



Piper Sandler & Co.

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Form ADV Part 2 - Disclosure Brochure

Fixed Income Advisory Service Program

March 30, 2020

This Brochure provides information about the qualifications and business practices for the investment adviser activities of Piper Sandler & Co. ("PS&Co."). If you have any questions about the contents of this Brochure, please contact us at 612-303-6000. 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.

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

Item 2 – Material Changes

This section is intended to discuss only specific material changes made to the Brochure and provide clients with a summary of changes made subsequent to the date of the last update which was March 29, 2019. There have been no material changes since the last update of our brochure.

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

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Item 4 – Advisory Business

This disclosure document deals solely with the asset management strategies currently limited to Fixed Income Advisory Service Program. This document provides information about Piper Sandler & Co. (“PS&Co.”) and its asset management strategies that should be considered before becoming a client of PS&Co. This information has not been approved by any governmental authority.

General Information and Investment Advisory Services Relating to Fixed Income Advisory Service Program

Fixed Income Advisory Service Program offers non-discretionary portfolio consulting and administrative services to financial institutions, businesses and other suitable financial investors. A PS&Co. Representative works closely with each customer to analyze and define client’s investment objectives and needs. Advisor provides investment advice to customers based on objectives and strategies specifically attendant to each financial institution. Each institution maintains a unique investment policy statement on file with Advisor. Such statements form the basis and guidelines behind the investment decisions mutually agreed upon by the customer and Advisor. The portfolios are reviewed periodically with the customer for quality and to determine strategies and objectives for the forthcoming quarter. While the policy statements are unique to each institution, common objectives exist among the customers. Advisor works with each customer to fulfill those objectives uniformly, namely:

- Assuring the safety of the funds (principal) invested
- Providing adequate liquidity and maintain appropriate marketability
- Maximizing profits and/or return on funds invested
- Adherence to regulatory limitations applicable to financial institutions
- Portfolio diversification

For services rendered, the customer pays a quarterly fee based on the value of the account, as described in the fees section. (See Item 5 – Fees and Compensation.)

Account assets selected by the Advisor may include a wide variety of Fixed Income securities. Securities selected are subject to any limitations imposed by the client or PS&Co.

Upon customer subsequent direction to Advisor, the execution of account transactions will be placed with affiliated and unaffiliated broker-dealers (or other trading venues) selected by Advisor, including Piper Sandler & Co. (“PS & Co.”) (collectively “Brokers”), consistent with Advisor’s duty to seek to obtain best execution of such transactions.

Assets Under Management

PS&Co. manages all client assets on a non-discretionary basis in accordance with the investment policy statement of the institution. As of December 31, 2019, PS&Co. had \$151,418,842.40 in non-

discretionary assets under management across the various investment strategies employed by PS&Co. on behalf of its clients.

Additional Information Relating to Piper Sandler & Co.

In addition to sponsoring Fixed Income Advisory Service Program, PS&Co also offers a Piper Sandler Fixed Income Analytics Program, a Piper Sandler Public Finance Consulting Services Program and a Piper Sandler Balance Sheet Management Services Program. PS&Co.'s separate brochure regarding each program are available upon request by contacting the Chief Compliance Officer at 612-303-6359. Piper Sandler & Co., ("PS&Co."), is a full-service brokerage and financial services firm and is also a member of FINRA, various exchanges, the Securities Investor Protection Corporation ("SIPC") and other financial services related organizations. PS & Co.'s broker-dealer activities are its principal business and account for the vast majority of its time, energies and resources. PS & Co.'s corporate headquarters are located at 800 Nicollet Mall, Suite 1000, Minneapolis, Minnesota 55402. PS&Co. services its clients from numerous branch offices located throughout the United States.

PS&Co. has affiliated investment advisory companies Piper Jaffray Investment Management, LLC ("PJIM"); PSC Capital Partners LLC; and Piper Sandler Advisors LLC. PJIM and PSC Capital Partners LLC are SEC-registered investment advisers providing advisory services to private funds. Piper Sandler Advisors LLC serves as the collateral manager for two CDOs.

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

Item 5 – Fees and Compensation

The client pays PS&Co. a fee that may include compensation for:

- An initial analysis of the client's investment objectives and needs, with periodic re-evaluations, provided by PS&Co.;
- Portfolio reviews created by PS&Co. and other account-related services.
- PS&Co. fees for trade execution on an agency basis.
- BMO Bond Accounting Fee (aka InTrader reports fee).

The program fee does not cover and the client will be additionally responsible and charged for third party fees which could include but is not limited to custodial fees, safekeeping fees, bond accounting, executions at other firms, etc., except as described above.

Fixed Income Advisory Service Program Accounts. Fees are payable on a quarterly basis on the 15th day following the end of each quarter. Fees are based generally on the average month-end PAR balance for the quarter billed in arrears.

Fees are negotiable with a minimum of \$20,000 annually. Some clients may pay higher or lower fees depending on considerations such as:

- The size of the client's account;
- The amount of time the client has had an account with PS&Co.;
- The total amount of business the client conducts through Piper Sandler; and
- Other relevant criteria.

Fees are prorated for any billing period that is less than a complete quarter. PS&Co. will generate an invoice quarterly in arrears and submit that invoice either to the client or a client's designated agent for payment.

The client agreement may be terminated by PS&Co. upon 90 day written notice or the client upon 30 day written notice to the other party. If the client agreement is terminated prior to the last day of the calendar quarter, then a pro rata portion of the fees will be paid by the client, less permitted deductions.

<u>AUM in Millions</u>	<u>Annual Fee</u>	<u>Quarterly Fee</u>
\$0-50	16 basis points	4 basis points
\$50-100	12 basis points	3 basis points
\$100-200	8 basis points	2 basis points
\$200-300	4 basis points	1 basis points
\$300+	2 basis points	.5 basis points

Comparability of Costs

A client's total cost of each of the services provided, if purchased separately, could be more or less depending on, among other factors:

- Trading and execution costs (including principal markups and markdowns) to the client; and
- The client's ability to obtain reports comparable to those provided through the program.

When making cost comparisons, clients should be aware that the combination of services available through Fixed Income Advisory Service Program may not be available separately or may require multiple accounts, documentation and fees.

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

PS&Co. does not charge any 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

The Fixed Income Advisory Service Program is offered and available to institutions, businesses and other suitable financial investors.

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

The client is responsible for promptly bringing to PS&Co.'s attention any material change in the client's investment objectives or financial condition.

Fixed Income Strategy

Fixed Income Strategies place greater emphasis on principal preservation and providing liquidity for clients' operating or investment needs.

Fixed Income Risks

Credit Risk. This is the risk that the issuer or guarantor of a fixed income security will be unable or unwilling to make timely payments of interest or principal.

Interest Rate Risk. Generally, fixed income securities decrease in value if interest rates rise and increase in value if interest rates fall, with lower rated securities more volatile than higher rated securities.

Prepayment Risk. Accounts that invest in fixed income securities bear the risk that an issuer will exercise its right to pay principal on an obligation (such as a mortgage-based security) earlier than expected. This may happen during periods of declining interest rates. Under these circumstances, an account may be unable to recoup all of its initial investment or may receive a lower-than-expected yield from this investment and may be forced to reinvest in lower yielding securities.

High Yield Securities Risk. High yield securities, also known as "junk bonds", are below investment grade quality and may be considered speculative with respect to the issuer's continuing ability to make principal and interest payments. Lower-rated securities may be more susceptible to real or perceived adverse economic and competitive industry conditions than higher-rated securities.

Federal Agency or GSE Securities. Regarding certain securities issued by federal agencies or GSEs (such as debt securities or mortgage-backed securities issued by Freddie Mac, Fannie Mae and the Federal Home Loan Banks), it is important to note that although the issuer may be chartered or sponsored by an Act of Congress, the issuer is not funded by Congressional appropriations, and its debt and equity securities are neither guaranteed nor insured by the U.S. government. Without a more explicit

commitment, there can be no assurance that the U.S. government will provide financial support to such issuers or their securities.

Item 9 – Disciplinary Information

PS & Co. is a registered broker-dealer and investment adviser. It should be noted that the disciplinary reporting requirements for broker-dealers and investment advisers differ. Since we are registered as both a broker-dealer and investment adviser, we file information as required by both sets of regulatory requirements. This section contains information about certain legal and regulatory matters that PS & Co. believes are material to a client's evaluation of its advisory business or the integrity of its management. We entered into various orders, consents and settlements without admitting or denying any of the allegations. In addition to the descriptions below, you can find information on the SEC's website www.adviserinfo.sec.gov as well as the FINRA website www.finra.org/brokercheck.

In March 2014, as part of an industry-wide review of municipal issuer disclosure obligations and lapses therein, the SEC commenced an initiative for all industry member firms to avail themselves of the opportunity to review and self-report any bond offering transactions wherein issuers may have made materially inaccurate statements in a final official statement regarding their prior compliance with their continuing obligations as described in SEC Rule 15c2-12. On March 24, 2015 PS & Co. entered into a settlement agreement with the SEC whereby we incurred a \$500,000 penalty for alleged deficiencies in the Firm's due diligence procedures.

On November 5, 2013, PS & Co. entered into a settlement with the SEC whereby we incurred a \$300,000 penalty from the SEC related to alleged deficiencies in the due diligence conducted by PS & Co. in the course of its engagement as the underwriter for the Greater Wenatchee Regional Events Center Public Facilities District bond offering.

On May 19, 2010, PS & Co. entered into a settlement with FINRA whereby we incurred a \$700,000 penalty for alleged deficiencies in the Firm's supervisory systems and procedures related to email review, reporting and recordkeeping.

On September 24, 2008 PS & Co. entered into a settlement with FINRA whereby we incurred a \$167,500 penalty for alleged deficiencies in time of execution reporting on brokerage order memoranda and to TRACE as well as the correct number of bonds to TRACE.

On December 18, 2007 PS & Co. entered into a settlement with FINRA whereby we incurred a \$100,000 penalty for alleged deficiencies in compliance with applicable securities laws, regulations and NASD rules concerning NASD Rule 3310, the Identification of the Person(s) Responsible for Supervision with Respect to the Advertised Trade Volume on Subscriber Services and Applicable Rules. The Firm did not supervise the trade volume that it advertised in these systems.

On June 26, 2007 PS & Co entered into a settlement with NYSE whereby we incurred a \$150,000 penalty for alleged deficiencies in compliance with Regulation SHO. Alleged the Firm failed to make certain short sell orders as “short exempt”, failed to timely close fail to deliver positions and inaccurately treated non-settled, non-delivered securities as if in its possession and control.

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 & Co.; PSC Capital Partners LLC; Piper Jaffray Investment Management, LLC; Piper Sandler Advisors LLC and Guernsey-based Parallel General Partners Limited, authorized and regulated by the Guernsey Financial Services Commission.

Item 11 – Code of Ethics

The PS&Co. Code of Ethics 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 supervised persons at PS&Co. must acknowledge the terms of the Code of Ethics 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.

PS&Co.’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 1000, Minneapolis, MN 55402.

Item 12 – Brokerage Practices

Broker-Dealer Transactions

PS&Co. as Advisor in the FI Advisory Service Program may effect transactions with and through multiple brokers or dealers including PS & Co. Directed securities transactions to a particular broker or dealer, if desired, will be done on a best efforts basis.

Potential Conflicts of Interest

PS& Co., in its capacity as a securities broker-dealer, investment banker and investment adviser, is routinely engaged in various securities transactions and trading activities for various clients and customers (in addition to the client) which could create conflicts of interest among its duties to the client and its duties to other clients and customers.

As a full service broker-dealer, on an ongoing basis and as permitted by applicable law, PS&Co. may when appropriate:

- Act as a principal, buy securities from, or sell securities to other clients,
- Act as broker or agent, effect securities transactions for compensation for other clients,
- Act as a broker or agent for any person other than a client or effect transactions in which client securities are sold to or bought from a client,
- Recommend to clients that they buy or sell securities or investment products in which PS & Co. or a related person has some financial interest, or
- Buy or sell for itself securities that it also recommends to clients.

It is the duty of the Advisor to seek the best net price and execution on securities trades.

PS&Co. may give advice and take action in performing their duties to the client that differ from advice given, or the timing and nature of action taken, with respect to Fixed Income Advisory Service Program. In the course of their respective investment banking activities or otherwise, PS&Co. and its affiliates may from time to time acquire material non-public or other information about corporations or other entities or their securities. PS&Co. and its affiliates are not obligated and may not be permitted to divulge any such information to or for the benefit of clients, or otherwise act on the basis of any such information in providing services to clients. PS&Co. and its affiliates may trade for their own accounts securities that are recommended to clients.

PS&Co. has adopted and enforces internal policies and procedures with respect to conflicts of interest between PS&Co. and its clients. Pursuant to these policies and procedures, PS&Co., when engaging in the enumerated above, treats clients fairly.

Item 13 – Review of Accounts

PS&Co. is responsible for supervising its employees and agents in the performance of their job responsibilities, to provide effective advisory services to its clients and to ensure, to the extent reasonably possible, that those services are provided in accordance with applicable legal requirements and firm policies. PS&Co. will periodically review the overall investment objectives of the account to ensure that they are consistent with the fashion in which the account is to be managed. This responsibility requires, among other things, that securities recommendations will be made on the basis of an adequate analysis of the client's financial needs, circumstances, and level of experience, and that any recommended investment is suitable to the particular client in light of the nature and objectives of that client that are known to PS&Co.

Client Reports and Communications

On a periodic basis, the investment adviser may provide the client with a portfolio review of the account created by PS & Co. The portfolio reviews merely provide historical information regarding the account and may not be relied upon as predictive of future performance.

The Advisor Representative will generally contact the client at least quarterly, and is available for consultation with the client, to discuss the account as well as the client's investment objectives and financial condition.

Item 14 – Client Referrals and Other Compensation

Other than the compensation described in Item 5, PS&Co. does not receive an economic benefit from anyone other than its clients.

Item 15 – Financial Information

In certain circumstances, registered investment advisers are required to provide you with financial information or disclosures about their financial condition in this Item. PS&Co. 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 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>.