

DISCLOSURE BROCHURE

March 30, 2020

This brochure provides information about the qualifications and business practices of Stifel, Nicolaus & Company, Incorporated. This brochure focuses on our fee-based financial planning services; we also offer other advisory services, including (but not limited to) advisory consulting services and wrap fee programs, which are covered in separate brochures. If you have any questions about the contents of this brochure, please contact us at the address or telephone number provided below. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”), or by any state securities authority. Additional information about Stifel, Nicolaus & Company, Incorporated is available on the SEC’s website at www.adviserinfo.sec.gov. Registration with the SEC does not imply a certain level of skill or training.

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• NOT A BANK DEPOSIT • NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY
• NO BANK GUARANTEE • MAY LOSE VALUE

STIFEL

FINANCIAL PLANNING
SERVICES

MATERIAL CHANGES

Due to the short-term nature of most fee-based financial planning engagements, we do not expect to provide another copy of the Form ADV Disclosure Brochure during your Financial Planning engagement unless there are material changes to the document we originally provided to you. In the unlikely event that your Financial Planning engagement of us spans multiple years, instead of providing an updated brochure each year, we generally provide a summary of the material changes by April 30 of each year. Because it is a summary, it does not contain all of the updates that were made to the brochure. Please read the full brochure, which is available to Clients at no charge on our website at www.stifel.com under the section "Important Disclosures," or by contacting a Financial Advisor. Please retain a copy of this brochure as it contains important information about our financial planning services. Capitalized terms used in this section have the meanings assigned to them in the main body of this brochure.

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EXECUTIVE SUMMARY

About Stifel, Nicolaus & Company

Stifel, Nicolaus & Company, Incorporated (“Stifel”) is a broker-dealer that has been registered with the SEC since 1936 and an investment adviser that has been registered with the SEC since May 7, 1975. Stifel is owned by Stifel Financial Corp., a publicly held company whose common stock trades under the symbol “SF.” Stifel is a leading full-service wealth management, investment advisory, and broker-dealer and investment banking firm, serving investment and capital needs of clients. Stifel is a member of the Financial Industry Regulatory Authority (“FINRA”), the Securities Investor Protection Corporation (“SIPC”) and various exchanges. Information about Stifel’s qualifications, business practices, portfolio management techniques, and affiliates is accessible on our website at www.stifel.com as well as via publicly available filings with the SEC at www.adviserinfo.sec.gov.

In this brochure, the pronouns “we,” “our,” “us,” and similar words will refer to Stifel. The pronouns “you,” “your,” and similar words will refer to you as the Client. References to the singular throughout this brochure include the plural and vice versa. Capitalized terms shall have the meanings assigned to them in this brochure.

Services We Provide

Our investment advisory representatives (whom we refer to as Financial Advisors) work with their clients to determine appropriate services for each client in consideration of the client’s financial goals and circumstances. Based on the services you request, our firm can provide broker-dealer services, investment advisory services, or both. We offer fee-based financial planning as an investment advisory service. Our role as investment adviser is separate from any role Stifel may play as broker-dealer. Once we deliver a finalized financial plan to you, you can decide whether to implement the recommendations in the plan via brokerage accounts, advisory programs, or a combination, depending on your needs and preferences. Most of our Financial Advisors are qualified and licensed to provide both brokerage and investment advisory services.

It is important to understand that brokerage services are separate and distinct from investment advisory services, and different laws, standards of care, and separate contracts with clients govern each. While there are similarities among brokerage and investment advisory services, our firm’s contractual relationship with, and legal duties to, clients are subject to a number of important differences depending on whether we are acting in a brokerage or investment advisory capacity.

OUR SERVICES AS AN INVESTMENT ADVISER

When we serve as investment adviser to clients, we are considered to have a fiduciary relationship with the client and are therefore held to the legal standards set forth in the Investment Advisers Act of 1940 (the “Advisers Act”), certain state laws, and common law standards applicable to fiduciaries.

These standards include the duty of care, including the obligation to have a reasonable basis for believing that our investment recommendations are suitable and consistent with each client’s stated objectives and goals, and the duty of loyalty, including the obligation to provide the client with full disclosure of material conflicts of interest. Our duties of care and loyalty differ depending on the authority that a client has granted us and the services that we have agreed to provide – for example, whether we have agreed to provide non-discretionary versus discretionary services or when we provide episodic (e.g., financial planning) versus continuous advice.

Our investment advisory agreements with clients define the services we have undertaken to provide and the related duty of care when providing those services. We can limit the duties owed to clients through disclosures (which may be verbal or in writing) – for example, through this disclosure brochure or other disclosures provided to you, we will disclose information about additional activities or compensation arrangements that we have that will impact the services that we provide to you; those disclosures will serve to limit our duty of loyalty to you, and we will take your continued willingness to engage us and your execution of the fee-based Financial Planning Agreement as your consent and authorization to engage in the activities disclosed. Additional information about our fiduciary obligations, including some of the policies and procedures that we undertake to fulfill those obligations, is available throughout this brochure, including under the section entitled “Participation or Interest in Client Transactions.”

While we provide investment advisory services to a vast array of clients (including individuals, corporations and other businesses, pension or profit sharing plans, employee benefit plans, trusts, estates, charitable organizations, state and municipal government entities, private funds, educational institutions, insurance companies, and banks and thrift institutions), our fee-based financial planning services are generally provided to individual clients.

When we act as an investment adviser in providing financial planning services to you, we will (i) assess a fee to cover those services, (ii) enter into a written Financial Planning Agreement with you expressly acknowledging our investment advisory relationship with you and describing our obligations to you during the engagement, and (iii) give you a copy of this Form ADV Part 2A – Financial Planning Disclosure Brochure, which provides detailed information about our fee-based financial planning services as well as, among other things: the range of fees we charge for those services, our other business activities and financial industry affiliations, and the conflicts between our interests and your interests when providing investment advisory services to you.

In addition to our fee-based financial planning services, our investment advisory services include discretionary and non-discretionary advisory services, which generally involve account or portfolio management, as well as recommendations of securities or of investment advisers to manage all or a portion of client assets. The investment advisers that our Financial Advisors recommend to clients include both firms that are independent of

our firm as well as firms owned (including indirectly or in part) by our parent company, Stifel Financial Corp. These other investment advisory services are covered by and discussed in our Advisory Consulting Services and/or Wrap Fee Programs Disclosure Brochures, which are available on our website at <https://www.stifel.com/disclosures/investment-advisory-services/program-disclosures>.

Please note that although we act as your investment adviser in providing fee-based financial planning services to you, this does not affect any other relationship you may have with us. The nature of existing accounts or accounts you may open in the future, your rights and obligations relating to these accounts, and the terms and conditions of any account agreement in effect now or in the future do not change in any way because you are receiving fee-based financial planning services from us.

Brokerage Financial Planning Services

In contrast to the fee-based financial planning services that are covered by this Disclosure Brochure, most of our Financial Advisors offer similar financial planning services without a separate fee or charge. We consider those financial planning services to be brokerage-only services, which are not covered by a fiduciary relationship between our firm and the applicable client.

You should review the services that you are contracting for with your Financial Advisor, including whether similar services may be provided as brokerage-only financial planning and, therefore, at no separate charge to you.

ADVISORY BUSINESS – FEE-BASED FINANCIAL PLANNING

As part of our fee-based financial planning services, our Financial Advisors will provide a personalized financial plan designed to help you assess your financial situation and pursue your long-term financial goals and objectives. The financial planning process is meant to be a collaborative experience tailored to your personal goals and customized to the complexity of your financial circumstances. To make the most of the planning services, we recommend that you establish clear and measurable financial goals and provide specific and accurate information.

At the beginning of the planning process, you will be asked to provide information about your individual financial situation, including your investment goals and objectives and your risk tolerance. We rely on the information that you provide to create a personalized financial plan for you, and therefore, it is critical that we gather as complete a picture of your financial situation as possible. For this reason, we may ask for copies of your financial documentation, such as bank and brokerage statements, employee benefits statements, insurance policies, etc., all of which will assist us in understanding your financial situation. We are not obligated to monitor changes in your life or financial circumstances prior to delivery of the plan. You should notify us promptly if you experience any significant changes in your life

or financial situation while we are working on your financial plan. We will use the information you provide to prepare our financial planning recommendations and guidance, which may cover a variety of topics, including (for example):

- Retirement Analysis
 - Goal funding retirement analysis calculating the results of your plan by running one thousand trials, where each trial has a different sequence of returns. The analysis identifies the probability of funding all of your goals without exhausting all your resources over your estimated time horizon.
- Net Worth Overview
 - A snapshot of your current financial position looking at the difference between your assets and liabilities.
- Asset Allocation Comparison
 - Compares the allocation of your current portfolio to a target risk-based portfolio. Identify changes associated with investment strategies and allocation changes you should consider.
- Insurance Needs Analysis
 - Analyzes whether you have adequate investment assets and resources to support your family if you passed away earlier than expected.
 - Compares your income needs to your income sources across multiple disability periods.
 - Identifies how an extended Long-Term Care event could adversely impact your investment portfolio.
- General Estate Planning Overview
 - Reviews your current estate situation and estimate the value of your estate at death.

The specific topics covered in each financial plan will be as agreed-up between you and your Financial Advisor. The written financial plan that is ultimately delivered to you may be prepared directly by your Financial Advisor, or may be prepared by members of our Wealth Planning Department on behalf of your Financial Advisor. In general, the written financial plan is intended to assist you in assessing your individual financial goals and to serve as a basis for further analysis and discussion between you and your financial, legal, and tax advisers toward developing a suitable investment strategy for pursuing your financial goals.

Scope and Limits of Services Provided

Topics or Areas Not Covered By a Plan. Our financial plans do not address every aspect of a client's financial life (e.g., areas not covered include analysis of property and casualty, homeowners, and excess liability coverage, etc.). In addition, a topic may not be included in your financial plan for a variety of reasons (for example, because we did not receive sufficient data from you to complete an analysis); unless we explicitly state otherwise, you should not take any such omission as an indication that the topic is not applicable to your particular financial situation. Also, unless otherwise requested and approved by the Wealth Planning Department, our financial planning services will not include an analysis of your estate planning documents and/or income tax returns. You should seek the counsel of your legal and tax advisors for a complete analysis of your estate and death tax liabilities.

No Verification of Outside Assets Analyzed. In developing a financial plan for you, we may consider and analyze information relating to assets that you hold at other financial institutions if you have provided us the relevant information. In considering such information, we will assume that the information that you have provided is accurate and will not take any steps to verify or ensure the accuracy of information regarding any assets that are held outside of Stifel.

No Tax or Legal Advice. Our firm (and our Financial Advisors) do not provide tax or legal advice. You should not consider any information that is presented in a financial plan regarding potential tax considerations as tax or legal advice, and should not use such information for the purpose of avoiding any tax penalties or liabilities. As we do not provide legal or tax advice, we recommend coordinating with your independent legal and tax advisers during the financial planning process so that they may assess any legal and tax issues relating to the strategies we recommend. If you are not comfortable involving those advisers during our financial planning arrangement with you, you should separately consult with your legal or tax advisors to review your personal circumstances.

Residency Assumption in Our Plans. Our financial planning services assume that you are a U.S. citizen or resident, and are subject to U.S. taxes. Our financial planning services may therefore not be applicable to or appropriate for you if you are subject to other tax jurisdictions and requirements.

Implementation of Recommendations. Our fee-based financial planning services will not cover any initial or ongoing advice as to specific securities or investments, or investment strategies in which you should invest. Similarly, we will not analyze the merits of particular investments or securities in the plan that we deliver to you, or at any time as part of our financial planning engagement with you. You are not required to implement any of the recommendations that we provide in a financial plan through our firm. If you decide to let us assist you in implementing the recommendations, you will need to enter into separate agreements with us and open brokerage or investment advisory accounts, as appropriate, to implement the planning recommendations. We generally implement securities transactions in our capacity as a broker-dealer, not as an investment adviser, unless you are participating in one of our investment advisory programs. *You will be charged separate fees and/or commissions in connection with services provided to those accounts.*

No Obligation to Update the Plan. Our fee-based financial planning arrangement with you terminates upon our delivery of a finalized financial plan to you. Our Financial Planning Agreement with you and the fiduciary relationship created under such Agreement will end when a final plan is delivered. We will be under no obligation to update the financial plan to reflect changes in your life events or financial situation that occur after delivery of the plan.

Acknowledgment of Receipt. You will be asked to sign an acknowledgment of receipt upon delivery of a plan to you; the financial planning fee will be due at that time.

Assets Under Management

As of December 31, 2019, we managed approximately \$57,007,624,632 of client assets on a discretionary basis, and advised on \$40,679,455,268 on a non-discretionary basis. We do not include financial planning in our calculation of assets for this purpose.

FEES AND COMPENSATION FOR FEE-BASED FINANCIAL PLANNING SERVICES

How We Charge for Fee-Based Planning Services

We generally charge up to \$5,000 for our fee-based financial planning services; in limited circumstances, we may allow certain Financial Advisors to charge more in connection with particularly complex client situations and related planning services.

A Financial Advisor's fees will vary depending on, among other things, the complexity of a client's financial situation, the scope and range of services to be provided, the amount and type of assets to be taken into consideration, as well as whether the fee is to be paid directly by the client or through employer-sponsored programs. You can negotiate the fee that you will pay with your Financial Advisor.

You can select the following payment methods for paying your fee – you will need to indicate the method that you have selected on your Financial Planning Agreement with us:

Payment By Check

You may elect to pay the financial planning fee by issuing a check to us; the fee will be due upon your receipt of the financial plan. The fee amount will be indicated on your agreement with us – we do not typically issue an invoice for the financial planning fee, but may do so upon request. If we do not receive payment from you within a reasonable period after you have acknowledged receipt of a written plan, we reserve the right to automatically debit the amount from any non-retirement accounts that you may hold at Stifel.

Payment By Automatic Debit

If you have one or more accounts at Stifel, you can authorize us to deduct the fee from any of your accounts. In such case, the fee will be deducted first from available cash or cash equivalents including money market funds in the account. Under the terms of your Financial Planning Agreement with us, if the cash and cash equivalent in the account is not enough to pay the fee, you will be considered to have authorized us to rebalance or liquidate securities in the account in order to generate sufficient funds to cover the fee. Your monthly customer account statement will reflect the amount deducted from your account to cover the financial planning fee. You should review your statement carefully and let your Financial Advisor know if you have any questions or concerns. Certain account types, e.g., retirement accounts such as IRAs, may not be used to pay fees for financial planning services.

Additional Information Relating to Fees

As discussed above, most of our Financial Advisors provide planning services at no additional charge. You should therefore consider and discuss with your Financial Advisor whether you

may be able to get some or all of the financial planning services at no additional charge. *As set forth above, the fee that you pay for financial planning services will not cover the costs and charges associated with implementing any of the recommendations that may be contained in the plan.*

Compensation to Financial Advisors

Your Financial Advisor will receive a share of the fee that you pay for the financial planning services. In general, the payout rate to Financial Advisors ranges from 25% to 50% of the total revenue received; the actual percentage paid to your Financial Advisor will depend on your Financial Advisor's employment agreement and arrangements with us and the total amount of revenue your Financial Advisor generates from all clients (including brokerage clients). This percentage may be increased prospectively, depending on the total revenue the Financial Advisor has generated.

Some Financial Advisors are eligible for special incentive compensation and other benefits based on client assets (including assets held in advisory accounts) and the total revenue generated (including the advisory fees). For example, your Financial Advisor may receive retention bonuses and/or forgivable loans on a going forward basis. In general, these incentives and benefits increase as a Financial Advisor brings more client assets to Stifel and generates more revenue for Stifel. Similarly, if your Financial Advisor is joining Stifel from another firm, it is highly likely that the Financial Advisor will receive financial incentives from Stifel as part of the recruitment package. The amounts paid can be substantial, and are typically based on the size of the Financial Advisor's business at the prior firm and/or the size or percentage of assets the Financial Advisor is able to bring to the firm. Therefore the transfer of your assets to Stifel will contribute to the Financial Advisor's ability to receive the additional compensation.

Financial Advisors are also eligible to receive other benefits based on the revenue the Financial Advisor generates from sales of products and/or services to clients (including fee-based financial planning services). These benefits include recognition levels that confer a variety of benefits, conferences (e.g., for education, networking, training, and personal and professional development), and other noncash compensation that generally increase in value as the revenue the Financial Advisor generates increases. Such benefits also include equity awards from our parent company, Stifel Financial Corp. (SF), and payments that can be in the form of repayable or forgivable loans (e.g., for retention purposes or to assist a Financial Advisor to grow his or her securities practice). These benefits can create an incentive for a Financial Advisor to recommend certain transactions, products, and services over others in order to obtain the benefits.

Some of our Financial Advisors also serve as branch managers or in other positions with supervisory responsibility over other Financial Advisors in the branches in which they are located. In such cases, we also compensate them for their supervisory activities based on revenues generated by Financial Advisors in the branch office. When a supervisor is compensated based on sales of the person he or she is supervising, the supervisor has an incentive to allow and/or encourage the supervised person to

recommend investments that generate greater compensation for the supervised person and, thereby, the supervisor. The particular compensation arrangements between a Financial Advisor and his or her branch manager or other supervisor can also create incentives for the Financial Advisor to recommend transactions, investment products and/or services that generate greater amounts of revenue for us, the branch manager and/or the Financial Advisor.

In general, if you decide to use our firm to implement planning recommendations, you should note that your Financial Advisor's compensation creates a conflict of interest for the Financial Advisor to provide you with recommendations and advice that result in his or her receipt of greater compensation and benefits.

Compensation to Members of Wealth Planning Department

Members of our Wealth Planning Department may assist your Financial Advisor in creating and/or delivering fee-based financial planning services to you. These professionals do not receive a direct share of the fees that you pay for such financial planning services. Instead, they receive a base salary and are eligible for discretionary incentive compensation based on the performance of the firm in general as well as their individual performance.

Compensation From Third Parties. Our financial plans do not include specific securities recommendations, and therefore, we do not receive any compensation from third parties in connection with our financial planning recommendations to you. If you decide to implement the planning recommendations through our firm, we can separately recommend specific securities or investments and, depending on our capacity as broker-dealer or investment adviser, and other factors, we will directly receive compensation from third parties in connection with those recommendations. You should refer to the disclosures provided in connection with the brokerage and/or investment advisory accounts that you open with us for information about the different types of compensation that we receive in connection with recommendations of specific securities or investments.

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Stifel does not charge performance-based fees in connection with its investment advisory services.

TYPES OF CLIENTS

Please refer to the Executive Summary for a description of the types of clients to whom we generally provide investment advice, including fee-based financial planning services.

There is no minimum account size or minimum fee requirements for financial planning services.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS

Our Asset Allocations

Our fee-based financial planning services typically include asset allocation recommendations. Our asset allocations are based on a proprietary methodology. In developing those allocations, our Investment Strategy Group (“Stifel IS”) considers asset class risk and return results that are based on estimated forward-looking return and risk (measured by standard deviation) assumptions (“capital market assumptions” or “CMAs”). These CMAs are also based on our proprietary research, with the development process including a review of a variety of factors, such as the return, risk, correlations and historical performance of various asset classes, and inflation. CMAs have multiple uses, including developing strategic asset allocations, custom portfolio analysis, and risk monitoring. The CMAs are used in developing asset allocation models for financial planning purposes, and can be also used under certain circumstances in developing investment portfolios. Stifel IS periodically reviews the economic or market conditions or other general investment considerations that it believes may impact the capital market assumptions. For key asset classes, Stifel IS uses a building block approach by estimating the key components of return. For example, our U.S. Large Cap Equity return assumption includes estimates for inflation, real earnings growth, and dividend yield. Our fixed income return assumption includes an estimate for cash yield, a term premium for investing in longer bonds, and a credit premium for investing in bonds not guaranteed by the U.S. government. Importantly, Stifel IS utilizes a survey process for this work, and seeks input from colleagues across our organization, based on areas of expertise. The team also evaluates the related work of key research providers and other industry experts. The goal is to make sound estimates, and sometimes insights come from experts outside our investment team.

The capital market assumptions may change from time to time at Stifel IS’ discretion. The team has changed its risk and return assumptions in the past and may do so in the future. Your Financial Advisor will not provide you with an updated plan automatically based upon changes to these or other underlying assumptions, but (subject to additional fees) you may request an updated plan from your Financial Advisor. Changes in the assumptions may affect your target asset allocation.

Our firm may also add or remove asset classes from the allocation methodology at any time. Once our agreement for financial planning services has ended, we are not required to provide you with an updated analysis based upon changes to these capital market assumptions or other assumptions used in the plan, or resulting changes to your target allocation. It is important to note that implementing changes to your target allocation may result in tax consequences to you. Please consult your tax advisor if this occurs.

We employ a variety of asset allocation models and tools across our firm. As a result, our modeling in programs outside of financial planning services may vary depending upon the asset

allocation model, amount invested, and software program used for analysis.

Limitations on Statistical Analysis:

Forward-looking analyses are presented based upon various risk and return assumptions developed by the Stifel IS team. In addition, historical statistical data, based on the performance of various market indices, may be provided in the financial planning reports to show relative historic risk and return information regarding the asset allocation strategies presented. Probabilistic modeling (which presents the likelihood that the client may be able to achieve certain goals) may be presented using forward-looking or historical assumptions, is hypothetical in nature, does not reflect actual investments results, and is not a guarantee of future results. These analyses do not analyze specific securities. Rather, the asset allocation presented is analyzed. Actual market conditions may result in outcomes significantly different than those illustrated. With respect to probabilistic modeling, the results may vary over time and with each use if any of the underlying assumptions or profile data is adjusted. In addition, the analysis does not present the results that could occur from an extreme market event, either positive or negative, due to the low probability of such an occurrence.

The analyses and reports included in your financial plan will describe the applicable basis, limitations, and potential risks. Please review this information carefully.

Those analyses and/or reports will be developed based on information that you provide. The accuracy of the analysis is dependent upon your providing accurate and complete data. The results presented in any analysis or report are not guarantees of future results.

Our personnel make a number of assumptions during the financial planning process. These assumptions may turn out to be wrong, and as a result, your returns may be less than anticipated. While we attempt to provide recommendations that are designed to assist you in meeting your stated goals and objectives, we cannot and do not guarantee that you will meet all of your goals and objectives by following our recommendations. The economic environment (including, the rate of inflation, prevailing tax rates, etc.) that you experience as you implement the recommendations may vary from the assumptions made in creating the plan. Similarly, the rate of return that your investments are able to achieve will likely also vary from the assumptions in the plan, all of which will impact your ability to reach your financial planning goals.

While our financial plans do not include specific investment recommendations, in evaluating the recommendations covered by the plan, you should understand that all investments involve risks. These risks include (but are not limited to) the risk that an investment’s value will decline because of downturns in the general securities markets. You should consider each investment’s risks and expenses carefully before investing in any security.

Please refer to our Advisory Consulting Services and/or our Wrap Fee Programs Disclosure Brochures for detailed discussions of

our investment strategies and methods of analysis used in connection with the investment advisory services provided under those brochures.

DISCIPLINARY INFORMATION

1. In March 2019, Stifel, along with 78 other investment advisers who voluntarily participated in the SEC's Share Class Selection Disclosure Initiative, consented to the entry of an Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Sections 203(e) and 203(k) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (the "Order") by the SEC instituted pursuant to Sections 203(e) and 203(k) of the Advisers Act without admitting or denying the findings therein except those related to jurisdiction and the subject matter of the proceedings. The Order entered against Stifel alleged that Stifel willfully violated Sections 206(2) and 207 of the Advisers Act as a result of its inadequate disclosure of conflicts of interest related to (a) the selection of mutual fund share classes that charged 12b-1 fees, which are recurring fees deducted from fund's assets, when an alternative share class was available that did not charge a 12b-1 fee, and (b) the receipt of 12b-1 fees in connection with these investments. The SEC did not impose a civil penalty against Stifel in recognition of the fact that Stifel self-reported the issue to the SEC. However, Stifel was censured and ordered to cease-and-desist from committing or causing any violations and future violations of Sections 206(2) and 207 of the Advisers Act, pay disgorgement and pre-judgment interest in the amount of \$6,037,175.98 to affected investors, and comply with several undertakings related to notifying affected investors of the terms of the Order.
2. On January 26, 2018, Stifel entered into a Letter of Acceptance, Waiver, and Consent ("AWC") with FINRA to settle allegations that the firm (i) traded ahead of certain customer orders at prices that would have satisfied the customer orders; (ii) did not maintain adequate supervisory controls that were reasonably designed to achieve compliance with FINRA Rule 5320 and Supplementary Material .02 of FINRA Rule 5320; and failed to report an information barrier identifier with its order audit trail system (OATS) submission for certain orders. These allegations were considered to be violations of FINRA Rules 2010, 3110, 7440(b)(19), and NASD Rule 3010. While not admitting or denying the allegations, the firm consented to a censure, monetary fine of \$37,500, plus interest of \$318.25, restitution payments to affected investors, and an undertaking to revise its written supervisory procedures relating to Rule 5320 and Supplementary Material .02 of FINRA to settle these allegations.
3. On January 26, 2018, Stifel entered into an AWC with FINRA to settle allegations that the firm failed to report to the Trade Reporting and Compliance Engine ("TRACE") transactions in TRACE-eligible securitized products within the time required by FINRA Rule 6730. While not admitting or denying these allegations, the firm agreed to a censure and a fine of \$17,500.
4. In June 2017, Stifel entered into an AWC with FINRA to settle allegations that Stifel did not provide timely disclosures to a municipal issuer in connection with its role as placement agent in a placement of bonds issued by the municipal issuer in accordance with interpretive guidance issued by the Municipal Securities Rulemaking Board ("MSRB") regarding MSRB Rule G-23. In May 2012, Stifel recommended that the issuer do a placement, in lieu of a public offering, in order to save on debt service costs. The issuer accepted Stifel's recommendation and agreed that Stifel would serve as placement agent. However, Stifel did not provide the disclosures regarding its role in a timely manner. As a result, the firm was alleged to have violated MSRB Rule G-23 by serving as both financial advisor and placement agent on the same issue. While not admitting or denying the allegations, Stifel agreed to a regulatory censure and a monetary fine of \$125,000.
5. In March 2017, Stifel consented to the entry of a Cease and Desist Order ("Order") by the SEC in which Stifel was found to have violated Section 206(4) of the Advisers Act and Rule 206(4)-7 thereunder by failing to adopt or implement adequate policies and procedures to track and disclose the trading away practices of certain Investment Managers in several of Stifel's discretionary wrap fee programs, including information about additional costs incurred by clients as a result of the Investment Manager's use of another broker to execute transactions away from Stifel. Stifel neither admitted nor denied the findings contained in the Order, except those related to jurisdiction and the subject matter of the proceeding. Stifel made several undertakings enumerated in the Order related to the trading away practices of third-party managers, including a review and update of its policies and procedures, providing information to financial advisors and clients, and training financial advisors. Stifel was ordered to pay a civil penalty of \$300,000 and ordered to cease and desist from violating Section 206(4) and Rule 206(4)-7 thereunder.
6. On January 4, 2017, an Administrative Consent Order ("Order") was entered against Stifel and a former registered representative associated with Stifel by the Securities Division of the Mississippi Secretary of State ("Division") resolving an investigation into certain activities occurring in two branch offices during the period of September 2000 through November 2013. Without admitting or denying the findings in the Order, Stifel agreed to the entry of the Order directing Stifel to cease and desist from violating Rule 5.15 of the Mississippi Securities Act of 2010, a books and records rule, and to pay the Division \$49,500 on its behalf as well as \$500 on behalf of the former registered representative.
7. On December 6, 2016, a final judgment ("Judgment") was entered against Stifel by the United States District Court for the Eastern District of Wisconsin (Civil Action No. 2:11-cv-00755) resolving a civil lawsuit filed by the SEC in 2011

involving violations of several antifraud provisions of the federal securities laws in connection with the sale of synthetic collateralized debt obligations (“CDOs”) to five Wisconsin school districts in 2006. As a result of the Order, Stifel is required to cease and desist from committing or causing any violations and any future violations of Section 17(a)(2) and 17(a)(3) of the Securities Act, and Stifel and a former employee are jointly liable to pay disgorgement and prejudgment interest of \$2.5 million. Stifel was also required to pay a civil penalty of \$22 million. The Judgment also required Stifel to distribute \$12.5 million of the ordered disgorgement and civil penalty to the school districts involved in this matter.

8. On April 8, 2016, Stifel entered into an AWC with FINRA to settle allegations that the firm used permissible customer-owned securities as collateral for bank loans procured by the firm. However, on several occasions over a period of years, prior to performing its customer reserve calculation, Stifel substituted those loans with loans secured with firm-owned collateral. The substitution thereby reduced the amount that Stifel was required to deposit into the Customer Reserve Account. FINRA found the practice to be a violation of applicable rules, including Section 15I of the Securities Exchange Act of 1934 and Rule 15c3-3(e)(2) thereunder. Throughout the relevant period, the firm had sufficient resources to fund the Customer Reserve Account even if the substitutions had not occurred. While not admitting or denying the allegations, the firm consented to a censure and fine of \$750,000.
9. On March 24, 2016, Stifel entered into an AWC with FINRA to settle allegations that the firm executed transactions in a municipal security in an amount that was below the minimum denomination of the issue. The conduct described was deemed to constitute a violation of applicable rules. While not admitting or denying these allegations, the firm agreed to a censure and a fine of \$25,000.
10. On March 3, 2016, Stifel entered into an AWC with FINRA to settle allegations that the firm, among other things, (i) traded ahead of certain customer orders, (ii) failed to mark proprietary orders with required notations, (iii) failed to yield priority, parity, and/or precedence in connection with customer trades submitted with proprietary orders, (iv) failed to disclose required information in writing to affected customers, and (v) failed to reasonably supervise and implement adequate controls in connection with these trades. These allegations were considered to be violations of New York Stock Exchange (“NYSE”) Rules 90, 92, 410(b), and 2010 as well as Section 11(a) of the Exchange Act. While not admitting or denying the allegations, the firm consented to a censure and fine of \$275,000.
11. On January 5, 2016, Stifel, along with one of its employees, entered into an AWC with FINRA to settle allegations that Stifel and the employee (i) failed to adequately supervise the written communication of a registered institutional salesperson who circulated communications about companies that were subject to Stifel research and (ii) failed to implement a supervisory system designed to supervise the distribution, approval, and maintenance of research reports and institutional sales material. These allegations were considered violations of various NASD Rules (including, but not limited to Rule 2711(a)(9), 2210(d)(1), and 3010). While not admitting or denying the allegations, the firm consented to a censure and fine of \$200,000.
12. On October 27, 2015, Stifel was one of many firms to enter into an AWC with FINRA to settle allegations that the firm (i) disadvantaged certain customers that were eligible to purchase Class A shares in certain mutual funds without a front-end sales charge, but were instead sold Class A shares with a front-end sales charge or Class B or C shares with back-end sales charges and higher ongoing fees and (ii) failed to establish and maintain a supervisory system and procedures to ensure that eligible customers who purchased mutual fund shares received the benefit of applicable sales charge waivers. These allegations were considered to be violations of NASD Rule 3010 and FINRA Rules 3110 and 2010. While not admitting or denying the allegations, the firm consented to a censure and to pay \$2.9 million in restitution to the eligible customers.
13. On June 18, 2015, Stifel, together with 39 other financial services firms, consented to the entry of a Cease and Desist Order by the SEC following voluntary participation in the SEC’s Municipalities Continuing Disclosure Cooperative Initiative (“MCDC”). The SEC alleged that each participating firm generally violated federal securities laws and regulations (including certain anti-fraud provisions thereof) in connection with municipal securities offerings in which the firm (i) acted as either senior or sole underwriter and in which the offering documents contained false or misleading statements by the issuer about the issuer’s prior compliance with certain federal securities laws or regulations, (ii) failed to conduct adequate due diligence about the issuer in connection with such offerings, and (iii) as a result, failed to form a reasonable basis for believing the truthfulness of the statements made by the issuers in the offerings, in each case as required by applicable securities laws and regulations. While not admitting or denying the allegations, Stifel consented to a fine of \$500,000 and to retain a consultant to conduct a review of its policies and procedures relating to municipal securities underwriting due diligence.
14. On June 10, 2015, Stifel entered into an AWC with FINRA to settle allegations that (i) the firm failed to report the correct symbol indicating whether a transaction was buy, sell, or cross and inaccurately appended a price override modifier to 50,076 last sale reports of transactions that were reported to the FINRA/NASDAQ Trade Reporting Facility and (ii) the firm’s supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws and regulations as well as FINRA rules concerning trade reporting. These allegations were considered to be violations of FINRA Rule 7230A(d)(6), FINRA Rule 2010, and NASD Rule 3110. While not

admitting or denying the allegations, the firm consented to censure and a fine of \$40,000.

15. On June 8, 2015, Stifel entered into a settlement agreement with the Chicago Board of Options Exchange, Incorporated to settle allegations that the firm failed to register individuals, by the required deadline, who were otherwise required to register as proprietary trader principals. While not admitting or denying the allegations, the firm agreed to censure and a fine of \$35,000.
16. On March 4, 2015, Stifel entered into an AWC with The NASDAQ Stock Market LLC to settle allegations that the firm failed to immediately display certain customer limit orders in NASDAQ securities in the firm's public quotation, when (i) the order price was equal to or would have improved the firm's bid or offer and/or the national best bid or offer for such security and (ii) 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. In addition, The NASDAQ also alleged that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations and the Rules of NASDAQ concerning limit order display. These allegations were considered to be violations of Rule 604 of Regulation NMS and NASDAQ Rules 3010 and 2010A. While not admitting or denying the allegations, the firm consented to a censure and a fine of \$15,000.
17. On December 23, 2014, Stifel entered into an AWC with FINRA to settle allegations that the firm (i) failed to execute orders fully and promptly and (ii) failed to use reasonable diligence to ascertain the best inter-dealer market and to buy or sell in such market so that the resultant price to its customers was as favorable as possible under prevailing market conditions. In addition, FINRA also alleged that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to certain applicable securities laws and regulations and/or the Rules of FINRA. These allegations were considered to be violations of FINRA Rules 5320 and 2010 and NASD Rules 2320 and 3010. While not admitting or denying the allegations, the firm agreed to a censure and a fine of \$55,000.
18. On November 3, 2014, the SEC issued a Cease-and-Desist Order and entered into a settlement agreement with Stifel to settle allegations that Stifel executed a transaction in Puerto Rico bonds with a customer in the amount below the \$100,000 minimum denomination of the issue. The conduct described was deemed to constitute a violation of MSRB Rule G-15(f). While not admitting or denying these allegations, the firm agreed to a censure and a fine of \$60,000.
19. On October 21, 2014, Stifel entered into an AWC with FINRA to settle allegations that the firm (i) failed to report to the FINRA/NASDAQ Trade Reporting Facility the capacity in which the firm executed certain transactions in

Reportable Securities, (ii) failed to disclose to its customers the correct reported trade price in certain transactions and its correct capacity in each transaction, (iii) incorrectly included an average price disclosure in certain transactions, (iv) inaccurately disclosed the commission or commission equivalent in certain transactions, and (v) accepted a short sale in an equity security for its own account without: (1) borrowing the security, or entering into a bona-fide arrangement to borrow the security; or (2) having reasonable grounds to believe that the security could be borrowed so that it could be delivered on the date delivery is due; and (3) documenting compliance with Rule 203(b)(1) of Regulation SHO. In addition, FINRA also alleged that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the above-noted issues. These allegations were considered to be violations of FINRA Rule 7230A, SEC Rule 10b-10, Rule 203(b)(1) of Regulation SHO, SEC Rule 605 of Regulation NMS, NASD Rule 3010, and FINRA Rule 2010, respectively. While not admitting or denying the allegations, the firm agreed to a censure and a fine of \$32,500.

20. On September 25, 2014, Stifel entered into an AWC with The NASDAQ Stock Market LLC to settle allegations that the firm failed to immediately display certain customer limit orders in NASDAQ securities in the firm's public quotation, when (i) the order price was equal to or would have improved the firm's bid or offer and/or the national best bid or offer for such security and (ii) 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 was deemed to constitute a violation of Rule 604 of Regulation NMS. While not admitting or denying the allegations, the firm consented to a censure and a fine of \$12,500.
21. On September 22, 2014, Stifel entered into an AWC with FINRA to settle allegations on two separate items. The first, that the firm failed to establish and implement an anti-money laundering ("AML") program reasonably designed to detect and cause the reporting of certain suspicious activity during a period when the firm executed for its customers unsolicited purchases and sales of at least 2.5 billion shares of low-priced securities ("penny stocks") which generated at least \$320 million in proceeds. As a result, the firm was deemed to have violated NASD Rule 3011(a) and FINRA Rule 3310(a). The second allegation was that the firm failed to establish, maintain, and enforce a supervisory system reasonably designed to ensure compliance with Section 5 of the Securities Act of 1933 and the applicable rules and regulations with respect to the distribution of unregistered and non-exempt securities. As a result, the firm was deemed to have violated NASD Rule 3010 and FINRA Rule 2010. While not admitting or denying the allegations, the firm consented to a censure and a fine of \$300,000.
22. On February 27, 2014, Stifel entered into an AWC with FINRA to settle allegations that the firm failed to report TRACE transactions in TRACE-eligible debt securities for agency bond new issue offerings during the period May 10,

2011, through September 30, 2011. While not admitting or denying the allegations, the firm agreed to (i) a censure, (ii) a fine of \$22,500, and (iii) revise the firm's written supervisory procedures relating to supervision of compliance with FINRA Rule 6760.

23. On January 9, 2014, Stifel entered into an AWC with FINRA to settle allegations that, among other things, (i) the firm allowed certain of its registered representatives to recommend nontraditional ETFs to customers without such representatives conducting adequate due diligence on the recommended products, (ii) the firm did not provide adequate formal training to its representatives or their supervisors regarding nontraditional ETFs before permitting such persons to recommend and/or supervise the sale of nontraditional ETFs to customers, and (iii) the firm failed to establish and maintain a supervisory system of controls, including written procedures specifically tailored to address the unique features and risks associated with nontraditional ETFs, or one that was reasonably designed to ensure that the sale of such nontraditional ETFs complied with applicable securities laws and regulations. The firm consented to a regulatory censure, a fine of \$450,000, and restitution to the 59 affected customers in the amount of \$338,128.
24. On December 23, 2013, Stifel and one of its representatives entered into a Stipulation and Consent Agreement with the State of Florida Office of Financial Regulation to settle allegations that the Stifel representative engaged in investment advisory business within the State of Florida without due registration as an investment advisory representative. Stifel agreed to an administrative fine of \$15,000. For its part, the State of Florida approved the individual's investment advisory representative registration.
25. On December 20, 2013, Stifel entered into an AWC with FINRA to settle allegations that, among other things, (i) the firm accepted and held customer market orders, (ii) traded for its own account at prices that would have satisfied the customer market orders, (iii) failed to immediately execute the customer market orders up to the size and at the same price at which it traded for its own account or at a better price, and (iv) failed to execute orders fully and promptly and, in addition, some of the instances resulted in prices to the customers that were not as favorable as possible under prevailing market conditions. The firm consented to a censure and fine of \$80,000.00 and to pay restitution of \$4,416.74 to the affected customers.
26. On September 27, 2013, Stifel entered into an AWC with FINRA to settle allegations relating to a Trading and Market-Making Surveillance Examination for trades dated in 2010 – specifically, that (i) the firm reported inaccurate information on customer confirmations relating to distinguishing compensation from handling fees, failing to include market-maker disclosure, and incorrectly including average price disclosure, (ii) the firm made available a report on the covered orders in national market system securities that included incorrect information regarding the size of orders, classification of orders in incorrect size

buckets, (iii) the firm's written supervisory procedures failed to provide adequate written supervisory procedures relating to supervisory systems, procedures and qualifications, short sale transactions, backing away and multiple quotations, information barriers, and minimum quotation requirements, and (iv) the firm failed to provide documentary evidence that it performed the supervisory reviews set forth in its written supervisory procedures concerning order handling, anti-intimidation coordination, soft-dollar accounts and trading, Order Audit Trail System ("OATS") reporting, books and records, and monitoring electronic communications. These allegations were considered to be violations of SEC Rule 10b-10, SEC Rule 605 of Regulation NMS, NASD Rule 3010, and FINRA Rule 2010, respectively. While not admitting or denying the allegations, the firm agreed to a regulatory censure and a fine of \$20,000. The firm also agreed to revise its written supervisory procedures.

27. On August 6, 2013, Stifel entered into an AWC with FINRA to settle allegations that the firm failed to properly indicate whether certain orders were buy, short sales, or long sales and, further, failed to indicate the correct capacity of certain orders into the NASDAQ/SingleBook System, in violation of NASDAQ Rules 4755 and 4611(a)(6), respectively. While not admitting or denying the allegations, the firm agreed to a regulatory censure and an aggregate fine of \$10,000.
28. On August 6, 2013, Stifel entered into an AWC with FINRA to settle allegations relating to three separate reviews from 2008, 2009, and 2010 regarding fair pricing of fixed income securities – specifically, that (i) for certain of those periods, the firm failed to buy or sell corporate bonds at a fair price, (ii) the firm bought or sold municipal securities for its own account and/or sold municipal securities to a customer at an aggregate price that was not fair and reasonable, and (iii) the firm failed to use reasonable diligence to ascertain the best inter-dealer market price for certain identified transactions and/or to buy and sell in such market, such that the price to its customers was as favorable as possible under prevailing market conditions. These allegations were considered to be violations of FINRA Rule 2010, NASD Rules 2110, 2320, 2440, Interpretive Materials -2440-1 and -2440-2, and MSRB Rules G-17 and G-30(A). To settle each of these separate allegations, the firm agreed to be censured and fined \$92,500 in the aggregate, and to pay restitution to clients of \$53,485.96 (of which \$36,762.73 had already been paid by the firm, of its own accord, to the affected clients) plus interest.
29. Stifel entered into an AWC dated August 6, 2013, for violations of SEC, FINRA, and NASD rules. The allegations were the result of four separate reviews FINRA conducted during 2008 and 2009 involving OATS reporting, market order timeliness, and market making. Without admitting or denying the findings, the firm consented to the described sanctions and was censured and fined \$52,500 for the violations found during the four separate reviews. The firm also agreed to revise its written supervisory procedures and to pay restitution in the amount of \$1,791.33 to its customers.

30. On May 29, 2013, Stifel entered into a settlement agreement with the Chicago Board of Options Exchange, Incorporated to settle allegations that the firm failed to register individuals that were otherwise required to register as proprietary trader principals by the required deadline. While not admitting or denying the allegations, the firm agreed to a regulatory censure and a fine of \$5,000.
31. On September 28, 2012, Stifel entered into an AWC with FINRA to settle allegations that the firm failed to report TRACE 29451 transactions in TRACE-eligible debt securities within 15 minutes of the time of execution, in violation of FINRA Rule 6730(A) and Rule 2010. While not admitting or denying the allegations, the firm agreed to pay a fine of \$5,000.
32. On March 26, 2012, Stifel entered into an AWC with FINRA to settle allegations that the firm failed to adequately supervise a former Missouri agent who sold unregistered securities, and failed to detect or respond adequately to warning signs and/or evidence that should have alerted the firm to the agent's misconduct. Stifel neither admitted nor denied FINRA's findings. The firm consented to findings, a censure, and agreed to pay a regulatory fine of \$350,000 and restitution in an amount not to exceed \$250,000 plus interest to customers affected by the agent's misconduct (subject to various other procedural requirements).
33. On January 24, 2012, Stifel entered into a consent order with the Missouri Securities Division to settle allegations that the firm failed to supervise a former Missouri agent who sold unregistered securities, failed to disclose material facts, made material misstatements, and who engaged in an act, practice, or course of business that operated as a fraud or deceit. The Division further found that Stifel failed to make, maintain, and preserve records as required under the Securities and Exchange Act and Stifel's written supervisory procedures. Stifel neither admitted nor denied the Division's findings. The firm consented to findings, a censure, and agreed to pay \$531,385 in restitution and interest to investors, \$500,000 to the Missouri Secretary of State's Investor Education and Protection Fund, and \$70,000 as costs of the Division's investigation. In addition, Stifel is required to retain an outside consultant to review and report to Stifel concerning certain of the firm's policies and procedures. The report will be made available to the Division.
34. In 2009, 2010, and 2011, Stifel entered into consent agreements with a number of state regulatory authorities regarding the sale of securities commonly known as "Auction Rate Securities" (ARS). The state regulatory authorities claimed that Stifel failed to reasonably supervise the sales of ARS by failing to provide sufficient information and training to its registered representatives and sales and marketing staff regarding ARS and the mechanics of the auction process applicable to ARS. As part of some or all of the consent agreements, Stifel agreed to pay various levels of fines to the states, to accept the regulator's censure, to cease and desist from violating securities laws and

regulations, to retain at Stifel's expense a consultant to review the firm's supervisory and compliance policies and procedures relating to product review of nonconventional investments, and/or repurchase certain auction rate securities from the firm's clients. The states with which Stifel entered into agreements of consent and the amounts of the fines paid to the respective states are:

STATE	DATE RESOLVED	FINE PAID
VIRGINIA	09/18/09	\$ 17,500.00
MISSOURI	01/22/10	\$250,000.00
NORTH DAKOTA	04/12/10	\$ 1,050.00
INDIANA	04/14/10	\$173,323.36
SOUTH DAKOTA	04/19/10	\$ 1,050.00
IOWA	04/19/10	\$ 2,172.71
VERMONT	04/22/10	\$ 1,116.04
WASHINGTON	04/26/10	\$ 1,512.29
KENTUCKY	04/27/10	\$ 7,984.40
MONTANA	05/04/10	\$ 1,050.00
CALIFORNIA	05/05/10	\$ 11,220.45
NEBRASKA	05/10/10	\$ 1,248.13
ALABAMA	05/13/10	\$ 1,050.00
MISSISSIPPI	05/18/10	\$ 2,833.13
LOUISIANA	05/25/10	\$ 1,116.04
UTAH	06/01/10	\$ 1,116.04
TENNESSEE	06/16/10	\$ 3,889.80
PUERTO RICO	06/23/10	\$ 1,050.00
WEST VIRGINIA	06/28/10	\$ 1,050.00
DELAWARE	07/08/10	\$ 1,182.08
OKLAHOMA	07/14/10	\$ 1,050.00
COLORADO	08/24/10	\$ 24,720.67
KANSAS	08/19/10	\$ 13,597.95
RHODE ISLAND	08/10/10	\$ 1,050.00
U.S. VIRGIN ISLANDS	09/14/10	\$ 1,050.00
CONNECTICUT	09/23/10	\$ 8,512.73
MAINE	09/24/10	\$ 1,116.04
MICHIGAN	09/29/10	\$ 35,788.02
SOUTH CAROLINA	10/04/10	\$ 1,446.25
ARKANSAS	10/19/10	\$ 1,314.17
NEW JERSEY	10/29/10	\$ 15,381.10
ALASKA	10/27/10	\$ 1,446.25
WISCONSIN	12/08/10	\$ 18,286.93
OREGON	02/17/11	\$ 2,502.92
MINNESOTA	01/31/11	\$ 5,805.01
NEVADA	02/03/11	\$ 17,164.21
OHIO	04/14/11	\$ 15,645.25
MARYLAND	05/13/11	\$ 16,663.56

FLORIDA	04/23/12	\$ 29,617.71
GEORGIA	05/01/12	\$ 2,040.63
PENNSYLVANIA	08/10/12	\$ 9,450.00
ILLINOIS	08/29/12	\$ 32,619.00

35. On October 27, 2010, Stifel entered into an AWC with FINRA resolving FINRA's claim that Stifel failed to buy or sell corporate bonds at a price that was fair, taking into account all relevant circumstances; that the firm transmitted reportable order events to OATS that were rejected by OATS for repairable context or syntax errors that went uncorrected by the firm; that the firm incorrectly reported principal trade transactions as "agent" or "riskless principal" trades; and that the firm failed to report correctly the first leg of riskless principal transactions as "principal." While not admitting or denying the allegations, the firm agreed to a regulatory censure and to pay a \$32,500 fine.
36. On September 23, 2010, Stifel entered into an AWC with FINRA resolving FINRA's claim that, prior to its acquisition by Stifel, Ryan Beck & Co., Inc. had failed to establish an effective supervisory system and written supervisory procedures reasonably designed to ensure that discounts were correctly applied on eligible UIT purchases. FINRA alleged that Ryan Beck failed to identify and appropriately apply sales charge discounts and misstated to certain clients that discounts and breakpoint advantages had been properly applied. While not admitting or denying the allegations, the firm agreed to an undertaking by which the firm would submit to FINRA a proposed plan of how it will identify and compensate customers who qualified for, but did not receive, the applicable UIT sales charges discount. The firm will determine the excess sales charges paid by customers and calculate monies owed, plus interest, and provide FINRA with a schedule of the same and a program of restitution.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

As set forth above, our firm is dual registered as an investment adviser and a broker-dealer, and is also a licensed insurance agency with various states. We have a number of affiliates that are registered as investment advisers or broker-dealers (or both). A number of our affiliated investment advisers serve as fund manager to various registered investment companies (mutual funds). None of these affiliates provide services to our clients in connection with the fee-based financial planning services covered by this brochure. In addition to being registered representatives of Stifel, some of our management persons may be registered representatives of these affiliated broker-dealers. Similarly, some of our management persons may be management persons of our affiliates, included affiliates that are registered investment advisers. Finally, some of our management persons may be licensed to practice law in various states. These individuals do not provide legal services to

advisory clients, including clients to whom we provide fee-based financial planning.

You should refer to our Advisory Consulting Services and/or Wrap Fee Programs Disclosure Brochures for a more detailed discussion of our firm's other industry activities and affiliations applicable to our other investment advisory services.

CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS, AND PERSONAL TRADING

Code of Ethics

In addition to Stifel Financial Corp.'s Code of Ethics Policy, which is applicable to all Stifel personnel, our Advisory personnel are also subject to our Investment Advisory Code of Ethics ("IA Code of Ethics"). A copy of the IA Code of Ethics is available upon request. Set forth in the IA Code of Ethics are standards reasonably designed to promote honest and ethical conduct, comply with federal securities laws and governmental rules and regulations, maintain privacy of Client information, protect nonpublic information, and encourage associates to report any known violations. Such standards include placing Client interests first, avoiding any material or potential conflicts of interest, and ensuring that personal securities transactions are conducted appropriately. Compliance periodically reviews the IA Code of Ethics to ensure adequacy and effectiveness in complying with applicable regulations.

Participation or Interest in Client Transactions

We do not execute transactions as part of our fee-based financial planning services. If you implement our financial planning recommendations by opening an account with us, we will execute transactions for your account pursuant to the terms of agreements that you enter into with us to open that account. Those agreements (and the disclosure documents provided with the agreements) will, among other things, address how and in what capacity we execute transactions for the accounts you open. In general, we offer a wide variety of investment products and services that provide different levels of compensation to our firm and Financial Advisors. As a result, our Financial Advisors have an incentive to favor those investment products and services that generate a higher level of compensation than those that generate a lower level of compensation. For more information about the other investment products and services, the terms and conditions that apply when we provide those products and services, as well as the conflicts that we face in connection with our recommendations and execution of client transactions, you should refer to the agreement(s) and disclosure documents that you receive relating to the accounts that you open with us.

Personal Trading

Our written supervisory procedures are designed to detect and prevent the misuse of material, non-public information by employees. We prohibit transactions in our firm account(s) and accounts of associated persons in any security that is the subject of a recommendation of our Research department until the recommendation has been disseminated to Clients and a reasonable time has elapsed following the dissemination. Our directors, officers, and employees are prohibited from buying or

selling securities for their personal accounts if the decision to do so is substantially derived, in whole or in part, by reason of their employment, unless the information is also available to the investing public or through reasonable inquiry. We maintain and periodically review securities holdings in the accounts of persons who may have access to advisory recommendations.

Since our financial planning recommendations do not include recommendations of specific securities, we do not anticipate any conflicts between the financial planning recommendations and the personal trading by our associated persons.

BROKERAGE PRACTICES RELATING TO FEE-BASED FINANCIAL PLANNING SERVICES

About Our Broker-Dealer

Our firm's principal business in terms of revenue and personnel is that of a securities broker-dealer. As a broker-dealer, we execute securities transactions per client instructions. As an integral part of the services offered, when providing brokerage services, Financial Advisors may assist clients in identifying investment goals, creating strategies that are reasonably designed to meet those goals, and making suitable buy, hold, and sell recommendations based on risk tolerance and financial circumstances. However, Financial Advisors do not make investment decisions on behalf of clients and do not charge any fees for any incidental advice given when providing brokerage services. *Absent special circumstances, Financial Advisors are not held to fiduciary standards when providing brokerage services.* Legal obligations to disclose detailed information about the nature and scope of our business, personnel, commissions charged, material or potential conflicts of interest, and other matters, are limited when acting as a broker-dealer

Our Responsibilities as a Broker-Dealer

As a broker-dealer, our firm is held to the legal standards of the Securities Act of 1933, the Securities Exchange Act of 1934, FINRA rules, and state laws where applicable. Such standards include fair dealings with Clients, reasonable and fair execution prices in light of prevailing market conditions, reasonable commissions and other charges, and reasonable basis for believing that securities recommendations are suitable. Brokerage clients generally pay commission charges for transactions executed in their brokerage accounts.

Application of Brokerage Services to Fee-Based Financial Planning Clients

We do not recommend broker-dealer firms as part of our financial planning services. If you choose to engage Stifel in its capacity as a broker-dealer to implement the recommendations in your financial plan, you will need to sign a separate agreement that will cover the type of brokerage services that our firm is to provide to that account. You should pay particular attention to the disclosures provided with such agreement, as they will also cover the type of fees and charges that could apply to those services.

REVIEW OF ACCOUNTS

Our Financial Planning engagement with you will terminate when we have delivered a final plan to you. In addition to your Financial Advisor, a member of our Wealth Planning Department will review the plan prior to its delivery for adherence to our standards for fee-based financial plans. Once a plan has been delivered and you have acknowledged receipt of the plan, we do not undertake, in any way, to provide any monitoring or ongoing advisory services to you in connection with the plan. For example, we will not be under any obligation to revise a plan that was previously delivered because you subsequently make us aware of changes to your life or financial circumstances that occur after the plan was delivered.

Privacy Policy

We will deliver our Private Notice to you as part of the disclosures that are delivered to you in connection with your fee-based financial planning agreement with us. We will not deliver amended or annual Privacy Notices to you, unless you decide to implement the financial planning recommendations with us, in which case you will receive periodic ongoing notices as an account holder and continuing client of the firm.

CLIENT REFERRALS AND OTHER COMPENSATION

Stifel Alliance Program

In general, we require that all solicitation or referral arrangements comply with applicable regulatory requirements, including, but not limited to, disclosures to clients about the referral arrangement as well as any fees received (or paid) in connection with such referral, at the time of the referral or, in any case, prior to the execution of an advisory agreement (including, to the extent applicable, a fee-based financial planning agreement). We have policies and procedures designed to assure that proper disclosures are provided to clients at the time of solicitation and/or account opening, as well as that all clients sign appropriate disclosure delivery receipts. Each affected client will receive disclosures from the applicable solicitor disclosing the solicitation arrangement, as well as the fee that Stifel will pay the solicitor in respect of the solicitation.

Arrangements with solicitors to refer investment advisory clients to our firm are made under our Stifel Alliance Program ("Alliance"). In such arrangements, we compensate individuals or companies for referring investment advisory clients to our firm by sharing a portion of the investment advisory fees that we receive from the referred client(s). Our policies prohibit our Financial Advisors from up-charging any Client to make up for the portion paid to or otherwise expended in connection with an Alliance solicitor. We and/or our associated persons may pay for registration costs (if any) relating to the solicitor to facilitate the solicitor's state registration (if required). As a result, such solicitors would have incentive to refer clients to Stifel over other firms.

Compensation From Third Parties for Client Referrals

We do not refer fee-based financial planning clients to third parties for investment advisory services and, therefore, will not receive referral fees for such activities.

In other contexts (i.e., outside of the fee-based financial planning arrangements), we may enter into referral arrangements with other advisory firms pursuant to which we will refer clients to those other firms. Our disclosure brochures for non-fee-based investment advisory services contain information about these arrangements – you should refer to those disclosures for more details.

CUSTODY

Our firm will not maintain custody or otherwise require fee-based financial planning clients to maintain their assets at Stifel. To the extent that you implement planning recommendations through our firm, you should note that we generally maintain custody of client assets. If you open investment advisory accounts with us, you should refer to our Advisory Consulting Services and/or Wrap Fee Programs Disclosure Brochures for more detailed discussion of our firm's custodial practices for investment advisory clients.

INVESTMENT DISCRETION

Our firm will not exercise investment discretion in connection with our fee-based financial planning services as outlined in this brochure. As set forth above, you are responsible for implementing the recommendations provided in any financial plan, and may elect to implement such recommendations at Stifel or at an unaffiliated financial services company. You should refer to the appropriate Disclosure Brochures for a detailed discussion of the terms and conditions specific to the program(s) in which you decide to enroll.

VOTING CLIENT SECURITIES

We do not accept proxy voting authority from clients in connection with our fee-based planning services. We accept proxy voting delegation from clients that receive other investment advisory services from our firm. You should refer to the appropriate disclosure brochure for more details about our proxy voting policies and practices applicable to any other advisory program in which you decide to enroll.

FINANCIAL INFORMATION

Stifel does not have any adverse financial conditions to disclose.