

STATE OF NORTH DAKOTA

NORTH DAKOTA INSURANCE AND SECURITIES DEPARTMENT

IN THE MATTER OF:)
)
) **CONSENT ORDER**
)
 STIFEL, NICOLAUS & COMPANY, INC.,) Case No. SO-25-911
) 25-2017
)
)
 Respondent.)

Pursuant to the authority granted to the North Dakota Insurance Commissioner (“Commissioner”), under the Securities Act, North Dakota Century Code (“N.D.C.C”) Chapter 10-04, (the “Act”), and the regulations promulgated thereunder at Title 73 of the North Dakota Administrative Code, (the “Regulations”), and after investigation, careful review, and due consideration of the facts and statutory provisions set forth below, the North Dakota Insurance 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” or “Respondent”), 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 North Dakota Insurance & Securities Department (“Department”) concluded that Respondent charged unreasonable commissions on certain low principal equity transactions. Nationwide, Respondent 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”). Respondent 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 the Act and the Regulations.
2. This Order is entered in accordance with the Act and the Regulations.
3. The acts and practices that are the subject of this Order occurred while Respondent was registered as a broker-dealer in North Dakota.

II. RESPONDENT

4. Stifel is a broker-dealer registered in North Dakota 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. Respondent'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, Respondent charged commissions to thousands of retail brokerage customers on equity transactions in low principal amount transactions.
6. During the Relevant Time 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.
7. 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.

8. 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."

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

10. The Act and the Regulations prohibit Respondent 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, Respondent executed 638 equity transactions in North Dakota, which included an unreasonable commission for services performed (i.e. in excess of 5% of the principal trade amount) totaling \$12,145.58.

13. Numerous equity transactions executed by Respondent included a commission well in excess of 5% of the principal value of the transaction.

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

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

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

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

17. 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."

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

19. As a result, Respondent 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 N.D.C.C. § 10-04-11(1)(m), it is a violation of the North Dakota Securities Act for a registered broker-dealer firm to fail to establish and maintain a system to reasonably supervise its agents.

22. Respondent's acts and practices, as described above, constitute a violation of N.D.C.C. § 10-04-11(1)(m).

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. Respondent shall permanently cease and desist from conduct in violation of Section 10-04-11(1)(m) of the Act, as described herein;

- B. Respondent is censured by the Commissioner pursuant to the provisions of N.D.C.C. §§ 10-04-11(1)(m) and 10-04-16(1);
- C. Respondent shall provide restitution in an amount of no less than \$12,145.58 constituting 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 North Dakota customers set forth in Exhibit A, plus interest in the amount of six percent (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;
- 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. Respondent 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, Respondent shall provide the Department with a list of all North Dakota residents for whom Respondent receives a Notice Letter as returned to sender or otherwise undeliverable ("Undeliverable North Dakota Residents"). To the extent the Department has access to different address information, Respondent shall mail a second

Notice Letter to each Undeliverable North Dakota Resident within thirty (30) days of the Department providing such different address;

- F. Within forty-five (45) days of mailing of the Notice Letter, Respondent 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. Respondent shall pay an administrative fine in the amount of \$20,000 to the North Dakota Insurance & Securities Department within fifteen (15) days: (i) following the date of entry of this Order; or (ii) following Stifel's receipt of the necessary payment documentation and instructions to be provided by the Department; payment is to be made by automated clearing house ("ACH") transfer, wire transfer, or other method of payment as is agreed upon by all parties, whichever is later.
- H. 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;
- I. 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;
- J. 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 Department within five (5) days of the date of the petition;

- K. Any fine, penalty, and/or money that Respondent shall pay in accordance with this Order is intended by Respondent and the Department 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);
- L. Upon the issuance of this Order by the Department, if Respondent 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 Respondent has not complied with this Order, the Commissioner may move to have this Order declared null and void, in whole or in part, and reinstitute the associated proceeding that had been brought against Respondent; and
- M. For good cause shown, Department 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 Department.

VI. WAIVER

24. Respondent 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.

Respondent further waives the procedural due process right to a hearing, all procedural rights, and the right to seek judicial review of this Order under N.D.C.C. §§ 10-04-12 and 28-32-21 with respect to the entry of this Consent Order.

VII. NO DISQUALIFICATION

25. This Order waives any disqualification in the North Dakota laws, or rules or regulations thereunder, including any disqualification from relying upon the registration exemptions or safe harbor provisions to which Respondent may be subject. This Order is not intended to be a final order based upon violations of the Act 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 Respondent in any civil, criminal, arbitration, or administrative proceeding in any court, administrative agency, or tribunal.

26. 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 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 North Dakota without regard to any choice of law principles.

IN TESTIMONY WHEREOF, witness my hand and seal this 24th of February, 2026.





Jon Godfread, Insurance Commissioner
North Dakota Insurance & Securities Department
600 East Boulevard Avenue
State Capitol – Fifth Floor
Bismarck, North Dakota 58505
(701) 328-2440

CONSENT TO ENTRY OF ADMINISTRATIVE ORDER BY RESPONDENT

Stifel, Nicolaus & Company, Inc. hereby acknowledges that it has been served with a copy of this Order, has read the foregoing Order, is aware of its right to a hearing and appeal in this matter, and has waived the same.

Stifel, Nicolaus & Company, Inc. admits the jurisdiction of the North Dakota Insurance & Securities Department, neither admits nor denies the Findings of Facts and Conclusions of Law contained in this Order, and consents to entry of this Order by the North Dakota Insurance Commissioner as settlement of the issues contained in this Order.

Stifel, Nicolaus & Company, Inc. agrees that it shall not claim, assert, or apply for a tax deduction or tax credit with regard to any state, federal, or local tax for any payment that shall be made pursuant to this Order.

Stifel, Nicolaus & Company, Inc. states that no promise of any kind or nature whatsoever was made to it to induce it to consent to this Order and that it has consented to this Order voluntarily.

Dated this 18th day of February, 2026.

STIFEL, NICOLAUS & COMPANY, INC. by:

Signature: _____



Print Name: _____

Joseph Rosen

Title: _____

Deputy General Counsel