

COMMONWEALTH OF PENNSYLVANIA

IN THE MATTER OF:

STIFEL, NICOLAUS & COMPANY, INC.

Respondent.

**ADMINISTRATIVE CONSENT
ORDER**

Docket No. 250022 (SEC-CAO)

BEFORE ERIC PISTILLI, DEPUTY SECRETARY OF SECURITIES

Pursuant to the authority granted to Eric Pistilli, Deputy Secretary of Securities, Pennsylvania Department of Banking and Securities, under the Pennsylvania Securities Act of 1972, 70 P.S. §§ 1-101 et seq. ("1972 Act"), and after investigation, careful review, and due consideration of the facts and statutory provisions set forth below, Eric Pistilli, Deputy Secretary of Securities, Pennsylvania Department of Banking and Securities hereby finds that there is good cause, and it is in the public interest to enter into a Consent Order (the "Order") with Stifel, Nicolaus & Company, Inc. ("Stifel"), which hereby agrees to resolve any and all issues in controversy regarding the specific conduct described herein on the terms set forth in this Order. As the result of a coordinated investigation, Pennsylvania concluded that Stifel charged unreasonable commissions on certain low principal equity transactions. Nationwide, Stifel charged unreasonable commissions on approximately 45,352 equity transactions over a five-year period totaling \$885,480.13. Stifel in full settlement of these matters neither admits nor denies the Statement of Facts as set forth in Section III, and neither admits nor denies the Violations of Law set out in Section IV.

I. JURISDICTION

1. The Pennsylvania Department of Banking and Securities has jurisdiction pursuant

to the 1972 Act, 70 P.S. §§ 1-101 et seq.

2. This offer is made in accordance with the 1972 Act, 70 P.S. §§ 1-101 et seq.

3. The acts and practices that are the subject of this Order occurred while Stifel was registered as a broker-dealer in Pennsylvania.

II. RESPONDENT

4. Stifel, Nicolaus & Company, Inc. (“Stifel”) is a broker-dealer registered in Pennsylvania with a main address of 501 North Broadway, St. Louis, Missouri. Stifel is identified by Financial Industry Regulatory Authority (“FINRA”) CRD No. 793.

III. FINDINGS OF FACT

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

5. Except as otherwise expressly stated, the conduct described herein occurred during the time period of May 1, 2020 to April 30, 2025 (the “Relevant Time Period”).

6. During the Relevant Time Period, Stifel charged commissions to thousands of retail brokerage customers on equity transactions in low principal amount transactions.

7. 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.

8. 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.

9. 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.”

10. Stifel's policies and procedures permitted managers to adjust the commission amount to ensure commissions were fair and reasonable.

11. The 1972 Act, 70 P.S. §§ 1-101 et seq. and the regulations promulgated thereunder at 10 Pa. Code §§ 101.000 et seq. prohibit Stifel from charging unreasonable commissions for services performed.

12. 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.

13. During the Relevant Time Period, Stifel executed 2,862 equity transactions in Pennsylvania, which included an unreasonable commission for services performed (i.e. in excess of 5% of the principal trade amount) totaling \$54,940.13.

14. 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

15. Stifel did not reasonably supervise transactions which applied the Minimum Equity Commission charge to ensure that Stifel charged its customers a reasonable commission.

16. Stifel's supervisory systems included an alert where the commission amount on an equity transaction exceeded 5%.

17. Stifel's policies and procedures contemplated manual adjustment of commissions based on certain factors which would determine whether the commission was reasonable.

18. 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."

19. Stifel's surveillance policies failed to reasonably detect and correct unreasonable commission charges.

20. 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

21. The preceding paragraphs are incorporated by reference as though set forth verbatim herein.

22. Pursuant to 70 P.S. § 1-305 (a)(vii), it is a basis to deny, suspend, revoke, or condition the registration of a registered broker-dealer firm that fails reasonably to supervise its agents or employees.

23. Stifel's acts and practices, as described above constitute a failure to reasonably supervise its agents or employees, which acts and conduct form a basis to deny, suspend, revoke, or condition the registration of Stifel or to censure Stifel pursuant to 70 P.S. § 1-305 (a)(vii).

V. ORDER

24. **IT IS HEREBY ORDERED:**

- A. Stifel shall permanently cease and desist from conduct in violation of 70 P.S. § 1-305 (a)(vii), as described herein;
- B. Stifel is censured by the Pennsylvania Department of Banking and Securities;
- C. Stifel shall provide restitution in an amount of no less than \$54,940.13 representing 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 Pennsylvania customers set forth in Exhibit A, plus interest in the amount of 6% from the date of the transaction to May 21, 2025. Stifel shall provide restitution within sixty (60) days of execution of this Order;

- D. 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;
- E. 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 of the mailing of the Notice Letter, Stifel shall provide the Deputy Secretary of Securities, Pennsylvania Department of Banking and Securities with a list of all Pennsylvania residents for whom Stifel receives a Notice Letter as returned to sender or otherwise undeliverable (“Undeliverable Pennsylvania Residents”). To the extent the Deputy Secretary of Securities, Pennsylvania Department of Banking and Securities has access to different address information, Stifel shall mail a second Notice Letter to each Undeliverable Pennsylvania Resident within thirty (30) days of the Deputy Secretary of Securities, Pennsylvania Department of Banking and Securities providing such different address;
- F. Within forty-five (45) days of mailing of the Notice Letter, Stifel shall prepare, and submit to Deputy Secretary of Securities, Pennsylvania Department of Banking and

Securities, a report detailing the restitution paid pursuant to the Order, which shall include dates, amounts, and methods of the transfer of funds for all restitution payments.

- G. Stifel shall pay an administrative fine in the amount of \$20,000 to Deputy Secretary of Securities, Pennsylvania Department of Banking and Securities within fifteen (15) days following the date of entry of the Order. Payment shall be: (1) made by United States postal money order, certified check, bank cashier's check, bank money order, or wire; (2) made payable to the Pennsylvania Department of Banking and Securities; (3) either hand-delivered, mailed to 17 N. Second Street, Suite 1300, Harrisburg, PA 17101; or wired per the Pennsylvania Department of Banking and Securities' instructions; and (4) submitted under cover letter or other documentation that identifies payment by Stifel and the docket number of the proceeding;
- H. 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 the Order;
- I. 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 the Order;
- J. 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 the Order, Stifel shall provide written notice to the Deputy Secretary of

Securities, Pennsylvania Department of Banking and Securities within five (5) days of the date of the petition.

- K. Any fine, penalty, and/or money that Stifel shall pay in accordance with the Order is intended by Stifel and the Deputy Secretary of Securities, Pennsylvania Department of Banking and Securities 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).
- L. If Stifel fails to materially comply with any of the terms set forth in the Order, Deputy Secretary of Securities, Pennsylvania Department of Banking and Securities may institute an action to have the Order declared null and void. Additionally, after a fair hearing and the issuance of an order finding that Stifel has not complied with the Order, the Deputy Secretary of Securities, Pennsylvania Department of Banking and Securities may move to have the Order declared null and void, in whole or in part, and re-institute the associated proceeding that had been brought against Stifel; and
- M. For good cause shown, the Deputy Secretary of Securities, Pennsylvania Department of Banking and Securities may extend any of the procedural dates set forth above. Stifel shall make any requests for extensions of the procedural dates set forth above in writing to Deputy Secretary of Securities, Pennsylvania Department of Banking and Securities.

VI. WAIVER

25. Stifel hereby waives all rights to contest an Order entered by the Deputy Secretary of Securities, Pennsylvania Department of Banking and Securities pursuant to this Order,

including, but not limited to, (A) the right to contest whether the Order is fair, reasonable, and/or in the public interest, (B) the right to contest the Order's findings of fact, and (C) the right to contest the Order's conclusions of law. Stifel further waives the procedural due process right to a hearing and any other procedural rights provided by the 1972 Act.

VII. NO DISQUALIFICATION

26. This Order waives any disqualification in the Pennsylvania laws, or rules or regulations thereunder, including any disqualification from relying upon the registration exemptions or safe harbor provisions to which Stifel may be subject. The Order is not intended to be a final order based upon violations of the 1972 Act that prohibit fraudulent, manipulative, or deceptive conduct. The 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. The 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. The 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 Deputy Secretary of Securities, Pennsylvania Department of Banking and Securities to enforce the obligations of the Order, any acts performed or documents executed in furtherance of the 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.

27. This Order shall be binding upon Stifel and its successors and assigns, as well as to successors and assigns of relevant affiliates, with respect to all conduct subject to the provisions above and all future obligations, responsibilities, undertakings, commitments, limitations, restrictions, events, and conditions.

28. This Order and any dispute related thereto shall be construed and enforced in accordance with, and governed by, the laws of Pennsylvania without regard to any choice of law principles.

SIGNED AND ENTERED BY DEPUTY SECRETARY OF SECURITIES this 7th day of
August , 2025.

FOR THE COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING AND SECURITIES
BUREAU OF SECURITIES COMPLIANCE AND EXAMINATIONS

Redacted

Eric Pistilli
Deputy Secretary of Securities



Dated: 08/07/2025

FOR STIFEL, NICOLAUS & COMPANY, INC. by:

Redacted

Signature: *[Signature]*

Print Name: JOSEPH ROSA

Title: DEPUTY GENERAL COUNSEL

Dated: 8/5/25

Exhibit A
Redacted as Confidential