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, 2022

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 August 2, 2022, there were 27,651,792 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, 2021 and the risks contained in Item 1A of this periodic report on Form 10-Q for the three and six months ended June 30, 2022.

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, 2022 and 2021. The Consolidated Financial Statements as of December 31, 2021 were audited.

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, 2022	As of December 31, 2021
Assets		
Cash and cash equivalents	$ 926,768	$ 914,343
Cash collateral pledged	145,570	47,494
Segregated cash	198,772	194,701
Securities owned, at fair value ($1,837,004 and $1,764,853 were pledged to various parties)	2,358,484	2,660,742
Securities purchased under agreements to resell	411	—
Receivable on derivative contracts, at fair value	498,630	286,135
Securities borrowed	1,574,854	1,704,603
Other investments ($122,356 and $137,986 at fair value, respectively)	193,140	274,111
Deposits with clearing organizations, brokers and banks	90,889	111,857
Receivable from brokers, dealers and clearing organizations, net of allowance of $768 and $636, respectively	1,718,766	1,614,347
Receivable from customers, net of allowance of $580 and $687, respectively	216,908	159,418
Fees receivable, net of allowance of $2,086 and $886, respectively	116,350	145,809
Insurance and reinsurance assets	148,825	30,073
Due from related parties	24,296	31,449
Fixed assets, net of accumulated depreciation and amortization of $51,963 and $50,017, respectively	24,340	25,976
Operating lease right-of-use assets	86,645	93,655
Goodwill	234,005	234,005
Intangible assets, net of accumulated amortization of $31,073 and $33,219, respectively	37,659	44,167
Deferred tax asset, net	22,101	21,765
Other assets, net of allowance of $970 and $0 respectively	55,724	54,755
Consolidated Funds		
Cash and cash equivalents	25	296
Other investments	81,855	99,067
Other assets	46	46
Total Assets	**$ 8,755,063**	**$ 8,748,814**
Liabilities, Temporary Equity and Permanent Equity		
Liabilities		
Securities sold, not yet purchased, at fair value	$ 1,091,489	$ 1,201,448
Securities sold under agreements to repurchase	177,052	63,469
Payable for derivative contracts, at fair value	50,407	60,163
Securities loaned	1,353,229	1,586,572
Payable to brokers, dealers and clearing organizations	719,972	586,553
Payable to customers	2,445,298	2,432,612
Commission management payable	128,623	102,990
Insurance and reinsurance liabilities	362,709	71,269
Compensation payable	210,916	443,580
Operating lease liabilities	90,985	98,883
Notes payable and other debt	623,792	623,371
Fees payable	11,804	16,483
Accounts payable, accrued expenses and other liabilities	147,898	164,819
Consolidated Funds		
Due to related parties	—	23
Accounts payable, accrued expenses and other liabilities	159	225
Total Liabilities	**$ 7,414,333**	**$ 7,452,460**

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

(continued)	As of June 30, 2022	As of December 31, 2021
Commitments and Contingencies (Note 22)		
Redeemable Series A Convertible Preferred stock, par value $0.01 per share: 10,000,000 shares authorized, 120,750 shares issued and outstanding as of June 30, 2022 (aggregate liquidation preference of $120,750) and 10,000,000 shares authorized, 120,750 shares issued and outstanding as of December 31, 2021 (aggregate liquidation preference of $120,750)	$ 120,750	$ 120,750
Permanent Equity		
Class A common stock, par value $0.01 per share: 62,500,000 shares authorized, 57,319,922 shares issued and 27,801,792 outstanding as of June 30, 2022 and 62,500,000 shares authorized, 55,826,893 shares issued and 27,778,964 outstanding as of December 31, 2021, respectively (including 960,238 and 901,374 restricted shares, respectively)	334	334
Class B common stock, par value $0.01 per share: 62,500,000 authorized, no shares issued and outstanding as of June 30, 2022 and December 31, 2021, respectively	—	—
Additional paid-in capital	1,138,329	1,100,667
Retained earnings	499,609	461,982
Accumulated other comprehensive income (loss)	1	(2)
Less: Class A common stock held in treasury, at cost, 29,518,130 and 28,047,929 shares as of June 30, 2022 and December 31, 2021, respectively	(591,102)	(547,112)
Total Cowen Inc. Stockholders' Equity	**1,047,171**	**1,015,869**
Nonredeemable non-controlling interests	172,809	159,735
Total Permanent Equity	**$ 1,219,980**	**$ 1,175,604**
Total Liabilities, Redeemable Preferred Stock and Permanent Equity	**$ 8,755,063**	**$ 8,748,814**

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, 2022	Three Months Ended June 30, 2021	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
Revenues				
Investment banking	$ 100,169	$ 224,981	$ 201,711	$ 529,815
Brokerage	154,656	139,060	323,394	312,797
Investment income (loss)				
Securities principal transactions, net	31,542	40,572	122,794	104,537
Portfolio fund principal transactions, net	(9,462)	(1,882)	(15,560)	13,521
Carried interest allocations	(32,083)	(35,530)	(49,150)	61,239
Total investment income (loss)	(10,003)	3,160	58,084	179,297
Management fees	16,717	14,995	33,486	40,737
Incentive income	—	169	633	2,427
Interest and dividends	48,545	62,173	94,880	121,561
Insurance and reinsurance premiums	14,278	11,493	25,599	18,610
Other revenues, net	(6,625)	2,031	(7,574)	3,690
Consolidated Funds				
Principal transactions, net	(15,326)	693	(17,212)	(2,656)
Interest and dividends	2	2	4	4
Total revenues	**302,413**	**458,757**	**713,005**	**1,206,282**
Interest and dividends expense	53,925	63,073	100,449	120,714
Total net revenues	**248,488**	**395,684**	**612,556**	**1,085,568**
Expenses				
Employee compensation and benefits	151,322	219,186	338,500	607,382
Brokerage and trade execution costs	44,635	38,813	85,226	84,469
Underwriting expenses	889	6,152	1,148	13,067
Professional, advisory and other fees	12,373	17,457	26,055	32,917
Service fees	7,460	6,379	14,610	12,110
Communications	9,257	9,710	18,728	18,977
Occupancy and equipment	10,500	9,946	20,816	19,486
Depreciation and amortization	6,997	4,565	14,182	8,919
Client services and business development	11,248	4,336	17,817	11,184
Insurance and reinsurance claims, commissions and amortization of deferred acquisition costs	3,171	5,216	10,514	11,671
Change in fair value of contingent consideration	(19,093)	5,232	(13,961)	(1,565)
Other expenses	8,112	5,976	15,743	9,432
Consolidated Funds				
Professional, advisory and other fees	42	63	84	173
Other expenses	12	61	75	222
Total expenses	**246,925**	**333,092**	**549,537**	**828,444**
Other income (loss)				
Net gains (losses) on other investments	3,527	6,730	9,107	19,375
Bargain purchase gain, net of tax	—	—	—	3,855
Gain/(loss) on debt extinguishment	—	—	—	(4,538)
Total other income (loss)	**3,527**	**6,730**	**9,107**	**18,692**
Income (loss) before income taxes	**5,090**	**69,322**	**72,126**	**275,816**
Income tax expense (benefit)	5,908	10,244	17,797	64,672
Net income (loss)	**(818)**	**59,078**	**54,329**	**211,144**
Net income (loss) attributable to non-controlling interests in consolidated subsidiaries and investment funds	(14,981)	13,755	5,150	18,317
Net income (loss) attributable to Cowen Inc.	**14,163**	**45,323**	**49,179**	**192,827**
Preferred stock dividends	1,698	1,698	3,396	3,396
Net income (loss) attributable to Cowen Inc. common stockholders	**$ 12,465**	**$ 43,625**	**$ 45,783**	**$ 189,431**

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	**2021**	**2022**	**2021**
(continued)				
Weighted average common shares outstanding:				
Basic	27,897	26,903	28,138	27,130
Diluted (See Note 21)	30,153	33,858	30,899	33,703
Earnings (loss) per share:				
Basic	$ 0.45	$ 1.62	$ 1.63	$ 6.98
Diluted (See Note 21)	$ 0.41	$ 1.29	$ 1.48	$ 5.62

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,	
	2022	**2021**	**2022**	**2021**
Net income (loss)	$ (818)	$ 59,078	$ 54,329	$ 211,144
Other comprehensive income (loss), net of tax:				
Foreign currency translation	1	1	3	5
Total other comprehensive income (loss), net of tax	1	1	3	5
Comprehensive income (loss)	**$ (817)**	**$ 59,079**	**$ 54,332**	**$ 211,149**
Less: Comprehensive income (loss) attributable to non-controlling interests	(14,981)	13,755	5,150	18,317
Comprehensive income (loss) attributable to Cowen Inc.	**$ 14,164**	**$ 45,324**	**$ 49,182**	**$ 192,832**

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)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Permanent Equity Shares		*(in shares)*		
Common Shares Outstanding				
Beginning balance	27,614,903	26,852,331	27,778,964	26,845,628
Restricted stock awards issued	484,639	846,381	1,434,442	1,551,893
Common stock issuance for partial settlement of contingent liability from prior acquisition	—	—	58,587	56,801
Purchase of treasury stock, at cost	(297,750)	(1,641,559)	(1,470,201)	(2,397,169)
Share settlement of convertible notes (See Note 14)	—	2,938,648	—	2,938,648
Ending balance	**27,801,792**	**28,995,801**	**27,801,792**	**28,995,801**
Series A Convertible Preferred Shares Outstanding				
Beginning balance	—	120,750	—	120,750
Ending balance	**—**	**120,750**	**—**	**120,750**
Permanent Equity		*(in dollars)*		
Total Cowen Inc. Stockholders' Equity (beginning of period)	**$ 1,035,148**	**$ 1,106,865**	**$ 1,015,869**	**$ 969,497**
Class A Common stock				
Beginning balance	334	334	334	334
Ending balance	**334**	**334**	**334**	**334**
Series A Convertible Preferred stock				
Beginning balance	—	1	—	1
Ending balance	**—**	**1**	**—**	**1**
Treasury stock				
Beginning balance	(583,535)	(373,774)	(547,112)	(346,870)
Purchase of treasury stock, at cost	(7,567)	(64,897)	(43,990)	(91,801)
Ending balance	**(591,102)**	**(438,671)**	**(591,102)**	**(438,671)**
Additional Paid-in Capital				
Beginning balance	1,127,160	1,151,377	1,100,667	1,130,138
Common stock issuance for partial settlement of contingent liability from prior acquisition	—	—	1,881	2,202
Amortization of share based awards	11,169	14,788	35,781	33,825
Ending balance	**$ 1,138,329**	**$ 1,166,165**	**$ 1,138,329**	**$ 1,166,165**
Accumulated Other Comprehensive Income (Loss)				
Beginning balance	—	(3)	(2)	(7)
Foreign currency translation	1	1	3	5
Ending balance	**$ 1**	**$ (2)**	**$ 1**	**$ (2)**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(in dollars)			
Retained Earnings/ (Accumulated deficit)				
Beginning balance	$ 491,189	$ 328,930	$ 461,982	$ 185,901
Net income (loss) attributable to Cowen Inc.	14,163	45,323	49,179	192,827
Preferred stock dividends (See Note 13)	(1,698)	(1,698)	(3,396)	(3,396)
Cash dividends to common stockholders (See Note 14)	(4,045)	(3,038)	(8,156)	(5,815)
Ending balance	**499,609**	**369,517**	**499,609**	**369,517**
Total Cowen Inc. Stockholders' Equity (end of period)	**1,047,171**	**1,097,344**	**1,047,171**	**1,097,344**
Nonredeemable Non-controlling Interests				
Beginning balance	$ 175,575	$ 133,115	$ 159,735	$ 199,624
Net income (loss) attributable to non-controlling interests in consolidated subsidiaries and investment funds	(14,981)	13,755	5,150	18,317
Capital contributions	13,267	24,323	14,877	46,838
Capital distributions	(1,052)	(4,694)	(6,953)	(23,467)
Deconsolidation of entity	—	—	—	(74,813)
Ending balance	**172,809**	**166,499**	**172,809**	**166,499**
Total Permanent Equity	**$ 1,219,980**	**$ 1,263,843**	**$ 1,219,980**	**$ 1,263,843**

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,	
	2022	**2021**
Cash flows from operating activities:		
Net income (loss)	$ 54,329	$ 211,144
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	14,182	8,919
Amortization of debt issuance costs	1,224	1,541
Amortization of debt discount (premium)	155	6,671
Noncash lease expense	(888)	(89)
(Gain) / loss on extinguishment of debt	—	3,890
Share-based awards	35,887	33,825
Change in deferred taxes	(336)	3,734
Net loss (gain) on disposal of fixed assets	101	—
Contingent liability adjustment	—	(614)
Purchases of securities owned, at fair value	(700,290)	(487,573)
Proceeds from sales of securities owned, at fair value	603,099	411,727
Proceeds from sales of securities sold, not yet purchased, at fair value	1,002,083	139,788
Payments to cover securities sold, not yet purchased, at fair value	(877,991)	(136,095)
Proceeds from sales of other investments	22,912	20,174
Investment income (loss) principal transactions, net	7,640	(159,474)
Consolidated Funds		
Purchases of securities owned, at fair value	—	(4,000)
Proceeds from sales of securities owned, at fair value	—	10,464
Proceeds from other investments	—	14,130
Investment income (loss) principal transactions, net	17,212	2,450
(Increase) decrease in operating assets:		
Securities owned, at fair value, held at broker-dealer	405,632	(1,565,860)
Receivable on derivative contracts, at fair value	(212,495)	(58,264)
Securities borrowed	129,749	116,856
Deposits with clearing organizations, brokers and banks	20,968	8,832
Receivable from brokers, dealers and clearing organizations	(104,419)	(477,998)
Receivable from customers, net of allowance	(57,490)	(81,790)
Fees receivable, net of allowance	29,459	4,380
Insurance and reinsurance assets	(7,322)	(23,209)
Due from related parties	7,153	(139)
Other assets	(877)	(4,572)
Consolidated Funds		
Cash and cash equivalents		
Receivable on derivative contracts, at fair value	—	(2,917)
Other assets	—	11
Increase (decrease) in operating liabilities:		
Securities sold, not yet purchased, at fair value, held at broker-dealer	(192,203)	340,495
Securities sold under agreement to repurchase	113,583	(2,414)
Payable for derivative contracts, at fair value	(9,756)	(16,562)
Securities loaned	(233,343)	700,787
Payable to brokers, dealers and clearing organizations	133,419	115,725
Payable to customers	12,686	976,786
Commission management payable	25,633	8,991
Insurance and reinsurance liabilities	(5,986)	11,575
Compensation payable	(249,226)	70,491
Fees payable	(4,679)	(15,604)
Due to related parties	(59)	40
Accounts payable, accrued expenses and other liabilities	(9,063)	(4,890)
Consolidated Funds		
Due to related parties	(23)	(3)
Accounts payable, accrued expenses and other liabilities	(66)	(373)
Net cash provided by / (used in) operating activities	**(29,406)**	**177,131**

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

	Six Months Ended June 30, 2022		Six Months Ended June 30, 2021	
Cash flows from investing activities:				
Securities purchased under agreement to resell		(411)		191
Purchases of other investments		(9,679)		(61,519)
Purchase of business and/or asset acquisition		187,613		2,109
Cash at deconsolidated entity		—		(5,620)
Proceeds from sales of other investments		12,068		63,447
Purchase of fixed assets and intangibles		(6,139)		(5,513)
Net cash provided by / (used in) investing activities		**183,452**		**(6,905)**
Cash flows from financing activities:				
Repayments on convertible debt		—		(88,119)
Deferred debt issuance cost		(72)		(6,642)
Borrowings on notes and other debt		4,019		301,786
Repayments on notes and other debt		(4,905)		(201,998)
Purchase of treasury stock		(27,428)		(70,540)
Cash dividends paid		(7,588)		(5,201)
Preferred stock dividends paid		(3,396)		(3,396)
Contingent liability payment		(8,195)		(10,698)
Capital contributions by non-controlling interests in operating entities		14,772		27,821
Capital distributions to non-controlling interests in operating entities		(6,953)		(4,196)
Consolidated Funds				
Capital contributions by non-controlling interests in Consolidated Funds		—		19,017
Capital distributions to non-controlling interests in Consolidated Funds		—		(19,271)
Net cash provided by / (used in) financing activities		**(39,746)**		**(61,437)**
Change in cash and cash equivalents		114,300		108,789
Cash and cash equivalents, including cash collateral pledged and segregated cash, beginning of period		**1,156,834**		**941,470**
Cash and equivalents at end of period:				
Cash and cash equivalents		926,768		806,887
Cash collateral pledged		145,570		64,895
Segregated cash		198,772		178,179
Cash and cash equivalents, Consolidated Funds		25		298
Cash and cash equivalents, including cash collateral pledged and segregated cash, end of period	**$**	**1,271,134**	**$**	**1,050,259**
Supplemental information				
Cash paid during the year for interest	$	86,572	$	113,758
Cash paid during the year for taxes	$	25,545	$	63,728
Supplemental non-cash information				
Purchase of treasury stock, at cost, through net settlement (See Note 14)	$	16,562	$	21,232
Preferred stock dividends declared (See Note 14)	$	3,396	$	3,396
Cash dividends declared (See Note 14)	$	8,156	$	5,815
Net assets (liabilities) acquired upon acquisition (net of cash)	$	(187,613)	$	3,107
Net decrease in non-controlling interests in Consolidated Fund due to deconsolidation of Consolidated Fund (See Note 2)	$	—	$	74,813
Common stock issuance in relation to acquisitions	$	1,881	$	2,202

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, tech-enabled and business 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 the Accounting Standards Codification (the "Accounting Standards" or "ASC") 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, 2021 (the "2021 Form 10-K"). Certain footnote disclosures included in the 2021 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.

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.

The VIEs the Company has invested in act as investment managers and/or investment companies that may be managed by the Company. 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).

Investment companies, which account for their investments under the specialized industry accounting guidance for investment companies prescribed under US GAAP, are not subject to the consolidation provisions for their investments. As of June 30, 2022 and December 31, 2021, the total assets of the consolidated VIEs were $336.8 million and $304.1 million, respectively, and total liabilities of the consolidated VIEs were $5.4 million and $9.8 million, respectively.

The Company consolidates investment funds for which it acts as the managing member/general partner and investment manager. At June 30, 2022, the Company consolidated Ramius Enterprise LP (“Enterprise LP”), an investment fund. At December 31, 2021, the Company consolidated the following investment funds: Enterprise LP and Cowen Private Investments LP ("Cowen Private").

During the first quarter of 2022, the Company deconsolidated Cowen Private as the fund was liquidated. During the first quarter of 2021, the Company deconsolidated Cowen Sustainable Investments I, LP ("CSI I LP") due to the Company's ownership being diluted through a capital equalization event.

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 condensed 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 and Company (Asia) Limited ("Cowen Asia"), and Cowen International Limited ("Cowen International Ltd"), 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

ASC Topic 326, Financial Instruments – Credit Losses (“ASC 326”) prescribed 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, 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 of the borrowing 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 and other investments

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

Level 1 Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date;

Level 2 Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active; and

Level 3 Fair value is determined based on pricing inputs that are unobservable and includes situations where there is little, if any, market activity for the asset or liability. The determination of fair value for assets and liabilities in this category requires significant management judgment or estimation.

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

Accounts payable, accrued expenses and other liabilities**—**Accounts payable, accrued expenses and other liabilities include contingent consideration liabilities related to terms of the purchase agreements of the Company's previous acquisitions. In each instance the Company is required to pay the sellers of such entities a portion of future net income and/or revenues of the acquired business if certain targets are met through December 24, 2024. For each acquisition the Company has 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 related to the ongoing operations of these acquired businesses. The Company updates it's estimates and assumptions each reporting period and the associated change in fair value is shown in the accompanying condensed consolidated statements of operations.

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 condition, provided a legal right of offset exists. See Note 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 accounts of brokers and dealers.

Receivables and payables with brokers, dealers and clearing organizations arising from unsettled regular-way transactions 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 with 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 2o for further reference).

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. 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.

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 on repurchase agreement transactions on an accrual basis in the accompanying condensed consolidated statements of operations.

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 from the use or disposition of 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. Temporary Equity

Temporary equity consists of Redeemable 5.625% Series A cumulative perpetual convertible preferred stock ("Series A Convertible Preferred Stock"). The Company has irrevocably elected to cash settle $1,000.00 of each conversion of any share of the Series A Convertible Preferred Stock. As the holders can exercise the conversion option on their shares of Series A Convertible Preferred Stock at any time and require cash payment upon conversion, the Company has classified the Series A Convertible Preferred Stock preferred stock in temporary equity.

n. 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 do not 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 a component of permanent equity. Ownership which has been classified in permanent equity are non-controlling interests for which the holder does not have the unilateral right to redeem its ownership interests.

o. 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. 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 23.

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 Markets in Financial Instruments Directive ("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 NAV per share (or its equivalent). The practical expedient permits an entity holding certain investments that calculates NAV per share or its equivalent for which the fair value is not readily determinable and is considered an investment company under ASC 946 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 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, Investments - Equity Method and Joint Ventures. 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 recognized 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 or invested capital for private equity funds and net asset value for hedge funds. The Company has determined that the primary drivers of management fees are committed and invested capital relating to private equity funds and assets under management relating to hedge 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 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 net asset value. 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 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 18), 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.

p. 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, Guernsey, Germany, Switzerland, Israel, South Africa, Canada and Hong Kong.

q. 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 adopted the guidance as of January 1, 2022 under the modified retrospective method. With the adoption of this guidance, the Company is required to include the portion of the Series A Convertible Preferred Stock that can be settled in Class A common stock (the amount in excess of $1,000.00 per share of the Series A Convertible Preferred Stock) in the diluted earnings per share calculation. See Note 21 for the calculation of diluted earnings per share.

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.

In June 2022, the FASB issued guidance that amends ASC 820 to clarify that when evaluating the fair value of an equity security a contractual sale restriction prohibiting the sale of an equity security is a characteristic of the reporting entity holding the equity security and is not included in the equity security's unit of account. Accordingly, an entity should not consider the contractual sale restriction when measuring the equity security's fair value. The guidance further prohibits an entity from recognizing a contractual sale restriction as a separate unit of account and requires specific disclosures related to the fair value; the nature and duration of the restrictions; and circumstances that could cause the restrictions to lapse on such an equity security. For public business entities, the guidance is effective for reporting periods beginning after December 15, 2023 and interim periods within those fiscal years with early adoption permitted. The Company is currently evaluating the impact of the new guidance.

3. Acquisition

Kelvin Re Limited

On June 1, 2022 (the "Kelvin Acquisition Date"), the Company completed its acquisition of Kelvin Re Limited ("Kelvin") by acquiring all of the issued and outstanding ordinary shares in Kelvin from CS IRIS A Fund Limited (the "Kelvin Acquisition"). Kelvin is a general reinsurance company incorporated and domiciled in Guernsey whose principal activity was the provision of property and natural catastrophe reinsurance business. In December 2020, Kelvin ceased underwriting new business and has been operating as a run-off entity. Cowen acquired Kelvin to manage the outstanding reinsurance claims arising from its existing portfolio. (See Note 18).

In accordance with US GAAP and SEC Regulation S-X Rule 11-01(d), the Kelvin Acquisition is accounted for as an asset acquisition because the assets and liabilities of Kelvin do not meet the definition of a business, and accordingly the assets and liabilities acquired as part of the Kelvin Acquisition were measured based on their cost allocated to assets on a relative fair value basis, which included transaction costs of $1.6 million.

The aggregate purchase price of the Kelvin Acquisition after transaction costs is $221.0 million. The purchase price was paid in cash by Kelvin on behalf of Cowen. The results of Kelvin are integrated within the Company's insurance business as of the Kelvin Acquisition Date, which is reported in the Company's Operating Company segment.

The table below summarizes the net tangible and intangible assets acquired and liabilities assumed as of June 1, 2022:

		(dollars in thousands)
Cash and cash equivalents	$	**92,589**
Cash collateral pledged		**316,049**
Premiums receivable from cedants	58,904	
Claims recoverable from reinsurers	52,526	
Insurance and reinsurance assets		**111,430**
Other assets		**94**
Premiums and other costs payable to reinsurers	(5,400)	
Claims liabilities	(292,026)	
Insurance and reinsurance liabilities		**(297,426)**
Accounts payable, accrued expenses and other liabilities		**(1,711)**
Total net assets acquired	**$**	**221,025**

Malta Holdings Ltd.

On February 26, 2021 (the "Malta 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 "Malta Acquisition"), an insurance company organized under the laws of Malta whose principal business activity is to provide insurance coverage to third parties (see Note 18). Axeria Insurance Limited was renamed Cowen Insurance Company Ltd ("Cowen Insurance Co") upon acquisition. The Malta 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 Malta Acquisition was $12.7 million. On the Malta 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 Malta 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 Malta 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 Malta Acquisition and is shown net of associated tax of $1.3 million in the condensed 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

Acquisition Date. Additionally, following the Malta 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 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 months ended June 30, 2022 and 2021 was $0.1 million, respectively, and for the six months ended June 30, 2022 and 2021 was $0.2 million, respectively.

As of June 30, 2022, the estimated amortization expense related to these intangible assets in future periods is as follows:

		(dollars in thousands)
2022	$	229
2023		458
2024		458
2025		458
2026		458
Thereafter		2,124
	$	**4,185**

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, 2022 and December 31, 2021, the Company pledged cash collateral in the amount of $3.5 million and $3.4 million respectively, which relates to letters of credit issued to the landlords of the Company's premises in various locations. The Company also has pledged cash collateral for reinsurance agreements which amounted to $142.1 million (of which $40.0 million was in the form of letters of credit), as of June 30, 2022, and $44.1 million, as of December 31, 2021, which are expected to be released periodically as per the terms of the reinsurance policy (see Notes 12 and 18).

As of June 30, 2022, 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 (dollars in thousands)	Maturity
New York	$	212	April 2023
New York		1,325	October 2022
New York		1,227	August 2022
Boston		193	March 2023
San Francisco		455	October 2025
Tel Aviv, Israel		42	January 2025
	$	**3,454**	

To the extent any letter of credit is drawn upon, interest will be assessed at the prime commercial lending rate. As of June 30, 2022 and December 31, 2021 there were no amounts due related to these letters of credit.

5. Segregated Cash

As of June 30, 2022 and December 31, 2021, cash segregated under federal regulations and other restricted deposits of $198.8 million and $194.7 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 (see Note 24).

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. Certain securities owned, at fair value, 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, 2022 and December 31, 2021, securities owned, at fair value consisted of the following:

	As of June 30, 2022	As of December 31, 2021
	(dollars in thousands)	
Common stock	$ 1,714,485	$ 2,428,820
Preferred stock	197,648	134,930
Warrants and rights	67,836	46,459
Government bonds	12,475	16,002
Corporate bonds	339,046	21,468
Convertible bonds	11,886	5,250
Term loan	7,308	3,907
Trade claims (*)	6,286	3,496
Private investments	1,514	410
	$ 2,358,484	**$ 2,660,742**

(*) The Company has elected the fair value option for securities owned, at fair value with a fair value of $6.3 million and $3.5 million of trade claims respectively, at June 30, 2022 and December 31, 2021.

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, 2022		As of December 31, 2021	
	Number of contracts / Notional Value	Fair value	Number of contracts / Notional Value	Fair value
	(dollars in thousands)			
Futures	$ 17,611	$ 691	$ —	$ —
Currency forwards	$ 157,280	695	$ 10,727	80
Equity swaps	$ 2,284,579	617,072	$ 1,950,181	305,370
Options (a)	161,755	83,755	217,393	61,219
Interest rate swap (c)	$ —	—	$ 285,000	1,208
Netting - swaps (b)		(203,583)		(81,742)
		$ 498,630		**$ 286,135**

Payable for derivative contracts

	As of June 30, 2022		As of December 31, 2021	
	Number of contracts / Notional Value	Fair value	Number of contracts / Notional Value	Fair value
	(dollars in thousands)			
Futures	$ —	$ —	$ 9,378	$ 266
Currency forwards	$ 19,375	23	$ 149,575	1,346
Equity swaps	$ 917,763	113,533	$ 988,329	114,689
Interest rate swaps (c)	$ 400,000	2,547	$ —	—
Options (a)	160,487	29,627	182,440	36,192
Netting - swap (b)		(95,323)		(92,330)
		$ 50,407		**$ 60,163**

(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.

(c) Interest rate swap offsetting the Company's floating rate debt on the Company's term loan. See Note 12

The following tables present the gross and net derivative positions and the related offsetting amount, as of June 30, 2022 and December 31, 2021. 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: Financial instruments (a)	Gross amounts not offset in the Condensed Consolidated Statements of Financial Condition: Cash Collateral pledged (a)	Net amounts
	(dollars in thousands)					
As of June 30, 2022						
Receivable on derivative contracts, at fair value	$ 702,213	$ 203,583	$ 498,630	$ 4,451	$ 385,769	$ 108,410
Payable for derivative contracts, at fair value	145,730	95,323	50,407	4,889	—	45,518
As of December 31, 2021						
Receivable on derivative contracts, at fair value	$ 367,877	$ 81,742	$ 286,135	$ 1,421	$ 211,442	$ 73,272
Payable for derivative contracts, at fair value	152,493	92,330	60,163	2,839	—	57,324

(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 $400.9 million and $(56.5) million for the three months ended June 30, 2022 and 2021 and $363.1 million and $(21.0) million for the six months ended June 30, 2022 and 2021, 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, 2022 and December 31, 2021, all derivative contracts were with major financial institutions.

Other investments

As of June 30, 2022 and December 31, 2021, other investments included the following:

	As of June 30, 2022	As of December 31, 2021
	(dollars in thousands)	
Portfolio funds, at fair value (1)	$ 122,356	$ 137,986
Carried interest (2)	38,181	88,925
Equity method investments (3)	32,603	47,200
	$ 193,140	**$ 274,111**

(1) Portfolio funds, at fair value

The portfolio funds, at fair value as of June 30, 2022 and December 31, 2021, included the following:

	As of June 30, 2022	As of December 31, 2021
	(dollars in thousands)	
HealthCare Royalty Partners LP (a)(*)	$ 725	$ 832
HealthCare Royalty Partners II LP (a)(*)	1,255	1,259
Eclipse Ventures Fund I, L.P. (b)	5,645	5,829
Eclipse Ventures Fund II, L.P. (b)	2,508	2,354
Eclipse Continuity Fund I, L.P. (b)	1,521	1,641
Starboard Value and Opportunity Fund LP (c)(*)	44,829	49,252
Starboard Value and Opportunity Fund Ltd (c) (*)	2,484	2,732
Lagunita Biosciences, LLC (d)	3,984	5,671
Starboard Leaders Fund LP (e)(*)	2,575	2,823
Formation8 Partners Fund I, L.P. (f)	17,599	20,992
BDC Fund I Coinvest 1, L.P. (g)	1,250	1,250
Difesa Partners, LP (h)	918	1,017
Cowen Sustainable Investments I LP (i)(*)	11,753	13,102
Cowen Healthcare Investments II LP (i) (*)	9,650	13,055
Cowen Healthcare Investments III LP (i)(*)	6,536	8,426
Cowen Healthcare Investments IV LP (i)(*)	2,671	1,071
Eclipse SPV I, LP (j)(*)	1,445	1,445
TriArtisan ES Partners LLC (k)(*)	1,843	1,805
TriArtisan PFC Partners LLC (l)(*)	1,111	1,112
Ramius Merger Fund LLC (m)(*)	1,493	1,692
Other private investment (n)(*)	245	303
Other affiliated funds (o)(*)	316	323
	$ 122,356	**$ 137,986**

* 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 22.

(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 are hedge funds with a focused and fundamental approach to investing in publicly traded US companies. Both funds permit 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 Sustainable Investments I LP, Cowen Healthcare Investments II LP, Cowen Healthcare Investments III LP and Cowen Healthcare Investments IV 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 2o). 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, 2022 and December 31, 2021, included the following:

	As of June 30, 2022	As of December 31, 2021
	(dollars in thousands)	
Cowen Healthcare Investments II LP	$ 14,098	$ 23,327
Cowen Healthcare Investments III LP	1,413	18,523
Cowen Sustainable Investments I LP	613	7,436
Cowen Sustainable Investments Offshore I LP	118	9,196
CSI I Prodigy Co-Investment LP	1,317	2,436
CSI PRTA Co- Investment LP	4,993	9,535
TriArtisan TGIF Partners LLC	4,283	4,047
TriArtisan ES Partners LLC	3,461	3,401
TriArtisan PFC Partners LLC	7,142	9,394
TriArtisan SBE Partners LLC	362	—
Ramius Multi-Strategy Fund LP	261	587
Ramius Merger Fund LLC	1	861
RCG IO Renergys Sarl	119	136
Other affiliated funds	—	46
	$ 38,181	**$ 88,925**

(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. The Company recorded no impairment charges in relation to its equity method investments for the three and six months ended June 30, 2022 and 2021.

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, 2022	As of December 31, 2021
	(dollars in thousands)	
Starboard Value LP	$ 25,778	$ 36,889
HealthCare Royalty GP III, LLC	1,714	1,957
HealthCare Royalty GP, LLC	1,355	1,451
HealthCare Royalty GP II, LLC	213	213
HealthCare Royalty GP IV, LLC	1,545	1,716
RCG Longview Debt Fund IV Management, LLC	331	331
HCR Overflow Fund GP, LLC	698	839
HCRP MGS Account Management, LLC	301	598
HCR Stafford Fund GP, LLC	418	2,955
Other	250	251
	$ 32,603	**$ 47,200**

The Company's income (loss) from equity method investments was $3.5 million and $6.7 million for the three months ended June 30, 2022 and 2021 and $9.1 million and $19.4 million and for the six months ended June 30, 2022 and 2021, 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, 2022 and December 31, 2021, securities sold, not yet purchased, at fair value consisted of the following:

	As of June 30, 2022	As of December 31, 2021
	(dollars in thousands)	
Common stock	$ 1,069,580	$ 1,192,396
Corporate bonds	37	37
Preferred stock	21,863	9,009
Warrants and rights	9	6
	$ 1,091,489	**$ 1,201,448**

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, 2022 and December 31, 2021.

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

	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, 2022							
Securities borrowed	$ 1,574,854	$ —	$ 1,574,854	$ —	$ 1,483,593	$ —	$ 91,261
Securities loaned	1,353,229	—	1,353,229	—	1,318,861	—	34,368
Securities purchased under agreements to resell	411	—	411	—	426	—	(15)
Securities sold under agreements to repurchase	177,052	—	177,052	—	218,368	—	(41,316)
As of December 31, 2021							
Securities borrowed	1,704,603	—	1,704,603	—	1,652,007	—	52,596
Securities loaned	1,586,572	—	1,586,572	—	1,592,140	—	(5,568)
Securities sold under agreements to repurchase	$ 63,469	$ —	$ 63,469	$ —	$ 74,443	$ —	$ (10,974)

(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, 2022 and December 31, 2021:

	Open and Overnight	Up to 30 days	31 - 90 days	Greater than 90 days	Total
	(dollars in thousands)				
As of June 30, 2022					
Securities loaned					
Common stock	$ 1,227,110	$ —	$ —	$ —	$ 1,227,110
Corporate bonds	126,119	—	—	—	126,119
Securities purchased under agreements to resell					
U.S. Treasury securities	411	—	—	—	411
Securities sold under agreements to repurchase					
Common stock	30,242	—	—	—	30,242
Corporate bonds	94,801	—	—	—	94,801
U.S. Treasury securities	52,009	—	—	—	52,009
As of December 31, 2021					
Securities loaned					
Common stock	1,570,835	—	—	—	1,570,835
Corporate bonds	15,737	—	—	—	15,737
Securities sold under agreements to repurchase					
Common stock	$ —	$ 20,906	$ 42,563	$ —	$ 63,469

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 $8.1 billion and $672.1 million as of June 30, 2022 and $9.7 billion and $744.5 million as of December 31, 2021, respectively. The carrying value of the Company's exposure to loss for these variable interest entities as of June 30, 2022 was $123.1 million, and as of December 31, 2021 was $165.5 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, 2022 and December 31, 2021, was $190.1 million and $233.6 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

Other investments, at fair value

Investments in portfolio funds, at fair value

As of June 30, 2022 and December 31, 2021, investments in portfolio funds, at fair value, included the following:

	As of June 30, 2022		As of December 31, 2021	
	(dollars in thousands)			
Investments of Enterprise LP	$	81,855	$	99,067
	$	**81,855**	**$**	**99,067**

Consolidated portfolio fund investments of Enterprise LP

On May 12, 2010, the Company announced its intention to close its master fund, Ramius Enterprise Master Fund Ltd ("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, 2022 and December 31, 2021, 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.

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, 2022 and December 31, 2021, 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 were two indirect concentrations that exceeded 5% of the Company's equity as of June 30, 2022 and one that exceeded 5% of the Company's equity at December 31, 2021.

Through its investments in a Consolidated Fund and combined with direct Company investments, the Company maintained exposure to Linkem S.p.A which accounted for 5% or more of the Company's equity as of both December 31, 2021 and June 30, 2022. As of June 30, 2022, through its investments in a consolidated special purpose vehicle, the Company maintained exposure to Polysign, Inc 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, 2022	Linkem S.p.A.	Equity, warrants, and shareholder loan	Italy	Wireless Broadband	7.72	%	$	80,790
As of June 30, 2022	Polysign, Inc	Preferred - Series B and C	United States of America	Financial Technology	5.45	%	$	57,053
As of December 31, 2021	Linkem S.p.A.	Equity and warrants	Italy	Wireless Broadband	8.22	%	$	83,537

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, 2022 and December 31, 2021:

	Assets at Fair Value as of June 30, 2022				
	Level 1	Level 2	Level 3	Netting (c)	Total
	(dollars in thousands)				
Operating Entities					
Securities owned, at fair value					
Government bonds	$ 12,475	$ —	$ —	$ —	$ 12,475
Preferred stock	19,672	—	177,976	—	197,648
Common stock	1,671,543	680	42,262	—	1,714,485
Convertible bonds	—	—	11,886	—	11,886
Corporate bonds	—	334,984	4,062	—	339,046
Trade claims	—	—	6,286	—	6,286
Term loan	—	2,834	4,474	—	7,308
Warrants and rights	32,552	—	35,284	—	67,836
Private investments	—	866	648	—	1,514
Receivable on derivative contracts, at fair value					
Futures	691	—	—		691
Currency forwards	—	695	—	—	695
Equity swaps	—	617,072	—	(203,583)	413,489
Options	83,540	—	215	—	83,755
	$ 1,820,473	**$ 957,131**	**$ 283,093**	**$ (203,583)**	**$ 2,857,114**
Portfolio funds measured at net asset value (a)					122,356
Consolidated Funds' portfolio funds measured at net asset value (a)					81,855
Carried interest (a)					38,181
Equity method investments (a)					32,603
Total investments					**$ 3,132,109**

	Liabilities at Fair Value as of June 30, 2022				
	Level 1	Level 2	Level 3	Netting (c)	Total
	(dollars in thousands)				
Operating Entities					
Securities sold, not yet purchased, at fair value					
Common stock	$ 1,069,403	$ 177	$ —	$ —	$ 1,069,580
Corporate bonds	—	37	—	—	37
Preferred stock	21,863	—	—	—	21,863
Warrants and rights	9	—	—	—	9
Payable for derivative contracts, at fair value					
Currency forwards	—	23	—	—	23
Equity swaps	—	113,533	—	(95,323)	18,210
Interest rate swaps	—	2,547	—	—	2,547
Options	27,371	—	2,256	—	29,627
Accounts payable, accrued expenses and other liabilities					
Contingent consideration liability (b)	—	—	38,247	—	38,247
	$ 1,118,646	**$ 116,317**	**$ 40,503**	**$ (95,323)**	**$ 1,180,143**

(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 (the acquisition of Quarton International AG "Quarton"), the fourth quarter of 2020 (the acquisition of MHT Partners, LP "MHT") and the fourth quarter of 2021 (the acquisition of Portico Capital Advisors "Portico"), 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 through December 31, 2024. For all acquisitions 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 $12.5 million to $14.9 million. The undiscounted amounts for the MHT acquisition have no minimum or maximum as it is calculated based on revenue. The undiscounted amounts for the Portico acquisition can range from zero to $58.0 million.

(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.

	Assets at Fair Value as of December 31, 2021				
	Level 1	Level 2	Level 3	Netting (c)	Total
	(dollars in thousands)				
Operating Entities					
Securities owned, at fair value					
Government bonds	$ 16,002	$ —	$ —	$ —	$ 16,002
Preferred stock	12,299	—	122,631	—	134,930
Common stock	2,396,041	121	32,658	—	2,428,820
Convertible bonds	—	—	5,250	—	5,250
Corporate bonds	—	19,049	2,419	—	21,468
Trade claims	—	—	3,496	—	3,496
Term loan	—	3,907	—	—	3,907
Private investments	—	—	410	—	410
Warrants and rights	31,056	—	15,403	—	46,459
Receivable on derivative contracts, at fair value					
Currency forwards	—	80	—	—	80
Equity swaps	—	305,370	—	(81,742)	223,628
Options	60,985	—	234	—	61,219
Interest rate swap	—	1,208	—	—	1,208
	$ 2,516,383	**$ 329,735**	**$ 182,501**	**$ (81,742)**	**$ 2,946,877**
Portfolio funds measured at net asset value (a)					137,986
Consolidated Funds' portfolio funds measured at net asset value (a)					99,067
Carried interest (a)					88,925
Equity method investments (a)					47,200
Total investments					**$ 3,320,055**

	Liabilities at Fair Value as of December 31, 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	$ 1,192,396	$ —	$ —	$ —	$ 1,192,396
Corporate bonds	—	37	—	—	37
Preferred stock	9,009	—	—	—	9,009
Warrants and rights	6	—	—	—	6
Payable for derivative contracts, at fair value					
Futures	266	—	—	—	266
Currency forwards	—	1,346	—	—	1,346
Equity swaps	—	114,689	—	(92,330)	22,359
Options	32,773	—	3,419	—	36,192
Accounts payable, accrued expenses and other liabilities					
Contingent consideration liability (b)	—	—	62,223	—	62,223
	$ 1,234,450	**$ 116,072**	**$ 65,642**	**$ (92,330)**	**$ 1,323,834**

(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 (the Quarton acquisition), the fourth quarter of 2020 (the MHT acquisition) and the fourth quarter of 2021 (the Portico acquisition), 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 through December 31, 2024. For all acquisitions 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. The undiscounted amounts for the Portico acquisition can range from zero to $58.0 million.

(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, 2022 and 2021 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.

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

	Three Months Ended June 30, 2022							
	Balance at March 31, 2022	Transfers in	Transfers out	Purchases/(covers)	(Sales)/shorts	Realized and Unrealized gains/losses	Balance at June 30, 2022	Change in unrealized gains/losses relating to instruments still held (1)
	(dollars in thousands)							
Operating Entities								
Preferred stock	$ 169,701	$ —	$ —	$ 16,723	$ —	$ (8,448)	$ 177,976	$ (8,448)
Common stock	39,831	—	—	4,013	(13)	(1,569)	42,262	(1,578)
Convertible bonds	5,250	—	—	6,636	—	—	11,886	—
Corporate bonds	2,426	1,082 (c)	—	560	(9)	3	4,062	3
Options, asset	228	—	—	—	—	(13)	215	(13)
Options, liability	3,079	—	—	—	—	(823)	2,256	(823)
Term Loan	—	—	—	4,452	—	22	4,474	22
Warrants and rights	18,557	—	—	656	(84)	16,155	35,284	16,333
Trade claims	4,840	—	—	1,995	(629)	80	6,286	(861)
Private investments	550	—	—	—	(25)	123	648	99
Contingent consideration liability	57,339	—	—	—	(19,092)	—	38,247	—

	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 (b)	—	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 (b)	—	—	(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								
Common stock	2,951	(4,000) (b)	—	—	—	1,049	—	—
Warrants and rights	5,329	—	—	—	(3,777)	(1,552)	—	—

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

	Six Months Ended June 30, 2022							
	Balance at December 31, 2021	Transfers in	Transfers out	Purchases/(covers)	(Sales)/shorts	Realized and Unrealized gains/losses	Balance at June 30, 2022	Change in unrealized gains/losses relating to instruments still held (1)
	(dollars in thousands)							
Operating Entities								
Preferred stock	$ 122,631	$ —	$ —	$ 20,164	$ (1,100)	$ 36,281	$ 177,976	$ 36,281
Common stock	32,658	—	—	6,031	(46)	3,619	42,262	3,609
Convertible bonds	5,250	—	—	6,636	—	—	11,886	—
Corporate bond	2,419	1,082 (c)	—	560	(9)	10	4,062	10
Options, asset	234	—	—	—	—	(19)	215	(19)
Options, liability	3,419	—	—	—	—	(1,163)	2,256	(1,163)
Term loan	—	—	—	4,452	—	22	4,474	22
Warrants and rights	15,403	—	—	1,069	(84)	18,896	35,284	19,074
Trade claims	3,496	—	—	3,661	(1,244)	373	6,286	(568)
Private investments	410	—	—	353	(275)	160	648	135
Contingent consideration liability	62,223	—	—	—	(29,168)	5,192	38,247	5,192

	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 (b)	(5,354) (a)	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, asset	135	—	—	82	(103)	(7)	107	(29)
Options, asset	251	—	—	—	—	(7)	244	(7)
Options, liability	3,915	—	—	—	—	(296)	3,619	(296)
Warrants and rights	6,547	2,928 (b)	—	3,406	(1,610)	360	11,631	504
Term Loan	12,623	—	—	322	—	(382)	12,563	(382)
Trade claim	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) (b)	—	—	—	1,049	—	—
Warrants and rights	5,806	—	—	—	(4,447)	(1,359)	—	—

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

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

(b) Fair market value derived using models and private transactions.

(c) The transfers between level 1, level 2 and level 3 are due to the change in the availability of observable inputs.

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, 2022 and December 31, 2021 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.

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

	Quantitative Information about Level 3 Fair Value Measurements					
Level 3 Assets	Fair Value June 30, 2022 (dollars in thousands)		Valuation Techniques	Unobservable Inputs	Range	Weighted Average
Common and preferred stocks	$	172,521	Discounted cash flows Guideline companies	Discount rate EBITDA Market Multiples	12.5% - 40% 4.2x - 7.9x	28.3% 6.6x
Options		215	Discounted cash flows Guideline companies	Discount rate EBITDA Market Multiples	12.5% - 13.5% 6.25x - 6.75x	13.5% 6.5x
Trade claims		1,925	Discounted cash flows	Discount rate	54%	54%
Warrants and rights		15,378	Discounted cash flows Guideline companies Option pricing model	Discount rate EBITDA Market Multiples Volatility	12.5% - 13.5% 6.25x - 6.75x 56.2% - 140%	13.5% 6.5x 80.6%
Other level 3 assets (a)		93,054				
Total level 3 assets	**$**	**283,093**				
Level 3 Liabilities						
Options		2,256	Option pricing model	Discount rate Volatility	2.99% 35%	2.99% 35%
Contingent consideration liability		38,247	Discounted cash flows Monte Carlo simulation	Discount rate Volatility	9% - 16% 17% - 21%	13% 19.1%
Total level 3 liabilities	**$**	**40,503**				

	Quantitative Information about Level 3 Fair Value Measurements					
Level 3 Assets	Fair Value at December 31, 2021 (dollars in thousands)		Valuation Techniques	Unobservable Inputs	Range	Weighted Average
Common and preferred stocks	$	76,491	Discounted cash flows Guideline companies	Discount rate EBITDA Market Multiples	12.5% - 20% 6.25x - 6.75x	13% 6.5x
Trade claims		2,376	Discounted cash flows	Discount rate	40%	40%
Warrants and rights		4,483	Discounted cash flows Guideline companies Option pricing model	Discount rate EBITDA Market Multiples Volatility	12.5% - 13.5% 6.25x - 6.75x 90% - 100%	13% 6.5x 95%
Options		234	Discounted cash flows Guideline companies	Discount rate EBITDA Market Multiples	12.5% - 13.5% 6.25x - 6.75x	13% 6.5x
Other level 3 assets (a)		98,917				
Total level 3 assets	**$**	**182,501**				
Level 3 Liabilities						
Options		3,419	Option pricing model	Volatility	35%	35%
Contingent consideration liability		62,223	Discounted cash flows Monte Carlo simulation	Discount rate Volatility	7% - 15% 20% - 24%	12% 22%
Total level 3 liabilities	**$**	**65,642**				

(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, 2022 and December 31, 2021, 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, 2022				December 31, 2021				
	Carrying Amount		Fair Value		Carrying Amount		Fair Value		Fair Value Hierarchy
	(dollars in thousands)								
Financial Assets									
Operating companies									
Cash and cash equivalents	$ 926,768		$ 926,768		$ 914,343		$ 914,343		Level 1
Cash collateral pledged	145,570		145,570		47,494		47,494		Level 2
Segregated cash	198,772		198,772		194,701		194,701		Level 1
Securities purchased under agreements to resell	411		411		—		—		Level 2
Securities borrowed	1,574,854		1,574,854		1,704,603		1,704,603		Level 2
Loans receivable	5,130		5,130	(b)	4,858		4,858	(b)	Level 3
Consolidated Funds									
Cash and cash equivalents	25		25		296		296		Level 1
Financial Liabilities									
Securities sold under agreements to repurchase	177,052		177,052		63,469		63,469		Level 2
Securities loaned	1,353,229		1,353,229		1,586,572		1,586,572		Level 2
Notes payable and other debt	623,792	(c)	613,604	(a)	623,371	(c)	655,229	(a)	Level 2

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

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

(c) The carrying amount of the notes payable and other debt includes an unamortized discount and unamortized premium of $2.6 million and $0.2 million as of June 30, 2022, respectively, and unamortized discount and unamortized premium of $2.8 million and $0.3 million as of December 31, 2021, respectively.

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, 2022 and December 31, 2021, the Company had a total of $90.9 million and $111.9 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, 2022 and December 31, 2021, amounts receivable from brokers, dealers and clearing organizations include:

	As of June 30, 2022	As of December 31, 2021
	(dollars in thousands)	
Broker-dealers	$ 1,607,034	$ 1,533,713
Securities failed to deliver	63,471	17,851
Clearing organizations	40,871	56,075
Securities borrowed/loaned interest receivable	7,390	6,708
	$ 1,718,766	**$ 1,614,347**

As of June 30, 2022 and December 31, 2021, amounts payable to brokers, dealers and clearing organizations include:

	As of June 30, 2022	As of December 31, 2021
	(dollars in thousands)	
Broker-dealers	$ 602,229	$ 483,112
Securities failed to receive	34,943	57,894
Clearing organizations	72,355	37,925
Securities borrowed/loaned interest payable	10,445	7,622
	$ 719,972	**$ 586,553**

10. Receivable From and Payable To Customers

As of June 30, 2022 and December 31, 2021, receivable from customers of $216.9 million and $159.4 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, 2022 and December 31, 2021, payable to customers of $2.4 billion and $2.4 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 $128.6 million and $103.0 million, as of June 30, 2022 and December 31, 2021, respectively, are classified as commission management payable in the accompanying condensed consolidated statements of financial condition.

12. Convertible Debt and Notes Payable

As of June 30, 2022 and December 31, 2021, the Company's outstanding debt was as follows:

	As of June 30, 2022	As of December 31, 2021
	(dollars in thousands)	
Notes payable	$ 174,264	$ 174,015
Term loan	433,661	435,147
Other notes payable	14,737	12,537
Finance lease obligations	1,130	1,672
	$ 623,792	**$ 623,371**

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 December 2022 Convertible 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 amount 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 Company's Class A common stock 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 $1,000.00 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 for the three months ended June 30, 2021, and $1.5 million for the six months ended June 30, 2021, 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 for the three months ended June 30, 2021 and $1.3 million for the six months ended June 30, 2021.

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. 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, 2022 and 2021 and $2.8 million and $2.8 million for the six months ended June 30, 2022 and 2021, 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, 2022 and 2021 and $3.9 million and $3.9 million and for the six months ended June 30, 2022 and 2021, 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 six months ended June 30, 2021. 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 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. On December 15, 2021, the Company borrowed an additional $150 million first lien term loan under the same terms and conditions as, and fungible with, the initial first lien term loan (collectively, the “March 2028 Term Loan”). The aggregate amount borrowed under the March 2028 Term Loan is $450 million. The March 2028 Term Loan bears interest at an annual rate equal to, at the option of the Company, either the (a) London Inter-bank Offered Rate ("LIBOR") (adjusted for reserves and subject to a floor of 0.75%) plus a margin of 3.25% or (b) an alternate base rate plus a margin of 2.25%. The Company is required to pay amortization of approximately 1.00% per annum of the original principal amount of the March 2028 Term Loan. Additionally, the Company has entered into an interest rate swap to offset the floating interest rate of the March 2028 Term Loan (See Note 6). 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, subject to certain customary exceptions, thresholds, qualifications and “baskets”. Proceeds from the March 2028 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, 2022, the outstanding principal amount of the March 2028 Term Loan was $444.4 million.

Interest expense for the March 2028 Term Loan was $5.3 million and $3.0 million for the three months ended June 30, 2022 and 2021 and $9.8 million and $3.2 million for the six months ended June 30, 2022 and 2021, based on an effective interest rate of 4.46%. In March 2021, the Company capitalized debt issuance costs of approximately $6.6 million and initial unamortized discount of $1.5 million related to the March 2028 Term Loan 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. In December 2021, the Company capitalized debt issuance costs of approximately $2.7 million and unamortized discount of $1.5 million related to the additional borrowing of $150 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.

The U.K. Financial Conduct Authority, which regulates LIBOR, has announced that all US Dollar LIBOR settings will either cease to be provided by any administrator or no longer be representative as of June 30, 2023. As the March 2028 Term Loan represents the Company’s only significant exposure to LIBOR as of March 31, 2022, the transition to an alternative Inter-bank Offer Rate is not expected to have a material impact on Company's condensed consolidated financial statements.

Other Notes Payable

During January 2022, the Company borrowed $4.0 million to fund insurance premium payments. This note had an effective interest rate of 2.01% and is due in December 2022, with monthly payment requirements of $0.4 million. As of June 30, 2022, the outstanding balance note was $2.2 million. Interest expense for the three and six months ended June 30, 2022 was insignificant.

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 Cowen Re 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 Cowen Re which is reflected in cash collateral pledged in the condensed consolidated statements of financial condition as of December 31, 2020 (see Notes 4 and 18). 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 $0.5 million and $1.0 million for the three months ended June 30, 2022 and 2021 and $1.0 million and $2.1 million for the six months ended June 30, 2022 and 2021, respectively, related to its loan payable to PPA S-81.

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, 2022, the outstanding balance on this note was $1.3 million. Interest expense for the three months ended June 30, 2022 and 2021 was insignificant. Interest expense for the six months ended June 30, 2022 and 2021 was $0.1 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 six months ended June 30, 2022 and 2021, 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,	
	2022	2021	2022	2021
	(dollars in thousands)			
Lease cost				
Finance lease cost:				
Amortization of finance lease right-of-use assets	$ 301	$ 318	$ 625	$ 627
Interest on lease liabilities	$ 16	$ 31	$ 35	$ 65
Other information				
Cash paid for amounts included in the measurement of lease liabilities:				
Operating cash flows from finance leases			$ 35	$ 65
Financing cash flows from finance leases			$ 594	$ 856
Weighted average remaining lease term - operating leases (in years)			1.57	2.08
Weighted average discount rate - operating leases			4.62 %	4.73 %

Annual scheduled maturities of debt and minimum payments (of principal and interest) for all debt outstanding as of June 30, 2022, are as follows:

	Notes Payable	Term Loan	Other Notes Payable	Finance Lease Obligation
	(dollars in thousands)			
2022	$ 6,703	$ 12,768	$ 3,380	$ 506
2023	13,405	25,206	12,593	500
2024	88,578	25,050	543	100
2025	7,750	24,782	—	51
2026	7,750	24,570	—	12
Thereafter	150,375	448,395	—	—
Subtotal	274,561	560,771	16,516	1,169
Less (a)	(100,297)	(127,110)	(1,779)	(39)
Total	**$ 174,264**	**$ 433,661**	**$ 14,737**	**$ 1,130**

(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, 2022, the Company has seven 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, 2022 and December 31, 2021, there were no amounts due related to these letters of credit.

13. Redeemable Preferred Stock

The Company is 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 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. 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.

On May 19, 2015, the Company completed its offering of 120,750 shares of 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 paid a cash dividend in respect of the Series A Convertible Preferred Stock of $1.7 million and $3.4 million for the three and six months ended June 30, 2022 and 2021. 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.

Upon issuance, each share of Series A Convertible Preferred Stock was 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 $1,000.00 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 was able to 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, 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.

On December 31, 2021, the Company irrevocably elected that, upon the conversion of any share of the outstanding Series A Convertible Preferred Stock, the Company will settle $1,000.00 of its conversion obligation in cash. With respect to each conversion, to the extent the conversion obligation per share of Series A Convertible Preferred Stock is greater than $1,000.00, the Company may satisfy its conversion obligation in respect of such excess using any settlement method permitted under the Certificate of Designations. As the holders can exercise the conversion option on their shares of Series A Convertible Preferred Stock at any time and require cash payment upon conversion, the Company reclassified the Series A Convertible Preferred Stock to temporary equity at December 31, 2021.

14. 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. Subject to the rights of holders of any outstanding preferred stock, the number of authorized shares of common 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.

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.

Embedded Cash Conversion Option on the December 2022 Convertible Notes

Upon issuance of the December 2022 Convertible Notes (see Note 12), 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 12) to this equity component. The Company redeemed all of the remaining December 2022 Convertible Notes on June 24, 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 February 2021, the Company's Board of Directors declared a cash dividend of $0.08 per share of Class A common stock. During April 2021, July 2021 and October 2021, the Company's Board of Directors declared a cash dividend of $0.10 per share of Class A common stock. During February 2022 and April 2022, the Company's Board of Directors declared a cash dividend of $0.12 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 19). During the three and six months ended June 30, 2022, the Company paid $3.7 million and $7.6 million of cash dividends to its holders of Class A common stock.

Treasury Stock

Treasury stock of $591.1 million as of June 30, 2022, compared to $547.1 million as of December 31, 2021, resulted from $16.6 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 and $27.4 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, 2022:

	Treasury Stock Shares	Cost (dollars in thousands)		Average Cost per Share	
Balance outstanding at December 31, 2021	28,047,929	$	547,112	$	19.51
Shares purchased for minimum tax withholding under the 2010 and 2020 Equity Plans or other similar transactions	551,199		16,562		30.05
Purchase of treasury stock	919,002		27,428		29.85
Balance outstanding at June 30, 2022	**29,518,130**	**$**	**591,102**	**$**	**20.03**

15. 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, 2022	As of June 30, 2021
	(dollars in thousands)	
Nonredeemable non-controlling interests in consolidated subsidiaries and investment funds		
Operating companies		
Beginning balance	$ 126,105	$ 83,818
Capital contributions	14,877	27,821
Capital distributions	(6,953)	(4,196)
Income (loss) attributable to non-controlling interests	11,214	21,786
Ending balance	**145,243**	**129,229**
Consolidated Funds		
Beginning balance	33,630	115,806
Capital contributions	—	19,017
Capital distributions	—	(19,271)
Deconsolidation of entity	—	(74,813)
Income (loss) attributable to non-controlling interests	(6,064)	(3,469)
Ending balance	**27,566**	**37,270**
Total Nonredeemable non-controlling interests in consolidated subsidiaries and investment funds	**$ 172,809**	**$ 166,499**

16. 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,	
	2022	2021	2022	2021
	(dollars in thousands)			
Beginning balance	$ —	$ (3)	$ (2)	$ (7)
Foreign currency translation	1	1	3	5
Ending balance	**$ 1**	**$ (2)**	**$ 1**	**$ (2)**

17. Revenue from Contracts with Customers

For the three and six months ended June 30, 2022 and 2021, 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,	
	2022	2021	2022	2021
	(dollars in thousands)			
Revenue from contracts with customers	**Operating Company**			
Investment banking				
Underwriting fees	$ 10,830	$ 88,680	$ 28,413	$ 242,984
Strategic/financial advisory fees	39,806	100,518	98,595	174,073
Placement and sales agent fees	48,010	31,380	70,593	103,924
Expense reimbursements from clients	1,523	4,403	4,110	8,834
Total investment banking revenue	100,169	224,981	201,711	529,815
Brokerage				
Commissions	138,227	126,170	290,710	285,851
Trade conversion revenue	7,895	6,082	15,305	12,323
Equity research fees	5,909	4,997	12,112	9,590
Total brokerage revenue from customers	152,031	137,249	318,127	307,764
Management fees	16,522	14,768	33,078	40,267
Incentive income	—	169	633	2,427
Total revenue from contracts with customers - Op Co	**$ 268,722**	**$ 377,167**	**$ 553,549**	**$ 880,273**
	Asset Company			
Management fees	195	226	408	470
Incentive income	—	—	—	—
Total revenue from contracts with customers - Asset Co	**195**	**226**	**408**	**470**
Total revenue from contracts with customers	**$ 268,917**	**$ 377,393**	**$ 553,957**	**$ 880,743**

18. Insurance and reinsurance

Cowen Insurance Co is a Malta based insurance company that reinsures a significant proportion of its portfolio (“Outward Reinsurance”). The Company's wholly owned subsidiaries, Cowen Reinsurance S.A. (based in Luxembourg) (“Cowen Re”) and Kelvin (based in Guernsey, see Note 3) provide reinsurance to third party insurance and reinsurance companies (“Inward Reinsurance”). Cowen Insurance Co's, Cowen Re's, and Kelvin's 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,	
	2022	2021	2022	2021
	(dollars in thousands)			
Incurred and paid claims				
Insurance (net of Outward Reinsurance)	$ 868	$ 1,055	$ 1,935	$ 1,798
Inward Reinsurance	8,970	1,533	12,081	5,438
Total	**$ 9,838**	**$ 2,588**	**$ 14,016**	**$ 7,236**
Change in claims outstanding and claims IBNR				
Insurance (net of Outward Reinsurance)	$ 209	$ (75)	$ 263	$ (211)
Inward Reinsurance	(10,121)	(72)	(10,660)	(631)
Total	**$ (9,912)**	**$ (147)**	**$ (10,397)**	**$ (842)**

As of June 30, 2022 and December 31, 2021, insurance and reinsurance assets and liabilities consisted of the following:

	As of June 30, 2022	As of December 31, 2021
Insurance and reinsurance assets		
Reinsurance recoverable on paid claims	$ 83,077	$ 9,072
Deferred acquisition costs	6,776	5,672
Cash advances held by cedants	3,523	3,523
Reinsurance recoverable on claims reserves	55,449	11,806
Total	**$ 148,825**	**$ 30,073**
Insurance and reinsurance liabilities		
Reinsurance payables on paid claims	$ 17,552	$ 3,837
Unearned Premium reserve	31,267	23,241
Loss reserves (incurred claims and IBNR)	313,890	44,191
Total	**$ 362,709**	**$ 71,269**

Cowen Insurance Co, Cowen Re, and Kelvin utilize several methods to determine their claims IBNR. Cowen Insurance Co and Cowen Re 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 Cowen Re employ a method to determine 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 Cowen Re's IBNR provision. As Kelvin is in run-off Kelvin determines its IBNR liabilities based on figures provided by insurance companies that Kelvin reinsures as well as industry-wide information about claims development related to known events in the past, such as hurricanes, typhoons, earthquakes, etc. All entities utilize recognized actuarial methods and assumptions which are regularly reviewed through catastrophe models, own loss experience, historical industry loss experience, underwriter and originator experience, pricing adequacy trends and management's professional judgement. During the three and six months ended June 30, 2022, claims liability and claim adjustment expenses were calculated using the above-mentioned methods consistent with prior years.

Cowen Insurance Co, Cowen Re, and Kelvin typically settle their premiums and claim payments on a quarterly basis. Cowen Insurance Co, Cowen Re, and Kelvin 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 Cowen Re 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, 2022 and 2021. Kelvin did not cede any portion of its exposures during the one month ended June 30, 2022.

Cowen Insurance Co, Cowen Re and Kelvin have entered into insurance and reinsurance agreements that require them 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, 2022, Cowen Re had pledged $61.5 million of collateral towards such reinsurance obligations, of which $49.0 million was in cash and $12.4 million was in U.S. government bonds. As of December 31, 2021, total collateral pledged was $60.1 million, of which $44.1 million was cash and $16.0 million was U.S. government bonds. The collateral pledged as of June 30, 2022 was $1.4 million higher than the amounts pledged at December 31, 2021. This change is due to increased activity in the underlying reinsurance contracts in the period that contractually required Cowen Re to post additional collateral. Cowen Re expects $40.5 million of the cash collateral pledged to be released on September 30, 2023. The remaining collateral of $20.9 million is expected to be released periodically between September 30, 2022 and March 31, 2024 in accordance with the terms of the underlying insurance and reinsurance agreements. As of June 30, 2022, Kelvin had pledged $93.1 million of collateral towards its reinsurance obligations, of which $53.1 million was in cash and $40.0 million was in the form of letters of credit from major banks. As of June 30, 2022 and December 31, 2021, Cowen Insurance Co had no pledged collateral.

19. 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, 2022, there were 3.5 million shares available for future issuance under only the 2020 Equity Incentive Plan.

Under the Equity Plans, the Company awarded $49.7 million of deferred cash awards to its employees during the six months ended June 30, 2022. These awards vest over a four-year period and accrue interest at 0.70% per year. As of June 30, 2022, the Company had unrecognized compensation expense related to the Equity Plans' deferred cash awards of $79.9 million.

The Company measures compensation cost for equity classified share-based awards on grant date and amortizes the unearned compensation associated with such 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 $9.3 million and $22.8 million for the three months ended June 30, 2022 and 2021 and $31.0 million and $51.0 million for the six months ended June 30, 2022 and 2021, respectively. The income tax effect recognized for the Equity Plans was a benefit of $3.3 million and $12.1 million for the three months ended June 30, 2022 and 2021 and $10.4 million and $23.0 million for the six months ended June 30, 2022 and 2021, 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, 2022 and 2021:

	Six Months Ended June 30, 2022		Six Months Ended June 30, 2021	
	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	**4,595,342**	**$ 24.33**	**5,450,191**	**$ 17.56**
Granted	2,031,143	31.55	1,683,983	35.10
Vested	(713,578)	18.03	(1,122,823)	6.49
Canceled	—	—	—	—
Forfeited	(69,210)	21.97	(24,582)	18.31
Ending balance outstanding	**5,843,697**	**$ 27.64**	**5,986,769**	**$ 24.57**

Included in the restricted share and restricted stock unit activity are performance-linked restricted stock units of 1,974,217 which were awarded from March 2016 through March 2022. 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, 712,652 have vested and 320,681 have been canceled, as they did not meet the performance criteria, through June 30, 2022. Included in vested units are 233,333 units that had an attainable share value of 420,000, and were delivered in March 2021. Of this attainable share value 350,000 shares were settled in the issuance of the Company's Class A common stock 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. Also included in vested units are 333,333 units that had an attainable share value of 666,666, due to reaching certain performance goals. Of this attainable value 528,800 shares were settled in the Company's Class A common stock and were delivered in March 2022 with the remaining 137,866 shares being settled in cash at the volume weighted average price of the Company's Class A common stock on settlement date. The remaining awards, included in the outstanding balance as of June 30, 2022, vest on December 2022, December 2023 and December 2024 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 attained shares ultimately earned could vary from zero, if performance goals are not met, to as much as 240% 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, 2022, there was $101.0 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 2.01 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, 2022 and 2021. The Company delivered 14,620 units to non-employee board members during the three and six months ended June 30, 2021. The Company delivered no units to non-employee board members during the three and six months ended June 30, 2022. As of June 30, 2022 and 2021, there were 246,610 and 244,916 restricted stock units outstanding for non-employee board members, respectively.

Other Share Based Payments and Awards

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.

On March 1, 2022, Cowen Digital Holdings LLC (“CDIG”) authorized 2,000,000 Class B Units, of which 1,487,500 Class B Units were issued to an affiliate, for which a subsidiary of the Company is the Managing Member, on behalf of the Company’s employees as incentive awards (the "Digital Awards") under the 2022 Equity Unit Incentive Plan. The Class B Units will, upon vesting, represent a 20% ownership of CDIG, a consolidated subsidiary of the Company upon vesting. Once the vesting conditions of the Digital Awards have been met, such awards will be presented as nonredeemable non-controlling interest in the accompanying condensed consolidated statements of financial condition. Half of the Digital Awards vest over a period of time and are tied to service (time based) and the other half vest when a qualifying event as stipulated in the Digital Award documents occurs (performance based). Once vested, Class B units will not be entitled to distributions unless and until a profit distribution hurdle has been met. The Company recognized compensation expense of $0.2 million and $0.5 million related to the time based Digital Awards for the three months and six months ended June 30, 2022, respectively. At June 30, 2022, there was $1.1 million of unrecognized compensation expense related to the time based Digital Awards which will be recognized over their five year vesting period. The fair value of time based Digital Awards is determined based on the fair market value of CDIG and its consolidated subsidiaries. The fair market value of CDIG and its consolidated subsidiaries is calculated utilizing recent transactions, discounted cash flows, and market multiples. The Digital Awards are then using a standard Black Scholes options pricing model. The primary input in determining the fair market value as of March 1, 2022 was recent/pending transactions in CDIG’s underlying investments. The expense related to the performance based component of the Digital Awards will be recognized when the qualifying event is considered to be probable. The income tax effect recognized for the Digital Awards was a benefit of $0.04 million and $0.1 million for the three months and six months ended June 30, 2022, respectively.

20. 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 has operations that require tax return filings are United Kingdom, Luxembourg, Malta, Germany, Guernsey, Switzerland, Israel, South Africa, Canada and Hong Kong.

The Company calculates its quarterly 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 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 24.67% and 23.45% for the six months ended June 30, 2022 and 2021, respectively. During the six months ended June 30, 2022, the primary item whose tax impact was recorded discretely was stock compensation.

For the six months ended June 30, 2022, 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, foreign taxes, as well as other nondeductible expenses. 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, as well as other nondeductible expenses.

The Company has no uncertain tax position liability as of June 30, 2022 and December 31, 2021.

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, 2022, 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, California, Massachusetts, United Kingdom, Luxembourg, and Germany.

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

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, 2022, there were 27,801,792 shares of Class A common stock outstanding. As of June 30, 2022, the Company has included 246,610 fully vested, unissued restricted stock units and restricted shares in its calculation of basic earnings per share. As of December 31, 2021, there were 27,778,964 shares of Class A common stock outstanding. As of December 31, 2021, the Company has included 972,732 fully vested, unissued restricted stock units and restricted shares 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 12). 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 of the Company’s Class A common stock 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.

On December 31, 2021, the Company irrevocably elected to cash settle $1,000.00 of its obligation in respect of each conversion of any share of the Series A Convertible Preferred Stock. Prior to this date, the Company could elect to settle the Series A Convertible Preferred Stock in shares, cash, or a combination of both. Effective January 1, 2022, the Company adopted ASC 470-20, which requires the Company 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. With the adoption of this guidance, the Company is required to include the portion of the Series A Convertible Preferred Stock that can be settled in Class A common stock (the amount in excess of $1,000.00 per share of the Series A Convertible Preferred Stock) in the diluted earnings per share calculation. As a result, the Series A Convertible Preferred Stock impacts the Company’s diluted earnings per share calculation for the June 30, 2022 (See Note 2).

The computation of earnings per share is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(dollars and share data in thousands, except per share data)			
Net income (loss)	$ (818)	$ 59,078	$ 54,329	$ 211,144
Net income (loss) attributable to non-controlling interests in consolidated subsidiaries and investment funds	(14,981)	13,755	5,150	18,317
Net income (loss) attributable to Cowen Inc.	14,163	45,323	49,179	192,827
Preferred stock dividends	1,698	1,698	3,396	3,396
Net income (loss) attributable to Cowen Inc. common stockholders for basic earnings per share	**$ 12,465**	**$ 43,625**	**45,783**	**189,431**
Change in fair value of contingently issuable shares	(44)	—	(4)	—
Net income (loss) attributable to Cowen Inc. common stockholders for diluted earnings per share	**$ 12,421**	**$ 43,625**	**$ 45,779**	**$ 189,431**
Shares for basic and diluted calculations:				
Weighted average shares used in basic computation	27,897	26,903	28,138	27,130
Performance based restricted stock	371	771	372	608
Contingently issuable common stock in connection with acquisitions	10	18	82	9
December 2022 Convertible Notes	—	2,743	—	2,840
Series A Convertible Preferred Stock	34	—	366	—
Restricted stock	1,841	3,423	1,941	3,116
Weighted average shares used in diluted computation	**30,153**	**33,858**	**30,899**	**33,703**
Earnings (loss) per share:				
Basic	$ 0.45	$ 1.62	$ 1.63	$ 6.98
Diluted	$ 0.41	$ 1.29	$ 1.48	$ 5.62

22. 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 applicable 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, 2022 and 2021, 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,	
	2022	2021	2022	2021
	(dollars in thousands)			
Lease cost				
Operating lease cost	$ 6,423	$ 5,833	$ 13,037	$ 11,603
Short-term lease cost	81	32	127	65
Variable lease cost	627	864	1,464	1,770
Sublease income	(137)	(156)	(292)	(316)
Total lease costs	**$ 6,994**	**$ 6,573**	**$ 14,336**	**$ 13,122**

The following table summarizes the supplemental cash flow information and certain other information related to operating leases for the six months ended June 30, 2022 and 2021:

	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
	(dollars in thousands)	
Other information		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 16,132	$ 13,625
Weighted average remaining lease term - operating leases (in years)	5.42	4.60
Weighted average discount rate - operating leases	4.16 %	4.09 %

As of June 30, 2022, maturities of the outstanding operating lease liabilities for the Company were as follows:

	Equipment Leases (operating)	Real Estate and Other Facility Rental (a) (b) (c)
	(dollars in thousands)	
2022	$ 208	$ 9,768
2023	387	24,563
2024	371	22,289
2025	370	11,558
2026	278	8,252
Thereafter	—	24,337
Total operating leases	1,614	100,767
Less discount	74	11,305
Less short-term leases	—	17
Total lease liability	**$ 1,540**	**$ 89,445**

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

(b) During the six months ended June 30, 2022, the Company recognized an increase of $8.9 million of operating right-of-use assets and leases liabilities related to facility leases.

(c) The company has assigned a lease but has remained as the guarantor for performance of the assignee's rent payment obligations for the remainder of the term of the assigned lease at a the maximum amount of $0.6 million.

Other Commitments

As of June 30, 2022, future minimum annual service payments for the Company were as follows:

	Service Payments
	(dollars in thousands)
2022	$ 16,018
2023	19,545
2024	8,928
2025	3,939
2026	3,253
Thereafter	7,357
Total service payment commitments	**$ 59,040**

Unfunded Commitments

The following table summarizes unfunded commitments as of June 30, 2022:

Entity	Unfunded Commitments		Commitment Term
	(dollars in thousands)		
HealthCare Royalty Partners funds (a)	$	6,452	2.5 years
Eclipse Ventures Fund I, L.P.	$	28	2.5 years
Eclipse Fund II, L.P.	$	18	3.5 years
Eclipse Continuity Fund I, L.P.	$	12	4.5 years
Cowen Healthcare Investments III LP	$	1,552	4.5 years
Cowen Healthcare Investments IV LP	$	5,095	5.5 years
Cowen Sustainable Investments I LP	$	14,643	7.5 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 would include an estimate of the reasonably possible loss or range of loss for those matters, for which an estimate can be made. Neither a reserve nor disclosure is required for losses that are deemed remote.

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.

23. 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 represents 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) and is presented after preferred stock dividends. Economic Income (Loss) (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 goodwill and certain other impairments, certain other transaction-related adjustments and/or reorganization expenses and 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:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(dollars in thousands)			
Economic Income				
Op Co	$ 104	$ 51,149	$ 36,398	$ 195,006
Asset Co	(1,485)	(3,655)	(332)	(5,128)
Adjustments applied to arrive at Net Income (loss)				
Income attributable to non-controlling interest	(14,981)	13,755	5,150	18,317
Preferred stock dividends	1,698	1,698	3,396	3,396
Amortization of (discount)/premium on convertible debt	(78)	(772)	(154)	(1,544)
Acquisition related amounts	(78)	(76)	(158)	(317)
Contingent liability adjustments	19,093	(5,230)	13,961	1,566
Debt extinguishment gain (loss) and accelerated debt costs	—	(5,557)	—	(10,095)
Bargain purchase gain	—	—	—	3,855
US GAAP Income tax expense	(5,908)	(10,244)	(17,797)	(64,672)
Economic income tax expense	817	18,010	13,865	70,760
Net income (loss)	**$ (818)**	**$ 59,078**	**$ 54,329**	**$ 211,144**

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 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.

	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
	(dollars in thousands)			
Op Co				
Non-Interest Revenue	$ 275,435	$ 397,454	$ 643,087	$ 1,095,340
Interest Revenue	38,769	57,904	79,100	109,007
Total Revenues	**314,204**	**455,358**	**722,187**	**1,204,347**
Interest Expense	43,730	60,147	87,030	113,950
Depreciation and Amortization	6,991	4,561	14,170	8,910
Income Taxes	5,964	11,765	17,796	66,850
Asset Co				
Non-Interest Revenue	(11,857)	3,188	(9,258)	1,520
Interest Revenue	64	209	72	411
Interest Revenue, Consolidated funds	2	2	4	4
Total Revenues	**(11,791)**	**3,399**	**(9,182)**	**1,935**
Interest Expense	1,277	1,930	2,513	3,204
Depreciation and Amortization	6	4	12	9
Income Taxes	(56)	(1,521)	1	(2,178)
Total Segment				
Non-Interest Revenue *	263,578	400,642	633,829	1,096,860
Interest Revenue	38,833	58,113	79,172	109,418
Interest Revenue, Consolidated funds	2	2	4	4
Total Revenues	**$ 302,413**	**$ 458,757**	**$ 713,005**	**$ 1,206,282**
Interest and Dividend Expense (includes dividend expense of $8.9 million and $1.0 million for the three months ended June 30, 2022 and 2021 and $10.9 million and $3.6 million for the six months ended June 30, 2022 and 2021, respectively)	53,925	63,073	100,449	120,714
Depreciation and Amortization	6,997	4,565	14,182	8,919
Income Taxes	5,908	10,244	17,797	64,672

* Includes dividend revenue of $9.7 million and $4.0 million for the three months ended June 30, 2022 and 2021, respectively and $15.7 million and $12.1 million for the six months ended June 30, 2022 and 2021, respectively. Dividend revenue, consolidated funds, was immaterial for the three and six months ended June 30, 2022 and 2021, respectively.

24. Regulatory Requirements

Regulatory Capital

As registered broker-dealers with the United States Securities and Exchange Commission ("SEC"), Cowen and Company, ATM Execution and Westminster are subject to the Uniform Net Capital Rule 15c3-1, "SEA Rule 15c3-1," under the Securities Exchange Act ("SEA") of 1934, 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 SEA Rule 15c3-1, is equal to the greater of $1.5 million or 2% of aggregate debits arising from customer transactions. ATM Execution, and Westminster are required to maintain minimum net capital, as defined in (a)(1)(ii) of SEA 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 SEA Rule 15c3-1 and other regulatory bodies.

Cowen and Company is also subject to certain net capital rule requirements under the Regulation 1.17 of the Commodity Futures Trading Commission ("CFTC") under Commodities Exchange Act (“CEA”) as an introducing broker. Under Regulation 1.17, Cowen and Company is required to maintain net capital equal to or in excess of $45,000 or the amount of net capital required by SEA Rule 15c3-1, whichever is greater. Additionally, as an options clearing member of the Options Clearing Corporation ("OCC") under OCC Rule 302, Cowen and Company is required to maintain net capital equal to the greater of $2.0 million or 2% of aggregate debit items. At June 30, 2022, Cowen and Company had $420.2 million of net capital in excess of its minimum requirements under SEA Rule 15c3-1.

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. Cowen Financial Products, Ltd ("Cowen Financial Products") registered only with the SEC with an effective date of November 1, 2021 as a securities-based swap dealer and is not using models to compute its net capital. 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% of 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 SEC rules. At June 30, 2022, Cowen Financial Products had $40.0 million of net capital in excess of its minimum requirements under SEA Rule 18a-1.

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. On 1 January 2022, the FCA adopted the Investment Firms Prudential Regime ("IFPR"). This is a new prudential regime which applies to MiFID investment firms authorized and regulated by the FCA in the UK. The IFPR refocuses prudential requirements and expectations away from the risks firms face, to also consider and look to manage the potential harm firms can pose to consumers and markets. Cowen International Ltd and Cowen Execution Ltd will both be designated as Class 2 firms under the new regime and will have a minimum capital requirement equal to the higher of; the Permanent minimum capital requirement, their respective Fixed Overhead requirement, and their Risk Responsive Computation ("K-factors").

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, 2022, the regulatory net capital, minimum net capital requirement and excess net capital of U.S. regulated broker dealers and swap dealer together with the equivalent of capital requirements and compliance information for foreign broker dealers registered with the FCA and the SFC are presented as follows:

Subsidiary	Net Capital	Minimum Net Capital Requirement	Excess Net Capital
		(dollars in thousands)	
Cowen and Company	$ 426,640	$ 6,447	$ 420,193
ATM Execution	$ 6,134	$ 250	$ 5,884
Westminster	$ 24,979	$ 250	$ 24,729
Cowen Financial Products	$ 59,995	$ 20,000	$ 39,995
Cowen International Ltd (a)	$ 48,912	$ 25,579	$ 23,333
Cowen Execution Ltd (a)	$ 16,179	$ 4,700	$ 11,479
Cowen Asia (a)	$ 1,918	$ 382	$ 1,536

(a) The equivalent of Net Capital under FCA rules is referred as “capital resources” and under SFC rules is referred as “net liquid capital.” The equivalent of Minimum Net Capital Requirement under FCA rules is referred as “minimum capital resources requirement and under SFC rules is referred as “net liquid capital requirement."

Customer Protection

The Company's U.S. broker-dealers must also comply with the customer protection provisions under SEA Rule 15c3-3 which requires a computation of a reserve requirement for customer and maintenance of a deposit of cash or securities into a special reserve bank account for the exclusive benefit of customers; 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.

ATM Execution claims 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. Westminster claims the (k)(2)(i) exemption with regard 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 SEA 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, 2022, Cowen and Company had segregated approximately $44.8 million of cash to satisfy the customer reserve provision of SEA Rule 15c3-3.

As a clearing and carrying broker-dealer, Cowen and Company is required to compute a reserve requirement for proprietary accounts of broker-dealers ("PAB"), as defined in SEA 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 SEA 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, 2022, Cowen and Company had $45.8 million of cash on deposit in PAB Reserve Bank Accounts. Cowen and Company and ATM Execution 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 Financial Products, as a registered securities based swap dealer, claims Rule 18a-4(f) exemption under the Securities Exchange Act of 1934 (the “Act”) with regard to its swap counterparties on the basis that it has provided sufficient notice to its swap counterparties of their respective rights to require segregation of funds or other property used to secure uncleared security based swaps pursuant to section 3E(f)(1)(A)-(B) of the Act (15 U.S.C. 78c-5(f)(1)(A)). Any margin collateral received and held by the security based swap dealer with respect to uncleared security based swaps will not be subject to a segregation requirement. The notice outlines how a claim of those swap counterparties for the collateral would be treated in a bankruptcy or other formal liquidation proceeding of the security-based swap dealer.

Other Regulatory Requirements

Cowen Insurance Co and Cowen Re and Kelvin are individually required to maintain a solvency capital ratio as calculated by relevant European Commission directives and local regulatory rules in Malta, Luxembourg and Guernsey, respectively. Each company's individual solvency capital ratio calculated at the end of each quarter must exceed a minimum requirement. As of December 31, 2021, the last testing date for Cowen Re and Kelvin, the solvency capital ratios were in excess of the minimum regulatory requirements. As of March 31, 2022, the last testing date for Cowen Insurance Co, the solvency capital ratio was in excess of the minimum regulatory 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, 2022. RCG Insurance Company’s capital and surplus as of June 30, 2022 totaled $5.6 million.

25. 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, 2022 and December 31, 2021, $22.7 million and $16.6 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, 2022 and 2021, 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, 2022 and December 31, 2021, loans to employees of $11.5 million and $8.8 million, respectively, were included in due from related parties on the accompanying condensed consolidated statements of financial condition. Of these amounts $5.8 million and $3.8 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 $1.0 million and $1.5 million for the three months ended June 30, 2022 and 2021 and $1.9 million and $2.7 million for the six months ended June 30, 2022 and 2021, respectively. This expense is included in employee compensation and benefits in the accompanying condensed consolidated statements of operations. The interest income for these related party loans and advances was insignificant for the three and six months ended June 30, 2022 and 2021.

The remaining balance included in due from related parties of $12.8 million and $22.6 million as of June 30, 2022 and December 31, 2021, respectively, relates to amounts due to the Company from affiliated investment funds and real estate entities due to expenses paid on their behalf.

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, 2022 and December 31, 2021, such investments aggregated $60.8 million and $53.9 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 $17.9 million and $12.6 million for the three months ended June 30, 2022 and 2021 and $28.2 million and $22.7 million for the six months ended June 30, 2022 and 2021, respectively.

The Company may, at times, have unfunded commitment amounts pertaining to related parties. See Note 22 for amounts committed as of June 30, 2022.

26. 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, 2022 and December 31, 2021. 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, 2022.

Lender	Contractual Amount	Available Amount	Maturity Date	Description
Pledge Lines	**(dollars in thousands)**			
BMO Harris Bank	$ 25,000	$ 25,000	None	Broker Loan
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	**250,000**	**250,000**		
Spike Line				
BMO Harris Bank Canadian Imperial Bank of Commerce, in syndication	**150,000**	**150,000**	May 19, 2023	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	**$ 425,000**	**$ 425,000**		

27. Subsequent Events

On July 20, 2022, the Board of Directors declared a quarterly cash dividend payable on its common stock of $0.12 per common share, payable on September 15, 2022, to stockholders of record on September 1, 2022.

On August 1, 2022, the Company, The Toronto-Dominion Bank, a Canadian chartered bank (“TD”), and Crimson Holdings Acquisition Co., a Delaware corporation and an indirect wholly owned subsidiary of TD (“Merger Sub”), entered into an Agreement and Plan of Merger (the “Merger Agreement”) pursuant to which, upon the terms and subject to the conditions set forth therein, Merger Sub will be merged with and into the Company (the “Merger”), with the Company surviving the merger as a wholly-owned subsidiary of TD.

The Board of Directors of the Company determined that it is in the best interests of the Company and its stockholders to consummate the transactions provided for in the Merger Agreement and, in furtherance thereof, adopted the Merger Agreement and approved the transactions contemplated thereby (including the Merger), and resolved to submit the Merger Agreement to the holders of the Class A common stock of the Company for adoption and to recommend that the holders of Class A common stock of the Company adopt the Merger Agreement and approve the transactions contemplated thereby (including the Merger).

Completion of the Merger is subject to customary closing conditions, including the adoption of the Merger Agreement and approval of the transactions contemplated thereby (including the Merger) by the affirmative vote of a majority of the vote by the holders of Class A common stock of the Company, and obtaining the Requisite Regulatory Approvals (as defined in the Merger Agreement) required to be obtained to consummate the transactions contemplated thereby (including the Merger) from the relevant U.S., Canadian and foreign regulatory authorities. Upon completion of the Merger, TD will become the owner of all the Company's outstanding shares of Class A common stock, the Company will become a private company and the shares of Class A common stock of the Company will no longer be publicly listed or traded on the Nasdaq Global Market.

Pursuant to the Merger Agreement, at the effective time of the Merger (the "Effective Time") each share of Class A common stock of the Company and each share of Class B common stock of the Company issued and outstanding immediately prior to the Effective Time, (other than Exception Shares (as defined in the Merger Agreement)) will be converted into the right to receive an amount in cash equal to $39 per share (representing approximately $1.3 billion in the aggregate), payable to the holder thereof, without interest.

Pursuant to rules adopted by the SEC under the Securities Exchange Act of 1934 as amended, the Company will prepare and file with the SEC, and thereafter mail to its stockholders, a Schedule 14A Proxy Statement where additional information is found about the Merger.

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, 2021 (the "2021 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 healthcare investing, sustainable investing, healthcare royalties, merger arbitrage and activism. 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, securities financing 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, tech-enabled and business 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, such as the ongoing war in Ukraine, 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.

- The Federal Reserve ("FED") has announced its intention to increase the Federal Funds Rate over future periods and began this process by increasing the FED Funds Rate by 25bps in March 2022, 50 bps in May and 75 bps in June. As a result of the risk of continued inflation, it is likely that interest rates across the spectrum will continue increasing from the record low levels of recent years. These changes in policy are intended to reduce inflation and are likely to also reduce economic activity possibly leading to a recession. In the event the U.S. economy enters a period of economic recession, during such period our investment banking revenues could be depressed, fund raising for our investment management business could be impaired with low or no incentive fee accruals and our balance sheet investments could decrease in value. While our markets business might not be adversely affected by an economic recession, our overall our results of operation could be negatively affected during such period.

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.

Recent Developments

On August 2, 2022, the Company, The Toronto-Dominion Bank, a Canadian chartered bank ("TD"), and Crimson Holdings Acquisition Co., a Delaware corporation and an indirect wholly owned subsidiary of TD ("Merger Sub"), entered into an Agreement and Plan of Merger (the "Merger Agreement") pursuant to which, upon the terms and subject to the conditions set forth therein, Merger Sub will be merged with and into the Company (the "Merger"), with the Company surviving the merger as a wholly-owned subsidiary of TD.

The Board of Directors of the Company determined that it is in the best interests of the Company and its stockholders to consummate the transactions provided for in the Merger Agreement and, in furtherance thereof, adopted the Merger Agreement and approved the transactions contemplated thereby (including the Merger), and resolved to submit the Merger Agreement to the holders of the Class A common stock of the Company for adoption and to recommend that the holders of Class A common stock of the Company adopt the Merger Agreement and approve the transactions contemplated thereby (including the Merger).

Completion of the Merger is subject to customary closing conditions, including the adoption of the Merger Agreement and approval of the transactions contemplated thereby (including the Merger) by the affirmative vote of a majority of the vote by the holders of Class A common stock of the Company, and obtaining the Requisite Regulatory Approvals (as defined in the Merger Agreement) required to be obtained to consummate the transactions contemplated thereby (including the Merger) from the relevant U.S., Canadian and foreign regulatory authorities. Upon completion of the Merger, TD will become the owner of all the Company's outstanding shares of Class A common stock, the Company will become a private company and the shares of Class A common stock of the Company will no longer be publicly listed or traded on the Nasdaq Global Market.

Pursuant to the Merger Agreement, at the effective time of the Merger (the "Effective Time") each share of Class A common stock of the Company and each share of Class B common stock of the Company issued and outstanding immediately prior to the Effective Time, (other than Exception Shares (as defined in the Merger Agreement)) will be converted into the right to receive an amount in cash equal to $39 per share (representing approximately $1.3 billion in the aggregate), payable to the holder thereof, without interest.

Pursuant to rules adopted by the Securities and Exchange Commission ("SEC") under the Securities Exchange Act of 1934 as amended (the "Exchange Act"), the Company will prepare and file with the SEC, and thereafter mail to its stockholders, a Schedule 14A Proxy Statement where you can find additional information about the Merger.

Basis of Presentation

The unaudited condensed consolidated financial statements of the Company in this Form 10-Q are prepared in accordance with 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.

Acquisition

On June 1, 2022, the Company completed its acquisition of Kelvin Re Limited ("Kelvin") by acquiring all of the issued and outstanding ordinary shares in Kelvin from CS IRIS A Fund Limited. Kelvin is a general reinsurance company incorporated and domiciled in Guernsey whose principal activity was the provision of property and natural catastrophe reinsurance business. In December 2020, Kelvin ceased underwriting new business and has been operating as a run-off entity. Cowen acquired Kelvin to manage the outstanding reinsurance claims arising from its existing portfolio.

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.

Temporary Equity

Temporary equity consists of Redeemable 5.625% Series A cumulative perpetual convertible preferred stock ("Series A Convertible Preferred Stock"). The Company has irrevocably elected to cash settle $1,000.00 of each conversion of any share of the Series A Convertible Preferred Stock. As the holders can exercise the conversion option on their shares of Series A Convertible Preferred Stock at any time and require cash payment upon conversion, the Company has classified the Series A Convertible Preferred Stock preferred stock in temporary equity.

Non-Redeemable 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 do not 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 a component of permanent equity. Ownership which has been classified in permanent equity are non-controlling interests for which 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, 2022, the Company's activist strategy had negative results but outperformed its benchmark while its merger arbitrage strategies had negative results in a volatile market. The Company's healthcare royalty strategy is now making allocations from the strategy's fourth fund. The Company's healthcare investments strategy is now deploying capital from its fourth fund. Finally, our sustainable investing strategy continues to deploy capital, with three investments made as of June 30, 2022. The liquidation of certain multi-strategy hedge funds advised by the Company also continues.

As of June 30, 2022, the Company had assets under management of $14.7 billion.

Strategy	Healthcare Investments	Healthcare Royalties	Activism	Merger Arbitrage	Sustainable Investments	Other (a)
			(dollars in millions)			
AUM	$1,047	$3,425	$7,551	$267	$1,274	$1,162
Team						
Private Equity	ü	ü			ü	
Hedge Fund			ü	ü		
Managed Account		ü	ü	ü	ü	
UCITS				ü		
Other						ü

(a) Other strategies include legacy funds and other private investment 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, 2022, the Company's invested capital amounted to a net value of $861.2 million (supporting a long market value of $751.8 million), representing approximately 82% 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, 2022. 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, 2022 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	$ 644.0	61%
Public and Private Healthcare	25.5	2%
Liquid Alternative Trading	64.5	6%
Other	11.7	1%
Asset Co		
Private Investments	115.5	11%
Total	**861.2**	**82%**
Cowen Inc. Stockholders' Equity	$ 1,047.2	

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, 2022 Compared with Three Months Ended June 30, 2021

	Condensed Consolidated Statements of Operations (unaudited)			
	Three Months Ended June 30,		Period to Period	
	2022	2021	$ Change	% Change
	(dollars in thousands)			
Revenues				
Investment banking	$ 100,169	$ 224,981	$ (124,812)	(55) %
Brokerage	154,656	139,060	15,596	11 %
Investment income (loss)				
Securities principal transactions, net	31,542	40,572	(9,030)	(22) %
Portfolio fund principal transactions, net	(9,462)	(1,882)	(7,580)	403 %
Carried interest allocations	(32,083)	(35,530)	3,447	(10) %
Total investment income (loss)	(10,003)	3,160	(13,163)	(417) %
Management fees	16,717	14,995	1,722	11 %
Incentive income	—	169	(169)	NM
Interest and dividends	48,545	62,173	(13,628)	(22) %
Insurance and reinsurance premiums	14,278	11,493	2,785	24 %
Other revenues, net	(6,625)	2,031	(8,656)	(426) %
Consolidated Funds revenues	(15,324)	695	(16,019)	(2,305) %
Total revenues	**302,413**	**458,757**	**(156,344)**	**(34)%**
Interest and dividends expense	53,925	63,073	(9,148)	(15) %
Total net revenues	**248,488**	**395,684**	**(147,196)**	**(37)%**
Expenses				
Employee compensation and benefits	151,322	219,186	(67,864)	(31) %
Insurance and reinsurance claims, commissions and amortization of deferred acquisition costs	3,171	5,216	(2,045)	(39) %
Operating, general, administrative and other expenses	85,381	104,001	(18,620)	(18) %
Depreciation and amortization expense	6,997	4,565	2,432	53 %
Consolidated Funds expenses	54	124	(70)	(56) %
Total expenses	**246,925**	**333,092**	**(86,167)**	**(26)%**
Other income (loss)				
Net gains (losses) on other investments	3,527	6,730	(3,203)	48 %
Total other income (loss)	**3,527**	**6,730**	**(3,203)**	**48 %**
Income (loss) before income taxes	**5,090**	**69,322**	**(64,232)**	**93 %**
Income tax expense (benefit)	5,908	10,244	(4,336)	42 %
Net income (loss)	**(818)**	**59,078**	**(59,896)**	**101 %**
Net income (loss) attributable to non-controlling interests in consolidated subsidiaries and investment funds	(14,981)	13,755	(28,736)	(209) %
Net income (loss) attributable to Cowen Inc.	**14,163**	**45,323**	**(31,160)**	**69 %**
Preferred stock dividends	1,698	1,698	—	— %
Net income (loss) attributable to Cowen Inc. common stockholders	**$ 12,465**	**$ 43,625**	**$ (31,160)**	**71 %**

Revenues

Investment Banking

Investment banking revenues decreased $124.8 million to $100.2 million for the three months ended June 30, 2022 compared with $225.0 million in the prior year period. During the three months ended June 30, 2022, the Company completed five underwriting transactions and 39 strategic advisory transactions, including five debt capital markets transactions. During the three months ended June 30, 2021, the Company completed 39 underwriting transactions and 47 strategic advisory transactions including six debt capital markets transactions. The average underwriting fee per transaction was 65.1% higher for the three months ended June 30, 2022 as compared to the prior year period.

Brokerage

Brokerage revenues increased $15.6 million to $154.7 million for the three months ended June 30, 2022 compared with $139.1 million in the prior year period. This was attributable to an increase in Institutional Brokerage, primarily Options and Non-

USD commissions and an increase in Institutional Services, primarily Prime Services. Customer trading volumes across the industry (according to Bloomberg) increased 20% for the quarter ended June 30, 2022 compared to the prior year period.

Investment Income (loss)

Securities principal transactions, net

Securities principal transactions, net decreased $9.1 million to $31.5 million for the three months ended June 30, 2022 compared with $40.6 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 offset partially by a mark-to-market gain on an interest rate swap used to offset interest on floating-rate debt.

Portfolio fund principal transactions, net

Portfolio fund investment income (loss) decreased $7.6 million to a loss of $9.5 million for the three months ended June 30, 2022 compared with a loss of $1.9 million in the prior year period. The decrease is primarily related to a decrease in our activist fund investments and losses in our sustainable fund investments and private investments.

Carried interest allocations

Carried interest allocations increased $3.4 million to a loss of $32.1 million for the three months ended June 30, 2022 compared with a loss of $35.5 million in the prior year period. The primary driver of the increase was our healthcare funds partially offset with a decrease in our sustainable investment funds.

Management Fees

Management fees increased $1.7 million to $16.7 million for the three months ended June 30, 2022 compared with $15.0 million in the prior year period. This increase in management fees was primarily related to an increase in management fees from the healthcare and private equity/merchant banking strategies.

Incentive Income

Incentive income decreased $0.2 million for the three months ended June 30, 2022 compared with $0.2 million in the prior year period. This decrease was related to lower income earned in our Merger Fund. Due to revenue recognition accounting standards 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 decreased $13.7 million to $48.5 million for the three months ended June 30, 2022 compared with $62.2 million in the prior year period. Interest and dividends amounts are primarily attributable to securities finance activity. The decrease in the securities finance activity is due to lower customer demand which has created less matched book opportunities for international securities.

Insurance and Reinsurance Premiums

Insurance and reinsurance premiums increased $2.8 million to $14.3 million for the three months ended June 30, 2022 compared with $11.5 million in the prior year period. This change is driven by an increase in premiums (net of reinsurance) in Cowen Insurance Co.

Other Revenues, net

Other revenues decreased $8.6 million to $6.6 million for the three months ended June 30, 2022 compared with $2.0 million in the prior year period. This primarily related to foreign currency exchange rate fluctuations from our non-USD transactions.

Consolidated Funds Revenues

Consolidated Funds revenues decreased $16.0 million to a loss of $15.3 million for the three months ended June 30, 2022 compared with $0.7 million in the prior year period. The decrease is due to the losses related the Enterprise LP fund primarily driven by unrealized losses and foreign revaluation of our Linkem investment. 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 decreased $9.2 million to $53.9 million for the three months ended June 30, 2022 compared with $63.1 million in the prior year period. Interest and dividends amounts are primarily attributable to securities finance activity. The decrease in the securities finance activity is due to lower customer demand which has created less matched book opportunities for international securities.

Expenses

Employee Compensation and Benefits

Employee compensation and benefits expenses decreased $67.9 million to $151.3 million for the three months ended June 30, 2022 compared with $219.2 million in the prior year period. The decrease is primarily due to $156.3 million lower revenues and $3.2 million lower other income (loss) during the second quarter of 2022 as compared to 2021 and thus resulting in a lower compensation and benefits accrual. The compensation to revenue ratio, including other income (loss), was 49% for the three months ended June 30, 2022, compared with 47.1% for the prior year period.

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

Insurance and reinsurance related expenses decreased $2.0 million to $3.2 million for the three months ended June 30, 2022 compared with $5.2 million in the prior year period. This decrease comes from a reduction in the overall claims provision and slight reduction in acquisition costs.

Operating, General, Administrative and Other Expenses

General, administrative and other expenses decreased $18.6 million to $85.4 million for the three months ended June 30, 2022 compared with $104.0 million in the prior year period. The decrease is primarily related to the fair market value adjustments to the contingent consideration liabilities for previous acquisitions.

Depreciation and Amortization Expenses

Depreciation and amortization expenses increased $2.4 million to $7.0 million for the three months ended June 30, 2022 compared with $4.6 million in the prior year period. The increase is primarily related to two acquisitions which closed during 2021.

Consolidated Funds Expenses

Consolidated Funds expenses remained flat for the three months ended June 30, 2022 compared with the prior year period. During the first quarter of 2022, the Company deconsolidated Cowen Private Investments LP as the fund was liquidated. During the first quarter of 2021, the Company deconsolidated Cowen Sustainable Investments I, LP due to the Company's ownership being diluted through a capital equalization event.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) decreased $3.2 million to $3.5 million for the three months ended June 30, 2022 compared with $6.7 million of income in the prior year period. The decrease in other income (loss), which primarily represents our equity method investments, was primarily attributable to a decrease in performance in our activist investments.

Income Taxes

Income tax expense decreased $4.3 million to $5.9 million for the three months ended June 30, 2022 compared with $10.2 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 $28.8 million to a loss of $15.0 million for the three months ended June 30, 2022 compared with income of $13.8 million in the prior year period. The decrease is primarily due to the losses related the Enterprise LP fund primarily driven by unrealized losses and foreign revaluation of our Linkem investment.The decrease is also due to several losses in our consolidated merchant banking funds. 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, 2022 and 2021, respectively.

Six Months Ended June 30, 2022 Compared with Six Months Ended June 30, 2021

	Condensed Consolidated Statements of Operations (unaudited)			
	Six Months Ended June 30,		Period to Period	
	2022	2021	$ Change	% Change
	(dollars in thousands)			
Revenues				
Investment banking	$ 201,711	$ 529,815	$ (328,104)	(62) %
Brokerage	323,394	312,797	10,597	3 %
Investment income (loss)				
Securities principal transactions, net	122,794	104,537	18,257	17 %
Portfolio fund principal transactions, net	(15,560)	13,521	(29,081)	(215) %
Carried interest allocations	(49,150)	61,239	(110,389)	(180) %
Total investment income (loss)	58,084	179,297	(121,213)	(68) %
Management fees	33,486	40,737	(7,251)	(18) %
Incentive income	633	2,427	(1,794)	(74) %
Interest and dividends	94,880	121,561	(26,681)	(22) %
Insurance and reinsurance premiums	25,599	18,610	6,989	38 %
Other revenues, net	(7,574)	3,690	(11,264)	(305) %
Consolidated Funds revenues	(17,208)	(2,652)	(14,556)	(549) %
Total revenues	**713,005**	**1,206,282**	**(493,277)**	**(41)%**
Interest and dividends expense	100,449	120,714	(20,265)	(17) %
Total net revenues	**612,556**	**1,085,568**	**(473,012)**	**(44)%**
Expenses				
Employee compensation and benefits	338,500	607,382	(268,882)	(44) %
Insurance and reinsurance claims, commissions and amortization of deferred acquisition costs	10,514	11,671	(1,157)	(10) %
Operating, general, administrative and other expenses	186,182	200,077	(13,895)	(7) %
Depreciation and amortization expense	14,182	8,919	5,263	59 %
Consolidated Funds expenses	159	395	(236)	(60) %
Total expenses	**549,537**	**828,444**	**(278,907)**	**(34)%**
Other income (loss)				
Net gains (losses) on other investments	9,107	19,375	(10,268)	(53) %
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)	**9,107**	**18,692**	**(9,585)**	**(51)%**
Income (loss) before income taxes	**72,126**	**275,816**	**(203,690)**	**(74)%**
Income tax expense (benefit)	17,797	64,672	(46,875)	(72) %
Net income (loss)	**54,329**	**211,144**	**(156,815)**	**(74)%**
Net income (loss) attributable to non-controlling interests in consolidated subsidiaries and investment funds	5,150	18,317	(13,167)	(72) %
Net income (loss) attributable to Cowen Inc.	**49,179**	**192,827**	**(143,648)**	**(74)%**
Preferred stock dividends	3,396	3,396	—	— %
Net income (loss) attributable to Cowen Inc. common stockholders	**$ 45,783**	**$ 189,431**	**$ (143,648)**	**(76)%**

Revenues

Investment Banking

Investment banking revenues decreased $328.1 million to $201.7 million for the six months ended June 30, 2022 compared with $529.8 million in the prior year period. During the six months ended June 30, 2022, the Company completed 11 underwriting transactions and 66 strategic advisory transactions including 13 debt capital markets transactions. During the six months ended June 30, 2021, the Company completed 101 underwriting transactions and 73 strategic advisory transactions including 11 debt capital markets transactions.

Brokerage

Brokerage revenues increased $10.6 million to $323.4 million for the six months ended June 30, 2022 compared with $312.8 million in the prior year period. This was attributable to a decrease in Institutional Brokerage, primarily related to a decrease in Special Situations revenues offset by increases in Options and Non-USD commissions, as well as a decrease in Institutional Services, primarily Securities Finance and Global Clearing. Customer trading volumes across the industry (according to Bloomberg) increased 2% for the six month period ended June 30, 2022 compared to the prior year period.

Investment Income (loss)

Securities principal transactions, net

Securities principal transactions, net increased $18.3 million to $122.8 million for the six months ended June 30, 2022 compared with $104.5 million in the prior year period. The increase in securities principal transactions, net was primarily attributable to an increase in the value of our digital investments offset partially by a decrease in our healthcare and merchant banking investments. Additionally, 2022 also included $21.9 million from a mark-to-market gain on an interest rate swap used to offset interest on floating-rate debt.

Portfolio fund principal transactions, net

Portfolio fund investment income (loss) decreased $29.1 million to a loss of $15.6 million for the six months ended June 30, 2022 compared with $13.5 million in the prior year period. The decrease is primarily related to public positions in our healthcare and sustainable fund investments and a decrease in our activist fund investments.

Carried interest allocations

Carried interest allocations decreased $110.4 million to a loss of $49.2 million for the six months ended June 30, 2022 compared with $61.2 million in the prior year period. The primary driver of the decrease was a decrease in allocations from our healthcare and sustainable funds.

Management Fees

Management fees decreased $7.2 million to $33.5 million for the six months ended June 30, 2022 compared with $40.7 million in the prior year period. This decrease in management fees was primarily related to management fees earned from new investors entering the Cowen Sustainable funds in the first quarter of 2021 when, during the quarter, the fund had multiple capital raises offset partially by an increase in fees from the Cowen Healthcare investments funds.

Incentive Income

Incentive income decreased $1.8 million to $0.6 million for the six months ended June 30, 2022 compared with $2.4 million in the prior year period. This decrease was related to lower income earned in our Merger Fund. Due to revenue recognition accounting standards 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 decreased $26.7 million to $94.9 million for the six months ended June 30, 2022 compared with $121.6 million in the prior year period. Interest and dividends amounts are primarily attributable to securities finance activity. The decrease in the securities finance activity is due to lower customer demand which has created less matched book opportunities for international securities.

Insurance and Reinsurance Premiums

Insurance and reinsurance premiums increased $7.0 million to $25.6 million for the six months ended June 30, 2022 compared with $18.6 million in the prior year period. This increase is driven by an increase in premiums (net of reinsurance) in Cowen Insurance Co.

Other Revenues, net

Other revenues decreased $11.3 million to a loss of $7.6 million for the six months ended June 30, 2022 compared with $3.7 million in the prior year period. This primarily related to foreign currency exchange rate fluctuations from our non-USD transactions.

Consolidated Funds Revenues

Consolidated Funds revenues decreased $14.5 million to a loss of $17.2 million for the six months ended June 30, 2022 compared with a loss of $2.7 million in the prior year period. The decrease is due to the losses related the Enterprise LP fund primarily driven by unrealized losses and foreign revaluation of our Linkem investment. 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 decreased $20.3 million to $100.4 million for the six months ended June 30, 2022 compared with $120.7 million in the prior year period. Interest and dividends amounts are primarily attributable to securities finance activities. There was a decrease in the securities finance activity due to lower customer demand which has created less matched book opportunities for international securities.

Expenses

Employee Compensation and Benefits

Employee compensation and benefits expenses decreased $268.9 million to $338.5 million for the six months ended June 30, 2022 compared with $607.4 million in the prior year period. The decrease is primarily due to $493.3 million lower total revenues as well as a decrease of $9.6 million in other income (loss) during 2022 as compared to 2021 and thus resulting in a lower compensation and benefits accrual. The compensation to revenue ratio, including other income (loss), was 47% for the six months ended June 30, 2022, compared with 49.6% in the prior year period.

Insurance and Reinsurance Claims and Commissions

Insurance and reinsurance-related expenses decreased $1.2 million to $10.5 million for the six months ended June 30, 2022 compared with $11.7 million the prior year period. The net decrease is driven by the reduction in overall claims provision.

Operating, General, Administrative and Other Expenses

Operating, general, administrative and other expenses decreased $13.9 million to $186.2 million for the six months ended June 30, 2022 compared with $200.1 million in the prior year period. The decrease is primarily related to the fair market value adjustments to the contingent consideration liabilities for previous acquisitions.

Depreciation and Amortization Expenses

Depreciation and amortization expenses increased $5.3 million to $14.2 million for the six months ended June 30, 2022 compared with $8.9 million in the prior year period. The increase is primarily related to two acquisitions which closed during 2021.

Consolidated Funds Expenses

Consolidated Funds expenses decreased $0.2 million to $0.2 million for the six months ended June 30, 2022 compared with $0.4 million in the prior year period. During the first quarter of 2022, the Company deconsolidated Cowen Private Investments LP as the fund was liquidated. During the first quarter of 2021, the Company deconsolidated Cowen Sustainable Investments I, LP due to the Company's ownership being diluted through a capital equalization event.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) decreased $9.6 million to $9.1 million for the six months ended June 30, 2022 compared with $18.7 million in the prior year period. The decrease in other income (loss), which primarily represents our equity method investments, was primarily attributable to a decrease 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 decreased $46.9 million to $17.8 million for the six months ended June 30, 2022 compared with $64.7 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 decreased $13.1 million to $5.2 million for the six months ended June 30, 2022 compared with income of $18.3 million in the prior year period. The decrease is due to the losses related the Enterprise LP fund primarily driven by unrealized losses and foreign revaluation of our Linkem investment. These losses are offset only partially by gains related to higher valuation in the Company's digital investment. 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, 2022 and 2021, 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 provide 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 stock 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 several principal sources: investment banking revenue, brokerage revenue, management fees, incentive income, and investment income earned 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, 2022 Compared with Three Months Ended June 30, 2021

Total Economic Operating Income (Loss) was $3.7 million for the three months ended June 30, 2022, a decrease of $47.1 million compared to Economic Operating Income (Loss) of $50.8 million in the prior year period. Total Economic Income (Loss) was $1.4 million for the three months ended June 30, 2022, a decrease of $67.0 million compared to Economic Income (Loss) of $65.5 million in the prior year period. Total Pre-tax Economic Income (Loss) was $1.1 million for the three months ended June 30, 2022, a decrease of $66.1 million compared to Pre-tax Economic Income (loss) of $67.2 million in the prior year period.

Economic Proceeds included in total Economic Income (Loss) were $268.6 million for the three months ended June 30, 2022, a decrease of $121.5 million compared to $390.1 million in the prior year period. This was primarily related to a decrease in investment banking revenue and investment income.

Operating Company Segment

Economic Proceeds

	Three Months Ended June 30,		Total Period-to-Period	
	2022	2021	$ Change	% Change
	(dollars in thousands)			
Economic Proceeds				
Investment banking	$ 97,757	$ 214,427	$ (116,670)	(54) %
Brokerage	181,935	175,845	6,090	3 %
Management fees	20,173	17,825	2,348	13 %
Incentive income (loss)	(29,014)	(31,566)	2,552	(8) %
Investment income (loss)	(10,135)	5,595	(15,730)	(281) %
Other income (loss) economic proceeds	8,404	7,307	1,097	15 %
Total: Economic Proceeds	**269,120**	**389,433**	**(120,313)**	**(31)%**
Economic Interest Expense	4,339	7,423	(3,084)	(42) %
Net Economic Proceeds	**$ 264,781**	**$ 382,010**	**$ (117,229)**	**(31)%**

Economic Proceeds The Op Co segment economic proceeds included in Economic Income (Loss) were $269.1 million for the three months ended June 30, 2022, a decrease of $120.3 million compared to $389.4 million in the prior year period.

Investment Banking Economic Proceeds decreased $116.6 million to $97.8 million for the three months ended June 30, 2022 compared with $214.4 million in the prior year period. During the three months ended June 30, 2022, the Company completed five underwriting transactions and 39 strategic advisory transactions, including five debt capital markets transactions. During the three months ended June 30, 2021, the Company completed 39 underwriting transactions 47 strategic advisory transactions including six debt capital markets transactions. The average underwriting fee per transaction was 65.1% higher for the three months ended June 30, 2022 as compared to the prior year period.

Brokerage Economic Proceeds increased $6.1 million to $181.9 million for the three months ended June 30, 2022, compared with $175.8 million in the prior year period. This was attributable to an increase in Institutional Brokerage, primarily Options and Non-USD commissions and an increase in Institutional Services, primarily Prime Services. Customer trading volumes across the industry (according to Bloomberg) increased 20% for the quarter ended June 30, 2022 compared to the prior year period.

Management Fees Economic Proceeds for the segment increased $2.4 million to $20.2 million for the three months ended June 30, 2022 compared with $17.8 million in the prior year period. This increase in management fees was primarily related to an increase in management fees from the healthcare and activist investments strategies.

Incentive Income (Loss) Economic Proceeds for the segment increased $2.6 million to a loss of $29.0 million for the three months ended June 30, 2022 compared with a loss of $31.6 million in the prior year period. This increase was primarily related to an increase in performance fees from our healthcare investments strategy offset partially by a decrease in performance fees from our sustainable funds.

Investment Income (Loss) Economic Proceeds for the segment decreased $15.7 million to a loss of $10.1 million for the three months ended June 30, 2022 compared with $5.6 million in the prior year period. The decrease primarily relates to a decrease in performance in our healthcare and our activism strategies.

Other Income (Loss) Economic Proceeds for the segment increased $1.1 million to income of $8.4 million for the three months ended June 30, 2022 compared with $7.3 million in the prior year period. The increase is primarily from our insurance businesses offset partially by losses related to foreign currency exchange rate fluctuations from our non-USD transactions.

Economic Interest Expenses were $4.3 million for the three months ended June 30, 2022, a decrease of $3.1 million compared with $7.4 million in the prior year period. The decrease in expense is primarily related to a mark-to-market gain on an interest rate swap used to offset interest on floating-rate debt

Net Economic Proceeds were $264.8 million for the three months ended June 30, 2022, a decrease of $117.2 million compared with $382.0 million in the prior year period.

Economic Expenses

	Three Months Ended June 30,		Total Period-to-Period	
	2022	2021	$ Change	% Change
	(dollars in thousands)			
Economic Expenses				
Employee compensation and benefits	$ 151,235	$ 216,280	$ (65,045)	(30) %
Non-Compensation Expense	103,766	87,811	15,955	18 %
Depreciation & Amortization	6,990	4,561	2,429	53 %
Non-Controlling Interest	(27)	1,488	(1,515)	(102) %
Total: Economic Expenses	**$ 261,964**	**$ 310,140**	**$ (48,176)**	**(16)%**

Economic Expenses were $262.0 million for the three months ended June 30, 2022, a decrease of $48.1 million compared with $310.1 million in the prior year period.

Economic Compensation Expenses were $151.2 million compared to $216.3 million in the prior year period. The decrease is due to lower overall revenue. The economic compensation-to-proceeds ratio was 56% compared to 55.5% in the prior year period.

Economic Non-compensation Expenses Fixed non-compensation expenses increased $2.5 million to $42.9 million for the three months ended June 30, 2022 compared with $40.3 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 $13.4 million to $60.9 million for the three months ended June 30, 2022 compared with

$47.5 million in the prior year period. The increase is primarily related to increased client services and business development costs and floor brokerage and trade execution costs.

Economic Depreciation and Amortization Expenses increased to $7.0 million for the three months ended June 30, 2022 compared with $4.6 million in the prior year period.

Economic Non-controlling interests decreased $1.5 million for the three months ended June 30, 2022 compared with 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	
	2022	2021	$ Change	% Change
	(dollars in thousands)			
Pre-tax Economic Income (Loss)	$ 2,817	$ 71,870	$ (69,053)	(96) %
Economic income tax expense	1,236	19,261	(18,025)	(94) %
Preferred dividends	1,477	1,460	17	1 %
Economic Income (Loss)	**104**	**51,149**	**(51,045)**	**(100)%**
Add back: Depreciation and amortization expense, net of taxes	5,101	$ 3,339	1,762	53 %
Economic Operating Income (Loss)	**$ 5,205**	**$ 54,488**	**$ (49,283)**	**(90)%**

Preferred Stock Dividends. On May 19, 2015, the Company completed its offering of 120,750 shares of Series A 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	
	2022	2021	$ Change	% Change
	(dollars in thousands)			
Economic Proceeds				
Brokerage	62	—	62	NM
Management fees	$ 242	$ 299	$ (57)	(19) %
Incentive income (loss)	(990)	514	(1,504)	(293) %
Investment income (loss)	203	(117)	320	(274) %
Total: Economic Proceeds	**(483)**	**696**	**(1,179)**	**(169)%**
Economic Interest Expense	618	1,174	(556)	(47) %
Net Economic Proceeds	**$ (1,101)**	**$ (478)**	**$ (623)**	**130 %**

Economic Proceeds The Asset Co segment proceeds included in Economic Income (Loss) were a loss of $0.5 million for the three months ended June 30, 2022, a decrease of $1.2 million compared with $0.7 million in the prior year.

Management Fees Economic Proceeds for the segment remained fairly flat for the three months ended June 30, 2022.

Incentive Income (Loss) Economic Proceeds for the segment decreased $1.5 million to a loss of $1.0 million for the three months ended June 30, 2022 compared with income of $0.5 million in the prior year period. This decrease was related to a decrease in performance fees from the multi-strategy business.

Investment Income (Loss) Economic Proceeds for the segment increased $0.3 million to $0.2 million for the three months ended June 30, 2022, compared with a loss of $0.1 million in the prior year period.

Economic Interest Expenses were $0.6 million for the three months ended June 30, 2022, a decrease of $0.6 million compared with $1.2 million in the prior year period. The 2022 interest expense included an allocation of a gain from a mark-to-market adjustment on an interest rate swap used to offset interest on floating-rate debt.

Net Economic Proceeds for the segment were negative proceeds (due to losses) of $1.1 million for the three months ended June 30, 2022, a decrease of $0.6 million compared with negative proceeds (due to losses) $0.5 million in the prior year period.

Economic Expenses

	Three Months Ended June 30,		Total Period-to-Period	
	2022	2021	$ Change	% Change
	(dollars in thousands)			
Economic Expenses				
Employee compensation and benefits	$ 545	$ 4,133	$ (3,588)	(87)%
Non-Compensation Expense	30	53	(23)	(43)%
Depreciation & Amortization	7	4	3	75 %
Total expenses	**$ 582**	**$ 4,190**	**$ (3,608)**	**(86)%**

Economic Expenses were $0.6 million for the three months ended June 30, 2022, a decrease of $3.6 million compared to $4.2 million in the prior year period.

Economic Compensation Expenses were $0.5 million for the three months ended June 30, 2022 compared to $4.1 million in the prior year period.

Economic Non-compensation Expenses Fixed non-compensation expenses remained fairly flat for the three months ended June 30, 2022 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, 2022 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	
	2022	2021	$ Change	% Change
	(dollars in thousands)			
Pre-tax Economic Income (Loss)	$ (1,683)	$ (4,668)	$ 2,985	(64)%
Economic income tax expense*	(419)	(1,251)	832	(67)%
Preferred dividends	221	238	(17)	(7)%
Economic Income (Loss)*	**(1,485)**	**(3,655)**	**2,170**	**(59)%**
Add back: Depreciation and amortization expense, net of taxes	4	4	—	— %
Economic Operating Income (Loss)	**$ (1,481)**	**$ (3,651)**	**$ 2,170**	**(59)%**

Preferred Stock Dividends. On May 19, 2015, the Company completed its offering of 120,750 shares of Series A 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, 2022 Compared with Six Months Ended June 30, 2021

Total Economic Operating Income (Loss) was $46.6 million for the six months ended June 30, 2022, a decrease of $149.9 million compared to Economic Operating Income (Loss) of $196.4 million in the prior year period. Total Economic Income (Loss) was $36.1 million for the six months ended June 30, 2022 compared to Economic Income (Loss) of $189.9 million in the prior year period. Total Pre-tax Economic Income (Loss) was $53.3 million for the six months ended June 30, 2022, a decrease of $210.7 million compared to Pre-tax Economic Income (Loss) of $264.0 million in the prior year period.

Economic Proceeds included in total Economic Income (Loss) were $600.3 million for the six months ended June 30, 2022, a decrease of $477.3 million compared to $1,077.5 million in the prior year period. This was primarily related to a decrease in investment banking, incentive fees, investment income and brokerage revenues.

Operating Company Segment

Economic Proceeds

	Six Months Ended June 30,		Total Period-to-Period	
	2022	2021	$ Change	% Change
	(dollars in thousands)			
Economic Proceeds				
Investment banking	$ 196,453	$ 507,914	$ (311,461)	(61) %
Brokerage	379,791	397,692	(17,901)	(5) %
Management fees	40,613	44,709	(4,096)	(9) %
Incentive income (loss)	(41,811)	78,359	(120,170)	(153) %
Investment income (loss)	12,091	37,514	(25,423)	(68) %
Other income (loss) economic proceeds	12,223	8,471	3,752	44 %
Total: Economic Proceeds	**599,360**	**1,074,659**	**(475,299)**	**(44)%**
Economic Interest Expense / (Income)	(4,170)	13,366	(17,536)	(131) %
Net Economic Proceeds	**$ 603,530**	**$ 1,061,293**	**$ (457,763)**	**(43)%**

*Economic Proceed*s The Op Co segment economic proceeds included in Economic Income (Loss) were $599.4 million for the six months ended June 30, 2022, a decrease of $475.3 million compared to $1,074.7 million in the prior year period.

Investment Banking Economic Proceeds decreased $311.4 million to $196.5 million for the six months ended June 30, 2022 compared with $507.9 million in the prior year period. During the six months ended June 30, 2022, the Company completed 11 underwriting transactions and 66 strategic advisory transactions including 13 debt capital markets transactions. During the six months ended June 30, 2021, the Company completed 101 underwriting transactions and 73 strategic advisory transactions including 11 debt capital markets transactions.

Brokerage Economic Proceeds decreased $17.9 million to $379.8 million for the six months ended June 30, 2022, compared with $397.7 million in the prior year period. This was attributable to a decrease in Institutional Brokerage, primarily related to a decrease in Special Situations revenues offset by increases in Options and Non-USD commissions, as well as a decrease in Institutional Services, primarily Securities Finance and Global Clearing. Customer trading volumes across the industry (according to Bloomberg) increased 2% for the six month period ended June 30, 2022 compared to the prior year period.

Management Fees Economic Proceeds for the segment decreased $4.1 million to $40.6 million for the six months ended June 30, 2022 compared with $44.7 million in the prior year period. This decrease in management fees was primarily related to management fees earned from new investors entering the Cowen Sustainable funds in the first quarter of 2021 when, during the quarter, the fund had multiple capital raises offset partially by an increase in fees from the Cowen Healthcare investments funds.

Incentive Income (Loss) Economic Proceeds for the segment decreased $120.2 million to a loss of $41.8 million for the six months ended June 30, 2022 compared with $78.4 million in the prior year period. This decrease was primarily related to a decrease in performance fees from our Cowen Sustainable and Cowen Healthcare investment funds.

Investment Income (Loss) Economic Proceeds for the segment decreased $25.4 million to $12.1 million for the six months ended June 30, 2022 compared with $37.5 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 offset partially with gains from our digital investments.

Other Income (Loss) Economic Proceeds for the segment increased $3.7 million to $12.2 million for the six months ended June 30, 2022 compared with income of $8.5 million in the prior year period. The increase is primarily from our insurance businesses offset partially by losses related to foreign currency exchange rate fluctuations from our non-USD transactions.

Economic Interest Expenses / (Income) were $(4.2) million for the six months ended June 30, 2022, a decrease of expenses of $17.6 million compared with $13.4 million in the prior year period. The 2022 interest expense / (income) included an $21.9 million gain from a mark-to-market adjustment on an interest rate swap used to offset interest on floating-rate debt.

Net Economic Proceeds were $603.5 million for the six months ended June 30, 2022, a decrease of $457.8 million compared with $1,061.3 million in the prior year period.

Economic Expenses

	Six Months Ended June 30,		Total Period-to-Period	
	2022	2021	$ Change	% Change
Economic Expenses	(dollars in thousands)			
Employee compensation and benefits	$ 337,660	$ 601,858	$ (264,198)	(44) %
Non-Compensation Expense	197,558	177,226	20,332	11 %
Depreciation & Amortization	14,169	8,910	5,259	59 %
Non-Controlling Interest	986	2,955	(1,969)	(67) %
Total: Economic Expenses	**$ 550,373**	**$ 790,949**	**$ (240,576)**	**(30)%**

Economic Expenses were $550.4 million for the six months ended June 30, 2022, a decrease of $240.5 million compared with $790.9 million in the prior year period.

Economic Compensation Expenses were $337.7 million compared to $601.9 million in the prior year period. The decrease was due to lower revenues. The economic compensation-to-proceeds ratio increased to 56.3% compared to 56.0% in the prior year period.

Economic Non-compensation Expenses Fixed non-compensation expense increased $7.7 million to $83.7 million for the six months ended June 30, 2022 compared with $76.0 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 $12.6 million to $113.8 million for the six months ended June 30, 2022 compared with $101.2 million in the prior year period. The increase is related to increased client services and business development costs as well as an increase in costs from our insurance and reinsurance businesses.

Economic Depreciation and Amortization Expenses increased to $14.2 million for the six months ended June 30, 2022 compared with $8.9 million in the prior year period. The increase is primarily related to two acquisitions which closed during 2021.

Economic Non-controlling interests decreased by $2.0 million to $1.0 million for the six months ended June 30, 2022 compared with $3.0 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	
	2022	2021	$ Change	% Change
	(dollars in thousands)			
Pre-tax Economic Income (Loss)	$ 53,157	$ 270,344	$ (217,187)	(80) %
Economic income tax expense	13,821	72,451	(58,630)	(81) %
Preferred stock dividends	2,938	2,887	51	2 %
Economic Income (Loss)	**36,398**	**195,006**	**(158,608)**	**(81)%**
Add back: Depreciation and amortization expense, net of taxes	10,485	6,522	3,963	61 %
Economic Operating Income (Loss)	**$ 46,883**	**$ 201,528**	**$ (154,645)**	**(77)%**

Preferred Stock Dividends. On May 19, 2015, the Company completed its offering of 120,750 shares of Series A 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,		Total Period-to-Period	
	2022	2021	$ Change	% Change
Economic Proceeds	(dollars in thousands)			
Management fees	$ 508	$ 616	$ (108)	(18) %
Incentive income (loss)	(1,205)	(701)	(504)	72 %
Investment income (loss)	1,610	2,973	(1,363)	(46) %
Other income (loss) economic proceeds	1	(1)	2	(200) %
Total: Economic Proceeds	**914**	**2,887**	**(1,973)**	**(68) %**
Economic Interest Expense / (Income)	(800)	2,261	(3,061)	(135) %
Net Economic Proceeds	**$ 1,714**	**$ 626**	**$ 1,088**	**174 %**

Economic Proceeds The Asset Co segment proceeds included in Economic Income (Loss) were $0.9 million for the six months ended June 30, 2022, a decrease of $2.0 million compared with $2.9 million in the prior year period.

Management Fees Economic Proceeds for the segment remained fairly flat for the six months ended June 30, 2022 compared with the prior year period.

Incentive Income (Loss) Economic Proceeds for the segment increased the loss by $0.5 million to a loss of $1.2 million for the six months ended June 30, 2022 compared with a loss of $0.7 million in the prior year period. This incentive income loss increase was related to an decrease in performance fees from the Company's multi-strategy business.

Investment Income (Loss) Economic Proceeds for the segment decreased $1.4 million to $1.6 million for the six months ended June 30, 2022, compared with income of $3.0 million in the prior year period. The decrease primarily to decreased performance of our multi-strategy funds.

Economic Interest Expenses / (Income) were $(0.8) million for the six months ended June 30, 2022, a decrease to expenses of $3.1 million compared with $2.3 million in the prior year period. The 2022 interest expense included an allocation of a gain from a mark-to-market adjustment on an interest rate swap used to offset interest on floating-rate debt.

Net Economic Proceeds for the segment were proceeds of $1.7 million for the six months ended June 30, 2022, an increase of $1.1 million compared with $0.6 million in the prior year period.

Economic Expenses

	Six Months Ended June 30,		Total Period-to-Period	
	2022	2021	$ Change	% Change
	(dollars in thousands)			
Economic Expenses				
Employee compensation and benefits	$ 1,495	$ 6,951	$ (5,456)	(78) %
Non-Compensation Expense	36	(24)	60	(250) %
Depreciation & Amortization	13	9	4	44 %
Total: Economic Expenses	**$ 1,544**	**$ 6,936**	**$ (5,392)**	**(78) %**

Economic Expenses were $1.5 million for the six months ended June 30, 2022, a decrease of $5.4 million compared to $6.9 million in the prior year period.

Economic Compensation Expenses were $1.5 million for the six months ended June 30, 2022, a decrease of $5.5 million compared to $7.0 million in the prior year period. The decrease was due to lower total economic proceeds related to investment income (loss).

Economic Non-compensation Expenses Fixed non-compensation expense increased $0.1 million for the six months ended June 30, 2022 compared with the prior year period. The increase is primarily related to professional, advisory and other fees. Variable non-compensation expenses, which remained consistent for the six months ended June 30, 2022 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 consistent for the six months ended June 30, 2022 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	
	2022	2021	$ Change	% Change
	(dollars in thousands)			
Pre-tax Economic Income (Loss)	$ 170	$ (6,310)	$ 6,480	(103) %
Economic income tax expense	44	(1,691)	1,735	(103) %
Preferred stock dividends	458	509	(51)	(10) %
Economic Income (Loss)	**(332)**	**(5,128)**	**4,796**	**(94)%**
Add back: Depreciation and amortization expense, net of taxes	9	6	3	50 %
Economic Operating Income (Loss)	**$ (323)**	**$ (5,122)**	**$ 4,799**	**(94)%**

Preferred Stock Dividends. On May 19, 2015, the Company completed its offering of 120,750 shares of Series A 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.

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Reconciliation of US GAAP to Non-GAAP Measures for the three and six months ended June 30, 2022 and 2021

The following tables reconciles total US GAAP Revenues to total Economic Proceeds for the three and six months ended June 30, 2022 and 2021:

		(unaudited)										
		Three Months Ended June 30, 2022										
(Dollar amounts in thousands)		**Investment Banking**	**Brokerage**	**Investment Income**	**Management Fees**	**Incentive Income**	**Interest and Dividends**	**Reinsurance premiums**	**Other revenues, net**	**Consolidated Funds Revenues**	**Other Income (Loss)**	**Total**
Total US GAAP Revenues and Other Income (Loss)		$ 100,169	$ 154,656	$ (10,003)	$ 16,717	$ —	$ 48,545	$ 14,278	$ (6,625)	$ (15,324)	$ 3,527	$ 305,940
Management Presentation Reclassifications:												
Underwriting expenses	**a**	(889)	—	—	—	—	—	—	—	—	—	(889)
Reimbursable client expenses	**b**	(1,523)	—	—	—	—	—	—	(296)	—	—	(1,819)
Securities financing interest expense	**c**	—	(79)	—	—	—	(28,161)	—	—	—	—	(28,240)
Fund start-up costs, distribution and other fees	**d**	—	—	—	(368)	—	—	—	(613)	—	—	(981)
Certain equity method investments	**e**	—	—	—	4,019	2,770	—	—	—	—	(4,681)	2,108
Carried interest	**f**	—	—	32,083	—	(31,397)	—	—	—	—	—	686
Proprietary trading, interest and dividends	**g**	—	3,777	(25,295)	—	(1,377)	(11,147)	—	4,831	—	23,141	(6,070)
Insurance related activities expenses	**h**	—	—	—	—	—	—	(14,278)	11,107	—	—	(3,171)
Facilitation trading gains and losses	**i**	—	23,643	3,369	—	—	(9,237)	—	—	—	(21,987)	(4,212)
Total Management Presentation Reclassifications:		(2,412)	27,341	10,157	3,651	(30,004)	(48,545)	(14,278)	15,029	—	(3,527)	(42,588)
Fund Consolidated Reclassifications	**l**	—	—	(10,086)	47	—	—	—	—	15,324	—	5,285
Total Economic Proceeds		$ 97,757	$ 181,997	$ (9,932)	$ 20,415	$ (30,004)	$ —	$ —	$ 8,404	$ —	$ —	**$ 268,637**

		(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, net**	**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**

(Dollar amounts in thousands)		Investment Banking	Brokerage	Investment Income	Management Fees	Incentive Income	Interest and Dividends	Reinsurance Premiums	Other Revenues, net	Consolidated Funds Revenues	Other Income (Loss)	Total
		(unaudited)										
		Six Months Ended June 30, 2022										
Total US GAAP Revenues and Other Income (Loss)		$ 201,711	$ 323,394	$ 58,084	$ 33,486	$ 633	$ 94,880	$ 25,599	$ (7,574)	$ (17,208)	$ 9,107	$ 722,112
Management Presentation Reclassifications:												
Underwriting expenses	**a**	(1,148)	—	—	—	—	—	—	—	—	—	(1,148)
Reimbursable client expenses	**b**	(4,110)	—	—	—	—	—	—	(606)	—	—	(4,716)
Securities financing interest expense	**c**	—	(1,326)	—	—	—	(57,966)	—	—	—	—	(59,292)
Fund start-up costs, distribution and other fees	**d**	—	—	—	(739)	—	—	—	(1,292)	—	—	(2,031)
Certain equity method investments	**e**	—	—	—	8,275	6,362	—	—	—	—	(10,437)	4,200
Carried interest	**f**	—	—	49,150	—	(48,297)	—	—	—	—	—	853
Proprietary trading, interest and dividends	**g**	—	12,595	(87,380)	—	(1,714)	(17,029)	—	6,611	—	39,299	(47,618)
Insurance related activities expenses	**h**	—	—	—	—	—	—	(25,599)	15,085	—	—	(10,514)
Facilitation trading gains and losses	**i**	—	45,128	5,248	—	—	(19,885)	—	—	—	(37,969)	(7,478)
Total Management Presentation Reclassifications:		(5,258)	56,397	(32,982)	7,536	(43,649)	(94,880)	(25,599)	19,798	—	(9,107)	(127,744)
Fund Consolidated Reclassifications	**l**	—	—	(11,401)	99	—	—	—	—	17,208	—	5,906
Total Economic Proceeds		$ 196,453	$ 379,791	$ 13,701	$ 41,121	$ (43,016)	$ —	$ —	$ 12,224	$ —	$ —	**$ 600,274**

(Dollar amounts in thousands)		(unaudited) Six Months Ended June 30, 2021 Investment Banking	Brokerage	Investment Income	Management Fees	Incentive Income	Interest and Dividends	Reinsurance Premiums	Other Revenues, net	Consolidated Funds Revenues	Other Income (Loss)	Total
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:												
Acquisition related amounts	**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**

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, 2022 and 2021:

		(unaudited)			
		Three Months Ended June 30,		**Six Months Ended June 30,**	
(Dollar amounts in thousands)		**2022**	**2021**	**2022**	**2021**
Total US GAAP Interest & Dividend Expense		$ 53,925	$ 63,073	$ 100,449	$ 120,714
Management Presentation Reclassifications:					
Securities financing interest expense	**c**	(28,240)	(42,722)	(59,292)	(83,089)
Fund start-up costs, distribution and other fees	**d**	(1,313)	(628)	(2,209)	(1,171)
Proprietary trading gains and losses	**g**	(15,125)	(1,248)	(36,286)	(5,486)
Facilitation trading gains and losses	**i**	(4,212)	(3,549)	(7,478)	(8,240)
Total Management Presentation Reclassifications:		(48,890)	(48,147)	(105,265)	(97,986)
Income Statement Adjustments:					
Accelerated debt costs	**p**	—	(5,557)	—	(5,557)
Amortization of discount/(premium) on debt	**m**	(78)	(772)	(154)	(1,544)
Total Income Statement Adjustments:		(78)	(6,329)	(154)	(7,101)
Total Economic Interest Expense		**$ 4,957**	**$ 8,597**	**$ (4,970)**	**$ 15,627**

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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, 2022 and 2021:

		(unaudited)							
		Three Months Ended June 30, 2022				Three Months Ended June 30, 2021			
(Dollar amounts in thousands)		Employee Compensation and Benefits	Non-compensation US GAAP Expenses	Net income (loss) attributable to non-controlling interests in consolidated subsidiaries and investment funds	Total	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		$ 151,322	$ 95,603	$ (14,981)	$ 231,944	$ 219,186	$ 113,906	$ 13,755	$ 346,847
Management Presentation Reclassifications:									
Underwriting expenses	**a**	—	(889)	—	(889)	—	(6,152)	—	(6,152)
Reimbursable client expenses	**b**	—	(1,819)	—	(1,819)	—	(4,697)	—	(4,697)
Fund start-up costs, distribution and other fees	**d**	—	332	—	332	—	(594)	—	(594)
Certain equity method investments	**e**	—	2,108	—	2,108	—	1,987	—	1,987
Carried interest	**f**	—	686	—	686	—	(156)	—	(156)
Proprietary trading, interest and dividends	**g**	—	(587)	9,642	9,055	—	1,501	(14,123)	(12,622)
Insurance related activities expenses	**h**	—	(3,171)	—	(3,171)	—	(5,221)	—	(5,221)
Associated partner/banker compensation	**j**	806	(806)	—	—	1,574	(1,574)	—	—
Management company non-Controlling interest	**k**	(348)	375	(27)	—	(347)	(1,141)	1,488	—
Total Management Presentation Reclassifications:		458	(3,771)	9,615	6,302	1,227	(16,047)	(12,635)	(27,455)
Fund Consolidated Reclassifications	**l**	—	(54)	5,339	5,285	—	(124)	368	244
Income Statement Adjustments:									
Acquisition related adjustments	**n**	—	(78)	—	(78)	—	(76)	—	(76)
Contingent liability adjustments	**n**	—	19,093	—	19,093	—	(5,230)	—	(5,230)
Total Income Statement Adjustments:		—	19,015	—	19,015	—	(5,306)	—	(5,306)
Total Economic Expenses		$ 151,780	$ 110,793	$ (27)	**$ 262,546**	$ 220,413	$ 92,429	$ 1,488	**$ 314,330**

(Dollar amounts in thousands)		(unaudited) Six Months Ended June 30, 2022 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, 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
Total US GAAP		$ 338,500	$ 211,037	$ 5,150	$ 554,687	$ 607,382	$ 221,062	$ 18,317	$ 846,761
Management Presentation Reclassifications:									
Underwriting expenses	**a**	—	(1,148)	—	(1,148)	—	(13,067)	—	(13,067)
Reimbursable client expenses	**b**	—	(4,716)	—	(4,716)	—	(9,417)	—	(9,417)
Fund start-up costs, distribution and other fees	**d**	—	178	—	178	—	(4,923)	—	(4,923)
Certain equity method investments	**e**	—	4,200	—	4,200	—	4,279	—	4,279
Carried interest	**f**	—	853	—	853	—	114	—	114
Proprietary trading, interest and dividends	**g**	—	(117)	(11,215)	(11,332)	—	3,271	(21,788)	(18,517)
Insurance related activities expenses	**h**	—	(10,514)	—	(10,514)	—	(11,670)	—	(11,670)
Associated partner/banker compensation	**j**	1,352	(1,352)	—	—	2,122	(2,122)	—	—
Management company non-Controlling interest	**k**	(697)	(289)	986	—	(695)	(2,260)	2,955	—
Total Management Presentation Reclassifications:		655	(12,905)	(10,229)	(22,479)	1,427	(35,795)	(18,833)	(53,201)
Fund Consolidated Reclassifications	**l**	—	(159)	6,065	5,906	—	(395)	3,471	3,076
Income Statement Adjustments:									
Acquisition related amounts	**n**	—	(158)	—	(158)	—	(317)	—	(317)
Contingent liability adjustments	**n**	—	13,961	—	13,961	—	1,566	—	1,566
Total Income Statement Adjustments:		—	13,803	—	13,803	—	1,249	—	1,249
Total Economic Expenses		$ 339,155	$ 211,776	$ 986	**$ 551,917**	$ 608,809	$ 186,121	$ 2,955	**$ 797,885**

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, 2022 and 2021:

		(unaudited)			
		Three Months Ended June 30,		Six Months Ended June 30,	
(Dollar amounts in thousands)		2022	2021	2022	2021
US GAAP Net income (loss) attributable to Cowen Inc. common stockholders		**$ 12,465**	**$ 43,625**	**$ 45,783**	**$ 189,431**
Income Statement Adjustments:					
US GAAP Income tax expense (benefit)	**o**	5,908	10,244	17,797	64,672
Amortization of discount (premium) on debt	**m**	78	772	154	1,544
Debt extinguishment gain (loss) and/or accelerated debt costs	**p**	—	5,557	—	10,095
Bargain purchase gain	**n**	—	—	—	(3,855)
Contingent liability adjustments	**n**	(19,093)	5,230	(13,961)	(1,566)
Acquisition related amounts	**n**	78	76	158	317
Preferred stock dividends	**q**	1,698	1,698	3,396	3,396
Pre-tax Economic Income (Loss)		**1,134**	**67,202**	**53,327**	**264,034**
Economic income tax expense		(817)	(18,010)	(13,865)	(70,760)
Preferred stock dividends		(1,698)	(1,698)	(3,396)	(3,396)
Economic Income (Loss)		**$ (1,381)**	**$ 47,494**	**$ 36,066**	**$ 189,878**
Add back: Depreciation and amortization expense, net of taxes		5,105	3,342	10,494	6,528
Economic Operating Income (Loss)		**$ 3,724**	**$ 50,836**	**$ 46,560**	**$ 196,406**

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 within 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 and reinsurance 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 stock dividends.

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, 2022, we had cash and cash equivalents of $926.8 million and net liquid investment assets of $1.4 billion, which includes cash and cash equivalents and short-term investments held by foreign subsidiaries as of June 30, 2022 of $214.4 million. The Company continues to permanently reinvest the capital and accumulated earnings of its subsidiaries in the United Kingdom, Malta, Germany, Switzerland, Israel, Canada, 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, 2022, the Company had security deposits totaling $90.9 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.

The Company may 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.

Unfunded commitments

The following table summarizes unfunded commitments as of June 30, 2022:

Entity		Unfunded Commitments	Commitment term
		(dollars in thousands)	
HealthCare Royalty Partners funds (a)	$	6,452	2.5 years
Eclipse Ventures Fund I, L.P.	$	28	2.5 years
Eclipse Fund II, L.P.	$	18	3.5 years
Eclipse Continuity Fund I, L.P.	$	12	4.5 years
Cowen Healthcare Investments III LP	$	1,552	4.5 years
Cowen Healthcare Investments IV LP	$	5,095	5.5 years
Cowen Sustainable Investments I LP	$	14,643	7.5 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 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 paid a cash dividend in respect of the Series A Convertible Preferred Stock of $1.7 million and $3.4 million for the three and six months ended June 30, 2022 and 2021.

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.

Upon issuance, each share of Series A Convertible Preferred Stock was 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 was able to 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, 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.

On December 31, 2021, the Company irrevocably elected that, upon the conversion of any share of the outstanding Series A Convertible Preferred Stock, the Company will settle $1,000.00 of its conversion obligation in cash. With respect to each conversion, to the extent the conversion obligation per share of Series A Convertible Preferred Stock is greater than $1,000.00, the Company may satisfy its conversion obligation in respect of such excess using any settlement method permitted under the Certificate of Designations. As the holders can exercise the conversion option on their shares of Series A Convertible Preferred Stock at any time and require cash payment upon conversion, the Company reclassified the Series A Convertible Preferred Stock to temporary equity at December 31, 2021.

Regulation

Regulatory Capital

As registered broker-dealers with the United States Securities and Exchange Commission ("SEC"), Cowen and Company, ATM Execution and Westminster are subject to the Uniform Net Capital Rule 15c3-1, "SEA Rule 15c3-1," under the Securities Exchange Act ("SEA") of 1934, 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 SEA Rule 15c3-1, is equal to the greater of $1.5 million or 2% of aggregate debits arising from customer transactions. ATM Execution, and Westminster are required to maintain minimum net capital, as defined in (a)(1)(ii) of SEA 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 SEA Rule 15c3-1 and other regulatory bodies.

Cowen and Company is also subject to certain net capital rule requirements under the Regulation 1.17 of the Commodity Futures Trading Commission ("CFTC") under Commodities Exchange Act (“CEA”) as an introducing broker. Under Regulation 1.17, Cowen and Company is required to maintain net capital equal to or in excess of $45,000 or the amount of net capital required by SEA Rule 15c3-1, whichever is greater. Additionally, as an options clearing member of the Options Clearing Corporation ("OCC") under OCC Rule 302, Cowen and Company is required to maintain net capital equal to the greater of $2.0 million or 2% of aggregate debit items. At June 30, 2022, Cowen and Company had $420.2 million of net capital in excess of its minimum requirements under SEA Rule 15c3-1.

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. Cowen Financial Products, Ltd ("Cowen Financial Products") registered only with the SEC with an effective date of November 1, 2021 as a securities-based swap dealer and is not using models to compute its net capital. 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% of 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 SEC rules. At June 30, 2022, Cowen Financial Products had $40.0 million of net capital in excess of its minimum requirements under SEA Rule 18a-1.

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. On 1 January 2022, the FCA adopted the Investment Firms Prudential Regime ("IFPR"). This is a new prudential regime which applies to MiFID investment firms authorized and regulated by the FCA in the UK. The IFPR refocuses prudential requirements and expectations away from the risks firms face, to also consider and look to manage the potential harm firms can pose to consumers and markets. Cowen International Ltd and Cowen Execution Ltd will both be designated as Class 2 firms under the new regime and will have a minimum capital requirement equal to the higher of; the Permanent minimum capital requirement, their respective Fixed Overhead requirement, and their Risk Responsive Computation ("K-factors").

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, 2022, the regulatory net capital, minimum net capital requirement and excess net capital of U.S. regulated broker dealers and swap dealer together with the equivalent of capital requirements and compliance information for foreign broker dealers registered with the FCA and the SFC are presented as follows:

Subsidiary	Net Capital (a)	Net Capital Requirement (b)	Excess Net Capital
		(dollars in thousands)	
Cowen and Company	$ 426,640	$ 6,447	$ 420,193
ATM Execution	$ 6,134	$ 250	$ 5,884
Westminster	$ 24,979	$ 250	$ 24,729
Cowen Financial Products	$ 59,995	$ 20,000	$ 39,995
Cowen International Ltd (a)	$ 48,912	$ 25,579	$ 23,333
Cowen Execution Ltd (a)	$ 16,179	$ 4,700	$ 11,479
Cowen Asia (a)	$ 1,918	$ 382	$ 1,536

(a) The equivalent of Net Capital under FCA rules is referred as “capital resources” and under SFC rules is referred as “net liquid capital.” The equivalent of Minimum Net Capital Requirement under FCA rules is referred as “minimum capital resources requirement and under SFC rules is referred as “net liquid capital requirement."

Customer Protection

The Company's U.S. broker-dealers must also comply with the customer protection provisions under SEA Rule 15c3-3 which requires a computation of a reserve requirement for customer and maintenance of a deposit of cash or securities into a special reserve bank account for the exclusive benefit of customers; 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.

ATM Execution claims 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. Westminster claims the (k)(2)(i) exemption with regard 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 SEA 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, 2022, Cowen and Company had segregated approximately $44.8 million of cash to satisfy the customer reserve provision of SEA Rule 15c3-3.

As a clearing and carrying broker-dealer, Cowen and Company is required to compute a reserve requirement for proprietary accounts of broker-dealers ("PAB"), as defined in SEA 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 SEA 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, 2022, Cowen and Company had $45.8 million of cash on deposit in PAB Reserve Bank Accounts. Cowen and Company and ATM Execution 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 Financial Products, as a registered securities based swap dealer, claims Rule 18a-4(f) exemption under the Securities Exchange Act of 1934 (the “Act”) with regard to its swap counterparties on the basis that it has provided sufficient notice to its swap counterparties of their respective rights to require segregation of funds or other property used to secure uncleared security based swaps pursuant to section 3E(f)(1)(A)-(B) of the Act (15 U.S.C. 78c-5(f)(1)(A)). Any margin collateral received and held by the security based swap dealer with respect to uncleared security based swaps will not be subject to a segregation requirement. The notice outlines how a claim of those swap counterparties for the collateral would be treated in a bankruptcy or other formal liquidation proceeding of the security-based swap dealer.

Other Regulatory Requirements

Cowen Insurance Co and Cowen Re and Kelvin are individually required to maintain a solvency capital ratio as calculated by relevant European Commission directives and local regulatory rules in Malta, Luxembourg and Guernsey, respectively. Each company's individual solvency capital ratio calculated at the end of each quarter must exceed a minimum requirement. As of December 31, 2021, the last testing date for Cowen Re and Kelvin, the solvency capital ratios were in excess of the minimum regulatory requirements. As of March 31, 2022, the last testing date for Cowen Insurance Co, the solvency capital ratio was in excess of the minimum regulatory 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, 2022. RCG Insurance Company’s capital and surplus as of June 30, 2022 totaled $5.6 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 used in operating activities of $29.4 million for the six months ended June 30, 2022 was primarily related to (i) a decrease in compensation payable, (ii) a decrease in purchases of securities owned, at fair value only partially offset by an increase in proceeds from sales of securities owned, at fair value, (iii) an increase in proceeds from the sale of short investments partially offset by a decrease in payments to cover short investments and (iv) decrease in stock loan.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.

Investing Activities. Net cash used in investing activities of $183.5 million for the six months ended June 30, 2022 was primarily related to purchase of assets through acquisition, net of cash acquired. 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.

*Fina*ncing Activities. Net cash used in financing activities for the six months ended June 30, 2022 of $39.7 million was primarily related to (i) purchase of treasury stwock (net of re-issue) and (ii) decrease in contingent liability. 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.

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 December 2022 Convertible 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 amount 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 Company's Class A common stock 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 $1,000.00 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 for the three months ended June 30, 2021,and $1.5 million for the six months ended June 30, 2021, 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 for the three months ended June 30, 2021 and $1.3 million for the six months ended June 30, 2021.

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. 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, 2022 and 2021 and $2.8 million and $2.8 million for the six months ended June 30, 2022 and 2021, 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, 2022 and 2021 and $3.9 million and $3.9 million and for the six months ended June 30, 2022 and 2021, 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 six months ended June 30, 2021. 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 six months ended June 30, 2021, the Company recognized $4.4 million of loss on debt extinguishment.

Term Loan

March 2028 Term Loan

On March 24, 2021, the Company borrowed $300 million of first lien term loan due March 24, 2028. On December 15, 2021, the Company borrowed an additional $150 million first lien term loan under the same terms and conditions as, and fungible with, the initial first lien term loan (collectively, the “March 2028 Term Loan”). The aggregate amount borrowed under the March 2028 Term Loan is $450 million.The March 2028 Term Loan bears interest at an annual rate equal to, at the option of the Company, either the (a) London Inter-bank Offered Rate ("LIBOR") (adjusted for reserves and subject to a floor of 0.75%) plus a margin of 3.25% or (b) an alternate base rate plus a margin of 2.25%. The Company is required to pay amortization of approximately 1.00% per annum of the original principal amount of the March 2028 Term Loan. Additionally, the Company has entered into an interest rate swap to offset the floating interest rate of the March 2028 Term Loan (See Note 6). 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, subject to certain customary exceptions, thresholds, qualifications and “baskets”. Proceeds from the March 2028 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, 2022, the outstanding principal amount of the March 2028 Term Loan was $444.4 million.

Interest expense for the March 2028 Term Loan was $5.3 million and $3.0 million for the three months ended June 30, 2022 and 2021 and $9.8 million and $3.2 million for the six months ended June 30, 2022 and 2021, based on an effective interest rate of 4.46%. In March 2021, the Company capitalized debt issuance costs of approximately $6.6 million and initial unamortized discount of $1.5 million related to the March 2028 Term Loan 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. In December 2021, the Company capitalized debt issuance costs of approximately $2.7 million and unamortized discount of $1.5 million related to the additional borrowing of $150 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.

The U.K. Financial Conduct Authority, which regulates LIBOR, has announced that all US Dollar LIBOR settings will either cease to be provided by any administrator or no longer be representative as of June 30, 2023. As the March 2028 Term Loan represents the Company's only significant exposure to LIBOR as of March 31, 2022, the transition to an alternative Inter-bank Offer Rate is not expected to have a material impact on Company's condensed consolidated financial statements.

Other Notes Payable

During January 2022, the Company borrowed $4.0 million to fund insurance premium payments. This note had an effective interest rate of 2.01% and is due in December 2022, with monthly payment requirements of $0.4 million. As of June 30, 2022, the outstanding balance note was $2.2 million. Interest expense for the three and six months ended June 30, 2022 was insignificant.

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 Cowen Re 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 Cowen Re which is reflected in cash collateral pledged in the condensed consolidated statements of financial condition as of December 31, 2020 (see Notes 4 and 18). 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 $0.5 million and $1.0 million for the three months ended June 30, 2022 and 2021 and $1.0 million and $2.1 million for the six months ended June 30, 2022 and 2021, respectively, related to its loan payable to PPA S-81.

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, 2022, the outstanding balance on this note was $1.3 million. Interest expense for the three months ended June 30, 2022 and 2021 was insignificant. Interest expense for the six months ended June 30, 2022 and 2021 was $0.1 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 six months ended June 30, 2022 and 2021, 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,	
	2022	2021	2022	2021
	(dollars in thousands)			
Lease cost				
Finance lease cost:				
Amortization of finance lease right-of-use assets	$ 301	$ 318	$ 625	$ 627
Interest on lease liabilities	16	31	35	65
Weighted average remaining lease term - operating leases (in years)			1.57	2.08
Weighted average discount rate - operating leases			4.62 %	4.73 %

Letters of Credit

As of June 30, 2022, 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 $142.1 million, as of June 30, 2022, and $44.1 million, as of December 31, 2021, which are expected to be released periodically as per the terms of the reinsurance policy.

Location	Amount	Maturity
	(dollars in thousands)	
New York	$ 212	April 2023
New York	1,325	October 2022
New York	1,227	August 2022
Boston	193	March 2023
San Francisco	455	October 2025
Tel Aviv, Israel	42	January 2025
	$ 3,454	

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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, 2022 and December 31, 2021 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, 2022:

	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	$ 100,767	$ 9,768	$ 46,852	$ 19,810	$ 24,337
Service Payments	59,040	16,018	28,473	7,192	7,357
Operating Equipment Leases	1,614	208	758	648	—
Total	**161,421**	**25,994**	**76,083**	**27,650**	**31,694**
Debt					
Notes Payable	274,561	6,703	101,983	15,500	150,375
Term Loan	560,771	12,768	50,256	49,352	448,395
Finance Lease Obligation	1,169	506	600	63	—
Other Notes Payable	16,516	3,380	13,136	—	—
Total	**$ 853,017**	**$ 23,357**	**$ 165,975**	**$ 64,915**	**$ 598,770**

Minimum payments for all debt outstanding

Annual scheduled maturities of debt and minimum payments for all debt outstanding as of June 30, 2022, are as follows:

	Notes Payable	Term Loan	Other Notes Payable	Finance Lease Obligation
		(dollars in thousands)		
2022	$ 6,703	$ 12,768	$ 3,380	$ 506
2023	13,405	25,206	12,593	500
2024	88,578	25,050	543	100
2025	7,750	24,782	—	51
2026	7,750	24,570	—	12
Thereafter	150,375	448,395	—	—
Subtotal	274,561	560,771	16,516	1,169
Less (a)	(100,297)	(127,110)	(1,779)	(39)
Total	**$ 174,264**	**$ 433,661**	**$ 14,737**	**$ 1,130**

(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, 2022. 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 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.

The VIEs the Company has invested in act as investment managers and/or investment companies that may be managed by the Company. 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, 2022, the Company consolidated Ramius Enterprise LP (“Enterprise LP”), an investment fund. At December 31, 2021, the Company consolidated the following investment funds: Enterprise LP and Cowen Private Investments LP ("Cowen Private").

During the first quarter of 2022, the Company deconsolidated Cowen Private as the fund was liquidated. During the first quarter of 2021, the Company deconsolidated Cowen Sustainable Investments I, LP ("CSI I LP") due to the Company's ownership being diluted through a capital equalization event.

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 condensed 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. 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 from the use or disposition of 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 22 in our accompanying condensed consolidated financial statements for the quarter ended June 30, 2022 for further discussion.

Recently adopted and future adoption of accounting pronouncements

For a detailed discussion, see Note 2q "Recent pronouncements" in our accompanying condensed consolidated financial statements for the six months ended June 30, 2022.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

During the six months ended June 30, 2022, there were no material changes in our quantitative and qualitative disclosures about market risks from those disclosed in our 2021 Form 10-K. For a more detailed discussion concerning our market risk, see Item 7A "Quantitative and Qualitative Disclosures about Market Risk" in our 2021 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, 2022.

Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that, as of June 30, 2022, 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 occurred during the three months ended June 30, 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting for such period.

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 would include an estimate of the reasonably possible loss or range of loss for those matters, for which an estimate can be made. Neither a reserve nor disclosure is required for losses that are deemed remote.

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 2021 Form 10-K for the fiscal year ended December 31, 2021 and this Form 10-Q. There have been no material changes in our risk factors from those disclosed in Item 1A of our 2021 Form 10-K for the fiscal year ended December 31, 2021 except as noted below.

The consummation of the Merger is subject to a number of conditions, many of which are largely outside of the control of the parties to the Merger Agreement, and, if these conditions are not satisfied or waived on a timely basis, the Merger Agreement may be terminated and the Merger may not be completed.

The obligation of the parties to consummate the Merger is subject to various conditions, including: (i) adoption of the Merger Agreement and approval of the transactions contemplated thereby by a majority of the voting power of the outstanding shares of Class A common stock of the Company; (ii) the receipt of the Requisite Regulatory Approvals (as defined in the Merger Agreement), which include expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Act of 1976, approval of the Superintendent of Financial Institutions, approval of the Financial Industry Regulatory Authority and approvals from certain other U.S., Canadian and foreign regulatory authorities (subject to TD not being obligated to close if there is a Materially Burdensome Regulatory Condition (as defined in the Merger Agreement)); and (iii) the absence of any legal restraint or legal prohibition preventing or prohibiting the consummation of the Merger. In addition, each of Company’s and TD’s obligation to consummate the Merger is subject to: (i) the accuracy of the representations and warranties of the other party (subject to customary materiality qualifiers) and (ii) the other party’s performance in all material respects of its covenants and obligations contained in the Merger Agreement. The failure to satisfy all of the required conditions could delay the completion of the Merger by a significant period of time or prevent it from occurring. Any delay in completing the Merger could cause the parties to the Merger Agreement to not realize some or all of the benefits that are expected to be achieved if the Merger is successfully completed within the expected timeframe. There can be no assurance that the conditions to closing of the Merger will be satisfied or waived or that the Merger will be completed within the expected timeframe or at all.

Failure to complete the Merger could adversely affect our stock price and business, results of operations or financial condition.

There can be no assurance that the conditions to the closing of the Merger will be satisfied or waived or that the Merger will be completed. If the Merger is not completed within the expected timeframe or at all, our ongoing business could be adversely affected and we will be subject to a variety of risks and possible consequences associated with the failure to complete the Merger, including the following: (i) we will incur certain transaction costs, including legal, accounting, financial advisor, filing, printing and mailing fees, regardless of whether the Merger closes; (ii) under the Merger Agreement, we are subject to certain restrictions on the conduct of our business prior to the closing of the Merger, which may adversely affect our ability to execute certain of our business strategies; (iii) we may lose key employees during the period in which we and TD are pursuing the Merger, which may adversely affect us in the future if we are not able to hire and retain qualified personnel to replace departing employees; and (iv) the proposed Merger, whether or not it closes, will divert the attention of certain of our management and other key employees from ongoing business activities, including the pursuit of other opportunities that could be beneficial to us. If the Merger is not completed, these risks could materially affect our business, results of operations or financial condition and stock price, including to the extent that the current market price of our common stock is positively affected by a market assumption that the Merger will be completed.

While the Merger is pending, we are subject to business uncertainties and certain contractual restrictions that could adversely affect our business, results of operations or financial condition.

In connection with the pending Merger, some of our clients, vendors or other third parties may react unfavorably, including by delaying or deferring decisions concerning their business relationships or transactions with us, which could adversely affect our revenues, earnings, cash flows and expenses, regardless of whether the Merger is completed. In addition, due to certain restrictions in the Merger Agreement on the conduct of business prior to completing the Merger, we may be unable (without TD's prior written consent), during the pendency of the Merger, to pursue certain strategic transactions, undertake significant capital projects, undertake certain significant financing transactions and otherwise pursue other actions, even if such actions would prove beneficial and may cause us to forego certain opportunities we might otherwise pursue. In addition, the pendency of the Merger may make it more difficult for us to effectively retain and incentivize key personnel and may cause distractions from our strategy and day-to-day operations for our current employees and management.

The Company will incur substantial transaction fees and Merger-related costs in connection with the Merger that could adversely affect the business and operations of the Company if the Merger is not completed.

The Company expects to incur non-recurring transaction fees, which include legal and advisory fees and substantial Merger-related costs associated with completing the Merger, and which could adversely affect the business operations of the Company if the Merger is not completed.

The termination fee and restrictions on solicitation contained in the Merger Agreement may discourage other companies from trying to acquire the Company.

The Merger Agreement prohibits the Company from initiating, soliciting, knowingly encouraging or knowingly facilitating any competing acquisition proposals, subject to certain limited exceptions. The Merger Agreement also contains certain termination rights, including, but not limited to, the right of the Company to terminate the Merger Agreement to accept a Superior Proposal (as defined in the Merger Agreement), subject to and in accordance with the terms and conditions of the Merger Agreement, and provides that, if the Merger Agreement is terminated under certain circumstances, including by the Company to enter into an alternative acquisition agreement with respect to a Superior Proposal, the Company will be required to pay TD a termination fee of $42,250,000 in cash. The termination fee and restrictions could discourage other companies from trying to acquire the Company even though those other companies might be willing to offer greater value to the Company's stockholders than TD has offered in the Merger.

Litigation against us, TD or the members of their respective boards, could prevent or delay the completion of the Merger or result in the payment of damages following completion of the Merger.

It is a condition to the Merger that no order, injunction or decree issued by any court or governmental entity of competent jurisdiction or other legal restraint or prohibition enjoining, preventing, prohibiting or otherwise making illegal the consummation of the Merger shall be in effect. It is possible that lawsuits may be filed by our stockholders challenging the Merger. The outcome of such lawsuits cannot be assured, including the amount of costs associated with defending these claims or any other liabilities that may be incurred in connection with the litigation of these claims. If plaintiffs are successful in obtaining an injunction prohibiting the parties from completing the Merger on the agreed-upon terms, such an injunction may delay the consummation of the Merger in the expected timeframe, or may prevent the Merger from being consummated at all. Whether or not any plaintiff's claim is successful, this type of litigation can result in significant costs and divert management’s attention and resources from the closing of the Merger and ongoing business activities, which could adversely affect our operations.

Uncertainty about the Merger may adversely affect the relationships between us and our clients, vendors and employees, whether or not the Merger is completed.

In response to the announcement of the Merger, existing or prospective clients, vendors and other third party relationships of ours may delay, defer or cease providing goods or services, delay or defer other decisions concerning us, refuse to extend credit to us, or otherwise seek to change the terms on which they do business with us. Any such delays or changes to terms could materially harm our business.

In addition, as a result of the Merger, current and prospective employees could experience uncertainty about their future with us. These uncertainties may impair our ability to retain, recruit or motivate key management and technical, manufacturing, and other personnel.

If the Merger is not consummated by August 1, 2023, either we or TD may terminate the Merger Agreement, subject to certain exceptions.

Either we or TD may terminate the Merger Agreement if the Merger has not been consummated by August 1, 2023. However, this termination right will not be available to a party to the Merger Agreement if that party failed to comply with its obligations under the Merger Agreement and that failure was the principal cause of the failure to consummate the Merger on or prior to such date. In the event the Merger Agreement is terminated by either party due to the failure of the Merger to close by August 1, 2023 or for any other reason provided under the Merger Agreement, we will have incurred significant costs and will have diverted significant management focus and resources from other strategic opportunities and ongoing business activities without realizing the anticipated benefits of the Merger.

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

As of June 30, 2022, the Company's Board of Directors has a share repurchase program that, since its inception, has authorized the Company to purchase up to $466.4 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, 2022, the Company repurchased 120,700 shares, at an average price of $27.24 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, 2022. Board approval of repurchases is based on dollar amount. As a result, the Company cannot 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, 2022 – April 30, 2022)				
Common stock repurchases(1)	120,700	$ 27.24	120,700	$ 28,691,809
Employee transactions(2)	23	26.22	—	—
Other (3)	—	—	—	—
Total	**120,723**	**$ 27.24**	**—**	
Month 5 (May 1, 2022 – May 31, 2022)				
Common stock repurchases(1)	—	$ —	—	$ 28,691,809
Employee transactions(2)	164,490	24.02	—	—
Other (3)	—	—		
Total	**164,490**	**$ 24.02**	**—**	
Month 6 (June 1, 2022 – June 30, 2022)				
Common stock repurchases(1)	—	$ —	—	$ 28,691,809
Employee transactions(2)	12,537	26.06	—	—
Other (3)	—	—	—	
Total	**12,537** 12537	**$ 26.06**	**—**	
Total (April 1, 2022 – June 30, 2022)				
Common stock repurchases(1)	120,700	$ 27.24	120,700	$ —
Employee transactions(2)	177,050	24.17	—	—
Other (3)	—	—	—	—
Total	**297,750**	**$ 25.41**	**120,700**	

(1) The Company's Board of Directors have authorized the repurchase, subject to market conditions, of up to $466.4 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
2.1	Agreement and Plan of Merger, dated as of August 1, 2022, by and among Cowen Inc., The Toronto-Dominion Bank and Crimson Holdings Acquisition Co. (previously filed as Exhibit 2.1 to the Form 8-K filed August 2, 2022)
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	Third Amended and Restated By-Laws of Cowen Inc. (filed herewith).
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)
3.7	Certificate of Amendment to Amended and Restated Certificate of Incorporation of Cowen Inc. (previously filed as Exhibit 3.1 to the Form 8-K filed June 28, 2022)
10.1	Cowen Inc. 2020 Equity Incentive Plan (as amended and restated May 16, 2022) (Incorporated by reference to Appendix A to the Definitive Proxy Statement of Cowen Inc. on Schedule A for the year ended December 31, 2021, as filed on May 27, 2022)*
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)

* Signifies management contract or compensatory plan or arrangement.

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: *Chair and 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: August 3, 2022

Exhibit 3.2

THIRD
AMENDED AND RESTATED
BY-LAWS
OF
COWEN INC. (f/k/a COWEN GROUP, INC.)
Incorporated Under the Laws of the State of Delaware

ARTICLE I.
OFFICES.

The registered office of COWEN INC. (f/k/a COWEN GROUP, INC. (f/k/a LexingtonPark Parent Corp.), the "Corporation") shall be located in the State of Delaware and shall be at such address as shall be set forth in the Certificate of Incorporation of the Corporation (as the same may be amended from time to time, the "Certificate of Incorporation"). The registered agent of the Corporation at such address shall be as set forth in the Certificate of Incorporation. The Corporation may also have such other offices at such other places, within or without the State of Delaware, as the Board of Directors of the Corporation (the "Board of Directors") may from time to time designate or the business of the Corporation may require.

ARTICLE II.
STOCKHOLDERS.

Section 1. Annual Meeting. The annual meeting of stockholders for the election of directors and the transaction of any other business shall be held on such date and at such time and in such place, either within or without the State of Delaware, as shall from time to time be designated by the Board of Directors. At the annual meeting any business may be transacted and any corporate action may be taken, whether stated in the notice of meeting or not, except as otherwise expressly provided by statute or the Certificate of Incorporation.

Section 2. Special Meetings.

(a) Special meetings of the stockholders for any purpose may be called, and business to be considered at any such meeting may be proposed, at any time exclusively (i) by the Board of Directors, (ii) by the Chairman of the Board of Directors, (iii) by the Chief Executive Officer, or (iv) subject to the provisions of this Section 2 and any other applicable provisions of these By-Laws, upon a resolution by or affirmative vote of the Board of Directors upon the written request (a "Stockholder Special Meeting Request") received by the Secretary of the Corporation from stockholders of record (each, a "Requesting Stockholder" and collectively, the "Requesting Stockholders"); provided, such Requesting Stockholders (A) collectively own (as defined below), or are acting on behalf of beneficial owners who collectively own, shares representing in the aggregate at least twenty-five percent (25%) (the "Requisite Percentage") of the capital stock of the Corporation issued and outstanding and entitled to vote on the matter or matters to be brought before the proposed special meeting (a "Stockholder Requested Special Meeting") and such shares have been owned continuously by such Requesting Stockholders (or the beneficial owner directing such Requesting Stockholder) for at least one year prior to the date of the Stockholder Special Meeting Request, and (B) such Requesting Stockholders have otherwise complied in full with the requirements applicable to a Stockholder Special Meeting Request set forth in these By-Laws.

(b) In order for a Stockholder Requested Special Meeting to be called, the Stockholder Special Meeting Request must (i) be signed and dated by the Requesting Stockholders (or their duly authorized agents) who are entitled to cast not less than the Requisite Percentage of votes on the matter or matters proposed to be brought before the Stockholder Requested Special Meeting, (ii) be delivered to or mailed and received by the Secretary of the

Corporation at the principal executive offices of the Corporation and (iii) contain the same information described in (A) Section 3(c) of Article III (for nominations for the election to the Board of Directors); provided, for purposes of this item (A) the reference to "paragraph (d) of this Section 3" in subclause 5 of subsection (ii) thereof shall be substituted with the phrase "paragraph (c) of Section 2", and (B) Section 4(c) of Article II (for the proposal of business other than nominations for the election to the Board of Directors); provided, for purposes of item (B) of this subclause (iii), (1) the phrase "annual meeting" shall be substituted with the term "Stockholder Requested Special Meeting", (2) the phrase "stockholder's notice" and other similar phrases shall be substituted with the term "Stockholder Special Meeting Request" and (3) the reference to "paragraph (d) of this Section 4" in subclause 7 thereof shall be substituted with the phrase "paragraph (c) of Section 2".

(c) A Requesting Stockholder providing a Stockholder Special Meeting Request shall further update and supplement such Stockholder Special Meeting Request, if necessary, so that the information provided or required to be provided in such Stockholder Special Meeting Request pursuant to this Section 2 shall be true and correct as of the record date for determining the stockholders entitled to receive notice of the Stockholder Requested Special Meeting and as of the date that is ten (10) business days prior to such Stockholder Requested Special Meeting or any adjournment or postponement thereof, and such update and supplement shall be delivered to or be mailed and received by the Secretary of the Corporation at the Corporation's principal executive offices not later than five (5) business days after the record date for determining the stockholders entitled to receive notice of such Stockholder Requested Special Meeting and not less than eight (8) business days prior to the date for such Stockholder Requested Special Meeting or any adjournment or postponement thereof in the case of the update and supplement required to be made as of ten (10) business days prior to such Stockholder Requested Special Meeting or any adjournment or postponement thereof.

(d) After receiving a Stockholder Special Meeting Request, the Board of Directors shall determine in good faith whether the Requesting Stockholders have satisfied the requirements set forth in these By-Laws, which determination shall be conclusive and binding, and the Corporation shall notify the Requesting Stockholders of the Board of Directors' determination. If the Board of Directors determines that the Stockholder Special Meeting Request complies with the provisions of these By-Laws and that the proposal to be considered or business to be conducted is a proper subject for stockholder action under applicable law, the Certificate of Incorporation and these By-Laws, the Board of Directors shall call and send notice of a Stockholder Requested Special Meeting for the purpose(s) set forth in the Stockholder Special Meeting Request (as well as any additional purpose(s) deemed advisable in the sole and final discretion of the Board of Directors) in accordance with Section 3 of Article II. The Board of Directors shall determine the place, date and time for such Stockholder Requested Special Meeting, which date shall be not later than 90 days after the date on which the Board of Directors determines that the Stockholder Special Meeting Request satisfies the requirements set forth in these By-Laws. The Board of Directors shall also set a record date for the determination of stockholders entitled to vote at such Stockholder Requested Special Meeting in the manner set forth in Section 9 of Article II. The Board of Directors may adjourn, postpone, reschedule or, if in accordance with these By-Laws, cancel any Stockholder Requested Special Meeting previously scheduled pursuant to this Section 2.

(e) In determining whether a Stockholder Requested Special Meeting has been requested by Requesting Stockholders representing in the aggregate at least the Requisite Percentage, multiple Stockholder Special Meeting Requests received by the Secretary of the Corporation will be considered together only if (i) each Stockholder Special Meeting Request identifies substantially the same purpose or purposes of, and substantially the same matters proposed to be acted on at, the Stockholder Requested Special Meeting (in each case as determined in the sole and final discretion of the Board of Directors) (which, if such purpose is the removal of directors, will mean that the exact same person or persons are proposed for removal in each relevant request), and (ii) such Stockholder Special Meeting Requests have been dated and received by the Secretary of the Corporation within 30 days of the earliest dated Stockholder Special Meeting Request that was submitted in accordance with the requirements of this Section 2.

(f) Notwithstanding the foregoing provisions of this Section 2, the Board of Directors shall not be required to call a Stockholder Requested Special Meeting if (i) the Stockholder Special Meeting Request does not strictly comply with each applicable requirement of these By-Laws, (ii) the business specified in the Stockholder Special Meeting Request is not a proper subject for stockholder action under applicable law, the Certificate of Incorporation or these By-Laws, (iii) the Stockholder Special Meeting Request is received by the Secretary of the Corporation during the period commencing 90 days prior to the anniversary date of the prior year's annual meeting of stockholders and ending on the date of the final adjournment of the next annual meeting of stockholders, (iv) two or more Stockholder Requested Special Meetings have been held within the twelve month period prior to the date the Stockholder Special Meeting Request is received by the Secretary of the Corporation, (v) the Board of Directors has called or calls for an annual or special meeting of stockholders to be held within 90 days after the Secretary of the Corporation receives the Stockholder Special Meeting Request and the Board of Directors determines that the business of such meeting includes (among any other matters properly brought before the annual or special meeting) an item of business that is the same or substantially similar (as determined in good faith by the Board of Directors) to an item of business as the business specified in the Stockholder Special Meeting Request ("Similar Business"), (vi) Similar Business was presented at any meeting of stockholders held within 120 days prior to receipt by the Secretary of the Corporation of the Stockholder Special Meeting Request, or (vii) any information submitted pursuant to this Section 2 by any Requesting Stockholder is inaccurate in any material respect. For purposes of subclause (vi) in the immediately preceding sentence, the election of directors shall be deemed to be "Similar Business" with respect to all items of business involving the removal of directors or the appointment of directors to fill any resulting vacancies. In addition, if none of the Requesting Stockholders who submitted a Stockholder Special Meeting Request appears or sends a qualified representative to present the matters for consideration that were specified in the Stockholder Special Meeting Request, the Corporation need not present such matters for a vote at such Stockholder Requested Special Meeting regardless of whether proxies have been solicited with respect to such matters.

(g) Any stockholder who submitted a Stockholder Special Meeting Request may revoke its written request by written revocation received by the Secretary of the Corporation at the principal executive offices of the Corporation at any time prior to the Stockholder Requested Special Meeting. Any disposition by the Requesting Stockholder (or the beneficial owner directing such Requesting Stockholder) of shares of capital entitled to vote at such Stockholder Requested Special Meeting shall be deemed to be a revocation of such Special Meeting Request with respect to such disposed shares. Furthermore, a Stockholder Special Meeting Request shall be deemed revoked (and any meeting scheduled in response may be canceled) if the Requesting Stockholders (or the beneficial owners directing such Requesting Stockholders) do not continue to own at least the Requisite Percentage at all times between the date the Stockholder Special Meeting Request is received by the Secretary of the Corporation and the date of the applicable Stockholder Requested Special Meeting, and each Requesting Stockholder shall promptly notify the Secretary of the Corporation of any decrease in ownership of the number of shares of capital stock of the Corporation owned by such Requesting Stockholder (or the beneficial owner directing such Requesting Stockholder). If, as a result of any revocations (including deemed revocations), there are no longer valid unrevoked written Stockholder Special Meeting Requests from Requesting Stockholders holding the Requisite

Percentage, there shall be no requirement to call or hold the applicable Stockholder Requested Special Meeting.

(h) The Board of Directors (and any other person or body authorized by the Board of Directors) shall have the power and authority to interpret this Section 2 and to make any and all determinations necessary or advisable to apply this Section 2 to any persons, facts or circumstances, including but not limited to, whether outstanding shares of the Corporation's capital stock are "owned" for purposes of meeting the Requisite Percentage of this Section 2, whether a Stockholder Special Meeting Request complies with the requirements of this Section 2 and whether any and all requirements of this Section 2 have been satisfied. The Board of Directors (and any other person or body authorized by the Board of Directors) may require a Requesting Stockholder to furnish any additional information as may be reasonably required by the Board of Directors (as determined solely and exclusively by the Board of Directors, with such determination being final and binding) to permit the Board of Directors (and any other person or body authorized by the Board of Directors) to make any such interpretation or determination, and each Requesting Stockholder shall provide such information to the Board of Directors within ten business days of such request. Any such interpretation or determination adopted in good faith by the Board of Directors (or any other person or body authorized by the Board of Directors) shall be final, conclusive and binding on all persons, including without limitation the Corporation and all Requesting Stockholders.

(i) For purposes of this Section 2, a Requesting Stockholder (or the beneficial owner directing such Requesting Stockholder) shall be deemed to "own" only those outstanding shares of capital stock of the Corporation as to which such person possesses both (i) the full voting and investment rights pertaining to the shares and (ii) the full economic interest in (including the opportunity to profit from and risk of loss on) such shares; provided, that the number of shares calculated in accordance with clauses (i) and (ii) shall not include any shares (x) sold by such person or any of its affiliates in a transaction that has not been settled or closed, (y) borrowed by such person or any of its affiliates for any purposes or purchased by such person or its affiliates pursuant to an agreement to resell or (z) subject to any option, warrant, forward contract, swap, contract of sale, other derivative or similar instrument or agreement entered into by such stockholder or any of its affiliates, whether any such instrument or agreement is to be settled with shares or with cash based on the notional amount or value of shares of outstanding capital stock of the Corporation, if, in any such case, such instrument or agreement has, or is intended to have, the purpose or effect of (1) reducing in any manner, to any extent or at any time in the future, such person's or its affiliates' full right to vote or direct the voting of any such shares and/or (2) hedging, offsetting or altering to any degree any gain or loss realized or realizable from maintaining the full economic ownership of such shares by such person or affiliate. A person shall "own" shares held in the name of a nominee or other intermediary so long as the person retains the right to instruct how the shares are voted with respect to the election of directors and possesses the full economic interest in the shares. A person's ownership of shares shall be deemed to continue during any period in which the person has (A) loaned such shares, provided that such person has the power to recall such loaned shares on five (5) business days' notice and includes in the Stockholder Special Meeting Request an agreement that it will (aa) promptly recall such loaned shares upon receiving notice of the Stockholder Requested Special Meeting, and (bb) continue to hold such recalled shares through the date of the Stockholder Requested Special Meeting, or (B) delegated any voting power by means of a proxy, power of attorney or other instrument or arrangement which is revocable at any time by the stockholder. The terms "owned," "owning," and other variations of the word "own" shall have correlative meanings. For purposes of this Section 2, the term "affiliate" or "affiliates" shall have the meaning ascribed to such term in Rule 12b-2 of the General Rules and Regulations of the Exchange Act.

Section 3. Notice of Meetings. Written notice of the time and place of any stockholders meeting, whether annual or special, shall be given to each stockholder entitled to vote thereat, at the stockholder's address as the same appears upon the records of the Corporation at least ten (10) days but not more than sixty (60) days before the day of the meeting. Notice of any adjourned meeting need not be given except by announcement at the meeting so adjourned, unless otherwise ordered in connection with such adjournment. Such further notice, if any, shall be given as may be required by law.

Section 4. Notice of Stockholder Business at Annual Meeting.

(a) At an annual meeting of the stockholders, only such business shall be conducted as shall have been brought before the meeting (i) pursuant to the Corporation's notice of meeting (or any supplement thereto), (ii) by or at the direction of the Board of Directors, or (iii) by any stockholder of the Corporation who is a stockholder of record at the time of giving of notice provided for in paragraph (b) of this Section 4, who shall be entitled to vote at such meeting, and who complies with the notice procedures set forth in paragraph (b) of this Section 4.

(b) For business to be properly brought before an annual meeting by a stockholder pursuant to clause (iii) of paragraph (a) of this Section 4, the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation at the Corporation's principal place of business and such business must be a proper subject for stockholder action under the General Corporation Law of the State of Delaware (the "DGCL"). To be timely, a stockholder's notice must be delivered to or mailed and received at the principal executive offices of the Corporation not less than ninety (90) days nor more than one hundred twenty (120) days prior to the first anniversary of the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is changed by more than thirty (30) days from such anniversary date, notice by the stockholder to be timely must be delivered to or mailed and received at the principal executive offices of the Corporation no later than the close of business on the tenth (10th) day following the earlier of (i) the date on which notice of the date of the meeting was mailed and (ii) the date on which public disclosure of the meeting date was made.

(c) A stockholder's notice to the Secretary with respect to business to be brought at an annual meeting shall set forth (1) the nature of the proposed business with reasonable particularity, including the exact text of any proposal to be presented for adoption, and the reasons for conducting that business at the annual meeting, (2) with respect to each such stockholder and the beneficial owners, if any, on whose behalf the business is being submitted and, if such stockholder or beneficial owner is an entity, with respect to each director, executive, general partner, managing member or control person of such entity (any such individual, person or control person, a "Control Person"), name and address (as they appear on the records of the Corporation), business address and telephone number, residence address and telephone number, and the number of shares of each class of capital stock of the Corporation beneficially owned by that stockholder, (3) any material interest of the stockholder in the proposed business, (4) a description of all arrangements or understandings between such stockholder and any other person or persons (including their names) in connection with the proposal of such business by such stockholder, (5) a representation that such stockholder intends to appear in person or by proxy at the annual meeting to bring such business before the meeting, (6) a description of any agreement, arrangement or understanding (including any derivative or short positions, profit interests, swaps, options, warrants, stock appreciation or similar rights, hedging transactions, and borrowed or loaned shares) that has been entered into as of the date of the stockholder's notice by, or on behalf of, the stockholder and such beneficial owners and Control Persons, the effect or intent of which is to mitigate loss, manage risk or benefit from share price change for, or maintain, increase or decrease the voting power of, such stockholder or such beneficial owners or Control

Persons with respect to shares of stock of the Corporation, and a representation that the stockholder will notify the Corporation in writing of any such agreement, arrangement or understanding in effect as of the record date for the meeting promptly following the later of the record date or the date notice of the record date is first publicly disclosed, (7) a representation that such stockholder will comply with the provisions of paragraph (d) of this Section 4 in further updating or supplementing any notice of business proposed to be brought before the annual meeting and (8) any other information relating to such stockholder and such beneficial owners and Control Persons that would be required to be disclosed in a proxy statement or filing required to be made in connection with the solicitation of proxies by such person with respect to the proposed business to be brought by such person before the annual meeting pursuant to Section 14 of the Exchange Act, and the rules and regulations thereunder.

(d) A stockholder providing notice of business proposed to be brought before an annual meeting shall further update and supplement such notice, if necessary, so that the information provided or required to be provided in such notice pursuant to this Section 4 shall be true and correct as of the record date for determining the stockholders entitled to receive notice of the annual meeting and as of the date that is ten (10) business days prior to such annual meeting or any adjournment or postponement thereof, and such update and supplement shall be delivered to or be mailed and received by the Secretary of the Corporation at its principal executive offices not later than five (5) business days after the record date for determining the stockholders entitled to receive notice of the annual meeting and not less than eight (8) business days prior to the date for such annual meeting or any adjournment or postponement thereof in the case of the update and supplement required to be made as of ten (10) business days prior such annual meeting or any adjournment or postponement thereof.

(e) Except for stockholder nominations of persons for election to the Board of Directors at an annual meeting of stockholders (which nominations shall be made in accordance with the terms of Article III, Section 3), no business shall be conducted at an annual meeting except in accordance with the procedures set forth in this Section 4. The chairman of an annual meeting shall, if the facts warrant, determine and declare to the meeting that business was not properly brought before the meeting and in accordance with the procedures prescribed in these By-Laws, and if the chairman should so determine, he shall so declare to the meeting and any such business not properly brought before the meeting shall not be transacted. Nothing in this Section 4 shall relieve a stockholder who proposes to conduct business at an annual meeting from complying with all applicable requirements, if any, of the Exchange Act.

(f) Notwithstanding the foregoing terms of this Article II, Section 4, any stockholder wishing to nominate a person for election to the Board of Directors at any annual meeting of stockholders (i) pursuant to the advance notice provisions of these By-Laws must comply with the terms and conditions set forth in Article III, Section 3 or (ii) the proxy access provisions of these By-Laws must comply with the terms and conditions set forth Article III, Section 15 of these By-Laws, and, in both cases, not this Article II, Section 4.

Section 5. Quorum. Any number of stockholders, together holding at least a majority of the capital stock of the Corporation issued and outstanding and entitled to vote, who shall be present in person or represented by proxy at any meeting duly called, shall constitute a quorum for the transaction of all business, except as otherwise provided by law, the Certificate of Incorporation or these By-Laws.

Section 6. Adjournment of Meetings. If less than a quorum shall be in attendance at the time for which a meeting shall have been called, the meeting may adjourn from time to time by a majority vote of the stockholders present or represented by proxy and entitled to vote without notice other than by announcement at the meeting until a quorum shall attend. Any meeting at which a quorum is present may also be adjourned in like manner and for such time or upon such call as may be determined by a majority vote of the stockholders present or represented by proxy and entitled to vote. At any adjourned meeting at which a quorum shall be present, any business may be transacted and any corporate action may be taken which might have been transacted at the meeting as originally called.

Section 7. Voting List. The Secretary shall prepare and make, at least ten (10) days before every meeting of the stockholders, a complete list of the stockholders entitled to vote at such meeting, arranged in alphabetical order and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of ten (10) days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who may be present.

Section 8. Voting. Each stockholder entitled to vote at any meeting may vote either in person or by proxy, but no proxy shall be voted on or after three (3) years from its date, unless said proxy provides for a longer period. Except as otherwise provided by the Certificate of Incorporation, each stockholder entitled to vote shall at every meeting of the stockholders be entitled to one (1) vote for each share of stock registered in his name on the record of stockholders. Except as may be provided by law, the Certificate of Incorporation, these By-Laws or any stock exchange or regulatory body applicable to the Corporation, each matter brought before any meeting of stockholders shall be decided by the affirmative vote of the majority of shares present in person or by proxy and entitled to vote on the subject matter. Voting at meetings of stockholders need not be by written ballot.

Section 9. Record Date of Stockholders. The Board of Directors is authorized to fix in advance a date not exceeding sixty (60) days nor less than ten (10) days preceding the date of any meeting of stockholders, or the date for the payment of any dividend, or the date for the allotment of rights, or the date when any change or conversion or exchange of capital stock shall go into effect, or a date in connection with obtaining the consent of stockholders for any purposes, as a record date for the determination of the stockholders entitled to notice of, and to vote at, any such meeting, and any adjournment thereof, or entitled to receive payment of any such dividend, or to any such allotment of rights, or to exercise the rights in respect of any such change, conversion or exchange of capital stock, or to give such consent, and, in such case, such stockholders and only such stockholders as shall be stockholders of record on the date so fixed shall be entitled to such notice of, and to vote at, such meeting, and any adjournment thereof, or to receive payment of such dividend, or to receive such allotment of rights, or to exercise such rights, or to give such consent, as the case may be, notwithstanding any transfer of any stock on the books of the Corporation, after such record date fixed as aforesaid.

Section 10. Action Without Meeting. No action shall be taken by the stockholders except at an annual or special meeting of stockholders called in accordance with these By-Laws, and no action shall be taken by the stockholders by written consent or by electronic transmission.

Section 11. Conduct of Meetings. The Chairman of the Board of Directors, or if there be none, or in the Chairman’s absence, the President shall preside at all annual or special meetings of stockholders. To the maximum extent permitted by law, such presiding person shall have the power to set procedural rules, including but not limited to rules respecting the time allotted to stockholders to speak, governing all aspects of the conduct of such meetings.

Section 12. Requests for Stockholder List and Corporation Records. Stockholders shall have those rights afforded under the DGCL to inspect a list of stockholders and other related records and make copies or extracts therefrom. Such request shall be in writing in compliance with Section 220 of the DGCL. In addition, any stockholder making such request must agree that any information so inspected, copied or extracted by the stockholder shall be kept confidential, that any copies or extracts of such information shall be returned to the Corporation and that such information shall only be used for the purpose stated in the request. Information so requested shall be made available for inspecting, copying or extracting at the principal executive offices of the Corporation. Each stockholder desiring a photostatic or other duplicate copies of any such information requested shall make arrangements to provide such duplicating or other equipment necessary in the city where the Corporation's principal executive offices are located. Alternative arrangements with respect to this Section 12 may be permitted in the discretion of the President of the Corporation or by a vote of the Board of Directors.

Section 13. Inspectors. The Corporation shall, in advance of any meeting of stockholders, appoint one or more inspectors, who may be employees of the Corporation, to act at such meeting or any adjournment thereof. If any of the inspectors so appointed fails to appear or act, the chairman of the meeting may appoint one or more alternate inspectors. Each inspector, before entering upon the discharge of his or her duties, shall take and sign an oath faithfully to execute the duties of inspector at such meeting with strict impartiality and according to the best of his or her ability. The inspectors shall determine the number of shares of capital stock of the Corporation outstanding and the voting power of each, the number of shares represented at the meeting, the existence of a quorum, and the validity and effect of proxies and shall receive votes, ballots or consents, hear and determine all challenges and questions arising in connection with the right to vote, count and tabulate all votes, ballots or consents, determine the results, and do such acts as are proper to conduct the election or vote with fairness to all stockholders. On request of the chairman of the meeting, the inspectors shall make a report in writing of any challenge, request or matter determined by them and shall execute a certificate of any fact found by them. No director or candidate for the office of director shall act as an inspector of an election of directors. Inspectors need not be stockholders.

ARTICLE III.
DIRECTORS.

Section 1. Number and Qualifications. The Board of Directors shall consist of not less than four (4) and not more than twelve (12) directors and shall consist of such number as may be fixed from time to time by resolution of the Board of Directors. The directors need not be stockholders.

Section 2. Election of Directors. The directors shall be elected by the stockholders at the annual meeting of stockholders.

Section 3. Nomination of Director Candidates.

(a) Nominations of persons for election to the Board of Directors may be made (i) by or at the direction of the Board of Directors or a committee thereof or (ii) by any stockholder of the Corporation who is a stockholder of record at the time of giving of notice provided for in paragraph (b) of this Section 3, who shall be entitled to vote for the election of the director so nominated, and who complies with the notice procedures set forth in paragraphs (b) and (c) of this Section 3.

(b) Nominations by stockholders shall be made pursuant to timely notice in writing to the Secretary of the Corporation at the Corporation's principal place of business. To be timely, a stockholder's notice shall be delivered to or mailed and received at the principal executive offices of the Corporation (i) in the case of an annual meeting, not less than ninety (90) days nor more than one hundred twenty (120) days prior to the first anniversary of the preceding year’s annual meeting; provided, however, that in the event that the date of the annual meeting is changed by more than thirty (30) days from such anniversary date, notice by the stockholder to be timely must be delivered to or mailed and received at the principal executive offices of the Corporation not later than the close of business on the tenth (10th) day following the earlier of (A) the date on which notice of the date of the meeting was mailed and (B) the date on which public disclosure of the meeting date was made, and (ii) in the case of a special meeting at which directors are to be elected, not later than the close of business on the tenth (10th) day following the earlier of (x) the date on which notice of the date of the meeting was mailed and (y) the date on which public disclosure of the meeting date was made.

(c) Such notice shall set forth:

(i) as to each person whom the stockholder proposes to nominate for election as a director (1) the name, age, business address and residence address of the person, (2) the principal occupation or employment of the person, (3) (A) the class or series and number of shares of capital stock of the Corporation which are owned beneficially or of record by such person or any affiliates or associates of such person, (B) the name of each nominee holder of shares of all stock of the Corporation owned beneficially but not of record by such person or any affiliates or associates of such person, and the number of shares of stock of the Corporation held by each such nominee holder and (C) a description of any agreement, arrangement or understanding (including any derivative or short positions, profit interests, swaps, options, warrants, stock appreciation or similar rights, hedging transactions, and borrowed or loaned shares) that has been entered into as of the date of the stockholder’s notice by, or on behalf of, such person or any affiliates or associates of such person, the effect or intent of which is to mitigate loss, manage risk or benefit from share price change for, or maintain, increase or decrease the voting power or pecuniary or economic interest of, such person or such affiliates or associates of such person with respect to shares of stock of the Corporation, (4) any other information relating to the person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitation of proxies for election of directors pursuant to Section 14 of the Exchange Act, and the rules and regulations promulgated thereunder, as well as other information, in each case, as set forth in a completed and signed written questionnaire completed and signed by the stockholder nominee, which questionnaire shall be provided to the stockholder nominee by the Secretary upon written request to the Secretary, and (5) any additional information as necessary to permit the Board of Directors to determine if each stockholder nominee is independent under applicable rules and listing standards of the principal U.S. securities exchanges upon which the Class A common stock of the Corporation is listed, any applicable rules of the U.S. Securities and Exchange Commission and any publicly disclosed standards used by the Board of Directors in determining and disclosing the independence of the Corporation’s directors (collectively, the “Applicable Independence Standards”); and

(ii) as to the stockholder giving the notice and the beneficial owners, if any, on whose behalf the nomination is being submitted and, if such stockholder or beneficial owner is an entity, as to each Control Person (1) the name and record address of such stockholder or such beneficial owners or Control Persons, (2) information with respect to such stockholder or such beneficial owners or Control Persons as would be provided pursuant to subpart (i) of paragraph (c) of this Section 3 above, (3) a description of all arrangements or understandings (whether written or oral) between such stockholder and each proposed nominee and any other person or persons (including their names and addresses) pursuant to which the nominations(s) are to be made by such stockholder, (4) a representation that such stockholder intends to appear in person or by proxy at the meeting to nominate the persons named in its notice, (5) a representation that such stockholder will comply with the provisions of paragraph (d) of this Section 3 in further updating or supplementing any notice of business proposed to be brought before an annual meeting and (6) any other information relating to such stockholder that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitation of proxies for election of directors pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder. Such notice must be accompanied by a written consent of each proposed nominee to being named as a nominee and to serve as a director if elected.

(d) A stockholder providing notice of any nomination proposed to be made at a meeting of the stockholders pursuant to this Section 3 shall further update and supplement such notice if necessary, so that the information provided or required to be provided in such notice pursuant to this Section 3 shall be true and correct as of the record date for determining the stockholders entitled to receive notice of such meeting and as of the date that is ten (10) business days prior to such meeting or any adjournment or postponement thereof, and such update and supplement shall be delivered to or be mailed and received by the Secretary of the Corporation at its principal executive offices not later than five (5) business days after the record date for determining the stockholders entitled to receive notice of such meeting and not less than eight (8) business days prior to the date for such meeting or any adjournment or postponement thereof in the case of the update and supplement required to be made as of ten (10) business days prior to such meeting or any adjournment or postponement thereof.

(e) No person shall be eligible to serve as a director of the Corporation unless nominated in accordance with the procedures set forth in this Section 3 or the procedures set forth in Article III, Section 15 hereof. The election of any director in violation of this Section 3 shall be void and of no force or effect. The chairman of the meeting shall, if the facts warrant, determine and declare to the meeting that a nomination was not made in accordance with the procedures so prescribed by these By-Laws, and if the chairman should so determine, he shall so declare to the meeting and the defective nomination shall be disregarded. Notwithstanding the foregoing provisions of this Section 3, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Section 3.

Section 4. Duration of Office. The directors chosen at any annual meeting of the stockholders shall, except as hereinafter provided, hold office until the next annual election and until their successors are elected and qualify.

Section 5. Removal and Resignation of Directors. Any director or the entire Board of Directors may be removed only in the circumstances set forth in the Certificate of Incorporation, either at meetings of stockholders at which directors are elected, or at a special meeting of the stockholders, and the office of such director shall forthwith become vacant. Any director may resign at any time. Such resignation shall take effect at the time specified therein, and if no time be specified, at the time of its receipt by the President or the Secretary. The acceptance of a resignation shall not be necessary to make it effective, unless so specified therein.

Section 6. Filling of Vacancies. Any vacancy among the directors occurring from any cause whatsoever may be filled by a majority of the remaining directors, though less than a quorum. Except as otherwise provided herein, any person elected or appointed to fill a vacancy shall hold office, subject to the right of removal as hereinbefore provided, until the next annual election and until his successor is elected and qualifies.

Section 7. Regular Meetings. The Board of Directors shall hold an annual meeting for the purpose of organization and the transaction of any business immediately after the annual meeting of the stockholders, provided a quorum of directors is present. Other regular meetings may be held at such times as may be determined from time to time by resolution of the Board of Directors.

Section 8. Special Meetings. Special meetings of the Board of Directors may be called by the Chairman of the Board of Directors, if any, by the President or by a majority of the Board of Directors at any time in office.

Section 9. Notice and Place of Meetings. Meetings of the Board of Directors may be held at the principal office of the Corporation, or at such other place as shall be stated in the notice of such meeting. Notice of any special meeting, and, except as the Board of Directors may otherwise determine by resolution, notice of any regular meeting also, shall be mailed to each director addressed to him at his residence or usual place of business at least two (2) days before the day on which the meeting is to be held, or if sent to him at such place by facsimile, telegraph, electronic mail or cable, or delivered personally or by telephone, not later than the day before the day on which the meeting is to be held. No notice of the annual meeting of the Board of Directors shall be required if it is held immediately after the annual meeting of the stockholders and if a quorum is present.

Section 10. Business Transacted at Meetings, etc. Any business may be transacted and any corporate action may be taken at any regular or special meeting of the Board of Directors at which a quorum shall be present, whether such business or proposed action be stated in the notice of such meeting or not, unless special notice of such business or proposed action shall be required by statute.

Section 11. Quorum. A majority of the Board of Directors at any time in office shall constitute a quorum. At any meeting at which a quorum is present, the act of a majority of the members present shall be the act of the Board of Directors unless the act of a greater number is specifically required by law or by the Certificate of Incorporation or these By-Laws. The members of the Board of Directors shall act only as the Board of Directors and the individual members thereof shall not have any powers as such.

Section 12. Compensation. The Board of Directors shall have the authority to fix the form and amount of compensation paid to directors, including fees and reimbursement of expenses incurred in connection with attendance at regular or special meetings of the Board of Directors or any committee thereof. Nothing herein contained shall preclude any director from serving the Corporation in any other capacity, as an officer, agent or otherwise, and receiving compensation therefor.

Section 13. Action Without a Meeting. Any action required or permitted to be taken at any meeting of the Board of Directors, or of any committee thereof, may be taken without a meeting if all members of the Board of Directors or committee, as the case may be, consent thereto in writing or by electronic transmission and the writing or writings or electronic transmission or transmissions are filed with the minutes of the proceedings of the Board of Directors or committee.

Section 14. Meetings Through Use of Communications Equipment. Members of the Board of Directors, or any committee designated by the Board of Directors, shall, except as otherwise provided by law, the Certificate of Incorporation or these By-Laws, have the power to participate in and act at a meeting of the Board of Directors, or any committee, by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation shall constitute presence in person at the meeting.

Section 15. Proxy Access.

(a) Whenever the Board of Directors solicits proxies with respect to the election of directors at an annual meeting of stockholders, subject to the provisions of this

Section 15 and to the extent permitted by applicable law, the Corporation shall include in its proxy statement for such annual meeting, in addition to any persons nominated for election by the Board of Directors or any committee thereof, the name, together with the Required Information (defined below), of any person nominated for election (each such person being hereinafter referred to as a "Stockholder Nominee") to the Board of Directors by any stockholder or group of no more than twenty (20) stockholders (provided that a group of investment funds under common management and investment control shall be treated as one stockholder) that satisfies the requirements of this Section 15 (such individual or group, including as the context requires each member thereof, being hereinafter referred to as the "Eligible Stockholder"), and who expressly elects at the time of providing the notice required by this Section 15 (the "Notice of Proxy Access Nomination") to have its nominee included in the Corporation's proxy materials (including the proxy card) pursuant to this Section 15. For purposes of this Section 15, the "Required Information" that the Corporation will include in its proxy statement is (i) the information provided to the Secretary of the Corporation concerning each Stockholder Nominee and Eligible Stockholder that is required to be disclosed in the Corporation's proxy statement pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder, by these By-laws, by the Certificate of Incorporation or by the listing standards of each principal U.S. securities exchange upon which the Class A common stock of the Corporation is listed and (ii) if the Eligible Stockholder so elects, a written statement (not to exceed five hundred (500) words) in support of the Stockholder Nominee(s)' candidacy (the "Statement"). Only one Statement may be submitted by an Eligible Stockholder in support of its Stockholder Nominee(s). Notwithstanding anything to the contrary contained in this Section 15, the Corporation may omit from its proxy materials any information or Statement (or portion thereof) that it, in good faith, believes would violate any applicable law or regulation. For the avoidance of doubt, nothing in this Section 15 shall limit the Corporation's ability to solicit against any Stockholder Nominee or include in its proxy materials the Corporation's own statements or other information relating to any Eligible Stockholder or Stockholder Nominee, including any information provided to the Corporation pursuant to this Section 15. Subject to the provisions of this Section 15, the name of any Stockholder Nominee included in the Corporation's proxy statement for an annual meeting of stockholders shall also be set forth on the form of proxy distributed by the Corporation in connection with such annual meeting.

(b) To be timely, the Notice of Proxy Access Nomination must be delivered to, or mailed to and received by, the Secretary of the Corporation not less than one hundred and twenty (120) days and not more than one hundred and fifty (150) days prior to the anniversary of the date the Corporation issued its proxy statement for the previous year's annual meeting of stockholders; provided, however, that in the event that the date of the annual meeting is changed by more than thirty (30) days from such anniversary date, notice by the stockholder to be timely must be delivered to or mailed and received at the principal executive offices of the Corporation no later than the close of business on the tenth (10th) day following the earlier of (i) the date on which notice of the date of the meeting was mailed and (ii) the date on which public disclosure of the meeting date was made.

(c) The maximum number of Stockholder Nominees nominated by all Eligible Stockholders that will be included in the Corporation's proxy materials with respect to an annual meeting of stockholders shall not exceed the greater of (x) two (2) and (y) twenty percent (20%) of the number of directors in office as of the last day on which a Notice of Proxy Access Nomination may be delivered pursuant to and in accordance with this Section 15 with respect to such annual meeting (the "Final Proxy Access Nomination Date") or, if such amount is not a whole number, the closest whole number below twenty percent (20%) (such number, as it may be adjusted pursuant to this Section 15(c), the "Permitted Number"), but not less than one. In the event that one or more vacancies for any reason occurs on the Board of Directors after the Final Proxy Access Nomination Date but before the date of the annual meeting of the stockholders and the Board of Directors resolves to reduce the size of the Board of Directors in connection therewith, the Permitted Number shall be calculated based on the number of directors in office as so reduced. In addition, the Permitted Number shall be reduced by (i) the number of individuals who will be included in the Corporation's proxy materials as nominees recommended by the Board of Directors pursuant to an agreement, arrangement or other understanding with a stockholder or group of stockholders (other than any such agreement, arrangement or understanding entered into in connection with an acquisition of stock from the Corporation by such stockholder or group of stockholders), (ii) the number of incumbent directors in office as of the Final Proxy Access Nomination Date who were included in the Corporation's proxy materials as a Stockholder Nominee for any of the two (2) preceding annual meetings of stockholders (including any persons counted as Stockholder Nominees pursuant to the immediately succeeding sentence) and whose reelection at the upcoming annual meeting is being recommended by the Board of Directors, and (iii) the number of persons for which the Corporation shall have received notice that a stockholder intends to nominate as a candidate for election to the Board of Directors at the annual meeting of stockholders pursuant to Article III, Section 3 of these By-Laws, but only to the extent the Permitted Number after such reduction with respect to this clause (iii) equals or exceeds one. For purposes of determining when the Permitted Number has been reached, any individual nominated by an Eligible Stockholder for inclusion in the Corporation's proxy materials pursuant to this Section 15 whom the Board of Directors determines to include in the Corporation's proxy statement (whether as a Stockholder Nominee or otherwise) shall be counted as one of the Stockholder Nominees even if such individual's nomination is subsequently withdrawn, disregarded or declared invalid or ineligible, unless such withdrawal, disregard, or declaration of invalidity or ineligibility occurs before the date that is twenty-five (25) calendar days prior to the anniversary of the immediately preceding annual meeting of stockholders. Any Eligible Stockholder submitting more than one Stockholder Nominee for inclusion in the Corporation's proxy materials pursuant to this Section 15 shall rank such Stockholder Nominees based on the order in which the Eligible Stockholder desires such Stockholder Nominees to be selected for inclusion in the Corporation's proxy materials. In the event the total number of Stockholder Nominees exceeds the maximum number of Stockholder Nominees provided for in this Section 15, the highest ranking Stockholder Nominee who meets the requirements of this Section 15 from each Eligible Stockholder will be selected for inclusion in the Corporation's proxy materials until the maximum number is reached, proceeding in order from the largest to the smallest of such Eligible Stockholders based on the number of shares of Class A common stock of the Corporation each Eligible Stockholder disclosed as owned in the Notice of Proxy Access Nomination submitted to the Corporation hereunder. If the maximum number of Stockholder Nominees provided for in this Section 15 is not reached after the highest ranking Stockholder Nominee who meets the requirements of this Section 15 from each Eligible Stockholder has been selected, the selection process will continue as many times as necessary, following the same order each time, until the maximum number is reached. The Stockholder Nominees so selected by each Eligible Stockholder in accordance with this Section 15 will be the only Stockholder Nominees entitled to be included in the Corporation's proxy materials and, following such selection, if the Stockholder Nominees so selected are not included in the Corporation's proxy materials or are not submitted for election (for any reason, including the failure to comply with this Section 15), no other Stockholder Nominees will be included in the Corporation's proxy materials or otherwise submitted for election pursuant to this Section 15.

(d) In order to make a nomination pursuant to this Section 15, an Eligible Stockholder must have owned (as defined below) at least three percent (3%) of the Corporation's outstanding Class A common stock (the "Required Shares") continuously for at least three (3) years (the "Minimum Holding Period") as of both the date the Notice of Proxy Access Nomination is delivered to the Secretary of the Corporation in accordance with this Section 15 and the record date for determining the stockholders entitled to vote at the annual meeting, and must continue to own the Required Shares through the date of the annual meeting. For purposes of this Section 15, an Eligible Stockholder shall be deemed to "own" only those outstanding shares of Class A common stock of the Corporation as to which the stockholder possesses both

(i) the full voting and investment rights pertaining to the shares and (ii) the full economic interest in (including the opportunity to profit from and risk of loss on) such shares; provided, that the number of shares calculated in accordance with clauses (i) and (ii) shall not include any shares (x) sold by such stockholder or any of its affiliates in a transaction that has not been settled or closed, (y) borrowed by such stockholder or any of its affiliates for any purposes or purchased by such stockholder or its affiliates pursuant to an agreement to resell or (z) subject to any option, warrant, forward contract, swap, contract of sale, other derivative or similar instrument or agreement entered into by such stockholder or any of its affiliates, whether any such instrument or agreement is to be settled with shares or with cash based on the notional amount or value of shares of outstanding Class A common stock of the Corporation, if, in any such case, such instrument or agreement has, or is intended to have, the purpose or effect of (1) reducing in any manner, to any extent or at any time in the future, such stockholder's or its affiliates' full right to vote or direct the voting of any such shares and/or (2) hedging, offsetting or altering to any degree any gain or loss realized or realizable from maintaining the full economic ownership of such shares by such stockholder or affiliate. A stockholder shall "own" shares held in the name of a nominee or other intermediary so long as the stockholder retains the right to instruct how the shares are voted with respect to the election of directors and possesses the full economic interest in the shares. A stockholder's ownership of shares shall be deemed to continue during any period in which the stockholder has (A) loaned such shares, provided that the stockholder has the power to recall such loaned shares on five (5) business days' notice and includes in the Notice of Proxy Access Nomination an agreement that it will (aa) promptly recall such loaned shares upon being notified that any of its Stockholder Nominees will be included in the Corporation's proxy materials, and (bb) continue to hold such recalled shares through the date of the annual meeting, or (B) delegated any voting power by means of a proxy, power of attorney or other instrument or arrangement which is revocable at any time by the stockholder. The terms "owned," "owning," and other variations of the word "own" shall have correlative meanings. Whether outstanding shares of the Class A common stock of the Corporation are "owned" for these purposes shall be determined by the Board of Directors or any committee thereof. For purposes of this Section 15, the term "affiliate" or "affiliates" shall have the meaning ascribed to such term in Rule 12b-2 of the General Rules and Regulations of the Exchange Act.

(e) Within the time period specified in this Section 15 for delivering the Notice of Proxy Access Nomination, an Eligible Stockholder must provide the following information in writing to the Secretary of the Corporation:

(i) one or more written statements from the record holder of the Required Shares (and from each intermediary through which the Required Shares are or have been held during the Minimum Holding Period) verifying that, as of a date within seven (7) calendar days prior to the date the Notice of Proxy Access Nomination is delivered to, or mailed to and received by, the Secretary of the Corporation, the Eligible Stockholder owns, and has owned continuously for the Minimum Holding Period, the Required Shares, and the Eligible Stockholder's agreement to provide, within five (5) business days after the record date for the annual meeting, one or more written statements from the record holder and intermediaries verifying the Eligible Stockholder's continuous ownership of the Required Shares through the record date;

(ii) a copy of Schedule 14N that has been filed or is to be filed with the U.S. Securities and Exchange Commission as required by Rule 14a-18 under the Exchange Act;

(iii) the information, representations and agreements that are the same as those that would be required to be set forth in a stockholder's notice of nomination pursuant to Section 3 of Article III of these By-Laws (including the written consent of each Stockholder Nominee to being named as a nominee and to serve as a director if elected);

(iv) a representation that the Eligible Stockholder (1) acquired the Required Shares in the ordinary course of business and not with the intent to change or influence control at the Corporation, and does not presently have such intent, (2) will continue to hold the Required Shares through the date of the annual meeting, (3) has not nominated and will not nominate for election for the Board of Directors at the annual meeting any person other than the Stockholder Nominee(s) it is nominating pursuant to this Section 15, (4) has not engaged and will not engage in, and has not and will not be a “participant” in another person’s, “solicitation” within the meaning of Rule 14a-1(l) under the Exchange Act in support of the election of any individual as a director at the annual meeting other than its Stockholder Nominee(s) or a nominee of the Board of Directors, (5) has not distributed and will not distribute to any stockholder of the Corporation any form of proxy for the annual meeting other than the form distributed by the Corporation, (6) agrees to comply with all applicable laws and regulations applicable to the use, if any, of soliciting material, and (7) will provide facts, statements and other information in all communications with the Corporation and its stockholders that are or will be true and correct in all material respects and do not and will not omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading;

(v) an undertaking that the Eligible Stockholder agrees to (1) assume all liability stemming from any legal or regulatory violation arising out of the Eligible Stockholder’s communications with the stockholders of the Corporation or out of the information that the Eligible Stockholder provided to the Corporation and (2) indemnify and hold harmless the Corporation and each of its directors, officers and employees individually against any liability, loss or damages in connection with any threatened or pending action, suit or proceeding, whether legal, administrative or investigative, against the Corporation or any of its directors, officers or employees arising out of any nomination submitted by the Eligible Stockholder pursuant to this Section 15;

(vi) an agreement by each Stockholder Nominee, upon such Stockholder Nominee’s election, to make such acknowledgements, enter into such agreements and provide such information as the Board of Directors requires of all directors at such time, including without limitation, agreeing to be bound by the Corporation’s code of ethics, insider trading policies and procedures and other similar policies and procedures; and

(vii) in the case of a nomination by an Eligible Stockholder consisting of a group of stockholders in which two (2) or more funds are intended to be treated as one stockholder for purposes or qualifying as an Eligible Stockholder, documentation reasonably satisfactory to the Corporation that demonstrates that the funds are under common management and investment control.

(f) In addition to the information required pursuant to paragraph (e) of this Section 15 or any other provision of these By-Laws, the Corporation also may require each Stockholder Nominee to furnish any other information (i) that may reasonably be requested by the Corporation to determine whether the Stockholder Nominee would be independent under the Applicable Independence Standards, (ii) that could be material to a reasonable stockholder’s understanding of the independence, or lack thereof, of such Stockholder Nominee or (iii) that may reasonably be required to determine the eligibility of such Stockholder Nominee to serve as a director of the Corporation.

(g) In the event that any information or communications provided by the Eligible Stockholder or the Stockholder Nominee to the Corporation or its stockholders ceases to be true and correct in all material respects or omits a material fact necessary to make the statements made, in light of the circumstances under which they were made, not misleading, each Eligible Stockholder or Stockholder Nominee, as the case may be, shall promptly notify the

Secretary of the Corporation of any defect in such previously provided information and of the information that is required to correct any such defect. Without limiting the foregoing, an Eligible Stockholder shall provide immediate notice to the Corporation if the Eligible Stockholder ceases to own at least the Required Shares at any time prior to the date of the annual meeting. In addition, any person providing any information to the Corporation pursuant to this Section 15 shall further update and supplement such information, if necessary, so that all such information shall be true and correct as of the record date for the annual meeting and as of the date that is ten (10) business days prior to such annual meeting or any adjournment or postponement thereof, and such update and supplement shall be delivered to or mailed and received by the Secretary at the principal executive offices of the Corporation not later than five (5) business days after the record date and not less than eight (8) business days prior to the date for such annual meeting or any adjournment or postponement thereof in the case of the update and supplement required to be made as of ten (10) business days prior such annual meeting or any adjournment or postponement thereof. For the avoidance of doubt, no notification, update or supplement provided pursuant to this Section 15 or otherwise shall be deemed to cure any defect in any previously provided information or communications or limit the remedies available to the Corporation relating to any such defect (including the right to omit a Stockholder Nominee from its proxy materials pursuant to this Section 15).

(h) Notwithstanding anything to the contrary contained in this Section 15, the Corporation shall not be required to include in its proxy materials for any meeting of stockholders, pursuant to this Section 15, a Stockholder Nominee (i) for which the Secretary of the Corporation receives a notice that a stockholder has nominated such Stockholder Nominee for election to the Board of Directors pursuant to the advance notice requirements for stockholder nominees for director set forth in Section 3 of Article III of these By-Laws, (ii) if the Eligible Stockholder who has nominated such Stockholder Nominee has engaged in or is currently engaged in, or has been or is a “participant” in another person’s, “solicitation” within the meaning of Rule 14a-1(l) under the Exchange Act in support of the election of any individual as a director at the annual meeting other than its Stockholder Nominee(s) or a nominee of the Board of Directors, (iii) who is not independent under the Applicable Independence Standards, (iv) whose election as a member of the Board of Directors would cause the Corporation to be in violation of these By-Laws, the Certificate of Incorporation, the rules and listing standards of the principal U.S. exchanges upon which the Class A common stock of the Corporation is listed, or any applicable state or federal law, rule or regulation, (v) who is or has been, within the past three (3) years, an officer or director of a competitor, as defined in Section 8 of the Clayton Antitrust Act of 1914, (vi) who is a named subject of a pending criminal proceeding (excluding traffic violations and other minor offenses) or has been convicted in such a criminal proceeding within the past ten (10) years, (vii) if such Stockholder Nominee or the applicable Eligible Stockholder shall have provided information to the Corporation in respect to such nomination that was untrue in any material respect or omitted to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, as determined by the Board of Directors or any committee thereof, (viii) if the Eligible Stockholder or the applicable Stockholder Nominee has breached any of their obligations under these By-Laws, or (ix) if the Eligible Stockholder or applicable Stockholder Nominee fails to comply with its obligations pursuant to this Section 15.

(i) Notwithstanding anything to the contrary set forth herein, if (i) a Stockholder Nominee and/or the applicable Eligible Stockholder breaches any of its agreements or representations or fails to comply with any of its obligations under this Section 15, (ii) the Eligible Stockholder (or a qualified representative thereof) does not appear in person at the meeting of stockholders to present any nomination pursuant to this Section 15, or (ii) a Stockholder Nominee otherwise becomes ineligible for inclusion in the Corporation’s proxy materials pursuant to this Section 15, or dies, becomes disabled or otherwise becomes ineligible or unavailable for election at the annual meeting, in each case as determined by the Board of

Directors or any committee thereof or the presiding officer of the annual meeting, (A) the Corporation may omit or, to the extent feasible, remove the information concerning such Stockholder Nominee and the related Statement from its proxy materials and/or otherwise communicate to its stockholders that such Stockholder Nominees will not be eligible for election at the annual meeting, (B) the Corporation shall not be required to include in its proxy materials any successor or replacement nominee proposed by the applicable Eligible Stockholder or any other Eligible Stockholder, and (C) the presiding officer of the annual meeting shall declare such nomination to be invalid, and such nomination shall be disregarded notwithstanding that proxies in respect of such vote may have been received by the Corporation.

(j) Whenever the Eligible Stockholder consists of a group of more than one stockholder, (i) each provision in this Section 15 that requires the Eligible Stockholder to provide any written statements, representations, undertakings, agreements or other instruments or to meet any other conditions shall be deemed to require each stockholder that is a member of such group to provide such statements, representations, undertakings, agreements or other instruments and to meet such other conditions, (ii) a breach of any obligation, agreement or representation under this Section 15 by any member of such group shall be deemed a breach by the Eligible Stockholder and (iii) the Notice of Proxy Access Nomination must designate one member of the group for purposes of receiving communications, notices and inquiries from the Corporation and otherwise authorize such member to act on behalf of all members of the group with respect to all matters relating to the nomination under this Section 15 (including withdrawal of the nomination). Whenever the Eligible Stockholder consists of a group of stockholders aggregating their shareholdings in order to meet the three percent (3%) ownership requirement of the "Required Shares" definition, (x) such ownership shall be determined by aggregating the lowest number of shares continuously owned (as defined in paragraph (d) of Section 15 hereof) by each such stockholder during the Minimum Holding Period and (y) the Notice of Proxy Access Nomination must indicate, for each such stockholder, such lowest number of shares continuously owned by such stockholder during the Minimum Holding Period. No person may be a member of more than one group of persons constituting an Eligible Stockholder with respect to any annual meeting.

(k) Any Stockholder Nominee who is included in the Corporation's proxy materials for a particular annual meeting of stockholders but either (i) withdraws from or becomes ineligible or unavailable for election at the annual meeting, or (ii) does not receive at least twenty-five percent (25%) of the votes cast in favor of such Stockholder Nominee's election, will be ineligible to be a Stockholder Nominee pursuant to this Section 15 for the next two (2) annual meetings. For the avoidance of doubt, paragraph (k) of this Section 15 shall not prevent any stockholder from nominating any person to the Board of Directors pursuant to and in accordance with Section 3 of Article III of these By-Laws.

(l) In order to be eligible for election or reelection as a director of the Corporation, a person must deliver to the Secretary at the principal executive offices of the Corporation a written representation and agreement that such person (i) is not and will not become a party to (A) any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a director of the Corporation, will act or vote on any issue or question (a "Voting Commitment") that has not been disclosed to the Corporation in such representation and agreement, or (B) any Voting Commitment that could limit or interfere with such person's ability to comply, if elected as a director of the Corporation, with such person's fiduciary duties under applicable law, (ii) is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the Corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with such person's nomination, candidacy, service or action as a director that has not been disclosed to the Corporation in such representation and agreement, (iii) would be in compliance, if elected as a director of the

Corporation, and will comply with the Corporation's code of business ethics, corporate governance guidelines, securities trading policies and any other policies or guidelines of the Corporation applicable to directors, and (iv) will make such other acknowledgments, enter into such agreements and provide such information as the Board requires of all directors, including promptly submitting all completed and signed questionnaires required of the Corporation's directors.

ARTICLE IV.
COMMITTEES.

Section 1. Audit Committee. Unless not required by the national securities exchange or stock market on which the Corporation's securities may be listed, if any, and federal securities and other laws, rules and regulations, the Board of Directors shall have an Audit Committee comprised of such directors as may be determined from time to time by the Board of Directors; provided, however, that the composition of the Audit Committee shall comply, to the extent required, with the requirements of the national securities exchange or stock market on which the Corporation's securities may be listed, if any, and federal securities and other laws, rules and regulations. The Audit Committee shall have the powers and perform the duties set forth in the audit committee charter adopted by the Board of Directors.

Section 2. Compensation Committee. Unless not required by the national securities exchange or stock market on which the Corporation's securities may be listed, and federal securities and other laws, rules and regulations, the Board of Directors shall have a Compensation Committee comprised of such directors as may be determined from time to time by the Board of Directors; provided, however, that the composition of the Compensation Committee shall comply, to the extent required, with the requirements of the national securities exchange or stock market on which the Corporation's securities may be listed, and federal securities and other laws, rules and regulations. The Compensation Committee shall have the powers and perform the duties set forth in the compensation committee charter adopted by the Board of Directors.

Section 3. Governance and Nominating Committee. Unless not required by the national securities exchange or stock market on which the Corporation's securities may be listed, and federal securities and other laws, rules and regulations, the Board of Directors shall have a Governance and Nominating Committee comprised of such directors as may be determined from time to time by the Board of Directors; provided, however, that the composition of the Governance and Nominating Committee shall, to the extent required, comply with the requirements of the national securities exchange or stock market on which the Corporation's securities may be listed, and federal securities and other laws, rules and regulations. The Governance and Nominating Committee shall have the powers and perform the duties set forth in the governance and nominating committee charter adopted by the Board of Directors.

Section 4. Executive Committee. The Board of Directors may designate two (2) or more of their number to constitute an Executive Committee to hold office at the pleasure of the Board of Directors, which Committee shall, during the intervals between meetings of the Board of Directors, have and exercise all of the powers of the Board of Directors, other than such powers as are granted to the Audit Committee, the Compensation Committee or the Governance and Nominating Committee, in the management of the business and affairs of the Corporation, subject only to such restrictions or limitations as the Board of Directors may from time to time specify, or as limited by the DGCL.

Section 5. Other Committees. Other committees, whose members need not be members of the Board of Directors, may be appointed by the Board of Directors or the Executive Committee, if any, which committees shall hold office for such time and have such powers and perform such duties as may from time to time be assigned to them by the Board of Directors or the Executive Committee, if any.

Section 6. Removal. Subject to the requirements of the national securities exchange or stock market on which the Corporation's securities may be listed, if any, and federal securities and other laws, rules and regulations, each to the extent applicable, any member of any committee of the Board of Directors may be removed at any time, with or without cause, by the Board of Directors (or, in the case of a committee appointed by the Executive Committee, the Executive Committee), and any vacancy in a committee occurring from any cause whatsoever may be filled by the Board of Directors (or, in the case of a committee appointed by the Executive Committee, the Executive Committee). Any person ceasing to be a director shall ipso facto cease to be a member of any committee, including the Audit Committee.

Section 7. Resignation. Any member of a committee may resign at any time. Such resignation shall be made in writing and shall take effect at the time specified therein, or, if no time be specified, at the time of its receipt by the President or Secretary. The acceptance of a resignation shall not be necessary to make it effective unless so specified therein.

Section 8. Quorum. A majority of the members of a committee shall constitute a quorum. The act of a majority of the members of a committee present at any meeting at which a quorum is present shall be the act of such committee. The members of a committee shall act only as a committee, and the individual members thereof shall not have any powers as such.

Section 9. Record of Proceedings, etc. Each committee shall keep a record of its acts and proceedings, and shall report the same to the Board of Directors when and as required by the Board of Directors.

Section 10. Organization, Meetings, Notices, etc. A committee may hold its meetings at the principal office of the Corporation, or at any other place which a majority of the committee may at any time agree upon. Each committee may make such rules as it may deem expedient for the regulation and carrying on of its meetings and proceedings. Unless otherwise ordered by the Executive Committee, if any, any notice of a meeting of such committee may be given by the Secretary of the Corporation or by the chairman of the committee and shall be sufficiently given if mailed to each member at his residence or usual place of business at least two (2) days before the day on which the meeting is to be held, or if sent to him at such place by facsimile, telegraph, electronic mail or cable, or delivered personally or by telephone not later than twenty-four (24) hours before the time at which the meeting is to be held.

Section 11. Compensation. The members of any committee shall be entitled to such compensation as may be allowed them by resolution of the Board of Directors.

ARTICLE V.
OFFICERS.

Section 1. Number. The officers of the Corporation shall be a President, a Vice President, a Secretary and a Treasurer and such other officers as may be appointed in accordance with the provisions of this Article V. The Board of Directors in its discretion may also elect a Chairman of the Board of Directors.

Section 2. Election, Term of Office and Qualifications. Each officer of the Corporation shall hold office until his or her successor shall have been duly chosen and shall qualify or until his or her earlier death, resignation or removal in the manner hereinafter provided. Except as otherwise provided by law, any number of offices may be held by the same person.

Section 3. Removal of Officers. Any officer of the Corporation may be removed from office, with or without cause, by a vote of a majority of the Board of Directors, but such removal shall be without prejudice to the contract rights, if any, of the person so removed, but the election of any officer shall not of itself create any contractual rights.

Section 4. Resignation. Any officer of the Corporation may resign at any time. Such resignation shall be in writing and shall take effect at the time specified therein, and if no time be specified, at the time of its receipt by the President and Vice President. The acceptance of a resignation shall not be necessary in order to make it effective, unless so specified therein.

Section 5. Filling of Vacancies. A vacancy in any office shall be filled by the Board of Directors or by the authority appointing the predecessor in such office.

Section 6. Compensation. The compensation of the officers shall be fixed by the Board of Directors, or by any committee upon which power in that regard may be conferred by the Board of Directors, including the Compensation Committee.

Section 7. Chairman of the Board of Directors. The Chairman of the Board of Directors, if any, shall be a director and shall preside at all meetings of the stockholders and the Board of Directors, and shall have such power and perform such duties as may from time to time be assigned to him by the Board of Directors.

Section 8. President. In the absence of the Chairman of the Board of Directors, or if there be none, the President shall preside at all meetings of the stockholders. He shall have power to call special meetings of the stockholders or of the Board of Directors or of the Executive Committee at any time. He shall be the chief executive officer of the Corporation, and, subject to the direction of the Board of Directors, shall be responsible for the general direction of the business, affairs and property of the Corporation, and of its several officers, and shall have and exercise all such powers and discharge such duties as usually pertain to the office of President.

Section 9. Vice Presidents. The vice president, or vice presidents if there is more than one, shall, subject to the direction of the Board of Directors, at the request of the President or in his absence, or in case of his inability to perform his duties from any cause, perform the duties of the President, and, when so acting, shall have all the powers of, and be subject to all restrictions upon, the President. The vice presidents shall also perform such other duties as may be assigned to them by the Board of Directors or the President.

Section 10. Secretary. The Secretary will keep the minutes of all meetings of the stockholders and all meetings of the Board of Directors and any committee in books maintained for that purpose. The Secretary will perform the duties and have all other powers that are incident to the office of Secretary or that are assigned to him or her by the Board of Directors or the President.

Section 11. Treasurer. The Treasurer will have custody of all the funds and securities of the Corporation which may be delivered into his or her possession. The Treasurer may endorse on behalf of the Corporation for collection, checks, notes and other obligations, and will deposit the same to the credit of the Corporation in a depository or depositories of the Corporation, and may sign all receipts and vouchers for payments made to the Corporation. The Treasurer will enter or cause to be entered regularly in the books of the Corporation kept for that purpose, full and accurate accounts of all monies received and paid on account of the Corporation and whenever required by the Board of Directors will render statements of the accounts. The Treasurer will perform the duties and have all other powers that are incident to the office of Treasurer or that are assigned to him or her by the Board of Directors or the President.

Section 12. Other Officers. Other officers, including one or more vice presidents, assistant secretaries, treasurers or assistant treasurers, may from time to time be appointed by the Board of Directors, which other officers shall have such powers and perform such duties as may be assigned to them by the Board of Directors or the officer or committee appointing them.

ARTICLE VI.
CAPITAL STOCK.

Section 1. Issue of Certificates of Stock. Certificates of capital stock shall be in such form as shall be approved by the Board of Directors. The certificates shall be numbered in the order of their issue and shall be signed by the Chairman of the Board of Directors, the President or one of the vice presidents, and the Secretary or an assistant Secretary or the Treasurer or an assistant Treasurer; provided, however, that where such certificates are signed by a transfer agent or an assistant transfer agent or by a transfer clerk acting on behalf of the Corporation and a registrar, the signature of any such Chairman of the Board of Directors, President, vice president, Secretary, assistant Secretary, Treasurer or assistant Treasurer may be a facsimile. In case any officer or officers who shall have signed, or whose facsimile signature or signatures shall have been used on any such certificate or certificates shall cease to be such officer or officers of the Corporation, whether because of death, resignation or otherwise, before such certificate or certificates shall have been delivered by the Corporation, such certificate or certificates may nevertheless be adopted by the Corporation and be issued and delivered as though the person or persons who signed such certificate or certificates, or whose facsimile signature or signatures shall have been used thereon have not ceased to be such officer or officers of the Corporation.

Section 2. Registration and Transfer of Shares. The name of each person owning a share of the capital stock of the Corporation shall be entered on the books of the Corporation together with the number of shares held by him, the numbers of the certificates, if any, covering such shares and the dates of acquisition of such shares. The shares of stock of the Corporation held in certificated form shall be transferable on the books of the Corporation by the holders thereof in person, or by their duly authorized attorneys or legal representatives, on surrender and cancellation of certificates for a like number of shares, accompanied by an assignment or power of transfer endorsed thereon or attached thereto, duly executed, and with such proof of the authenticity of the signature as the Corporation or its agents may reasonably require. The shares of stock of the Corporation that are not held in certificated form shall be transferable on the books of the Corporation by the holders thereof in person, or by their duly authorized attorneys or legal representatives, on delivery of an assignment or power of transfer. A record shall be made of each transfer. The Board of Directors may make other and further rules and regulations concerning the transfer and registration of certificates for stock and may appoint a transfer agent or registrar or both and may require all certificates of stock to bear the signature of either or both.

Section 3. Lost, Destroyed and Mutilated Certificates. The holder of any stock of the Corporation held in certificated form shall immediately notify the Corporation of any loss, theft, destruction or mutilation of the certificates therefor. The Corporation may issue a new certificate of stock in the place of any certificate theretofore issued by it and alleged to have been lost, stolen or destroyed, and the Board of Directors may, in its discretion, require the owner of the lost, stolen or destroyed certificate, or the owner’s legal representatives, to give the Corporation a bond, in such sum not exceeding double the value of the stock and with such surety or sureties as they may require, to indemnify it against any claim that may be made against it by reason of the issue of such new certificate and against all other liability in the premises.

Section 4. Beneficial Owners. The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such shares on the part of any other person except as required by law.

ARTICLE VII.
DIVIDENDS, SURPLUS, ETC.

Section 1. General Discretion of Directors. The Board of Directors shall have power to fix and vary the amount to be set aside or reserved as working capital of the Corporation, or as reserves, or for other proper purposes of the Corporation, and, subject to the requirements of the Certificate of Incorporation, to determine whether any part of the surplus or net profits of the Corporation, if any, shall be declared as dividends and paid to the stockholders, and to fix the date or dates for the payment of dividends.

ARTICLE VIII.
MISCELLANEOUS PROVISIONS.

Section 1. Fiscal Year. The fiscal year of the Corporation shall initially commence on the first day of January and end on the last day of December and may be changed by resolution of the Board of Directors.

Section 2. Corporate Seal. The Corporation shall have no seal.

Section 3. Notices. Except as otherwise expressly provided, any notice required to be given by these By-Laws will be sufficient if given by depositing the same in a post office or letter box in a sealed postpaid wrapper addressed to the person entitled to the notice at his address, as the same appears upon the books of the Corporation, or by telegraphing or cabling the same to that person at that address, or by electronic mail at his electronic mail address on record with the Corporation or by facsimile transmission to a number designated upon the books of the Corporation, if any; and the notice will be deemed to be given at the time it is mailed, telegraphed or cabled, sent by electronic mail or sent by facsimile.

Section 4. Waiver of Notice. Any stockholder or director may at any time, by writing, whether mailed, telegraphed or cabled or sent by electronic mail or facsimile, waive any notice required to be given under these By-Laws, and if any stockholder or director shall be present at any meeting his presence shall constitute a waiver of such notice.

Section 5. Checks, Drafts, etc. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation, shall be signed by such officer or officers, agent or agents of the Corporation, and in such manner, as shall from time to time be designated by resolution of the Board of Directors.

Section 6. Deposits. All funds of the Corporation shall be deposited from time to time to the credit of the Corporation in such bank or banks, trust companies or other depositories as the Board of Directors may select, and, for the purpose of such deposit, checks, drafts, warrants and other orders for the payment of money which are payable to the order of the Corporation, may be endorsed for deposit, assigned and delivered by any officer of the Corporation, or by such agents of the Corporation as the Board of Directors or the President may authorize for that purpose.

Section 7. Voting Stock of Other Corporations. Except as otherwise ordered by the Board of Directors or the Executive Committee, the President, the Secretary or the Treasurer shall have full power and authority on behalf of the Corporation to attend and to act and to vote at any meeting of the stockholders of any corporation or other form of business entity of which the Corporation is a stockholder or otherwise holds an interest and to execute a proxy to any other person to represent the Corporation at any such meeting, and at any such meeting the President, the Secretary or the Treasurer or the holder of any such proxy, as the case may be, shall possess and may exercise any and all rights and powers incident to ownership of such stock or other interest and which, as owner thereof, the Corporation might have possessed and exercised if present. The Board of Directors or the Executive Committee may from time to time confer like powers upon any other person or persons.

Section 8. Indemnification of Officers and Directors. Without limiting the terms set forth in the Certificate of Incorporation, the Corporation shall indemnify any and all of its directors or officers, including former directors or officers, and any employee, who shall serve as an officer or director of any corporation or other form of business entity at the request of this Corporation, to the fullest extent permitted under and in accordance with the laws of the State of Delaware.

ARTICLE IX.
AMENDMENTS.

The Board of Directors shall have the power to make, rescind, alter, amend and repeal these By-Laws; provided, however, that the stockholders shall have power to rescind, alter, amend or repeal any by-laws made by the Board of Directors, and to enact by-laws which if so expressed shall not be rescinded, altered, amended or repealed by the Board of Directors.

No change of the time or place for the annual meeting of the stockholders for the election of directors shall be made except in accordance with the laws of the State of Delaware.

ARTICLE X.
FORUM AND VENUE.

Unless the Corporation (through approval of the Board of Directors) consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Corporation; (ii) any action or proceeding asserting a claim of breach of a fiduciary duty owed by any director or officer or other employee of the Corporation to the Corporation or the Corporation’s stockholders, creditors or other constituents; (iii) any action or proceeding asserting a claim against the Corporation or any director or officer or other employee of the Corporation arising pursuant to, or seeking to enforce any right, obligation or remedy under, any provision of the DGCL or the Certificate of Incorporation or these By-Laws (as either may be amended from time to time); (iv) any action or proceeding seeking to interpret, apply, enforce or determine the validity of the Certificate of Incorporation or these By-Laws (as either may be amended from time to time); (v) any action or proceeding asserting a claim against the Corporation or any director or officer or other employee of the Corporation governed by the internal affairs doctrine; or (vi) any action or proceeding as to which the DGCL (as it may be amended from time to time) confers jurisdiction on the Court of Chancery of the State of Delaware; provided that, if and only if the Court of Chancery of the State of Delaware dismisses any such action for lack of subject matter jurisdiction, such action may be brought in another state court sitting in the State of Delaware (or, if no state court located within the State of Delaware has jurisdiction, the federal district court for the District of Delaware).

Any person or entity purchasing or otherwise acquiring or holding any interest in shares of capital stock of the Corporation shall be deemed to have notice of and to have consented to the provisions of this Article X.

If any provision or provisions of this Article X shall be held to be invalid, illegal or unenforceable for any reason whatsoever, the validity, legality and enforceability of the remaining provisions of this Article X shall not in any way be affected or impaired thereby.

* * * * *

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: August 3, 2022

/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: August 3, 2022

/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, 2022, 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: August 3, 2022

/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