

NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT

20050016439-01

TO: Department of Market Regulation
NASD

RE: Stifel, Nicolaus & Co., Inc., Respondent
Broker-Dealer
CRD No. 793

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

The firm understands that:

1. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by NASD's Department of Market Regulation and National Adjudicatory Council ("NAC") Review Subcommittee or Office of Disciplinary Affairs, pursuant to NASD Rule 9216;
2. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against the firm; and
3. If accepted:
 - a. this AWC will become part of the firm's permanent disciplinary record and may be considered in any future actions brought by NASD against the firm;
 - b. this AWC will be made available through NASD's public disclosure program in response to public inquiries about the firm's disciplinary record;
 - c. NASD may make a public announcement concerning this agreement and the subject matter thereof in accordance with NASD Rule 8310 and IM-8310-3; and
 - d. the firm 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. Nothing in this provision affects the firm's testimonial obligations or right to take legal positions in litigation in which NASD is not a party.

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REGISTRATION & DISCLOSURE

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The firm also understands that the firm's experience in the securities industry and the firm's disciplinary history may be factors that will be considered in deciding whether to accept this AWC.

Stifel, Nicolaus & Co., Inc. became a member of NASD in 1971, and its registration remains in effect. In January 28, 2005, the firm was censured and fined \$20,000 for violations of the Limit Order Display and other NASD rules.

I.

WAIVER OF PROCEDURAL RIGHTS

The firm specifically and voluntarily waives the following rights granted under NASD's Code of Procedure:

- A. To have a Formal Complaint issued specifying the allegations against the firm;
- B. To be notified of the Formal Complaint and have the opportunity to answer the allegations in writing;
- 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 NAC and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, the firm specifically and voluntarily waives any right to claim bias or prejudgment of the General Counsel, 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 acceptance, or rejection of this AWC.

The firm further specifically and voluntarily waives any right to claim that a person violated the *ex parte* prohibitions of Rule 9143 or the separation of functions prohibitions of 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.

II.

ACCEPTANCE AND CONSENT

This matter arose from the staff's review of the firm's compliance with the limit order display rule for the periods January 1, 2005, through March 31, 2005, and October 1, 2005, through December 31, 2005.

A. The firm hereby accepts and consents, without admitting or denying the findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of NASD or to which NASD is a party, prior to a hearing and without any adjudication of any issue of law or fact, to the entry of the following findings by NASD:

1. On 159 occasions during the periods January 1, 2005, through March 31, 2005, and October 1, 2005, through December 31, 2005, the firm failed to display immediately customer limit orders in Nasdaq securities in its public quotation, when each such order was at a price that would have improved the firm's bid or offer in each such security; or when the order was priced equal to the firm's bid or offer and the national best bid or offer for each such security, and the size of the order represented more than a *de minimis* change in relation to the size associated with the firm's bid or offer in each such security. The conduct described in this paragraph constitutes separate and distinct violations of SEC Rule 604 of Regulation NMS.

B. The firm also consents to the imposition, at a maximum, of the following sanctions:

a censure; and

a \$10,000 fine.

The sanctions imposed herein shall be effective on a date set by NASD staff.

III.

OTHER MATTERS

A. The firm understands that it 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 findings or make any statement that is inconsistent with the AWC in this Statement. This

Statement does not constitute factual or legal findings by NASD, nor does it reflect the views of NASD or its staff.

- B. The firm agrees to pay any monetary sanctions imposed on it upon notice that this AWC has been accepted and that such payments are due and payable, and has attached the Election of Payment form showing the method by which the firm proposes to pay any fine imposed.
- C. The firm specifically and voluntarily waives any right to claim that it is unable to pay, now or at any time hereafter, any monetary sanction imposed in this matter.

The firm certifies that the firm has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it, and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein, has been made to induce the firm to submit it.

Stifel, Nicolaus & Co., Inc., Respondent

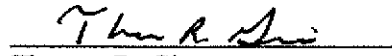
7/16/07
Date

By: 
Name: JAMES M. ZEMLYAK
Title: SENIOR VICE PRESIDENT - COO


Counsel for the firm

Accepted by NASD:

8/20/07
Date


Thomas R. Gira
Executive Vice President
Department of Market Regulation
Signed by delegated authority on behalf of
the Director of ODA

Attachment: Standard Election of Payment Form