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IN THE MATTER OF:	*	CONSENT ORDER
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STIFEL, NICOLAUS & COMPANY, INC.	*	No. CO-25-202524-S
	*	
(CRD No. 793)	*	
	*	
(“Stifel”)	*	
	*	

I. PRELIMINARY STATEMENT

WHEREAS, the Banking Commissioner (“Commissioner”) is charged with the administration of Chapter 672a of the General Statutes of Connecticut, the Connecticut Uniform Securities Act (“Act”), and Sections 36b-31-2 to 36b-31-33, inclusive, of the Regulations of Connecticut State Agencies promulgated under the Act (“Regulations”);

WHEREAS, Stifel, Nicolaus & Company, Inc. (“Stifel”) has its principal place of business at 501 North Broadway, St. Louis, Missouri 63102, and has been registered as a broker-dealer under the Act since at least July 14, 1983.

WHEREAS, the North American Securities Administrators Association, Inc. (“NASAA”) is a voluntary association whose membership consists of 67 state, provincial, and territorial securities administrators;

WHEREAS, State securities regulators, as members of NASAA, formed a multistate task force to conduct a coordinated investigation (the "Investigation") into Stifel's charging of unreasonable commissions on certain small principal equity transactions. The Investigation, which included Connecticut, uncovered evidence that nationwide, Stifel charged unreasonable commissions on approximately 45,352 equity transactions over a five-year period totaling \$885,480.13.

WHEREAS, Stifel has advised the NASAA multistate task force of its agreement to resolve the Investigation through a multistate settlement which includes this Consent Order;

WHEREAS, Section 36b-31(c) of the Act provides, in part, that: "To encourage uniform interpretation and administration of sections 36b-2 to 36b-33, inclusive, and effective securities regulation and enforcement, the commissioner may cooperate with the securities agencies or administrators of other states, Canadian provinces or territories . . . [and] any national or international organization of securities officials or agencies, and any governmental law enforcement or regulatory agency. The cooperation authorized by this subsection includes, but is not limited to, the following actions . . . (2) conducting joint . . . investigations; (3) sharing and exchanging information and documents subject to the restrictions of chapter 3; . . . and (5) executing joint agreements, memoranda of understanding and orders;"

WHEREAS, the Commissioner, acting pursuant to Sections 36b-31(c) and 36b-26 of the Act and through the Securities and Business Investments Division, joined in the Investigation described above to determine if Stifel had violated any provision of the Act or any regulation or order under the Act. The misconduct alleged herein occurred while Stifel was registered as a broker-dealer under the Act;

WHEREAS, Section 36b-27 of the Act, *inter alia*, authorizes the Commissioner to impose a fine against any person who has violated any provision of the Act or any regulation, rule or order adopted or issued under the Act;

WHEREAS, an administrative proceeding under Section 36b-27 of the Act would constitute a "contested case" within the meaning of Section 4-166(4) of the General Statutes of Connecticut;

WHEREAS, Section 4-177(c) of the General Statutes of Connecticut and Section 36a-1-55(a) of the Regulations of Connecticut State Agencies provide that a contested case may be resolved by consent order, unless precluded by law;

WHEREAS, Section 36b-31(a) of the Act provides, in relevant part, that “[t]he commissioner may from time to time make . . . such . . . orders as are necessary to carry out the provisions of sections 36b-2 to 36b-34, inclusive”;

WHEREAS, Section 36b-31(b) of the Act provides, in relevant part, that “[n]o . . . order may be made . . . unless the commissioner finds that the action is necessary or appropriate in the public interest or for the protection of investors and consistent with the purposes fairly intended by the policy and provisions of sections 36b-2 to 36b-34, inclusive”;

WHEREAS, Stifel, without admitting or denying the Statement of Facts and Violations of Law set forth below and solely for the purposes of this Consent Order, admits the jurisdiction of the Commissioner, voluntarily consents to the entry of this Consent Order, and voluntarily waives the following rights: (1) to be afforded notice and an opportunity for a hearing within the meaning of Sections 36b-27(a) and 36b-27(d)(2) of the Act and Section 4-177(a) of the General Statutes of Connecticut; (2) to present evidence and argument and to otherwise avail itself of Sections 36b-27(a) and 36b-27(d)(2) of the Act and Section 4-177c(a) of the General Statutes of Connecticut; (3) to present its position in a hearing in which it is represented by counsel; (4) to have a written record of the hearing made and a written decision issued by a hearing officer; and (5) to seek judicial review of, or otherwise challenge or contest the matters described herein, including the validity of this Consent Order;

WHEREAS, the Commissioner finds that the entry of this Consent Order is necessary or appropriate in the public interest and consistent with the purposes fairly intended by the policy and provisions of the Act;

WHEREAS, Stifel acknowledges that it has had the opportunity to consult with and be represented by independent counsel in negotiating and reviewing this Consent Order and agrees to the terms of this Consent Order freely;

NOW THEREFORE, the Commissioner hereby enters this Consent Order.

II. RELEVANT TIME PERIOD

1. Except as otherwise expressly stated, the conduct described herein occurred during the approximate

time period of May 1, 2020 to April 30, 2025 (the “Relevant Time Period”).

III. STATEMENT OF FACTS

A. Stifel’s Minimum Commission Practices for Certain Equity Transactions Failed to Ensure Transactions Were Executed at a Fair and Reasonable Price

2. During the Relevant Time Period, Stifel charged commissions to thousands of retail brokerage customers on equity transactions in low principal amount transactions.
3. During the Relevant Time Period, Stifel charged a minimum commission of \$40 for certain equity buy and sell transactions (the “Minimum Equity Commission”) plus a \$5.00 transaction fee applied to secondary transactions.
4. Stifel’s fee schedule notes that the maximum commission shall not exceed 5% of the principal unless the commission amount is less than \$40.00.
5. Stifel’s policies and procedures noted that it should generally charge commissions less than 5% of the principal value of the transaction, “taking into consideration the relevant circumstances, including market conditions, the expense involved in executing the order and the value of any service rendered.”
6. Stifel’s policies and procedures permitted managers to adjust the commission amount to ensure commissions were fair and reasonable.
7. The Act and its Regulations prohibit Stifel from charging unreasonable commissions for services performed.
8. FINRA Rule 2121 Supplementary Material .01 (Rule 2121.01) sets a guideline of five percent for determining whether a commission is unfair or unreasonable. However, the “5% Policy” is a guide, not a rule. A commission pattern of five percent or even less may be considered unfair or unreasonable.
9. During the Relevant Time Period, Stifel executed 547 equity transactions in Connecticut, which included an unreasonable commission for services performed (i.e. in excess of 5% of the principal trade amount) totaling \$10,832.43.
10. Numerous equity transactions executed by Stifel included a commission well in excess of 5% of the principal value of the transaction.

B. Stifel Did Not Reasonably Supervise Transactions Which Applied the Minimum Equity Commission

11. Stifel did not reasonably supervise transactions which applied the Minimum Equity Commission charge to ensure that Stifel charged its customers a reasonable commission.
12. Stifel's supervisory systems included an alert where the commission on an equity transaction exceeded 5%.
13. Stifel's policies and procedures contemplated manual adjustment of commissions based on certain factors which would determine whether the commission was reasonable.
14. However, Stifel's policies and procedures provided that "a transaction which involves a small amount of money may warrant a higher percentage sales credit to cover the value of services rendered."
15. Stifel's surveillance policies failed to reasonably detect and correct unreasonable commission charges.
16. As a result, Stifel failed to adequately supervise low principal equity transactions where the Minimum Equity Commission was in excess of 5%.

IV. VIOLATIONS OF LAW

17. Section 36b-31-6f(b) of the Regulations under the Act provides, in part, that: "Each registered broker-dealer . . . shall establish, enforce and maintain a system for supervising the activities of its agents, investment adviser agents and Connecticut office operations that is reasonably designed to achieve compliance with applicable securities laws and regulations."

18. Stifel's acts and practices as described above violated Section 36b-31-6f(b) of the Regulations under the Act.

CONSENT ORDER

On the basis of the Statement of Facts and Violations of Law contained herein, and the consent of the Stifel to the entry of this Consent Order,

IT IS HEREBY ORDERED THAT:

1. No later than fifteen days following the Commissioner's entry of this Consent Order, Stifel shall pay to the

“Treasurer, State of Connecticut”, by certified bank check or by Automated Clearing House (ACH) electronic funds transfer, the sum of twenty thousand dollars (\$20,000) which shall constitute an administrative fine;

2. Stifel shall permanently cease and desist from directly or indirectly violating the provisions of the Act, or any regulation, rule or order adopted or issued under the Act;
3. Stifel shall provide restitution in an amount of no less than \$10,832.43 providing the portion of the commission on certain low principal equity transactions that exceeded 5% of the principal trade amount during the Relevant Time Period to the affected Connecticut customers identified to the Commissioner, plus interest in the amount of 6% from the date of the transaction to May 21, 2025. Stifel represents that it will provide restitution within sixty (60) days following the Commissioner’s entry of this Consent Order;
4. Restitution shall be in the form of a dollar credit to current customer accounts, or a check for all former customers or current customers who are entitled to restitution as a result of transactions involving an individual retirement account;
5. Stifel shall provide a notice of restitution to customers on terms not unacceptable to Massachusetts, Montana, Missouri, Alabama, Washington, Texas, and Iowa (the “Multi-state Group”) (“Notice Letter”) for use by all participating jurisdictions. The Notice Letter shall be sent at least seven (7) days prior to the distribution of any restitution. Within forty-five (45) days following the mailing of the Notice Letter, Stifel shall provide the Commissioner with a list of all Connecticut residents for whom Stifel received a Notice Letter as returned to sender or otherwise undeliverable (“Undeliverable Connecticut Residents”). To the extent the Commissioner has access to different address information, Stifel shall mail a second Notice Letter to each Undeliverable Connecticut Resident within thirty (30) days of the Commissioner providing such different address;
6. Within forty-five (45) days following the mailing of the Notice Letter, Stifel shall prepare, and submit to the Commissioner a report detailing the restitution paid pursuant to this Consent Order, which shall include dates, amounts, and methods of the transfer of funds for all restitution

payments;

7. This Consent Order concludes the Investigation by the Commissioner and resolves any other action that the Commissioner could commence under the Act as it relates to the Statement of Facts and Violations of Law herein; provided, however, that excluded from and not covered by this paragraph are any claims by the Commissioner arising from or relating to enforcement of the terms and conditions of this Consent Order. Nothing herein shall be construed as limiting the Commissioner's ability to investigate Stifel for violations not resolved herein, to respond to and address any consumer complaints made with respect to Stifel. or, in the future, to initiate proceedings under Sections 36b-15 and/or Section 36b-27 of the Act based on matters not specifically resolved herein.
8. This Consent Order is entered into solely for the purpose of resolving the referenced multi-state securities investigation and is not intended to be used for any other purpose.
9. The Commissioner may, in his discretion and for good cause shown, extend any of the procedural dates set forth herein, provided that Stifel makes any requests for extensions of the procedural dates set forth herein in writing to the Commissioner.
10. Stifel shall not claim, assert, or apply for a tax deduction or tax credit with regard to any state, federal or local tax for any amounts that Stifel shall pay pursuant to this Consent Order.
11. Stifel shall not seek or accept, directly or indirectly, reimbursement or indemnification, including, but not limited to, any payments made pursuant to any insurance policy, with regard to any amount that Stifel shall pay pursuant to this Consent Order;
12. If Stifel is the subject of a voluntary or involuntary bankruptcy petition under Title 11 of the United States Code within three hundred sixty-five (365) days of the entry of this Consent Order, Stifel shall provide written notice to the Commissioner within five (5) days of the date of the petition.
13. Any fine, penalty, and/or money that Stifel shall pay in accordance with this Consent Order is intended by Stifel and the Commissioner to be a contemporaneous exchange for new value given to Stifel pursuant to 11 U.S.C. § 547(c)(1)(A) and is, in fact, a substantially contemporaneous exchange pursuant to 11 U.S.C. § 547(c)(1)(B).

14. This Consent Order shall not form the basis for any disqualifications of Stifel from under the laws of Connecticut, or rules or regulations thereunder, including any disqualification from relying upon the registration exemptions or safe harbor provisions to which Stifel may be subject. This Consent Order is not intended to be a final order based upon violations of the Act that prohibit fraudulent, manipulative, or deceptive conduct. This Consent Order is not intended to form the basis of any disqualifications under Section 3(a)(39) of the Securities Exchange Act of 1934; or Rules 504(b)(3) and 506(d)(1) of Regulation D, Rule 262(a) of Regulation A and Rule 503(a) of Regulation CF under the Securities Act of 1933. This Consent Order is not intended to form the basis of disqualification under the FINRA rules prohibiting continuance in membership absent the filing of a MC-400A application or disqualification under SRO rules prohibiting continuance in membership. This Consent Order is not intended to form a basis of a disqualification under 204(a)(2) of the Uniform Securities Act of 1956 or Section 412(d) of the Uniform Securities Act of 2002. Except in an action by the Commissioner to enforce the obligations of this Consent Order, any acts performed or documents executed in furtherance of this Consent Order:
- (a) may not be deemed or used as an admission of, or evidence of, the validity of any alleged wrongdoing, liability, or lack of any wrongdoing or liability; or
 - (b) may not be deemed or used as an admission of, or evidence of, any such alleged fault or omission of Stifel in any civil, criminal, arbitration, or administrative proceeding in any court, administrative agency, or tribunal.
15. Nothing in this Consent Order affects Stifel's testimonial obligations or right to take legal positions in litigation in which the Commissioner is not a party. Evidence of any compromise offers and negotiations of the parties related to the Consent Order, including the Consent Order and its terms and any conduct or statements made during compromise negotiations, should not be used as evidence against any Party in any proceeding to prove or disprove the validity or amount of a disputed claim except in an action or proceeding to interpret or enforce this Consent Order.
16. This Consent Order and any dispute related thereto shall be construed and enforced in accordance with, and governed by, the laws of the State of Connecticut without regard to any choice of law principles.

NOW THEREFORE, the Commissioner enters the following:

1. The Statement of Facts, Violations of Law and Consent Order set forth above, be and are hereby entered;
2. Entry of this Consent Order by the Commissioner is without prejudice to the right of the Commissioner to take enforcement action against Stifel based upon a violation of this Consent Order if the Commissioner determines that compliance with the terms herein is not being observed or if any representation made by Stifel in connection with this matter is subsequently determined to be untrue; and
3. This Consent Order shall become final when entered.

So ordered at Hartford, Connecticut

This 18th day of November 2025.

_____/s/_____
Jorge L. Perez
Banking Commissioner

CONSENT TO ENTRY OF ORDER

I, Joseph Rosa, state on behalf of Stifel, Nicolaus & Company, Inc., that I have read the foregoing Consent Order; that I know and fully understand its contents; that I am authorized to execute this Consent Order on behalf of Stifel, Nicolaus & Company, Inc. that Stifel, Nicolaus & Company, Inc. agrees freely and without threat or coercion of any kind to comply with the terms and conditions stated herein; and that Stifel, Nicolaus & Company, Inc. voluntarily consents to the entry of this Consent Order, expressly waiving any right to a hearing on the matters described herein.

Stifel, Nicolaus & Company, Inc.

By: _____/s/_____

State of: [Blank in original]

County of: [Blank in original]

On this the 17th day of November, 2025, before me, the undersigned officer, personally appeared Joseph Rosa, who acknowledged himself to be the Deputy General Counsel of Stifel, Nicolaus & Company, Inc., a corporation, and that he, as such [illegible], being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as Deputy General Counsel.

In witness whereof I hereunto set my hand.

_____/s/_____
Jeffrey C. Primiano, Esq.
~~Notary Public~~
~~Date Commission Expires:—~~