

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20110292929-01**

TO: Department of Market Regulation
Financial Industry Regulatory Authority ("FINRA")

RE: Stifel, Nicolaus & Company, Incorporated, Respondent
Broker/Dealer
CRD No. 793

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

I.

ACCEPTANCE AND CONSENT

- 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 FINRA, or to which FINRA 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 FINRA:

BACKGROUND

The firm has been a member of FINRA since October 13, 1936, and its registration remains in effect. The firm has no prior relevant disciplinary history.

SUMMARY

In Review No. 20110292929, the staff of FINRA's Department of Market Regulation ("the staff") conducted a Trade Through Halt Sweep during the review period January 1, 2009 through June 30, 2011.

In Review No. 20120308590, the staff reviewed the firm's compliance with TRACE requirements for agency bond new issue offerings during the review period May 10, 2011 through September 30, 2011.

FACTS AND VIOLATIVE CONDUCT

In connection with Review No. 20110292929:

1. During the review period, the firm effected 27 transactions in 24 securities while a trading halt was in effect with respect to each of the securities. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 3340 (for conduct prior to December 14, 2009), FINRA Rule 5260 (for conduct on or after December 14, 2009), and FINRA Rule 2010.

In connection with Review No. 20120308590:

2. During the review period, the firm, as managing underwriter, failed to report 22 new issue offerings in TRACE-eligible agency debt securities to FINRA according to the time frames set forth in FINRA Rule 6760(c). These 22 offerings constituted 12.79% of the new issue submissions in TRACE-eligible agency debt securities that the firm submitted to FINRA during the review period. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6760(c).
3. During the review period, the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to FINRA Rule 6760. Specifically, the Firm's supervisory system did not include written supervisory procedures ("WSPs") providing for: (1) the identification of the person(s) responsible for supervision with respect to the rule; (2) a statement of the supervisory step(s) to be taken by the identified person(s); (3) a statement as to how often such person(s) should take such step(s); and (4) a statement as to how the completion of the step(s) included in the WSPs should be documented. The conduct described in this paragraph constitutes violations of NASD Rule 3010 and FINRA Rule 2010.

B. The firm also consents to the imposition of the following sanctions:

- A censure;
- A fine of \$22,500 (\$7,500 for the Trade Through Halt violations from Review No. 20110292929; \$10,000 for the TRACE New Issues reporting violations from Review No. 20120308590; and \$5,000 for the supervisory violations from Review No. 20120308590); and
- An undertaking to revise the firm's WSPs with respect to the subject area described above in paragraph I.A.3. Within 30 business days of acceptance of this AWC by the National Adjudicatory Council ("NAC"), a registered principal of the firm shall submit to the **COMPLIANCE ASSISTANT, LEGAL SECTION, MARKET REGULATION**

DEPARTMENT, 9509 KEY WEST AVENUE, ROCKVILLE, MD 20850, a signed, dated letter, or an e-mail from a work-related account of the registered principal to MarketRegulationComp@finra.org, providing the following information: (1) a reference to this matter; (2) a representation that the firm has revised its WSPs to address the deficiencies described above in paragraph I.A.3.; and (3) the date the revised procedures were implemented.

The firm agrees to pay the monetary sanctions upon notice that this AWC has been accepted and that such payments are due and payable. It has submitted an Election of Payment form showing the method by which it proposes to pay the fine imposed.

The firm specifically and voluntarily waives any right to claim that the firm is unable to pay, now or at any time hereafter, the monetary sanctions imposed in this matter.

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

II.

WAIVER OF PROCEDURAL RIGHTS

The firm specifically and voluntarily waives the following rights granted under FINRA'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 National Adjudicatory Council ("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 FINRA Rule 9143 or the separation of functions prohibitions of FINRA 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.

III.

OTHER MATTERS

The firm understands that:

- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs, pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against the firm;
- C. If accepted:
 - 1. this AWC will become part of the firm's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against the firm;
 - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about the firm's disciplinary record;
 - 3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 8313;
 - 4. 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. The firm may not take any position in any proceeding brought by or on behalf of FINRA, or to which FINRA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects the firm's: (i) testimonial obligations or (ii) right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

- D. The firm may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. The firm 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 FINRA, nor does it reflect the views of FINRA or its staff.

The undersigned, on behalf of the firm, certifies that a person duly authorized to act on its behalf has read and understood all of the provisions to this AWC and has been given a full opportunity to ask questions about it; that it has agreed to the AWC's provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce the firm to submit it.

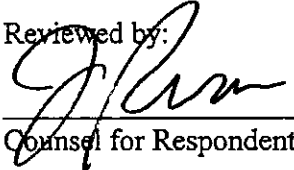
2-6-14
Date

Stifel, Nicolaus & Company, Incorporated

By: 

Name: JOSEPH ROSA

Title: Deputy General Counsel

Reviewed by: 

Counsel for Respondent

Accepted by FINRA:

February 27, 2014
Date


James J. Nixon

Chief Counsel

Market Regulation

Signed on behalf of the Director of ODA,
by delegated authority