

**STATE OF ALABAMA  
ALABAMA SECURITIES COMMISSION**

**IN THE MATTER OF:** ) **ADMINISTRATIVE ORDER**  
**STIFEL, NICOLAUS & CO., INC.** ) **NO. CO-2025-0027**  
**RESPONDENT** )

## **CONSENT ORDER**

Pursuant to the authority granted to the Alabama Securities Commission (“Commission”) under the Alabama Securities Act (the “Act”), and after investigation, careful review, and due consideration of the facts and statutory provisions set forth below, the Commission 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, the Commission concluded that Stifel charged unreasonable commissions on certain low principal equity transactions. Nationwide, Stifel charged unreasonable commissions on approximately 45,352 equity transactions totaling \$885,480.13 over a five-year period from May 1, 2020 to April 30, 2025 (the “Relevant Time Period”). 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 Commission has jurisdiction, and this Order is entered, pursuant to Ala. Code §§ 8-6-16(a) and 8-6-19(j).
2. The acts and practices that are the subject of this Order occurred while Stifel was registered as a broker-dealer in Alabama.

## **II. RESPONDENT**

3. Stifel is a broker-dealer registered in Alabama 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**

4. During the Relevant Time Period, Stifel charged a minimum commission of \$40.00 for certain equity buy and sell transactions (the “Minimum Equity Commission”) plus a \$5.00 transaction fee applied to secondary transactions.

5. 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.

6. 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.”

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

8. The Act and the Commission’s regulations prohibit Stifel from charging unreasonable commissions for services performed.

9. 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.

10. During the Relevant Time Period, Stifel executed 998 equity transactions in Alabama, which included an unreasonable commission for services performed (i.e. in excess of 5% of the principal trade amount) totaling \$19,571.44.

11. 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**

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

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

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

15. 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."

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

17. 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**

18. Section 8-6-3(j)(10) of the Act provides that the Commission "may by order . . . censor . . . any registrant" that "[h]as failed reasonably to supervise his or her agents or employees . . . to assure their compliance with" the Act.

19. Section 8-6-19(j)(1) of the Act provides that the Commission “may by order, if it finds such order to be in the public interest, impose an administrative assessment upon any person who violates any provision of [the Act] or any rule or order issued under” the Act.

20. Respondent’s acts and practices, as described above, constitute a violation of Commission Rule 830-X-3-.13(1), which requires that “[e]very dealer . . . shall exercise diligent supervision over all the securities activities of its associated persons.”

## **V. ORDER**

21. On the basis of the Findings of Fact, Violations of Law, and Stifel’s consent to the entry of this Order, **IT IS HEREBY ORDERED:**

- A. Stifel shall permanently cease and desist from conduct in violation of the Act and the Commission’s regulations;
- B. Stifel is censured by the Commission;
- C. Stifel shall provide restitution in an amount of no less than \$19,571.44 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 Alabama 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 Commission with a list of all Alabama residents for whom Stifel receives a Notice Letter as returned to sender or otherwise undeliverable (“Undeliverable Alabama Residents”). To the extent the Commission has access to different address information, Stifel shall mail a second Notice Letter to each Undeliverable Alabama Resident within thirty (30) days of the Commission providing such different address;

- F. Within forty-five (45) days of the mailing of the Notice Letter, Stifel shall prepare, and submit to the Commission, a report detailing the restitution paid pursuant to this Order, which shall include dates, amounts, and methods of the transfer of funds for all restitution payments;
- G. Stifel shall pay an administrative assessment in the amount of \$20,000 and pay \$10,000 in investigative costs for a total payment of \$30,000 to the Commission within fifteen (15) days following the date of entry of this 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 Alabama; (3) either hand-delivered, mailed to 445 Dexter Avenue, Suite 12000, Montgomery, Alabama 36104; or wired per the Commission’s instructions; and (4) submitted under cover letter or other documentation that identifies payment by Respondent 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 this 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 this 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 this Order, Stifel shall provide written notice to the Commission within five (5) days of the date of the petition;
- K. Any fine, penalty, and/or money that Stifel shall pay in accordance with this Order is intended by Stifel and the Commission 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 Commission, if Stifel fails to materially comply with any of the terms set forth in this Order, the Commission may institute an action to have this Order declared null and void. Additionally, after a fair hearing and the issuance of an order finding that Stifel has not complied with this Order, the Commission may move to have this 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 Commission 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 Commission.

**VI. WAIVER**

22. Stifel hereby waives all rights to contest an Order entered by the Commission pursuant to this Order, including, but not limited to, (A) the right to contest whether this Order is fair, reasonable, and/or in the public interest, (B) the right to contest this Order's findings of fact, and (C) the right to contest this Order's conclusions of law. Stifel further waives the procedural due process right to a hearing and any other procedural rights provided by the Act, the Commission's regulations, or the Alabama Administrative Procedure Act.

**VII. NO DISQUALIFICATION**

23. This Order waives any disqualification in the Act 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 Act or the Commission's regulations 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

Commission 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.

24. 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.

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

Entered at Montgomery, Alabama this 30<sup>th</sup> day of October, 2025.



ALABAMA SECURITIES COMMISSION  
445 Dexter Avenue, Suite 12000  
Montgomery, AL 36104  
(334) 242-2984

BY: Amanda  
AMANDA SENN  
Director

STIFEL, NICOLAUS & COMPANY, INC. by:

Signature: J. Rosa

Print Name: Joseph C. Rosa

Title: Deputy General Counsel

Dated: 10-27-25