

STIFEL, NICOLAUS & COMPANY, INCORPORATED

Waived Disqualifying Events

On December 6, 2016, a final judgment (“Judgment”) was entered against Stifel, Nicolaus & Company, Inc. (“Stifel Nicolaus”) 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 U.S. Securities & Exchange Commission (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 David Noack, a former employee, are jointly liable to pay disgorgement and prejudgment interest of \$2.44 million. Stifel was also required to pay a civil penalty of \$22.5 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.

Simultaneously with the entry of the Judgment, the SEC issued an order granting Stifel waivers from the application of the disqualification provisions of Rule 506(d)(1)(iv) of Regulation D and Rule 262(b)(2) of Regulation A under the Securities Act (the “Securities Act Waivers”) and a no-action letter granting relief from the disqualification provisions of Rule 206(4)-3 under the Advisers Act (the “Advisers Act Waiver”). The SEC also exempted Choice Financial Partners, Inc., 1919 Investment Counsel, LLC and Ziegler Capital Management, LLC (“Stifel Affiliates”) from section 9(a) of the Investment Company Act of 1940 (the “Investment Company Act Exemption”) through the issuance of a temporary order. Unless the SEC orders a hearing, a permanent order will be issued in 2017 and will be posted to the SEC’s EDGAR database.

Copies of the Judgment, Securities Act Waiver, Advisers Act Waiver and ’40 Act Exemption are available on the SEC’s website:

- Judgment: <https://www.sec.gov/litigation/litreleases/2016/lr23700-final-judgment.pdf>.
- Advisers Act Waiver: [https://www.sec.gov/divisions/investment/noaction/2016/stifel-nicolaus-120616-206\(4\).htm](https://www.sec.gov/divisions/investment/noaction/2016/stifel-nicolaus-120616-206(4).htm)
- Securities Act Waivers: <https://www.sec.gov/rules/other/2016/33-10263.pdf>
- Investment Company Act Exemption:
<https://www.sec.gov/Archives/edgar/data/948905/999999999716027528/filename1.pdf>.