



STATE OF MISSOURI  
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF:

STIFEL, NICOLAUS & COMPANY, INC.,  
CRD #793,

*Respondent.*

Case No.: AP-25-07

**CONSENT ORDER**

1. This consent order (“**Order**”), which is entered into by the Enforcement Section of the Missouri Securities Division of the Office of Secretary of State (“**Enforcement Section**”) and Stifel, Nicolaus & Company, Inc. (“**Stifel**” or “**Respondent**”), arises out of a coordinated investigation conducted by a multi-state group (“**Multi-State Group**”), for which Missouri served as one of the lead states, into whether Respondent charged unreasonable commissions in violation of applicable state securities laws and regulations.
2. As the result of the coordinated investigation, the Multi-State Group and the Enforcement Section concluded and alleged that Respondent, from May 1, 2020 to April 30, 2025 (the “**Relevant Period**”), charged unreasonable commissions in excess of 5% of the principal amount on certain low principal equity transactions. Nationwide, Respondent charged commissions in excess of 5% of the principal amount on approximately 45,352 equity transactions, during the Relevant Period, totaling \$885,480.13. The Enforcement Section alleges that the foregoing acts and practices by Respondent are in contravention of 15 CSR 30-51.171(2)(A) and constitute sufficient grounds to sanction Respondent in accordance with Section 409.6-604 of the Missouri Securities Act of 2003, Chapter 409, et seq. (the “**Act**”)<sup>1</sup>, and the regulations promulgated thereunder, §§ 15 CSR 30-51.010 to 15 CSR 30-51.180 (the “**Regulations**”).
3. Respondent and the Enforcement Section desire to settle the allegations raised in this matter by the Enforcement Section relating to the alleged violations of 15 CSR 30-51.171(2)(A).

**CONSENT TO JURISDICTION**

4. Respondent and the Enforcement Section stipulate and agree that the Missouri

<sup>1</sup> Unless otherwise indicated, statutory citations refer to the 2016 edition of the Revised Statutes of Missouri, updated by the 2024 Cumulative Supplement.

Commissioner of Securities (“**Commissioner**”) has jurisdiction over Respondent and this matter pursuant to the Act.

5. Respondent and the Enforcement Section stipulate and agree that the Commissioner has authority to enter this Order pursuant to Section 409.6-604(h) of the Act, which provides:

“The commissioner is authorized to issue administrative consent orders in the settlement of any proceeding in the public interest under this act.”

#### WAIVERS

6. Respondent waives any rights to a hearing with respect to this matter.
7. Respondent waives any rights that it may have to seek judicial review or otherwise challenge or contest the terms and conditions of this Order. Respondent specifically forever releases and holds harmless the Missouri Office of the Secretary of State, Secretary of State, Commissioner, and their respective representatives and agents from any and all liability and claims arising out of, pertaining to, or relating to this matter.

#### CONSENT TO COMMISSIONER’S ORDER

8. Respondent and the Enforcement Section stipulate and agree to the issuance of this Order without further proceedings in this matter, agreeing to be fully bound by the terms and conditions specified herein.
9. Respondent agrees not to take any action or to make or permit to be made any public statement creating the impression that this Order is without factual basis. Nothing in this paragraph affects Respondent’s (a) testimonial obligations; (b) right to take legal or factual positions in defense of litigation or in defense of other legal proceedings in which the Commissioner is not a party; or (c) right to make public statements that are factual.
10. Respondent agrees that it is not the prevailing party in this action since the parties have reached a good faith settlement.
11. Respondent neither admits nor denies the allegations made by the Enforcement Section, but and consents to the Commissioner’s Findings of Fact, Conclusions of Law and Order as set forth herein, solely for the purpose of resolving the above-captioned matter with prejudice, and any proceeding that may be brought to enforce this Order, and no other purpose.
12. Respondent acknowledges and accepts that this Order shall be binding upon Respondent and its successors and assigns, as well as to successors and assigns of relevant affiliates, with respect to all conduct subject to the provisions and all future obligations, responsibilities, undertakings, commitments, limitations, restrictions, events, and conditions herein.

THE COMMISSIONER'S FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER

I. FINDINGS OF FACT

A. Respondent

13. **Stifel** is a broker-dealer (“**BD**”) registered in Missouri, since July 1983, with a main address of 501 North Broadway, St. Louis, Missouri. Stifel is identified by Financial Industry Regulatory Authority (“**FINRA**”) CRD No. 793.
- B. Respondent’s Minimum Commission Practices for Certain Equity Transactions Failed to Ensure Transactions Were Executed at a Fair and Reasonable Price
14. During the Relevant Period, Respondent charged commissions to thousands of retail brokerage customers on equity transactions in low principal amount transactions.
15. During the Relevant Period, Respondent 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.
16. Respondent’s fee schedule notes that the maximum commission shall not exceed 5% of the principal unless the commission amount is less than \$40.00.
17. Respondent’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.”
18. Respondent’s policies and procedures permitted managers to adjust the commission amount to ensure commissions were fair and reasonable.
19. The Act and Regulations prohibit Respondent from charging unreasonable commissions for services performed.
20. 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.
21. During the Relevant Period, Respondent executed 2,000 equity transactions in Missouri-resident customer accounts, which included an unreasonable commission for services performed (i.e. in excess of 5% of the principal trade amount) totaling \$39,772.96.
22. Numerous equity transactions executed by Respondent included a commission well in excess of 5% of the principal value of the transaction.

C. Respondent Did Not Reasonably Supervise Transactions Which Applied the Minimum Equity Commission

23. 15 CSR 30-51.171(2)(A) provides that Missouri-registered BDs must establish current procedures and systems for supervising the activities of agents, employees, and Missouri office operations that are reasonably designed to achieve compliance with applicable state and federal securities laws and regulations and, if applicable, the rules of the FINRA.
24. Respondent did not reasonably supervise transactions which applied the Minimum Equity Commission charge to ensure that Respondent charged its customers a reasonable commission.
25. Respondent's supervisory systems included an alert where the commission amount on an equity transaction exceeded 5%.
26. Respondent's policies and procedures contemplated manual adjustment of commissions based on certain factors which would determine whether the commission was reasonable.
27. However, Respondent'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."
28. Respondent's surveillance policies failed to reasonably detect and correct unreasonable commission charges.
29. As a result, Respondent failed to adequately supervise low principal equity transactions where the Minimum Equity Commission was in excess of 5%.

II. CONCLUSIONS OF LAW

30. **THE COMMISSIONER CONCLUDES** that, during the Relevant Period, Respondent failed to reasonably supervise for unreasonable commissions in excess of 5% of the principal amount on certain low principal equity transactions and FINRA Rule 2121, charged on securities transactions in accounts of Missouri-resident customers, in violation of 15 CSR 30-51.171(2)(A).
31. **THE COMMISSIONER CONCLUDES** that the violations above are sufficient to issue an order in accordance with Section 409.6-604.
32. The Commissioner, after consideration of the stipulations set forth above and on consent of the Respondent and the Enforcement Section, finds and concludes that the Commissioner has jurisdiction over Respondent in this matter and that the following order is in the public interest, necessary for the protection of public investors, and consistent with the purposes intended by Chapter 409.

### III. ORDER

NOW, THEREFORE, it is hereby Ordered that:

- A. Respondent, its agents and employees, and all other persons participating in the above-described alleged violations with knowledge of this Order, shall cease and desist from engaging in violations of 15 CSR 30-51.171(2)(A), as described herein;
- B. Respondent shall pay \$30,000 to the Missouri Secretary of State's Investor Education and Protection Fund. **This amount is due upon execution of this Order by Respondent and shall be made payable to the Missouri Secretary of State's Investor Education Protection Fund**, and either hand-delivered or mailed to the Missouri Securities Division at 600 W. Main Street, Jefferson City, Missouri 65101. Payment shall be made by United States postal money order, certified check, bank cashier's check, or bank money order;
- C. Respondent shall provide restitution in an amount of no less than \$39,772.96, providing the portion of the commission on certain low principal equity transactions that exceeded 5% of the principal trade amount during the Relevant Period, to the affected Missouri customers set forth in Exhibit A, plus interest in the amount of 6% from the date of the transaction to May 21, 2025. Respondent agrees to provide restitution within sixty (60) days of execution of this Order:
  1. 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;
  2. Respondent shall provide a notice ("Notice") of restitution to customers on terms not unacceptable to Multi-State Group. The Notice 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, Respondent shall provide the Enforcement Section with a list of all Missouri-resident customers for whom Respondent receives a Notice as returned to sender or otherwise undeliverable ("Undeliverable Missouri Residents"). To the extent the Enforcement Section has access to different address information, Respondent shall mail a second Notice to each Undeliverable Missouri Resident within thirty (30) days of the Enforcement Section providing such different address; and
  3. Within forty-five (45) days of mailing of the Notice, Respondent shall prepare, and submit to the Enforcement Section, a report detailing the restitution paid pursuant to this Order, which shall include a. dates, amounts, and methods of the transfer of funds for all restitution payments;
- D. Respondent 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 Respondent shall pay pursuant to this Order;


- E. Respondent 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 Respondent shall pay pursuant to this Order;
- F. If Respondent 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 Order, Respondent shall provide written notice to the Enforcement Section within five (5) days of the date of the petition;
- G. Any fine, penalty, and/or money that Respondent shall pay in accordance with this Order is intended by Respondent and the Enforcement Section to be a contemporaneous exchange for new value given to Respondent 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);
- H. For good cause shown, the Commissioner may extend any of the procedural dates set forth above. Respondent shall make any requests for extensions of the procedural dates set forth above in writing to the Commissioner, and send a copy of such request to the Enforcement Section; and
- I. Respondent shall pay its own costs and attorneys' fees with respect to this matter.

SO ORDERED:

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY,  
MISSOURI THIS 8<sup>th</sup> DAY OF December 2025.




DENNY HOSKINS, CPA  
SECRETARY OF STATE

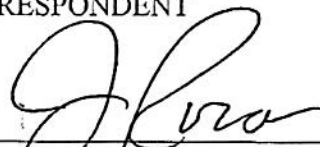
  
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MICHAEL O'DONNELL  
COMMISSIONER OF SECURITIES

Consented to by:

THE MISSOURI SECURITIES DIVISION

  
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Douglas M. Jacoby  
Director of Enforcement

RESPONDENT

  
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Joseph Rosa  
Deputy General Counsel  
STIFEL, NICOLAUS & COMPANY, INC.