 31, 2020 and December 31, 2023. For both the Quarton acquisition, completed during the first quarter of 2019, and the MHT acquisition, completed during the fourth quarter of 2020, the Company estimated the contingent consideration liabilities using a combination of Monte Carlo and Discounted Cash Flow methods which require the Company to make estimates and assumptions regarding the future cash flows and profits. Changes in these estimates and assumptions could have a significant impact on the amounts recognized. The undiscounted amounts for the Quarton acquisition can range from $10.1 million to $35.1 million. The undiscounted amounts for the MHT acquisition have no minimum or maximum as it is calculated based on revenue.

(c) Derivatives are reported on a net basis, by counterparty, when a legal right of offset exists under an enforceable netting agreement as well as net of cash collateral received or posted under enforceable credit support agreements. See Note 2f for further information on offsetting of derivative financial instruments.

The following table includes a roll forward of the amounts for the three and six months ended June 30, 2021 and 2020 for financial instruments classified within level 3. The classification of a financial instrument within level 3 is based upon the significance of the unobservable inputs to the overall fair value measurement.

	Three Months Ended June 30, 2021							
	Balance at March 31, 2021	Transfers in	Transfers out	Purchases/(covers)	(Sales)/shorts	Realized and Unrealized gains/losses	Balance at June 30, 2021	Change in unrealized gains/losses relating to instruments still held (1)
	(dollars in thousands)							
Operating Entities								
Preferred stock	$ 56,476	$ —	$ —	$ 46,801	$ —	$ 2,193	$ 105,470	$ 2,193
Common stock	22,706	3,409 (e)	—	6,246	(5,086)	14,325	41,600	14,820
Convertible bonds	3,137	—	—	4,777	(3,000)	4,798	9,712	4,799
Corporate bonds	136	—	—	12	(55)	14	107	20
Options, asset	241	—	—	—	—	3	244	3
Options, liability	3,297	—	—	—	—	322	3,619	322
Term Loan	12,424	—	—	—	—	139	12,563	139
Warrants and rights	7,924	2,928 (e)	—	—	(404)	1,183	11,631	1,348
Trade claims	5,905	—	—	813	(88)	(911)	5,719	(2,923)
Private investments	1,085	—	—	—	(419)	—	666	—
Corporate bond, liability	415	—	—	—	(110)	(305)	—	—
Government bonds, liability	522	—	—	—	(291)	(231)	—	—
Contingent consideration liability	19,579	—	—	—	—	5,231	24,810	5,231
Consolidated Funds								
Preferred stock	—	—	—	—	—	—	—	—
Common stock	2,951	(4,000) (e)	—	—	—	1,049	—	—
Warrants and rights	5,329	—	—	—	(3,777)	(1,552)	—	—

	Three Months Ended June 30, 2020							
	Balance at March 31, 2020	Transfers in	Transfers out	Purchases/(covers)	(Sales)/shorts	Realized and Unrealized gains/losses	Balance at June 30, 2020	Change in unrealized gains/losses relating to instruments still held (1)
	(dollars in thousands)							
Operating Entities								
Preferred stock	$ 8,200	$ 45,530 (c)	$ —	$ —	$ (2,100)	$ (150)	$ 51,480	$ 2,411
Common stock	17,510	—	(8) (a)	—	(3,163)	477	14,816	(328)
Convertible bonds	2,786	—	—	2,295	—	—	5,081	—
Corporate bonds	2,812	—	—	98	(1,938)	(214)	758	(214)
Options, asset	332	—	—	—	—	5	337	5
Options, liability	1,802	—	—	—	—	375	2,177	375
Term Loan	—	11,149 (c)	—	—	—	210	11,359	210
Warrants and rights	598	3,615 (a)(c)	—	—	—	412	4,625	412
Trade claims	9,183	—	—	550	(2,215)	(363)	7,155	(383)
Private investments	465	—	—	25	—	(58)	432	(58)
Corporate bond, liability	800	—	—	—	—	—	800	—
Government bonds, liability	1,500	—	—	—	—	—	1,500	—
Contingent consideration liability	28,658	—	—	—	(4,253)	2,596	27,001	2,596
Consolidated Funds								
Preferred stock	4,393	—	(4,000) (d)	—	—	(393)	—	—
Common stock	100,000	4,000 (d)	—	—	—	(1,049)	102,951	(1,049)
Warrants and rights	5,611	—	—	—	—	247	5,858	247

	Six Months Ended June 30, 2021							
	Balance at December 31, 2020	Transfers in	Transfers out	Purchases/(covers)	(Sales)/shorts	Realized and Unrealized gains/losses	Balance at June 30, 2021	Change in unrealized gains/losses relating to instruments still held (1)
	(dollars in thousands)							
Operating Entities								
Preferred stock	$ 59,967	$ —	$ —	$ 48,659	$ (4,651)	$ 1,495	$ 105,470	$ (1,830)
Common stock	23,786	3,409 (e)	(5,354) (b)	9,472	(6,473)	16,760	41,600	16,498
Convertible bonds	6,040	—	—	5,827	(6,930)	4,775	9,712	4,776
Corporate bond	135	—	—	82	(103)	(7)	107	(29)
Options, asset	251	—	—	—	—	(7)	244	(7)
Options, liability	3,915	—	—	—	—	(296)	3,619	(296)
Term loan	12,623	—	—	322	—	(382)	12,563	(382)
Warrants and rights	6,548	2,928 (e)	—	3,406	(1,610)	359	11,631	504
Trade claims	8,713	—		2,191	(4,304)	(881)	5,719	(1,902)
Private investments	642	—	—	443	(419)	—	666	—
Corporate bond, liability	704	—	—	—	(399)	(305)	—	—
Government bonds, liability	1,500	—	—	—	(1,569)	69	—	—
Contingent consideration liability	37,952	—	—	—	(11,312)	(1,830)	24,810	(1,830)
Consolidated Funds								
Common stock	2,951	(4,000) (e)	—	—	—	1,049	—	—
Warrants and rights	5,806	—	—	—	(4,447)	(1,359)	—	—

Cowen Inc.
Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

	Six Months Ended June 30, 2020							
	Balance at December 31, 2019	Transfers in	Transfers out	Purchases/(covers)	(Sales)/shorts	Realized and Unrealized gains/losses	Balance at June 30, 2020	Change in unrealized gains/losses relating to instruments still held (1)
	(dollars in thousands)							
Operating Entities								
Preferred stock	$ 7,835	$ 45,530 (c)	$ —	$ 365	$ (2,100)	$ (150)	$ 51,480	$ 2,411
Common stock	17,466	—	(8) (a)	1,798	(3,755)	(685)	14,816	(1,585)
Convertible bonds	2,500	—	—	2,581	—	—	5,081	—
Corporate Bond, asset	2,421	—	—	520	(1,962)	(221)	758	(202)
Options, asset	336	—	—	—	—	1	337	1
Options, liability	2,920	—	—	—	—	(743)	2,177	(743)
Warrants and rights	594	3,615 (a)(c)	—	—	—	416	4,625	416
Term Loan	—	11,149 (c)	—	—	—	210	11,359	210
Trade claim	7,083	1,044 (a)	—	1,716	(2,215)	(473)	7,155	(493)
Private investments	237	—	—	258	—	(63)	432	(63)
Corporate bond, liability	1,000	—	—	—	—	(200)	800	(200)
Government bonds, liability	1,950	—	—	—	—	(450)	1,500	(450)
Contingent consideration liability	30,896	—	—	—	(5,653)	1,758	27,001	1,758
Consolidated Funds								
Preferred stock	4,393	—	(4,000) (d)	—	—	(393)	—	—
Common stock	—	4,000 (d)	—	100,000	—	(1,049)	102,951	(1,049)
Warrants and rights	$ 5,567	$ —	$ —	$ —	$ —	$ 291	$ 5,858	$ 291

(1) Unrealized gains/losses are reported in Investment income - Securities principal transactions, net in the accompanying condensed consolidated statements of operations.

(a) The security stopped trading on an open market.

(b) The entity in which the Company is invested completed an initial public offering.

(c) The company consolidated an operating entity which holds preferred stock, loans and warrants.

(d) The investment was involved in a reverse merger and preferred stock was converted to common shares.

(e) Fair market value derived using models and private transaction levels.

Certain assets and liabilities are measured at fair value on a nonrecurring basis and therefore are not included in the tables above.

The Company recognizes all transfers and the related unrealized gain (loss) at the beginning of the reporting period.

Transfers between level 2 and 3 generally relate to whether significant relevant observable inputs are available for the fair value measurements or due to change in liquidity restrictions for the investments.

The following table includes quantitative information as of June 30, 2021 and December 31, 2020 for financial instruments classified within level 3. The table below quantifies information about the significant unobservable inputs used in the fair value measurement of the Company's level 3 financial instruments.

	Quantitative Information about Level 3 Fair Value Measurements					
	Fair Value June 30, 2021		Valuation Techniques	Unobservable Inputs	Range	Weighted Average
Level 3 Assets	(dollars in thousands)					
Common and preferred stocks	$	76,106	Discounted cash flows Guideline companies Probability of Success	Discount rate EBITDA Market Multiples Probability of Success	11% - 20% 6.25x - 6.75x 75% - 100%	12% 6.5x 88%
Options		244	Discounted cash flows Guideline companies	Discount rate EBITDA Market Multiples	11% - 13% 6.25x - 6.75x	12% 6.5x
Trade claims		2,639	Discounted cash flows	Discount rate	20%	20%
Warrants and rights		4,659	Discounted cash flows Guideline companies	Discount rate EBITDA Market Multiples	11% - 13% 6.25x - 6.75x	12.0% 6.5x
Corporate, convertible bonds and term loan		12,563	Discounted cash flows Guideline companies	Discount rate EBITDA Market Multiples	11% - 13% 6.25x - 6.75x	12% 6.5x
Other level 3 assets (a)		91,501				
Total level 3 assets	**$**	**187,712**				
Level 3 Liabilities						
Options		3,619	Option pricing models	Volatility	35%	35%
Contingent consideration liability		24,810	Discounted cash flows Monte Carlo simulation	Discount rate Volatility	7% - 15% 18% - 20%	14% 18%
Total level 3 liabilities	**$**	**28,429**				

	Quantitative Information about Level 3 Fair Value Measurements					
	Fair Value at December 31, 2020		Valuation Techniques	Unobservable Inputs	Range	Weighted Average
Level 3 Assets	(dollars in thousands)					
Common and preferred stocks	$	65,735	Discounted cash flows Guideline companies	Discount rate EBITDA Market Multiples	10% - 12% 6.25x - 6.75x	11% 6.5x
Trade claims		3,500	Discounted cash flows	Discount rate	15%	15%
Warrants and rights		11,217	Discounted cash flows Guideline companies	Discount rate EBITDA Market Multiples	4% - 11% 6.25x - 6.75x	7% 6.5x
Options		251	Discounted cash flows Guideline companies	Discount rate EBITDA Market Multiples	10% - 12% 6.25x - 6.75x	11% 6.5x
Corporate, convertible bonds and term loan		12,623	Discounted cash flows Guideline companies	Discount rate EBITDA Market Multiples	10% - 12% 6.25x - 6.75x	11% 6.5x
Other level 3 assets (a)		34,135				
Total level 3 assets	**$**	**127,461**				
Level 3 Liabilities						
Options		3,915	Option pricing models	Volatility	35%	35%
Contingent consideration liability		36,718	Discounted cash flows Monte Carlo simulation	Discount rate Volatility	9% - 16% 22% - 24%	15% 22%
Other level 3 liabilities (a)		2,204				
Total level 3 liabilities	**$**	**42,837**				

(a) The quantitative disclosures exclude financial instruments for which the determination of fair value is based on prices from recent transactions.

The Company has established valuation policies, procedures and internal control infrastructure over the 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, the Company’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.

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 holds various equity and debt 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 and options 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.

Other financial assets and liabilities

The following table presents the carrying values and fair values, at June 30, 2021 and December 31, 2020, 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. For additional information regarding the financial instruments within the scope of this disclosure, and the methods and significant assumptions used to estimate their fair value (see Note 2e).

	June 30, 2021				December 31, 2020				
	Carrying Amount		Fair Value		Carrying Amount		Fair Value		Fair Value Hierarchy
	(dollars in thousands)								
Financial Assets									
Operating companies									
Cash and cash equivalents	$ 806,887		$ 806,887		$ 645,169		$ 645,169		Level 1
Cash collateral pledged	64,895		64,895		110,743		110,743		Level 2
Segregated cash	178,179		178,179		185,141		185,141		Level 1
Securities purchased under agreements to resell	—		—		191		204		Level 2
Securities borrowed	1,791,331		1,791,331		1,908,187		1,908,187		Level 2
Loans receivable	3,415		3,415	(d)	7,682		7,682	(d)	Level 3
Consolidated Funds									
Cash and cash equivalents	298		298		417		417		Level 1
Financial Liabilities									
Securities sold under agreements to repurchase	2,622		2,854		5,036		5,544		Level 2
Securities loaned	3,177,201		3,177,201		2,476,414		2,476,414		Level 2
Convertible debt	—		—		80,808	(a)	135,444	(b)	Level 2
Notes payable and other debt	480,899	(e)	508,269	(c)	383,067	(e)	405,840	(c)	Level 2

(a) The carrying amount of the convertible debt includes an unamortized discount of $6.7 million as of December 31, 2020.

(b) The convertible debt includes the conversion option and is based on the last broker quote available.

(c) Notes payable and other debt are based on the last broker quote available.

(d) The fair market value of level 3 loans is calculated using discounted cash flows where applicable.

(e) The carrying amount of the notes payable and other debt includes an unamortized discount and unamortized premium of $1.4 million and $0.3 million as of June 30, 2021, respectively and unamortized premium of $0.4 million as of December 31, 2020.

8. Deposits with Clearing Organizations, Brokers and Banks

Under the terms of agreements between the Company and some of its clearing organizations, brokers and banks, balances owed are collateralized by certain of the Company's cash and securities balances. As of June 30, 2021 and December 31, 2020, the Company had a total of $96.1 million and $105.0 million, respectively, in deposit accounts with clearing organizations, brokers and banks that could be used as collateral to offset losses incurred by the clearing organizations, brokers and banks, on behalf of the Company's activities, if such losses were to occur.

9. Receivable From and Payable To Brokers, Dealers and Clearing Organizations

Receivable from and payable to brokers, dealers and clearing organizations includes cash held at the clearing brokers, amounts receivable or payable for unsettled transactions, monies borrowed and proceeds from short sales equal to the fair value of securities sold, not yet purchased, at fair value, which are restricted until the Company purchases the securities sold short. Pursuant to the master netting agreements the Company entered into with its brokers, dealers and clearing organizations, these balances are presented net (assets less liabilities) across balances with the same counterparty. The Company's receivable from and payable to brokers, dealers and clearing organizations balances are held at multiple financial institutions.

As of June 30, 2021 and December 31, 2020, amounts receivable from brokers, dealers and clearing organizations include:

	As of June 30, 2021	As of December 31, 2020
	(dollars in thousands)	
Broker-dealers	$ 2,102,520	$ 1,608,273
Securities failed to deliver	45,143	55,655
Clearing organizations	37,964	41,795
Securities borrowed/loaned interest receivable	22,115	24,021
	$ 2,207,742	**$ 1,729,744**

As of June 30, 2021 and December 31, 2020, amounts payable to brokers, dealers and clearing organizations include:

	As of June 30, 2021	As of December 31, 2020
	(dollars in thousands)	
Broker-dealers	$ 362,116	$ 286,011
Securities failed to receive	91,007	68,036
Clearing organizations	58,118	33,732
Securities borrowed/loaned interest payable	19,627	27,364
	$ 530,868	**$ 415,143**

10. Receivable From and Payable To Customers

As of June 30, 2021 and December 31, 2020, receivable from customers of $185.8 million and $104.0 million, respectively, consist of amounts owed by customers relating to securities transactions not completed on settlement date and receivables arising from prepaid research.

As of June 30, 2021 and December 31, 2020, payable to customers of $2.7 billion and $1.7 billion, respectively, include amounts due on cash and margin transactions to the Company's clients, some of which have their assets held by a Company omnibus account, which are included within receivables from brokers, dealers and clearing organizations in the accompanying condensed consolidated statements of financial condition. In the omnibus structure, positions that are owned by Cowen International Ltd are fully cross collateralized by client funds, meaning that the Company does not have market risk. Additionally, Cowen International Ltd has no obligation to settle any trade that it deems inappropriate from a risk perspective, adding an important market and counterparty risk mitigating factor.

11. Commission Management Payable

The Company receives a gross commission from various brokers, which is then used to fund commission sharing and recapture arrangements, less the portion retained as income to the Company. Accrued commission sharing and commission recapture payable of $126.0 million and $117.0 million, as of June 30, 2021 and December 31, 2020, respectively, are classified as commission management payable in the accompanying condensed consolidated statements of financial condition.

12. Non-Controlling Interests in Consolidated Subsidiaries and Investment Funds

Redeemable and nonredeemable non-controlling interests in consolidated subsidiaries and investment funds and the related net income (loss) attributable to non-controlling interests in consolidated subsidiaries and investment funds are comprised as follows:

	As of June 30, 2021	As of December 31, 2020
	(dollars in thousands)	
Nonredeemable non-controlling interests in consolidated subsidiaries and investment funds		
Operating companies	129,229	83,818
Consolidated Funds	37,270	115,806
	$ 166,499	**$ 199,624**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
	(dollars in thousands)			
Income (loss) attributable to non-controlling interests in consolidated subsidiaries and investment funds				
Operating companies	$ 14,125	$ 3,104	$ 21,786	$ 3,231
Consolidated Funds	(370)	30,009	(3,469)	(32,306)
	$ 13,755	**$ 33,113**	**$ 18,317**	**$ (29,075)**

13. Revenue from Contracts with Customers

For the three and six months ended June 30, 2021 and 2020, the following tables presents revenues from contracts with customers disaggregated by fee type and segment.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
	(dollars in thousands)			
Revenue from contracts with customers	**Operating Company**			
Investment banking				
Underwriting fees	$ 88,680	$ 133,695	$ 242,984	$ 196,965
Strategic/financial advisory fees	100,518	39,634	174,073	61,630
Placement and sales agent fees	31,380	25,977	103,924	43,573
Expense reimbursements from clients	4,403	4,676	8,834	6,842
Total investment banking revenue	224,981	203,982	529,815	309,010
Brokerage				
Commissions	128,404	121,685	290,196	254,611
Trade conversion revenue	3,848	4,327	7,978	8,966
Equity research fees	4,997	5,016	9,590	9,044
Total brokerage revenue from customers	137,249	131,028	307,764	272,621
Management fees	14,768	11,424	40,267	22,771
Incentive income	169	—	2,427	—
Total revenue from contracts with customers - Op Co	**$ 377,167**	**$ 346,434**	**$ 880,273**	**$ 604,402**
	Asset Company			
Management fees	226	229	470	486
Incentive income	—	—	—	—
Total revenue from contracts with customers - Asset Co	**226**	**229**	**470**	**486**
Total revenue from contracts with customers	**$ 377,393**	**$ 346,663**	**$ 880,743**	**$ 604,888**

14. Insurance and reinsurance

The Company completed the acquisition of Cowen Insurance Co on February 26, 2021. (See Note 3). Cowen Insurance Co is a Malta based insurance company that reinsures a significant proportion of its portfolio (“Outward Reinsurance”). The Company's wholly owned Luxembourg subsidiary, Hollenfels Re SA ("Hollenfels") provides reinsurance to third party insurance and reinsurance companies (“Inward Reinsurance”). Cowen Insurance Co’s and Hollenfels' share of claims incurred and paid during the periods below, as well as the change in claims outstanding and claims incurred but not reported ("IBNR") during these periods, net of reinsurance, were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
	(dollars in thousands)			
Incurred and paid claims				
Insurance (net of Outward Reinsurance)	$ 1,055	$ —	$ 1,798	$ —
Inward Reinsurance	1,533	3,693	5,438	7,928
Total	**$ 2,588**	**$ 3,693**	**$ 7,236**	**$ 7,928**
Change in claims outstanding and claims IBNR				
Insurance (net of Outward Reinsurance)	$ (75)	$ —	$ (211)	$ —
Inward Reinsurance	(72)	(7)	(631)	3,034
Total	**$ (147)**	**$ (7)**	**$ (842)**	**$ 3,034**

Cowen Insurance Co and Hollenfels utilize several methods to determine their claims IBNR. Cowen Insurance Co and Hollenfels generally employ an estimation methodology whereby historical average claims ratios over a period of up to 10 years are utilized, based on availability of data. In cases where current claims development contradicts historical results, Cowen Insurance Co and Hollenfels employ a method to average claims ratios derived through different actuarial calculation methods. If an event occurs that may give rise to significant future claims in excess of the amount calculated using the above-mentioned methodologies, the impact of such an event is calculated using existing claims data and actuarial estimation methods to adjust Cowen Insurance Co's and Hollenfels's IBNR provision. During the three and six months ended June 30, 2021, claims liability and claim adjustment expenses were calculated using the above-mentioned methods consistent with prior years.

While Cowen Insurance Co and Hollenfels typically settle their premiums and claim payments on a quarterly basis, the frequency of claims in the underlying policies is impractical for Cowen Insurance Co and Hollenfels to obtain. Cowen Insurance Co and Hollenfels write contracts on both a proportional and non-proportional basis. The contracts contain inspection rights to allow the companies to inspect the policy documents that provide the source for the underlying data provided by the cedant. This negates the need for them to collect and hold the documents themselves which would be impracticable. Cowen Insurance Co and Hollenfels did not discount any of its reserves and did not cede any portion of its exposures during the three and six months ended June 30, 2021 and 2020.

From time to time, Cowen Insurance Co and Hollenfels may enter into insurance and reinsurance agreements that require it to post collateral of cash or U.S. government bonds to cover certain exposures as defined in the respective insurance and reinsurance agreements. As of June 30, 2021, Hollenfels had pledged $61.5 million of collateral towards such reinsurance obligations, of which $61.5 million was all cash following the redemption of $13.7 million of U.S. government bonds in June 2021. The amount pledged was reduced by $59.0 million from the amounts pledged at December 31, 2020. This is due to the redemption of bonds and repayment of a loan. Hollenfels expects $40.5 million of the cash collateral pledged to be released on September 30, 2023. The remaining cash collateral of $21.0 million is expected to be released periodically between June 30, 2021 and March 31, 2024 in accordance with the terms of the underlying insurance and reinsurance agreements. As of June 30, 2021, Cowen Insurance Company had no pledged collateral.

15. Share-Based Payments, Deferred Compensation and Employee Ownership Plans

The Company has issued share-based compensation under the 2010 and 2020 Equity Incentive Plan (the "Equity Plans"). The Equity Plans permit the grant of options, restricted shares, restricted stock units, and other equity-based awards to the Company's employees and directors. Stock options granted generally vest over two to five-year periods and expire seven years from the date of grant. Restricted shares and restricted share units issued, both of which are eligible to accrue dividend equivalents, may be immediately vested or may generally vest over a two-to five-year period. Awards are subject to the risk of forfeiture, inclusive of accrued dividend equivalents. As of June 30, 2021, there were 0.7 million shares available for future issuance under only the 2020 Equity Incentive Plan.

Under the Equity Plans, the Company awarded $34.1 million of deferred cash awards to its employees during the six months ended June 30, 2021. These awards vest over a four-year period and accrue interest at 0.70% per year. As of June 30, 2021, the Company had unrecognized compensation expense related to the Equity Plans' deferred cash awards of $76.3 million.

The Company measures compensation cost for share-based awards according to the equity method. In accordance with the expense recognition provisions of those standards, the Company amortizes unearned compensation associated with share-based awards on a straight-line basis over the vesting period of the option or award, net of estimated forfeitures. In relation to awards under the Equity Plan, the Company recognized compensation expense of $22.8 million and $15.3 million for the three months ended June 30, 2021 and 2020 and $51.0 million and $23.6 million for the six months ended June 30, 2021 and 2020, respectively. The income tax effect recognized for the Equity Plans was a benefit of $12.1 million and $3.5 million for the three months ended June 30, 2021 and 2020 and $23.0 million and $5.3 million for the six months ended June 30, 2021 and 2020, respectively.

Restricted Stock Units Granted to Employees

Restricted shares and restricted stock units are referred to collectively as restricted stock. The following table summarizes the Company's restricted share and restricted stock unit activity for the six months ended June 30, 2021 and 2020:

	Six Months Ended June 30, 2021		Six Months Ended June 30, 2020	
	Nonvested Restricted Class A Common Shares and Class A Common Restricted Stock Units	Weighted-Average Grant Date Fair Value	Nonvested Restricted Class A Common Shares and Class A Common Restricted Stock Units	Weighted-Average Grant Date Fair Value
Beginning balance outstanding	5,450,191	$ 17.56	5,364,486	$ 16.67
Granted	1,683,983	35.10	2,268,759	17.23
Vested	(1,122,823)	6.49	(1,290,624)	15.23
Canceled	—	—	(87,348)	14.80
Forfeited	(24,582)	18.31	(35,441)	15.95
Ending balance outstanding	**5,986,769**	**$ 24.57**	**6,219,832**	**$ 17.20**

Included in the restricted share and restricted stock unit activity are performance-linked restricted stock units of 1,603,630 which were awarded in March 2016, April 2019, July 2020 and February 2021. Each RSU is equal to one share of the Company's Class A common stock. Certain of the awards granted have the ability to be cash settled when the attained award exceeds a certain percentage of granted amount. The cash portion of the award has been bifurcated from the equity component and recorded as a compensation payable in the accompanying condensed consolidated statement of financial condition. Of the awards granted, 379,319 have vested and 320,681 have been canceled, as they did not meet the performance criteria, through June 30, 2021. Included in vested shares are 233,333 shares that had an attainable value of 420,000, due to reaching certain performance goals, and were delivered in March 2021. Of this attainable value 350,000 shares were settled in the issuance of restricted stock units and were delivered in March 2021 with the remaining 70,000 shares being settled in cash at the volume weighted average price on settlement date. The remaining awards, included in the outstanding balance as of June 30, 2021, vest between December 2021 and December 2023 and will be earned only to the extent that the Company attains specified market conditions relating to its volume-weighted average share price and total shareholder return in relation to certain benchmark indices and performance goals relating to aggregate net income and average return on shareholder equity. The actual number of RSUs ultimately earned could vary from zero, if performance goals are not met, to as much as 220% of the targeted award. Compensation expense is recognized to the extent that it is probable that the Company will attain the performance goals. The fair value of restricted stock is determined based on the number of shares granted and the quoted price of the Company's common stock on the date of grant.

As of June 30, 2021, there was $102.5 million of unrecognized compensation expense related to the Company's grant of nonvested restricted shares and restricted stock units to employees. Unrecognized compensation expense related to nonvested restricted shares and restricted stock units granted to employees is expected to be recognized over a weighted-average period of 1.97 years.

Restricted Shares and Restricted Stock Units Granted to Non-Employee Board Members

There were no restricted stock units awarded to non-employee board members during the three and six months ended June 30, 2021 and 2020. The Company delivered 14,620 units to non-employee board members during the three and six months ended June 30, 2021 and none were delivered in three and six months ended June 30, 2020. As of June 30, 2021 and December 31, 2020, there were 244,916 and 259,536 restricted stock units outstanding for non-employee board members, respectively.

Other Share Based Payments

In certain circumstances, the Company grants carried interest in consolidated managing member/general partner subsidiaries to third parties through the grant of equity awards in exchange for professional, advisory and other services. The equity awards are recorded within additional paid in capital in the accompanying condensed consolidated statements of financial condition and professional, advisory and other fees expense in the accompanying condensed consolidated statements of operations based on the fair value of the award granted and expensed over the terms of the award. In addition, the equity awards provide the third parties profit points aligned to the allocated carried interest distributions. Upon vesting of the awards, the third parties' allocation of carried interest is determined by applying an equity ownership model. Accordingly, the Company accrues carried interest allocations based on the fair value of the underlying investments assuming hypothetical liquidation at book value upon vesting as nonredeemable non-controlling interest.

16. Income Taxes

The taxable results of the Company's U.S. operations are included in the consolidated income tax returns of Cowen, Inc. as well as stand-alone state and local tax returns. The Company has subsidiaries that are resident in foreign countries where tax filings are submitted on a stand-alone basis. These subsidiaries are subject to tax in their respective countries and the Company is responsible for and, thus, reports all taxes incurred by these subsidiaries. The countries where the Company owns subsidiaries that file tax returns are United Kingdom, Luxembourg, Malta, Gibraltar, Germany, Switzerland, South Africa, Canada, and Hong Kong.

The Company calculates its U.S. tax provision using the estimated annual effective tax rate methodology. The tax expense or benefit caused by an unusual or infrequent item is recorded in the quarter in which it occurs. To the extent that information is not available for the Company to fully determine the full year estimated impact of an item of income or tax adjustment, the Company calculates the tax impact of such item discretely. Accordingly, the Company uses the discrete methodology to calculate the income tax provision for its foreign subsidiaries and the tax impact of income attributable to redeemable non-controlling interests in consolidated subsidiaries and investment funds. Based on these methodologies, the Company's effective income tax rate was 23.45% and 36.90% for the six months ended June 30, 2021 and 2020, respectively. During the six months ended June 30, 2021, the items whose tax impact were recorded discretely related primarily to foreign taxes, as well as stock compensation.

For the six months ended June 30, 2021, the effective tax rate differs from the statutory rate of 21% primarily due to income attributable to non-controlling interests in consolidated subsidiaries and investment funds, global intangible low-taxes income, stock compensation, as well as other nondeductible expenses. For the six months ended June 30, 2020, the effective tax rate differs from the statutory rate of 21% primarily due to losses attributable to non-controlling interests in consolidated subsidiaries and investment funds, foreign taxes, stock compensation, as well as other nondeductible expenses.

As a result of the enactment of the American Rescue Plan Act signed on March 11, 2021, the Company is required to assess the tax impact of the Act in the quarter the law was enacted. Based on management analysis, there was no material impact on the Company's financial statements as of June 30, 2021.

The Company maintained an uncertain tax position liability of $0.3 million as of June 30, 2021 and December 31, 2020 related to New York State tax matters.

The Company records deferred tax assets and liabilities for the future tax benefit or expense that will result from differences between the carrying value of its assets for income tax purposes and for financial reporting purposes, as well as for operating or capital loss and tax credit carryovers. A valuation allowance is recorded to bring the net deferred tax assets to a level that, in management's view, is more likely than not to be realized in the foreseeable future. This level will be estimated based on a number of factors, especially the amount of net deferred tax assets of the Company that are actually expected to be realized, for tax purposes, in the foreseeable future. As of June 30, 2021, the Company recorded a valuation allowance against deferred tax assets related to its foreign tax credits and foreign net operating losses.

The Company is subject to examination by the United States Internal Revenue Service as well as state, local and foreign tax authorities in jurisdictions where the Company has significant business operations, such as New York, United Kingdom, Luxembourg, Malta, Germany and Switzerland. Currently, the Company is under audit by New York State for the 2013 to 2017 tax years. Management is not expecting a material tax liability from these audits.

The Company continues to permanently reinvest the capital and accumulated earnings of its subsidiaries in the United Kingdom, Malta, Germany, Switzerland, Canada, South Africa, and Hong Kong.

17. Commitments and Contingencies

Operating Lease Obligations

The Company has entered into leases for real estate and other facilities. These leases contain rent escalation clauses and options to extend the lease term. The Company does not include renewal options in the lease term for calculating the Company's lease liability as the renewal options allow the Company operational flexibility and the Company is not reasonably certain to exercise these renewal options at this time. The Company records the expenses related to occupancy and equipment on a straight-line basis over the lease term and these expenses are included in occupancy and equipment expense and client services and business development expense in the accompanying condensed consolidated statements of operations.

For the three and six months ended June 30, 2021 and 2020, quantitative information regarding the Company's operating lease obligations reflected in the accompanying condensed consolidated statements of operations were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
	(dollars in thousands)			
Lease cost				
Operating lease cost	$ 5,833	$ 5,672	$ 11,603	$ 11,357
Short-term lease cost	32	52	65	197
Variable lease cost	864	815	1,770	1,603
Sublease income	(156)	(217)	(316)	(433)
Total lease costs	**$ 6,573**	**$ 6,322**	**$ 13,122**	**$ 12,724**

The following table summarizes the supplemental cash flow information and certain other information related to operating leases for the six months ended June 30, 2021 and 2020:

	Six Months Ended June 30,	
	2021	2020
	(dollars in thousands)	
Other information		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 13,625	$ 13,906
Weighted average remaining lease term - operating leases (in years)	4.60	4.93
Weighted average discount rate - operating leases	4.09 %	4.16 %

As of June 30, 2021, maturities of the outstanding operating lease liabilities for the Company were as follows:

	Equipment Leases (operating)	Real Estate and Other Facility Rental (a) (b)
	(dollars in thousands)	
2021	$ 136	$ 11,584
2022	150	23,519
2023	11	19,962
2024	—	16,671
2025	—	6,087
Thereafter	—	10,062
Total operating leases	297	87,885
Less discount	13	8,968
Less short-term leases	—	41
Total lease liability	**$ 284**	**$ 78,876**

(a) The Company has entered into various agreements to sublease certain of its premises.

(b) During the six months ended June 30, 2021, the Company recognized an increase of $7.1 million of operating right-of-use assets and leases liabilities related to for facility leases.

See Note 18 for further information on the finance lease minimum payments.

Other Commitments

As of June 30, 2021, future minimum annual service payments for the Company were as follows:

	Service Payments
	(dollars in thousands)
2021	$ 13,230
2022	18,893
2023	9,478
2024	5,254
2025	3,366
Thereafter	10,594
Total service payment commitments	**$ 60,815**

Unfunded Commitments

The following table summarizes unfunded commitments as of June 30, 2021:

Entity	Unfunded Commitments		Commitment Term
	(dollars in thousands)		
HealthCare Royalty Partners funds (a)	$	7,207	3.50 years
Eclipse Ventures Fund I, L.P.	$	28	3.50 years
Eclipse Fund II, L.P.	$	45	4.50 years
Eclipse Continuity Fund I, L.P.	$	39	5.50 years
Cowen Healthcare Investments III LP	$	4,126	5.50 years
Cowen Sustainable Investments I LP	$	14,706	8.50 years

(a) The Company is a limited partner of the HealthCare Royalty Partners funds (which are managed by Healthcare Royalty Management) and is a member of HealthCare Royalty Partners General Partners. The Company will make its pro-rata investment in the HealthCare Royalty Partners funds along with the other limited partners.

Litigation

In the ordinary course of business, the Company and its affiliates, subsidiaries and current and former officers, directors and employees (the "Company and Related Parties") are 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. Certain of the Company's affiliates and subsidiaries are registered broker-dealers, futures commission merchants, investment advisers or other regulated entities and, in those capacities, are subject to regulation by various U.S., state and foreign securities, commodity futures 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 the Company's regulated activities.

Due to the global scope of the Company's operations, and its presence in countries around the world, the Company and Related Parties may be subject to litigation, governmental and regulatory examinations, information gathering requests, investigations and proceedings (both formal and informal), in multiple jurisdictions with legal and regulatory regimes that may differ substantially, and present substantially different risks, from those to which the Company and Related Parties are subject in the United States.

The Company seeks to resolve all litigation and regulatory matters in the manner management believes is in the best interests of the Company and its shareholders, 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 pending matter.

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 includes 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.

The Company appropriately reserves for certain matters where, in the opinion of management, the likelihood of liability is probable and the extent of such liability is reasonably estimable. Such amounts are included within accounts payable, accrued expenses and other liabilities in the accompanying condensed consolidated statements of financial condition. Estimates, by their nature, are based on judgment and currently available information and involve a variety of factors, including, but not limited to, the type and nature of the litigation, claim or proceeding, the progress of the matter, the advice of legal counsel, the Company's defenses and its experience in similar cases or proceedings as well as its assessment of matters, including settlements, involving other defendants in similar or related cases or proceedings. The Company may increase or decrease its legal reserves in the future, on a matter-by-matter basis, to account for developments in such matters. The Company accrues legal fees as incurred.

18. Convertible Debt and Notes Payable

As of June 30, 2021 and December 31, 2020, the Company's outstanding debt was as follows:

	As of June 30, 2021		As of December 31, 2020	
	(dollars in thousands)			
Convertible debt	$	—	$	80,808
Notes payable		173,772		307,653
Term loan		290,639		—
Other notes payable		14,135		72,505
Finance lease obligations		2,353		2,909
	$	**480,899**	**$**	**463,875**

Convertible Debt

December 2022 Convertible Notes

The Company, on December 14, 2017, issued $135.0 million aggregate principal amount of 3.00% convertible senior notes due December 2022 (the “December 2022 Convertible Notes”). The December 2022 Convertible Notes have a final maturity date of December 15, 2022 unless earlier repurchased by the Company or converted by the holder in accordance with their terms prior to such date. The interest on the December 2022 Convertible Notes is payable semi-annually on December 15 and June 15 of each year. The December 2022 Convertible Notes are senior unsecured obligations of Cowen. The December 2022 Convertible Notes were issued with an initial conversion price of $17.375 per share of Cowen's Class A common stock. Pursuant to the indenture governing the December 2022 Convertible Notes, conversions of the December 2022 Convertible Notes will be settled by the delivery and/or payment, as the case may be, of Cowen’s Class A Common Stock, cash, or a combination thereof, at the Company's election.

The Company recognized the embedded cash conversion option at issuance date fair value, which also represents the initial unamortized discount on the December 2022 Convertible Notes of $23.4 million and is shown net in convertible debt in the accompanying condensed consolidated statements of financial condition. On June 26, 2018, the Company received shareholder approval for the Company to settle the December 2022 Convertible Notes entirely in Class A common stock. Upon receiving shareholder approval, the Company reclassified the separately recognized conversion option from a derivative liability to equity.

During December 2020, the Company repurchased and extinguished $46.9 million of the outstanding principal amount of the December 2022 Convertible Notes for cash consideration of $70.5 million. In conjunction with the partial extinguishment of the December 2022 Convertible Notes, the Company accelerated the pro rata unamortized discount of $3.6 million and capitalized debt issuance costs of $0.4 million. The Company allocated $29.6 million of the cash consideration paid to the extinguishment of the equity component of the December 2022 Convertible Notes. The Company recognized $2.7 million of gain on debt extinguishment.

On March 24, 2021, the Company issued a redemption notice announcing that the Company would redeem all of the December 2022 Convertible Notes, and provided holders the option to elect to settle the as-converted value of the notes as allowed under the terms of the December 2022 Convertible Notes. As a result of the Company’s call for redemption of the December 2022 Convertible Notes, the December 2022 Convertible Notes were convertible, at the option of the holder at any time prior to June 22, 2021, the second business day prior to the December 2022 Convertible Notes' Redemption Date. On June 24, 2021 (the "Redemption Date") the Company redeemed all of the outstanding principal of the December 2022 Convertible Notes. The redemption amount was determined based on the holders election to convert, which allowed for either 100.00% of the principal amount thereof plus accrued and unpaid interest on such principal amount up to June 15, 2021, to, but not including the Redemption Date of the December 2022 Convertible Notes, or the value of the common shares to be issued on conversion. The settlement method for the December 2022 Convertible Notes was $88.1 million in cash, (the outstanding principal amount of the December 2022 Convertible Notes) and 2,938,841 shares of the Company’s Class A common stock, (the remainder of the conversion obligation in excess of the principal amount). The conversion rate on the December 2022 Convertible Notes on the Redemption Date was 33.35 shares of the Company’s Class A common stock per $1,000 principal amount of December 2022 Convertible Notes converted. In conjunction with the redemption of the remaining December 2022 Convertible Notes, the Company accelerated the pro rata unamortized discount of $5.1 million and capitalized debt issuance costs of $0.5 million.

Amortization on the discount, included within interest and dividends expense in the accompanying condensed consolidated statements of operations is $0.7 million and $1.1 million for the three months ended June 30, 2021 and 2020, and $1.5 million and $2.3 million for the six months ended June 30, 2021 and 2020, respectively, based on an effective interest rate of 7.13%. The Company capitalized the debt issuance costs in the amount of $2.2 million, which is a direct deduction from the carrying value of the debt and was amortized over the life of the December 2022 Convertible Notes in interest and dividends expense in the accompanying condensed consolidated statements of operations. The Company recorded interest expense of $0.6 million and $1.0 million for the three months ended June 30, 2021 and 2020 and $1.3 million and $2.0 million for the six months ended June 30, 2021 and 2020, respectively.

Notes Payable

May 2024 Notes

On May 7, 2019, the Company completed its private placement of $53.0 million aggregate principal amount of 7.25% senior notes due May 2024 (the "May 2024 Notes") with certain institutional investors. On September 30, 2019, the Company issued an additional $25.0 million of the same series of notes. The additional May 2024 Notes were purchased at a premium of $0.5 million, which is shown net in notes payable in the accompanying condensed consolidated statement of financial condition. To date the May 2024 Notes have maintained their initial private rating, and the interest rate has remained unchanged. Interest on the May 2024 Notes is payable semi-annually in arrears on May 6 and November 6. The Company recorded interest expense of $1.4 million and $1.4 million for the three months ended June 30, 2021 and 2020 and $2.8 million and $2.8 million for the six months ended June 30, 2021 and 2020, respectively. The Company capitalized debt issuance costs of approximately $1.5 million in May 2019 and $0.6 million in September 2019, which is a direct deduction from the carrying value of the debt and will be amortized over the life of the May 2024 Notes in interest and dividends expense in the accompanying condensed consolidated statements of operations.

June 2033 Notes

On June 11, 2018, the Company completed its public offering of $90.0 million of 7.75% senior notes due June 2033 (the "June 2033 Notes") and subsequently the underwriters exercised in full their option to purchase an additional $10.0 million principal amount of the June 2033 Notes. Interest on the June 2033 Notes is payable quarterly in arrears on March 15, June 15, September 15 and December 15. The Company recorded interest expense of $1.9 million and $1.9 million for the three months ended June 30, 2021 and 2020 and $3.9 million and $3.9 million for the six months ended June 30, 2021 and 2020, respectively. The Company capitalized debt issuance costs of approximately $3.6 million which is a direct deduction from the carrying value of the debt and will be amortized over the life of the June 2033 Notes in interest and dividends expense in the accompanying condensed consolidated statements of operations.

December 2027 Notes

On December 8, 2017, the Company completed its public offering of $120.0 million of 7.35% senior notes due December 2027 (the "December 2027 Notes") and subsequently the underwriters exercised in full their option to purchase an additional $18.0 million principal amount of the December 2027 Notes. Interest on the December 2027 Notes is payable quarterly in arrears on March 15, June 15, September 15 and December 15. The Company recorded interest expense of $2.5 million for the three months ended June 30, 2020 and $2.5 million and $5.1 million for six months ended June 30, 2021 and 2020, respectively. The Company capitalized debt issuance costs of approximately $5.0 million which is a direct deduction from the carrying value of the debt and will be amortized over the life of the December 2027 Notes in interest and dividends expense in the accompanying condensed consolidated statements of operations. The net proceeds of the offering, after deducting the underwriting discount and estimated offering expenses payable by the Company were used to redeem all of its 8.25% senior notes due October 2021 and for general corporate purposes.

On March 24, 2021, the Company delivered payment of and discharged all $138.0 million outstanding aggregate principal of the December 2027 Notes plus accrued and unpaid interest through the effective redemption date of April 23, 2021. In conjunction with the extinguishment of the December 2027 Notes , the Company accelerated the pro-rata capitalized debt issuance costs. For the three and six months ended June 30, 2021, the Company recognized $4.4 million of loss on debt extinguishment, respectively.

Term Loan

March 2028 Term Loan

On March 24, 2021, the Company borrowed $300 million of first lien term loan due March 24, 2028 (the “March 2028 Term Loan”). The interest on the March 2028 Term Loan is payable at the option of the Company on a monthly, quarterly or bi-annual rate equal to London Inter-bank Offered Rate ("LIBOR") (of no less than the floor of 0.75%) plus a margin of 3.25%. The Company is required to pay 1.00% per annum of the original principal amount of the March 2028 Term Loan. The obligations of the Company for the March 2028 Term Loan are guaranteed by certain of the Company’s wholly-owned domestic subsidiaries (excluding its broker-dealer subsidiaries) (the “Guarantors”) and secured by substantially all of the assets of the Company and the Guarantors, subject in each case to certain customary exceptions. The terms of the March 2028 Term Loan contain customary affirmative and negative covenants, including standard leverage and financial incurrence covenants. Proceeds from the term loan were used to (i) satisfy and discharge and redeem the Company's 2027 Senior Notes, (ii) redeem the Company's December 2022 Convertible Notes that remained outstanding as of March 31, 2021 and pay the cash settlement amount in connection with the conversion of December 2022 Convertible Notes prior to that redemption date, and (iii) for the payment of fees, commissions, premiums, expenses and other transaction costs (including original issue discount or upfront fees) payable in connection with the transactions related thereto. As of June 30, 2021, the outstanding principal amount of the March 2028 Term Loan was $298.5 million.

Interest expense for the March 2028 Term Loan was $3.0 million for the three months ended June 30, 2021 and $3.2 million for the six months ended June 30, 2021, based on an effective interest rate of 4.46%. The Company capitalized debt issuance costs of approximately $6.6 million and initial unamortized discount of $1.5 million which is a direct deduction from the carrying value of the debt and will be amortized over the life of the March 2028 Term loan in interest and dividends expense in the accompanying condensed consolidated statements of operations.

June 2020 Term Loan

On June 30, 2017, a subsidiary of the Company borrowed $28.2 million to fund general corporate purposes. In July 2019, the subsidiary of the Company borrowed separately, from the same lender, $4.0 million to fund general corporate purposes. Each loan was secured by the value of the Company's limited partnership interests in two affiliated investment funds. The Company had provided a guarantee for these loans. Both loans had an effective interest rate of LIBOR plus 3.75% with a lump sum payment of the entire combined principal amount due (as amended) on June 26, 2020 when they were both fully repaid. The Company recorded interest expense of $0.3 million and $0.8 million for the three and six months ended June 30, 2020, respectively.

Other Notes Payable

During January 2021, the Company borrowed $3.0 million to fund insurance premium payments. This note had an effective interest rate of 2.01% and was due in December 2021, with monthly payment requirements of $0.3 million. As of June 30, 2021, the outstanding balance on this note was $1.6 million. Interest expense for the three and six months ended June 30, 2021 was insignificant.

During November 2019, the Company borrowed $2.6 million to fund general corporate capital expenditures. This note had an effective interest rate of 6% and is due in November 2024, with monthly payment requirements of $0.1 million. As of June 30, 2021, the outstanding balance on this note was $1.8 million. Interest expense was insignificant for the three months ended June 30, 2021 and $0.1 million for six months ended June 30, 2021.

On September 30, 2020, the Company borrowed $72.0 million from Purple Protected Asset S-81 ("PPA S-81"), a Luxembourg entity unrelated to Cowen. The Company repaid $60.0 million of the PPA S-81 loan in June 2021. The loan is payable on September 30, 2023, had an initial interest rate of 1.4 times the Secured Overnight Financing Rate ("SOFR") plus 6.07% until December 31, 2020 and 1.4 times the SOFR plus 5.8% until June 30, 2021 and 3.65 times the SOFR plus 4.0% thereafter with quarterly interest payments. The loan obligation, as well as a loan issued by The Military Mutual Ltd (a United Kingdom company unrelated to Cowen) with principal of $28.4 million that was sold by Hollenfels to PPA S-81 at fair value for no gain or loss on September 30, 2020, are fully cash collateralized through a reinsurance policy provided by Hollenfels which is reflected in cash collateral pledged in the condensed consolidated statements of financial condition as of December 31, 2020 (see Notes 4 and 14). The Company capitalized debt issuance costs of approximately $1.7 million which is a direct deduction from the carrying value of the loan and will be amortized over the life of the loan in interest and dividends expense shown in the accompanying condensed consolidated statements of operations. The Company recorded interest expense of $1.0 million for the three months ended June 30, 2021 and $2.1 million six months ended June 30, 2021, related to its loan payable to PPA S-81.

Spike Line

Pursuant to an amendment in May 2020, Cowen and Company replaced Cowen Execution Services LLC ("Cowen Execution") as the borrower and accepted, reaffirmed and assumed all of Cowen Execution's rights, duties, obligations and liabilities under the spike line facility and the related loan documents. In August 2020, Cowen and Company renewed a one-year committed spike line facility to cover short term increases in National Securities Clearing Corporation margin deposit requirements. The spike line facility has a capacity of $70 million. This facility has (i) an effective interest rate equal to the Federal Funds rate plus 2.50% on any money drawn from the liquidity facility and (ii) a commitment or unused line fee that is 50 basis points on the undrawn amount. All amounts outstanding under this facility were fully repaid during the second quarter of 2020. Interest expense for the three and six months ended June 30, 2020 was $0.1 million and $0.2 million, respectively.

Revolving Credit Facility

In December 2019, the Company entered into a two-year committed corporate credit facility with a capacity of $25.0 million. This credit facility has (i) an effective interest rate equal to LIBOR plus 3.25% on any money drawn from the credit facility and (ii) a commitment or unused line fee that is 50 basis points on the undrawn amount. All amounts outstanding under this credit facility were fully repaid during the second quarter of 2020. Interest expense for the three and six months ended June 30, 2020 was $0.2 million and $0.3 million, respectively.

Finance Lease Obligations

The Company has entered into various finance leases for computer equipment. These finance lease obligations are included in notes payable and other debt in the accompanying condensed consolidated statements of financial condition.

For the three and six months ended June 30, 2021 and 2020, quantitative information regarding the Company's finance lease obligations reflected in the accompanying condensed consolidated statements of operations, the supplemental cash flow information and certain other information related to finance leases were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
	(dollars in thousands)			
Lease cost				
Finance lease cost:				
Amortization of finance lease right-of-use assets	$ 318	$ 308	$ 627	$ 615
Interest on lease liabilities	$ 31	$ 43	$ 65	$ 92
Other information				
Cash paid for amounts included in the measurement of lease liabilities:				
Operating cash flows from finance leases			$ 65	$ 92
Financing cash flows from finance leases			$ 856	$ 604
Weighted average remaining lease term - operating leases (in years)			2.08	2.72
Weighted average discount rate - operating leases			4.73 %	4.88 %

Annual scheduled maturities of debt and minimum payments (of principal and interest) for all debt outstanding as of June 30, 2021, are as follows:

	Notes Payable	Term Loan	Other Notes Payable	Finance Lease Obligation
	(dollars in thousands)			
2021	$ 6,703	$ 7,463	$ 5,111	$ 622
2022	13,405	14,835	593	1,238
2023	13,405	14,715	12,593	481
2024	88,578	14,595	543	82
2025	7,750	14,475	—	42
Thereafter	158,125	310,163	—	12
Subtotal	287,966	376,246	18,840	2,477
Less (a)	(114,194)	(85,607)	(4,705)	(124)
Total	**$ 173,772**	**$ 290,639**	**$ 14,135**	**$ 2,353**

(a) Amount necessary to reduce net minimum payments to present value calculated at the Company's implicit rate at inception. This amount also includes capitalized debt costs and the unamortized discount on the Company's convertible debt.

Letters of Credit

As of June 30, 2021, the Company has six irrevocable letters of credit, related to leased office space, for which there is cash collateral pledged, which the Company pays a fee on the stated amount of the letter of credit. The Company also has pledged cash collateral for reinsurance agreements (See Note 4).

To the extent any letter of credit is drawn upon, interest will be assessed at the prime commercial lending rate. As of June 30, 2021 and December 31, 2020, there were no amounts due related to these letters of credit.

19. Stockholder's Equity

The Company is authorized to issue 125,000,000 shares of common stock, which shall consist of 62,500,000 shares of Class A common stock, par value $0.01 per share, and 62,500,000 shares of Class B common stock, par value $0.01 per share. The Company is also authorized to issue 10,000,000 shares of preferred stock, par value $0.01 per share. Subject to the rights of holders of any outstanding preferred stock, the number of authorized shares of common stock or preferred stock may be increased or decreased by the affirmative vote of the holders of a majority of the shares entitled to vote on such matters, but in no instance can the number of authorized shares be reduced below the number of shares then outstanding.

Common stock

The certificate of incorporation of the Company provides for two classes of common stock, and for the conversion of each class into the other, to provide a mechanism by which holders of Class A common stock of the Company who may be limited in the amount of voting common stock of the Company they can hold pursuant to federal, state or foreign bank laws, to convert their shares into non-voting Class B common stock to prevent being in violation of such laws. Each holder of Class A common stock is entitled to one vote per share in connection with the election of directors and on all other matters submitted to a stockholder vote, provided, however, that, except as otherwise required by law, holders of Class A common stock are not entitled to vote on any amendment to the Company's amended and restated certificate of incorporation that relates solely to the terms of one or more outstanding series of the Company's preferred stock, if holders of the preferred stock series are entitled to vote on the amendment under the Company's certificate of incorporation or Delaware law. No holder of Class A common stock may accumulate votes in voting for directors of the Company.

No holder of Class B common stock is entitled to vote except as otherwise provided by law, provided however that the Company must obtain the consent of a majority of the holders of Class B common stock to effect any amendment, alteration or repeal of any provision of the Company's amended and restated certificate of incorporation or amended and restated by-laws that would adversely affect the voting powers, preferences or rights of holders of Class B common stock. Except as otherwise provided by law, Class B common stock shares will not be counted as shares held by stockholders for purposes of determining whether a vote or consent has been approved or given by the requisite percentage of shares.

Each share of Class A common stock is convertible at the option of the holder and at no cost into one share of Class B common stock, and each share of Class B common stock is convertible at the option of the holder and at no cost into one share of Class A common stock. The conversion ratios will be adjusted proportionally to reflect any stock split, stock dividend, merger, reorganization, recapitalization or other change in the Class A common stock and Class B common stock. Upon conversion, converted shares resume the status of authorized and unissued shares.

Subject to the preferences of the holders of any of the Company's preferred stock that may be outstanding from time to time, each share of Class A common stock and Class B common stock will have an equal and ratable right to receive dividends and other distributions in cash, property or shares of stock as may be declared by the Company's board of directors out of assets or funds legally available for the payment of dividends and other distributions.

In the event of the liquidation, dissolution or winding up of the Company, subject to the preferences of the holders of any preferred stock of the Company that may be outstanding from time to time, holders of Class A common stock and Class B common stock will be entitled to share equally and ratably in the assets available for distribution to the Company's stockholders. There are no redemption or sinking fund provisions applicable to the Class A or the Class B common stock.

Preferred Stock

The Company's amended and restated certificate of incorporation permits the Company to issue up to 10,000,000 shares of preferred stock in one or more series with such designations, titles, voting powers, preferences and rights and such qualifications, limitations and restrictions as may be fixed by the board of directors of the Company without any further action by the Company's stockholders. The Company's board of directors may increase or decrease the number of shares of any series of preferred stock following the issuance of that series of preferred stock, but in no instance can the number of shares of a series of preferred stock be reduced below the number of shares of the series then outstanding.

Preferred Stock and Purchase of Capped Call Option

On May 19, 2015, the Company completed its offering of 120,750 shares of the Company's 5.625% Series A cumulative perpetual convertible preferred stock ("Series A Convertible Preferred Stock") that provided $117.2 million of proceeds, net of underwriting fees and issuance costs of $3.6 million. Each share of the Series A Convertible Preferred Stock is entitled to dividends at a rate of 5.625% per annum, which will be payable, when and if declared by the board of directors of the Company, quarterly, in arrears, on February 15, May 15, August 15 and November 15 of each year. The Company may, at its option, pay dividends in cash, common stock or a combination thereof. The Company declared and accrued a cash dividend in respect of the Series A Convertible Preferred Stock of $1.7 million for the three months ended June 30, 2021 and 2020, respectively and $3.4 million for the six months ended June 30, 2021 and 2020, respectively.

Each share of Series A Convertible Preferred Stock is non-voting and has a liquidity preference over the Company's Class A common stock and ranks senior to all classes or series of the Company's Class A common stock, but junior to all of the Company's existing and future indebtedness with respect to dividend rights and rights upon the Company's involuntary liquidation, dissolution or winding down.

Each share of Series A Convertible Preferred Stock is convertible, at the option of the holder, into a number of shares of the Company's Class A common stock equal to the liquidation preference of $1,000 divided by the conversion rate. The initial conversion rate (subsequent to the December 5, 2016 reverse stock split) is 38.0619 shares (which equates to $26.27 per share) of the Company's Class A common stock for each share of the Series A Convertible Preferred Stock. At any time on or after May 20, 2020, when the Company's capped call option expired, the Company may elect to convert all outstanding shares of the Series A Convertible Preferred Stock into shares of the Company's Class A common stock, cash or a combination thereof, at the Company's election, in each case, based on the then-applicable conversion rate (which at December 31, 2020 was 38.488), if the last reported sale price of the Company's Class A common stock equals or exceeds 150% of the then-current conversion price on at least 20 trading days (whether or not consecutive) during the period of 30 consecutive trading days (including on the last trading day of such period) immediately prior to such election. At the time of conversion, the conversion rate may be adjusted based on certain events, including but not limited to the issuance of cash dividends or Class A common stock as dividends to the Company's Class A common shareholders or a share split or combination. The Company has the intent and ability to settle the preferred shares in cash and, as a result, the preferred shares do not have an impact on the Company's diluted earnings per share calculation (See Note 21).

Embedded Cash Conversion Option on the December 2022 Convertible Notes

Upon issuance of the December 2022 Convertible Notes (see Note 18), the Company recognized the embedded cash conversion option at fair value of $23.4 million which was valued as of June 26, 2018 at $29.0 million. On June 26, 2018, the Company received shareholder approval for the Company to settle the December 2022 Convertible Notes entirely in Class A common stock. Upon receiving shareholder approval, the Company reclassified the separately recognized conversion option from a derivative liability to equity. The Company allocated $29.6 million of the cash consideration paid on the December 2020 partial extinguishment of the Convertible Notes (see Note 18) to this equity component. The Company redeemed all of the remaining convertible notes on June 24th, 2021.

Cash Dividends to Common Stockholders

During the first quarter of 2020, the Company began the declaration of a quarterly cash dividend payable on its common stock. During March 2021, the Company's Board of Directors declared a cash dividend of $0.08 per share of Class A common stock. Dividends are payable on all outstanding shares of Class A common stock and on granted but unvested shares of Class A common stock under the Equity Plans on the date of record (See Note 15). During the three and six months ended June 30, 2021, the Company paid $2.9 million and $5.2 million of cash dividends to its holders of Class A common stock, respectively.

Treasury Stock

Treasury stock of $438.7 million as of June 30, 2021, compared to $346.9 million as of December 31, 2020, resulted from $21.2 million acquired through repurchases of shares to cover employee minimum tax withholding obligations related to stock compensation vesting events under the Equity Plans or other similar transactions, $0.03 million received from an escrow account established to satisfy the Company's indemnification claims arising under the terms of the purchase agreement entered into in connection with the Company's acquisition of Convergex Group, LLC and $70.5 million purchased in connection with a share repurchase program.

The following represents the activity relating to the treasury stock held by the Company during the six months ended June 30, 2021:

	Treasury Stock Shares	Cost (dollars in thousands)	Average Cost per Share
Balance outstanding at December 31, 2020	22,619,863	$ 346,870	$ 15.33
Shares purchased for minimum tax withholding under the 2010 and 2020 Equity Plans or other similar transactions	515,062	21,232	41.22
Shares of stock received in respect of indemnification claims	1,155	29	25.33
Purchase of treasury stock	1,880,952	70,540	37.50
Balance outstanding at June 30, 2021	**25,017,032**	**$ 438,671**	**$ 17.53**

20. Accumulated Other Comprehensive Income (Loss)

Accumulated other comprehensive income includes the after tax change in Other revenues in the accompanying condensed consolidated statement of operations. During the periods presented, the Company did not have material reclassifications out of other comprehensive income.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
	(dollars in thousands)			
Beginning balance	$ (3)	$ (5)	$ (7)	$ (5)
Foreign currency translation	1	—	5	—
Ending balance	**$ (2)**	**$ (5)**	**$ (2)**	**$ (5)**

21. Earnings Per Share

Basic earnings per share is calculated by dividing net income attributable to the Company's common stockholders by the weighted average number of shares of Class A common stock outstanding for the period. As of June 30, 2021, there were 28,995,801 shares of Class A common stock outstanding. As of June 30, 2021, the Company has included 244,916 fully vested, unissued restricted stock units and restricted shares in its calculation of basic earnings per share. As of December 31, 2020, there were 26,845,628 shares of Class A common stock outstanding. As of December 31, 2020, the Company has included 334,230 fully vested, unissued restricted stock units in its calculation of basic earnings per share.

Diluted earnings per common share are calculated by adjusting the weighted average outstanding shares to assume conversion of all potentially dilutive items. The Company uses the treasury stock method to reflect the potential dilutive effect of the unvested restricted shares, and restricted stock units. In calculating the number of dilutive shares outstanding, the shares of common stock underlying unvested restricted shares and restricted stock units are assumed to have been delivered, for the entire period being presented. The number of performance-linked unvested restricted stock units that are included in the calculation are at the amount that could be earned using current payout rates. The assumed proceeds from the assumed vesting, delivery and exercising were calculated as the amount of compensation cost attributed to future services and not yet recognized.

The Company previously concluded that it had the intent and ability to settle the December 2022 Convertible Notes in cash and, as a result, the convertible notes did not have an impact on the Company's diluted earnings per share calculation. On March 24, 2021, the Company issued a redemption notice announcing that the Company would redeem all of the December 2022 Convertible Notes (See Note 18). On June 24, 2021, the Company cash settled the December 2022 Convertible Notes up to the principal amount of the December 2022 Convertible Notes and share settled through the delivery of shares of the Company’s Class A common stock for the remainder of the conversion obligation in excess of the principal amount. The shares issued are within basic earnings per share subsequent to June 24, 2021. Prior to that date, the Company has applied the if-converted method to the portion of the December 2022 notes above the principal amount that settled in shares upon a conversion in dilutive earnings per share.

The Company can elect to settle the Series A Convertible Preferred Stock in shares, cash, or a combination of both. The Company's intent is to settle in cash and, based on current and projected liquidity needs, the Company has the ability to do so.

The computation of earnings per share is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
	(dollars and share data in thousands, except per share data)			
Net income (loss)	$ 59,078	$ 146,948	$ 211,144	74,837
Net income (loss) attributable to non-controlling interests in consolidated subsidiaries and investment funds	13,755	33,113	18,317	(29,075)
Net income (loss) attributable to Cowen Inc.	45,323	113,835	192,827	103,912
Preferred stock dividends	1,698	1,698	3,396	3,396
Net income (loss) attributable to Cowen Inc. common stockholders	**$ 43,625**	**$ 112,137**	**$ 189,431**	**$ 100,516**
Shares for basic and diluted calculations:				
Weighted average shares used in basic computation	26,903	27,983	27,130	28,289
Performance based restricted stock	771	—	608	—
Contingently issuable common stock in connection with an acquisition	18	—	9	—
December 2022 Convertible Notes	2,743	—	2,840	—
Restricted stock	3,423	1,333	3,116	1,355
Weighted average shares used in diluted computation	**33,858**	**29,316**	**33,703**	**29,644**
Earnings (loss) per share:				
Basic	$ 1.62	$ 4.01	$ 6.98	$ 3.55
Diluted	$ 1.29	$ 3.83	$ 5.62	$ 3.39

22. Segment Reporting

The Company has two reportable business segments: Op Co and Asset Co. The Op Co segment consists of Cowen Investment Management ("CIM"), Investment Banking, Markets and Research. The Asset Co segment consists of the Company's private investments, private real estate investments and other legacy investment strategies.

Segment Measures

The measure of profit or loss for these segments is Economic Income (Loss), which management uses to evaluate the financial performance of and make operating decisions for the segments including determining appropriate compensation levels. Expenses not directly associated with specific segments are allocated based on the most relevant measures applicable, including headcount, square footage and other factors.

In general, Economic Income (Loss) is an after tax measure, which excludes the impact of deferred taxes and (i) includes management reclassifications which the Company believes provides additional insight into the performance of the Company’s core businesses and divisions (ii) eliminates the impact of consolidation for Consolidated Funds and (iii) excludes (1) goodwill and certain other impairments (2) certain other transaction-related adjustments and/or reorganization expenses and (3) certain costs associated with debt.

The Company does not disclose total asset information for its business segments as the information is not reviewed by the Chief Operating Decision Maker ("CODM"). The Op Co and Asset Co segments do not conduct inter-segment transactions.

The following table sets forth operating results for the Company's consolidated US GAAP net income (loss) and related reclassifications and adjustments necessary to reconcile to the Company's Economic Income (Loss) measure which represents the Company's Op Co and Asset Co segments' results:

Cowen Inc.
Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
	(dollars in thousands)			
Economic Income				
Op Co	$ 51,149	$ 164,338	$ 195,006	$ 167,
Asset Co	(3,655)	(3,073)	(5,128)	(19,
Adjustments made to arrive at Income (loss) before income taxes				
Non-controlling Interest	13,755	33,113	18,317	(29,
Preferred stock dividends	1,698	1,698	3,396	3,
Amortization of (discount)/premium on convertible debt	(772)	(1,131)	(1,544)	(2,
Acquisition related amounts	(76)	76	(317)	
Contingent liability adjustments	(5,230)	(2,596)	1,566	(1,
Debt extinguishment gain (loss) and accelerated debt costs	(5,557)	—	(10,095)	
Bargain purchase gain	—	—	3,855	
Goodwill and other impairment	—	(545)	—	(
Net Income tax effect	7,766	(44,932)	6,088	(43,
Net income (loss)	**$ 59,078**	**$ 146,948**	**$ 211,144**	**$ 74,**

Economic Income (Loss) information provided and reviewed by the CODM includes (i) non-interest revenue, (ii) interest revenue, (iii) interest expense, (iv) depreciation and amortization expense and (v) income taxes (subsequent to 2020 after all available net operating losses were utilized) presented on an Economic Income (Loss) basis by Segment. The following table sets forth the included segment information on a US GAAP basis with reconciliations to consolidated amounts.

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	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
	(dollars in thousands)			
Op Co				
Non-Interest Revenue	$ 397,454	$ 593,367	$ 1,095,340	$ 766,490
Interest Revenue	57,904	45,637	109,007	79,303
Interest Revenue, Consolidated funds	—	(155)	—	422
Total Revenues	455,358	638,849	1,204,347	846,215
Interest Expense	60,147	45,974	113,950	79,613
Interest Expense, Consolidated funds	—	611	—	1,672
Depreciation and Amortization	4,561	6,194	8,910	11,630
Income Taxes	11,765	44,932	66,850	43,759
Asset Co				
Non-Interest Revenue	3,188	7,137	1,520	(3,558)
Interest Revenue	209	196	411	246
Interest Revenue, Consolidated funds	2	2	4	4
Total Revenues	3,399	7,335	1,935	(3,308)
Interest Expense	1,930	1,726	3,204	3,415
Interest Expense, Consolidated funds	—	—	—	—
Depreciation and Amortization	4	6	9	12
Income Taxes	(1,521)	—	(2,178)	—
Total Segment				
Non-Interest Revenue *	400,642	600,504	1,096,860	762,932
Interest Revenue	58,113	45,833	109,418	79,549
Interest Revenue, Consolidated funds	2	(153)	4	426
Total Revenues	**$ 458,757**	**$ 646,184**	**$ 1,206,282**	**$ 842,907**
Interest and Dividend Expense (includes dividend expense of $1.0 million and $1.6 million for the three months ended June 30, 2021 and 2020, respectively and $3.6 million, and $5.1 million for the six months ended June 30, 2021 and 2020, respectively)	63,073	49,304	120,714	88,096
Interest and Dividend Expense, Consolidated funds (includes dividend expense of $0.2 million and $0.4 million for the three and six months ended June 30, 2020, respectively)	—	812	—	2,064
Depreciation and Amortization	4,565	6,200	8,919	11,642
Income Taxes	10,244	44,932	64,672	43,759

* Includes dividend revenue of $4.0 million and $2.1 million for the three months ended June 30, 2021 and 2020, respectively and $12.1 million and $10.4 million for the six months ended June 30, 2021 and 2020, respectively. In addition, includes dividend revenue, consolidated funds, of $0.5 million and $2.4 million for the three and six months ended June 30 2020, respectively.

23. Regulatory Requirements

As registered broker-dealers, Cowen and Company, ATM Execution, Cowen Prime and Westminster are subject to the SEC's Uniform Net Capital Rule 15c3-1 ("SEC Rule 15c3-1"), which requires the maintenance of minimum net capital. Each registered broker-dealer has elected to compute net capital under the alternative method permitted by that rule. Under the alternative method, Cowen and Company's minimum net capital requirement, as defined in (a)(4) of SEC Rule 15c3-1, is equal to the greater of $1.0 million or 2% of aggregate debits arising from customer transactions. ATM Execution, Cowen Prime and Westminster are required to maintain minimum net capital, as defined in (a)(1)(ii) of SEC Rule 15c3-1, equal to the greater of $250,000 or 2% of aggregate debits arising from customer transactions. Advances to affiliates, repayment of borrowings, distributions, dividend payments, and other equity withdrawals are subject to certain notification and other provisions of SEC Rule 15c3-1 and other regulatory bodies.

Cowen Prime is also subject to Commodity Futures Trading Commission ("CFTC") Regulation 1.17 ("Regulation 1.17"). Regulation 1.17 requires net capital equal to or in excess of $45,000 or the amount of net capital required by SEC Rule 15c3-1, whichever is greater. Cowen and Company is also subject to Options Clearing Corporation ("OCC") Rule 302. OCC Rule 302 requires maintenance of net capital equal to the greater of $2.0 million or 2% of aggregate debit items. At June 30, 2021, Cowen and Company had $361.7 million of net capital in excess of this minimum requirement.

Effective June 1, 2021, Cowen Prime transferred all of the net assets of its investment advisory business to a newly formed investment advisor, Cowen Prime Advisors LLC. Cowen Prime Advisors LLC succeeded to Cowen Prime’s SEC investment advisor registration on that date pursuant to statutory guidance. As a result of implementing that guidance and the succession process, Cowen Prime is no longer registered as an investment advisor with the SEC but does remain registered as a broker-dealer.

As of June 30, 2021, Cowen Prime and Cowen and Company were granted regulatory approval to merge from the Financial Industry Regulatory Authority Inc. The companies anticipate completing the merger during the third quarter of 2021 with Cowen and Company being the surviving entity.

Cowen International Ltd and Cowen Execution Ltd are subject to the capital requirements of the U.K. Financial Conduct Authority ("FCA"), as defined, and must exceed the minimum capital requirement set forth by the FCA.

Cowen Asia, a previously established entity, was re-registered with regulatory approval on May 17, 2019. Cowen Asia is subject to the financial resources requirements of the Securities and Futures Commission ("SFC") of Hong Kong. Financial Resources must exceed the Total Financial Resources requirement of the SFC.

As of June 30, 2021, these regulated broker-dealers had regulatory net capital or financial resources, regulatory net capital requirements or minimum FCA or SFC requirement and excess as follows:

Subsidiary	Net Capital	Minimum Net Capital Requirement	Excess Net Capital
		(dollars in thousands)	
Cowen and Company	$ 368,111	$ 6,392	$ 361,719
ATM Execution	$ 5,170	$ 250	$ 4,920
Cowen Prime	$ 22,057	$ 250	$ 21,807
Westminster	$ 24,603	$ 250	$ 24,353
Cowen International Ltd	$ 39,959	$ 30,037	$ 9,922
Cowen Execution Ltd	$ 13,254	$ 3,414	$ 9,840
Cowen Asia	$ 2,171	$ 386	$ 1,785

The Company's U.S. broker-dealers must also comply with SEC Rule 15c3-3 or claim an exemption pursuant to subparagraphs (k)(2)(i) or (k)(2)(ii) of that rule. Firms can rely on more than one exemption. Cowen Prime and ATM Execution claim the (k)(2)(ii) exemption with regard to all of their customer accounts and transactions that are introduced on a fully-disclosed basis to their clearing agents for clearing, settlement and custody. Cowen Prime and Westminster claim the (k)(2)(i) exemption with regards to customer transactions and balances that are cleared, settled and custodied in bank accounts designated as Special Accounts for the Exclusive Benefit of Customers ("Special Bank Accounts"). Westminster also claims exemption for other business activities that are not covered under (k)(2)(i) contemplated by Footnote 74 of the SEC Release No. 34-70073 adopting amendments to 17 C.F.R. § 240.17a-5 for receiving transaction-based compensation in return for providing commission management services.

In accordance with the requirements of SEC Rule 15c3-3, Cowen and Company may be required to deposit in a Special Reserve Account cash or acceptable qualified securities for the exclusive benefit of customers. As of June 30, 2021, Cowen and Company had segregated approximately $30.7 million of cash, while its required deposit was $14.0 million

As a clearing broker-dealer, Cowen and Company is required to compute a reserve requirement for proprietary accounts of broker-dealers ("PAB"), as defined in SEC Rule 15c3-3. Cowen and Company conducts PAB reserve computations in order to determine the amount it is required to deposit in its PAB Reserve Bank Accounts pursuant to SEC Rule 15c3-3. This allows each correspondent firm that uses Cowen and Company as its clearing broker-dealer to classify its PAB account assets held at Cowen and Company as allowable assets in the correspondent's net capital calculation. At June 30, 2021, Cowen and Company had $23.2 million of cash on deposit in PAB Reserve Bank Accounts, which was more than its required deposit of $14.9 million. Cowen and Company, ATM Execution, and Cowen Prime also maintain certain assets in PAB accounts held at their respective clearing brokers. Each treats its assets held in those PAB accounts at the respective clearing brokers as allowable assets for net capital purposes.

Cowen Insurance Co and Hollenfels are individually required to maintain a solvency capital ratio as calculated by relevant European Commission directives and local regulatory rules in Malta and Luxembourg, respectively. Each company's individual solvency capital ratio calculated at the end of each quarter must exceed a minimum requirement. As of December 31, 2020 and

March 31, 2021 (the last testing date for Hollenfels and Cowen Insurance Co respectively), the solvency capital ratios of both Cowen Insurance Co and Hollenfels were in excess of the minimum requirement.

Based on minimum capital and surplus requirements pursuant to the laws of the state of New York that apply to captive insurance companies, RCG Insurance Company, Cowen's captive insurance company incorporated and licensed in the state of New York, was required to maintain capital and surplus of approximately $0.3 million as of June 30, 2021. RCG Insurance Company's capital and surplus as of June 30, 2021 totaled approximately $6.6 million.

24. Related Party Transactions

The Company and its affiliated entities are the managing member, general partner and/or investment manager to the Company's investment funds and certain managed accounts. Management fees and incentive income are primarily earned from affiliated entities. As of June 30, 2021 and December 31, 2020, $30.8 million and $28.4 million, respectively, included in fees receivable, are earned from related parties. The Company may, at its discretion, reimburse certain fees charged to the investment funds that it manages to avoid duplication of fees when such funds have an underlying investment in another affiliated investment fund. For the six months ended June 30, 2021 and 2020, the amounts which the Company reimbursed the investment funds it manages were immaterial. Fees receivable and fees payable are recorded at carrying value, which approximates fair value.

The Company may also make loans to employees or other affiliates, excluding executive officers of the Company. These loans are interest bearing and settle pursuant to the agreed-upon terms with such employees or affiliates, and are included in due from related parties in the accompanying condensed consolidated statements of financial condition. As of June 30, 2021 and December 31, 2020, loans to employees of $10.1 million and $9.5 million, respectively, were included in due from related parties on the accompanying condensed consolidated statements of financial condition. Of these amounts $6.1 million and $4.6 million, respectively, are related to forgivable loans. These forgivable loans provide for a cash payment up-front to employees, with the amount due back to the Company forgiven over a vesting period. An employee that voluntarily ceases employment, or is terminated with cause, is generally required to pay back to the Company any unvested forgivable loans granted to them. The forgivable loans are recorded as an asset to the Company on the date of grant and payment, and then amortized to compensation expense on a straight-line basis over the vesting period. The vesting period on forgivable loans is generally one to three years. The Company recorded compensation expense of $1.5 million and $0.9 million for the three months ended June 30, 2021 and 2020 and $2.7 million and $2.0 million for the six months ended June 30, 2021 and 2020, respectively. This expense is included in employee compensation and benefits in the accompanying condensed consolidated statements of operations. For the three and six months ended June 30, 2021, the interest income was insignificant and for the three and six months ended June 30, 2020, the interest income was $0.1 million, respectively, for these related party loans and advances, and are included in interest and dividends in the accompanying condensed consolidated statements of operations.

As of December 31, 2020, included in due from related parties is $3.6 million, which is related to the sales of portions of the Company's ownership interest in the activist business of Starboard Value to the Starboard principals. It is being financed through the profits of the relevant Starboard entities over a five-year period and earns interest at 5.0% per annum. As of June 30, 2021, the balance had been repaid in full. The interest income for the three and six months ended June 30, 2021 was insignificant and the interest income for the three and six months ended June 30, 2020 was $0.1 million, respectively.

The remaining balance included in due from related parties of $11.4 million and $7.9 million as of June 30, 2021 and December 31, 2020, respectively, relates to amounts due to the Company from affiliated investment funds and real estate entities due to expenses paid on their behalf. Included in due to related parties is approximately $0.2 million and $0.2 million as of June 30, 2021 and December 31, 2020, respectively, related to a subordination agreement with an investor in certain real estate funds. This total is based on a hypothetical liquidation of the real estate funds as of the balance sheet date.

Employees and certain other related parties invest on a discretionary basis within consolidated entities. These investments generally are subject to preferential management fee and performance fee arrangements. As of June 30, 2021 and December 31, 2020, such investments aggregated $57.5 million and $84.3 million, respectively, were included in non-controlling interests on the accompanying condensed consolidated statements of financial condition. Their share of the net income (loss) attributable to non-controlling interests in consolidated subsidiaries and investment funds aggregated $12.6 million and $4.0 million for the three months ended June 30, 2021 and 2020 and $22.7 million and $4.0 million for the six months ended June 30, 2021 and 2020, respectively.

The Company may, at times, have unfunded commitment amounts pertaining to related parties. See Note 17 for amounts committed as of June 30, 2021.

25. Guarantees and Off-Balance Sheet Arrangements

Guarantees

US GAAP requires the Company to disclose information about its obligations under certain guarantee arrangements. Those standards define guarantees as contracts and indemnification agreements that contingently require a guarantor to make payments to the guaranteed party based on changes in an underlying security (such as an interest or foreign exchange rate, security or commodity price, an index or the occurrence or nonoccurrence of a specified event) related to an asset, liability or equity security of a guaranteed party. Those standards also define guarantees as contracts that contingently require the guarantor to make payments to the guaranteed party based on another entity's failure to perform under an agreement as well as indirect guarantees of the indebtedness of others.

In the normal course of its operations, the Company enters into contracts that contain a variety of representations and warranties which provide general indemnifications. The Company's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Company that have not yet occurred. However, based on experience, the Company expects the risk of loss to be remote.

The Company indemnifies and guarantees certain service providers, such as clearing and custody agents, trustees and administrators, against specified potential losses in connection with their acting as an agent of, or providing services to, the Company or its affiliates. The Company also indemnifies some clients against potential losses incurred in the event specified third-party service providers, including sub-custodians and third-party brokers, improperly execute transactions. The maximum potential amount of future payments that the Company could be required to make under these indemnifications cannot be estimated. However, the Company believes that it is unlikely it will have to make significant payments under these arrangements and has not recorded any contingent liability in the condensed consolidated financial statements for these indemnifications.

The Company also provides representations and warranties to counterparties in connection with a variety of commercial transactions and occasionally indemnifies them against potential losses caused by the breach of those representations and warranties. The Company may also provide standard indemnifications to some counterparties to protect them in the event additional taxes are owed or payments are withheld, due either to a change in or adverse application of certain tax laws. These indemnifications generally are standard contractual terms and are entered into in the normal course of business. The maximum potential amount of future payments that the Company could be required to make under these indemnifications cannot be estimated. However, the Company believes it is unlikely it will have to make material payments under these arrangements and has not recorded any contingent liability in the accompanying condensed consolidated financial statements for these indemnifications.

The Company may maintain cash and cash equivalents 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 relation to such accounts.

Off-Balance Sheet Arrangements

The Company has no material off-balance sheet arrangements, which have not been disclosed, as of June 30, 2021 and December 31, 2020. Through indemnification provisions in clearing agreements with clients, customer activities may expose the Company to off-balance-sheet credit risk. Pursuant to the clearing agreement, the Company is required to reimburse the Company's clearing broker, without limit, for any losses incurred due to a counterparty's failure to satisfy its contractual obligations. However, these transactions are collateralized by the underlying security, thereby reducing the associated risk to changes in the market value of the security through the settlement date.

The Company's customer securities activities are transacted on a delivery versus payment, cash or margin 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.

In margin transactions, the Company extends credit to clients collateralized by cash and securities in their account. In the event the customers or brokers fail to satisfy their obligations, the Company may be required to purchase or sell securities at prevailing market prices in order to fulfill the obligations.

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 seeks to control the risk associated with its customer margin transactions by requiring customers to maintain margin collateral in compliance with various regulatory and internal guidelines. The Company also monitors required margin levels daily and, pursuant to its guidelines, requires customers to deposit additional collateral, or reduce positions, when necessary.

In addition, during the normal course of business, the Company has exposure to a number of risks including market risk, currency risk, credit risk, operational risk, liquidity risk and legal risk. As part of the Company's risk management process, these risks are monitored on a regular basis throughout the course of the year.

The Company enters into secured and unsecured borrowing agreements to obtain funding necessary to cover daily securities settlements with clearing corporations. 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 large financial institutions, the details of which are summarized below as of June 30, 2021.

Lender	Contractual Amount	Available Amount	Maturity Date	Description
Pledge Lines	**(dollars in thousands)**			
BMO Harris Bank	$ 75,000	$ 75,000	None	Secured Tri-Party Pledge Facility
BMO Harris Bank	150,000	150,000	None	Secured Depository Trust Company Pledge Line
Total	**225,000**	**225,000**		
Spike Line				
BMO Harris Bank Canadian Imperial Bank of Commerce Texas Capital Bank, in syndication	**70,000**	**70,000**	August 20, 2021	Unsecured committed spike line facility to cover short term increases in National Securities Clearing Corporation margin deposit requirements
Revolving Credit Facility				
Morgan Stanley	**25,000**	**25,000**	March 24, 2026	Unsecured Corporate Revolver
Total Credit Lines	**$ 320,000**	**$ 320,000**		

26. Subsequent Events

On July 21, 2021 the Board of Directors declared a quarterly cash dividend payable on its common stock of $0.10 per common share, payable on September 15, 2021, to stockholders of record on September 1, 2021.

The Company has evaluated events that have occurred after the balance sheet date but before the financial statements are issued and has determined that there were no other subsequent events requiring adjustment or disclosure in the condensed consolidated financial statements.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The discussion contains forward-looking statements, which involve numerous risks and uncertainties, including, but not limited to, those described in the sections titled "Risk Factors" in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2020 (the "2020 Form 10-K") and in Item 1A of this Quarterly Report on Form 10-Q, many of which risks are currently elevated by, and may or will continue to be elevated by, the COVID-19 pandemic. This Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the condensed consolidated financial statements and related notes of Cowen Inc. included elsewhere in this quarterly report. Actual results may differ materially from those contained in any forward-looking statements.

Overview

Cowen Inc., a Delaware corporation formed in 2009, is a diversified financial services firm that, together with its consolidated subsidiaries (collectively, "Cowen" or the "Company"), provides investment banking, research, sales and trading, prime brokerage, global clearing, securities financing, commission management services and investment management through its two business segments: the Operating Company ("Op Co") and the Asset Company ("Asset Co").

Operating Company

The Op Co segment consists of four divisions: the Cowen Investment Management ("CIM") division, the Investment Banking division, the Markets division (which includes sales and trading, prime brokerage, global clearing, securities financing and commission management services) and the Research division. The Company refers to the Investment Banking division, the Markets division and the Research division collectively as its investment banking businesses. Op Co's CIM division includes advisers to investment funds (including private equity structures and privately placed hedge funds), and registered funds. Op Co's investment banking businesses offer industry focused investment banking for growth-oriented companies including advisory and global capital markets origination, domain knowledge-driven research, sales and trading platforms for institutional investors, global clearing, commission management services and also a comprehensive suite of prime brokerage services.

The CIM division is the Company's investment management business, which operates primarily under the Cowen Investment Management name. CIM offers innovative investment products and solutions across the liquidity spectrum to institutional and private clients. The predecessor to this business was founded in 1994 and, through one of its subsidiaries, has been registered with the SEC as an investment adviser under the Investment Advisers Act of 1940, as amended (the "Advisers Act") since 1997. The Company's investment management business offers investors access to a number of strategies to meet their specific needs including private healthcare investing, private sustainable investing, healthcare royalties, activism and merger arbitrage. A portion of the Company's capital is invested alongside the Company's investment management clients. The Company has also invested capital in its insurance and reinsurance businesses.

Op Co's investment banking businesses include investment banking, research, sales and trading, prime brokerage, global clearing and commission management services provided primarily to companies and institutional investor clients. Sectors covered by Op Co's investment banking business include healthcare, technology, media and telecommunications, consumer, industrials, information and technology services, and energy. We provide research and brokerage services to over 6,000 domestic and international clients seeking to trade securities and other financial instruments, principally in our sectors. The investment banking businesses also offer a full-service suite of introduced prime brokerage services targeting emerging private fund managers. Historically, we have focused our investment banking efforts on small to mid-capitalization public companies as well as private companies. From time to time, the Company invests in private capital raising transactions of its investment banking clients.

Asset Company

The Asset Co segment consists of the Company's private investments, private real estate investments and other legacy investment strategies. The focus of Asset Co is to drive future monetization of the invested capital of the segment.

Certain Factors Impacting Our Business

Our Company's businesses and results of operations are impacted by the following factors:

- *Underwriting, private placement and strategic/financial advisory fees.* Our revenues from investment banking are directly linked to the underwriting fees we earn in equity and debt securities offerings in which the Company acts as an underwriter, private placement fees earned in non-underwritten transactions, sales commissions earned in at-the-market offerings and success fees earned in connection with advising both buyers and sellers, principally in mergers and acquisitions. As a result, the future performance of our investment banking business will depend on, among other things, our ability to secure lead manager and co-manager roles in clients' capital raising transactions as well as our ability to secure mandates as a client's strategic financial advisor.

- *Liquidity.* As a clearing broker-dealer in the U.S., we are subject to cash deposit requirements with clearing organizations, brokers and banks that may be large in relation to our total liquid assets.
- *Equity research fees.* Equity research fees are paid to the Company for providing access to equity research. The Company also permits institutional customers to allocate a portion of their commissions to pay for research products and other services provided by third parties. Our ability to generate revenues relating to our equity research depends on the quality of our research and its relevance to our institutional customers and other clients.
- *Principal transactions.* Principal transactions revenue includes net trading gains and losses from the Company's market-making activities and net trading gains and losses on inventory and other Company positions. In certain cases, the Company provides liquidity to clients buying or selling blocks of shares of listed stocks without previously identifying the other side of the trade at execution, which subjects the Company to market risk.
- *Commissions.* Our commission revenues depend for the most part on our customers' trading volumes and on the notional value of the non-U.S. securities traded by our customers.
- *Investment performance.* Our revenues from incentive income and carried interest allocations are linked to the performance of the investment funds and accounts that we manage. Performance also affects assets under management because it influences investors' decisions to invest assets in, or withdraw assets from, the investment funds and accounts managed by us.
- *Fee and allocation rates.* Our management fee revenues are linked to the management fee rates we charge as a percentage of contributed and invested capital. Our incentive income revenues are linked to the rates we charge as a percentage of performance-driven asset growth. Our incentive allocations are generally subject to "high-water marks," whereby incentive income is generally earned by us only to the extent that the net asset value of an investment fund at the end of a measurement period exceeds the highest net asset value as of the end of the earlier measurement period for which we earned incentive income. Our incentive allocations, in some cases, are subject to performance hurdles. Additionally, our revenues from management fees are directly linked to assets under management. Positive performance in our legacy funds increases assets under management which results in higher management fees.
- *Investment performance of our own capital.* We invest our own capital and the performance of such invested capital affects our revenues. Investment income in the investment bank business includes gains and losses generated by the capital the Company invests in private capital raising transactions of its investment banking clients. Our revenues from investment income are linked to the performance of the underlying investments.

External Factors Impacting Our Business

Our financial performance is highly dependent on the environment in which our businesses operate. We believe a favorable business environment is characterized by many factors, including a stable geopolitical climate, transparent financial markets, low inflation, low interest rates, low unemployment, strong business profitability and high business and investor confidence. Unfavorable or uncertain economic or market conditions can be caused by declines in economic growth, business activity or investor or business confidence, limitations on the availability (or increases in the cost of) credit and capital, increases in inflation or interest rates, exchange rate volatility, unfavorable global asset allocation trends, outbreaks of hostilities or other geopolitical instability, corporate, political or other scandals that reduce investor confidence in the capital markets, global health crisis, such as the ongoing COVID-19 pandemic, or a combination of these or other factors. Until the COVID-19 pandemic subsides, we could experience reduced levels in certain of our investment banking activities, reduced revenues from incentive income in our investment management business and reduced investment income. Our businesses and profitability have been and may continue to be adversely affected by market conditions in many ways, including the following:

- Our investment bank business has been, and may continue to be, adversely affected by market conditions. Increased competition continues to affect our investment banking and capital markets businesses. The same factors also affect trading volumes in secondary financial markets, which affect our brokerage business. Commission rates, market volatility, increased competition from larger financial firms and other factors also affect our brokerage revenues and may cause these revenues to vary from period to period.
- Our investment management business can be adversely affected by unanticipated levels of requested redemptions. We experienced significant levels of requested redemptions during the 2008 financial crisis and, while the environment for investing in investment management products has since improved, it is possible that we could intermittently experience redemptions above historical levels, regardless of investment fund performance.
- Our investment bank business focuses primarily on small to mid-capitalization and private companies in specific industry sectors. These sectors may experience growth or downturns independent of general economic and market conditions, or may face market conditions that are disproportionately better or worse than those impacting the economy and markets generally. In addition, increased government regulation has had, and may continue to have, a disproportionate effect on

capital formation by smaller companies. Therefore, our investment bank business could be affected differently than overall market trends.

Our businesses, by their nature, do not produce predictable earnings. Our results in any period can be materially affected by conditions in global financial markets and economic conditions generally. We are also subject to various legal and regulatory actions that impact our business and financial results.

Basis of Presentation

The unaudited condensed financial statements of the Company in this Form 10-Q are prepared in accordance with Generally Accepted Accounting Principles in the United States ("US GAAP") as promulgated by the Financial Accounting Standards Board ("FASB") through Accounting Standards Codification (the "Accounting Standards") as the source of authoritative accounting principles in the preparation of financial statements and include the accounts of the Company, its subsidiaries, and entities in which the Company has a controlling financial interest or a substantive, controlling general partner interest. All material intercompany transactions and balances have been eliminated in consolidation. Certain fund entities that are consolidated in the condensed consolidated financial statements, are not subject to these consolidation provisions with respect to their own investments pursuant to their specialized accounting.

The Company serves as the managing member/general partner and/or investment manager to affiliated fund entities which it sponsors and manages. Certain of these funds in which the Company has a substantive, controlling general partner interest are consolidated with the Company pursuant to US GAAP as described below (the "Consolidated Funds"). Consequently, the Company's condensed consolidated financial statements reflect the assets, liabilities, income and expenses of these funds on a gross basis. The ownership interests in these funds which are not owned by the Company are reflected as redeemable and non-redeemable non-controlling interests in consolidated subsidiaries in the condensed consolidated financial statements appearing elsewhere in this Form 10-Q. The management fees and incentive income earned by the Company from these funds are eliminated in consolidation.

During the first quarter of 2021, the Company changed the presentation of certain income streams on its condensed consolidated statements of operations by moving the income streams from Other income - net gains (losses) on securities, derivatives and other investments to Revenues. Additionally, the Company moved proprietary trading gains and losses generated by the Company’s broker dealer entities from Brokerage revenue to Investment income (loss) – securities principal transactions, net.

The Company believes that these presentation changes provide a better representation of the Company’s operating results as it is used by management to monitor the Company’s financial performance and is consistent with industry practice. The changes in presentation have no impact on net income and prior period amounts have been recast to reflect such changes in presentation.

Acquisition

On February 26, 2021, the Company, through its indirect wholly owned subsidiary, Cowen Malta Holdings Ltd., completed the acquisition of all of the outstanding equity interest of Axeria Insurance Limited, an insurance company organized under the laws of Malta whose principal business activity is to provide insurance coverage to third parties Axeria Insurance Limited was renamed Cowen Insurance Company Ltd upon acquisition.

Expenses

The Company's expenses consist of compensation and benefits, insurance and reinsurance costs, general, administrative and other, and Consolidated Funds expenses.

- *Compensation and Benefits.* Compensation and benefits is comprised of salaries, benefits, discretionary cash bonuses and equity-based compensation. Annual incentive compensation is variable, and the amount paid is generally based on a combination of employees' performance, their contribution to their business segment, and the Company's performance. Generally, compensation and benefits comprise a significant portion of total expenses, with annual incentive compensation comprising a significant portion of total compensation and benefits expenses.
- *Insurance and Reinsurance claims, commissions and amortization of deferred acquisition costs.* Insurance and reinsurance-related expenses reflect loss and claim reserves, acquisition costs and other expenses incurred with respect to our insurance and reinsurance operations.
- *Operating, General and Administrative.* General, administrative and other expenses are primarily related to professional services, occupancy and equipment, business development expenses, communications, expenses associated with our reinsurance business and other miscellaneous expenses. These expenses may also include certain one-time charges and non-cash expenses.

- *Depreciation and Amortization.* Depreciation and amortization is comprised of depreciation expense for tangible assets and the amortization of intangible assets. The depreciation of assets capitalized under finance leases is included in depreciation and amortization expenses as well.
- *Consolidated Funds Expenses.* The Company's condensed consolidated financial statements reflect the expenses of the Consolidated Funds and the portion attributable to other investors is allocated to a non-controlling interest.

Income Taxes

The taxable results of the Company’s U.S. operations are subject to U.S. federal, state and local taxation as a corporation. The Company is also subject to foreign taxation on income it generates in certain countries.

The Company records deferred tax assets and liabilities for the future tax benefit or expense that will result from differences between the carrying value of its assets for income tax purposes and for financial reporting purposes, as well as for operating or capital loss and tax credit carryovers. A valuation allowance is recorded to bring the net deferred tax assets to a level that, in management’s view, is more likely than not to be realized in the foreseeable future. This level will be estimated based on a number of factors, especially the amount of net deferred tax assets of the Company that are actually expected to be realized, for tax purposes, in the foreseeable future. Deferred tax liabilities that cannot be realized in a similar future time period and thus that cannot offset the Company’s deferred tax assets are not taken into account when calculating the Company’s net deferred tax assets.

Non-Controlling Interests

Non-controlling interests represent the pro rata share of the income or loss of the non-wholly owned consolidated entities attributable to the other owners of such entities. When non-controlling interest holders have redemption features that can be exercised at the option of the holder currently or contingent upon the occurrence of future events, their ownership has been classified as temporary equity. Ownership which has been classified in permanent equity are non-controlling interests which are either not redeemable at the option of the holder or the holder does not have the unilateral right to redeem its ownership interests.

Investment Fund Performance and Assets Under Management

For the six months ended June 30, 2021, the Company's activist and merger arbitrage investment strategies (including the merger arbitrage-focused UCITS Fund) had positive results. The Company's healthcare royalty strategy is now making allocations from the strategy's fourth fund. Our private healthcare strategy is now deploying capital from its third fund, having made investments in twenty five companies by the end of the six months ended June 30, 2021, with a pipeline of opportunities ahead. Finally, our sustainable investing strategy had its final closing and is now deploying capital, with two investments made as of June 30, 2021, with a pipeline of opportunities ahead. The liquidation of certain multi-strategy hedge funds advised by the Company also continues.

As of June 30, 2021, the Company had assets under management of $14.4 billion.

Capability	Private Healthcare Investments	Healthcare Royalties	Activism	Merger Arbitrage	Sustainability	Other (a)
			(dollars in millions)			
AUM	$833	$3,680	$7,222	$311	$1,520	$808
Team						
Private Equity	ü	ü			ü	
Hedge Fund			ü	ü		
Managed Account		ü	ü	ü	ü	
UCITS				ü		
Other						ü

(a) Other capabilities include private equity funds, legacy funds, and other trading strategies.

The Company's Invested Capital

The Company invests a significant portion of its capital base to help drive results and facilitate the growth of the Op Co and Asset Co business segments. Within Op Co, management allocates capital to three primary investment categories: (i) broker-dealer capital and related trading strategies; (ii) liquid alternative trading strategies; and (iii) public and private healthcare strategies. Broker-dealer capital and related trading strategies include capital investments in the Company's broker-dealers as well as securities finance and special purpose acquisition company trading strategies to grow liquidity and returns within operating businesses. Much of the Company's public and private healthcare strategies and liquid alternative trading strategies portfolios are invested alongside the Company's investment management clients. The Company's liquid alternative trading strategies include merger arbitrage and activist fund strategies. In addition, from time to time, the Company makes investments in private capital raising transactions of its investment banking clients.

The Company allocates capital to Asset Co's private investments. Asset Co's private investments include the Company's investment in Italian wireless broadband provider Linkem, private equity funds Formation8 and Eclipse and legacy real estate investments.

As of June 30, 2021, the Company's invested capital amounted to a net value of $957.8 million (supporting a long market value of $771.9 million), representing approximately 87% of Cowen's stockholders' equity presented in accordance with US GAAP. The table below presents the Company's invested equity capital by strategy and as a percentage of Cowen's stockholders' equity as of June 30, 2021. The total net values presented in the table below do not tie to Cowen's condensed consolidated statement of financial condition as of June 30, 2021 because they represent only some of the line items in the accompanying condensed consolidated statement of financial condition.

Strategy	**Net Value**	**% of Stockholders' Equity**
	(dollars in millions)	
Op Co		
Broker-dealer capital and related trading	$ 660.3	60%
Public and Private Healthcare	57.3	5%
Liquid Alternative Trading	78.7	7%
Other	35.3	3%
Asset Co		
Private Investments	126.2	12%
Total	**957.8**	**87%**
Cowen Inc. Stockholders' Equity	$ 1,097.3	

The allocations shown in the table above will change over time.

Results of Operations

To provide comparative information of the Company's operating results for the periods presented, a discussion of Economic Income (Loss) (which is a non-GAAP measure) of our Op Co and Asset Co segments follows the discussion of our total consolidated US GAAP results.

Three Months Ended June 30, 2021 Compared with Three Months Ended June 30, 2020

	Condensed Consolidated Statements of Operations (unaudited)			
	Three Months Ended June 30,		Period to Period	
	2021	2020	$ Change	% Change
	(dollars in thousands) (unaudited)			
Revenues				
Investment banking	$ 224,981	$ 203,982	$ 20,999	10 %
Brokerage	139,060	130,209	8,851	7 %
Investment income (loss)				
Securities principal transactions, net	40,572	157,588	(117,016)	(74) %
Portfolio fund principal transactions, net	(1,882)	12,094	(13,976)	(116) %
Carried interest allocations	(35,530)	37,757	(73,287)	(194) %
Total investment income (loss)	3,160	207,439	(204,279)	(98) %
Management fees	14,995	11,653	3,342	29 %
Incentive income	169	—	169	NM
Interest and dividends	62,173	47,918	14,255	30 %
Insurance and reinsurance premiums	11,493	5,967	5,526	93 %
Other revenues	2,031	1,286	745	58 %
Consolidated Funds revenues	695	37,730	(37,035)	(98) %
Total revenues	**458,757**	**646,184**	**(187,427)**	**(29)%**
Interest and dividends expense	63,073	49,304	13,769	28 %
Total net revenues	**395,684**	**596,880**	(201,196)	(34) %
Expenses				
Employee compensation and benefits	219,186	305,282	(86,096)	(28) %
Insurance and reinsurance claims, commissions and amortization of deferred acquisition costs	5,216	6,434	(1,218)	(19) %
Operating, general, administrative and other expenses	104,001	92,027	11,974	13 %
Depreciation and amortization expense	4,565	6,200	(1,635)	(26) %
Consolidated Funds expenses	124	1,585	(1,461)	(92) %
Total expenses	**333,092**	**411,528**	**(78,436)**	**(19)%**
Other income (loss)				
Net gains (losses) on other investments	6,730	6,528	202	(3) %
Total other income (loss)	**6,730**	**6,528**	**202**	**(3)%**
Income (loss) before income taxes	**69,322**	**191,880**	**(122,558)**	**64 %**
Income tax expense (benefit)	10,244	44,932	(34,688)	77 %
Net income (loss)	**59,078**	**146,948**	**(87,870)**	**60 %**
Net income (loss) attributable to non-controlling interests in consolidated subsidiaries and investment funds	13,755	33,113	(19,358)	(58) %
Net income (loss) attributable to Cowen Inc.	**45,323**	**113,835**	**(68,512)**	**60 %**
Preferred stock dividends	1,698	1,698	—	— %
Net income (loss) attributable to Cowen Inc. common stockholders	**$ 43,625**	**$ 112,137**	**$ (68,512)**	**61 %**

Revenues

Investment Banking

Investment banking revenues increased $21.0 million to $225.0 million for the three months ended June 30, 2021 compared with $204.0 million in the prior year period. During the three months ended June 30, 2021, the Company completed 39 underwriting transactions, 41 strategic advisory transactions, and six debt capital markets transactions. During the three months ended June 30, 2020, the Company completed 48 underwriting transactions, 14 strategic advisory transactions and two debt capital markets transactions. The average underwriting fee per transaction was 21.4% lower for the three months ended June 30, 2021 as compared to the prior year period.

Brokerage

Brokerage revenues increased $8.9 million to $139.1 million for the three months ended June 30, 2021 compared with $130.2 million in the prior year period. This was attributable to an increase in Institutional Services, primarily Prime Brokerage and Securities Finance. Institutional Brokerage was essentially flat compared to the prior year quarter. Customer trading volumes across the industry (according to Bloomberg) decreased 15% for the three months ended June 31, 2021 compared to the prior year period.

Investment Income (loss)

Securities principal transactions, net

Principal transactions, net decreased $117.0 million to $40.6 million for the three months ended June 30, 2021 compared with $157.6 million in the prior year period. The decrease in securities principal transactions, net was primarily attributable to the decrease in performance in our merchant banking investments as prior period included significant gains from the mark to market of our Nikola investment.

Portfolio fund principal transactions, net

Portfolio fund investment income (loss) decreased $14.0 million to a loss of $1.9 million for the three months ended June 30, 2021 compared with income of $12.1 million in the prior year period. The decrease is primarily related related to gains from our activist and sustainable fund investment strategies.

Carried interest allocations

Carried interest allocations decreased $73.3 million to a loss of $35.5 million for the three months ended June 30, 2021 compared with income of $37.8 million in the prior year period. The primary driver of the decrease was our healthcare fund.

Management Fees

Management fees increased $3.3 million to $15.0 million for the three months ended June 30, 2021 compared with $11.7 million in the prior year period. This increase in management fees was primarily related to an increase in management fees from the Cowen Healthcare investments and Cowen Sustainable funds.

Incentive Income

Due to revenue recognition standards, effective January 1, 2018, the Company recognizes the majority of incentive income allocated to the Company as carried interest allocations, included in investment income (loss).

Interest and Dividends

Interest and dividends increased $14.3 million to $62.2 million for the three months ended June 30, 2021 compared with $47.9 million in the prior year period. Interest and dividends amounts are primarily attributable to securities finance activity. The increase in the securities finance activity is due to higher customer demand which has created more matched book opportunities for international securities.

Insurance and Reinsurance Premiums

Insurance and reinsurance premiums increased $5.5 million to $11.5 million for the three months ended June 30, 2021 compared with $6.0 million in the prior year period. This increase is driven by premiums from the insurance entity acquired in the first quarter of 2021 and a significant increase in premiums from our reinsurance entity which is partially offset by increases in the unearned premium reserve and outward reinsurance.

Other Revenues

Other revenues increased $0.7 million to $2.0 million for the three months ended June 30, 2021 compared with $1.3 million in the prior year period. The increase relates to an increase in board monitoring fees from our private equity business.

Consolidated Funds Revenues

Consolidated Funds revenues decreased $37.0 million to $0.7 million for the three months ended June 30, 2021 compared with $37.7 million in the prior year period. The decrease is due to the deconsolidation of one fund during 2021. The amounts shown under Consolidated Funds reflect the consolidated total performance for such investment funds, and the portion of those gains or losses that are attributable to other investors is allocated to non-controlling interests.

Interest and Dividends Expense

Interest and dividend expense increased $13.8 million to $63.1 million for the three months ended June 30, 2021 compared with $49.3 million in the prior year period. Interest and dividends amounts are primarily attributable to securities finance activity. The increase in the securities finance activity is due to higher customer demand which has created more matched book opportunities for international securities.

Expenses

Employee Compensation and Benefits

Employee compensation and benefits expenses decreased $86.1 million to $219.2 million for the three months ended June 30, 2021 compared with $305.3 million in the prior year period. The decrease is primarily due to $391.7 million lower revenues and $0.2 million lower other income (loss) during the second quarter of 2021 as compared to 2020 and thus resulting in a lower compensation and benefits accrual. The compensation to revenue ratio, including other income (loss), was 47% for the three months ended June 30, 2021, compared with 46.8% for the prior year period.

Insurance and Reinsurance Claims, Commissions and Amortization of Deferred Acquisition Costs

Insurance and reinsurance related expenses decreased $1.2 million to $5.2 million for the three months ended June 30, 2021 compared with $6.4 million in the prior year period. This decrease is due to a significantly improved loss ratio from less claims activity and an increase in ceding commission.

Operating, General, Administrative and Other Expenses

General, administrative and other expenses increased $12.0 million to $104.0 million for the three months ended June 30, 2021 compared with $92.0 million in the prior year period. The increase is primarily related to higher brokerage and trade execution costs as well as higher underwriting fees, due to higher brokerage and investment banking revenues, offset only partially by decreased marketing and business development expenses.

Depreciation and Amortization Expenses

Depreciation and amortization expenses decreased $1.6 million to $4.6 million for the three months ended June 30, 2021 compared with $6.2 million in the prior year period. The decrease is primarily related certain intangible assets being fully amortized in the first quarter of 2021.

Consolidated Funds Expenses

Consolidated Funds expenses decreased $1.5 million to $0.1 million for the three months ended June 30, 2021 compared with $1.6 million for the prior year period. The decrease is due to the deconsolidation of one fund during 2021 and two in 2020. The amounts shown under Consolidated Funds reflect the consolidated total performance for such investment funds, and the portion of those gains or losses that are attributable to other investors is allocated to non-controlling interests.

Other Income (Loss)

Other income (loss) increased $0.2 million to $6.7 million for the three months ended June 30, 2021 compared with $6.5 million of income in the prior year period. The increase in other income (loss) primarily represents the movement in value of our equity method investments.

Income Taxes

Income tax expense decreased $34.7 million to $10.2 million for the three months ended June 30, 2021 compared with $44.9 million in the prior year period. This change is primarily attributable to the change in the Company’s income before income taxes for the respective periods.

Income (Loss) Attributable to Non-controlling Interests

Income (loss) attributable to non-controlling interests decreased by $19.4 million to $13.8 million for the three months ended June 30, 2021 compared with $33.1 million in the prior year period. The decrease is due to the deconsolidation of the UCITs fund during 2020. Non-controlling interests represent the pro rata share of the income or loss of the non-wholly owned consolidated entities attributable to the other owners of such entities.

Preferred Stock Dividends

On May 19, 2015, the Company completed its offering of 120,750 shares of the Company's 5.625% Series A cumulative perpetual convertible preferred stock. Each share of the Series A Convertible Preferred Stock is entitled to dividends at a rate of 5.625% per annum. The Company may, at its option, pay dividends in cash, common stock or a combination thereof. The Company accrued $1.7 million preferred stock dividends for the periods ended June 30, 2021 and 2020, respectively.

Six Months Ended June 30, 2021 Compared with Six Months Ended June 30, 2020

	Condensed Consolidated Statements of Operations			
	Six Months Ended June 30,		Period to Period	
	2021	2020	$ Change	% Change
	(dollars in thousands)			
Revenues				
Investment banking	$ 529,815	$ 309,010	$ 220,805	71 %
Brokerage	312,797	271,586	41,211	15 %
Investment income (loss)				
Securities principal transactions, net	104,537	126,543	(22,006)	(17) %
Portfolio fund principal transactions, net	13,521	9,276	4,245	46 %
Carried interest allocations	61,239	26,213	35,026	134 %
Total investment income (loss)	179,297	162,032	17,265	11 %
Management fees	40,737	23,257	17,480	75 %
Incentive income	2,427	—	2,427	NM
Interest and dividends	121,561	89,995	31,566	35 %
Insurance and reinsurance premiums	18,610	16,438	2,172	13 %
Other revenues	3,690	2,868	822	29 %
Consolidated Funds revenues	(2,652)	(32,279)	29,627	(92) %
Total revenues	**1,206,282**	**842,907**	**363,375**	**43 %**
Interest and dividends expense	120,714	88,096	32,618	37 %
Total net revenues	**1,085,568**	**754,811**	**330,757**	**44 %**
Expenses				
Employee compensation and benefits	607,382	429,710	177,672	41 %
Insurance and reinsurance claims, commissions and amortization of deferred acquisition costs	11,671	16,864	(5,193)	(31) %
Operating, general, administrative and other expenses	200,077	180,166	19,911	11 %
Depreciation and amortization expense	8,919	11,642	(2,723)	(23) %
Consolidated Funds expenses	395	4,299	(3,904)	(91) %
Total expenses	**828,444**	**642,681**	**185,763**	**29 %**
Other income (loss)				
Net gains (losses) on other investments	19,375	6,466	12,909	200 %
Bargain purchase gain, net of tax	3,855	—	3,855	NM
Gain/(loss) on debt extinguishment	(4,538)	—	(4,538)	NM
Total other income (loss)	**18,692**	**6,466**	**12,226**	**189 %**
Income (loss) before income taxes	**275,816**	**118,596**	**157,220**	**133 %**
Income tax expense (benefit)	64,672	43,759	20,913	48 %
Net income (loss)	**211,144**	**74,837**	**136,307**	**182 %**
Net income (loss) attributable to non-controlling interests in consolidated subsidiaries and investment funds	18,317	(29,075)	47,392	(163) %
Net income (loss) attributable to Cowen Inc.	**192,827**	**103,912**	**88,915**	**86 %**
Preferred stock dividends	3,396	3,396	—	— %
Net income (loss) attributable to Cowen Inc. common stockholders	**$ 189,431**	**$ 100,516**	**$ 88,915**	**88 %**

Revenues

Investment Banking

Investment banking revenues increased $220.8 million to $529.8 million for the six months ended June 30, 2021 compared with $309.0 million in the prior year period. During the six months ended June 30, 2021, the Company completed 101 underwriting transactions, 62 strategic advisory transactions and 11 debt capital markets transactions. During the six months ended June 30, 2020, the Company completed 72 capital markets transactions, 30 strategic advisory transactions and five debt capital markets transactions.

Brokerage

Brokerage revenues increased $41.2 million to $312.8 million for the six months ended June 30, 2021 compared with $271.6 million in the prior year period. This was attributable to an increase in Institutional Brokerage, primarily Special Situations and Cash commission revenue and an increase in Institutional Services, primarily Prime Brokerage and Securities Finance. Customer trading volumes across the industry (according to Bloomberg) increased 7% for the six months ended June 30, 2021 compared to the prior year period.

Investment Income (loss)

Securities principal transactions, net

Principal transactions, net decreased $22.0 million to $104.5 million for the six months ended June 30, 2021 compared with income of $126.5 million in the prior year period. The decrease in securities principal transactions, net was primarily attributable to the decrease in performance in our merchant banking investments as prior period included significant gains from the mark to market of our Nikola investment.

Portfolio fund principal transactions, net

Portfolio fund investment income (loss) increased $4.2 million to $13.5 million for the six months ended June 30, 2021 compared with income of $9.3 million in the prior year period. The increase is primarily related to gains from our activist and merger arbitrage fund investment strategies.

Carried interest allocations

Carried interest allocations increased $35.0 million to $61.2 million for the six months ended June 30, 2021 compared with a loss of $26.2 million in the prior year period. The primary driver of the increase was our healthcare and sustainable investment funds.

Management Fees

Management fees increased $17.5 million to $40.7 million for the six months ended June 30, 2021 compared with $23.3 million in the prior year period. This increase is primarily related to our healthcare and sustainable investments businesses.

Incentive Income

Incentive income increased to $2.4 million for the six months ended June 30, 2021. This increase was related to income earned in our merger fund. Due to revenue recognition standards, effective January 1, 2018, the Company recognizes the majority of incentive income allocated to the Company as carried interest allocations, included in investment income (loss).

Interest and Dividends

Interest and dividends increased $31.6 million to $121.6 million for the six months ended June 30, 2021 compared with $90.0 million in the prior year period. Interest and dividends amounts are primarily attributable to securities finance activity. The increase in the securities finance activity is due to higher customer demand which has created more matched book opportunities for international securities.

Insurance and Reinsurance Premiums

Insurance and reinsurance premiums increased $2.2 million to $18.6 million for the six months ended June 30, 2021 compared with $16.4 million in the prior year period. This increase is driven by premiums from the insurance entity acquired in the first quarter of 2021 and a significant increase from our reinsurance entity which is partially offset by increases in the unearned premium reserve and outward reinsurance.

Other Revenues

Other revenues increased $0.8 million to $3.7 million for the six months ended June 30, 2021 compared with $2.9 million in the prior year period. The increase relates to an increase in board monitoring fees from our private equity business.

Consolidated Funds Revenues

Consolidated Funds revenues increased $29.6 million to a loss of $2.7 million for the six months ended June 30, 2021 compared with a loss of $32.3 million in the prior year period. The increase is due to the losses in the prior period related to the UCITS fund as the merger strategy experienced significant challenges in Q1 2020. The UCITs fund was deconsolidated during the second quarter of 2020. The amounts shown under Consolidated Funds reflect the consolidated total performance for such investment funds, and the portion of those gains or losses that are attributable to other investors is allocated to non-controlling interests.

Interest and Dividends Expense

Interest and dividends expense increased $32.6 million to $120.7 million for the six months ended June 30, 2021 compared with $88.1 million in the prior year period. Interest and dividends amounts are primarily attributable to securities finance activities. There was an increase in the securities finance activity due to higher customer demand which has created more matched book opportunities for international securities.

Expenses

Employee Compensation and Benefits

Employee compensation and benefits expenses increased $177.7 million to $607.4 million for the six months ended June 30, 2021 compared with $429.7 million in the prior year period. The increase is primarily due to $363.4 million higher total revenues as well as an increase of $12.2 million in other income (loss) during 2021 as compared to 2020 and thus resulting in a higher compensation and benefits accrual. The compensation to revenue ratio, including other income (loss), was 50% for the six months ended June 30, 2021, compared with 51% in the prior year period.

Insurance and Reinsurance Claims and Commissions

Insurance and reinsurance-related expenses decreased $5.2 million to $11.7 million for the six months ended June 30, 2021 compared with $16.9 million in the prior year period. The decrease is mainly due to a reduction in the claims provision and in claims paid due to improved loss ratios.

Operating, General, Administrative and Other Expenses

Operating, general, administrative and other expenses increased $19.9 million to $200.1 million for the six months ended June 30, 2021 compared with $180.2 million in the prior year period. The increase is primarily related to higher brokerage and trade execution costs as well as higher underwriting fees, due to higher brokerage and investment banking revenues, offset only partially by decreased marketing and business development expenses.

Depreciation and Amortization Expenses

Depreciation and amortization expenses decreased $2.7 million to $8.9 million for the six months ended June 30, 2021 compared with $11.6 million in the prior year period. The decrease is primarily related certain intangible assets being fully amortized in the first quarter of 2021.

Consolidated Funds Expenses

Consolidated Funds expenses decreased $3.9 million to $0.4 million for the six months ended June 30, 2021 compared with $4.3 million in the prior year period. The decrease is due to the deconsolidation of one fund during 2021 and two in 2020. The amounts shown under Consolidated Funds reflect the consolidated total performance for such investment funds, and the portion of those gains or losses that are attributable to other investors is allocated to non-controlling interests.

Other Income (Loss)

Other income (loss) increased $12.2 million to $18.7 million for the six months ended June 30, 2021 compared with $6.5 million in the prior year period. The increase in other income (loss), which primarily represents our equity method investments, was primarily attributable to the increase in performance in our activist investments and also the bargain purchase gain on an acquisition from the first quarter of 2021, offset partially by a loss on debt extinguishment.

Income Taxes

Income tax expense increased $20.9 million to $64.7 million for the six months ended June 30, 2021 compared with $43.8 million in the prior year period. This change is primarily attributable to the change in the Company’s income before income taxes for the respective periods.

Net Income (Loss) Attributable to Non-controlling Interests

Net income (loss) attributable to non-controlling interests increased $47.4 million to $18.3 million for the six months ended June 30, 2021 compared with a loss of $29.1 million in the prior year period. The increase was primarily the result losses in the first half of 2020 related to weaker performance in the UCITS fund, which was deconsolidated during the second quarter of 2020. Non-controlling interests represent the pro rata share of the income or loss of the non-wholly owned consolidated entities attributable to the other owners of such entities.

Preferred Stock Dividends

On May 19, 2015, the Company completed its offering of 120,750 shares of the Company's 5.625% Series A cumulative perpetual convertible preferred stock. Each share of the Series A Convertible Preferred Stock is entitled to dividends at a rate of 5.625% per annum. The Company may, at its option, pay dividends in cash, common stock or a combination thereof. The Company accrued $3.4 million preferred stock dividends for the periods ended June 30, 2021 and 2020, respectively.

Segment Analysis, Economic Income (Loss) and related components

Economic Income (Loss) and related components

The Company presents supplemental financial measures that are not prepared in accordance with US GAAP. These non-GAAP financial measures include (i) Pre-tax Economic Income (Loss) (ii) Economic Income (Loss), (iii) Economic Operating Income (Loss), (iv) Economic Proceeds and related components, (v) Net Economic Proceeds and related components, (vi) Economic Expenses and related components and (vii) related per share measures. The Company believes that these non-GAAP financial measures, viewed in addition to, and not in lieu of, the Company’s reported US GAAP results, provide useful information to investors and analysts regarding its performance and overall results of operations as it presents investors and analysts with a supplemental operating view of the Company’s financials to help better inform their analysis of the Company’s performance.

These Non-GAAP financial measures are an integral part of the Company’s internal reporting to measure the performance of its business segments, allocate capital and other strategic decisions as well as assess the overall effectiveness of senior management. The Company believes that presenting these non-GAAP measures may provide expanded transparency into the Company’s business operations, growth opportunities and expense allocation decisions.

The Company’s primary non-GAAP financial measures of profit or loss are Pre-tax Economic Income (Loss), Economic Income (Loss) and Economic Operating Income (Loss). Pre-tax Economic Income (Loss) is a pre-tax measure which (i) includes management reclassifications which the Company believes provides additional insight on the performance of the Company’s core businesses and divisions; (ii) eliminates the impact of consolidation for Consolidated Funds; and excludes (iii) goodwill and intangible impairment, (iv) certain other transaction-related adjustments and/or reorganization expenses, as well as (v) certain costs associated with debt. Economic Income (Loss) is a similar measure, but after tax, which includes the Company’s income tax expense or benefit [calculated on Pre-tax Economic Income (Loss)] once all currently available net operating losses have been utilized (this occurred during tax year 2020) and is presented after preferred dividends. Economic Operating Income (Loss) is a similar measure to Economic Income (Loss), but before depreciation and amortization expenses. The Company believes that these non-GAAP financial measures provide analysts and investors transparency into the measures of profit and loss management uses to evaluate the financial performance of and make operating decisions for the segments including determining appropriate compensation levels. Additionally, the measures provide investors and analysts with additional insight into the activities of the Company’s core businesses, taking into account, among other things, the impact of minority investment stakes, securities borrowing and lending activities and expenses from investment banking activities on US GAAP reported results. The Company presents Pre-tax Economic Income (Loss) in addition to Economic Income (Loss) and Economic Operating Income (Loss) to provide insight to investors and analysts on how the Company manages its tax position over time.

In addition to Pre-tax Economic Income (Loss), Economic Income (Loss) and Economic Operating Income (Loss), the Company also presents Economic Proceeds, Net Economic Proceeds, Economic Expenses, as well as their related components. These measures include management reclassifications and the elimination of the impact of the consolidation for Consolidated funds as described above. These adjustments are meant to provide comparability to our peers as well as to provide investors and analysts with transparency into how the Company manages its operating businesses and how analysts and investors review and analyze the Company’s and its peers’ similar lines of businesses. For example, among others, within the Company’s Op Co business segment, investors and analysts typically review and analyze the performance of investment banking revenues net of underwriting expenses and excluding the impact of reimbursable expenses. Additionally, the performance of the Company’s Markets business is typically analyzed as a unit incorporating commissions, interest from securities financing transactions and gains and losses from proprietary and facilitation trading. The Company’s investment management business performance is analyzed and reviewed by investors and analysts through investment income, incentive income and management fees. The presentation of Economic Proceeds, Net Economic Proceeds, Economic Expenses as well as their related components align with these and other examples of how the Company’s business activities and performance are reviewed by analysts and investors in addition to providing simplification related to legacy businesses and investments for which the Company maintains long-term monetization strategies . Additionally, the Company manages its operating businesses to an Economic Compensation-to-Proceeds ratio. Presentation of Economic Compensation Expense and Economic Proceeds provides transparency in addition to the Company’s US GAAP Compensation Expense.

Reconciliations to comparable US GAAP measures are presented along with the Company's Non-GAAP financial measures. The non-GAAP measures presented herein may not be comparable to similarly titled measures presented by other public companies and are not identical to corresponding measures used in our various agreements or public filings.

These Non-GAAP measures should not be considered in isolation or as a substitute for revenue, expenses, income (loss) before income taxes, net income, operating cash flows, investing and financing activities, or other income or cash flow statement data prepared in accordance with US GAAP. As a result of the adjustments made to arrive at these Non-GAAP measures described below, these Non-GAAP measures have limitations in that they do not take into account certain items included or excluded under US GAAP, including its consolidated funds.

For a reconciliation of US GAAP net income (loss) to Pre-tax Economic Income (Loss), Economic Income (Loss) and Economic Operating Income (Loss) for the periods presented and additional information regarding the reconciling adjustments discussed above, see the following section "Reconciliation of US GAAP (Unaudited) to Non-GAAP Measures".

The Company conducts its operations through two segments: Op Co and Asset Co. The Company's principle sources of revenues included in Economic Income (Loss) are derived from activities in the following business segments. The Op Co and Asset Co segments do not conduct inter-segment transactions.

The Op Co segment generates revenue through five principal sources: investment banking revenue, brokerage revenue, management fees, incentive income and investment income from the Company's own capital.

The Asset Co segment generates revenue through management fees, incentive income and investment income from the Company's own capital.

Three Months Ended June 30, 2021 Compared with Three Months Ended June 30, 2020

Total Economic Operating Income (Loss) was $50.8 million for the three months ended June 30, 2021, a decrease of $116.1 million compared to Economic Operating Income (Loss) of $166.9 million in the prior year period. Total Economic Income (Loss) was $47.5 million for the three months ended June 30, 2021, a decrease of $113.8 million compared to Economic Income (Loss) of $161.3 million in the prior year period. Total Pre-tax Economic Income (Loss) was $67.2 million for the three months ended June 30, 2021, a decrease of $95.8 million compared to Pre-tax Economic Income (loss) of $163.0 million in the prior year period.

Economic Proceeds included in total Economic Income (Loss) were $390.1 million for the three months ended June 30, 2021, a decrease of $168.6 million compared to $558.7 million in the prior year period. This was primarily related to a decrease in investment and incentive income (loss) offset partially but an increase in investment banking.

Operating Company Segment

Economic Proceeds

	Three Months Ended June 30,		Total Period-to-Period	
	2021	2020	$ Change	% Change
	(dollars in thousands)			
Economic Proceeds				
Investment banking	$ 214,427	$ 190,429	$ 23,998	13 %
Brokerage	175,845	167,067	8,778	5 %
Management fees	17,825	14,234	3,591	25 %
Incentive income (loss)	(31,566)	45,392	(76,958)	(170)%
Investment income (loss)	5,595	142,379	(136,784)	(96)%
Other income (loss) economic proceeds	7,307	(62)	7,369	NM
Total: Economic Proceeds	**389,433**	**559,439**	**(170,006)**	**(30)%**
Economic Interest Expense	7,423	6,102	1,321	22 %
Net Economic Proceeds	**$ 382,010**	**$ 553,337**	**$ (171,327)**	**(31)%**

Economic Proceeds The Op Co segment economic proceeds included in Economic Income (Loss) were $389.4 million for the three months ended June 30, 2021, a decrease of $170.0 million compared to $559.4 million in the prior year period.

Investment Banking Economic Proceeds increased $24.0 million to $214.4 million for the three months ended June 30, 2021 compared with $190.4 million in the prior year period. During the three months ended June 30, 2021, the Company completed 39 underwriting transactions, 41 strategic advisory transactions, and six debt capital markets transactions. During three months ended June 30, 2020, the Company completed 48 underwriting transactions, 14 strategic advisory transactions and two debt capital markets transactions. The average underwriting fee per transaction was 21.4% lower for the three months ended June 30, 2021 as compared to the prior year period.

Brokerage Economic Proceeds increased $8.8 million to $175.8 million for the three months ended June 30, 2021, compared with $167.1 million in the prior year period. This was attributable to an increase in Institutional Services, primarily Prime Brokerage and Securities Finance. Institutional Brokerage was essentially flat compared to the prior year quarter. Customer trading volumes across the industry (according to Bloomberg) decreased 15% for the three months ended June 31, 2021 compared to the prior year period.

Management Fees Economic Proceeds for the segment increased $3.6 million to $17.8 million for the three months ended June 30, 2021 compared with $14.2 million in the prior year period. This increase in management fees was primarily related to an increase in management fees from the Cowen Healthcare investments and Cowen Sustainable funds.

Incentive Income (Loss) Economic Proceeds for the segment decreased $77.0 million to a loss of $31.6 million for the three months ended June 30, 2021 compared with income of $45.4 million in the prior year period. This decrease was related to a decrease in performance fees from our healthcare investments business.

Investment Income (Loss) Economic Proceeds for the segment decreased $136.8 million to $5.6 million for the three months ended June 30, 2021 compared with $142.4 million in the prior year period. The decrease primarily relates to a decrease in performance in our investment in electric truck maker Nikola and our healthcare strategies, partially offset by increases in our activist and merger arbitrage fund strategies.

Other Income (Loss) Economic Proceeds for the segment increased $7.4 million to $7.3 million for the three months ended June 30, 2021 compared with a loss of $0.1 million in the prior year period. The increase comes from a higher insurance result caused by higher premiums resulting from a recovery from the COVID-19 impact for Hollenfels and the additional business from Cowen Insurance Co acquired in the first quarter of 2021.

Economic Interest Expenses were $7.4 million for the three months ended June 30, 2021, an increase of $1.3 million compared with $6.1 million in the prior year period.

Net Economic Proceeds were $382.0 million for the three months ended June 30, 2021, a decrease of $171.3 million compared with $553.3 million in the prior year period.

Economic Expenses

	Three Months Ended June 30,		Total Period-to-Period	
	2021	2020	$ Change	% Change
	(dollars in thousands)			
Economic Expenses				
Employee compensation and benefits	$ 216,280	$ 304,644	$ (88,364)	(29)%
Non-Compensation Expense	87,811	75,572	12,239	16 %
Depreciation & Amortization	4,561	5,657	(1,096)	(19)%
Non-Controlling Interest	1,488	1,739	(251)	(14)%
Total: Economic Expenses	**$ 310,140**	**$ 387,612**	**$ (77,472)**	**(20)%**

Economic Expenses were $310.1 million for the three months ended June 30, 2021, a decrease of $77.5 million compared with $387.6 million in the prior year period.

Economic Compensation Expenses were $216.3 million compared to $304.6 million in the prior year period. The decrease is due to lower overall revenue. The economic compensation-to-proceeds ratio was 56% compared to 54% in the prior year period.

Economic Non-compensation Expenses Fixed non-compensation expenses increased $7.1 million to $41.9 million for the three months ended June 30, 2021 compared with $34.8 million in the prior year period. The increase primarily related to an increase in professional and advisory fees and communication costs. Variable non-compensation expenses which primarily are comprised of expenses that are incurred as a direct result of the processing and soliciting of revenue generating activities, increased $5.1 million to $46.0 million for the three months ended June 30, 2021 compared with

$40.8 million in the prior year period. The increase is primarily related to increased brokerage and trade execution costs partially offset by lower marketing and business development costs.

Economic Depreciation and Amortization Expenses decreased to $4.6 million for the three months ended June 30, 2021 compared with $5.7 million in the prior year period.

Economic Non-controlling interests decreased by $0.3 million to $1.5 million for the three months ended June 30, 2021 compared with $1.7 million in the prior year period. Non-controlling interest represents the portion of the net income or loss attributable to certain non-wholly owned subsidiaries that is allocated to our partners in those subsidiaries.

Economic Income and Economic Operating Income

	Three Months Ended June 30,		Total Period-to-Period	
	2021	2020	$ Change	% Change
	(dollars in thousands)			
Pre-tax Economic Income (Loss)	$ 71,870	$ 165,725	(93,855)	(57)%
Economic income tax expense*	19,261	—	19,261	NM
Preferred dividends	1,460	1,387	73	5 %
Economic Income (Loss)*	**51,149**	**164,338**	**(113,189)**	**(69)%**
Add back: Depreciation and amortization expense, net of taxes	3,339	5,657	(2,318)	(41)%
Economic Operating Income (Loss)	**$ 54,488**	**$ 169,995**	**$ (115,507)**	**(68)%**

* Economic Income (Loss) is presented net of associated taxes starting in the first quarter of 2021. The Company has utilized all available federal net operating losses not subject to limitation during 2020.

Preferred Stock Dividends. On May 19, 2015, the Company completed its offering of 120,750 shares of the Company's 5.625% Series A cumulative perpetual convertible preferred stock. Each share of the Series A Convertible Preferred Stock is entitled to dividends at a rate of 5.625% per annum. The Company may, at its option, pay dividends in cash, common stock or a combination thereof.

Asset Co Segment

Economic Proceeds

	Three Months Ended June 30,		Total Period-to-Period	
	2021	2020	$ Change	% Change
	(dollars in thousands)			
Economic Proceeds				
Management fees	$ 299	$ 168	$ 131	78 %
Incentive income (loss)	514	983	(469)	(48)%
Investment income (loss)	(117)	(1,893)	1,776	(94)%
Other income (loss) economic proceeds	—	2	(2)	(100)%
Total: Economic Proceeds	**696**	**(740)**	**1,436**	**(194)%**
Economic Interest Expense	1,174	1,469	(295)	(20)%
Net Economic Proceeds	**$ (478)**	**$ (2,209)**	**$ 1,731**	**(78)%**

Economic Proceeds The Asset Co segment proceeds included in Economic Income (Loss) were $0.7 million for the three months ended June 30, 2021, an increase of $1.4 million compared with a loss of $0.7 million in the prior year.

Management Fees Economic Proceeds for the segment increased $0.1 million to $0.3 million for the three months ended June 30, 2021 compared with $0.2 million in the prior year period. This increase in management fees was primarily related to an increase in management fees from legacy multi-strat investments.

Incentive Income (Loss) Economic Proceeds for the segment decreased $0.5 million to $0.5 million for the three months ended June 30, 2021 compared with $1.0 million in the prior year period. This decrease was related to an increase in performance fees from the multi-strategy business.

Investment Income (Loss) Economic Proceeds for the segment increased $1.8 million to $0.1 million for the three months ended June 30, 2021, compared with a loss of $1.9 million in the prior year period. The increase primarily relates to a decrease in valuation of a legacy real estate investment in the prior year.

Economic Interest Expenses were $1.2 million for the three months ended June 30, 2021, a decrease of $0.3 million compared with $1.5 million in the prior year period.

Net Economic Proceeds for the segment were $0.5 million for the three months ended June 30, 2021, an increase of $1.7 million compared with negative proceeds (due to losses) of $2.2 million in the prior year period.

Economic Expenses

	Three Months Ended June 30,		Total Period-to-Period	
	2021	2020	$ Change	% Change
	(dollars in thousands)			
Economic Expenses				
Employee compensation and benefits	$ 4,133	$ 438	$ 3,695	844 %
Non-Compensation Expense	53	109	(56)	(51) %
Depreciation & Amortization	4	6	(2)	(33) %
Total expenses	**$ 4,190**	**$ 553**	**$ 3,637**	**658 %**

Economic Expenses were $4.2 million for the three months ended June 30, 2021, an increase of $3.6 million compared to $0.6 million in the prior year period.

Economic Compensation Expenses were $4.1 million for the three months ended June 30, 2021 compared to $0.4 million in the prior year period. The increase is due to higher overall revenue.

Economic Non-compensation Expenses Fixed non-compensation expenses remained fairly flat for the three months ended June 30, 2021 compared with the prior year period. Variable non-compensation expenses are comprised of expenses that are incurred as a direct result of the processing and soliciting of revenue generating activities.

Economic Depreciation and Amortization Expenses remained fairly flat for the three months ended June 30, 2021 compared to the prior year period and relates to costs allocated from general company assets.

Economic Income and Economic Operating Income

	Three Months Ended June 30,		Total Period-to-Period	
	2021	2020	$ Change	% Change
	(dollars in thousands)			
Pre-tax Economic Income (Loss)	$ (4,668)	$ (2,762)	(1,906)	69 %
Economic income tax expense*	(1,251)	—	(1,251)	NM
Preferred dividends	238	311	(73)	(23) %
Economic Income (Loss)*	**(3,655)**	**(3,073)**	**(582)**	**19 %**
Add back: Depreciation and amortization expense, net of taxes	3	6	(3)	(50) %
Economic Operating Income (Loss)	**$ (3,652)**	**$ (3,067)**	**$ (585)**	**19 %**

Preferred Stock Dividends. On May 19, 2015, the Company completed its offering of 120,750 shares of the Company's 5.625% Series A cumulative perpetual convertible preferred stock. Each share of the Series A Convertible Preferred Stock is entitled to dividends at a rate of 5.625% per annum. The Company may, at its option, pay dividends in cash, common stock or a combination thereof.

Six Months Ended June 30, 2021 Compared with Six Months Ended June 30, 2020

Total Economic Operating Income (Loss) was $196.4 million for the six months ended June 30, 2021, an increase of $36.6 million compared to Economic Operating Income (Loss) of $159.8 million in the prior year period. Total Economic Income (Loss) was $189.9 million for the six months ended June 30, 2021, an increase of $41.2 million compared to Economic Income (Loss) of $148.7 million in the prior year period. Total Pre-tax Economic Income (Loss) was $264.0 million for the six months ended June 30, 2021, an increase of $112.0 million compared to Pre-tax Economic Income (Loss) of $152.1 million in the prior year period.

Economic Proceeds included in total Economic Income (Loss) were $1,077.5 million for the six months ended June 30, 2021, an increase of $308.3 million compared to $769.3 million in the prior year period. This was primarily related to an increase in investment banking, brokerage revenues and incentive income only partially offset by a decrease in investment income (loss).

Operating Company Segment

Economic Proceeds

	Six Months Ended June 30,		Total Period-to-Period	
	2021	2020	$ Change	% Change
	(dollars in thousands)			
Economic Proceeds				
Investment banking	$ 507,914	$ 289,627	$ 218,287	75 %
Brokerage	397,692	299,739	97,953	33 %
Management fees	44,709	27,351	17,358	63 %
Incentive income (loss)	78,359	43,449	34,910	80 %
Investment income (loss)	37,514	122,931	(85,417)	(69) %
Other income (loss) economic proceeds	8,471	498	7,973	1,601 %
Total: Economic Proceeds	**1,074,659**	**783,595**	**291,064**	**37 %**
Economic Interest Expense	13,366	12,445	**921**	7 %
Net Economic Proceeds	**$ 1,061,293**	**$ 771,150**	**$ 290,143**	**38 %**

*Economic Proceed*s The Op Co segment economic proceeds included in Economic Income (Loss) were $1,074.7 million for the six months ended June 30, 2021, an increase of $291.1 million compared to $783.6 million in the prior year period.

Investment Banking Economic Proceeds increased $218.3 million to $507.9 million for the six months ended June 30, 2021 compared with $289.6 million in the prior year period. During the six months ended June 30, 2021, the Company completed 101 underwriting transactions, 62 strategic advisory transactions and 11 debt capital markets transactions. During the six months ended June 30, 2020, the Company completed 72 capital markets transactions, 30 strategic advisory transactions and five debt capital markets transactions.

Brokerage Economic Proceeds increased $98.0 million to $397.7 million for the six months ended June 30, 2021, compared with $299.7 million in the prior year period. This was attributable to an increase in Institutional Brokerage, primarily Special Situations and Cash commission revenue and an increase in Institutional Services, primarily Prime Brokerage and Securities Finance. Customer trading volumes across the industry (according to Bloomberg) increased 7% for the six months ended June 30, 2021 compared to the prior year period.

Management Fees Economic Proceeds for the segment increased $17.4 million to $44.7 million for the six months ended June 30, 2021 compared with $27.4 million in the prior year period. This increase in management fees was primarily related to an increase in management fees from the Cowen Healthcare investments and Cowen Sustainable funds.

Incentive Income (Loss) Economic Proceeds for the segment increased $34.9 million to $78.4 million for the six months ended June 30, 2021 compared with income of $43.4 million in the prior year period. This increase was primarily related to an increase in performance fees from our sustainable investments business.

Investment Income (Loss) Economic Proceeds for the segment decreased $85.4 million to $37.5 million for the six months ended June 30, 2021 compared with $122.9 million in the prior year period. The decrease primarily relates to a decrease in performance investments across most of our strategies including healthcare, merchant banking and portfolio hedge.

Other Income (Loss) Economic Proceeds for the segment increased $8.0 million to $8.5 million for the six months ended June 30, 2021 compared with $0.5 million in the prior year period. The increase comes from a higher insurance result caused by higher premiums resulting from a recovery from the COVID-19 impact for Hollenfels and the additional business from Cowen Insurance Co acquired in the first quarter of 2021.

Economic Interest Expenses were $13.4 million for the six months ended June 30, 2021, an increase of $0.9 million compared with $12.4 million in the prior year period.

Net Economic Proceeds were $1,061.3 million for the six months ended June 30, 2021, an increase of $290.1 million compared with $771.2 million in the prior year period.

Economic Expenses

	Six Months Ended June 30,		Total Period-to-Period	
	2021	2020	$ Change	% Change
Economic Expenses	(dollars in thousands)			
Employee compensation and benefits	$ 601,858	$ 429,650	$ 172,208	40 %
Non-Compensation Expense	177,226	156,203	21,023	13 %
Depreciation & Amortization	8,910	11,085	(2,175)	(20) %
Non-Controlling Interest	2,955	3,479	(524)	(15) %
Total: Economic Expenses	**$ 790,949**	**$ 600,417**	**$ 190,532**	**32 %**

Economic Expenses were $790.9 million for the six months ended June 30, 2021, an increase of $190.5 million compared with $600.4 million in the prior year period.

Economic Compensation Expenses were $601.9 million compared to $429.7 million in the prior year period. The increase was due to higher revenues. The economic compensation-to-proceeds ratio increased 56.0% compared to 55% in the prior year period.

Economic Non-compensation Expenses Fixed non-compensation expense increased $7.2 million to $79.3 million for the six months ended June 30, 2021 compared with $72.1 million in the prior year period. The increase primarily related to an increase in professional and advisory fees and communication costs. Variable non-compensation expense which primarily are comprised of expenses that are incurred as a direct result of the processing and soliciting of revenue generating activities, increased $13.8 million to $97.9 million for the six months ended June 30, 2021 compared with $84.1 million in the prior year period. The increase is related to increased brokerage and trade execution costs partially offset by lower marketing and business development costs.

Economic Depreciation and Amortization Expenses decreased to $8.9 million for the six months ended June 30, 2021 compared with $11.1 million in the prior year period. The decrease is primarily related certain intangible assets being fully amortized in the first quarter of 2021.

Economic Non-controlling interests decreased by $0.5 million to $3.0 million for the six months ended June 30, 2021 compared with $3.5 million in the prior year period. Non-controlling interest represents the portion of the net income or loss attributable to certain non-wholly owned subsidiaries that is allocated to our partners in those subsidiaries.

Economic Income and Economic Operating Income

	Six Months Ended June 30,		Total Period-to-Period	
	2021	2020	$ Change	% Change
	(dollars in thousands)			
Pre-tax Economic Income (Loss)	$ 270,344	$ 170,733	$ 99,611	58 %
Economic income tax expense *	72,451	—	72,451	NM
Preferred dividends	2,887	2,745	142	5 %
Economic Income (Loss) *	**195,006**	**167,988**	**27,018**	**16 %**
Add back: Depreciation and amortization expense, net of taxes	6,522	11,085	(4,563)	(41) %
Economic Operating Income (Loss)	**$ 201,528**	**$ 179,073**	**$ 22,455**	**13 %**

* Economic Income (Loss) is presented net of associated taxes starting in the first quarter of 2021. The Company has utilized all available federal net operating losses not subject to limitation during 2020.

Preferred Stock Dividends. On May 19, 2015, the Company completed its offering of 120,750 shares of the Company's 5.625% Series A cumulative perpetual convertible preferred stock. Each share of the Series A Convertible Preferred Stock is entitled to dividends at a rate of 5.625% per annum. The Company may, at its option, pay dividends in cash, common stock or a combination thereof.

Asset Co Segment

	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020	Total Period-to-Period $ Change	Total Period-to-Period % Change
Economic Proceeds		(dollars in thousands)		
Management fees	$ 616	$ 372	$ 244	66 %
Incentive income (loss)	(701)	(1,161)	460	(40) %
Investment income (loss)	2,973	(13,548)	16,521	(122) %
Other income (loss) economic proceeds	(1)	2	(3)	(150) %
Total: Economic Proceeds	**2,887**	**(14,335)**	**17,222**	**(120) %**
Economic Interest Expense	2,261	2,904	**(643)**	(22) %
Net Economic Proceeds	**$ 626**	**$ (17,239)**	**$ 17,865**	**(104) %**

Economic Proceeds The Asset Co segment proceeds included in Economic Income (Loss) were $2.9 million for the six months ended June 30, 2021, an increase of $17.2 million compared with negative proceeds (due to losses) of $14.3 million in the prior year period.

Management Fees Economic Proceeds for the segment increased $0.2 million to $0.6 million for the six months ended June 30, 2021 compared with $0.4 million in the prior year period. This increase was related to an increase in management fees from the Company's multi-strategy business.

Incentive Income (Loss) Economic Proceeds for the segment increased $0.5 million to a loss of $0.7 million for the six months ended June 30, 2021 compared with a loss of $1.2 million in the prior year period. This increase was related to an increase in performance fees from the Company's multi-strategy business.

Investment Income (Loss) Economic Proceeds for the segment increased $16.5 million to $3.0 million for the six months ended June 30, 2021, compared with a loss of $13.5 million in the prior year period. The increase primarily relates to an impairment of an equity method investment and decreased performance of our multi-strat fund which occurred in the first quarter of 2020.

Economic Interest Expenses were $2.3 million for the six months ended June 30, 2021, a decrease of $0.6 million compared with $2.9 million in the prior year period.

Net Economic Proceeds for the segment were $0.6 million for the six months ended June 30, 2021, an increase of $17.9 million compared with negative proceeds (due to losses) of $17.2 million in the prior year period.

Economic Expenses

	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020	Total Period-to-Period $ Change	Total Period-to-Period % Change
		(dollars in thousands)		
Economic Expenses				
Employee compensation and benefits	$ 6,951	$ 1,136	$ 5,815	512 %
Non-Compensation Expense	(24)	263	(287)	(109)%
Depreciation & Amortization	9	12	(3)	(25)%
Total: Economic Expenses	$ 6,936	$ 1,411	$ 5,525	392 %

Economic Expenses were $6.9 million for the six months ended June 30, 2021, an increase of $5.5 million compared to $1.4 million in the prior year period.

Economic Compensation Expenses were $7.0 million for the six months ended June 30, 2021, compared to $1.1 million in the prior year period. The increase was due to higher revenues related to investment income (loss).

Economic Non-compensation Expenses Fixed non-compensation expense decreased $0.3 million to an expense credit of $0.04 million for the six months ended June 30, 2021 compared with $0.3 million in the prior year period. The decrease is primarily related to decreased professional, advisory and other fees. Variable non-compensation expenses, remained flat at $0.02 million for the six months ended June 30, 2021 compared with the prior year period, are comprised of expenses that are incurred as a direct result of the processing and soliciting of revenue generating activities.

Economic Depreciation and Amortization Expenses remained fairly flat for the six months ended June 30, 2021 compared to the prior year period and relates to costs allocated from general company assets.

Economic Income and Economic Operating Income

	Six Months Ended June 30,		Total Period-to-Period	
	2021	**2020**	**$ Change**	**% Change**
	(dollars in thousands)			
Pre-tax Economic Income (Loss)	$ (6,310)	$ (18,650)	$ 12,340	(66) %
Economic income tax expense *	(1,691)	—	(1,691)	NM
Preferred dividends	509	651	(142)	(22) %
Economic Income (Loss) *	**(5,128)**	**(19,301)**	**14,173**	**(73)%**
Add back: Depreciation and amortization expense, net of taxes	6	12	(6)	(50) %
Economic Operating Income (Loss)	**$ (5,122)**	**$ (19,289)**	**$ 14,167**	**(73)%**

* Economic Income (Loss) is presented net of associated taxes starting in the first quarter of 2021. The Company has utilized all available federal net operating losses not subject to limitation during 2020.

Preferred Stock Dividends. On May 19, 2015, the Company completed its offering of 120,750 shares of the Company's 5.625% Series A cumulative perpetual convertible preferred stock. Each share of the Series A Convertible Preferred Stock is entitled to dividends at a rate of 5.625% per annum. The Company may, at its option, pay dividends in cash, common stock or a combination thereof.

Reconciliation of US GAAP to Non-GAAP Measures for the three and six months ended June 30, 2021 and 2020

The following tables reconciles total US GAAP Revenues to total Economic Proceeds for the three and six months ended June 30, 2021 and 2020:

		(unaudited)										
		Three Months Ended June 30, 2021										
(Dollar amounts in thousands)		**Investment Banking**	**Brokerage**	**Investment Income**	**Management Fees**	**Incentive Income**	**Interest and Dividends**	**Reinsurance premiums**	**Other revenues**	**Consolidated Funds Revenues**	**Other Income (Loss)**	**Total**
Total US GAAP Revenues and Other Income (Loss)		$ 224,981	$ 139,060	$ 3,160	$ 14,995	$ 169	$ 62,173	$ 11,493	$ 2,031	$ 695	$ 6,730	$ 465,487
Management Presentation Reclassifications:												
Underwriting expenses	**a**	(6,152)	—	—	—	—	—	—	—	—	—	(6,152)
Reimbursable client expenses	**b**	(4,402)	—	—	—	—	—	—	(295)	—	—	(4,697)
Securities financing interest expense	**c**	—	6,132	—	—	—	(48,854)	—	—	—	—	(42,722)
Fund start-up costs, distribution and other fees	**d**	—	(107)	—	(449)	—	—	—	(666)	—	—	(1,222)
Certain equity method investments	**e**	—	—	—	3,523	4,358	—	—	—	—	(5,894)	1,987
Carried interest	**f**	—	—	35,530	—	(35,686)	—	—	—	—	—	(156)
Proprietary trading, interest and dividends	**g**	—	10,245	(32,710)	—	275	(2,262)	—	(34)	—	10,616	(13,870)
Insurance related activities expenses	**h**	—	—	—	—	—	—	(11,493)	6,271	—	1	(5,221)
Facilitation trading gains and losses	**i**	—	20,515	(1,554)	—	—	(11,057)	—	—	—	(11,453)	(3,549)
Total Management Presentation Reclassifications:		(10,554)	36,785	1,266	3,074	(31,053)	(62,173)	(11,493)	5,276	—	(6,730)	(75,602)
Fund Consolidated Reclassifications	**l**	—	—	1,052	55	(168)	—	—	—	(695)	—	244
Total Economic Proceeds		$ 214,427	$ 175,845	$ 5,478	$ 18,124	$ (31,052)	$ —	$ —	$ 7,307	$ —	$ —	**$ 390,129**

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(Dollar amounts in thousands)		Investment Banking	Brokerage	Investment Income	Management Fees	Incentive Income	Interest and Dividends	Reinsurance premiums	Other revenues	Consolidated Funds Revenues	Other Income (Loss)	Total
		(unaudited)										
		Three Months Ended June 30, 2020										
Total US GAAP Revenues and Other Income (Loss)		$ 203,982	$ 130,209	$ 207,439	$ 11,653	$ —	$ 47,918	$ 5,967	$ 1,286	$ 37,730	$ 6,528	$ 652,712
Management Presentation Reclassifications:												
Underwriting expenses	**a**	(8,871)	—	—	—	—	0	0	—	0	0	(8,871)
Reimbursable client expenses	**b**	(4,682)	—	—	—	—	0	0	(271)	0	0	(4,953)
Securities financing interest expense	**c**	—	4,939	—	—	—	(40,517)	0	—	0	0	(35,578)
Fund start-up costs, distribution and other fees	**d**	—	—	—	(800)	—	0	—	(259)	—	—	(1,059)
Certain equity method investments	**e**	—	—	—	2,914	8,365	—	—	—	—	(9,390)	1,889
Carried interest	**f**	—	—	(38,277)	—	38,010	0	—	—	—	—	(267)
Proprietary trading, interest and dividends	**g**	—	22,351	(28,102)	—	—	(2,919)	—	(364)	—	2,862	(6,172)
Insurance related activities expenses	**h**	—	—	—	—	—	—	(5,967)	(459)	—	—	(6,426)
Facilitation trading gains and losses	**i**	—	9,568	(6,067)	—	—	(4,482)	—	—	—	—	(981)
Total Management Presentation Reclassifications:		(13,553)	36,858	(72,446)	2,114	46,375	(47,918)	(5,967)	(1,353)	—	(6,528)	(62,418)
Fund Consolidated Reclassifications	**l**	—	—	5,493	635	—	—	—	7	(37,730)	—	(31,595)
Total Economic Proceeds		$ 190,429	$ 167,067	$ 140,486	$ 14,402	$ 46,375	$ —	$ —	$ (60)	$ —	$ —	**$ 558,699**

(Dollar amounts in thousands)		Investment Banking	Brokerage	Investment Income	Management Fees	Incentive Income	Interest and Dividends	Reinsurance premiums	Other revenues	Consolidated Funds Revenues	Other Income (Loss)	Total
		(unaudited)										
		Six Months Ended June 30, 2021										
Total US GAAP Revenues and Other Income (Loss)		$ 529,815	$ 312,797	$ 179,297	$ 40,737	$ 2,427	$ 121,561	$ 18,610	$ 3,690	$ (2,652)	$ 18,692	$ 1,224,974
Management Presentation Reclassifications:												
Underwriting expenses	**a**	(13,067)	—	—	—	—	—	—	—	—	—	(13,067)
Reimbursable client expenses	**b**	(8,834)	—	—	—	—	—	—	(583)	—	—	(9,417)
Securities financing interest expense	**c**	—	7,566	—	—	—	(90,655)	—	—	—	—	(83,089)
Fund start-up costs, distribution and other fees	**d**	—	(266)	—	(4,523)	—	—	—	(1,305)	—	—	(6,094)
Certain equity method investments	**e**	—	—	—	7,003	13,999	—	—	—	—	(16,723)	4,279
Carried interest	**f**	—	—	(61,239)	—	61,353	—	—	—	—	—	114
Proprietary trading, interest and dividends	**g**	—	26,347	(65,436)	—	(51)	(6,358)	—	(271)	—	21,766	(24,003)
Insurance related activities expenses	**h**	—	—	—	1	—	—	(18,610)	6,939	—	—	(11,670)
Facilitation trading gains and losses	**i**	—	51,248	(10,522)	—	—	(24,548)	—	—	—	(24,418)	(8,240)
Total Management Presentation Reclassifications:		(21,901)	84,895	(137,197)	2,481	75,301	(121,561)	(18,610)	4,780	—	(19,375)	(151,187)
Fund Consolidated Reclassifications	**l**	—	—	(1,613)	2,107	(70)	—	—	—	2,652	—	3,076
Income Statement Adjustments:												
Bargain purchase gain	**n**	—	—	—	—	—	—	—	—	—	(3,855)	(3,855)
Debt extinguishment loss	**p**	—	—	—	—	—	—	—	—	—	4,538	4,538
Total Income Statement Adjustments:		—	—	—	—	—	—	—	—	—	683	683
Total Economic Proceeds		$ 507,914	$ 397,692	$ 40,487	$ 45,325	$ 77,658	$ —	$ —	$ 8,470	$ —	$ —	**$ 1,077,546**

(Dollar amounts in thousands)		Investment Banking	Brokerage	Investment Income	Management Fees	Incentive Income	Interest and Dividends	Reinsurance premiums	Other revenues	Consolidated Funds Revenues	Other Income (Loss)	Total
		(unaudited)										
		Six Months Ended June 30, 2020										
Total US GAAP Revenues and Other Income (Loss)		$ 309,010	$ 271,586	$ 162,032	$ 23,257	$ —	$ 89,995	$ 16,438	$ 2,868	$ (32,279)	$ 6,466	$ 849,373
Management Presentation Reclassifications:												
Underwriting expenses	**a**	(12,511)	—	—	—	—	—	—	—	—	—	(12,511)
Reimbursable client expenses	**b**	(6,872)	—	—	—	—	—	—	(558)	—	—	(7,430)
Securities financing interest expense	**c**	—	10,222	—	—	—	(67,707)	—	—	—	—	(57,485)
Fund start-up costs, distribution and other fees	**d**	—	—	—	(2,810)	—	—	—	(520)	—	—	(3,330)
Certain equity method investments	**e**	—	—	—	5,964	14,965	—	—	—	—	(17,303)	3,626
Carried interest	**f**	—	—	(27,192)	—	27,323	—	—	—	—	—	131
Proprietary trading, interest and dividends	**g**	—	25,495	(36,202)	—	—	(10,829)	—	(897)	—	10,837	(11,596)
Insurance related activities expenses	**h**	—	—	—	—	—	—	(16,438)	(425)	—	—	(16,863)
Facilitation trading gains and losses	**i**	—	(7,564)	16,361	—	—	(11,459)	—	—	—	—	(2,662)
Total Management Presentation Reclassifications:		(19,383)	28,153	(47,033)	3,154	42,288	(89,995)	(16,438)	(2,400)	—	(6,466)	(108,120)
Fund Consolidated Reclassifications	**l**	—	—	(5,616)	1,312	—	—	—	32	32,279	—	28,007
Total Economic Proceeds		$ 289,627	$ 299,739	$ 109,383	$ 27,723	$ 42,288	$ —	$ —	$ 500	$ —	$ —	**$ 769,260**

The following table reconciles total US GAAP interest and dividends expense to total Economic Interest Expense for the three and six months ended June 30, 2021and 2020:

		(unaudited)			
		Three Months Ended June 30,		Six Months Ended June 30,	
(Dollar amounts in thousands)		2021	2020	2021	2020
Total US GAAP Interest & Dividend Expense		$ 63,073	$ 49,304	$ 120,714	$ 88,096
Management Presentation Reclassifications:					
Securities financing interest expense	**c**	(42,722)	(35,578)	(83,089)	(57,485)
Fund start-up costs, distribution and other fees	**d**	(628)	—	(1,171)	—
Proprietary trading gains and losses	**g**	(1,248)	(4,043)	(5,486)	(10,358)
Facilitation trading gains and losses	**i**	(3,549)	(981)	(8,240)	(2,662)
Total Management Presentation Reclassifications:		(48,147)	(40,602)	(97,986)	(70,505)
Income Statement Adjustments:					
Accelerated debt costs	**p**	(5,557)	—	(5,557)	—
Amortization of discount/(premium) on debt	**m**	(772)	(1,131)	(1,544)	(2,242)
Total Income Statement Adjustments:		(6,329)	(1,131)	(7,101)	(2,242)
Total Economic Interest Expense		**$ 8,597**	**$ 7,571**	**$ 15,627**	**$ 15,349**

The following tables reconcile total US GAAP Expenses and non-controlling interests to total Economic Expenses for the three and six months ended June 30, 2021and 2020:

(Dollar amounts in thousands)		(unaudited) Three Months Ended June 30, 2021 Employee Compensation and Benefits	Non-compensation US GAAP Expenses	Net income (loss) attributable to non-controlling interests in consolidated subsidiaries and investment funds	Total	Three Months Ended June 30, 2020 Employee Compensation and Benefits	Non-compensation US GAAP Expenses	Net income (loss) attributable to non-controlling interests in consolidated subsidiaries and investment funds	Total
Total US GAAP		$ 219,186	$ 113,906	$ 13,755	$ 346,847	$ 305,282	$ 106,246	$ 33,113	$ 444,641
Management Presentation Reclassifications:									
Underwriting expenses	**a**	—	(6,152)	—	(6,152)	—	(8,871)	—	(8,871)
Reimbursable client expenses	**b**	—	(4,697)	—	(4,697)	—	(4,953)	—	(4,953)
Securities financing interest expense		—	—	—	—	—	—	—	—
Fund start-up costs, distribution and other fees	**d**	—	(594)	—	(594)	—	(1,059)	—	(1,059)
Certain equity method investments	**e**	—	1,987	—	1,987	—	1,889	—	1,889
Carried interest	**f**	—	(156)	—	(156)	—	(267)	—	(267)
Proprietary trading, interest and dividends	**g**	—	1,501	(14,123)	(12,622)	—	974	(3,103)	(2,129)
Insurance related activities expenses	**h**	—	(5,221)	—	(5,221)	—	(6,426)	—	(6,426)
Associated partner/banker compensation	**j**	1,574	(1,574)	—	—	140	(140)	—	—
Management company non-Controlling interest	**k**	(347)	(1,141)	1,488	—	(340)	(1,399)	1,739	—
Total Management Presentation Reclassifications:		1,227	(16,047)	(12,635)	(27,455)	(200)	(20,252)	(1,364)	(21,816)
Fund Consolidated Reclassifications	**l**	—	(124)	368	244	—	(1,585)	(30,010)	(31,595)
Income Statement Adjustments:									
Acquisition related adjustments	**n**	—	(76)	—	(76)	—	76	—	76
Contingent liability adjustments	**n**	—	(5,230)	—	(5,230)	—	(2,596)	—	(2,596)
Goodwill and/or other impairment	**r**	—	—	—	—	—	(545)	—	(545)
Total Income Statement Adjustments:		—	(5,306)	—	(5,306)	—	(3,065)	—	(3,065)
Total Economic Expenses		$ 220,413	$ 92,429	$ 1,488	**$ 314,330**	$ 305,082	$ 81,344	$ 1,739	**$ 388,165**

(Dollar amounts in thousands)		(unaudited) Six Months Ended June 30, 2021 Employee Compensation and Benefits	Non-compensation US GAAP Expenses	Net income (loss) attributable to non-controlling interests in consolidated subsidiaries and investment funds	Total	Six Months Ended June 30, 2020 Employee Compensation and Benefits	Non-compensation US GAAP Expenses	Net income (loss) attributable to non-controlling interests in consolidated subsidiaries and investment funds	Total
Total US GAAP		$ 607,382	$ 221,062	$ 18,317	$ 846,761	$ 429,710	$ 212,971	$ (29,075)	$ 613,606
Management Presentation Reclassifications:									
Underwriting expenses	**a**	—	(13,067)	—	(13,067)	—	(12,511)	—	(12,511)
Reimbursable client expenses	**b**	—	(9,417)	—	(9,417)	—	(7,430)	—	(7,430)
Fund start-up costs, distribution and other fees	**d**	—	(4,923)	—	(4,923)	—	(3,330)	—	(3,330)
Certain equity method investments	**e**	—	4,279	—	4,279	—	3,626	—	3,626
Carried interest	**f**	—	114	—	114	—	131	—	131
Proprietary trading, interest and dividends	**g**	—	3,271	(21,788)	(18,517)	—	1,993	(3,231)	(1,238)
Insurance related activities expenses	**h**	—	(11,670)	—	(11,670)	—	(16,863)	—	(16,863)
Associated partner/banker compensation	**j**	2,122	(2,122)	—	—	1,764	(1,764)	—	—
Management company non-Controlling interest	**k**	(695)	(2,260)	2,955	—	(688)	(2,791)	3,479	—
Total Management Presentation Reclassifications:		1,427	(35,795)	(18,833)	(53,201)	1,076	(38,939)	248	(37,615)
Fund Consolidated Reclassifications	**l**	—	(395)	3,471	3,076	—	(4,299)	32,306	28,007
Income Statement Adjustments:									
Acquisition related amounts	**n**	—	(317)	—	(317)	—	133	—	133
Contingent liability adjustments	**n**	—	1,566	—	1,566	—	(1,758)	—	(1,758)
Goodwill and/or other impairment	**r**	—	—	—	—	—	(545)	—	(545)
Total Income Statement Adjustments:		—	1,249	—	1,249	—	(2,170)	—	(2,170)
Total Economic Expenses		$ 608,809	$ 186,121	$ 2,955	**$ 797,885**	$ 430,786	$ 167,563	$ 3,479	**$ 601,828**

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The following table reconciles US GAAP Net Income (loss) Attributable to Cowen Inc. Common Stockholders to Pre-tax Economic Income (Loss), Economic Income (loss), and Economic Operating Income (loss) for the three and six months ended June 30, 2021and 2020:

		(unaudited)			
		Three Months Ended June 30,		Six Months Ended June 30,	
(Dollar amounts in thousands)		2021	2020	2021	2020
US GAAP Net income (loss) attributable to Cowen Inc. common stockholders		**$ 43,625**	**$ 112,137**	**$ 189,431**	**$ 100,516**
Income Statement Adjustments:					
US GAAP Income tax expense (benefit)	**o**	10,244	44,932	64,672	43,759
Amortization of discount (premium) on debt	**m**	772	1,131	1,544	2,242
Goodwill and/or other impairment	**r**	—	545	—	545
Debt extinguishment gain (loss) and/or accelerated debt costs	**p**	5,557	—	10,095	—
Bargain purchase gain	**n**	—	—	(3,855)	—
Contingent liability adjustments	**n**	5,230	2,596	(1,566)	1,758
Acquisition related amounts	**n**	76	(76)	317	(133)
Preferred dividends	**q**	1,698	1,698	3,396	3,396
Pre-tax Economic Income (Loss)		**67,202**	**162,963**	**264,034**	**152,083**
Economic income tax expense *		(18,010)	—	(70,760)	—
Preferred dividends		(1,698)	(1,698)	(3,396)	(3,396)
Economic Income (Loss) *		**$ 47,494**	**$ 161,265**	**$ 189,878**	**$ 148,687**
Add back: Depreciation and amortization expense, net of taxes		3,342	5,663	6,528	11,097
Economic Operating Income (Loss)		**$ 50,836**	**$ 166,928**	**$ 196,406**	**$ 159,784**

r

* Economic Income (Loss) is presented net of associated taxes starting in the first quarter of 2021. The Company has utilized all available federal net operating losses not subject to limitation during 2020.

Management Reclassifications

Management reclassification adjustments and fund consolidation reclassification adjustments have no effect on Economic Operating Income (Loss). These adjustments are reclassifications to change the location of certain line items.

a Underwriting expenses: Economic Proceeds presents investment banking revenues net of underwriting expenses.

b Reimbursable client expenses: Economic Proceeds presents expenses reimbursed from clients and affiliates within their respective expense category but is included as a part of revenues under US GAAP.

c Securities financing interest expense: Brokerage Economic Proceeds included net securities borrowed and securities loaned activities which are shown gross in interest income and interest expense for US GAAP.

d Fund start-up costs, distribution and other fees: Economic Proceeds and Economic Interest Expense are net of fund start-up costs and distribution fees paid to agents and other debt service costs.

e Certain equity method investments: Economic Proceeds and Economic Expenses recognize the Company's proportionate share of management and incentive fees and associated share of expenses on a gross basis for equity method investments within the activist business, real estate operating entities and the healthcare royalty business. The Company applies the equity method of accounting to these entities and accordingly the results from these businesses are recorded within Other Income (Loss) for US GAAP.

f Carried interest: The Company applies an equity ownership model to carried interest which is recorded in Investment income - Carried interest allocation for US GAAP. The Company presents carried interest as Incentive Income Economic Proceeds.

g Proprietary trading, interest and dividends: Economic Proceeds presents interest and dividends from the Company's proprietary trading in investment income.

h Insurance related activities expenses: Economic Proceeds presents underwriting income from the Company's insurance related activities, net of expenses, within other revenue. The costs are recorded within expenses for US GAAP reporting.

i Facilitation trading gains and losses: Economic Brokerage Proceeds presents gains and losses on investments held as part of the Company's facilitation and trading business within brokerage revenues as these investments are directly related to the markets business activities while these are presented in Investment income - Securities principal transactions, net for US GAAP reporting.

j Associated partner/banker compensation reclassification: Economic Compensation Expense presents certain payments to associated banking partners as compensation rather than non-compensation expenses.

k Management company non-controlling interest: Economic Expenses non-controlling interest represents only operating entities that are not wholly owned by the Company. The Company also presents non-controlling interests within total expenses for Economic Income (Loss).

Fund Consolidation Reclassifications

l The impacts of consolidation and the related elimination entries of the Consolidated Funds are not included in Economic Income (Loss). Adjustments to reconcile to US GAAP Net Income (Loss) included elimination of incentive income and management fees earned from the Consolidated Funds and addition of investment fund expenses excluding management fees paid, investment fund revenues and investment income (loss).

Income Statement Adjustments

m Pre-tax Economic Income (Loss) excludes the amortization of discount (premium) on debt.

n Pre-tax Economic Income (Loss) excludes acquisition related adjustments (including bargain purchase gain and contingent liability adjustments).

o Pre-tax Economic Income (Loss) excludes US GAAP income taxes.

p Pre-tax Economic Income (Loss) excludes gain/(loss) on debt extinguishment and accelerated debt costs.

q Pre-tax Economic income (Loss) excludes preferred dividends.

r Economic Income (Loss) excludes goodwill and other impairments.

Liquidity and Capital Resources

We continually monitor our liquidity position. The working capital needs of the Company's business have been met through current levels of equity capital, current cash and cash equivalents, and anticipated cash generated from our operating activities, including management fees, incentive income, returns on the Company's own capital, investment banking fees and brokerage commissions. The Company expects that its primary working capital liquidity needs over the next twelve months will be:

- to pay our operating expenses, primarily consisting of compensation and benefits, interest on debt and other general and administrative expenses; and
- to provide capital to facilitate the growth of our existing business.

Based on our historical results, management's experience, our current business strategy and current assets under management, the Company believes that its existing cash resources will be sufficient to meet its anticipated working capital and capital expenditure requirements for at least the next twelve months. However, the Company’s assessment could be affected by various risks and uncertainties, including but not limited to, the effects of the COVID-19 pandemic. Our cash reserves include cash, cash equivalents and assets readily convertible into cash such as our securities held in inventory. Securities inventories are stated at fair value and are generally readily marketable. As of June 30, 2021, we had cash and cash equivalents of $806.9 million and net liquid investment assets of $1.2 billion, which includes cash and cash equivalents and short-term investments held by foreign subsidiaries as of June 30, 2021 of $78.1 million. The Company continues to permanently reinvest the capital and accumulated earnings of its subsidiaries in the United Kingdom, Malta, Germany, Switzerland, Canada, South Africa, and Hong Kong.

The timing of cash bonus payments to our employees may significantly affect our cash position and liquidity from period to period. While our employees are generally paid salaries semi-monthly during the year, cash bonus payments, which can make up a significant portion of total compensation, are generally paid by March 15th.

As a clearing member firm providing services to certain of our brokerage customers, we are subject to cash deposit requirements with clearing organizations, brokers and banks that may be large in relation to total liquid assets and may fluctuate significantly based upon the nature and size of customers' trading activity and market volatility. At June 30, 2021, the Company had security deposits totaling $96.1 million with clearing organizations in the U.S. for the settlement of equity trades. In the normal course of our U.S. settlement activities, we may also need to temporarily finance customer securities positions from short settlements or delivery failures.

Unfunded commitments

The following table summarizes unfunded commitments as of June 30, 2021:

Entity	Unfunded Commitments (dollars in thousands)		Commitment term
HealthCare Royalty Partners funds (a)	$	7,207	3.50 years
Eclipse Ventures Fund I, L.P.	$	28	3.50 years
Eclipse Fund II, L.P.	$	45	4.50 years
Eclipse Continuity Fund I, L.P.	$	39	5.50 years
Cowen Healthcare Investments III LP	$	4,126	5.50 years
Cowen Sustainable Investments I LP	$	14,706	8.50 years

(a) The Company is a limited partner of the HealthCare Royalty Partners funds (which are managed by Healthcare Royalty Management) and is a member of HealthCare Royalty Partners General Partners. The Company will make its pro-rata investment in the HealthCare Royalty Partners funds along with the other limited partners.

Due to the nature of the securities business and our role as a market-maker and execution agent, the amount of our cash and short-term investments, as well as operating cash flow, may vary considerably due to a number of factors, including the dollar value of our positions as principal, whether we are net buyers or sellers of securities, the dollar volume of executions by our customers and clearinghouse requirements, among others. Certain regulatory requirements constrain the use of a portion of our liquid assets for financing, investing or operating activities. Similarly, due to the nature of our business lines, the capital necessary to maintain current operations and our current funding needs subject our cash and cash equivalents to different requirements and uses.

Preferred Stock and Purchase of Capped Call Option

On May 19, 2015, the Company completed its offering of 120,750 shares of the Company's 5.625% Series A cumulative perpetual convertible preferred stock ("Series A Convertible Preferred Stock") that provided $117.2 million of proceeds, net of underwriting fees and issuance costs of $3.6 million. Each share of the Series A Convertible Preferred Stock is entitled to dividends at a rate of 5.625% per annum, which will be payable, when and if declared by the board of directors of the Company, quarterly, in arrears, on February 15, May 15, August 15 and November 15 of each year. The Company may, at its option, pay dividends in cash, common stock or a combination thereof. The Company declared and accrued a cash dividend in respect of the Series A Convertible Preferred Stock of $3.4 million, for the six months ended June 30, 2021 and 2020, respectively.

Each share of Series A Convertible Preferred Stock is non-voting and has a liquidity preference over the Company's Class A common stock and ranks senior to all classes or series of the Company's Class A common stock, but junior to all of the Company's existing and future indebtedness with respect to dividend rights and rights upon the Company's involuntary liquidation, dissolution or winding down.

Each share of Series A Convertible Preferred Stock is convertible, at the option of the holder, into a number of shares of the Company's Class A common stock equal to the liquidation preference of $1,000 divided by the conversion rate. The initial conversion rate (subsequent to the December 5, 2016 reverse stock split) is 38.0619 shares (which equates to $26.27 per share) of the Company's Class A common stock for each share of the Series A Convertible Preferred Stock. At any time on or after May 20, 2020, when the Company's capped call option expired, the Company may elect to convert all outstanding shares of the Series A Convertible Preferred Stock into shares of the Company's Class A common stock, cash or a combination thereof, at the Company's election, in each case, based on the then-applicable conversion rate (which at December 31, 2020 was 38.488), if the last reported sale price of the Company's Class A common stock equals or exceeds 150% of the then-current conversion price on at least 20 trading days (whether or not consecutive) during the period of 30 consecutive trading days (including on the last trading day of such period) immediately prior to such election. At the time of conversion, the conversion rate may be adjusted based on certain events, including but not limited to the issuance of cash dividends or Class A common stock as dividends to the Company's Class A common shareholders or a share split or combination. The Company has the intent and ability to settle the preferred shares in cash and, as a result, the preferred shares do not have an impact on the Company's diluted earnings per share calculation (See Note 21).

The Company may also incur additional indebtedness or raise additional capital under certain circumstances to respond to market opportunities and challenges. Current market conditions may make it more difficult or costly to borrow additional funds or raise additional capital.

Regulation

As registered broker-dealers, Cowen and Company, ATM Execution, Cowen Prime and Westminster are subject to the SEC's Uniform Net Capital Rule 15c3-1 ("SEC Rule 15c3-1"), which requires the maintenance of minimum net capital. Each registered broker-dealer has elected to compute net capital under the alternative method permitted by that rule. Under the alternative method, Cowen and Company's minimum net capital requirement, as defined in (a)(4) of SEC Rule 15c3-1, is equal to the greater of $1.0 million or 2% of aggregate debits arising from customer transactions. ATM Execution, Cowen Prime and Westminster are required to maintain minimum net capital, as defined in (a)(1)(ii) of SEC Rule 15c3-1, equal to the greater of $250,000 or 2% of aggregate debits arising from customer transactions. Advances to affiliates, repayment of borrowings, distributions, dividend payments, and other equity withdrawals are subject to certain notification and other provisions of SEC Rule 15c3-1 and other regulatory bodies.

Cowen Prime is also subject to Commodity Futures Trading Commission ("CFTC") Regulation 1.17 ("Regulation 1.17"). Regulation 1.17 requires net capital equal to or in excess of $45,000 or the amount of net capital required by SEC Rule 15c3-1, whichever is greater. Cowen and Company is also subject to Options Clearing Corporation ("OCC") Rule 302. OCC Rule 302 requires maintenance of net capital equal to the greater of $2.0 million or 2% of aggregate debit items. At June 30, 2021, Cowen and Company had $361.7 million of net capital in excess of this minimum requirement.

Effective June 1, 2021, Cowen Prime transferred all of the net assets of its investment advisory business to a newly formed investment advisor, Cowen Prime Advisors LLC. Cowen Prime Advisors LLC succeeded to Cowen Prime’s SEC investment advisor registration on that date pursuant to statutory guidance. As a result of implementing that guidance and the succession process, Cowen Prime is no longer registered as an investment advisor with the SEC but does remain registered as a broker-dealer.

As of June 30, 2021, Cowen Prime and Cowen and Company were granted regulatory approval to merge from the Financial Industry Regulatory Authority Inc. The companies anticipate completing the merger during the third quarter of 2021 with Cowen and Company being the surviving entity.

Cowen International Ltd and Cowen Execution Ltd are subject to the capital requirements of the U.K. Financial Conduct Authority ("FCA"), as defined, and must exceed the minimum capital requirement set forth by the FCA.

Cowen Asia, a previously established entity, was re-registered with regulatory approval on May 17, 2019. Cowen Asia is subject to the financial resources requirements of the Securities and Futures Commission ("SFC") of Hong Kong. Financial Resources must exceed the Total Financial Resources requirement of the SFC.

As of June 30, 2021, these regulated broker-dealers had regulatory net capital or financial resources, regulatory net capital requirements or minimum FCA or SFC requirement and excess as follows:

Subsidiary	Net Capital	Net Capital Requirement	Excess Net Capital
		(dollars in thousands)	
Cowen and Company	$ 368,111	$ 6,392	$ 361,719
ATM Execution	$ 5,170	$ 250	$ 4,920
Cowen Prime	$ 22,057	$ 250	$ 21,807
Westminster	$ 24,603	$ 250	$ 24,353
Cowen International Ltd	$ 39,959	$ 30,037	$ 9,922
Cowen Execution Ltd	$ 13,254	$ 3,414	$ 9,840
Cowen Asia	$ 2,171	$ 386	$ 1,785

The Company's U.S. broker-dealers must also comply with SEC Rule 15c3-3 or claim an exemption pursuant to subparagraphs (k)(2)(i) or (k)(2)(ii) of that rule. Firms can rely on more than one exemption. Cowen Prime and ATM Execution claim the (k)(2)(ii) exemption with regard to all of their customer accounts and transactions that are introduced on a fully-disclosed basis to their clearing agents for clearing, settlement and custody. Cowen Prime and Westminster claim the (k)(2)(i) exemption with regards to customer transactions and balances that are cleared, settled and custodied in bank accounts designated as Special Accounts for the Exclusive Benefit of Customers ("Special Bank Accounts"). Westminster also claims exemption for other business activities that are not covered under (k)(2)(i) contemplated by Footnote 74 of the SEC Release No. 34-70073 adopting amendments to 17 C.F.R. § 240.17a-5 for receiving transaction-based compensation in return for providing commission management services.

In accordance with the requirements of SEC Rule 15c3-3, Cowen and Company may be required to deposit in a Special Reserve Account cash or acceptable qualified securities for the exclusive benefit of customers. As of June 30, 2021, Cowen and Company had segregated approximately $30.7 million of cash, while its required deposit was $14.0 million.

As a clearing broker-dealer, Cowen and Company is required to compute a reserve requirement for proprietary accounts of broker-dealers ("PAB"), as defined in SEC Rule 15c3-3. Cowen and Company conducts PAB reserve computations in order to determine the amount it is required to deposit in its PAB Reserve Bank Accounts pursuant to SEC Rule 15c3-3. This allows each correspondent firm that uses Cowen and Company as its clearing broker-dealer to classify its PAB account assets held at Cowen and Company as allowable assets in the correspondent's net capital calculation. At June 30, 2021, Cowen and Company had $23.2 million of cash on deposit in PAB Reserve Bank Accounts, which was more than its required deposit of $14.9 million. Cowen and Company, ATM Execution, and Cowen Prime also maintain certain assets in PAB accounts held at their respective clearing brokers. Each treats its assets held in those PAB accounts at the respective clearing brokers as allowable assets for net capital purposes.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) was signed into law on July 21, 2010. The Dodd-Frank Act contains provisions that require the registration of all swap dealers, major swap participants, security-based swap dealers, and/or major security-based swap participants. The CFTC has finalized rules establishing capital requirements and financial reporting requirements for CFTC registered swap dealers not subject to regulation by a banking regulator. The SEC has finalized rules establishing similar standards for an entity registering as a standalone securities-based swaps dealer. Compliance with these rules is required by October 6, 2021. Cowen Financial Products LLC is expected to comply with the SEC capital rules for standalone securities-based swaps dealers by the effective date. Under the rules there is a minimum net capital requirement for, among others, an entity that acts as a dealer in security-based swaps, which is the greater of $20 million or 2% (that the SEC could, in the future, increase up to 4% or 8% of a risk margin amount. The risk margin amount means the sum of (i) the total initial margin required to be maintained by the SEC securities-based swaps dealer at each clearing agency with respect to securities-based swaps transactions cleared for securities-based swap customers and (ii) the total initial margin amount calculated by the SEC securities-based swaps dealer swaps dealer with respect to non-cleared securities-based swaps under new SEC rules.

Cowen Insurance Co and Hollenfels are individually required to maintain a solvency capital ratio as calculated by relevant European Commission directives and local regulatory rules in Malta and Luxembourg, respectively. Each company's individual solvency capital ratio calculated at the end of each quarter must exceed a minimum requirement. As of December 31, 2020 and March 31, 2021 (the last testing date for Hollenfels and Cowen Insurance Co respectively), the solvency capital ratios of both Cowen Insurance Co and Hollenfels were in excess of the minimum requirement.

Based on minimum capital and surplus requirements pursuant to the laws of the state of New York that apply to captive insurance companies, RCG Insurance Company, Cowen's captive insurance company incorporated and licensed in the state of New York, was required to maintain capital and surplus of approximately $0.3 million as of June 30, 2021. RCG Insurance Company’s capital and surplus as of June 30, 2021 totaled approximately $6.6 million.

Cash Flows Analysis

The Company's primary sources of cash are derived from its operating activities, realized returns on its own invested capital and borrowings on debt. The Company's primary uses of cash include compensation and general and administrative expenses.

Operating Activities. Net cash provided by operating activities of $177.1 million for the six months ended June 30, 2021 was primarily related to (i) an increase in stock loan, (ii) an increase in payable to customers and (iii) net income only partially offset by a decrease in securities owned, at fair value, held at broker dealer. Net cash provided by operating activities of $146.2 million for the six months ended June 30, 2020 was primarily related to (i) purchases of securities owned, at fair value in consolidated funds offset partially by proceeds from sales of securities owned, at fair value in consolidated funds, (ii) proceeds from securities owned, at fair value, held at broker dealers, (iii) purchases of securities owned, at fair value offset partially by proceeds from sales of securities owned, at fair value and (iv) offset by stock borrow activity.

Investing Activities. Net cash used in investing activities of $6.9 million for the six months ended June 30, 2021 was primarily related to purchases of other investments and fixed assets only partially offset with the proceeds from sales of other investments. Net cash used in investing activities of $11.9 million for the six months ended June 30, 2020 was primarily related to the purchase of other investments and fixed assets offset only partially but the sale of other investments.

Financing Activities. Net cash used in financing activities for the six months ended June 30, 2021 of $61.4 million was primarily related to a) repayments on convertible debt as well as notes and other debt and b) purchase of treasury stock only partially offset by an increase in borrowings on notes and other debt. Net cash used in financing activities for the six months ended June 30, 2020 of $24.2 million was primarily related to (i) capital withdrawals by non-controlling interests offset by capital contributions by non-controlling interests in Consolidated Funds and (ii) repayments on notes and other debt offset partially by borrowings on notes and other debt.

Debt

Convertible Debt

December 2022 Convertible Notes

The Company, on December 14, 2017, issued $135.0 million aggregate principal amount of 3.00% convertible senior notes due December 2022 (the “December 2022 Convertible Notes”). The December 2022 Convertible Notes have a final maturity date of December 15, 2022 unless earlier repurchased by the Company or converted by the holder in accordance with their terms prior to such date. The interest on the December 2022 Convertible Notes is payable semi-annually on December 15 and June 15 of each year. The December 2022 Convertible Notes are senior unsecured obligations of Cowen. The December 2022 Convertible Notes were issued with an initial conversion price of $17.375 per share of Cowen's Class A common stock. Pursuant to the indenture governing the December 2022 Convertible Notes, conversions of the December 2022 Convertible Notes will be settled by the delivery and/or payment, as the case may be, of Cowen’s Class A Common Stock, cash, or a combination thereof, at the Company's election.

The Company recognized the embedded cash conversion option at issuance date fair value, which also represents the initial unamortized discount on the December 2022 Convertible Notes of $23.4 million and is shown net in convertible debt in the accompanying condensed consolidated statements of financial condition. On June 26, 2018, the Company received shareholder approval for the Company to settle the December 2022 Convertible Notes entirely in Class A common stock. Upon receiving shareholder approval, the Company reclassified the separately recognized conversion option from a derivative liability to equity.

During December 2020, the Company repurchased and extinguished $46.9 million of the outstanding principal amount of the December 2022 Convertible Notes for cash consideration of $70.5 million. In conjunction with the partial extinguishment of the December 2022 Convertible Notes, the Company accelerated the pro rata unamortized discount of $3.6 million and capitalized debt issuance costs of $0.4 million. The Company allocated $29.6 million of the cash consideration paid to the extinguishment of the equity component of the December 2022 Convertible Notes. The Company recognized $2.7 million of gain on debt extinguishment.

On March 24, 2021, the Company issued a redemption notice announcing that the Company would redeem all of the December 2022 Convertible Notes, and provided holders the option to elect to settle the as-converted value of the notes as allowed under the terms of the December 2022 Convertible Notes. As a result of the Company’s call for redemption of the

December 2022 Convertible Notes, the December 2022 Convertible Notes were convertible, at the option of the holder at any time prior to June 22, 2021, the second business day prior to the December 2022 Convertible Notes' Redemption Date. On June 24, 2021 (the "Redemption Date") the Company redeemed all of the outstanding principal of the December 2022 Convertible Notes. The redemption amount was determined based on the holders election to convert, which allowed for either 100.00% of the principal amount thereof plus accrued and unpaid interest on such principal amount up to June 15, 2021, to, but not including the Redemption Date of the December 2022 Convertible Notes, or the value of the common shares to be issued on conversion. The settlement method for the December 2022 Convertible Notes was $88.1 million in cash, (the outstanding principal amount of the December 2022 Convertible Notes) and 2,938,841 shares of the Company's Class A common stock, (the remainder of the conversion obligation in excess of the principal amount). The conversion rate on the December 2022 Convertible Notes on the Redemption Date was 33.35 shares of the Company's Class A common stock per $1,000 principal amount of December 2022 Convertible Notes converted. In conjunction with the redemption of the remaining December 2022 Convertible Notes, the Company accelerated the pro rata unamortized discount of $5.1 million and capitalized debt issuance costs of $0.5 million.

Amortization on the discount, included within interest and dividends expense in the accompanying condensed consolidated statements of operations is $0.7 million and $1.1 million for the three months ended June 30, 2021 and 2020, and $1.5 million and $2.3 million for the six months ended June 30, 2021 and 2020, respectively, based on an effective interest rate of 7.13%. The Company capitalized the debt issuance costs in the amount of $2.2 million, which is a direct deduction from the carrying value of the debt and was amortized over the life of the December 2022 Convertible Notes in interest and dividends expense in the accompanying condensed consolidated statements of operations. The Company recorded interest expense of $0.6 million and $1.0 million for the three months ended June 30, 2021 and 2020 and $1.3 million and $2.0 million for the six months ended June 30, 2021 and 2020, respectively.

Notes Payable

May 2024 Notes

On May 7, 2019, the Company completed its private placement of $53.0 million aggregate principal amount of 7.25% senior notes due May 2024 (the "May 2024 Notes") with certain institutional investors. On September 30, 2019, the Company issued an additional $25.0 million of the same series of notes. The additional May 2024 Notes were purchased at a premium of $0.5 million, which is shown net in notes payable in the accompanying condensed consolidated statement of financial condition. To date the May 2024 Notes have maintained their initial private rating, and the interest rate has remained unchanged. Interest on the May 2024 Notes is payable semi-annually in arrears on May 6 and November 6. The Company recorded interest expense of $1.4 million and $1.4 million for the three months ended June 30, 2021 and 2020 and $2.8 million and $2.8 million for the six months ended June 30, 2021 and 2020, respectively. The Company capitalized debt issuance costs of approximately $1.5 million in May 2019 and $0.6 million in September 2019, which is a direct deduction from the carrying value of the debt and will be amortized over the life of the May 2024 Notes in interest and dividends expense in the accompanying condensed consolidated statements of operations.

June 2033 Notes

On June 11, 2018, the Company completed its public offering of $90.0 million of 7.75% senior notes due June 2033 (the "June 2033 Notes") and subsequently the underwriters exercised in full their option to purchase an additional $10.0 million principal amount of the June 2033 Notes. Interest on the June 2033 Notes is payable quarterly in arrears on March 15, June 15, September 15 and December 15. The Company recorded interest expense of $1.9 million and $1.9 million for three months ended June 30, 2021 and 2020 and $3.9 million and $3.9 million for the six months ended June 30, 2021 and 2020, respectively. The Company capitalized debt issuance costs of approximately $3.6 million which is a direct deduction from the carrying value of the debt and will be amortized over the life of the June 2033 Notes in interest and dividends expense in the accompanying condensed consolidated statements of operations.

December 2027 Notes

On December 8, 2017, the Company completed its public offering of $120.0 million of 7.35% senior notes due December 2027 (the "December 2027 Notes") and subsequently the underwriters exercised in full their option to purchase an additional $18.0 million principal amount of the December 2027 Notes. Interest on the December 2027 Notes is payable quarterly in arrears on March 15, June 15, September 15 and December 15. The Company recorded interest expense of $2.5 million for the three months ended June 30, 2020 and $2.5 million and $5.1 million for six months ended June 30, 2021 and 2020, respectively. The Company capitalized debt issuance costs of approximately $5.0 million which is a direct deduction from the carrying value of the debt and will be amortized over the life of the December 2027 Notes in interest and dividends expense in the accompanying condensed consolidated statements of operations. The net proceeds of the offering, after deducting the underwriting discount and estimated offering expenses payable by the Company were used to redeem all of its 8.25% senior notes due October 2021 and for general corporate purposes.

On March 24, 2021, the Company delivered payment of and discharged all $138.0 million outstanding aggregate principal of the December 2027 Notes plus accrued and unpaid interest through the effective redemption date of April 23, 2021. In conjunction with the extinguishment of the December 2027 Notes , the Company accelerated the pro-rata capitalized debt issuance costs. For the three and six months ended June 30, 2021, the Company recognized $4.4 million of loss on debt extinguishment, respectively.

Term Loan

March 2028 Term Loan

On March 24, 2021, the Company borrowed $300 million of first lien term loan due March 24, 2028 (the “March 2028 Term Loan”). The interest on the March 2028 Term Loan is payable at the option of the Company on a monthly, quarterly or bi-annual rate equal to London Inter-bank Offered Rate ("LIBOR") (of no less than the floor of 0.75%) plus a margin of 3.25%. The Company is required to pay 1.00% per annum of the original principal amount of the March 2028 Term Loan. The obligations of the Company for the March 2028 Term Loan are guaranteed by certain of the Company’s wholly-owned domestic subsidiaries (excluding its broker-dealer subsidiaries) (the “Guarantors”) and secured by substantially all of the assets of the Company and the Guarantors, subject in each case to certain customary exceptions. The terms of the March 2028 Term Loan contain customary affirmative and negative covenants, including standard leverage and financial incurrence covenants. Proceeds from the term loan were used to (i) satisfy and discharge and redeem the Company’s 2027 Senior Notes, (ii) redeem the Company’s December 2022 Convertible Notes that remained outstanding as of March 31, 2021 and pay the cash settlement amount in connection with the conversion of December 2022 Convertible Notes prior to that redemption date, and (iii) for the payment of fees, commissions, premiums, expenses and other transaction costs (including original issue discount or upfront fees) payable in connection with the transactions related thereto. As of June 30, 2021, the outstanding principal amount of the March 2028 Term Loan was $298.5 million.

Interest expense for the March 2028 Term Loan was $3.0 million for the three months ended June 30, 2021 and $3.2 million for six months ended June 30, 2021, based on an effective interest rate of 4.46%. The Company capitalized debt issuance costs of approximately $6.6 million and initial unamortized discount of $1.5 million which is a direct deduction from the carrying value of the debt and will be amortized over the life of the March 2028 Term loan in interest and dividends expense in the accompanying condensed consolidated statements of operations.

June 2020 Term Loan

On June 30, 2017, a subsidiary of the Company borrowed $28.2 million to fund general corporate purposes. In July 2019, the subsidiary of the Company borrowed separately, from the same lender, $4.0 million to fund general corporate purposes. Each loan was secured by the value of the Company's limited partnership interests in two affiliated investment funds. The Company had provided a guarantee for these loans. Both loans had an effective interest rate of LIBOR plus 3.75% with a lump sum payment of the entire combined principal amount due (as amended) on June 26, 2020 when they were both fully repaid. The Company recorded interest expense of $0.3 million and $0.8 million for the three and six months ended June 30, 2020, respectively.

Other Notes Payable

During January 2021, the Company borrowed $3.0 million to fund insurance premium payments. This note had an effective interest rate of 2.01% and was due in December 2021, with monthly payment requirements of $0.3 million. As of June 30, 2021, the outstanding balance on this note was $1.6 million. Interest expense for the three and six months ended June 30, 2021 was insignificant.

During November 2019, the Company borrowed $2.6 million to fund general corporate capital expenditures. This note had an effective interest rate of 6% and is due in November 2024, with monthly payment requirements of $0.1 million. As of June 30, 2021, the outstanding balance on this note was $1.8 million. Interest expense was insignificant for the three months ended June 30, 2021 and $0.1 million for six months ended June 30, 2021.

On September 30, 2020, the Company borrowed $72.0 million from Purple Protected Asset S-81 ("PPA S-81"), a Luxembourg entity unrelated to Cowen. The Company repaid $60.0 million of the PPA S-81 loan in June 2021. The loan is payable on September 30, 2023, had an initial interest rate of 1.4 times the Secured Overnight Financing Rate ("SOFR") plus 6.07% until December 31, 2020 and 1.4 times the SOFR plus 5.8% until June 30, 2021 and 3.65 times the SOFR plus 4.0% thereafter with quarterly interest payments. The loan obligation, as well as a loan issued by The Military Mutual Ltd (a United Kingdom company unrelated to Cowen) with principal of $28.4 million that was sold by Hollenfels to PPA S-81 at fair value for no gain or loss on September 30, 2020, are fully cash collateralized through a reinsurance policy provided by Hollenfels which is reflected in cash collateral pledged in the condensed consolidated statements of financial condition as of December 31, 2020 (see

Notes 4 and 14). The Company capitalized debt issuance costs of approximately $1.7 million which is a direct deduction from the carrying value of the loan and will be amortized over the life of the loan in interest and dividends expense shown in the accompanying condensed consolidated statements of operations. The Company recorded interest expense of $1.0 million for the three months ended June 30, 2021 and $2.1 million six months ended June 30, 2021, related to its loan payable to PPA S-81.

Spike Line

Pursuant to an amendment in May 2020, Cowen and Company replaced Cowen Execution Services LLC ("Cowen Execution") as the borrower and accepted, reaffirmed and assumed all of Cowen Execution's rights, duties, obligations and liabilities under the spike line facility and the related loan documents. In August 2020, Cowen and Company renewed a one-year committed spike line facility to cover short term increases in National Securities Clearing Corporation margin deposit requirements. The spike line facility has a capacity of $70 million. This facility has (i) an effective interest rate equal to the Federal Funds rate plus 2.50% on any money drawn from the liquidity facility and (ii) a commitment or unused line fee that is 50 basis points on the undrawn amount. All amounts outstanding under this facility were fully repaid during the second quarter of 2020. Interest expense for the three and six months ended June 30, 2020 was $0.1 million and $0.2 million, respectively.

Revolving Credit Facility

In December 2019, the Company entered into a two-year committed corporate credit facility with a capacity of $25.0 million. This credit facility has (i) an effective interest rate equal to LIBOR plus 3.25% on any money drawn from the credit facility and (ii) a commitment or unused line fee that is 50 basis points on the undrawn amount. All amounts outstanding under this credit facility were fully repaid during the second quarter of 2020. Interest expense for the three and six months ended June 30, 2020 was $0.2 million and $0.3 million, respectively.

Finance Lease Obligations

The Company has entered into various finance leases for computer equipment. These finance lease obligations are included in notes payable and other debt in the accompanying condensed consolidated statements of financial condition.

For the three and six months ended June 30, 2021 and 2020, quantitative information regarding the Company's finance lease obligations reflected in the accompanying condensed consolidated statements of operations, the supplemental cash flow information and certain other information related to finance leases were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
	(dollars in thousands)			
Lease cost				
Finance lease cost:				
Amortization of finance lease right-of-use assets	$ 318	$ 308	$ 627	$ 615
Interest on lease liabilities	31	43	65	92
Weighted average remaining lease term - operating leases (in years)			2.08	2.72
Weighted average discount rate - operating leases			4.73 %	4.88 %

Letters of Credit

As of June 30, 2021, the Company has the following irrevocable letters of credit, related to leased office space, for which there is cash collateral pledged, which the Company pays a fee on the stated amount of the letter of credit. The Company also has pledged cash collateral for reinsurance agreements which amounted to $61.5 million, as of June 30, 2021, and $106.8 million, as of December 31, 2020, which are expected to be released periodically as per the terms of the reinsurance policy between June 30, 2021 and March 31, 2024

Location	Amount (dollars in thousands)	Maturity
New York	$ 208	April 2022
New York	$ 1,325	October 2022
New York	$ 1,253	November 2021
Boston	$ 194	March 2028
San Francisco	$ 458	October 2025
	$ 3,438	

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To the extent any letter of credit is drawn upon, interest will be assessed at the prime commercial lending rate. As of June 30, 2021 and December 31, 2020 there were no amounts due related to these letters of credit.

Contractual Obligations

The following tables summarize the Company's contractual cash obligations as of June 30, 2021:

	Total	< 1 Year	1-3 Years	3-5 Years	More Than 5 Years
			(dollars in thousands)		
Equipment, Service and Facility Leases					
Real Estate and Other Facility Rental	$ 87,885	$ 11,584	$ 43,481	$ 22,758	$ 10,062
Service Payments	60,815	13,230	28,371	8,620	10,594
Operating Equipment Leases	297	136	161	—	—
Total	**148,997**	**24,950**	**72,013**	**31,378**	**20,656**
Debt					
Notes Payable	287,966	6,703	26,810	96,328	158,125
Term Loan	376,246	7,463	29,550	29,070	310,163
Finance Lease Obligation	2,477	622	1,719	124	12
Other Notes Payable	18,840	5,111	13,186	543	—
Total	**$ 685,529**	**$ 19,899**	**$ 71,265**	**$ 126,065**	**$ 468,300**

Minimum payments for all debt outstanding

Annual scheduled maturities of debt and minimum payments for all debt outstanding as of June 30, 2021, are as follows:

	Notes Payable	Term Loan	Other Notes Payable	Finance Lease Obligation
		(dollars in thousands)		
2021	$ 6,703	$ 7,463	$ 5,111	$ 622
2022	13,405	14,835	593	1,238
2023	13,405	14,715	12,593	481
2024	88,578	14,595	543	82
2025	7,750	14,475	—	42
Thereafter	158,125	310,163	—	12
Subtotal	287,966	376,246	18,840	2,477
Less (a)	(114,194)	(85,607)	(4,705)	(124)
Total	**$ 173,772**	**$ 290,639**	**$ 14,135**	**$ 2,353**

(a) Amount necessary to reduce net minimum payments to present value calculated at the Company's implicit rate at inception. This amount also includes capitalized debt costs and the unamortized discount on the Company's convertible debt.

Off-Balance Sheet Arrangements

We have no material off-balance sheet arrangements as of June 30, 2021. However, through indemnification provisions in our clearing agreements, customer activities may expose us to off-balance-sheet credit risk. Pursuant to the clearing agreements, we are required to reimburse our clearing broker, without limit, for any losses incurred due to a counterparty's failure to satisfy its contractual obligations. However, these transactions are collateralized by the underlying security, thereby reducing the associated risk to changes in the market value of the security through the settlement date.

Cowen and Company, Cowen Prime, and ATM Execution are members of various securities exchanges and clearing organizations. Under the standard membership agreement, members are required to guarantee the performance of other members and, accordingly, if another member becomes unable to satisfy its obligations to the various securities exchanges and clearing organizations, all other members would be required to meet the shortfall. The Company's liability under these arrangements is not quantifiable. Accordingly, no contingent liability is carried in the accompanying condensed consolidated statements of financial condition for these arrangements.

Cowen and Company temporarily loans securities to other brokers in connection with its securities lending activities. Cowen and Company receives cash as collateral for the securities loaned. Increases in securities prices may cause the market value of the securities loaned to exceed the amount of cash received as collateral. In the event that counterparty to these transactions does not return the loaned securities, Cowen and Company may be exposed to the risk of acquiring the securities at prevailing market prices in order to satisfy its client obligations. Cowen and Company controls 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.

Cowen and Company temporarily borrows securities from other brokers in connection with its securities borrowing activities. Cowen and Company deposits cash as collateral for the securities borrowed. Decreases in securities prices may cause the market value of the securities borrowed to fall below the amount of cash deposited as collateral. In the event that counterparty to these transactions does not return collateral, Cowen and Company may be exposed to the risk of selling the securities at prevailing market prices. Cowen and Company controls this risk by requiring credit approvals for counterparties, by monitoring the collateral values on a daily basis, and by depositing additional collateral with counterparties or receiving cash when deemed necessary.

Critical Accounting Policies and Estimates

Critical accounting policies are those that require the Company to make significant judgments, estimates or assumptions that affect amounts reported in its condensed consolidated financial statements or the notes thereto. The Company bases its judgments, estimates and assumptions on current facts, historical experience and various other factors that the Company believes to be reasonable and prudent. Actual results may differ materially from these estimates.

The following is a summary of what the Company believes to be its most critical accounting policies and estimates.

Consolidation

The Company's condensed consolidated financial statements include the accounts of the Company, its subsidiaries, and entities in which the Company has a controlling financial interest, including the Consolidated Funds, in which the Company has a controlling general partner interest. All material intercompany transactions and balances have been eliminated in consolidation. The Company's investment funds are not subject to these consolidation provisions with respect to their investments pursuant to their specialized accounting.

The Company's condensed consolidated financial statements reflect the assets, liabilities, revenues, expenses and cash flows of the Consolidated Funds on a gross basis. The management fees and incentive income earned by the Company from the Consolidated Funds were eliminated in consolidation; however, the Company's allocated share of net income from these investment funds was increased by the amount of this eliminated income. Hence, the consolidation of these investment funds had no net effect on the Company's net earnings. The Company consolidates all entities that it controls through a majority voting interest or otherwise, including those investment funds in which the Company either directly or indirectly has a controlling financial interest. In addition, the Company consolidates all variable interest entities for which it is the primary beneficiary.

The Company determines whether it has a controlling financial interest in an entity by first evaluating whether the entity is a Voting Operating Entity ("VOE") or a Variable Interest Entity ("VIE") under US GAAP.

Voting Operating Entities—VOEs are entities in which (i) the total equity investment at risk is sufficient to enable the entity to finance its activities independently, (ii) the equity holders at risk have the obligation to absorb losses, the right to receive residual returns and the right to direct the activities of the entity that most significantly impact the entity's economic performance and (iii) voting rights of equity holders are proportionate to their obligation to absorb losses or the right to receive returns.

Under US GAAP consolidation requirements, the usual condition for a controlling financial interest in a VOE is ownership of a majority voting interest. Accordingly, the Company consolidates all VOEs in which it owns a majority of the entity's voting shares or units.

***Variable Interest Entities*—**VIEs are entities that lack one or more of the characteristics of a VOE. In accordance with US GAAP, an enterprise must consolidate all VIEs of which it is the primary beneficiary. Under the US GAAP consolidation model for VIEs, an enterprise that (1) has the power to direct the activities of a VIE that most significantly impacts the VIE's economic performance, and (2) has an obligation to absorb losses or the right to receive benefits from the VIE that could potentially be significant to the VIE, is considered to be the primary beneficiary of the VIE and thus is required to consolidate it.

The Company determines whether it is the primary beneficiary of a VIE upon its initial involvement with the VIE and reassesses whether it is the primary beneficiary on an ongoing basis as long as it has any continuing involvement with the VIE by performing a periodic qualitative and/or quantitative analysis of the VIE that includes a review of, among other things, its capital structure, contractual agreements between the Company and the VIE, the economic interests that create or absorb variability, related party relationships and the design of the VIE.

In the ordinary course of business, the Company also sponsors various other entities that it has determined to be VIEs. These VIEs are primarily investment funds for which the Company serves as the general partner, managing member and/or investment manager with decision-making rights. The Company consolidates these investment funds when its variable interest is potentially significant to the entity.

The Company consolidates investment funds for which it acts as the managing member/general partner and investment manager. At June 30, 2021, the Company consolidated the following investment funds: Ramius Enterprise LP (“Enterprise LP”) and Cowen Private Investments LP ("Cowen Private"). At December 31, 2020, the Company consolidated the following investment funds: Enterprise LP, Cowen Private, and Cowen Sustainable Investments I LP ("CSI I LP"). These funds are referred to as each a "Consolidated Fund" and collectively the "Consolidated Funds".

During the first quarter of 2021, the Company deconsolidated CSI I LP due to the Company's ownership being diluted through a capital equalization event. During the second quarter of 2020, the Company deconsolidated Ramius Merger Fund LLC (the "Merger Fund") and Ramius Merger Arbitrage UCITS Fund ("UCITS Fund") due to a partial redemption of the Company’s direct portfolio fund investment in Merger Fund and a partial termination of the notional value of UCITS Fund units referenced in a total return swap with a third party. The Company continues to hold a direct retained portfolio fund investment in the Merger Fund and CSI I LP and continues to have economic exposure to the returns of UCITS Fund through a total return swap with a third party. Merger Fund, CSI I LP and UCITS Fund continue to be related parties of the Company after deconsolidation. CSI I Golden Holdco LP ("Golden HoldCo") and CSI I Prodigy Holdco LP ("Prodigy HoldCo") were consolidated through November 2020 when the Company raised additional capital within the sustainable investing strategy that diluted the Company's direct and indirect ownership. As a result, the Company's direct and indirect ownership in Golden Holdco and Prodigy Holdco is no longer expected to be significant to either entity and the entities were deconsolidated.

Equity Method Investments—For operating entities over which the Company exercises significant influence but which do not meet the requirements for consolidation as outlined above, the Company uses the equity method of accounting. The Company's investments in equity method investees are recorded in other investments in the accompanying condensed consolidated statements of financial condition. The Company's share of earnings or losses from equity method investees is included in Net gains (losses) on other investments in the accompanying condensed consolidated statements of operations.

The Company evaluates its equity method investments for impairment whenever events or changes in circumstances indicate that the carrying amounts of such investments may not be recoverable. The difference between the carrying value of the equity method investment and its estimated fair value is recognized as an impairment charge when the loss in value is deemed other than temporary.

Other—If the Company does not consolidate an entity or apply the equity method of accounting, the Company accounts for its investment in such entity (primarily consisting of securities of such entity which are purchased and held principally for the purpose of selling them in the near term and classified as trading securities), at fair value with unrealized gains (losses) resulting from changes in fair value reflected within Investment income (loss) - Securities principal transactions, net or Investment income (loss) - portfolio fund investment income (loss) in the accompanying condensed consolidated statements of operations.

Retention of Specialized Accounting—The Consolidated Funds and certain other consolidated companies are investment companies and apply specialized industry accounting. The Company reports its investments on the consolidated statements of financial condition at their estimated fair value, with unrealized gains (losses) resulting from changes in fair value reflected within Consolidated Funds - Principal transactions, net in the accompanying condensed consolidated statements of operations.

Accordingly, the accompanying condensed consolidated financial statements reflect different accounting policies for investments depending on whether or not they are held through a consolidated investment company.

Certain portfolio fund investments qualify as equity method investments and are investment companies that apply specialized industry accounting. In applying equity method accounting guidance, the Company retains the specialized accounting of the investees and reports its investments on the condensed consolidated statements of financial condition at their estimated fair value, with unrealized gains (losses) resulting from changes in fair value reflected within Investment Income - portfolio fund principal transactions, net in the accompanying condensed consolidated statements of operations.

In addition, the Company's broker-dealer subsidiaries apply the specialized industry accounting for brokers and dealers in securities, which the Company retains upon consolidation.

Valuation of investments and derivative contracts

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. However, the determination of what constitutes "observable" requires significant judgment by the Company. 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. Inputs reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

The Company and its operating subsidiaries act as the manager for the Consolidated Funds. Both the Company and the Consolidated Funds hold certain investments which are valued by the Company, acting as the investment manager. The fair value of these investments is based on their proportional rights of the underlying portfolio company, and is generally estimated based on proprietary models developed by the Company, which include discounted cash flow analysis, public market comparables, and other techniques and may be based, at least in part, on independently sourced market information. The material estimates and assumptions used in these models include the timing and expected amount of cash flows, the appropriateness of discount rates used, and, in some cases, the ability to execute, timing of, and estimated proceeds from expected financings. Significant judgment and estimation impact the selection of an appropriate valuation methodology as well as the assumptions used in these models, and the timing and actual values realized with respect to investments could be materially different from values derived based on the use of those estimates. The valuation methodologies applied impact the reported value of the Company's investments and the investments held by the Consolidated Funds in the condensed consolidated financial statements. Certain of the Company's investments are relatively illiquid or thinly traded and may not be immediately liquidated on demand if needed. Fair values assigned to these investments may differ significantly from the fair values that would have been used had a ready market for the investments existed and such differences could be material.

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 the Company's financial instruments into three categories: securities, derivative contracts and other investments. To the extent applicable, each of these categories can further be divided between those held long or sold short.

The Company has the option to measure certain financial assets and financial liabilities at fair value with changes in fair value recognized in earnings each period. The election is made on an instrument by instrument basis at initial recognition of an asset or liability or upon an event that gives rise to a new basis of accounting for that instrument. The Company has elected the fair value option for certain of its investments held by its operating companies. This option has been elected because the Company believes that it is consistent with the manner in which the business is managed, as well as the way that financial instruments in other parts of the business are recorded.

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 primarily include active listed equities, certain U.S. government and sovereign obligations, Exchange Traded Funds ("ETFs"), mutual funds and certain money market securities.

Certain positions for which trading activity may not be readily visible, consisting primarily of convertible debt, corporate debt and loans and restricted equities, 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 and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability.

Derivative contracts—Derivative contracts can be exchange-traded or privately negotiated over-the-counter (“OTC”). Exchange-traded derivatives, such as futures contracts and 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. OTC derivatives, such as generic forwards, swaps and options, are classified as level 2 when their inputs can be corroborated by market data. OTC derivatives, such as swaps and options, with significant inputs that cannot be corroborated by readily available or observable market data are classified as level 3.

Other investments—Other investments consist primarily of portfolio funds, carried interest and equity method investments, which are valued as follows:

i. **Portfolio funds—**Portfolio funds include interests in private investment partnerships, foreign investment companies and other collective investment vehicles which may be managed by the Company or its affiliates. The Company applies the practical expedient provided by the US GAAP fair value measurements and disclosures guidance relating to investments in certain entities that calculate net asset value (“NAV”) per share (or its equivalent). The practical expedient permits an entity holding investments in certain entities that either are investment companies or have attributes similar to an investment company, and calculate NAV per share or its equivalent for which the fair value is not readily determinable, to measure the fair value of such investments on the basis of that NAV per share, or its equivalent, without adjustment. Investments which are valued using NAV per share as a practical expedient are not categorized within the fair value hierarchy.

ii. **Carried Interest—**For the private equity and debt fund products the Company offers, the Company is allocated incentive income by the investment funds based on the extent by which the investment funds performance exceeds predetermined thresholds. Carried interest allocations are generally structured from a legal standpoint as an allocation of capital in the Company’s capital account. The Company accounts for carried interest allocations by applying an equity ownership model. Accordingly, the Company accrues performance allocations quarterly based on the fair value of the underlying investments assuming hypothetical liquidation at book value.

iii. **Equity Method Investments—**For operating entities over which the Company exercises significant influence but which do not meet the requirements for consolidation as outlined above, the Company applies the equity method of accounting. The Company's investments in equity method investees are recorded in other investments in the accompanying condensed consolidated statements of financial condition. The Company's share of earnings or losses from equity method investees is included in Net gains (losses) on other investments in the accompanying condensed consolidated statements of operations.

Goodwill and Intangible Assets

Goodwill

Goodwill represents the excess of the purchase price consideration of acquired companies over the estimated fair value assigned to the individual assets acquired and liabilities assumed. Goodwill is allocated to the Company's reporting units at the date the goodwill is initially recorded. Once goodwill has been allocated to the reporting units, it generally no longer retains its identification with a particular acquisition, but instead becomes identifiable with the reporting unit. As a result, all of the fair value of each reporting unit is available to support the value of goodwill allocated to the unit.

In accordance with US GAAP requirements for testing for impairment of goodwill, the Company tests goodwill for impairment on an annual basis or at an interim period if events or changed circumstances would more likely than not reduce the fair value of a reporting unit below its carrying amount. In testing for goodwill impairment, the Company has the option to first assess qualitative factors to determine whether the existence of events or circumstances led to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If, after assessing the totality of events and circumstances, the Company concludes that fair value exceeds its carrying amount, then performing a quantitative impairment test is not necessary. If the Company concludes otherwise, the Company is required to perform a quantitative impairment test that requires a comparison of the fair value of the reporting unit to its carrying value, including goodwill. If the fair value of the reporting unit exceeds its carrying value, the related goodwill is not considered impaired and no further analysis is required. If the carrying value of the reporting unit exceeds its fair value, then the Company recognizes an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value.

Intangible assets

Intangible assets with finite lives are amortized over their estimated average useful lives. Intangible assets are tested for potential impairment whenever events or changes in circumstances suggest that an asset or asset group's carrying value may not be fully recoverable. An impairment loss, calculated as the difference between the estimated fair value and the carrying value of an asset or asset group, is recognized in the accompanying condensed consolidated statements of operations if the sum of the estimated undiscounted cash flows relating to the asset or asset group is less than the corresponding carrying value. The Company continually monitors the estimated average useful lives of existing intangible assets.

Legal Reserves

The Company estimates potential losses that may arise out of legal and regulatory proceedings and records a reserve and takes a charge to income when losses with respect to such matters are deemed probable and can be reasonably estimated, in accordance with US GAAP. These amounts are reported in other expenses, net of recoveries, in the condensed consolidated statements of operations. See Note 17 in our accompanying condensed consolidated financial statements for the quarter ended June 30, 2021 for further discussion.

Recently adopted and future adoption of accounting pronouncements

For a detailed discussion, see Note 2p "Recent pronouncements" in our accompanying condensed consolidated financial statements for the six months ended June 30, 2021.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

During the six months ended June 30, 2021, there were no material changes in our quantitative and qualitative disclosures about market risks from those disclosed in our 2020 Form 10-K. For a more detailed discussion concerning our market risk, see Item 7A "Quantitative and Qualitative Disclosures about Market Risk" in our 2020 Form 10-K.

Item 4. Controls and Procedures

Our management, with the participation of the Chief Executive Officer and the Chief Financial Officer (the principal executive officer and principal financial officer, respectively), evaluated our disclosure controls and procedures as of June 30, 2021.

Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that, as of June 30, 2021, our disclosure controls and procedures are effective to provide a reasonable assurance that information required to be disclosed by the Company in the reports filed or submitted by it under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and include controls and procedures designed to ensure that information required to be disclosed by the Company in such reports is accumulated and communicated to our management, including the Chief Executive Officer and the Chief Financial Officer of the Company, as appropriate, to allow timely decisions regarding required disclosure.

There have been no changes in our internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting during the six months ended June 30, 2021.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

In the ordinary course of business, the Company and its affiliates, subsidiaries and current and former officers, directors and employees (the "Company and Related Parties") are 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. Certain of our affiliates and subsidiaries are registered broker-dealers, futures commission merchants, investment advisers or other regulated entities and, in those capacities, are subject to regulation by various U.S., state and foreign securities, commodity futures and other regulators. In connection with formal and informal inquiries by these regulators, we receive requests and orders seeking documents and other information in connection with various aspects of our regulated activities.

Due to the global scope of our operations, and presence in countries around the world, the Company and Related Parties may be subject to litigation, governmental and regulatory examinations, information gathering requests, investigations and proceedings (both formal and informal), in multiple jurisdictions with legal and regulatory regimes that may differ substantially, and present substantially different risks, from those to which the Company and Related Parties are subject in the United States.

The Company seeks to resolve all litigation and regulatory matters in the manner management believes is in the best interests of the Company and its shareholders, 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 pending matter.

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 includes 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.

The Company appropriately reserves for certain matters where, in the opinion of management, the likelihood of liability is probable and the extent of such liability is reasonably estimable. Such amounts are included within accounts payable, accrued expenses and other liabilities in the accompanying condensed consolidated statements of financial condition. Estimates, by their nature, are based on judgment and currently available information and involve a variety of factors, including, but not limited to, the type and nature of the litigation, claim or proceeding, the progress of the matter, the advice of legal counsel, the Company's defenses and its experience in similar cases or proceedings as well as its assessment of matters, including settlements, involving other defendants in similar or related cases or proceedings. The Company may increase or decrease its legal reserves in the future, on a matter-by-matter basis, to account for developments in such matters. The Company accrues legal fees as incurred.

Item 1A. Risk Factors

The discussion of our business and operations should be read together with the risk factors contained in Item 1A of our 2020 Form 10-K and Item 1A of our March 31, 2021 Form 10-Q.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

As of June 30, 2021, the Company's Board of Directors has a share repurchase program that, since its inception, has authorized the Company to purchase up to $396.0 million of Cowen Class A common stock from time to time through a variety of methods, including in the open market or through privately negotiated transactions, in accordance with applicable securities laws. The specific timing and amount of repurchases will vary depending on various factors, including, among others, market conditions and competing needs for the use of our capital. We may elect to conduct future share repurchases through open market purchases, private transactions or automatic share repurchase programs under SEC Rule 10b5-1. During the three months ended June 30, 2021, the Company repurchased 1,275,249 shares, at an average price of $39.14 per share, of Cowen Class A common stock through the share repurchase program.

The table below sets forth the information with respect to purchases made by or on the behalf of the Company or any "affiliated purchaser" (as defined in Rule 10b-18(a)(3) under the Exchange Act, as amended), of our common stock during the three months ended June 30, 2021. Board approval of repurchases is based on dollar amount. As a result, the Company cannot

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estimate the number of shares that may yet be purchased.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
Month 4 (April 1, 2021 – April 30, 2021)				
Common stock repurchases(1)	—	$ —	—	$ 50,000,000
Employee transactions(2)	—	—	—	—
Other (3)	—	—	—	—
Total	—	$ —	—	
Month 5 (May 1, 2021 – May 31, 2021)				
Common stock repurchases(1)	957,541	$ 39.45	957,541	$ 12,222,667
Employee transactions(2)	217,364	41.27	—	—
Other (3)	—	—	—	—
Total	1,174,905	$ 39.79	957,541.00	
Month 6 (June 1, 2021 – June 30, 2021)				
Common stock repurchases(1)	317,708	$ 38.19	317,708	$ 50,000,000
Employee transactions(2)	148,946	40.39	—	—
Other (3)	—	—	—	—
Total	466,654	$ 38.89	317,708	
Total (April 1, 2021 – June 30, 2021)				
Common stock repurchases(1)	1,275,249	$ 39.14	1,275,249	$ —
Employee transactions(2)	366,310	40.91	—	—
Other (3)	—	—	—	—
Total	1,641,559	$ 39.53	1,275,249	

(1) The Company's Board of Directors have authorized the repurchase, subject to market conditions, of up to $396.0 million of the Company's outstanding Class A common stock.

(2) Represents shares of the Company's Class A common stock withheld in satisfaction of tax withholding obligations upon the vesting of equity awards or other similar transactions.

(3) Represents shares of common stock distributed to the Company from an escrow account established to satisfy the Company's indemnification claims arising under the terms of the purchase agreement entered into in connection with the Company's acquisition of Convergex Group, LLC.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not Applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit No.	Description
3.1	Amended and Restated Certificate of Incorporation of Cowen Inc. (previously filed as Exhibit 3.1 to the Form 10-Q filed November 25, 2009).
3.2	Second Amended and Restated By-Laws of Cowen Inc. (previously filed as Exhibit 3.1 to the Form 8-K filed on February 18, 2020).
3.3	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of Cowen Inc. (previously filed as Exhibit 3.3 to the Form 10-Q filed November 25, 2009).
3.4	Certificate of Designations of the Company for its Series A Cumulative Perpetual Preferred Stock (previously filed as Exhibit 3.1 to Form 8-K filed May 20, 2015).
3.5	Amendment to the Amended and Restated Certificate of Incorporation of Cowen Inc. (previously filed as Exhibit 3.1 to the Form 8-K filed December 5, 2016).
3.6	Certificate of Amendment of Amended and Restated Certificate of Incorporation of Cowen Inc. (previously filed as Exhibit 3.1 to the Form 8-K filed on May 16, 2017)
10.1	Cowen Inc. 2020 Equity Incentive Plan (as amended and restated) (Incorporated by reference to Appendix A to the Definitive Proxy Statement of Cowen Inc. on Schedule 14A for the year ended December 31, 2020, as filed on May 21, 2021).
31.1	Certification of CEO Pursuant to Section 302 of Sarbanes-Oxley Act of 2002 (filed herewith).
31.2	Certification of CFO Pursuant to Section 302 of Sarbanes-Oxley Act of 2002 (filed herewith).
32	Certification of CEO and CFO Pursuant to Section 906 of Sarbanes-Oxley Act of 2002 (furnished herewith).
101.INS	XBRL INSTANCE DOCUMENT
101.SCH	XBRL TAXONOMY EXTENSION SCHEMA DOCUMENT
101.CAL	XBRL TAXONOMY EXTENSION CALCULATION LINKBASE DOCUMENT
101.DEF	XBRL TAXONOMY EXTENSION DEFINITION LINKBASE DOCUMENT
101.LAB	XBRL TAXONOMY EXTENSION LABEL LINKBASE DOCUMENT
101.PRE	XBRL TAXONOMY EXTENSION PRESENTATION LINKBASE DOCUMENT
104	Cover Page Interactive Data File - (formatted as inline XBRL and contained in Exhibit 101)

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

COWEN INC.

By:	/s/ JEFFREY M. SOLOMON
Name:	Jeffrey M. Solomon
Title:	*Chief Executive Officer (principal executive officer)*
By:	/s/ STEPHEN A. LASOTA
Name:	Stephen A. Lasota
Title:	*Chief Financial Officer (principal financial officer and principal accounting officer)*

Date: July 30, 2021

Exhibit 31.1

Certification

I, Jeffrey M. Solomon, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Cowen Inc:

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 30, 2021

/s/ JEFFREY M. SOLOMON
Name: Jeffrey M. Solomon
Title: *Chief Executive Officer*
(principal executive officer)

Exhibit 31.2

Certification

I, Stephen A. Lasota, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Cowen Inc:

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 30, 2021

/s/ STEPHEN A. LASOTA

Name: Stephen A. Lasota

Title: *Chief Financial Officer (principal financial officer and principal accounting officer)*

Exhibit 32

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Cowen Inc. (the "Company") on Form 10-Q for the quarter ended June 30, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to such officer's knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 30, 2021

/s/ JEFFREY M. SOLOMON
Name: Jeffrey M. Solomon
Title: Chief Executive Officer
(principal executive officer)

/s/ STEPHEN A. LASOTA
Name: Stephen A. Lasota
Title: Chief Financial Officer (principal financial officer and principal accounting officer)

* The foregoing certification is being furnished solely pursuant to 18 U.S.C Section 1350 and is not being filed as part of the Report or as a separate disclosure document