

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2022073887801**

TO: Department of Enforcement
Financial Industry Regulatory Authority (FINRA)

RE: Piper Sandler & Co. (Respondent)
Member Firm
CRD No. 665

Pursuant to FINRA Rule 9216, Respondent Piper Sandler & Co. (Piper Sandler) 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 Respondent alleging violations based on the same factual findings described in this AWC.

**I.
ACCEPTANCE AND CONSENT**

- A. Respondent accepts and consents to the following findings by FINRA without admitting or denying them:

BACKGROUND

Piper Sandler, a FINRA member since October 1936, is a full-service investment banking firm and broker-dealer that conducts, among other things, a municipal securities business. The firm has been registered with the Municipal Securities Rulemaking Board (MSRB) since January 1976, is headquartered in Minneapolis, MN and has approximately 1,300 registered representatives working in 58 branch offices throughout the United States.¹

In July 2016, Piper Sandler was censured and fined \$12,500. The firm violated MSRB Rule G-32(b) when it failed to timely submit 23 documents to the Electronic Municipal Market Access database, and also violated MSRB Rule G-27(c) by failing to adopt, maintain, and enforce written supervisory procedures (WSPs) reasonably designed to ensure that the conduct of the municipal securities activities of the firm and its associated persons were in compliance with Rule G-32.

OVERVIEW

From July 2021 to March 2022, Piper Sandler violated MSRB Rules G-2 and G-3 by permitting an associated person to engage in activities requiring qualification as a

¹ For more information about the firm, including prior regulatory events, visit BrokerCheck® at www.finra.org/brokercheck.

municipal securities representative when that individual was not qualified to act in that capacity.

During the same period, Piper Sandler also violated MSRB Rule G-27 by failing to establish and maintain a supervisory system, including WSPs, to supervise the municipal securities activities of each registered representative, registered principal, and other associated persons that was reasonably designed to ensure compliance with MSRB Rules G-2 and G-3.

FACTS AND VIOLATIVE CONDUCT

This matter originated from a cause examination conducted by FINRA's Department of Member Supervision.

Piper Sandler permitted an associated person to engage in activities for which the associated person was not qualified.

MSRB Rule G-2 provides that "[n]o broker, dealer or municipal securities dealer shall effect any transaction in, or induce or attempt to induce the purchase or sale of, any municipal security, and no municipal advisor shall engage in municipal advisory activities, unless such broker, dealer, municipal securities dealer or municipal advisor and every natural person associated with such broker, dealer, municipal securities dealer or municipal advisor is qualified in accordance with the rules of the Board."

MSRB Rule G-3(a)(i)(A) defines "municipal securities representative" as "a natural person associated with a broker, dealer or municipal securities dealer, other than a person whose functions are solely clerical or ministerial, whose activities include . . . underwriting, trading or sales of municipal securities."

MSRB Rule G-3 also provides that a municipal securities representative is not qualified, for purposes of Rule G-2, until the individual has taken and passed, among others, the Municipal Securities Representative Qualification Examination (the Series 52TO).

From July 2021 to March 2022, Piper Sandler permitted an associated person to engage in activities that required qualification as a municipal securities representative when that individual was not qualified to act in that capacity. Specifically, in connection with one municipal bond offering for which Piper Sandler acted as underwriter, the associated person provided advice and represented the firm in meetings or calls with the issuer and municipal advisor. During that period, the associated person had not passed the Series 52TO.

Therefore, Piper Sandler violated MSRB Rules G-2 and G-3.

Piper Sandler's supervisory systems and WSPs were not reasonably designed to ensure compliance with MSRB Rules relating to qualification requirements.

MSRB Rule G-27 requires brokers, dealers and municipal securities dealers to establish and maintain a supervisory system, including written procedures, to supervise the conduct of their municipal securities activities to ensure compliance with MSRB rules

and applicable provisions of the Securities Exchange Act of 1934 and Exchange Act rules.

From July 2021 to March 2022, Piper Sandler's supervisory system and WSPs were not reasonably designed to ensure compliance with MSRB Rules G-2 and G-3. The WSPs tasked the firm's supervisors with ensuring that associated persons maintained the registrations required for their job functions and did not engage in activities inconsistent with their qualifications. However, the WSPs did not provide supervisors with guidance on how to carry out these responsibilities, and Piper Sandler did not provide supervisors access to systems reflecting associated persons' testing, licensing or registration information. The firm also failed to establish a supervisory system reasonably designed to ensure that an associated person's job responsibilities aligned with that person's municipal securities qualifications.

In March 2022, Piper Sandler established a supervisory system for monitoring the registrations of its associated persons. Piper Sandler also adopted WSPs requiring compliance to provide supervisors with monthly updates on associated persons' testing, licensing and qualification status. Piper Sandler's WSPs also require supervisors to monitor compliance with MSRB Rules G-2 and G-3 by preparing written memoranda outlining permissible and impermissible activities applicable to associated persons' qualifications under those Rules, and conducting monthly reviews of activities conducted by associated persons whose qualifications are pending.

By failing to establish and maintain a supervisory system, including WSPs, to supervise the conduct of its municipal securities activities to ensure compliance with MSRB Rules G-2 and G-3, Piper Sandler violated MSRB Rule G-27.

B. Respondent also consents to the imposition of the following sanctions:

- a censure and
- a \$25,000 fine.

Respondent agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. Respondent has submitted an Election of Payment form showing the method by which it proposes to pay the fine imposed.

Respondent specifically and voluntarily waives any right to claim an inability to pay, now or at any time after the execution of this AWC, the monetary sanction imposed in this matter.

The sanctions imposed in this AWC shall be effective on a date set by FINRA.

II. WAIVER OF PROCEDURAL RIGHTS

Respondent specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a complaint issued specifying the allegations against it;
- B. To be notified of the 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, Respondent specifically and voluntarily waives any right to claim bias or prejudgment of the Chief Legal Officer, 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 its acceptance or rejection.

Respondent 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

Respondent 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 (ODA), 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 Respondent; and
- C. If accepted:
 - 1. this AWC will become part of Respondent's permanent disciplinary record and may be considered in any future action brought by FINRA or any other regulator against Respondent;
 - 2. this AWC will be made available through FINRA's public disclosure program in accordance with FINRA Rule 8313;
 - 3. FINRA may make a public announcement concerning this agreement and its subject matter in accordance with FINRA Rule 8313; and
 - 4. Respondent 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. Respondent 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 Respondent's right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party. Nothing in this provision affects Respondent's testimonial obligations in any litigation or other legal proceedings.

- D. Respondent 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 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.

The undersigned, on behalf of Respondent, certifies that a person duly authorized to act on Respondent's behalf has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that Respondent 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 in this AWC and the prospect of avoiding the issuance of a complaint, has been made to induce Respondent to submit this AWC.

July 9, 2024
Date

Frank E. Foreman IV
Piper Sandler & Co.
Respondent

Print Name: FRANK E. FOREMAN IV

Title: MANAGING DIRECTOR

Reviewed by:



Ellen Wheeler
Counsel for Respondent
Foley & Lardner LLP
321 North Clark Street, Suite 3000
Chicago, IL 60654-4762

Accepted by FINRA:

7/18/2024
Date

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



Sean Heikkila
Counsel
FINRA Department of Enforcement
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New York, NY 10281