

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2023077051701**

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. 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 & Co. has been a FINRA member since October 1936. The firm is headquartered in Minneapolis, Minnesota, and has approximately 1,400 registered representatives operating out of more than 70 branch locations.¹

OVERVIEW

Between January 2022 and December 2023, Piper Sandler published public quarterly reports on its handling of customers' orders in National Market System (NMS) securities that overstated statistical information related to options orders and failed to adequately describe its arrangements for payment for order flow and profit-sharing relationships with certain execution venues. Therefore, the firm violated Rule 606(a) of Regulation NMS and FINRA Rule 2010.

During the same period, the firm's supervisory system, including its written supervisory procedures, was not reasonably designed to achieve compliance with Rule 606(a). As a result, the firm violated FINRA Rules 3110 and 2010.

For these violations, the firm is censured and fined \$95,000.

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

FACTS AND VIOLATIVE CONDUCT

This matter originated from FINRA’s 2023 cycle examination of Piper Sandler.

1. Piper Sandler’s reports of the handling of customer orders in NMS stocks and listed options violated Regulation NMS Rule 606(a).

Rule 606 of Regulation NMS, promulgated under the Securities Exchange Act of 1934, is designed to foster greater transparency in connection with a broker-dealer’s best execution responsibilities. To that end, Rule 606 requires every broker-dealer to make publicly available each calendar quarter a report containing information on its routing of non-directed orders² in NMS securities. These disclosures are designed to help customers better understand how their firm routes and handles their orders; assess the quality of order handling services provided by their firm; and ascertain whether the firm is effectively managing potential conflicts of interest that may impact their firm’s routing decisions.

Specifically, Rule 606(a)(1) requires broker-dealers to publish quarterly reports containing statistical information regarding the routing of held, non-directed customer orders in NMS stocks and non-directed customer orders, both held and not held,³ in NMS securities that are option contracts. A customer order includes any order for the purchase or sale of an NMS security under \$200,000 or an options contract order under \$50,000, that is not placed for the broker-dealer’s own account.⁴ The reports must also include a discussion of the material aspects of the broker-dealer’s relationship with each venue identified, including a description of any arrangement for payment for order flow, any profit-sharing relationship, and any terms of such arrangements, that may influence a broker-dealer’s order routing decision.⁵

A violation of Regulation NMS Rule 606 is also a violation of FINRA Rule 2010, which requires that “[a] member, in the conduct of its business, shall observe high standards of commercial honor and just and equitable principles of trade.”

Between January 2022 and December 2023, Piper Sandler published eight Rule 606(a) reports that included inaccurate options order information with respect to not-held options orders. Specifically, due to a coding error, one of the firm’s Rule 606 reporting vendors—through which a small portion of the firm’s options orders were routed—calculated the value of certain firm options orders as if each contract was for one share of an underlying stock, when in fact a standard option contract represents 100 shares of the

² A non-directed order means any customer order other than a directed order. A directed order means a customer order that the customer specifically instructed the broker-dealer to route to a particular venue for execution. *See* Regulation NMS Rule 600(b).

³ A broker-dealer must attempt to execute a “held” order immediately, whereas “not-held” orders provide the broker-dealer with price and time discretion in handling the order.

⁴ 17 C.F.R. § 242.600(b)(30) (2024).

⁵ See Responses to Frequently Asked Questions Concerning Rule 606 of Regulation NMS (last updated June 26, 2024), available at <https://www.sec.gov/tm/faq-rule-606-regulation-nms>.

underlying stock. As a result, the firm overstated its reportable options orders, which caused inaccuracies in the statistical data related to its options orders, including order percentages and payment received or paid.

During the same period, Piper Sandler published five Rule 606(a) reports that failed to adequately disclose material aspects of its relationship with certain venues identified in its Rule 606(a) reports. Specifically, despite prior notification from FINRA regarding deficiencies in its material aspects disclosures, the firm's disclosures did not set out a complete description of its payments for order flow or the profit-sharing relationship it had with certain execution venues. In particular, Piper Sandler stated that its primary options executing broker "may" pass through fees and rebates it received on Piper Sandler's orders when in fact, it passed through the fees and rebates in full.

After the relevant period, the firm worked with its Rule 606(a) reporting vendor to correct the reporting errors, made enhancements to its material aspect disclosures, and republished certain Rule 606 reports with updated information.

By publishing quarterly reports with inaccuracies and failing to disclose complete material aspects of its routing arrangement with its options executing broker, Piper Sandler violated Regulation NMS Rule 606 and FINRA Rule 2010.

2. Piper Sandler failed to reasonably supervise its Rule 606 reporting, in violation of FINRA Rule 3110.

FINRA Rule 3110(a) requires a member firm to establish and maintain a system to supervise the activities of each associated person that is reasonably designed to achieve compliance with applicable securities laws and regulations and FINRA rules. FINRA Rule 3110(b) requires a member firm to establish, maintain, and enforce written procedures to supervise the types of business in which it engages and the activities of its associated persons that are reasonably designed to achieve compliance with applicable securities laws and regulations and FINRA rules. A violation of Rule 3110 is also a violation of FINRA Rule 2010.

From January 2022 through December 2023, Piper Sandler failed to establish and maintain a supervisory system, including written supervisory procedures, reasonably designed to achieve compliance with Rule 606(a). The firm's procedures failed to provide guidance on how supervisory reviews would be conducted or what would be reviewed. Moreover, the firm failed to conduct reasonable supervisory reviews of its Rule 606(a) reports, including by failing to reasonably review the accuracy of statistical information it obtained from one of its 606(a) reporting vendors.

After the relevant period, the firm revised its policies and procedures related to Rule 606 reporting.

By failing to reasonably supervise its Regulation NMS Rule 606 reporting, Piper Sandler violated FINRA Rules 3110 and 2010.

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

- a censure; and
- a \$95,000 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.

November 3, 2025

Date

John Geelan

Piper Sandler & Co.
Respondent

Print Name: John Geelan

Title: General Counsel

Reviewed by:

David J. Petron

David Petron
Counsel for Respondent
Sidley Austin LLP
1501 K Street N.W.
Washington, DC 20005

Accepted by FINRA:

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

November 10, 2025

Date

Matthew Wise

Matthew Wise
Counsel
FINRA
Department of Enforcement
12801 N. Central Expressway
Suite 1050
Dallas, TX 75243