

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2022073415101**

TO: Department of Enforcement
Financial Industry Regulatory Authority (FINRA)

RE: Stifel, Nicolaus & Company, Incorporated (Respondent)
Member Firm
CRD No. 793

Pursuant to FINRA Rule 9216, Respondent Stifel, Nicolaus & Company, Incorporated submits this Letter of Acceptance, Waiver, and Consent (AWC) for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, FINRA will not bring any future actions against Respondent alleging violations based on the same factual findings described in this AWC.

I.

ACCEPTANCE AND CONSENT

A. Respondent accepts and consents to the following findings by FINRA without admitting or denying them:

BACKGROUND

Stifel has been a FINRA member since October 1936. The firm is headquartered in St. Louis, Missouri. Stifel is a full-service brokerage firm with approximately 5,000 registered representatives and 490 branch offices.¹

OVERVIEW

Between January 2020 and December 2023, Stifel violated Rule 606(a) of Regulation NMS under the Securities Exchange Act of 1934 and FINRA Rule 2010 by publishing quarterly reports on its handling of customer orders in National Market System (NMS) securities that were inaccurate or incomplete. In addition, between January 2020 and April 2025, the firm's supervisory system, including its written supervisory procedures (WSPs), was not reasonably designed to achieve compliance with Rule 606(a), and therefore the firm violated FINRA Rules 3110 and 2010. For these violations, the firm is censured and fined \$175,000.

FACTS AND VIOLATIVE CONDUCT

This matter originated from FINRA's 2022 cycle examination of Stifel.

¹ For more information about the firm, including prior regulatory events, visit BrokerCheck® at www.finra.org/brokercheck.

A. Stifel violated Rule 606(a) of Regulation NMS by publishing inaccurate or incomplete information in its Rule 606 reports.

Rule 606 of Regulation NMS is designed to foster greater transparency in connection with a broker-dealer's best execution responsibilities. Rule 606(a)(1) requires broker-dealers to publish quarterly reports containing statistical information regarding the routing of non-directed customer orders in NMS securities.² The reports must identify the ten venues to which the largest number of non-directed orders were routed for execution, any venue to which five percent or more of non-directed orders were routed for execution, and information concerning the types of orders that were routed to each venue. For each venue, the reports must also disclose the net aggregate amount of any payment for order flow received, payment from any profit-sharing relationship received, transaction fees paid, and transaction rebates received, both as a total dollar amount and per share.

Rule 606(a)(1) further requires each report to discuss the material aspects of the broker-dealer's relationship with each venue identified, including a description of any arrangement for payment for order flow, any profit-sharing relationship, and any terms of such arrangements that may influence a broker-dealer's order routing decision. For venues with tiered pricing terms, the firm must include a description of all of the venue's pricing tiers, the pricing for each tier, and the tier applied to the firm.³ Providing a hyperlink to the venue's current pricing tiers does not satisfy these requirements.⁴

A violation of Rule 606(a) also constitutes a violation of FINRA Rule 2010, which provides that "[a] member, in the conduct of its business, shall observe high standards of commercial honor and just and equitable principles of trade."

Between January 2020 and December 2023, Stifel published 16 quarterly reports under Rule 606 containing inaccurate information. Specifically, the reports inaccurately disclosed the net aggregate amount of payment for order flow received by the firm, payment received by the firm related to profit-sharing relationships, transaction fees paid by the firm, and transaction rebates received by the firm. For nine venues, the net aggregate amount of these items was zero, when in fact, the firm paid transaction fees or received rebates from the venues.

² A non-directed order is one for which the customer does not specify a particular venue for execution.

³ See *Responses to Frequently Asked Questions Concerning Rule 606 of Regulation NMS* Question 12.02 (last updated June 26, 2024), available at <https://www.sec.gov/rules-regulations/staff-guidance/trading-markets-frequently-asked-questions/faq-rule-606-regulation>.

⁴ See *Observations related to Regulation NMS Rule 606 Disclosures* at 6 (Nov. 10, 2022), available at <https://www.sec.gov/files/reg-nms-rule-606-disclosures-risk-alert.pdf>.

During the same period, Stifel published 16 quarterly Rule 606 reports that failed to disclose the material aspects of its relationships with execution venues:

- In four of the reports, the firm failed to disclose any of the material aspects of its relationships with any execution venues.
- In one of the reports, the firm reported that it received “certain rebates” for routing orders to venues but did not identify the relevant venues or the terms of its arrangements with those venues.
- In three reports, the firm stated that it routed orders to “certain exchanges and other trading centers” that had implemented unspecified fee and rebate structures but did not identify the venues or describe the fees or rebates.
- In five reports, the firm repeated the same incomplete disclosures described above for one venue and made no material aspects disclosures for its other reportable venues.
- In three reports, for venues with tiered pricing schedules, the firm provided only hyperlinks to each venue’s current pricing tiers and did not disclose the tier or pricing applicable to Stifel.

Additionally, in 11 quarterly Rule 606 reports filed during this period, Stifel misidentified three broker-dealers as execution venues which did not qualify as execution venues for purposes of Rule 606 reporting.

Therefore, Stifel violated Rule 606(a) of Regulation NMS and FINRA Rule 2010.

B. Stifel did not reasonably supervise its Rule 606(a) reports.

FINRA Rule 3110(a) requires each member firm to establish and maintain a system to supervise the activities of each associated person that is reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable FINRA rules. FINRA Rule 3110(b) requires each member firm to establish, maintain, and enforce written procedures to supervise the types of business in which it engages and the activities of its associated persons that are reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable FINRA Rules. A violation of FINRA Rule 3110 constitutes a violation of FINRA Rule 2010.

From January 2020 to April 2025, Stifel failed to establish and maintain a supervisory system, including WSPs, reasonably designed to achieve compliance with Rule 606(a). The firm retained a third-party vendor to prepare its Rule 606 reports, using data provided by the firm to generate statistical information concerning the routing of customer orders. However, the firm’s WSPs did not require, and the firm did not conduct, any review to ensure that the data provided to the vendor was complete and accurate.

The firm also had no supervisory system or WSPs requiring review of the material aspects disclosures in its Rule 606 reports before they were published. Although the firm's WSPs required supervisory review of unspecified routing statistics before they were published in the firm's Rule 606 reports, the WSPs did not provide any guidance regarding how the review should be conducted, what information should be reviewed, or what steps should be taken if information was inaccurate. In practice, the firm did not conduct any reviews to confirm the accuracy of the firm's disclosures regarding the net aggregate amount of any payment for order flow received, payment from any profit-sharing relationship received, transaction fees paid, or transaction rebates received.

In addition, the firm's WSPs did not require the firm to review its Rule 606 reports after they were published to achieve compliance with the disclosure requirements of Rule 606(a), and in practice, no such review was performed.⁵

Therefore, Stifel violated FINRA Rules 3110 and 2010.

B. Respondent also consents to the imposition of the following sanctions:

- a censure and
- a \$175,000 fine.

Respondent agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. Respondent has submitted an Election of Payment form showing the method by which it proposes to pay the fine imposed.

Respondent specifically and voluntarily waives any right to claim an inability to pay, now or at any time after the execution of this AWC, the monetary sanction imposed in this matter.

The sanctions imposed in this AWC shall be effective on a date set by FINRA.

II.

WAIVER OF PROCEDURAL RIGHTS

Respondent specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a complaint issued specifying the allegations against it;
- B. To be notified of the complaint and have the opportunity to answer the allegations in writing;

⁵ After December 2023, Stifel updated its supervisory system related to Rule 606 reporting, including by establishing supervisory reviews of the information provided to the vendor and published in the firm's Rule 606 reports. In April 2025, the firm updated its WSPs to reflect these new procedures.

- C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made, and to have a written decision issued; and
- D. To appeal any such decision to the National Adjudicatory Council (NAC) and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, Respondent specifically and voluntarily waives any right to claim bias or prejudgment of the Chief Legal Officer, the NAC, or any member of the NAC, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

Respondent further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of FINRA Rule 9143 or the separation of functions prohibitions of FINRA Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

III.

OTHER MATTERS

Respondent understands that:

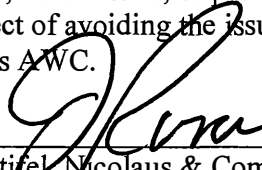
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs (ODA), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against Respondent; and
- C. If accepted:
 - 1. this AWC will become part of Respondent's permanent disciplinary record and may be considered in any future action brought by FINRA or any other regulator against Respondent;
 - 2. this AWC will be made available through FINRA's public disclosure program in accordance with FINRA Rule 8313;
 - 3. FINRA may make a public announcement concerning this agreement and its subject matter in accordance with FINRA Rule 8313; and
 - 4. Respondent may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying,

directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. Respondent may not take any position in any proceeding brought by or on behalf of FINRA, or to which FINRA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects Respondent's right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party. Nothing in this provision affects Respondent's testimonial obligations in any litigation or other legal proceedings.

- D. Respondent may attach a corrective action statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondent understands that it may not deny the charges or make any statement that is inconsistent with the AWC in this statement. This statement does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA.

The undersigned, on behalf of Respondent, certifies that a person duly authorized to act on Respondent's behalf has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that Respondent has agreed to the AWC's provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth in this AWC and the prospect of avoiding the issuance of a complaint, has been made to induce Respondent to submit this AWC.


8/5/25
Date


Stifel, Nicolaus & Company, Incorporated
Respondent

Print Name: JOSEPH ROSA

Title: Deputy General Counsel

Reviewed by:



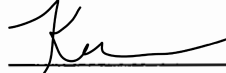
Jeff Kern
Counsel for Respondent
SheppardMullin
30 Rockefeller Plaza
New York, NY 10112-0015

Accepted by FINRA:

Signed on behalf of the
Director of ODA, by delegated authority

8/14/2025

Date



Katherine Wyman
Principal Counsel
FINRA
Department of Enforcement
100 Pine Street, Suite 1800
San Francisco, CA 94111