

**ADMINISTRATIVE PROCEEDING
BEFORE THE
SECURITIES COMMISSIONER OF SOUTH CAROLINA**

I. PRELIMINARY STATEMENT

WHEREAS, pursuant to the authority granted to the Securities Commissioner of South Carolina (the “Securities Commissioner”) under the South Carolina Uniform Securities Act of 2005, S.C. Code Ann. § 35-1-101, *et seq.*, and the regulations and rules promulgated thereunder (collectively, the “Act”), and delegated to the Securities Division of the Office of the Attorney General of the State of South Carolina (the “Division”) by the Securities Commissioner, and after investigation, the Division hereby finds that there is good cause, and it is in the public interest to enter into this Consent Order with Stifel, Nicolaus & Company, Inc. (the “Respondent” or “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 Consent Order;

WHEREAS, as the result of a coordinated investigation, the Division concluded that the Respondent charged unreasonable commissions on certain low principal equity transactions;

WHEREAS, nationwide, the Respondent charged unreasonable commissions on approximately 45,352 equity transactions over a five-year period which totaled \$885,480.13;

WHEREAS, the acts and practices that are the subject of this Consent Order occurred while the Respondent was registered as a broker-dealer in South Carolina;

WHEREAS, without admitting or denying the Findings of Fact and Conclusions of Law set forth below, except as to the jurisdiction of the Securities Commissioner over the Respondent and the subject matter of this proceeding, which are admitted, the Respondent, having been advised of its right to counsel, expressly consents to the entry of this Consent Order, which resolves the allegations against it set forth herein; and

WHEREAS, the Respondent elects to waive permanently any right to a hearing and appeal under S.C. Code Ann. § 35-1-609, with respect to this Consent Order.

NOW, THEREFORE, the Securities Commissioner, as administrator of the Act, hereby enters this Consent Order:

II. JURISDICTION

1. The Securities Commissioner has jurisdiction over this matter pursuant to S.C. Code Ann. § 35-1-601(a).

III. RELEVANT PERIOD

2. Except as otherwise expressly stated, the conduct described herein occurred between May 1, 2020, and April 30, 2025 (the “Relevant Period”).

IV. RESPONDENT

3. Stifel is a broker-dealer registered in South Carolina with a main address of 501 North Broadway, St. Louis, Missouri. Stifel is identified by Financial Industry Regulatory Authority (“FINRA”) Central Registration Depository (“CRD”) number 793.

V. 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 Period, Stifel charged commissions to thousands of retail brokerage customers on equity transactions in low principal amount transactions.

5. During the Relevant 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.

6. 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.

7. 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.”

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

9. The Act prohibits Stifel from charging unreasonable commissions for services performed.

10. 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.

11. During the Relevant Period, Stifel executed 700 equity transactions in South Carolina, which included unreasonable commissions for services performed (i.e. in excess of 5% of the principal trade amount) and totaled \$13,880.49.

12. 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

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

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

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

16. 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."

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

18. As a result, Stifel failed to adequately supervise low principal equity transactions where the Minimum Equity Commission was in excess of 5%.

VI. CONCLUSIONS OF LAW

19. Paragraphs 1 through 18 are incorporated by reference as though fully set forth herein.

20. Pursuant to S.C. Code Ann. § 35-1-412(d)(9), it is a violation of the Act for a registered broker-dealer firm to fail to establish and maintain a system to reasonably supervise its agents.

21. Stifel's acts and practices, as described above, constitute a violation of S.C. Code Ann. § 35-1-412(d)(9).

22. The foregoing violations of the Act set forth above provide the basis for this Consent Order pursuant to S.C. Code Ann. §§ 35-1-412(c) and 35-1-604(a)(1).

23. This Consent Order is appropriate and in the public interest, pursuant to the Act.

VII. ORDER

On the basis of the Findings of Fact, Conclusions of Law, and Stifel's express consent to the entry of this Consent Order, IT IS HEREBY ORDERED:

24. Stifel shall permanently **CEASE AND DESIST** from conduct in violation of the Act.

25. Stifel is **CENSURED** by the Securities Commissioner.

26. Stifel shall provide restitution in an amount of no less than \$13,880.49 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 South Carolina customers, plus interest in the amount of 6% from the date of the transaction to May 21, 2025. Stifel agrees to provide restitution within sixty (60) days of execution of this Consent Order.

27. 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.

28. Stifel shall provide a notice of restitution (the "Notice Letter") to customers on terms not unacceptable to Massachusetts, Montana, Missouri, Alabama, Washington, Texas, and Iowa (the "Multi-state Group") 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 Division with a list of all South Carolina residents for whom Stifel receives a Notice Letter as returned to sender or otherwise

undeliverable (“Undeliverable South Carolina Residents”). To the extent the Division has access to different address information, Stifel shall mail a second Notice Letter to each Undeliverable South Carolina Resident within thirty (30) days of the Division’s providing such different address.

29. Within forty-five (45) days of the mailing of the Notice Letter, Stifel shall prepare, and submit to the Division, a report detailing the restitution paid pursuant to this Consent Order, which shall include dates, amounts, and methods of the transfer of funds for all restitution payments.

30. Stifel shall pay an administrative fine in the amount of \$20,000 to the Division within fifteen (15) days following the date of entry of this Consent Order. Payment shall be transmitted electronically to the Division, which will provide detailed ACH transfer instructions upon request.

31. 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 Consent Order.

32. 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 Consent Order.

33. 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 Consent Order, Stifel shall provide written notice to the Division within five (5) days of the date of the petition.

34. Any fine, penalty, and/or money that Stifel shall pay in accordance with this Consent Order is intended by Stifel and the Division 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).

35. Upon the issuance of this Consent Order by the Division, if Stifel fails to materially comply with any of the terms set forth in this Consent Order, the Securities Commissioner may vacate this Consent Order.

36. For good cause shown, the Division 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 Division.

VIII. WAIVER

37. Stifel hereby waives all rights to contest a Consent Order entered by the Securities Commissioner pursuant to this offer, including, but not limited to, (A) the right to contest whether this Consent Order is fair, reasonable, and/or in the public interest, (B) the right to contest this Consent Order's Findings of Fact, and (C) the right to contest this Consent 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.

IX. NO DISQUALIFICATION

38. This Consent Order waives any disqualification in South Carolina's 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. This Consent Order is not intended to be a final order based upon violations of the Act that prohibit fraudulent, manipulative, or deceptive conduct. This Consent 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 Consent 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 Consent 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 Division to enforce the obligations of this Consent Order, any acts performed or documents executed in furtherance of this Consent 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.

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

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

ENTERED, this the 5th day of January, 2026


ALAN WILSON
Securities Commissioner
State of South Carolina

The Securities Division of the Office of the South Carolina Attorney General consents to the above Consent Order:

By: JB Williams
Jonathan B. Williams
Assistant Deputy Attorney General

Date: 1/5/2026

Respondent Stifel, Nicolaus & Company, Inc. consents to the terms of the above Consent Order:

STIFEL, NICOLAUS & COMPANY, INC. by:

Signature: J. R. Rosa

Print Name: JOSEPH ROSA

Title: Deputy General Counsel

Dated: January 5, 2026