

NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20060039884-01

To: Department of Enforcement
NASD

Re: Stifel, Nicolaus & Company, Incorporated
Member (CRD No. 793)

Pursuant to NASD Procedural Rule 9216, Stifel, Nicolaus & Company, Inc. (Stifel) 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 Stifel alleging violations based on the same factual findings.

Stifel 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 Enforcement and the National Adjudicatory Council (NAC) Review Subcommittee or the Office of Disciplinary Affairs (ODA), pursuant to NASD Procedural Rule 9216;
2. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against Stifel; and
3. If accepted:
 - a. this AWC will become part of Stifel's permanent disciplinary record and may be considered in any future actions brought by NASD or any other regulator against Stifel;
 - b. this AWC will be made available through NASD's public disclosure program in response to public inquiries about Stifel'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-8310-2; and
 - d. Stifel 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 findings in this AWC or create the impression that the AWC is without factual basis. Nothing in this provision affects Stifel's testimonial obligations or right to take legal or factual positions in litigation or other legal proceedings in which NASD is not a party.

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Stifel also understands that its experience in the securities industry and disciplinary history may be factors that will be considered in deciding whether to accept this AWC. That experience and history are as follows:

Stifel has been an NASD member since October 1936. Stifel conducts a general securities business from its main office located in St. Louis, Missouri. Stifel has been the subject of prior NASD disciplinary action for violations of MSRB G-36. See AWC No. E0420040111-01, issued on September 2, 2005, wherein Stifel was fined \$5,000 for G-36 violations.

I. WAIVER OF PROCEDURAL RIGHTS

Stifel 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 Stifel;
- 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.

Furthermore, Stifel 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.

In addition, Stifel specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of NASD Procedural Rule 9143 or the separation of functions prohibitions of NASD Procedural 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

- A. Stifel 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 an adjudication of any issue of law or fact, to the entry of the following findings by NASD:
1. From October 1, 2004 through December 31, 2005, Stifel acted as an underwriter in primary offerings of municipal securities and was required to file or cause to be filed G-36 forms with the Municipal Securities Rulemaking Board (MSRB) in connection with those offerings.
 2. During this time period, Stifel submitted 294 G-36 forms with the MSRB. Stifel failed to submit twenty of these forms in a timely manner. Through this conduct, Stifel violated MSRB Rule G-36.
 3. Stifel also failed to establish and maintain a supervisory system that was reasonably designed to achieve compliance with the filing requirements of MSRB Rule G-36. Through this conduct, Stifel violated MSRB Rule G-27.
- B. Stifel also consents to the imposition, at a maximum, of the following sanctions:
1. A censure; and
 2. fine of \$15,000.

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

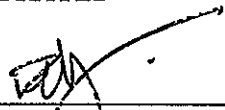
III. OTHER MATTERS

- A. Stifel understands that it may attach a Corrective Action Statement to this AWC, which is a statement by Stifel of demonstrable corrective steps taken to prevent future misconduct. Stifel 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 NASD, nor does it reflect the views of NASD or its staff.
- B. Stifel 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 an Election of Payment form showing the method by which it proposes to pay any fine imposed.
- C. Stifel 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.

Stifel 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 & COMPANY,
INCORPORATED**

Date: 3/1/07

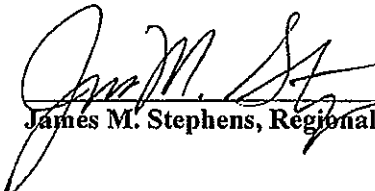
By: 
James R. Kruszewski, Chief Executive Officer
Rouner

Reviewed by:


Counsel for Stifel

Accepted by NASD:

3-7-07
Date


James M. Stephens, Regional Counsel
NASD District Director

Thomas D. Clough
120 West 12th Street, Suite 800
Kansas City, MO 64105
(816) 802-4700