



COMMONWEALTH OF KENTUCKY
PUBLIC PROTECTION CABINET
DEPARTMENT OF FINANCIAL INSTITUTIONS

Kentucky Department of Financial Institutions

Complainant

v.

Stifel, Nicolaus & Company, Inc.

Defendant

DFI Administrative
Action No.:

2025-DFI-0146

**Administrative
Consent Order**

BEFORE MARNI ROCK GIBSON, COMMISSIONER

Pursuant to the authority granted to the Commissioner of the Kentucky Department of Financial Institutions (“the Commissioner” and “the Department”) under the Securities Act of Kentucky, Kentucky Revised Statutes (“KRS”) ch. 292 (“Securities Law”), and after investigation, careful review, and due consideration of the facts and statutory provisions set forth below, the Commissioner 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 Department concluded that Stifel charged unreasonable commissions on certain low principal equity transactions. Nationwide, Stifel charged unreasonable commissions on approximately 45,352 equity transactions over a five-year period from May 1, 2020 to April 30, 2025 (“Relevant Time

Period”) totaling \$885,480.13. Stifel in full settlement of these matters neither admits nor denies the Findings of Facts as set forth in Section III, and neither admits nor denies the Conclusions of Law set out in Section IV.

I. JURISDICTION

1. The Department has jurisdiction pursuant to KRS 292.500.
2. This Order is entered in accordance with KRS 292.470 and 292.500.
3. The acts and practices that are the subject of this Order occurred while Stifel was registered as a broker-dealer in Kentucky.

II. RESPONDENT

4. Stifel is a broker-dealer registered in Kentucky 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**
5. During the Relevant Time Period, Stifel charged commissions to thousands of retail brokerage customers on equity transactions in low principal amount transactions.

6. During the Relevant Time Period, Stifel 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.

7. 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.

8. 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.”

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

10. The Securities Law prohibits Stifel from charging unreasonable commissions for services performed.

11. 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.

12. During the Relevant Time Period, Stifel executed 375 equity transactions in Kentucky, which included an unreasonable commission for services performed (i.e. in excess of 5% of the principal trade amount) totaling \$8,020.53.

13. 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

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

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

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

17. 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."

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

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

IV. CONCLUSIONS OF LAW

20. The preceding paragraphs are incorporated by reference as though set forth verbatim herein.

21. Pursuant to KRS 292.337(2)(k) and 808 Kentucky Administrative Regulations (“KAR”) 10:030, Sections 3(2) and 4(1), it is a violation of the Securities Law for a registered broker-dealer firm to fail to establish and maintain a system to reasonably supervise its agents.

22. Stifel’s acts and practices, as described above, constitute a violation of 808 KAR 10:030, Sections 3(2) and 4(1).

V. ORDER

23. On the basis of the Findings of Fact, Conclusions 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 808 KAR 10:030, Sections 3(2) and 4(1), as described herein;
- B. Stifel is censured by the Department;
- C. Stifel shall provide restitution in an amount of no less than \$8,020.53, 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 Kentucky customers set forth in Exhibit A, 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 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 Department with a list of all Kentucky residents for whom Stifel receives a Notice Letter as returned to sender or otherwise undeliverable ("Undeliverable Kentucky Residents"). To the extent the Department has access to different address information, Stifel shall mail a second Notice Letter to each Undeliverable Kentucky Resident within thirty (30) days of the Department providing such different address;
- F. Within forty-five (45) days of the mailing of the Notice Letter, Stifel shall prepare, and submit to the Department 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 fine in the amount of \$20,000 to the Department within fifteen (15) days following the date of entry of this Order. Payment shall be in the form of an ACH payment made via secure website, pursuant to instructions provided to counsel for Stifel by the Department, or via certified check or money order made payable to “Kentucky State Treasurer” and mailed to:

Kentucky Department of Financial Institutions
Securities Division
2024-AH-0146
500 Mero Street
2 SW 19
Frankfort, Kentucky 40601

- 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 Commissioner 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 Department 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 Commissioner, if Stifel fails to materially comply with any of the terms set forth in this Order, the Commissioner 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 Commissioner 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 Commissioner 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:

Commissioner Marni Rock Gibson
Kentucky Department of Financial Institutions
500 Mero Street
2 SW 19
Frankfort, Kentucky 40601

VI. WAIVER

24. Stifel hereby waives all rights to contest an Order entered by the Commissioner pursuant to this offer, 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 Securities Law.


VI. NO DISQUALIFICATION

25. This Order waives any disqualification in Kentucky'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 Order is not intended to be a final order based upon violations of the Securities Law 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 Department 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.

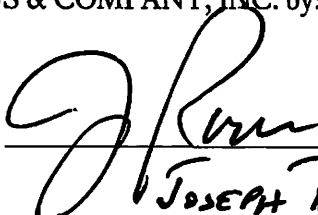
26. This Order shall be binding upon Stifel and its successors and assigns, as well as to successors and assigns of relevant affiliates, with respect to all conduct subject to the provisions above and all future obligations, responsibilities, undertakings, commitments, limitations, restrictions, events,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

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

SIGNED AND ENTERED BY the Commissioner of the Kentucky Department of Financial Institutions this 13th day of April, 2026.


MARNI ROCK GIBSON
Commissioner
Kentucky Department of Financial Institutions

STIFEL, NICOLAUS & COMPANY, INC. by:

Signature: 
Print Name: JOSEPH ROSA
Title: DEPUTY GENERAL COUNSEL
Dated: 3/23/26