UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

DIVISION OF
CORPORATION FINANCE

July 20, 2015

Thomas J. Kim, Esq.
Sidley Austin LLP
1501 K Street, N.W.
Washington, DC 20005

Re: In the Matter of Piper Jaffray & Co.
Waivers of Disqualification under Rule 506(d)(2)(ii) of Regulation D and Rule 262(b)(2) of Regulation A
Exchange Act Release No. 34-70804, November 5, 2013
Administrative Proceeding File No. 3-15603

Dear Mr. Kim:

This letter is in response to your letter dated May 27, 2015 ("Waiver Letter"), written on behalf of Piper Jaffray & Co. ("Piper Jaffray") and constituting an application for waivers of disqualification under Rule 506(d)(2)(ii) of Regulation D and Rule 262(b)(2) of Regulation A under the Securities Act of 1933. In the Waiver Letter, you requested relief from any disqualification that will arise as to Piper Jaffray under Rule 506 of Regulation D and Rule 262 of Regulation A by virtue of the Commission's order entered November 5, 2013 in the Matter of Piper Jaffray & Co., Release No. 34-70804, pursuant to Sections 15(b) and 15(B)(c) of the Securities Exchange Act of 1934 (the "Order").

Based on the facts and representations in the Waiver Letter and assuming Piper Jaffray complies with the Order, the Division of Corporation Finance, acting for the Commission pursuant to delegated authority, has determined that Piper Jaffray has made a showing of good cause under Rule 506(d)(2)(ii) of Regulation D and Rule 262(b)(2) of Regulation A that it is not necessary under the circumstances to deny reliance on Rule 506 of Regulation D or Regulation A by reason of the entry of the Order. Accordingly, the relief requested in the Waiver Letter regarding any disqualification that may arise as to Piper Jaffray under Rule 506 of Regulation D or Regulation A by reason of the entry of the Order is granted on the condition that Piper Jaffray fully complies with the terms of the Order. Any different facts from those represented or failure to comply with the terms of the Order would require us to revisit our determination that good cause has been shown and could constitute grounds to revoke or further condition the waiver. The Commission reserves the right, in its sole discretion, to revoke or further condition the waiver under those circumstances.

Very truly yours,

Sebastian Gomez Abero

Sebastian Gomez Abero
Chief, Office of Small Business Policy
Division of Corporation Finance

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May 27, 2015

By Electronic Mail

Sebastian Gomez Abero, Esq.
Chief, Office of Small Business Policy
Division of Corporation Finance
U.S. Securities and Exchange Commission
100 F St., NE
Washington, DC 20549

Re: *In the Matter of Piper Jaffray & Co. and Jane Towery,* Release No. 33-9472 (Nov. 5, 2013)

Dear Mr. Gomez Abero:

We are writing on behalf of Piper Jaffray & Co. ("Piper") in connection with the Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933 and Sections 15(b) and 15B(c) of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (the "Order") against Piper arising out of the above-captioned matter. The Commission issued the Order on November 5, 2013. We hereby respectfully request a waiver of the disqualification that has arisen pursuant to Regulation A and Rule 506 of Regulation D under the Securities Act of 1933 (the "Securities Act") with respect to Piper as a result of the entry of the Order.

BACKGROUND

Piper is a registered broker-dealer under the Securities Exchange Act of 1934 (the "Exchange Act") and a wholly-owned subsidiary of Piper Jaffray Companies, a full-service investment bank and asset management firm listed on the New York Stock Exchange and headquartered in Minneapolis, Minnesota. Solely for the purpose of proceedings brought by or on behalf of the Commission or in which the Commission is a party, Piper consented to the entry of the Order without admitting or denying the findings in the Order, except as to the Commission's jurisdiction over Piper and the subject matter of the proceedings, which Piper admitted.

The Order resulted from the Commission's investigation into whether Piper and one of its investment bankers, Jane Towery ("Towery"), violated the antifraud provisions of the federal

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securities laws in connection with Piper's participation as the sole underwriter in the offer and sale of over $41 million of bond anticipation notes (the "BANs") issued by the Greater Wenatchee Regional Events Center Public Facilities District (the "District") in November 2008 to finance a multi-use arena and ice hockey rink (the "Project"). According to the Order, the Official Statement used to market and sell the BANs to investors was materially false and misleading with respect to (i) the revenue projections for the Project, which revenues were the primary source of payment for the BANs, and (ii) the extent to which the City of Wenatchee, Washington, would be able to serve as a backstop for the payment of interest on the BANs. The District defaulted on the payment of principal on the BANs in December 2011.

According to the Order, the Commission found that Piper and Towery conducted inadequate due diligence for the offering and, as a result, failed to form a reasonable basis for believing the truthfulness and completeness of material statements in the Official Statement. The Commission found that Piper's due diligence policies and procedures at the time of the BANs offering provided "limited" guidance to its bankers relating to due diligence and that Piper did not have policies and procedures reasonably designed to ensure that Towery's due diligence was appropriate or that she followed Piper's policies and procedures.

On September 10, 2012, Piper underwrote the issuance of long-term bonds to refinance the BANs, which allowed the District to repay principal and accrued interest from the date of default so that no investors in the BANs were ultimately harmed from the District's default and they suffered only a temporary loss in liquidity. Piper underwrote these 2012 bonds at a reduced underwriting discount and made a settlement payment to the District.

In 2012, Piper voluntarily re-evaluated and substantially revamped both (i) its municipal underwriting due diligence procedures to be followed by its investment banking personnel and (ii) its supervisory policies and procedures. In December 2012, Piper issued a revised due diligence policy (the "December 2012 Revised Policy"), as discussed below. Although not mentioned in the Order, Piper engaged Mr. John M. McNally of Hawkins Delafield & Wood LLP, a former President of the National Association of Bond Lawyers, to advise Piper on revising its due diligence policy.

Based on their conduct in the BANs offering, the Order found that Piper and Towery violated Sections 17(a)(2) and 17(a)(3) of the Securities Act. The Order censured Piper and Towery and required each of them to cease and desist from committing or causing any violations and any future violations of the same provisions and to pay civil penalties in the amounts of $300,000 and $25,000, respectively. The Order also required Piper to engage an independent consultant to review Piper's municipal underwriting due diligence policies and procedures to ensure compliance with the federal securities laws and to review Piper's supervisory policies and procedures relating to municipal underwriting due diligence to ensure compliance with the

federal securities laws. The independent consultant was required to review and submit a written report to Piper and to the Commission Staff within 90 days of the issuance of the Order. In turn, Piper was required to adopt and implement all recommendations contained in the Report within 30 days of receiving it, and subsequently to certify as to its compliance with the undertakings in the Order and to certify as to its continued compliance with these undertakings on the first and second anniversaries of its initial certification of compliance.

Piper engaged Edwards Wildman Palmer LLP ("Edwards Wildman") to serve as its consultant—specifically, Mr. Walter J. St. Onge III to advise on municipal securities financing issues and Mr. Stanley Keller to advise on due diligence issues. On February 3, 2014, Edwards Wildman issued its report (the "Edwards Wildman Report"). Notwithstanding the December 2012 Revised Policy and Mr. McNally's involvement in advising Piper on that revised policy, the Edwards Wildman Report made the following 12 new recommendations for changes to Piper's due diligence policies and procedures:

- establish a formal policy for intake approval of new clients;
- require each sector to develop a specific approach and plan for due diligence;
- require a written due diligence plan for each transaction;
- establish a policy regarding engagement of underwriter's counsel;
- mandate a due diligence call or meeting as part of every transaction (absent extraordinary circumstances justifying an exception);
- require approval and review of written diligence plans, diligence call/meeting materials and decision regarding engagement of underwriter's counsel as part of the transaction-approval process;
- create an additional supervisory procedure designed to monitor compliance with Piper's due diligence policies;
- clarify formal and informal channels of communication;
- commit to regular meetings of personnel in Piper's municipal securities business;
- develop an enhanced intranet to keep personnel apprised of relevant matters;
- establish and mandate annual training regarding diligence matters; and
- conduct annual compliance audits regarding diligence policies.

Piper adopted and implemented all of these recommendations. On April 2, 2014, Piper certified as to its compliance with the undertakings in the Order, which undertakings included

adopting and implementing the recommendations in the Edwards Wildman Report. On April 2, 2015, Piper certified as to its continued compliance with the undertakings in the Order.

DISCUSSION

The Order was issued on November 5, 2013 and contains the undertakings described above to engage an independent consultant to review Piper's municipal underwriting due diligence policies and procedures as well as Piper's supervisory policies and procedures relating to municipal underwriting due diligence. We understand that the Staff views these undertakings as triggering Piper's disqualification from relying on Rule 506 pursuant to Rule 506(d)(1)(iv)(B) and from relying on Regulation A pursuant to Rule 262(b)(3).[1] Piper requests that the Commission waive any disqualifying effects that the Order has and will continue to have under Rule 506(d)(1) and Rule 262(b)(3) with respect to Piper as a result of its entry, on the following grounds:

1. *The Alleged Misconduct Was Non-Scienter Based*

The Commission did not allege in the Order that Piper acted with scienter or intent to defraud. The Order alleges violations of Sections 17(a)(2) and 17(a)(3) of the Securities Act, which are civil, non-scienter-based antifraud statutes.

2. *Although the Alleged Misconduct Involved the Offer and Sale of Securities, the Alleged Misconduct Was an Isolated Incident, of Limited Duration, and Did Not Involve a Rule 506 Offering*

We acknowledge that the alleged misconduct involved the offer and sale of securities, but we believe this was an isolated incident and of limited duration. Indeed, we note that the Order observed that Piper stepped in to underwrite the BANs offering "as a last minute replacement for a predecessor underwriting firm," which had been working on this offering for over a year and had already completed a preliminary version of the Official Statement. Because access to capital was disrupted by the financial crisis, the predecessor underwriting firm was unsuccessful in bringing to market long-term bonds for the District and abandoned the engagement in September 2008. In early October 2008, the Project was substantially completed, with the District's first lease payment due on November 3, 2008. The District engaged Piper on October 27, 2008 and sold the BANs on November 13, 2008. According to the Order, "[b]y the time Piper became the underwriter on the deal, the City and the District were desperate to find financing for the

[1] Piper notes that the Order triggers disqualification under Rule 262 as in effect before the April 2015 amendments to Regulation A, and therefore, "offerings that would have been disqualified from reliance on Regulation A under Rule 262 as in effect before today's amendments will continue to be disqualified." *Amendments for Small and Additional Issues Exemptions under the Securities Act*, Release No. 33-9741 (Mar. 25, 2015), 80 FR 21806, 21856.

Regional Center within a month because of onerous lease payments being demanded by the construction lender." It was "[i]n this compressed time frame" that Piper and Towery allegedly conducted inadequate due diligence. Given the intense financial pressures facing the City and the District, the withdrawal of the first underwriter, and the lack of liquidity and access to credit in the markets during these months due to the financial crisis, these and other factors may have contributed to a difficult environment in which to conduct effective due diligence.

In addition, even though the alleged misconduct involved the offer and sale of securities, the offering at issue in the Order was not made in reliance on Rule 506. There is no indication whatsoever that the alleged misconduct is in any way connected to Piper's Private Placement Group.

3. *The Personnel Involved in the Alleged Misconduct Are No Longer Employed by Piper*

Towery was a Managing Director at Piper at the time of the BANs offering and the senior banker in charge of the BANs offering. The Order required Towery to limit her activities as an associated person of a broker-dealer or municipal advisor for 12 months, commencing immediately upon entry of the Order, by refraining from (i) any contact with any existing or prospective municipal issuer client or customer for the purpose of conducting, maintaining or developing business and (ii) making decisions on behalf of a broker-dealer in connection with any due diligence activities. Towery resigned from Piper in 2013 and is not employed by any Piper affiliate. Accordingly, there is no ability or opportunity for Towery to work on any matter on behalf of Piper and its affiliates.

4. *Remedial Steps Were Undertaken*

Piper has taken numerous remedial steps to address the conduct at issue in the Order. Piper's remediation includes steps taken both before and after the Commission's Order.

First, prior to the issuance of the Commission's Order, in 2012, Piper had already reevaluated its underwriting municipal due diligence procedures to be followed by its investment banking personnel and its supervisory policies and procedures, and adopted the December 2012 Revised Policy, which:

- highlighted the importance of due diligence;
- identified various considerations relevant to formulating a due diligence plan;
- listed required documentation for due diligence files;

- summarized basic due diligence steps and areas of inquiry to be included in the diligence process; and
- incorporated enhanced, due diligence checklists specific to Piper's primary investment banking sectors, which must be completed and filed, together with any related diligence materials, in the closed deal file for each transaction.

Second, in accordance with the undertakings in the Order, Piper adopted and implemented the 12 recommendations in Edwards Wildman Report. Many of these recommendations were implemented through Piper's new Policy on the Due Diligence of Municipal Underwriters: Negotiated Offerings (dated April 5, 2014) (the "2014 Policy"). In the 2014 Policy, Piper took the following steps:

- adopted and implemented a new policy for intake approval of new clients;
- established a subcommittee representing material sectors of its public finance business that will convene to develop a specific approach and plan for diligence for specific sectors;
- adopted and implemented a policy that requires the preparation, supervisory approval, and submission to Piper's Commitment Committee of a written due diligence plan for each transaction;
- adopted and implemented a policy regarding engagement of underwriter's counsel and formal due diligence call or meeting; and
- adopted and implemented a policy requiring supervisory review and approval of written due diligence plans, formal diligence calls or meetings, and decisions regarding engagement of underwriter's counsel.

Piper implemented other recommendations in the Report through separate policies and procedures. Those separate policies and procedures included the following:

- an additional Supervisory Procedure to provide for the monitoring of compliance with the Revised Procedures;
- a revised Commitment Committee Charter to provide for the incorporation of due diligence considerations in its credit reviews;
- a revised Code of Ethics and Business Conduct that clarified formal and informal channels of communication;
- a new Piper intranet section dedicated to due diligence to keep personnel apprised of relevant matters; and

- a new Public Finance Services Due Diligence Compliance Audit Procedure that governs the conduct of compliance audits regarding diligence policies.[2]

Third, on March 17, 2015, Piper completed a voluntary internal audit of its due diligence processes for its Public Finance Services group. Piper's internal audit was designed to audit compliance with the enhanced due diligence procedures that were implemented in response to the recommendations in the Edwards Wildman Report. The audit confirmed that the recommendations in the Edwards Wildman Report had been implemented. The audit also recommended additional procedural clarifications to Piper's due diligence procedures, which Piper is in the process of implementing.

Fourth, Piper will continue to conduct quarterly compliance reviews of its due diligence processes. Piper fully expects that, in April 2016, it will again certify its compliance with the recommendations in the Edwards Wildman Report and the undertakings, as required by the Order.

In sum, Piper has taken and will continue to take concrete steps to remediate the conduct at issue in the Order. Piper's remediation efforts are designed to preclude the possibility of similar conduct occurring in the future and make it unnecessary to disqualify Piper from participating in Rule 506 activities.

5. *Material and Disproportionate Impact of Waiver Denial on Piper, on its Affiliates, on its Clients, and on Investors*

Piper's disqualification from participating in transactions conducted pursuant to Rule 506 of Regulation D has and will continue to have a material adverse impact on Piper and its corporate finance clients that have retained, or would like to retain, Piper in connection with Rule 506 offerings, as well as on the investors in these offerings. Since November 2013, Piper's equities investment banking business served as placement agent for its corporate finance clients in 19 private offerings that raised over $1 billion from over 20 institutional investors. From these offerings, Piper earned $21 million in fees. Of these 19 private offerings, five expressly relied on the Rule 506 safe harbor[3] and raised approximately $115 million, for which Piper earned approximately $5.2 million in fees.

Although this amount of revenue is meaningful for Piper, the ability to raise capital privately under Rule 506 is even more meaningful from a strategic standpoint. As a full-service

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[2] The Report recommended that only annual compliance audits be performed. Piper determined that quarterly compliance reviews of the due diligence process would be more timely and effective than an annual review, so its new policy implemented quarterly compliance audits of the due diligence process.

[3] These are the private offerings for which a Form D was filed.

investment bank with a particular focus on the middle market, it is imperative that Piper be able to raise capital on behalf of its clients in both the public offering markets and the private offering markets. Piper's private placements often cement its relationships with clients and thereby lead to future advisory or capital-raising opportunities. Over the past decade, approximately 40% of Piper's private placement assignments have been followed by additional transactions or advisory assignments. For example, Piper has had numerous instances in which a successful Rule 506 private capital raise for a client has led to an engagement to underwrite the client's IPO and subsequent follow-on offerings or an engagement to act as the client's M&A advisor. Moreover, many of Piper's clients require the flexibility to be able to conduct a private offering if market conditions warrant, and Piper cannot effectively serve those clients if it is disqualified under Rule 506. If Piper is unable to offer the full suite of fundraising services (including Rule 506 offerings), it will not be able to compete effectively against other investment banks in meeting the needs of its clients—in particular, its middle-market clients that may not be big enough to raise capital in a registered offering but present healthy businesses and attractive investment opportunities for institutional investors.

Once Piper understood that the Order disqualified it from participating in Rule 506 offerings, Piper suspended its activities conducted in reliance on Rule 506. Without a waiver, this period of suspension will continue until April 2, 2016, when Piper certifies its continued compliance with the undertakings on the second anniversary of the initial certification. During this disqualification period, Piper will not be able to compete for or to continue working on engagements in which its clients or prospective clients choose or are advised to conduct their offerings in reliance on Rule 506. As market practice favors the use of Rule 506 because it provides issuers and market participants with the benefit of a safe harbor, Piper's inability to participate in Rule 506 offerings could lead to the loss of numerous private placement opportunities. Piper's lost opportunities are not limited solely to any fees Piper would have earned in connection with such engagements, but also include the missed chances to develop strategic relationships with clients. In addition, it is possible that some of Piper's employees who participate in Rule 506 offerings could seek employment elsewhere so that they can continue to serve clients, and their clients could leave with them.

We submit that the impact of Rule 506(d)(1)'s disqualification on Piper, its affiliates and its clients today—and over the next year if the waiver is not granted—is disproportionate to the trigger for the disqualification, which is the undertakings to engage a consultant to review Piper's municipal underwriting due diligence policies and procedures, to adopt and implement the consultant's recommendations, and to certify compliance with such undertakings for two years. In light of the limited nature of the violations in the Order and the fact that the disqualification stems not from the conduct at issue in the Order, but rather, the remedial measures that Piper has agreed to and is in compliance with, we do not believe that Piper's

disqualification from relying on Rule 506 until April 2, 2016 is reasonable, warranted or in the public interest.

6. *Adoption of Recent Amendments to Regulation A Could Result in an Active Regulation A Market, in which Piper Will Want to Compete*

On March 25, 2015, the Commission adopted rule amendments increasing the amount of capital that can be raised under Regulation A to $50 million, which amendments take effect on June 19, 2015. Although Piper's clients historically have not relied on Regulation A because of the current $5 million limit on the amount of capital that can be raised, once the limit is raised to $50 million, it is reasonably likely that Piper's clients may want to consider relying on Regulation A to raise capital. For example, since January 2013, Piper has served as bookrunner or co-manager on 9 initial public offerings that raised $50 million or less. Each of these offerings could have been conducted pursuant to Regulation A had the amendments been in effect at that time.

Piper is the most active middle market investment bank in its core focus sectors, which include business services; clean technology and renewables; consumer; diversified industrials and services; financial sponsors; healthcare; and technology, media and telecommunications. For companies in the middle market, Regulation A+ would appear to be an attractive alternative to registration. If the recent amendments are successful in creating an active market for Regulation A offerings, then Piper's disqualification from participating in these offerings will have a material adverse impact on Piper and its corporate finance clients that would like to retain Piper in connection with Regulation A offerings. For the same reasons outlined above with respect to Rule 506, we do not believe that Piper's disqualification from relying on Regulation A is reasonable, warranted or in the public interest.

7. *Disclosure of Written Description of Final Judgment to Investors*

Piper will furnish (or cause to be furnished) to each purchaser to whom Piper offers and sells securities in a Rule 506 offering or in a Regulation A offering that would otherwise be subject to the disqualification under Rule 506(d)(l) or Rule 262, respectively, as a result of the Order, a description in writing of the Order a reasonable time prior to sale.

REQUEST FOR WAIVERS

In light of the grounds for relief discussed above, we believe that disqualification is not necessary under the circumstances and that Piper has shown good cause that relief should be granted. Accordingly, we respectfully urge the Commission, pursuant to Rules 506(d)(2)(ii) and 262, to waive the disqualification provisions in Rules 506 and 262 under the Securities Act, respectively, to the extent they may be applicable to Piper as a result of the entry of the Order.[4]

Sincerely,

Thomas J. Kim

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[4] We note in support of this request that the Commission has granted relief under Rule 506 of Regulation D for similar reasons or in similar circumstances. *See BlackRock Advisors, LLC* (April 20, 2015); *H.D. Vest Investment Securities, Inc.* (March 4. 2015); *Barclays Capital Inc.*, Rel. No. 33-9651 (Sept. 23, 2014); *Wells Fargo Advisers, LLC*, Rel. No. 33-9649 (Sept. 22, 2014); *Dominick & Dominick LLC*, Release No. 33-9619 (July 28, 2014); *Jefferies LLC*, (March 12, 2014); *Credit Suisse Group AG* (Feb. 21, 2014); *Instinet, LLC* (Dec. 26, 2013). We believe that had Piper sought a waiver at the time of the issuance of the Order, the Commission would have granted the waiver, just as it has done in these cases.

Piper is not requesting a waiver of disqualification from relying Rule 505 of Regulation D at this time because it does not now use or participate in transactions under such offering exemption. Piper understands that it may request such waivers in a separate request if circumstances change.