

NYSE ARCA, INC.
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2017055996903

TO: NYSE Arca, Inc.

RE: Piper Sandler & Co. (f/k/a Sandler O'Neill & Partners, L.P), Respondent
CRD No. 665

During the periods April 1, 2017 through June 30, 2018 and October 1, 2019 through December 31, 2019, Piper Sandler & Co. violated NYSE Arca Equities Rule 5190 and NYSE Arca Rule 9.5190-E by failing to submit required notifications to NYSE Arca in a timely manner, or at all, in connection with its participation in distributions of securities. Piper Sandler & Co. also violated NYSE Arca Equities Rule 6.18(c) and NYSE Arca Rule 11.18(c) by failing to establish, maintain, and enforce written procedures to that were reasonably designed to ensure compliance with NYSE Arca's Regulation M related notification rules. Piper Sandler & Co. consents to a censure and a fine of \$28,000.

* * *

Pursuant to Rule 10.9216 of the NYSE Arca, Inc. ("NYSE Arca" or the "Exchange") Code of Procedure, Piper Sandler & Co. ("Piper" or the "Firm") submits this Letter of Acceptance, Waiver, and Consent ("AWC") for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, NYSE Arca will not bring any future actions against the Firm alleging violations based on the same factual findings described herein.

I. ACCEPTANCE AND CONSENT

- A. Piper hereby accepts and consents, without admitting or denying the findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of NYSE Arca, or to which NYSE Arca is a party, prior to a hearing and without an adjudication of any issue of law or fact, to the entry of the following findings by NYSE Arca:

BACKGROUND AND JURISDICTION

1. Sandler, O'Neill & Partners, L.P. (Sandler), CRD No. 23328, became a member of NYSE Arca, registered as an Equities Trading Permit (ETP) Holder, on August 9, 2004.¹ In January 2020, Sandler merged with Piper Jaffray & Co.,² CRD No. 665, becoming Piper, Sandler & Co. The resulting firm is a full-service investment banking firm and broker-dealer. The Firm maintains its headquarters in Minneapolis,

¹ Prior to August 17, 2017, the rules involved in this matter were called NYSE Arca Equities rules.

² Piper Jaffray & Co. became an ETP Holder with NYSE Arca in April 2004.

MN, and employs approximately 1,200 registered representatives across 56 branch offices. The Firm has no relevant disciplinary history.

PROCEDURAL HISTORY

2. This matter arises from a review by the Market Regulation Department of the Financial Industry Regulatory Authority, Inc. (“FINRA”). After receiving surveillance alerts indicating Piper failed to timely submit Regulation M-related notifications, FINRA Offering Surveillance staff reviewed the Firm’s compliance with NYSE Arca notification requirements regarding Regulation M of the Securities Exchange Act of 1934 and the supervision thereof for the periods April 1, 2017 through June 30, 2018 and October 1, 2019 through December 31, 2019 (collectively, the “review period”).³

VIOLATIONS

3. Regulation M, promulgated under the Securities Exchange Act of 1934, is the SEC’s principal anti-manipulation provision that applies to securities offerings and is used, in part, as a prophylactic measure to prevent distribution participants from: (a) influencing offerings in which it has an interest in a successful outcome and (b) conditioning the market in order to facilitate a distribution.
4. NYSE Arca Rule 9.5190-E sets forth notice requirements that are applicable to all members participating in offerings of securities for purposes of monitoring compliance with the provisions of Regulation M.⁴

Regulation M Restricted Period Notifications

5. In connection with distributions of securities, broker-dealers must comply with relevant notification rules. NYSE Arca Rule 9.5190-E(c)(1)(A) requires members that are acting as a manager, or in a similar capacity, of a distribution of a security to provide written notification to NYSE Arca regarding the determination as to whether a one-day or five-day restricted period applies under Rule 101 of Regulation M (Rule 101) and the basis for such determination,⁵ the contemplated date and time of the commencement of the restricted period, the security name and symbol, and the identification of the distribution participants and affiliated purchasers. The notification must be submitted no later than the business day prior to the first complete trading session of the applicable restricted period.
6. In each of the nine distributions below, the Firm assumed the obligation of filing the Restricted Period Notifications required by NYSE Arca Rule 9.5190-E(c)(1)(A) as a manager, or in a similar capacity.

³ The review period refers to when the relevant offerings were completed; not when notifications should have been filed.

⁴ As of August 17, 2017, NYSE Arca Equities Rule 5190 was renumbered to NYSE Arca Rule 9.5190-E.

⁵ The length of the restricted period depends on the average daily trading value and the value of the public float.

7. During the review period, the Firm failed to submit Restricted Period Notifications to NYSE Arca in a timely manner in connection with the following nine distributions:
 - a. For a follow-on distribution⁶ on behalf of Issuer “A,” the Firm should have submitted a Restricted Period Notification by April 3, 2017 but did not submit until April 5, 2017.⁷
 - b. For a follow-on distribution on behalf of Issuer “B,” the Firm should have submitted a Restricted Period Notification by April 25, 2017 but did not submit until April 26, 2017.
 - c. For an IPO distribution on behalf of Issuer “C,” the Firm should have submitted a Restricted Period Notification by May 1, 2017 but did not submit until May 3, 2017.
 - d. For an IPO distribution on behalf of Issuer “D,” the Firm should have submitted a Restricted Period Notification by June 19, 2017 but did not submit until June 28, 2017.
 - e. For a merger distribution on behalf of Issuer “E,” the Firm should have submitted a Restricted Period Notification by October 10, 2017 but did not submit until October 12, 2017.
 - f. For an IPO distribution on behalf of Issuer “F,” the Firm should have submitted a Restricted Period Notification by November 9, 2017 but did not submit until November 16, 2017.
 - g. For an IPO distribution on behalf of Issuer “G,” the Firm should have submitted a Restricted Period Notification by March 6, 2018 but did not submit until March 16, 2018.
 - h. For a follow-on distribution on behalf of Issuer “I,” the Firm should have submitted a Restricted Period Notification by April 11, 2018 but did not submit until April 13, 2018.
 - i. For an at-the-market (ATM) distribution⁸ on behalf of Issuer “FF,” the Firm should have submitted a Restricted Period Notification by August 23, 2019 but the Firm failed to submit a notification.

8. With respect to the merger distribution identified above, the restricted period began on the day proxy solicitation or offering materials were disseminated to security holders.⁹ The proxy statements/prospectuses, which indicated when the documents would be furnished to shareholders, was filed with the SEC and publicly available at least one week prior to the date they were furnished to shareholders, giving the Firm an opportunity to determine when the relevant restricted period began. Piper

⁶ A follow-on distribution is a second offering from a company where the company places new shares into the market.

⁷ Generic symbols are used in place of the names of the referenced securities.

⁸ An ATM distribution is a type of follow-on offering of stock where exchange-listed companies incrementally sell newly issued shares into the secondary trading market through a designated broker-dealer at prevailing market prices.

⁹ Rule 100(b) of Regulation M.

nonetheless filed a Restricted Period Notification late for the merger distribution.

9. With respect to the four IPO distributions identified above, the restricted period began five days prior to the determination of the offering price. Piper, however, based its notification submissions on the expected date of the first completed trading session. Due to the Firm's misunderstanding of its reporting obligation, Piper filed Restricted Period Notifications late for the four IPO distributions.
10. The remaining four violations occurred due to administrative errors committed by the Firm.
11. Accordingly, in nine instances, the Firm violated NYSE Arca Equities Rule 5190(c)(1)(A) (for conduct that occurred prior to August 17, 2017) and NYSE Arca Rule 9.5190-E(c)(1)(A) (for conduct that occurred on or after August 17, 2017).

Regulation M Trading Notifications

12. NYSE Arca Rule 9.5190-E(c)(1)(B) requires members that are acting as a manager, or in a similar capacity, of a distribution of a security to provide written notification to NYSE Arca regarding the pricing of the distribution, the security name and symbol, the type of security, the number of shares offered, the offering price, the last sale before the distribution, the pricing basis, the SEC effective date and time, the trade date, the restricted period, and identification of the distribution participants and affiliated purchasers. The notification must be submitted no later than the close of business the next business day following the pricing of the distribution.
13. In each of the three distributions below, the Firm assumed the obligations of filing the Trading Notifications as required by NYSE Arca Rule 9.5190-E(c)(1)(B) as a manager, or in a similar capacity.
14. During the review period, the Firm failed to submit Trading Notifications to NYSE Arca in a timely manner in connection with the following three distributions:
 - a. For a PIPE distribution¹⁰ on behalf of Issuer "K," the Firm should have submitted a Trading Notification by April 25, 2017 but did not submit until April 27, 2017.
 - b. For an IPO distribution on behalf of Issuer "L," the Firm should have submitted a Trading Notification by March 15, 2018 but did not submit until March 16, 2018.
 - c. For a merger distribution on behalf of Issuer "C," the Firm should have submitted a Trading Notification by May 22, 2018 but did not submit until May 30, 2018.

¹⁰ A PIPE distribution is a private placement of a public issuer's equity or equity-linked securities to investors.

15. With respect to the merger distribution identified above, the offering price is not agreed upon until the shareholders vote in favor of the transaction.¹¹ As such, the date of the shareholder meeting is the pricing date for merger distributions. Piper's practice, however, was to file Trading Notifications as soon as practicable after the discovery of the outcome of the shareholder vote. Due to the Firm's misunderstanding of its reporting obligations, the Firm filed Trading Notifications late for one merger distribution.
16. The remaining two violations occurred due to administrative errors committed by the Firm.
17. Accordingly, in three instances, the Firm violated NYSE Arca Equities Rule 5190(c)(1)(B) (for conduct that occurred prior to August 17, 2017) and NYSE Arca Rule 9.5190-E(c)(1)(B) (for conduct that occurred on or after August 17, 2017).

Regulation M Trading Notifications for Actively Traded Securities

18. NYSE Arca Rule 9.5190-E(d) requires members that are acting as a manager, or in a similar capacity, of a distribution of a security that is considered "actively traded" under Rule 101 of Regulation M to provide a Trading Notification to NYSE Arca of the member's determination that no restricted period applies under Rule 101 and the basis for that determination.¹² The notification must be submitted no later than the close of business the next business day following the pricing of the distribution.
19. In each of the 21 distributions below, the Firm assumed the obligation of filing the Trading Notifications required by NYSE Arca Rule 9.5190-E(d) as a manager, or in a similar capacity.
20. During the review period, the Firm failed to submit Trading Notifications to NYSE Arca in a timely manner in connection with the following 21 distributions of securities that were considered "actively traded" under Rule 101:
 - a. For a merger distribution on behalf of Issuer "M," the Firm should have submitted a Trading Notification by March 1, 2017 but did not submit until March 2, 2017.
 - b. For a merger distribution on behalf of Issuer "N," the Firm should have submitted a Trading Notification by May 18, 2017 but did not submit until May 19, 2017.
 - c. For an ATM distribution on behalf of Issuer "O," the Firm should have submitted a Trading Notification by June 1, 2017 but did not submit until June

¹¹ SEC Frequently Asked Questions About Regulation M, Staff Legal Bulletin No. 9 (October 27, 1999; Revised November 22, 2019).

¹² Rule 101 defines an "actively traded" security as a security that has an average daily trading volume value of at least \$1,000,000 and is issued by an issuer whose common equity securities have a public float value of at least \$150,000,000; provided, however, that such security is not issued by the distribution participant or an affiliate of the distribution participant.

- 22, 2017.
- d. For a merger distribution on behalf of Issuer “P,” the Firm should have submitted a Trading Notification by June 7, 2017 but did not submit until June 8, 2017.
 - e. For a merger distribution on behalf of Issuer “Q,” the Firm should have submitted a Trading Notification by June 29, 2017 but did not submit until July 3, 2017.
 - f. For a merger distribution on behalf of Issuer “R,” the Firm should have submitted a Trading Notification by October 13, 2017 but did not submit until October 23, 2017.
 - g. For a merger distribution on behalf of Issuer “R,” the Firm should have submitted a Trading Notification by October 20, 2017 but did not submit until October 23, 2017.
 - h. For a merger distribution on behalf of Issuer “S,” the Firm should have submitted a Trading Notification by October 26, 2017 but did not submit until October 27, 2017.
 - i. For a merger distribution on behalf of Issuer “T,” the Firm should have submitted a Trading Notification by October 31, 2017 but did not submit until November 1, 2017.
 - j. For an ATM distribution on behalf of Issuer “O,” the Firm should have submitted a Trading Notification by November 7, 2017 but did not submit until November 9, 2017.
 - k. For a merger distribution on behalf of Issuer “U,” the Firm should have submitted a Trading Notification by November 8, 2017 but did not submit until November 9, 2017.
 - l. For an ATM distribution on behalf of Issuer “V,” the Firm should have submitted a Trading Notification by November 8, 2017 but did not submit until November 9, 2017.
 - m. For a merger distribution on behalf of Issuer “W,” the Firm should have submitted a Trading Notification by December 5, 2017 but did not submit until December 6, 2017.
 - n. For a merger distribution on behalf of Issuer “X,” the Firm should have submitted a Trading Notification by January 5, 2018 but did not submit until January 8, 2018.
 - o. For a merger distribution on behalf of Issuer “Y,” the Firm should have submitted a Trading Notification by February 12, 2018 but did not submit until February 13, 2018.
 - p. For a merger distribution on behalf of Issuer “Z,” the Firm should have submitted a Trading Notification by February 23, 2018 but did not submit until February 28, 2018.
 - q. For a merger distribution on behalf of Issuer “AA,” the Firm should have submitted a Trading Notification by March 2, 2018 but did not submit until March 5, 2018.
 - r. For an ATM distribution on behalf of Issuer “BB,” the Firm should have submitted a Trading Notification by March 7, 2018 but did not submit until March 26, 2018.

- s. For a merger distribution on behalf of Issuer “CC,” the Firm should have submitted a Trading Notification by April 11, 2018 but did not submit until June 1, 2018.
 - t. For a merger distribution on behalf of Issuer “DD,” the Firm should have submitted a Trading Notification by May 2, 2018 but did not submit until May 7, 2018.
 - u. For an acquisition distribution on behalf of Issuer “EE,” the Firm should have submitted a Trading Notification by June 8, 2018 but did not submit until June 18, 2018.
21. With respect to the 17 merger and acquisition distributions identified above, the offering price is not agreed upon until the shareholders vote in favor of the transaction. As such, the date of the shareholder meeting is the pricing date for merger and acquisitions. The date of shareholder meetings, which is included in proxy statements and prospectuses that are filed with the SEC, is publicly available information. Piper’s practice, however, was to file Trading Notifications as soon as practicable after the discovery of the outcome of the shareholder vote. Due to the Firm’s misunderstanding of its reporting obligations, the Firm filed Trading Notifications late for the 17 merger and acquisition distributions.
22. The remaining four violations occurred due to administrative errors committed by the Firm.
23. Accordingly, in 21 instances, the Firm violated NYSE Arca Equities Rule 5190(d) (for conduct that occurred prior to August 17, 2017) and NYSE Arca Rule 9.5190-E(d) (for conduct that occurred on or after August 17, 2017).

Supervision

24. NYSE Arca Rule 11.18(c) requires ETP Holders to establish, maintain, and enforce written procedures to supervise the business in which it engages and to supervise the activities of its associated persons that are reasonably designed to ensure compliance with applicable federal securities laws and regulations, and with the NYSE Arca Rules.¹³
25. During the review period, the Firm failed 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 were reasonably designed to achieve compliance with NYSE Arca Rule 9.5190-E.
26. The Firm’s written supervisory procedures that were in effect in 2017 and 2018 failed to provide for any supervisory reviews to ensure its compliance with NYSE Arca Rule 9.5190-E. The written supervisory procedures generally restated the requirements of NYSE Arca Rule 9.5190-E and set forth the operational steps

¹³ As of August 17, 2017, NYSE Arca Equities Rule 6.18 was renumbered to NYSE Arca Rule 11.18.

individuals were to take when submitting a Regulation M notification to NYSE Arca, but failed to provide for any means by which the Firm would supervise to ensure that those requirements would be met.

27. Accordingly, the Firm violated NYSE Arca Equities Rule 6.18(c) (for conduct that occurred prior to August 17, 2017) and NYSE Arca Rule 11.18(c) (for conduct that occurred on or after August 17, 2017).

SANCTIONS

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

1. **Censure and aggregate fine in the amount of \$85,000, of which \$28,000 is payable to NYSE Arca**¹⁴

Acceptance of this AWC is conditioned upon acceptance of similar settlement agreements in related matters between the Firm and each of the following SROs: (i) FINRA; (ii) The Nasdaq Stock Market LLC; and (iii) NYSE American LLC.

The Firm agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. The Firm has submitted a Method of Payment Confirmation form showing the method by which it will pay the fine imposed.

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

The Firm agrees that it shall not seek or accept, directly or indirectly, reimbursement or indemnification from any source, including but not limited to payment made pursuant to any insurance policy, with regard to any fine amounts that the Firm pays pursuant to this AWC, regardless of the use of the fine amounts. The Firm further agrees that it shall not claim, assert, or apply for a tax deduction or tax credit with regard to any federal, state, or local tax for any fine amounts that the Firm pays pursuant to this AWC, regardless of the use of the fine amounts.

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

II. WAIVER OF PROCEDURAL RIGHTS

The Firm specifically and voluntarily waives the following rights granted under the NYSE Arca Code of Procedure:

- A. To have a Formal Complaint issued specifying the allegations against the Firm;
- B. To be notified of the Formal Complaint and have the opportunity to answer the allegations in writing;

¹⁴ The balance of the fine will be paid to the self-regulatory organizations referenced below.

- 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 Exchange's Board of Directors and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, the Firm specifically and voluntarily waives any right to claim bias or prejudice of the Chief Regulatory Officer of NYSE Arca; the Exchange's Board of Directors, Disciplinary Action Committee ("DAC"), and Committee for Review ("CFR"); any Director, DAC member, or CFR member; Counsel to the Exchange Board of Directors or CFR; any other NYSE Arca employee; or any Regulatory Staff as defined in Rule 10.9120 in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including acceptance or rejection of this AWC.

The Firm further specifically and voluntarily waives any right to claim that a person violated the ex parte communication prohibitions of Rule 10.9143 or the separation of functions prohibitions of Rule 10.9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

III. OTHER MATTERS

The Firm understands that:

- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed by NYSE Regulation, and accepted by the Chief Regulatory Officer of NYSE Arca pursuant to NYSE Arca Rule 10.9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against the Firm; and
- C. If accepted:
 - 1. The AWC shall be sent to each Director and each member of the Committee for Review via courier, express delivery or electronic means, and shall be deemed final and shall constitute the complaint, answer, and decision in the matter, 10 days after it is sent to each Director and each member of the Committee for Review, unless review by the Exchange Board of Directors is requested pursuant to NYSE Arca Rule 10.9310(a)(1)(B);
 - 2. This AWC will become part of the Firm's permanent disciplinary record and may be considered in any future actions brought by the Exchange, or any other regulator against the Firm;
 - 3. NYSE Arca shall publish a copy of the AWC on its website in accordance

with NYSE Arca Rule 10.8313;

4. NYSE Arca may make a public announcement concerning this agreement and the subject matter thereof in accordance with NYSE Arca Rule 10.8313; and
 5. The Firm may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. The Firm may not take any position in any proceeding brought by or on behalf of the Exchange, or to which the Exchange is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects the Firm's (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which the Exchange is not a party.
- D. A signed copy of this AWC and the accompanying Method of Payment Confirmation form delivered by email, facsimile or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy.
- E. The Firm may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. The Firm understands that it may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. Any such statement does not constitute factual or legal findings by the Exchange, nor does it reflect the views of NYSE Regulation or its staff.

The Firm certifies that, in connection with each of the Exchange's requests for information in connection with this matter, the Firm made a diligent inquiry of all persons and systems that reasonably had possession of responsive documents and that all responsive documents have been produced. In agreeing to the AWC, the Exchange has relied upon, among other things, the completeness of the document productions.

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

July 20, 2021

Date

Piper Sandler & Co.,
Respondent

By: Bridget Wherley

Name: Bridget wherley

Title: Chief Compliance Officer

Reviewed by:

David S. Petron

David S. Petron
Sidley Austin LLP
1501 K Street, NW
Washington, DC 20005
(202) 736-8093
Counsel for Respondent

Accepted by FINRA

July 20, 2021

Date

Carly M. Kostakos

Carly M. Kostakos
Senior Counsel
FINRA, Department of Enforcement

Signed on behalf of NYSE Arca, Inc., by
delegated authority from its Chief
Regulatory Officer