

Piper Sandler Advisors, LLC.

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Form ADV Part 2 - Disclosure Brochure

Piper Sandler Collateral Management Services Program

February 4, 2020

This Brochure provides information about the qualifications and business practices for the investment adviser activities of Piper Sandler Advisors, LLC. If you have any questions about the contents of this Brochure, please contact us at 212-466-7920. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Piper Sandler Advisors, LLC. is a registered investment adviser. Registration of an Investment Adviser does not imply any particular level of skill or training. Additional information about Piper Sandler Advisors, LLC. also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

This item is intended to discuss only specific material changes made to the Brochure and provide clients with a summary of such changes made subsequent to the date of the last update. This is the first Brochure for this advisory program at Piper Sandler Advisors, LLC.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Additional information about Piper Sandler Advisors, LLC. is available via the SEC's web site www.adviserinfo.sec.gov. The SEC's web site also provides information about any persons affiliated with Piper Sandler Advisors, LLC. who are registered, or are required to be registered, as investment adviser representatives of Piper Sandler Advisors, LLC.

Item 3 – Table of Contents

Item 1 -- Piper Sandler Advisors, LLC.....	1
Item 2 – Material Changes	2
Item 3 – Table of Contents	3
Item 4 – Advisory Business.....	4
Item 5 – Fees and Compensation	5
Item 6 – Performance-Based Fees and Side-By-Side Management	5
Item 7 – Types of Clients	5
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss	5
Item 9 – Disciplinary Information	6
Item 10 – Other Financial Industry Activities and Affiliations.....	6
Item 11 – Code of Ethics	7
Item 12 – Brokerage Practices	7
Item 13 – Review of Accounts	8
Item 14 – Client Referrals and Other Compensation	8
Item 15 – Custody	8
Item 16 – Investment Discretion	8
Item 17 – Voting Client Securities	8
Item 18 – Financial Information	9
Item 19 – Requirements for State-Registered Advisers	9

Item 4 – Advisory Business

This disclosure document deals solely with the Piper Sandler Advisors, LLC. This document provides information about Piper Sandler Advisors, LLC and its asset management strategies that should be considered before becoming an advisory client of Piper Sandler Advisors, LLC. This information has not been approved by any governmental authority.

General Information and Investment Advisory Services Relating to Piper Sandler Advisors, LLC Program

Piper Sandler Advisors, LLC manages the securities held by special-purpose entities known as collateralized debt obligations or CDOs. Those securities typically consist of trust preferred, subordinated debt and other securities issued by various financial institutions. We currently serve as the collateral manager to two CDOs. We have entered into collateral management agreements with each of those CDOs, which set forth the terms under which we advise the CDOs on the selection, purchase and sale of securities, hedging strategies and other matters. Our CDO clients generally follow a “buy and hold” strategy and are not actively managed. In connection with our collateral management services, we also offer advice regarding swaps and other derivatives to which our CDO clients may be a party.

We also serve as a sub-advisor to collateral managers of other CDOs. The sub-advisory services we have agreed to provide include:

- obtaining price quotes and other information with respect to the collateral underlying the CDOs;
- facilitating sales of securities and assets which form a part of the collateral underlying the CDOs; and
- providing other services upon which we and the applicable collateral manager may agree.

To date, we have not been called upon to provide any sub-advisory services under these arrangements.

Assets Under Management

We managed \$450,000,000.00 in client assets as of December 31, 2018. Our method for computing client assets is the same as the method we used to compute assets under management in our Form ADV Part I.

Additional Information Relating to Piper Sandler & Co.

Piper Sandler Advisors, LLC has affiliated investment advisory companies Piper Sandler & Co; Piper Jaffray Investment Management, LLC; PSC Capital Partners LLC; and Piper Sandler Advisors, LLC. Piper Jaffray Investment Management, LLC, (“PJIM”), an affiliated SEC registered investment adviser providing investment advisory services for individuals, corporations, public entities, foundations, and endowments. PSC Capital Partners LLC is a SEC-registered investment adviser providing advisory services to private funds. Piper Sandler & Co, (“PS & Co”) an affiliated SEC registered investment

adviser providing investment advisory services for individuals, corporations, public entities, foundations, and endowments.

PS & Co., PJIM, PSC Capital Partners, and Piper Sandler Advisors, LLC. are wholly owned subsidiaries of Piper Sandler Companies (“PSC”), a financial holding company, publicly traded on the NYSE under the symbol PIPR.

Item 5 – Fees and Compensation

For our role as collateral manager, each CDO pays us a quarterly fee equal to a percentage of the total value of securities under management. The amount of our fees is subject to negotiation, but the fees generally range between approximately 0.05% and 0.30% per year of the value of the CDO’s securities under management. For our role as subadvisor to collateral managers of other CDOs, we generally receive a negotiated percentage of the applicable collateral manager’s fee.

We receive fees from our collateral management clients on a quarterly basis. Those fees are paid in accordance with the priority of payments established by the indenture governing the securities issued by the applicable CDO. We bill all other types of fees to our clients at such times as may be agreed to between us and the clients. Our fees are not deducted from client assets.

Neither we nor any of our supervised persons accepts compensation for the sale of securities or other investment products.

Item 6 – Performance-Based Fees and Side-By-Side Management

Neither we nor any of our supervised persons accepts performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

Item 7 – Types of Clients

We provide collateral management services exclusively to CDOs and the collateral managers of CDOs. We do not generally provide advice to any other types of clients.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

When analyzing the securities held by CDOs, we generally perform credit reviews of the securities with reasonable care and in good faith. We use a degree of skill and attention consistent with practices and procedures followed by reasonable and prudent institutional managers of comparable securities. The procedures we follow also may be specified in the applicable collateral management agreement. Our reviews are generally performed on a quarterly basis following either the receipt by us or the public disclosure of the applicable issuer’s quarterly financial information. These reviews consist of comparisons of each issuer’s quarterly and/or year end financial data, including an analysis of changes in total assets, total equity, return on assets, return on equity and, where applicable, regulatory

capital levels and net charge-offs. In addition, if we obtain knowledge of material facts which may affect the financial condition or results of operations of an issuer during any interim period, we generally will review the issuer's securities at that time based on available information.

The following risks apply to the investment strategies and methods of analysis:

- *Risks relating to banks, thrifts and the banking industry generally.* We focus on the financial services industry, which is subject to change, volatility and significant pressures. Securities issued by financial service companies may decline in value due to deteriorations in their businesses or creditworthiness.
- *Our dependence on key personnel.* Our clients depend on our financial and managerial experience, as well as the skills of our personnel, to develop investment strategies and conduct our analyses. In the event that our personnel were no longer available to provide services to us, we would have to reassign responsibilities, contract for additional personnel and/or hire one or more additional employees. Any such loss could have a material adverse effect on our investment strategies and methods of analysis. In addition, since most of our personnel are employees of SOP, our personnel have substantial responsibilities outside of their responsibilities to perform services for us.
- *Potential conflicts of interest involving us and our affiliates.* Various potential and actual conflicts of interest may arise from our advisory, investment and other activities and those of our affiliates. As a result, we may have incentives to favor ourselves, our affiliates, our other clients or the clients of our affiliates over you.

Our investment strategies and methods of analysis are also subject to additional risks, depending on the type of services we provide, as detailed below:

Collateral Management Services. The material risks relating to our collateral management services are set forth in the offering memoranda describing the securities issued by each CDO client. Those risks generally include, but are not limited to, the following:

- risks relating to the nature of the securities held by the CDOs;
- risks relating to defaults, deferrals and payment restrictions relating to the securities held by the CDOs;
- the limited liquidity of the securities held by the CDOs;
- the limited circumstances under which we are permitted to sell the securities held by the CDOs; and
- our limited experience serving as a collateral manager to CDOs.

We generally recommend trust preferred, subordinated debt and other debt securities issued by financial institutions in connection with our collateral management services. These securities are subject to numerous risks that are set forth in the offering memoranda relating to the applicable CDOs. Following the initial selection of securities for purchase by the CDO, we generally have limited opportunity to recommend additional investment actions.

Item 9 – Disciplinary Information

There are no legal or disciplinary events that are material to a client or prospective client's evaluation of our advisory business or the integrity of our management.

Item 10 – Other Financial Industry Activities and Affiliations

Piper Sandler Companies (NYSE: PIPR) is a leading, international investment bank and asset management firm. Securities brokerage and investment banking services are offered in the United States

through Piper Sandler & Co., member SIPC and FINRA; in Europe through Piper Sandler Ltd., authorized and regulated by the U.K. Financial Conduct Authority; in Hong Kong through Piper Sandler Hong Kong Limited, authorized and regulated by the Securities and Futures Commission. Asset management products and services are offered through five separate investment advisory affiliates registered with the U.S. Securities and Exchange Commission: Piper Sandler Advisors, LLC.; Piper Sandler & Co.; PSC Capital Partners LLC; Piper Jaffray Investment Management, LLC; and Guernsey-based Parallel General Partners Limited, authorized and regulated by the Guernsey Financial Services Commission.

Item 11 – Code of Ethics

The Piper Sandler Advisors, LLC Code of Ethics for advisory activities is based on the principle that the officers, directors, and employees (or persons having similar status or function) of PS & Co. have a fiduciary duty to place the interests of clients ahead of their own interests and embodies the commitment of Piper Sandler Companies and our subsidiaries, affiliated entities and representative offices to conduct our business in accordance with:

- our Guiding Principles
- the highest ethical standards; and
- all applicable laws, rules and regulations of the United States, the United Kingdom, Hong Kong, and any other countries in which we operate.

The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of gifts and business entertainment items, and personal securities trading procedures, among other things. All Piper Sandler Advisors, LLC persons at PS & Co. must acknowledge the terms of the Code of Ethics for advisory activities annually, or as amended.

The Code of Ethics has specific restrictions and disclosure requirements around initial public offerings, private placements and the prevention of the misuse of material, non-public information.

Piper Sandler Advisors, LLC's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting the Chief Compliance Officer at PS & Co., 800 Nicollet Mall, Suite 900, Minneapolis, MN 55402.

Item 12 – Brokerage Practices

Broker-Dealer Transactions

To the extent that we recommend (or in the case of CDOs, select) brokers or dealers to effect securities transactions for clients, these recommendations and selections must be guided by the principal objective of seeking to obtain best execution. "Best execution" includes the following factors:

- best price, including commissions;
- capital position of the broker;

- ability to consummate and clear trades in an orderly and satisfactory manner;
 - consistent quality of service;
 - risks taken in positioning a block of securities; and
 - broad market coverage resulting in a continuous flow of information regarding bids and offers.
- “Best execution” does not necessarily mean obtaining the lowest possible price for any particular transaction.

Item 13 – Review of Accounts

Our portfolio managers, performs the credit reviews provided as part of our collateral management services. Unless otherwise provided in the applicable collateral management agreement, the portfolio managers generally analyze the credit quality of each issuer of securities prior to purchase and periodically as described in Item 8.A above. We prepare written reports on a quarterly basis following the completion of our credit reviews. These reports detail any material changes in the credit quality of the securities under management, as well as a summary of any purchases or sales of securities which occurred during the most recent quarterly period.

Item 14 – Client Referrals and Other Compensation

We do not receive from non-clients any economic benefit for providing investment advice or other advisory services to our clients.

Item 15 – Custody

We do not have custody of any client funds or securities.

Item 16 – Investment Discretion

When acting as collateral manager for a CDO, we have the authority to select the initial securities to be acquired by the CDO, and also have the authority to select replacement or additional securities to be acquired by the CDO and to instruct the trustee with respect to the disposition of certain securities, in some cases without obtaining specific client consent. We also may negotiate on behalf of the CDO and instruct the CDO with respect to actions taken in connection with hedging arrangements without obtaining specific client consent. Prior to assuming the authority to take these actions on behalf of a CDO, we enter into a collateral management agreement with the CDO. We have made and will make all investment decisions in compliance with the investment restrictions set forth in the indenture between the CDO and the applicable trustee, as well as the collateral management agreement between the CDO and us.

Item 17 – Voting Client Securities

We generally will not accept authority to vote client proxies. In certain limited instances, however, we may be asked to provide advice or recommendations to clients in connection with client proxy solicitations. Further, as collateral manager for a CDO, we may, in accordance with the applicable

indenture, direct the trustee to tender a security pursuant to a tender offer or consent or refuse to consent to any proposed modification, amendment or waiver of the collateral securities. In these cases, we are guided by general fiduciary principles and have a duty to provide recommendations or give instructions in a manner consistent with the best interests of our clients. At the same time, we may have conflicts of interest in giving advice or recommendations because, for example, SOP might have business or other relationships with issuers of securities that are the subject of the vote.

In the event that we are asked to provide recommendations or give instructions, we will do so in a manner we believe to be consistent with client interests and will not place our own interests (or the interests of our affiliates) ahead of client interests. In furtherance of our goal to make proxy recommendations in the best interests of clients, we follow procedures designed to identify and address material conflicts that may arise between our interests and those of our clients before making voting recommendations.

Clients may request a copy of our Proxy Voting Policies and Procedures, as well as relevant proxy voting records, by contacting us at (212) 466-7920.

Item 18 – Financial Information

In certain circumstances, registered investment advisers are required to provide financial information or disclosures about their financial condition. However, Piper Sandler Advisors, LLC. has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding. Piper Sandler Companies ("PSC") files quarterly and annual financial statements with the SEC. These are available through the SEC and on PSC's web site at the following location: <http://www.pipersandler.com>.

Item 19 – Requirements for State-Registered Advisers

We are not a state-registered adviser.