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IN THE MATTER OF THE DEALER
REGISTRATION OF
STIFEL, NICOLAUS & COMPANY, INC.

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Order No. LID-25-CAF-04

I. CONSENT ORDER

This Consent Order (the "Order") is entered into by the Texas State Securities Board ("TSSB") with Stifel, Nicolaus & Company, Inc. ("Stifel") with respect to a coordinated investigation led by seven jurisdictions, including Alabama, Iowa, Massachusetts, Missouri, Montana, Texas, and Washington (the "Multi-state Group") into whether Stifel engaged in acts or practices that violated the Texas Securities Act, Tex. Gov't Code §§ 4001.001-4008.105 (the "Texas Securities Act"), and the rules and regulations promulgated thereunder, Texas State Securities Board Rules, 7 Tex. Admin. Code §§ 101.1-139.27 (the "Board Rules").

As the result of the investigation, the Multi-state Group concluded that Stifel charged unreasonable commissions on approximately 45,352 equity transactions nationwide over a five-year period, totaling over \$885,480.13.

Stifel neither admits nor denies the facts set forth in Section V and the violations of law set forth in Section VI below, and consents to the entry of this Order by the TSSB, thereby settling the above-captioned matter with prejudice.

II. Jurisdiction

1. The TSSB has jurisdiction over matters relating to securities pursuant to the Texas Securities Act and the Administrative Procedure Act, Tex. Gov't Code Ann. §§ 2001.001-2001.903.
2. This Order is entered in accordance with § 4007.105(a)(13)(B) and § 4007.106(a)(3) of the Texas Securities Act and § 115.10(a) of the Board Rules. Stifel elects to permanently waive any rights to a hearing and any other procedural rights granted by the Texas Securities Act or the Administrative Procedure Act.

3. The acts and practices that are the subject of TSSB's investigation occurred while Stifel was registered with the Securities Commissioner of Texas ("Securities Commissioner") as a dealer in Texas.

III. RELEVANT TIME PERIOD

4. 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").

IV. RESPONDENT

5. Stifel is a broker-dealer registered in Texas with a main address of 501 North Broadway, St. Louis, Missouri. Stifel is identified by Financial Industry Regulatory Authority ("FINRA") CRD No.793.

V. STATEMENT OF FACTS

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

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 forty dollars (\$40.00) for certain equity buy and sell transactions (the "Minimum Equity Commission") plus a five dollar (\$5.00) transaction fee applied to secondary transactions.
8. Stifel's fee schedule notes that the maximum commission shall not exceed five percent (5%) of the principal unless the commission amount is less than forty dollars (\$40.00).
9. Stifel's policies and procedures noted that it should generally charge commissions less than five percent (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 Board Rules 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 1585 equity transactions in Texas, which included an unreasonable commission for services performed (i.e. in excess of 5% of the principal trade amount) totaling \$31,280.52.
14. Numerous equity transactions executed by Stifel included a commission well in excess of 5% of the principal value of the transaction.

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 five percent (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 five percent (5%).

VI. VIOLATIONS OF LAW

21. Section 115.10(a) of the Board Rules requires dealers to establish, maintain, and enforce a system to supervise the activities of its agents that is reasonably designed to achieve compliance with the Texas Securities Act, the Board Rules, and all applicable securities laws and regulations.
22. Stifel’s acts and practices, as described above, constitute a violation of § 115.10(a) of the Board Rules.
23. Pursuant to § 4007.105(a)(13)(B) of the Texas Securities Act, Stifel’s violations of § 115.10(a) of the Board Rules constitute a basis for the issuance of an Order reprimanding Stifel.

24. Pursuant to § 4007.106(a)(3) of the Texas Securities Act, Stifel's violations of § 115.10(a) of the Board Rules also constitute a basis for the assessment of an administrative fine.

VII. ORDER

IT IS HEREBY ORDERED:

- A. Stifel shall permanently cease and desist from conduct in violation of § 115.10(a) of the Board Rules, as described herein;
- B. Stifel is reprimanded by the TSSB;
- C. Stifel shall provide restitution in an amount of no less than \$31,280.52 representing the portion of the commission on certain low principal equity transactions that exceeded five percent (5%) of the principal trade amount during the Relevant Time Period to the affected Texas customers set forth in Exhibit A, plus interest in the amount of six percent (6%) from the date of the transaction to May 21, 2025. Stifel agrees to 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 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 TSSB with a list of all Texas residents for whom Stifel receives a Notice Letter as returned to sender or otherwise undeliverable ("Undeliverable Texas Resident"). To the extent the TSSB has access to different address information, Stifel shall mail a second Notice Letter to each Undeliverable Texas Resident within thirty (30) days of the TSSB such different address;
- F. Within forty-five (45) days of mailing of the Notice Letter, Stifel shall prepare, and submit to the TSSB 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 \$20,000.00 and \$10,000.00 in investigation costs for a total payment of \$30,000.00 to the TSSB 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 "State of Texas"; and (3) either hand-delivered, mailed by FedEx or

UPS to 208 East 10th Street, Room 610, Austin, Texas 78701-2407, or wired per TSSB instructions;

- 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 TSSB 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 TSSB 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. Upon the issuance of this Order by the TSSB, if Stifel fails to materially comply with any of the terms set forth in the Order, the TSSB 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 TSSB 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 TSSB 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 the TSSB.

VIII. WAIVER

Stifel has waived (a) Stifel's right to notice and hearing in this matter; (b) Stifel's right to appear and present evidence in this matter; (c) Stifel's right to appeal this Order; and (d) all other procedural rights granted to the Stifel by the Texas Securities Act, and the Administrative Procedure Act, Tex. Gov't Code Ann. §§ 2001.001-2001.903.

IX. NO DISQUALIFICATION

This Order waives any disqualification in the laws of Texas, 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 Order is not intended to be

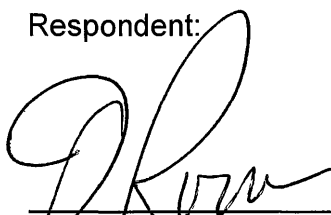
a final order based upon violations of the Texas Securities Act that prohibit fraudulent, manipulative, or deceptive conduct. This Order is not intended to form the basis of any disqualifications under Section 3(a)(39) of the Securities Exchange Act of 1934; or Rules 504(b)(3) and 506(d)(1) of Regulation D, Rule 262(a) of Regulation A and Rule 503(a) of Regulation CF under the Securities Act of 1933. This 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 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 TSSB to enforce the obligations of this Order, any acts performed or documents executed in furtherance of this 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.

SIGNED AND ENTERED BY THE SECURITIES COMMISSIONER this 19th day of December, 2025.



TRAVIS J. ILES
Securities Commissioner

Respondent:



Joseph Rosa
Sr. Vice President & Deputy General
Counsel
Stifel, Nicolaus & Company, Inc.

Approved as to Form:



Cristi Ochoa,
Deputy Securities Commissioner



Elliott Wolf,
Attorney
Legal and Investigations Division