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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended December 31, 2022

Commission File No. 001-31720

**PIPER SANDLER COMPANIES**

(Exact Name of Registrant as specified in its Charter)

**Delaware**  
(State or Other Jurisdiction of Incorporation or Organization)

**30-0168701**  
(IRS Employer Identification No.)

**800 Nicollet Mall, Suite 900**  
**Minneapolis, Minnesota**  
(Address of Principal Executive Offices)

**55402**  
(Zip Code)

**(612) 303-6000**  
(Registrant's Telephone Number, Including Area Code)

**Securities registered pursuant to Section 12(b) of the Act:**

<u>Title of Each Class</u>	<u>Trading Symbol</u>	<u>Name of Each Exchange On Which Registered</u>
Common Stock, par value \$0.01 per share	PIPR	The New York Stock Exchange

**Securities registered pursuant to Section 12(g) of the Act:**

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act.

Yes  No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The aggregate market value of the 16,867,798 shares of the registrant's Common Stock, par value \$0.01 per share, held by non-affiliates based upon the last sale price, as reported on the New York Stock Exchange, of the Common Stock on June 30, 2022 was approximately \$1.9 billion.

As of February 17, 2023, the registrant had 17,887,304 shares of Common Stock outstanding.

**DOCUMENTS INCORPORATED BY REFERENCE**

Part III of this Annual Report on Form 10-K incorporates by reference information (to the extent specific sections are referred to herein) from the registrant's Proxy Statement for its 2023 Annual Meeting of Shareholders to be held on May 17, 2023.

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## PART I

### CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K for the year ended December 31, 2022 (this "Form 10-K") contains forward-looking statements. Statements that are not historical or current facts, including statements about beliefs and expectations, are forward-looking statements. These forward-looking statements include, among other things, statements other than historical information or statements of current conditions and may relate to our future plans and objectives and results, and also may include our belief regarding the effect of various legal proceedings, as set forth under "Legal Proceedings" in Part I, Item 3 of this Form 10-K and in our subsequent reports filed with the Securities and Exchange Commission ("SEC"). Forward-looking statements involve inherent risks and uncertainties, and important factors could cause actual results to differ materially from those anticipated, including those factors discussed below under "Risk Factors" in Part I, Item 1A of this Form 10-K, as well as those factors discussed under "External Factors Impacting Our Business" included in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 of this Form 10-K and in our subsequent reports filed with the SEC. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update them in light of new information or future events.

#### ITEM 1. *BUSINESS.*

##### Overview

Piper Sandler Companies is an investment bank and institutional securities firm, serving the needs of corporations, private equity groups, public entities, non-profit entities and institutional investors in the U.S. and internationally. Founded in 1895, Piper Sandler Companies provides a broad set of products and services, including financial advisory services; equity and debt capital markets products; public finance services; institutional brokerage; fundamental equity and macro research services; fixed income services; and alternative asset management strategies. Our headquarters are located in Minneapolis, Minnesota and we have offices across the United States and international locations in London, Aberdeen and Hong Kong.

##### Our Business

We operate in one reportable segment providing investment banking services, institutional sales and trading services for various equity and fixed income products, and research services.

- *Investment Banking* – For our corporate clients and financial sponsors, we provide advisory services, which includes mergers and acquisitions ("M&A"); equity and debt private placements; and debt and restructuring advisory. We also help raise capital through equity and debt financings. We operate in the following focus sectors: healthcare; financial services; consumer; energy and power; diversified industrials and services; technology; and chemicals, primarily focusing on middle-market clients. For our government and non-profit clients, we underwrite municipal issuances, provide municipal financial advisory and loan placement services, and offer various over-the-counter derivative products. Our public finance investment banking capabilities focus on state and local governments, cultural and social service non-profit entities, special districts, project finance, and the education, healthcare, hospitality, senior living, housing and transportation sectors.
- *Equity and Fixed Income Institutional Brokerage* – We offer both equity and fixed income advisory and trade execution services for institutional investors, corporations, and government and non-profit entities. Integral to our capital markets efforts, we have equity sales and trading relationships with institutional investors in North America and Europe that invest in our core sectors. Our fundamental equity research analysts provide investment ideas and support to our trading clients on approximately 1,000 companies. Our macro research teams provide a comprehensive overview of global trends, such as economic and energy trends, as well as policy actions and political developments. Fixed income services provides advice on balance sheet management, investment strategy and customized portfolio solutions. We provide fixed income sales and trading solutions to banks, registered investment advisors, public entities, credit unions, and insurance companies. We principally engage in trading activities to facilitate customer activity.
- *Alternative Asset Management Funds* – We have created alternative asset management funds in merchant banking and healthcare in order to invest firm capital and to manage capital from outside investors.

## **Financial Information about Geographic Areas**

As of December 31, 2022, the substantial majority of our net revenues and long-lived assets were located in the U.S.

## **Competition**

Our business is subject to intense competition driven by large Wall Street and international firms, regional broker dealers, boutique and niche-specialty firms and alternative trading systems that effect securities transactions through various electronic venues. Competition is based on a variety of factors, including price, quality of advice and service, reputation, product selection, transaction execution, financial resources and investment performance. Many of our large competitors have greater financial resources than we have and may have more flexibility to offer a broader set of products and services than we can.

In addition, there is significant competition within the securities industry for obtaining and retaining the services of qualified employees. Our business is a human capital business, and attracting and retaining employees depends, among other things, on our company's culture, management, work environment, geographic locations and compensation.

## **Human Capital**

Piper Sandler Companies connects capital with opportunity to create value and build a better future, and our employees have been critical to achieving this mission throughout our operating history of more than 125 years. We believe that great people working together as a team are our competitive advantage, and it is crucial that we continue to attract and retain talented employees. As part of these efforts, we strive to offer a competitive compensation and benefits program; provide training and development opportunities; foster a community where everyone feels included and empowered to do their best work; and give employees the opportunity to give back to their communities.

As of December 31, 2022, we had 1,790 full-time employees, of which 1,690 were employed in the United States and 100 in the United Kingdom and Hong Kong. Approximately 1,320 of our employees were registered with the Financial Industry Regulatory Authority, Inc. ("FINRA") as of December 31, 2022. One key metric we use to benchmark our firm to industry peer companies is the number of investment banking managing directors. At December 31, 2022, we had 159 corporate investment banking managing directors.

*Compensation and Benefits Program* – Our compensation program is designed to attract, reward and retain employees who possess the skills necessary to support our business objectives and assist in the achievement of our strategic goals. We provide employees with competitive compensation packages that include base salary, annual incentive bonuses, length of service awards, and equity awards. For further information on the restricted shares we grant to employees as part of year-end compensation, see Note 19 to our consolidated financial statements in Part II, Item 8 of this Form 10-K. In addition to cash and equity compensation, we offer benefits such as life and health (medical, dental and vision) insurance, paid time off, tuition reimbursement and a 401(k) plan. We also offer family support services, such as paid parental leave, fertility benefits and adoption assistance, as well as various health and wellness programs. We believe our programs align both individual employees and long-term company performance with stockholder interests.

*Training and Development* – A core tenet of our talent system is to develop talent from within and to supplement with external candidates. We provide opportunities for employees to grow and build their careers through various training and development programs. We also have a talent and succession planning process, which is reviewed annually with our board of directors.

*Diversity, Equity and Inclusion ("DEI")* – We believe that diverse teams with unique backgrounds, skills and experiences yield more innovative solutions. This is reflected in our commitment to attract, retain and develop a diverse and talented workforce in a high-quality, equitable and inclusive environment.

We maintain several programs and partnerships to help us attract a diverse array of exceptional talent, including the Career Exploration Program, the Piper Sandler MBA Fellowship Program and community partnerships with organizations that focus on coaching, training and mentorship to help close the career opportunity gaps for underrepresented college students. The Career Exploration Program, designed to attract high-achieving undergraduate students from underrepresented backgrounds, serves as a direct pipeline for summer internship opportunities that have the potential to convert to full-time positions. The Piper Sandler MBA Fellowship Program is designed to attract full-time MBA students from underrepresented backgrounds and provides each participant with financial compensation and a summer associate internship.

We are focused on building an inclusive culture through a variety of initiatives supported by our DEI committee, including mentorship and training. Our employee resource groups also serve as a source of inclusion and engagement for our employees, in addition to supporting our efforts to recruit a diverse workforce. Our employee resource groups consist of Multicultural, Pride, Veterans, Women's, and Young Professionals networks, and each employee resource group is sponsored and supported by senior leaders across the firm.

*Community Leadership* – We are committed to contributing our talents and resources to serve the communities in which we live and work through the Piper Sandler Foundation, various charitable campaigns, employee programs and volunteerism. We believe this commitment assists in our efforts to attract and retain employees. In 2022, we donated a total of \$7.0 million through employee donations, our corporate matching gifts programs and corporate grants. Our employees committed to \$2.2 million in donations to 1,645 charities in 2022 through our Annual Charitable Giving Campaign, a two-week campaign when Piper Sandler Companies matches each employee's donations up to \$5,000.

## **Regulation**

As a participant in the financial services industry, our business is regulated by U.S. federal and state regulatory agencies, self-regulatory organizations ("SROs") and securities exchanges, and by foreign governmental agencies, financial regulatory bodies and securities exchanges. We are subject to complex and extensive regulation of most aspects of our business, including the manner in which securities transactions are effected, net capital requirements, financial and electronic recordkeeping and reporting procedures, relationships and conflicts with customers, the handling of cash and margin accounts, conduct, experience and training requirements for certain employees, and the manner in which we prevent and detect money-laundering and bribery activities. The regulatory framework of the financial services industry is designed primarily to safeguard the integrity of the capital markets and to protect customers, not creditors or shareholders.

The laws, rules and regulations comprising this regulatory framework can (and do) change frequently, as can the interpretation and enforcement of existing laws, rules and regulations. Conditions in the global financial markets and economy can cause legislators and regulators to increase the examination, enforcement and rule-making activity directed toward the financial services industry. The intensity of the regulatory environment may correlate with the level and nature of our legal proceedings for a given period, and increased intensity could have an adverse effect on our business, financial condition, and results of operations.

Our U.S. broker dealer subsidiary (Piper Sandler & Co.) is registered as a securities broker dealer with the SEC and is a member of various SROs and securities exchanges. In July 2007, the National Association of Securities Dealers and the member regulation, enforcement and arbitration functions of the New York Stock Exchange ("NYSE") consolidated to form FINRA, which now serves as the primary SRO of Piper Sandler & Co., although the NYSE continues to have oversight over NYSE-related market activities. FINRA regulates many aspects of our U.S. broker dealer business, including registration, education and conduct of our broker dealer employees, examinations, rulemaking, enforcement of these rules and the federal securities laws, trade reporting and the administration of dispute resolution between investors and registered firms. We have agreed to abide by the rules of FINRA (as well as those of the NYSE and other SROs), and FINRA has the power to expel, fine and otherwise discipline Piper Sandler & Co. and its officers, directors and employees. Among the rules that apply to Piper Sandler & Co. are the uniform net capital rule of the SEC (Rule 15c3-1) and the net capital rule of FINRA. Both rules set a minimum level of net capital a broker dealer must maintain and also require that a portion of the broker dealer's assets be relatively liquid. Under the applicable FINRA rule, FINRA may prohibit a member firm from expanding its business or paying cash dividends if resulting net capital falls below FINRA requirements. In addition, Piper Sandler & Co. is subject to certain notification requirements related to withdrawals of excess net capital. As a result of these rules, our ability to make withdrawals of capital from Piper Sandler & Co. may be limited. In addition, Piper Sandler & Co. is licensed as a broker dealer in each of the 50 states, requiring us to comply with applicable laws, rules and regulations of each state. Any state may revoke a license to conduct a securities business and fine or otherwise discipline broker dealers and their officers, directors and employees.

We also operate one entity that is authorized, licensed and regulated by the U.K. Financial Conduct Authority and registered under the laws of England and Wales, as well as an entity that is authorized, licensed and regulated by the Hong Kong Securities and Futures Commission and registered under the laws of Hong Kong. The U.K. Financial Conduct Authority and the Hong Kong Securities and Futures Commission regulate these entities (in their respective jurisdictions) in areas of capital adequacy, customer protection and business conduct, among others. We also have a subsidiary organized in Guernsey and regulated by the Guernsey Financial Services Commission ("GFSC").

Entities in the jurisdictions identified above are also subject to anti-money laundering regulations. Piper Sandler & Co. is subject to the USA PATRIOT Act of 2001, which contains anti-money laundering and financial transparency laws and mandates the implementation of various regulations requiring us to implement standards for verifying client identification at the time the client relationship is initiated, monitoring client transactions and reporting suspicious activity. Our entities in Hong Kong, the United Kingdom and Guernsey are subject to similar anti-money laundering laws and regulations in those jurisdictions. We are also subject to the U.S. Foreign Corrupt Practices Act as well as other anti-bribery laws in the jurisdictions in which we operate. These laws generally prohibit companies and their intermediaries from engaging in bribery or making other improper payments to foreign officials for the purpose of obtaining or retaining business or gaining an unfair business advantage.

We maintain subsidiaries that are registered as investment advisors with the SEC and subject to regulation and oversight by the SEC. PSC Capital Partners LLC, Piper Sandler Advisors LLC, Piper Heartland Healthcare Capital LLC and Piper Sandler Finance Management LLC are asset management subsidiaries and registered investment advisors. As registered investment advisors, these entities are subject to requirements that relate to, among other things, fiduciary duties to clients, maintaining an effective compliance program, solicitation agreements, conflicts of interest, financial and electronic recordkeeping and reporting requirements, disclosure requirements, limitations on agency cross and principal transactions between advisor and advisory clients, as well as general anti-fraud prohibitions. Piper Sandler & Co. is also a registered investment advisor and subject to these requirements. Parallel General Partners Limited is the general partner of several private equity limited partnerships; it and the limited partnerships are registered and regulated by the GFSC.

Certain of our businesses also are subject to compliance with laws and regulations of U.S. federal and state governments, non-U.S. governments, their respective agencies and/or various SROs or exchanges governing the privacy of client information. Any failure with respect to our practices, procedures and controls in any of these areas could subject us to regulatory consequences, including fines, and potentially other significant liabilities.

## Information About our Executive Officers

Information regarding our executive officers and their ages as of February 17, 2023, are as follows:

<u>Name</u>	<u>Age</u>	<u>Position(s)</u>
Chad R. Abraham	54	Chief Executive Officer
Debra L. Schoneman	54	President
Timothy L. Carter	55	Chief Financial Officer
James P. Baker	55	Global Co-Head of Investment Banking and Capital Markets
Michael R. Dillahunt	54	Global Co-Head of Investment Banking and Capital Markets
Jonathan J. Doyle	57	Vice Chairman and Head of Financial Services Group
John W. Geelan	47	General Counsel and Secretary

**Chad R. Abraham** is our chief executive officer, a position he has held since January 2018. He previously served as global co-head of investment banking and capital markets from October 2010 to December 2017. Prior to that, he served as head of equity capital markets since November 2005. Mr. Abraham joined Piper Sandler Companies in 1991 in our investment banking group and was promoted to managing director and head of technology investment banking in 1999.

**Debra L. Schoneman** is our president, a position she has held since January 2018. She previously served as chief financial officer from May 2008 to December 2017, and global head of equities from June 2017 to December 2017. Prior to that, she served as treasurer from August 2006 until May 2008; and as finance director of our corporate and institutional services business from July 2002 until July 2004 when the role was expanded to include our public finance services division. Ms. Schoneman joined Piper Sandler Companies in 1990 in our accounting department.

**Timothy L. Carter** is our chief financial officer, a position he has held since January 2018. He previously served as senior vice president of finance from May 2017 to December 2017. Prior to that, he served as treasurer from May 2008 to May 2017, chief accounting officer from 2006 to May 2008, and controller from 1999 to 2006. Mr. Carter joined Piper Sandler Companies in 1995.

**James P. Baker** is our global co-head of investment banking and capital markets, a position he has held since January 2019. Prior to that, he served as our co-head of energy investment banking from February 2016 to December 2018. Mr. Baker joined Piper Sandler Companies in February 2016 in connection with our acquisition of Simmons & Company International, where Mr. Baker came to serve as a managing director and leader of its midstream/downstream investment banking group after joining in 2001. Prior to that, Mr. Baker was a director and chief financial officer at Koch Industries and led corporate finance and corporate development for Koch's energy businesses, and a director for Alton Geoscience where he provided consulting services to refining and marketing companies on the West Coast.

**Michael R. Dillahunt** is our global co-head of investment banking and capital markets, a position he has held since March 2021. Prior to that, he served as co-head of our diversified industrials and services group from 2011 to 2020, and as vice chairman of investment banking and chairman of M&A and private equity coverage from 2020 to March 2021. Mr. Dillahunt joined Piper Sandler Companies in 1998, prior to which he had been an M&A and corporate attorney at Milbank LLP.

**Jonathan J. Doyle** is our vice chairman, senior managing principal and head of the financial services group, a position he has held since January 2020. Mr. Doyle joined Piper Sandler Companies in connection with our acquisition of Sandler O'Neill, where Mr. Doyle served as a senior managing principal since January 2012, and partner since January 1995. Mr. Doyle began his career at Marine Midland Bank.

**John W. Geelan** is our general counsel and secretary. He served as assistant general counsel and assistant secretary from November 2007 until becoming general counsel in January 2013. Mr. Geelan joined Piper Sandler Companies in 2005.



## **Additional Information**

Our principal executive offices are located at 800 Nicollet Mall, Suite 900, Minneapolis, Minnesota 55402, and our general telephone number is (612) 303-6000. We maintain an Internet Web site at <http://www.pipersandler.com>. The information contained on and connected to our Web site is not incorporated into this Form 10-K. We make available free of charge on or through our Web site our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and all other reports we file with the SEC, as soon as reasonably practicable after we electronically file these reports with, or furnish them to, the SEC. Such reports are also available on the SEC's Web site at <http://www.sec.gov>. "Piper Sandler," the "Company," "registrant," "we," "us" and "our" refer to Piper Sandler Companies and our subsidiaries. The Piper Sandler logo and the other trademarks, tradenames and service marks of Piper Sandler Companies mentioned in this report or elsewhere, including, but not limited to, PIPER SANDLER<sup>®</sup>, PIPER JAFFRAY<sup>®</sup>, REALIZE THE POWER OF PARTNERSHIP<sup>®</sup>, CORNERSTONE MACRO<sup>®</sup>, SIMMONS ENERGY | A DIVISION OF PIPER SANDLER<sup>®</sup>, SIMMONS ENERGY | A DIVISION OF PIPER JAFFRAY<sup>®</sup>, SIMMONS ENERGY<sup>®</sup>, SIMMONS & COMPANY INTERNATIONAL<sup>®</sup>, SIMMONSCO-INTL<sup>®</sup>, PIPER SANDLER FINANCE<sup>SM</sup>, BIOINSIGHTS<sup>®</sup>, TAKING STOCK WITH TEENS<sup>®</sup>, HEALTHY ACTIVE AND SUSTAINABLE LIVING<sup>®</sup> and GUIDES FOR THE JOURNEY<sup>®</sup>, are the property of Piper Sandler Companies.

### **ITEM 1A. RISK FACTORS.**

In the normal course of our business activities, we are exposed to a variety of risks. The principal risks we face in operating our business include: strategic risks, market risks, human capital risks, liquidity risks, credit risks, operational risks, and legal and regulatory risks. A full description of each of these principal areas of risk, as well as the primary risk management processes that we use to mitigate our risk exposure in each, is discussed below under the caption "Risk Management" included in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 of this Form 10-K.

The following discussion sets forth the risk factors that we have identified in each area of principal risk as being the most material to our business, future financial condition, and results of operations. Although we discuss these risk factors primarily in the context of their potential effects on our business, financial condition or results of operations, you should understand that these effects can have further negative implications such as: reducing the price of our common stock; reducing our capital, which can have regulatory and other consequences; affecting the confidence that our clients and other counterparties have in us, with a resulting negative effect on our ability to conduct and grow our business; and reducing the attractiveness of our securities to potential purchasers, which may adversely affect our ability to raise capital and secure other funding or the prices at which we are able to do so. Further, additional risks beyond those discussed below and elsewhere in this Form 10-K or in other of our reports filed with, or furnished to, the SEC could adversely affect us. We cannot assure you that the risk factors herein or elsewhere in our other reports filed with, or furnished to, the SEC address all potential risks that we may face.

These risk factors also serve to describe factors which may cause our results to differ materially from those described in forward-looking statements included in this Form 10-K or in other documents or statements that make reference to this Form 10-K. Forward-looking statements, as further described in this Form 10-K under the heading "Cautionary Note Regarding Forward-Looking Statements," and other factors that may affect future results are discussed below under "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 of this Form 10-K.

### **Strategic and Market Risk**

Our business success depends in large part upon the strategic decisions made by our executive management, the alignment of business plans developed to act upon those decisions, and the quality of implementation of these business plans. Strategic risk represents the risk associated with our executive management failing to develop and execute on the appropriate strategic vision which demonstrates a commitment to our culture, leverages our core competencies, appropriately responds to external factors in the marketplace, and is in the best interests of our company. In setting out and executing upon a strategic vision for our business, we are faced with a number of inherent risks, including risks relating to external events and market and economic conditions, competition, and business performance that could all negatively affect our ability to execute on our strategic decisions and, therefore, our future financial condition or results of operations. The risks related to external events and overall market and economic conditions are referred to as market, or systemic, risk. The following are those material risk factors that we have identified that could pose a risk to our strategic vision, and the market risks that may impact execution of our strategy.



***Developments in market and economic conditions have in the past adversely affected, and may in the future adversely affect, our business and profitability and cause volatility in our results of operations.***

Economic and market conditions have had, and will continue to have, a direct and material impact on our results of operations and financial condition because performance in the financial services industry is heavily influenced by the overall strength of economic conditions and financial market activity. For example:

- In 2022, our business was significantly impacted by historic levels of market volatility. As a result of this volatility, our equity capital markets, and to a lesser extent, advisory businesses, suffered from a significant decline in market activity during the year, which negatively impacted our firm-wide results. In addition, higher nominal rates and interest rate volatility dampened client activity and issuance levels across our fixed income institutional brokerage and public finance businesses. The U.S. Federal Reserve raised interest rates seven times during 2022, and it has indicated that it will continue to raise rates in 2023. Although the U.S. economy proved relatively resilient in 2022, it is expected that further tightening by the U.S. Federal Reserve in 2023 will impact economic growth, which could negatively impact our results of operations. We believe that the trajectory of market conditions in 2023 will be dependent on a number of factors, including, but not limited to, a continued moderation of the pace of inflation, the number and magnitude of interest rate increases, the magnitude and duration of any economic recession, and the continued effects of sanctions and macroeconomic uncertainty stemming from the war in Ukraine. Widespread concern or doubts in the market about U.S. or global economic conditions, the potential for financial contagion or widespread corporate or government defaults, the possibility of the broader outbreak of armed conflict in Eastern Europe, geopolitical tensions concerning Taiwan, or the pace, impact, or effectiveness of the actions by the U.S. Federal Reserve intended to manage the rate of inflation through interest rate increases, or the efficacy or adequacy of government measures enacted to support the U.S. and global economy, could erode the outlook for macroeconomic conditions, economic growth, and business confidence, which would negatively impact our businesses.
- Our equities investment banking revenues from our advisory and equity capital markets businesses are directly related to macroeconomic conditions and corresponding financial market activity. Our equities investment banking business overall, but especially our capital markets business, benefits from cycles of strong financial market activity and company valuations. As an example, a significant portion of our equities investment banking revenues in recent years has been derived from advisory and capital markets engagements in our focus sectors, and activity in this area is highly correlated to the macroeconomic environment and market conditions. During periods of heightened volatility, financial market activity can significantly decline, as we experienced with respect to equity capital markets activity in 2022, and our business suffers reduced revenues as a result. If the outlook for macroeconomic conditions in 2023 were to deteriorate further, the level of financial market activity could continue to decrease, which would reduce our equities investment banking revenues more generally. Continued market volatility or uncertainty related to a decline in the U.S. or global macroeconomic outlook, including as a result of actions taken or to be taken by central banks, including the U.S. Federal Reserve, could cause financial market activity to continue to decrease, which would also negatively affect our equities investment banking revenues. In addition, global macroeconomic conditions and U.S. financial markets remain vulnerable to the potential risks posed by exogenous shocks, which could include, among other things, political or social unrest or financial uncertainty in the United States and the European Union, including the potential for financial contagion or widespread corporate or government defaults, renewed concern about China's economy or financial sector, the wider outbreak of armed conflict in Eastern Europe, geopolitical tensions concerning Taiwan, and complications involving terrorism and armed conflicts around the world, or other challenges to global trade or travel. More generally, because our business is closely correlated to the macroeconomic outlook, a significant deterioration in that outlook or an exogenous shock would likely have an immediate and significant negative impact on our equities investment banking business and our overall results of operations.

It is difficult to predict the economic and market conditions for 2023, which are dependent upon global and U.S. economic conditions and geopolitical events globally. Our smaller scale and the cyclical nature of the economy and the financial services industry leads to volatility in our financial results, including our operating margins, compensation ratios, business mix, and revenue and expense levels. Our financial performance may be limited by the fixed nature of certain expenses, the impact from unanticipated losses or expenses during the year, our business mix, and the inability to scale back costs in a timeframe to match decreases in revenue-related changes in market and economic conditions. As a result, our financial results may vary significantly from quarter to quarter and year to year.

***Developments in specific business sectors and markets in which we conduct our business have in the past adversely affected, and may in the future adversely affect, our business and profitability.***

Our results for a particular period may be disproportionately impacted by declines in specific sectors of the U.S. or global economy, or for certain products within the financial services industry, due to our business mix and focus areas. For example:

- Our equities investment banking business focuses on specific sectors, including healthcare, financial services, consumer, energy and power, diversified industrials and services, technology, and chemicals. Volatility, uncertainty, or slowdowns in any of these sectors may adversely affect our business, sometimes disproportionately, and may cause volatility in the net revenues we receive from our corporate advisory and capital markets activities. Both the healthcare and financial services sectors are significant contributors to our overall results, and negative developments in either of these sectors, including but not limited to negative developments that result from legislative or regulatory actions, would materially and disproportionately impact our equities investment banking results, even if general economic conditions were strong. In addition, we may not participate, or may participate to a lesser degree than other firms, in sectors that experience significant activity, such as real estate, and our operating results may not correlate with the results of other firms that participate in these sectors.
- Our public finance investment banking business depends heavily upon conditions in the municipal market. It focuses on investment banking activity in sectors that include state and local governments, cultural and social service non-profit entities, special districts, project finance, and the education, healthcare, hospitality, senior living, housing and transportation sectors, with an emphasis on transactions with a par value of \$500 million or less. Specialty high-yield new issuances have contributed a significant portion of our public finance investment banking revenues in recent years. During 2022, higher nominal rates and interest rate volatility had a disproportionately negative impact on investor demand for high-yield products as compared to other municipal issuances, which impacted our results of operations. To the extent that those conditions continue or worsen in 2023, and to the extent that there is concern about U.S. economic growth, high-yield sectors may continue to be disproportionately affected, which would impact our results of operations.
- Our fixed income institutional business derives its revenue from sales and trading activity in the municipal and taxable markets and from hybrid preferreds and U.S. government agency products. Our operating results for our fixed income institutional business may not correlate with the results of other firms or the fixed income market generally because we do not participate in significant segments of the fixed income markets such as credit default swaps, corporate high-yield bonds, currencies or commodities. Our client activity in the fixed income institutional business is currently concentrated in the depositories sector.

***Financing and advisory services engagements are transactional in nature and do not generally provide for subsequent engagements.***

Even though we work to represent our clients at every stage of their lifecycle, we are typically retained on a short-term, engagement-by-engagement basis in connection with specific advisory or capital markets transactions. As a consequence, the timing of when fees are earned varies, and, therefore, our financial results from advisory and capital markets activities may experience volatility quarter to quarter based on equity market conditions as well as the macroeconomic business cycle more broadly. In particular, our revenues related to advisory transactions tend to be more unpredictable from quarter to quarter due to the one-time nature of the transaction and the size of the fee. As a result, high levels of revenue in one quarter will not necessarily be predictive of continued high levels of revenue in any subsequent period. If we are unable to generate a substantial number of new engagements and generate fees from the successful completion of those transactions, our business and results of operations could be adversely affected.

***The number of anticipated investment banking transactions may differ from actual results.***

The completion of anticipated investment banking transactions in our pipeline is uncertain and partially beyond our control, and our investment banking revenue is typically earned only upon the successful completion of a transaction. In most cases, we receive little or no payment for investment banking engagements that do not result in the successful completion of a transaction. For example, a client's acquisition transaction may be delayed or terminated because of a failure to agree upon final terms with the counterparty, failure to obtain necessary regulatory consents or director or stockholder approvals, failure to secure necessary financing, adverse market conditions or unexpected financial or other issues in the client's or counterparty's business. More importantly, anticipated advisory or capital markets transactions may be delayed or terminated as a result of a decline in or uncertainty surrounding market or economic conditions. If parties fail to complete a transaction on which we are advising or an

offering in which we are participating, we could earn little or no revenue from the transaction and may have incurred significant expenses (e.g., travel and legal expenses) associated with the transaction. Accordingly, our business is highly dependent on market and economic conditions as well as the decisions and actions of our clients and interested third parties, and the number of engagements we have at any given time (and any characterization or description of our deal pipelines) is subject to change and may not necessarily result in future revenues.

***We may make strategic acquisitions, enter into new business opportunities, or engage in joint ventures, which could cause us to incur unforeseen expenses and have disruptive effects on our business and may not yield the benefits we expect.***

We may grow in part through corporate development or similar activities that could include acquisitions, joint ventures and minority investment stakes, and entering into new lines of business. There are a number of risks associated with these activities. Costs or difficulties relating to a transaction, including integration of products, employees, technology systems, accounting systems and management controls, or entry into a new business line, may be difficult to predict accurately and be greater than expected causing our estimates to differ from actual results. Importantly, we may be unable to retain key personnel after a transaction, including personnel who are critical to the success of the ongoing business. We may incur unforeseen liabilities of an acquired company or from entry into a new business line that could impose significant and unanticipated legal costs on us. We will need to successfully manage these risks in order to fully realize the anticipated benefits of these transactions.

Longer-term, our corporate development activities may require increased costs in the form of management personnel, financial and management systems and controls and facilities, which, in the absence of continued revenue growth, could cause our operating margins to decline. In addition, when we acquire a business, a substantial portion of the purchase price is often allocated to goodwill and other identifiable intangible assets. Our goodwill and intangible assets are tested at least annually for impairment. If, in connection with that test, we determine that a reporting unit's fair value is less than its carrying value, we would be required to recognize an impairment to the goodwill associated with that reporting unit. More generally, any difficulties that we experience could disrupt our ongoing business, increase our expenses and adversely affect our operating results and financial condition. We also may be unable to achieve anticipated benefits and synergies from a transaction as fully as expected or within the expected time frame.

***We may not be able to compete successfully with other companies in the financial services industry who have significantly greater resources than we do.***

The financial services industry remains highly competitive, and our revenues and profitability may suffer if we are unable to compete effectively. We generally compete on the basis of such factors as quality of advice and service, reputation, price, product selection, transaction execution and financial resources. Pricing and other competitive pressures in investment banking, including the use of multiple book runners, co-managers, and multiple financial advisors handling transactions, have affected and could continue to adversely affect our revenues.

We remain at a competitive disadvantage given our relatively small size compared to some of our competitors. Large financial services firms generally have a larger capital base, greater access to capital, and greater technology resources, affording them greater capacity for risk and potential for innovation, an extended geographic reach and flexibility to offer a broader set of products. For example, some of these firms are able to use their larger capital base to offer additional products or services to their investment banking clients, which can be a competitive advantage. With respect to our fixed income institutional brokerage and public finance investment banking businesses, it is more difficult for us to diversify and differentiate our product set, and our fixed income business mix currently is concentrated in investment grade fixed income products, potentially with less opportunity for growth than other firms which have grown their fixed income businesses by investing in, developing and offering non-traditional products (e.g., credit default swaps, interest rate products and currencies and commodities).

***Our institutional brokerage business is subject to pricing and competitive pressures.***

The ability to execute trades electronically and through alternative trading systems and competitive pressures on our clients have increased the pressure on trading commissions and spreads within the equities institutional brokerage business over the past few years. We expect to continue to experience pricing and other competitive pressures in our equities and fixed income institutional brokerage businesses in the future. In addition, we will need to continue to invest in these businesses in order to continue to meet our clients' needs and maintain sufficient scale.

***Our inability to identify and address actual, potential, or perceived conflicts of interest may negatively impact our reputation and have a material adverse effect on our business.***

We regularly address actual, potential or perceived conflicts of interest in our business, including situations where our services to a particular client or our own investments or other interests conflict, or are perceived to conflict, with the interests of another client. Appropriately identifying and dealing with conflicts of interest is complex and difficult, and we face the risk that our current policies, controls and procedures do not timely identify or appropriately manage such conflicts of interest. It is possible that actual, potential or perceived conflicts could give rise to client dissatisfaction, litigation or regulatory enforcement actions. Our reputation could be damaged if we fail, or appear to fail, to deal appropriately with potential or actual conflicts of interest. Client dissatisfaction, litigation, or regulatory enforcement actions arising from a failure to adequately deal with conflicts of interest, and the reputational harm suffered as a consequence, could have a material adverse effect on our business.

***Damage to our reputation could harm our business.***

Maintaining our reputation is critical to attracting and maintaining clients, customers, investors, and employees. If we fail to deal with, or appear to fail to deal with, issues that may give rise to reputational risk, such failure or appearance of failure could have a material adverse effect on our business and stock price. These issues include, but are not limited to, appropriately dealing with potential conflicts of interest, legal and regulatory requirements, perceptions of our environmental, social and governance practices or business selection, ethical issues, money laundering, cybersecurity, and the proper identification of the strategic, market, human capital, liquidity, credit, operational, legal and regulatory risks inherent in our business and products.

### **Human Capital Risk**

Our business is a human capital business, and, therefore, our future financial condition and results of operations are significantly dependent upon our employees and their actions. Our success depends on the skills, expertise, and performance of our employees. Human capital risks represent the risks posed if we fail to attract and retain qualified individuals who are motivated to serve the best interests of our clients, thereby serving the best interests of our company, as well as the risks posed if our culture fails to encourage such behavior. Human capital risk is also present where we fail to detect and prevent employees from acting contrary to our policies and procedures, for example, if an employee were to inadequately safeguard or misuse our clients' confidential information. Any failure by us in creating and maintaining a culture that emphasizes serving our clients' best interests or detecting or preventing employees from engaging in behaviors that run counter to that culture might lead to reputational damage for our firm. The following are those material human capital risk factors that we have identified that could pose a risk to us.

***Our ability to attract, develop and retain highly skilled and productive employees, develop the next generation of our business leadership, and instill and maintain a culture of ethics is critical to the success of our business.***

Historically, the market for qualified employees within the financial services industry has been marked by intense competition, and the performance of our business may suffer to the extent we are unable to attract, retain, and develop productive employees, given the relatively small size of our company and our employee base compared to some of our competitors and the geographic locations in which we operate. The primary sources of revenue in each of our business lines are fees earned on advisory and underwriting transactions and customer accounts managed by our employees, who have historically been recruited by other firms and in certain cases are able to take their client relationships with them when they change firms. In some areas of our business, a small number of employees are responsible for producing a significant amount of revenue, and the loss of any of these employees could adversely affect our results of operations.

Further, recruiting and retention success often depends on the ability to deliver competitive compensation, and we may be at a disadvantage to some competitors given our size and financial resources. Our inability or unwillingness to meet compensation needs or demands may result in the loss of some of our professionals or the inability to recruit additional professionals at compensation levels that are within our target range for compensation and benefits expense. Our ability to retain and recruit also may be hindered if we limit our aggregate annual compensation and benefits expense as a percentage of annual net revenues.

A vibrant and ethical corporate culture is critical to ensuring that our employees put our clients' interests first and are able to identify and manage potential conflicts of interest, while also creating an environment in which each of our employees feels empowered to develop and pursue their full potential. Our expectations for our corporate culture and ethics are instilled and maintained by the "tone at the top" set by our management and board of directors. Lapses in our corporate culture could lead to reputational damage or employee loss, either of which could adversely affect our results of operations.

Our business success depends in large part on the strategic decisions made by our leadership team, and the business plans developed and implemented by our senior business leaders. Our ability to identify, develop, and retain future senior business leaders, and our ability to develop and implement successful succession plans for our leadership team and other senior business leaders, is critical to our future success and results of operations.

***Our inability to effectively integrate and retain personnel in connection with our acquisitions may adversely affect our financial condition and results of operations.***

We invest time and resources in carefully assessing opportunities for acquisitions, and we have made acquisitions in the past several years to broaden the scope and depth of our human capital in various businesses. Despite diligence and integration planning, acquisitions still present certain risks, including the difficulties in integrating and bringing together different work cultures and employees, and retaining those employees for the period of time necessary to realize the anticipated benefits of the acquisition. Difficulties in integrating our acquisitions, including attracting and retaining talent to realize the expected benefits of these acquisitions, may adversely affect our financial condition and results of operations.

## **Liquidity and Credit Risk**

Two of our principal categories of risk as a broker dealer are liquidity and credit risk, each of which can have a material impact on our results of operations and viability as a business. We believe that the effective management of liquidity and credit is fundamental to the financial health of our firm. With respect to liquidity risk, it impacts our ability to timely access necessary funding sources in order to operate our business and our ability to timely divest securities that we hold in connection with our market-making and sales and trading activities. Credit risk, as distinguished from liquidity risk, is the potential for loss due to the default or deterioration in credit quality of a counterparty, customer, client, borrower, or issuer of securities we hold in our trading inventory. The nature and amount of credit risk depends on the type of transaction, the structure and duration of that transaction and the parties involved. The following are the material liquidity and credit risk factors that we have identified that could pose a risk to us.

***An inability to access capital readily or on terms favorable to us could impair our ability to fund operations and could jeopardize our financial condition and results of operations.***

Liquidity, or ready access to funds, is essential to our business. To fund our business, we rely on financing provided by Pershing LLC ("Pershing") under our fully disclosed clearing agreement and Canadian Imperial Bank of Commerce ("CIBC") under a clearing arrangement with bank financing, as well as other bank financing. The financing provided by Pershing and CIBC is at their discretion (i.e., uncommitted) and could be denied. In December 2022, we renewed our unsecured revolving credit facility and increased the size from \$65 million to \$75 million to use for working capital and general corporate purposes. Our U.S. broker dealer subsidiary also renewed an \$80 million committed credit facility in December 2022 for an additional twelve months.

Our access to funding sources, particularly uncommitted funding sources, is dependent on factors we cannot control, such as economic downturns, the disruption of financial markets, the failure or consolidation of other financial institutions, and negative news about the financial industry generally or us specifically. We could experience disruptions with our credit facilities in the future, including the loss of liquidity sources and/or increased borrowing costs, if lenders or investors develop a negative perception of our short- or long-term financial prospects, which could result from decreased business activity. Our liquidity also could be impacted by the activities resulting in concentration of risk, including investments in specific markets or products without liquidity. Our access to funds also may be impaired if regulatory authorities take significant action against us, or if we discover that one of our employees has engaged in serious unauthorized or illegal activity.

In the future, we may need to incur debt or issue equity in order to fund our working capital requirements, as well as to execute our growth initiatives that may include acquisitions and other investments. Similarly, our access to funding sources may be contingent upon terms and conditions that may limit or restrict our business activities and growth initiatives. In addition, we currently do not have a credit rating, which could adversely affect our liquidity and competitive position by increasing our borrowing costs and limiting access to sources of liquidity that require a credit rating as a condition to providing funds.

If we are unable to obtain necessary funding, or if the funding we obtain is on terms and conditions unfavorable to us, it could negatively affect our business activities and operations, and our ability to pursue certain growth initiatives and make certain capital decisions, including the decision whether to pay future dividends to our shareholders, as well as our future financial condition or results of operations.



***Concentration of risk increases the potential for significant losses.***

Concentration of risk increases the potential for significant losses in our sales and trading, alternative asset management, credit underwriting and syndication platform, and underwriting businesses. We have committed capital to these businesses, and we may take substantial positions in particular types of securities and/or issuers. This concentration of risk may cause us to suffer losses even when economic and market conditions are generally favorable for our competitors. Further, disruptions in the credit markets can make it difficult to hedge exposures effectively and economically.

***Our businesses, profitability and liquidity may be adversely affected by deterioration in the credit quality of, or defaults by, third parties who owe us money, securities or other assets.***

The nature of our businesses exposes us to credit risk, or the risk that third parties who owe us money, securities or other assets will not perform their obligations. These parties may default on their obligations to us due to bankruptcy, lack of liquidity, operational failure or other reasons. Deterioration in the credit quality of securities or obligations we hold could result in losses and adversely affect our ability to rehypothecate or otherwise use those securities or obligations for liquidity purposes. A significant downgrade in the credit ratings of our counterparties could also have a negative impact on our results. Default rates, downgrades and disputes with counterparties as to the valuation of collateral tend to increase in times of market stress and illiquidity. Although we review credit exposures to specific clients and counterparties and to specific industries that we believe may present credit concerns, default risk may arise from events or circumstances that are difficult to detect or foresee. Also, concerns about, or a default by, one institution generally leads to losses, significant liquidity problems, or defaults by other institutions, which in turn could adversely affect our business.

Particular activities or products within our business expose us to increased credit risk, including inventory positions, nonstandard settlements, interest rate swap contracts with customer credit exposure, counterparty risk with one major financial institution related to customer interest rate swap contracts without customer credit exposure, investment banking and advisory fee receivables, liquidity providers on variable rate demand notes we remarket, and similar activities. With respect to interest rate swap contracts with customer credit exposure, we have retained the credit exposure with four non-publicly rated counterparties totaling \$10.8 million at December 31, 2022 as part of our matched-book interest rate swap program. In the event of a termination of the contract, the counterparty would owe us the applicable amount of the credit exposure. If our counterparty is unable to make its payment to us, we would still be obligated to pay our hedging counterparty, resulting in credit losses. Non-performance by our counterparties, clients and others, including with respect to our inventory positions and interest rate swap contracts with customer credit exposures, could result in losses, potentially material, and thus have a significant adverse effect on our business and results of operations.

In addition, reliance on revenues from hedge funds and hedge fund advisors, which are less regulated than many investment company and investment advisor clients, may expose us to greater risk of financial loss from unsettled trades than is the case with other types of institutional investors. Concentration of risk may result in losses to us even when economic and market conditions are generally favorable for others in our industry.

***An inability to readily divest trading positions may result in financial losses to our business.***

Timely divestiture of our trading positions, including equity, fixed income and other securities positions, can be impaired by decreased trading volume, increased price volatility, rapid changes in interest rates, concentrated trading positions, limitations on the ability to divest positions in highly specialized or structured transactions and changes in industry and government regulations. While we hold a security, we are vulnerable to valuation fluctuations and may experience financial losses to the extent the value of the security decreases and we are unable to timely divest or hedge our trading position in that security. The value may decline as a result of many factors, including issuer-specific, market or geopolitical events. In addition, in times of market uncertainty, the inability to divest inventory positions may have an impact on our liquidity as funding sources generally become more restrictive, which could limit our ability to pledge the underlying security as collateral. Our liquidity may also be impacted if we choose to facilitate liquidity for specific products and voluntarily increase our inventory positions in order to do so, exposing ourselves to greater market risk and potential financial losses from the reduction in value of illiquid positions.

***Our underwriting and alternative asset management activities expose us to risk of loss.***

We engage in a variety of activities in which we commit or invest our own capital, including underwriting and alternative asset management. In our role as underwriter for equity and fixed income securities, we commit to purchase securities from the issuer or one or more holders of the issuer's securities, and then sell those securities to other investors or into the public markets, as applicable. Our underwriting activities, including bought deal transactions and equity block trading activities, expose us to the



risk of loss if the price of the security falls below the price we purchased the security before we are able to sell all of the securities that we purchased. For example, as an underwriter, or, with respect to equity securities, a block positioner, we may commit to purchasing securities from an issuer or one or more holders of the issuer's securities without having found purchasers for some or all of the securities. In those instances, we may find that we are unable to sell the securities at a price equal to or above the price at which we purchased the securities, or with respect to certain securities, at a price sufficient to cover our hedges. With respect to alternative asset management, our ability to withdraw our capital from these investments may be limited, and we may not be able to realize our investment objectives by sale or disposition at attractive prices, increasing our risk of losses. Our joint venture entities or other alternative asset management entities that underwrite and syndicate client debt may hold a portion of such debt after syndication, and our invested capital is exposed to a risk of loss to the extent that the debt is ultimately not repaid.

Our results from these activities may vary from quarter to quarter. We may incur significant losses from our underwriting and alternative asset management activities due to equity or fixed income market fluctuations and volatility from quarter to quarter, or from a deterioration in specific business subsectors or the economy more generally. In addition, we may engage in hedging transactions that, if not successful, could result in losses; and the hedges we purchase to counterbalance market rate changes in certain inventory positions are not perfectly matched to the positions being hedged, which could result in losses.

***Use of derivative instruments as part of our financial risk management techniques may not effectively hedge the risks associated with activities in certain of our businesses.***

We use interest rate swaps and credit default swaps, interest rate locks, U.S. treasury bond futures and options, and equity option contracts as a means to manage risk in certain inventory positions and to facilitate customer transactions. With respect to risk management, we enter into derivative contracts to hedge interest rate and market value risks associated with our security positions, including fixed income inventory positions that we hold for facilitating client activity. These instruments currently use interest rates based upon the Municipal Market Data ("MMD"), London Interbank Offered Rate ("LIBOR") or Securities Industry and Financial Markets Association ("SIFMA") index. Generally, we do not hedge all of our interest rate risk. In addition, these hedging strategies may not work in all market environments and as a result may not be effective in mitigating interest rate and market value risk, especially when market volatility reduces the correlation between a hedging vehicle and the securities inventory being hedged.

There are risks inherent in our use of these products, including counterparty exposure and basis risk. Counterparty exposure refers to the risk that the amount of collateral in our possession on any given day may not be sufficient to fully cover the current value of the swaps if a counterparty were to suddenly default. Basis risk refers to risks associated with swaps where changes in the value of the swaps may not exactly mirror changes in the value of the cash flows they are hedging. We may incur losses from our exposure to derivative interest rate products and the increased use of these products in the future.

***The use of estimates and valuations in measuring fair value involve significant estimation and judgment by management.***

We make various estimates that affect reported amounts and disclosures. Broadly, those estimates are used in measuring fair value of certain financial instruments, investments in private companies, accounting for goodwill and intangible assets, establishing provisions for potential losses that may arise from litigation, and regulatory proceedings and tax examinations. Estimates are based on available information and judgment. Therefore, actual results could differ from our estimates and that difference could have a material effect on our consolidated financial statements. With respect to accounting for goodwill and intangible assets, we complete our annual goodwill and intangible asset impairment testing in the fourth quarter of each year or earlier if impairment indicators are present. Impairment charges resulting from this valuation analysis could materially adversely affect our results of operations.

Financial instruments and other inventory positions owned, and financial instruments and other inventory positions sold but not yet purchased, are recorded at fair value, and unrealized gains and losses related to these financial instruments are reflected on our consolidated statements of operations. The fair value of a financial instrument is the amount at which the instrument could be exchanged in a transaction between market participants at the measurement date. Where available, fair value is based on observable market prices or parameters or derived from such prices or parameters. Where observable prices or inputs are not available, valuation models are applied. These valuation techniques involve management estimation and judgment, the degree of which is dependent on the price transparency for the instruments or market and the instruments' complexity. Difficult market environments may cause financial instruments to become substantially more illiquid and difficult to value, increasing the use of valuation models. Our future results of operations and financial condition may be adversely affected by the valuation adjustments that we apply to these financial instruments.

Investments in private companies are valued based on an assessment of each underlying security, considering rounds of financing, the financial condition and operating results of the private company, third party transactions and market-based information, including comparable company transactions, trading multiples (e.g., multiples of revenue and earnings before interest, taxes, depreciation, and amortization ("EBITDA")), discounted cash flow analyses and changes in market outlook, among other factors. These valuation techniques require significant management estimation and judgment.

## **Operational Risk**

Operational risk is the risk of loss, or damage to our reputation, resulting from inadequate or failed processes, people and systems or from external events. Such loss or reputational damage could negatively impact our future financial condition and results of operations. The following are those material operational risk factors that we have identified that could pose a risk to us.

***Our information and technology systems, including outsourced systems, are critical components of our operations, and failure of those systems or other aspects of our operations infrastructure may disrupt our business, cause financial loss and constrain our growth.***

We typically transact thousands of securities trades on a daily basis across multiple markets. Our data and transaction processing, financial, accounting and other technology and operating systems are essential to this task. A system malfunction (due to hardware failure, capacity overload, security incident, data corruption, etc.) or mistake made relating to the processing of transactions could result in financial loss, liability to clients, regulatory intervention, reputational damage and constraints on our ability to grow.

We operate under a fully disclosed model for all of our client clearing activities, and for all of our securities inventories with the exception of convertible securities. In a fully disclosed model, we act as an introducing broker for most customer transactions and rely on a clearing broker dealer to handle clearance and settlement of our customers' securities transactions. The clearing services provided by our clearing broker dealer, Pershing, are critical to our business operations, and similar to other important outsourced operations, any failure by the clearing agent with respect to the services we rely on it to provide could significantly disrupt and negatively impact our operations and financial results. We also contract with third parties for market data services, which constantly broadcast news, quotes, analytics and other relevant information to our employees, as well as other critical data processing activities. In the event that any of these service providers fails to adequately perform such services or the relationship between that service provider and us is terminated, we may experience a significant disruption in our operations, including our ability to timely and accurately process transactions or maintain complete and accurate records of those transactions.

Adapting or developing our technology systems to meet new regulatory requirements, client needs, geographic expansion and industry demands also is critical for our business. The introduction of new technologies presents new challenges on a regular basis. We have an ongoing need to upgrade and improve our various technology systems, including our data and transaction processing, financial, accounting, risk management, compliance, and trading systems. This need could present operational issues or require significant capital spending. It also may require us to make additional investments in technology systems and may require us to reevaluate the current value and/or expected useful lives of our technology systems, which could negatively impact our results of operations.

A disruption in the infrastructure that supports our business due to fire, natural disaster, health emergency (e.g., a pandemic), power or communication failure, act of terrorism or war may affect our ability to service and interact with our clients. If we are not able to implement contingency plans effectively, any such disruption could harm our results of operations.

***Protection of our sensitive and confidential information is critical to our operations, and failure of those systems may disrupt our business, damage our reputation, and cause financial losses.***

Our clients routinely provide us with sensitive and confidential information. Secure processing, storage and transmission of confidential and other information in our internal and outsourced computer systems and networks is critically important to our business. We take protective measures and endeavor to modify them as circumstances warrant. However, our computer systems, software and networks, and those of our clients, vendors, service providers, counterparties and other third parties, may be vulnerable to unauthorized access, cyber attacks, security breaches, computer viruses or other malicious code, inadvertent, erroneous or intercepted transmission of information (including by e-mail), human error, and other events that could have an information security impact. We work with our employees, clients, vendors, service providers, counterparties and other third parties to develop and implement measures designed to protect against such an event, but we may not be able to fully protect

against such an event, and do not have, and may be unable to put in place, secure capabilities with all of these third parties and we may not be able to ensure that these third parties have appropriate controls in place to protect the confidentiality of the information. If one or more of such events occur, this potentially could jeopardize our or our clients' or counterparties' confidential and other information processed and stored in, and transmitted through, our computer systems and networks, or those of third parties, or otherwise cause interruptions or malfunctions in our, our clients', our counterparties' or third parties' operations. We may be required to expend significant additional resources to modify our protective measures or to investigate and remediate vulnerabilities or other exposures, and we may be subject to reputational harm as well as litigation, regulatory penalties, and financial losses that are either not insured against or not fully covered through any insurance maintained by us.

***A failure to protect our computer systems, networks and information, and our clients' information, against cyber attacks, data breaches, and similar threats could impair our ability to conduct our businesses, result in the disclosure, theft or destruction of confidential information, damage our reputation and cause significant financial and legal exposure.***

Our operations rely on the secure processing, storage and transmission of confidential and other information in our computer systems and networks. There have been several highly publicized cases involving financial services companies, consumer-based companies and other companies, as well as governmental and political organizations, reporting breaches in the security of their websites, networks or other systems. We have not been immune from such events. Some of the publicized breaches have involved sophisticated and targeted cyber attacks intended to obtain unauthorized access to confidential information, destroy data, disrupt or degrade service, sabotage systems or cause other damage, including through the introduction of computer viruses, malware, ransomware, phishing, denial-of-service, and other means. There have also been several highly publicized cases where hackers have requested "ransom" payments in exchange for not disclosing customer information.

A successful penetration or circumvention of the security of our systems could cause serious negative consequences for us, including significant disruption of our operations and those of our clients, customers and counterparties; misappropriation of our confidential information or that of our clients, customers, counterparties or employees; or damage to our computers or systems and those of our clients, customers and counterparties; and could result in violations of applicable privacy and other laws, financial loss to us or to our customers, loss of confidence in our security measures, customer dissatisfaction, significant litigation exposure and reputational harm, all of which could have a material adverse effect on us.

We continuously monitor and develop our systems to protect our technology infrastructure and data from misappropriation or corruption. Despite our efforts to ensure the integrity of our systems and information, we have not been and may not be able to anticipate, detect or implement effective preventive measures against all cyber threats, especially because the techniques used are increasingly sophisticated, change frequently, and are often not recognized until months after the attack. Cyber attacks can originate from a variety of sources, including third parties who are affiliated with foreign governments or employees acting negligently or in a manner adverse to our interests. Third parties may seek to gain access to our systems either directly or using equipment or security passwords belonging to employees, customers, third party service providers or other users of our systems. In addition, due to our interconnectivity with third party vendors, central agents, exchanges, clearing houses and other financial institutions, we could be adversely impacted if any of them are subject to a successful cyber attack or other information security event.

Although we take protective measures and endeavor to modify them as circumstances warrant, our computer systems, software and networks have been and may be vulnerable to unauthorized access, misuse, computer viruses or other malicious code and other events that could have a security impact. We may be required to expend significant additional resources to modify our protective measures or to investigate and remediate vulnerabilities, exposures, or information security events. Due to the complexity and interconnectedness of our systems, the process of enhancing our protective measures can itself create a risk of systems disruptions and security issues.

The increased use of cloud technologies can heighten these and other operational risks. Certain aspects of the security of such technologies are unpredictable or beyond our control, and this lack of transparency may inhibit our ability to discover a failure by cloud service providers to adequately safeguard their systems and prevent cyber attacks that could disrupt our operations and result in misappropriation, corruption or loss of confidential and other information. In addition, there is a risk that encryption and other protective measures, despite their sophistication, may be defeated, particularly to the extent that new computing technologies vastly increase the speed and computing power available.

***Risk management processes may not fully mitigate exposure to the various risks that we face.***

We refine our risk management techniques, strategies and assessment methods on an ongoing basis. However, risk management techniques and strategies, both ours and those available to the market generally, may not be fully effective in identifying and

mitigating our risk exposure in all economic market environments or against all types of risk. For example, we may fail to identify or anticipate particular risks that our systems are capable of identifying, or the systems that we use, and that are used within the industry generally, may not be capable of identifying certain risks, or every economic and financial outcome, or the specifics and timing of such outcomes. In addition, our risk management techniques and strategies seek to balance our ability to profit from our market-making and investing positions with our exposure to potential losses. Some of our strategies for managing risk are based upon our use of observed historical market behavior. We apply statistical and other tools to these observations to quantify our risk exposure. Any failures in our risk management techniques and strategies to accurately quantify our risk exposure could limit our ability to manage risks. In addition, any risk management failures could cause our losses to be significantly greater than the historical measures indicate. Further, our quantified modeling does not take all risks into account. Our more qualitative approach to managing those risks could prove insufficient, exposing us to material unanticipated losses.

***The financial services industry and the markets in which we operate are subject to systemic risk that could adversely affect our business and results.***

Participants in the financial services industry and markets increasingly are closely interrelated as a result of credit, trading, clearing, technology and other relationships between them. A significant adverse development with one participant (such as a bankruptcy or default) may spread to others and lead to significant concentrated or market-wide problems (such as defaults, liquidity problems or losses) for other industry participants, including us. Further, the control and risk management infrastructure of the markets in which we operate often is outpaced by financial innovation and growth in new types of securities, transactions and markets. Systemic risk is inherently difficult to assess and quantify, and its form and magnitude can remain unknown for significant periods of time.

***Failure to maintain effective internal controls in accordance with Section 404 of the Sarbanes-Oxley Act could materially affect our business.***

We have documented and tested our internal control procedures in order to satisfy the requirements of Section 404 of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"), which requires annual management assessments of the effectiveness of our internal controls over financial reporting and a report by our independent auditors regarding our internal control over financial reporting. We are in compliance with Section 404 of the Sarbanes-Oxley Act as of December 31, 2022. However, if we fail to maintain the adequacy of our internal controls, as such standards are modified, supplemented or amended from time to time, we may not be able to ensure that we can conclude on an ongoing basis that we have effective internal controls over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act. Failure to maintain an effective internal control environment could materially adversely affect our business.

## **Legal and Regulatory Risk**

Legal and regulatory risk includes the risk of non-compliance with applicable legal and regulatory requirements and the loss to our reputation we may suffer as a result of failure to comply with laws, regulations, rules, related SRO standards and codes of conduct applicable to our business activities. It also includes the risk that legislation could reduce or eliminate certain business activities that we are currently engaged in, which could negatively impact our future financial condition or results of operations. The following are those material legal and regulatory risk factors that we have identified that could pose a risk to us.

***Our industry is exposed to significant legal liability, which could lead to substantial damages.***

We face significant legal risks in our businesses. These risks include potential liability under securities laws and regulations in connection with our capital markets, asset management and other businesses. The volume and amount of damages claimed in litigation, arbitrations, regulatory enforcement actions and other adversarial proceedings against financial services firms has historically been intense. Our experience has been that adversarial proceedings against financial services firms typically increase during and following a market downturn. We also are subject to claims from disputes with our employees and our former employees under various circumstances. Risks associated with legal liability often are difficult to assess or quantify and their existence and magnitude can remain unknown for significant periods of time, making the amount of legal reserves related to these legal liabilities difficult to determine and subject to future revision. Legal or regulatory matters involving our directors, officers or employees in their individual capacities also may create exposure for us because we may be obligated or may choose to indemnify the affected individuals against liabilities and expenses they incur in connection with such matters to the extent permitted under applicable law. In addition, like other financial services companies, we may face the possibility of employee fraud or misconduct. The precautions we take to prevent and detect this activity may not be effective in all cases and there can be no assurance that we will be able to deter or prevent fraud or misconduct. Exposures from and expenses incurred related to any of the foregoing actions or proceedings could have a negative impact on our results of operations and financial condition. In

addition, future results of operations could be adversely affected if reserves relating to these legal liabilities are required to be increased or legal proceedings are resolved in excess of established reserves.

***Our business is subject to extensive regulation in the jurisdictions in which we operate, and a significant regulatory action against our company may have a material adverse financial effect on, cause significant reputational harm to, or result in other collateral consequences for our company.***

As a participant in the financial services industry, we are subject to complex and extensive regulation of many aspects of our business by U.S. federal and state regulatory agencies, SROs (including securities exchanges) and by foreign governmental agencies, regulatory bodies and securities exchanges. Specifically, our operating subsidiaries include broker dealer and related securities entities organized in the United States, the United Kingdom, and Hong Kong. Each of these entities is registered or licensed with the applicable local regulator and is subject to all of the applicable rules and regulations promulgated by those authorities. In addition, our asset management subsidiaries, PSC Capital Partners LLC, Piper Sandler Advisors LLC, Piper Heartland Healthcare Capital LLC and Piper Sandler Finance Management LLC, as well as Piper Sandler & Co., are registered as investment advisors with the SEC and subject to the regulation and oversight by the SEC, and we have an additional asset management subsidiary subject to regulation in Guernsey.

Generally, the requirements imposed by our regulators are designed to ensure the integrity of the financial markets and to protect customers and other third parties who deal with us. These requirements are not designed to protect our shareholders. Consequently, broker dealer regulations often serve to limit our activities, through net capital, customer protection and market conduct requirements and restrictions on the businesses in which we may operate or invest. We also must comply with asset management regulations, including requirements related to fiduciary duties to clients, record-keeping and reporting and customer disclosures. Compliance with many of these regulations entails a number of risks, particularly in areas where applicable regulations may be newer or unclear. In addition, regulatory authorities in all jurisdictions in which we conduct business may intervene in our business and we, and our employees, could be fined or otherwise disciplined for violations or prohibited from engaging in some of our business activities.

Our business also subjects us to the complex income and payroll tax laws of the national and local jurisdictions in which we have business operations, and these tax laws may be subject to different interpretations by the taxpayer and the relevant governmental taxing authorities. We must make judgments and interpretations about the application of these inherently complex tax laws when determining the provision for income and other taxes. We are subject to contingent tax risk that could adversely affect our results of operations, to the extent that our interpretations of tax laws are disputed upon examination or audit, and are settled in amounts in excess of established reserves for such contingencies.

The effort to combat money laundering also has become a high priority in governmental policy with respect to financial institutions. The obligation of financial institutions, including ourselves, to identify their customers, watch for and report suspicious transactions, respond to requests for information by regulatory authorities and law enforcement agencies, and share information with other financial institutions, has required the implementation and maintenance of internal practices, procedures and controls which have increased, and may continue to increase, our costs. Any failure with respect to our programs in this area could subject us to serious regulatory consequences, including substantial fines, and potentially other liabilities. In addition, our international operations require compliance with anti-bribery laws, including the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act 2010. These laws generally prohibit companies and their intermediaries from engaging in bribery or making other improper payments to foreign officials for the purpose of obtaining or retaining business or gaining an unfair business advantage. While our employees and agents are required to comply with these laws, we cannot ensure that our internal control policies and procedures will always protect us from intentional, reckless or negligent acts committed by our employees or agents, which acts could subject our company to fines or other regulatory consequences that could disrupt our operations and negatively impact our results of operations.

***Legislative and regulatory proposals could significantly curtail the revenue from certain products that we currently provide or otherwise have a material adverse effect on our results of operations.***

Proposed changes in laws or regulations relating to our business could decrease, perhaps significantly, the revenue that we receive from certain products or services that we provide, or otherwise have a material adverse effect on our results of operations. Both the healthcare and financial services sectors are significant contributors to our overall results, and negative developments in either of these sectors, including but not limited to negative developments that result from legislative or regulatory actions, could negatively affect our results of operations, even if general economic conditions were strong.



***The business operations that we conduct outside of the United States subject us to unique risks.***

When we conduct business outside the United States, we are subject to risks, including, without limitation, the risk that we will be unable to provide effective operational support to these business activities, the risk of noncompliance with foreign laws and regulations, and the general economic and political conditions in countries where we conduct business, which may differ significantly from those in the United States. For example, the effect of Brexit is still developing and could require us to obtain additional regulatory licenses or impose additional restrictions on our ability to conduct business in Europe.

***Regulatory capital requirements may limit our ability to expand or maintain our present levels of business or impair our ability to meet our financial obligations.***

We are subject to the SEC's uniform net capital rule (Rule 15c3-1) and the net capital rule of FINRA, which may limit our ability to make withdrawals of capital from Piper Sandler & Co. The uniform net capital rule sets the minimum level of net capital a broker dealer must maintain and also requires that a portion of its assets be relatively liquid. FINRA may prohibit a member firm from expanding its business or paying cash dividends if resulting net capital falls below its requirements. Underwriting commitments require a charge against net capital and, accordingly, our ability to make underwriting commitments may be limited by the requirement that we must at all times be in compliance with the applicable net capital regulations.

Piper Sandler Companies, our holding company, depends on dividends, distributions and other payments from our subsidiaries to fund its obligations. The regulatory restrictions described above may impede access to funds our holding company needs to make payments on any such obligations.

**Other Risks to Our Shareholders**

The following are additional risk factors that we have identified that could pose a material risk to us or our shareholders.

***We may change our dividend policy at any time and there can be no assurance that we will continue to declare cash dividends.***

Our current dividend policy is to return between 30 percent and 50 percent of our fiscal year adjusted net income to shareholders. Although we expect to pay dividends to our shareholders in accordance with our dividend policy, we have no obligation to pay any dividend, and our dividend policy may change at any time without notice. The declaration and payment of dividends is at the discretion of our board of directors in accordance with applicable law after taking into account various factors, including our financial condition, operating results, current and anticipated cash needs and capital uses, limitations imposed by our indebtedness, legal requirements and other factors that our board of directors deems relevant. As a result, we may not pay dividends at any rate or at all.

***Our stock price may fluctuate as a result of several factors, including but not limited to, changes in our revenues, operating results, and return on equity.***

We have experienced, and expect to experience in the future, fluctuations in the market price of our common stock due to factors that relate to the nature of our business, including but not limited to changes in our revenues, operating results, earnings per share, and return on equity. Our business, by its nature, does not produce steady and predictable earnings on a quarterly basis, which may cause fluctuations in our stock price that may be significant. Other factors that have affected, and may further affect, our stock price include changes in or news related to economic, political, or market events or conditions, changes in market conditions in the financial services industry, including developments in regulation affecting our business, a predominantly passive or quantitative shareholder base among the Company's top twenty shareholders, failure to meet the expectations of market analysts, changes in recommendations or outlooks by market analysts, and aggressive short selling.

***Provisions in our amended and restated certificate of incorporation and amended and restated bylaws and of Delaware law may prevent or delay an acquisition of our company, which could decrease the market value of our common stock.***

Our amended and restated certificate of incorporation and amended and restated bylaws and Delaware law contain provisions that are intended to deter abusive takeover tactics by making them unacceptably expensive to a potential raider and to encourage prospective acquirors to negotiate with our board of directors rather than to attempt a hostile takeover. These provisions include limitations on our shareholders' ability to act by written consent and to call special meetings. Delaware law also imposes some restrictions on mergers and other business combinations between us and any holder of 15 percent or more of our outstanding common stock. We believe these provisions protect our shareholders from coercive or otherwise unfair



takeover tactics by requiring potential acquirors to negotiate with our board of directors and by providing our board of directors with more time to assess any acquisition proposal, and are not intended to make our company immune from takeovers. However, these provisions apply even if the offer may be considered beneficial by some shareholders and could delay or prevent an acquisition that our board of directors determines is not in the best interests of our company and our shareholders.

**ITEM 1B. *UNRESOLVED STAFF COMMENTS.***

None.

**ITEM 2. *PROPERTIES.***

As of February 17, 2023, we conducted our operations through 63 principal offices in 32 states, and the District of Columbia, and in London, Aberdeen and Hong Kong. All of our offices are leased. Our principal executive office is located at 800 Nicollet Mall, Suite 900, Minneapolis, Minnesota 55402 and, as of February 17, 2023, comprises approximately 124,000 square feet of space under a lease which expires November 30, 2025. In December 2022, we entered into a 15-year lease agreement which comprises approximately 113,000 square feet of space for our future principal executive office located at 350 N. 5th Street, Minneapolis, Minnesota 55401.

**ITEM 3. *LEGAL PROCEEDINGS.***

Due to the nature of our business, we are involved in a variety of legal proceedings. These proceedings include litigation, arbitration and regulatory proceedings, which may arise from, among other things, underwriting or other transactional activity, client account activity, employment matters, regulatory examinations of our businesses and investigations of securities industry practices by governmental agencies and SROs. The securities industry is highly regulated, and the regulatory scrutiny applied to securities firms is intense, resulting in a significant number of regulatory investigations and enforcement actions and uncertainty regarding the likely outcome of these matters.

Litigation-related expenses include amounts we reserve and/or pay out as legal and regulatory settlements, awards or judgments, and fines. Parties who initiate litigation and arbitration proceedings against us may seek substantial or indeterminate damages, and regulatory investigations can result in substantial fines being imposed on us. We reserve for contingencies related to legal proceedings at the time and to the extent we determine the amount to be probable and reasonably estimable. However, it is inherently difficult to predict accurately the timing and outcome of legal proceedings, including the amounts of any settlements, judgments or fines. We assess each proceeding based on its particular facts, our outside advisors' assessment and our past experience with similar matters, and expectations regarding the current legal and regulatory environment and other external developments that might affect the outcome of a particular proceeding or type of proceeding. Subject to the foregoing, we believe, based on our current knowledge, after appropriate consultation with outside legal counsel and taking into account our established reserves, that pending legal actions, investigations and regulatory proceedings, will be resolved with no material adverse effect on our consolidated financial condition, results of operations or cash flows. However, there can be no assurance that our assessments will reflect the ultimate outcome of pending proceedings, and the outcome of any particular matter may be material to our operating results for any particular period, depending, in part, on the operating results for that period and the amount of established reserves. Reasonably possible losses in excess of amounts accrued at December 31, 2022 are not material. We generally have denied, or believe that we have meritorious defenses and will deny, liability in all significant cases currently pending against us, and we intend to vigorously defend such actions.

The SEC is conducting an investigation regarding our compliance with recordkeeping requirements for business-related communications sent over unapproved electronic messaging channels. The SEC has brought several recent enforcement actions relating to recordkeeping practices, and it is currently conducting numerous similar investigations of other financial institutions. We are cooperating with the investigation.

**ITEM 4. *MINE SAFETY DISCLOSURES.***

Not applicable.

**PART II**

**ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.**

**Market Information**

Our common stock is listed on the New York Stock Exchange under the symbol "PIPR."

**Shareholders**

We had 8,942 shareholders of record and approximately 44,692 beneficial owners of our common stock as of February 17, 2023.

**Dividend Policy**

Our board of directors has approved a dividend policy with the intention of returning between 30 percent and 50 percent of our fiscal year adjusted net income to shareholders.

Our board of directors has declared a special cash dividend on our common stock of \$1.25 per share related to 2022 adjusted net income. This special dividend will be paid on March 17, 2023, to shareholders of record as of the close of business on March 3, 2023. Including this special cash dividend, we will have returned \$3.65 per share, or approximately 32 percent of our fiscal year 2022 adjusted net income to shareholders. In addition, our board of directors has declared a quarterly cash dividend on our common stock of \$0.60 per share to be paid on March 17, 2023, to shareholders of record as of the close of business on March 3, 2023.

Our board of directors is free to change our dividend policy at any time. Restrictions on our U.S. broker dealer subsidiary's ability to pay dividends are described in Note 22 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K.

**Purchases of Equity Securities**

The table below sets forth the information with respect to purchases made by or on behalf of Piper Sandler Companies or any "affiliated purchaser" (as defined in Rule 10b-18(a)(3) under the Exchange Act), of our common stock during the quarter ended December 31, 2022.

<b>Period</b>	<b>Total Number of Shares Purchased</b>	<b>Average Price Paid per Share</b>	<b>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs</b>	<b>Approximate Dollar Value of Shares Yet to be Purchased Under the Plans or Programs (1)</b>
Month #1 (October 1, 2022 to October 31, 2022)	228 (2)	\$ 105.85	208	\$ 138 million
Month #2 (November 1, 2022 to November 30, 2022)	6,652	\$ 145.90	—	\$ 138 million
Month #3 (December 1, 2022 to December 31, 2022)	4,120	\$ 130.19	—	\$ 138 million
<b>Total</b>	<b>11,000</b>	<b>\$ 139.19</b>	<b>208</b>	<b>\$ 138 million</b>

(1) Effective May 6, 2022, our board of directors authorized the repurchase of up to \$150.0 million of common stock through December 31, 2024.

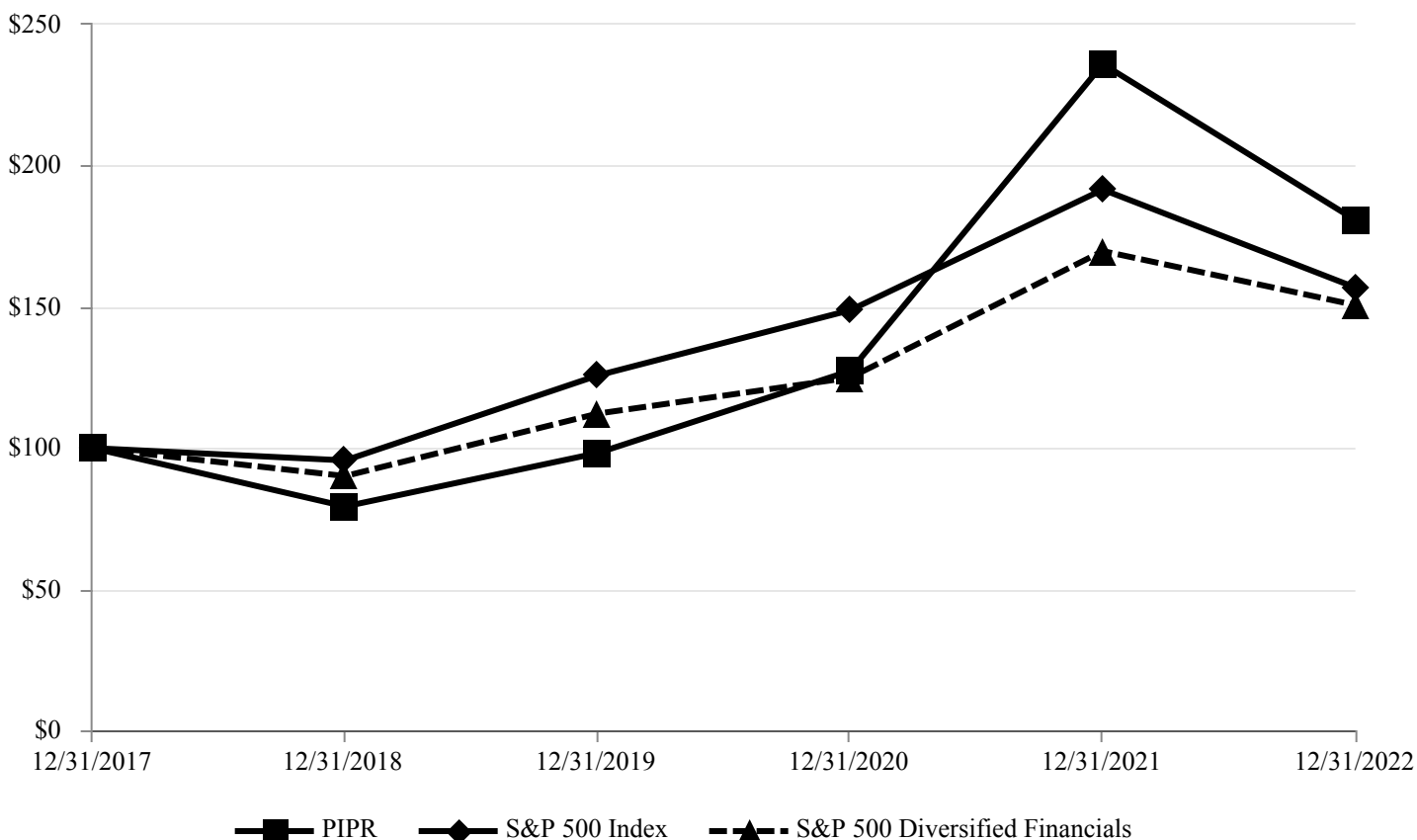
(2) Consists of 208 shares of common stock repurchased on the open market pursuant to a 10b5-1 plan established with an independent agent at an average price of \$105.55 per share, and 20 shares of common stock withheld from recipients of restricted stock to pay taxes upon the vesting of the restricted stock at an average price of \$108.97 per share.

**Stock Performance Graph**

This performance graph shall not be deemed "soliciting material" or to be "filed" with the SEC for purposes of Section 18 of the Exchange Act or otherwise subject to the liabilities under that Section, and shall not be deemed to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Exchange Act.

The following graph compares the performance of an investment in our common stock from December 31, 2017 through December 31, 2022, with the S&P 500 Index and the S&P 500 Diversified Financials Index. The graph assumes \$100 was invested on December 31, 2017 in each of our common stock, the S&P 500 Index and the S&P 500 Diversified Financials Index, and that all dividends were reinvested on the date of payment without payment of any commissions. The performance shown in the graph represents past performance and should not be considered an indication of future performance.

**FIVE YEAR TOTAL RETURN FOR PIPER SANDLER COMPANIES COMMON STOCK,  
THE S&P 500 INDEX AND THE S&P DIVERSIFIED FINANCIALS INDEX**



Company/Index	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022
Piper Sandler Companies	\$ 100	\$ 79.31	\$ 98.25	\$ 127.36	\$ 236.05	\$ 180.79
S&P 500 Index	100	95.62	125.72	148.85	191.58	156.88
S&P 500 Diversified Financials	100	90.08	112.21	124.96	169.79	150.65

**ITEM 6. RESERVED.**

## **ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.**

The following information should be read in conjunction with the accompanying audited consolidated financial statements and related notes and exhibits included elsewhere in this Form 10-K. Certain statements in this Form 10-K may be considered forward-looking. See "Cautionary Note Regarding Forward-Looking Statements" in this Form 10-K for additional information regarding such statements and related risks and uncertainties.

Item 7 in this Form 10-K discusses our 2022 and 2021 results and the year-over-year comparisons between 2022 and 2021. Discussion of our 2020 results and the year-over-year comparisons between 2021 and 2020 can be found in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2021, filed with the SEC on February 25, 2022.

### **Explanation of Non-GAAP Financial Measures**

We have included financial measures that are not prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). These non-GAAP financial measures include adjustments to exclude (1) revenues and expenses related to noncontrolling interests, (2) interest expense on long-term financing from net revenues, (3) amortization of intangible assets related to acquisitions, (4) compensation and non-compensation expenses from acquisition-related agreements, (5) acquisition-related restructuring and integration costs and (6) the income tax expense allocated to the adjustments. The adjusted weighted average diluted shares outstanding used in the calculation of non-GAAP earnings per diluted common share contains an adjustment to include the common shares for unvested restricted stock awards with service conditions granted pursuant to all acquisitions since January 1, 2020. These adjustments affect the following financial measures: net revenues, compensation expenses, non-compensation expenses, income tax expense, net income applicable to Piper Sandler Companies, earnings per diluted common share, total non-interest expenses, pre-tax income and pre-tax margin. Management believes that presenting these results and measures on an adjusted basis in conjunction with the corresponding U.S. GAAP measures provides the most meaningful basis for comparison of our operating results across periods and enhances the overall understanding of our current financial performance by excluding certain items that may not be indicative of our core operating results. The non-GAAP financial measures should be considered in addition to, not as a substitute for, measures of financial performance prepared in accordance with U.S. GAAP.

### **Executive Overview**

*Overview of Operations* – Our business principally consists of providing investment banking and institutional brokerage services to corporations, private equity groups, public entities, non-profit entities and institutional investors in the United States and Europe. We operate through one reportable business segment.

Investment banking services include financial advisory services, management of and participation in underwritings, and municipal financing activities. Revenues are generated through the receipt of advisory and financing fees. Institutional sales, trading and research services focus on the trading of equity and fixed income products with institutions, corporations, government and non-profit entities. Revenues are generated through commissions and sales credits earned on equity and fixed income institutional sales activities, net interest revenues on trading securities held in inventory, profits and losses from trading these securities, and research checks as clients pay us for research services and corporate access offerings. In order to invest firm capital and to manage capital from outside investors, we have created alternative asset management funds in merchant banking and healthcare. We receive management and performance fees for managing these funds, as well as investment gains and losses.

*Our Business Strategy* – Our long-term strategic objectives are to drive revenue growth, expand our market presence, build a stronger and more durable platform, continue to gain market share, and maximize shareholder value. In order to meet these objectives, we are focused on the following:

- Continuing to expand our business through strategic investments and selectively adding partners who share our client-centric culture and who can leverage our platform to better serve clients;
- Growing our investment banking platform through market share gains, accretive combinations, developing internal talent, and continued sector, product and geographic expansion. We also believe there is an opportunity to continue to capitalize on the strength of our U.S. franchises by expanding in Europe;
- Leveraging the scale within the equity brokerage and fixed income services platforms, driven by our expanded client base and product offerings, to continue to grow market share; and
- Prudently managing capital to maintain our balance sheet strength with ample liquidity and flexibility through all market conditions.

*Strategic Activities* – During 2022, we took the following important steps in the execution of our business strategy.

- On October 7, 2022, we completed the acquisition of DBO Partners Holding LLC, including its subsidiary, DBO Partners LLC (collectively, "DBO Partners"), a technology investment banking firm. The transaction expands the scale of our technology sector and adds general partner advisory services.
- On June 10, 2022, we completed the acquisition of Stamford Partners LLP ("Stamford Partners"), a specialist investment bank offering mergers and acquisitions advisory services to European food and beverage and related consumer sectors. The transaction expands our presence in Europe.
- On February 4, 2022, we completed the acquisition of Cornerstone Macro Research LP, including its subsidiary, Cornerstone Macro LLC (collectively, "Cornerstone Macro"), a research firm focused on providing macro research and equity derivatives trading to institutional investors. The transaction adds a macro research platform and increases the scale of our equity brokerage operations.
- Our corporate investment banking managing directors increased to 159, up 7.4 percent from 2021, contributing to our expanded and more diversified platform. We strengthened and broadened our industry and product coverage in 2022, notably in healthcare services, automotive aftermarket, transportation and logistics, and restructuring. In addition, we continued to invest in our research services and specialized sales and trading teams, both key differentiators in supporting our financing activities.

**Financial Highlights**

	Year Ended December 31,		
	2022	2021	2022 v2021
<i>(Amounts in thousands, except per share data)</i>			
<b>U.S. GAAP</b>			
Net revenues	\$ 1,425,638	\$ 2,031,061	(29.8)%
Compensation and benefits	983,524	1,305,166	(24.6)
Non-compensation expenses	307,745	284,383	8.2
Income before income tax expense	134,369	441,512	(69.6)
Net income applicable to Piper Sandler Companies	110,674	278,514	(60.3)
Earnings per diluted common share	\$ 6.52	\$ 16.43	(60.3)
<b>Ratios and margin</b>			
Compensation ratio	69.0 %	64.3 %	
Non-compensation ratio	21.6 %	14.0 %	
Pre-tax margin	9.4 %	21.7 %	
Effective tax rate	24.7 %	25.2 %	
<b>Non-GAAP<sup>(1)</sup></b>			
Adjusted net revenues	\$ 1,433,713	\$ 1,980,457	(27.6)%
Adjusted compensation and benefits	895,999	1,188,371	(24.6)
Adjusted non-compensation expenses	268,561	242,134	10.9
Adjusted operating income	269,153	549,952	(51.1)
Adjusted net income applicable to Piper Sandler Companies	201,317	399,037	(49.5)
Adjusted earnings per diluted common share	\$ 11.26	\$ 21.92	(48.6)
<b>Adjusted ratios and margin</b>			
Adjusted compensation ratio	62.5 %	60.0 %	
Adjusted non-compensation ratio	18.7 %	12.2 %	
Adjusted operating margin	18.8 %	27.8 %	
Adjusted effective tax rate	23.4 %	26.3 %	

See the "Results of Operations" section for additional information.



## Table of Contents

### (1) Reconciliation of U.S. GAAP to adjusted non-GAAP financial information

	<i>Year Ended December 31,</i>	
	<u>2022</u>	<u>2021</u>
<i>(Amounts in thousands, except per share data)</i>		
<b>Net revenues:</b>		
Net revenues – U.S. GAAP basis	\$ 1,425,638	\$ 2,031,061
Adjustments:		
Revenue related to noncontrolling interests	1,575	(59,050)
Interest expense on long-term financing	6,500	8,446
Adjusted net revenues	<u>\$ 1,433,713</u>	<u>\$ 1,980,457</u>
<b>Compensation and benefits:</b>		
Compensation and benefits – U.S. GAAP basis	\$ 983,524	\$ 1,305,166
Adjustment:		
Compensation from acquisition-related agreements	(87,525)	(116,795)
Adjusted compensation and benefits	<u>\$ 895,999</u>	<u>\$ 1,188,371</u>
<b>Non-compensation expenses:</b>		
Non-compensation expenses – U.S. GAAP basis	\$ 307,745	\$ 284,383
Adjustments:		
Non-compensation expenses related to noncontrolling interests	(7,919)	(7,196)
Acquisition-related restructuring and integration costs	(11,440)	(4,724)
Amortization of intangible assets related to acquisitions	(15,375)	(30,080)
Non-compensation expenses from acquisition-related agreements	(4,450)	(249)
Adjusted non-compensation expenses	<u>\$ 268,561</u>	<u>\$ 242,134</u>
<b>Income before income tax expense:</b>		
Income before income tax expense – U.S. GAAP basis	\$ 134,369	\$ 441,512
Adjustments:		
Revenue related to noncontrolling interests	1,575	(59,050)
Interest expense on long-term financing	6,500	8,446
Non-compensation expenses related to noncontrolling interests	7,919	7,196
Compensation from acquisition-related agreements	87,525	116,795
Acquisition-related restructuring and integration costs	11,440	4,724
Amortization of intangible assets related to acquisitions	15,375	30,080
Non-compensation expenses from acquisition-related agreements	4,450	249
Adjusted operating income	<u>\$ 269,153</u>	<u>\$ 549,952</u>
Interest expense on long-term financing	(6,500)	(8,446)
Adjusted income before adjusted income tax expense	<u>\$ 262,653</u>	<u>\$ 541,506</u>
<b>Income tax expense:</b>		
Income tax expenses – U.S. GAAP basis	\$ 33,189	\$ 111,144
Tax effect of adjustments:		
Compensation from acquisition-related agreements	20,872	23,646
Acquisition-related restructuring and integration costs	2,528	1,180
Amortization of intangible assets related to acquisitions	3,599	6,436
Non-compensation expenses from acquisition-related agreements	1,148	63
Adjusted income tax expense	<u>\$ 61,336</u>	<u>\$ 142,469</u>
<b>Net income applicable to Piper Sandler Companies:</b>		
Net income applicable to Piper Sandler Companies – U.S. GAAP basis	\$ 110,674	\$ 278,514
Adjustments:		
Compensation from acquisition-related agreements	66,653	93,149
Acquisition-related restructuring and integration costs	8,912	3,544
Amortization of intangible assets related to acquisitions	11,776	23,644
Non-compensation expenses from acquisition-related agreements	3,302	186
Adjusted net income applicable to Piper Sandler Companies	<u>\$ 201,317</u>	<u>\$ 399,037</u>

	<i>Year Ended December 31,</i>	
	<i>2022</i>	<i>2021</i>
<i>(Amounts in thousands, except per share data)</i>		
<b>Earnings per diluted common share:</b>		
<i>Earnings per diluted common share – U.S. GAAP basis</i>	\$ 6.52	\$ 16.43
<i>Adjustment for inclusion of unvested acquisition-related stock</i>	<i>(0.60)</i>	<i>(1.62)</i>
	<b>\$ 5.92</b>	<b>\$ 14.81</b>
<i>Adjustments:</i>		
<i>Compensation from acquisition-related agreements</i>	3.93	5.49
<i>Acquisition-related restructuring and integration costs</i>	0.53	0.21
<i>Amortization of intangible assets related to acquisitions</i>	0.69	1.40
<i>Non-compensation expenses from acquisition-related agreements</i>	0.19	0.01
<i>Adjusted earnings per diluted common share</i>	<b>\$ 11.26</b>	<b>\$ 21.92</b>
<b>Weighted average diluted common shares outstanding:</b>		
<i>Weighted average diluted common shares outstanding – U.S. GAAP basis</i>	16,965	16,955
<i>Adjustment:</i>		
<i>Unvested acquisition-related restricted stock with service conditions</i>	909	1,251
<i>Adjusted weighted average diluted common shares outstanding</i>	<b>17,874</b>	<b>18,206</b>

### **External Factors Impacting Our Business**

Performance in the financial services industry in which we operate is highly correlated to the overall strength of macroeconomic conditions, financial market activity and the effect of geopolitical events. Overall market conditions are a product of many factors, which are beyond our control, often unpredictable and at times inherently volatile. These factors may affect the financial decisions made by investors, including their level of participation in the financial markets. In turn, these decisions may affect our business results. With respect to financial market activity, our profitability is sensitive to a variety of factors, including the demand for investment banking services as reflected by the number and size of advisory transactions, equity and debt corporate financings, and municipal financings; the relative level of volatility of the equity and fixed income markets; changes in interest rates and credit spreads (especially rapid and extreme changes); overall market liquidity; the level and shape of various yield curves; the volume and value of trading in securities; and overall equity valuations.

Factors that differentiate our business within the financial services industry also may affect our financial results. For example, our capital markets business focuses on specific industry sectors while serving principally a middle-market clientele. If the business environment for our focus sectors is impacted adversely, our business and results of operations could reflect these impacts. In addition, our business, with its specific areas of focus and investment, may not track overall market trends. Given the variability of the capital markets and securities businesses, our earnings may fluctuate significantly from period to period, and results for any individual period should not be considered indicative of future results.

**Market Data**

The following table provides a summary of relevant market data over the past three years.

	Year Ended December 31,				
	2022	2021	2020	2022 v2021	2021 v2020
<b>U.S. Market Indices</b>					
S&P 500 (a)	3,840	4,766	3,756	(19.4)%	26.9 %
Nasdaq (a)	10,466	15,645	12,888	(33.1)%	21.4 %
<b>U.S. Middle Market Mergers and Acquisitions</b>					
Announced transactions (number of transactions) (b)	3,627	4,767	3,637	(23.9)%	31.1 %
<b>U.S. Equity Capital Markets</b>					
Completed public equity offerings (number of transactions) (c)	521	1,996	1,285	(73.9)%	55.3 %
Completed initial public offerings (number of transactions) (d)	156	1,008	436	(84.5)%	131.2 %
Equity fee pool for overall market (in millions) (e)	\$3,517	\$20,365	\$15,365	(82.7)%	32.5 %
Equity fee pool for sub-\$5 billion (in millions) (f)	\$2,404	\$13,640	\$ 8,901	(82.4)%	53.2 %
<b>U.S. Municipal Negotiated Issuances</b>					
Completed issuances (number of transactions) (g)	5,847	8,849	8,965	(33.9)%	(1.3)%
Aggregate par value (in billions) (g)	\$ 312	\$ 384	\$ 392	(18.7)%	(2.0)%
<b>Average CBOE Volatility Index (VIX)</b>	<b>26</b>	<b>20</b>	<b>29</b>	<b>30.0 %</b>	<b>(31.0)%</b>
<b>Average Daily Number of Shares Traded</b>					
NYSE (shares in millions)	2,355	2,258	2,402	4.3 %	(6.0)%
Nasdaq (shares in millions)	2,083	1,952	2,010	6.7 %	(2.9)%
<b>Interest Rates</b>					
3-month treasury average rate	2.09 %	0.04 %	0.25 %	N/M	(84.0)%
10-year treasury average rate	2.95 %	1.45 %	0.81 %	103.4 %	79.0 %
<b>Average 10-year MMD to 10-year Treasury Ratio (h)</b>	<b>0.83</b>	<b>0.68</b>	<b>1.22</b>	<b>22.1 %</b>	<b>(44.3)%</b>

N/M — Not meaningful

(a) Data provided is at period end.

(b) Source: Refinitiv (transactions with reported deal value between \$100 million and \$1 billion and transactions with an undisclosed deal value that had a financial advisor).

(c) Source: Dealogic and Piper Sandler & Co. Equity Capital Markets (IPOs, follow-on offerings and convertible offerings with reported deal value greater than \$10 million).

(d) Source: Dealogic and Piper Sandler & Co. Equity Capital Markets (offerings with reported deal value greater than \$10 million).

(e) Source: Dealogic and Piper Sandler & Co. Equity Capital Markets (IPOs, follow-on offerings and convertible offerings with deal values greater than \$10 million and PIPEs/RDs greater than \$5 million; SPAC IPO fees are represented as the standard two percent upfront fee unless noted differently on the IPO cover).

(f) Source: Dealogic and Piper Sandler & Co. Equity Capital Markets (IPOs, follow-on offerings and convertible offerings with deal values greater than \$10 million and PIPEs/RDs greater than \$5 million for sub-\$5 billion market cap issuers; SPAC IPO fees are represented as the standard two percent upfront fee unless noted differently on the IPO cover).

(g) Source: Refinitiv (sole/senior negotiated and private placement transactions).

(h) Calculated based on the 10-year Municipal Market Data (MMD) index rate divided by the 10-year treasury rate.

### ***Outlook for 2023***

We believe there is a heightened risk of economic recession in 2023 resulting from persistent inflation, supply and demand imbalances, labor shortages and higher interest rates and energy prices. Additionally, geopolitical risks, such as the war in Ukraine, further increased the economic strain on the global economy. These risks contributed to increased financial market volatility and a decline in business confidence in 2022, resulting in a more uncertain economic outlook for 2023.

We believe tightening of U.S. monetary policy will continue to be a critical factor impacting the economy and financial markets. The U.S. Federal Reserve significantly increased its short-term benchmark interest rate in 2022 and is expected to raise rates further in 2023, with its primary near-term focus to slow inflation. Additionally, the U.S. Federal Reserve continues quantitative tightening measures by reducing its holdings of treasury and mortgage-backed securities.

While demand for advisory services remains active, the challenging market environment continues to impact transaction timelines and increase deal risk. Additionally, rising and volatile interest rates have reduced financing options for financial sponsors, which has negatively impacted our deal activity with these clients. Our pipeline across industry teams remains solid, but the current economic conditions make conversion of the pipeline uncertain.

The market for equity capital raising was largely shut in 2022 due to high levels of market volatility, declining equity valuations and reduced investor demand stemming from economic concerns. However, we expect capital markets activity to increase in 2023 as clients requiring access to capital in order to execute on their strategic plans take advantage of market opportunities.

Equity brokerage benefited from elevated volatility and volumes in 2022 as well as market share gains resulting from the addition of Cornerstone Macro to our platform. In 2023, we anticipate a more challenging market environment with a decrease in the research and trading services fee pool as well as expectations of less volatility. We believe these challenges will be mitigated in part through our increase in client votes leading to further market share growth.

Market conditions for our fixed income services business were challenging in the second half of 2022 driven by the sharp increase in rates, increased interest rate volatility, aggressive monetary policy tightening and uncertainty in expectations regarding the terminal level of interest rates. Additionally, inflation has remained elevated and the market has begun pricing in a recession resulting in an inverted yield curve. These market dynamics negatively impacted our client activity in 2022, particularly among our depository clients. In 2023, we expect clients to be more active relative to the second half of 2022 as the fixed income asset class represents an increasingly attractive investment opportunity resulting from higher investment yields.

Our municipal financing business experienced more challenging market conditions in the second half of 2022 driven by increased interest rates and volatility, as well as weakened investor demand. Higher rates sharply curtailed refinancing activity depressing new issuance volumes in 2022; we expect this trend to continue in 2023. While our specialty sector pipeline is strong, it remains uncertain when market conditions will become more conducive to closing these transactions.

## Results of Operations

### Financial Summary

The following table provides a summary of the results of our operations on a U.S. GAAP basis and the results of our operations as a percentage of net revenues for the periods indicated.

	Year Ended December 31,					As a Percentage of Net Revenues for the Year Ended December 31,		
	2022	2021	2020	2022 v2021	2021 v2020	2022	2021	2020
<i>(Amounts in thousands)</i>								
<b>Revenues:</b>								
Investment banking	\$1,009,509	\$1,553,219	\$ 858,476	(35.0)%	80.9 %	70.8 %	76.5 %	69.3 %
Institutional brokerage	405,267	387,577	357,753	4.6	8.3	28.4	19.1	28.9
Interest income	20,365	6,967	13,164	192.3	(47.1)	1.4	0.3	1.1
Investment income/(loss)	(23)	94,032	23,265	N/M	304.2	0.0	4.6	1.9
Total revenues	<u>1,435,118</u>	<u>2,041,795</u>	<u>1,252,658</u>	<u>(29.7)</u>	<u>63.0</u>	<u>100.7</u>	<u>100.5</u>	<u>101.2</u>
Interest expense	9,480	10,734	14,445	(11.7)	(25.7)	0.7	0.5	1.2
Net revenues	<u>1,425,638</u>	<u>2,031,061</u>	<u>1,238,213</u>	<u>(29.8)</u>	<u>64.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
<b>Non-interest expenses:</b>								
Compensation and benefits	983,524	1,305,166	877,462	(24.6)	48.7	69.0	64.3	70.9
Outside services	53,189	45,942	38,377	15.8	19.7	3.7	2.3	3.1
Occupancy and equipment	64,252	56,946	54,007	12.8	5.4	4.5	2.8	4.4
Communications	50,565	44,008	44,358	14.9	(0.8)	3.5	2.2	3.6
Marketing and business development	42,849	20,902	13,472	105.0	55.2	3.0	1.0	1.1
Deal-related expenses	31,874	42,921	38,072	(25.7)	12.7	2.2	2.1	3.1
Trade execution and clearance	20,185	16,533	18,934	22.1	(12.7)	1.4	0.8	1.5
Restructuring and integration costs	11,440	4,724	10,755	142.2	(56.1)	0.8	0.2	0.9
Intangible asset amortization	15,375	30,080	44,728	(48.9)	(32.7)	1.1	1.5	3.6
Other operating expenses	18,016	22,327	29,500	(19.3)	(24.3)	1.3	1.1	2.4
Total non-interest expenses	<u>1,291,269</u>	<u>1,589,549</u>	<u>1,169,665</u>	<u>(18.8)</u>	<u>35.9</u>	<u>90.6</u>	<u>78.3</u>	<u>94.5</u>
Income before income tax expense	134,369	441,512	68,548	(69.6)	544.1	9.4	21.7	5.5
Income tax expense	33,189	111,144	19,192	(70.1)	479.1	2.3	5.5	1.5
Net income	101,180	330,368	49,356	(69.4)	569.4	7.1	16.3	4.0
Net income/(loss) applicable to noncontrolling interests	(9,494)	51,854	8,852	N/M	485.8	(0.7)	2.6	0.7
Net income applicable to Piper Sandler Companies	<u>\$ 110,674</u>	<u>\$ 278,514</u>	<u>\$ 40,504</u>	<u>(60.3)%</u>	<u>587.6 %</u>	<u>7.8 %</u>	<u>13.7 %</u>	<u>3.3 %</u>

N/M — Not meaningful

For the year ended December 31, 2022, we recorded net income applicable to Piper Sandler Companies of \$110.7 million. Net revenues for the year ended December 31, 2022 decreased 29.8 percent to \$1.43 billion, compared with \$2.03 billion in the year-ago period. In 2022, investment banking revenues decreased 35.0 percent to \$1.01 billion, compared with \$1.55 billion in 2021, primarily driven by lower advisory services and corporate financing revenues, as well as lower municipal financing revenues. For the year ended December 31, 2022, institutional brokerage revenues were \$405.3 million, up 4.6 percent compared with \$387.6 million in 2021, as higher equity brokerage revenues were partially offset by lower fixed income services revenues. In 2022, net interest income was \$10.9 million, compared to net interest expense of \$3.8 million in 2021, primarily resulting from increased interest income driven by higher rates on our long inventory and cash balances. Non-interest expenses were \$1.29 billion for the year ended December 31, 2022, down 18.8 percent compared with \$1.59 billion in the prior year, primarily due to decreased compensation expenses resulting from lower revenues.

**Consolidated Non-Interest Expenses**

*Compensation and Benefits* – Compensation and benefits expenses, which are the largest component of our expenses, include salaries, incentive compensation, benefits, stock-based compensation, employment taxes, reversal of expenses associated with the forfeiture of stock-based compensation and other employee-related costs. A significant portion of compensation expense is comprised of variable incentive arrangements, including discretionary incentive compensation, the amount of which fluctuates in proportion to the level of business activity, increasing with higher revenues and operating profits. Other compensation costs, primarily base salaries and benefits, are more fixed in nature. The timing of incentive compensation payments, which generally occur in February, has a greater impact on our cash position and liquidity than is reflected on our consolidated statements of operations. In conjunction with our acquisitions, we have granted restricted stock and restricted cash with service conditions, which are amortized to compensation expense over the service period. We have also entered into forgivable loans with service conditions, which are amortized to compensation expense over the loan term. Additionally, expense estimates related to revenue-based earnout arrangements with service conditions entered into as part of our acquisitions are amortized to compensation expense over the service period.

The following table summarizes our future acquisition-related compensation expense for restricted stock, restricted cash and forgivable loans with service conditions, as well as expense estimates related to revenue-based earnout arrangements:

(Amounts in thousands)

2023	\$	51,828
2024		42,292
2025		23,535
2026		15,668
2027		9,411
Total	\$	<u>142,734</u>

For the year ended December 31, 2022, compensation and benefits expenses decreased 24.6 percent to \$983.5 million from \$1.31 billion in 2021, due to lower revenues. Compensation and benefits expenses as a percentage of net revenues was 69.0 percent in 2022, compared with 64.3 percent in 2021. Excluding the impact of noncontrolling interests, our compensation ratio increased to 68.9 percent in 2022, compared with 66.2 percent in 2021, due to lower net revenues, partially offset by a decrease in acquisition-related compensation expenses.

*Outside Services* – Outside services expenses include securities processing expenses, outsourced technology functions, outside legal fees, fund expenses associated with our consolidated alternative asset management funds and other professional fees. Outside services expenses increased 15.8 percent to \$53.2 million in 2022, compared with \$45.9 million in 2021, primarily due to higher professional fees.

*Occupancy and Equipment* – For the year ended December 31, 2022, occupancy and equipment expenses increased 12.8 percent to \$64.3 million, compared with \$56.9 million in 2021, primarily due to incremental occupancy costs related to our acquisition of Cornerstone Macro, as well as office space expansion.

*Communications* – Communication expenses include costs for telecommunication and data communication, primarily consisting of expenses for obtaining third party market data information. For the year ended December 31, 2022, communication expenses increased 14.9 percent to \$50.6 million, compared with \$44.0 million in 2021, due to higher market data services expenses resulting in part from incremental costs related to our acquisition of Cornerstone Macro.



*Marketing and Business Development* – Marketing and business development expenses include travel and entertainment costs, advertising and third party marketing fees. In 2022, marketing and business development expenses increased 105.0 percent to \$42.8 million, compared with \$20.9 million for the year ended December 31, 2021. The increase was due to higher travel expenses driven by the end of pandemic-related travel restrictions and overall inflationary impact on costs. As a result, our travel costs have reverted to more normalized levels in 2022.

*Deal-Related Expenses* – Deal-related expenses include costs we incurred over the course of a completed investment banking deal, which primarily consist of legal fees, offering expenses, and travel and entertainment costs. For the year ended December 31, 2022, deal-related expenses were \$31.9 million, compared with \$42.9 million for the year ended December 31, 2021. The amount of deal-related expenses is principally dependent on the level of deal activity and may vary from period to period as the recognition of deal-related costs typically coincides with the closing of a transaction.

*Trade Execution and Clearance* – For the year ended December 31, 2022, trade execution and clearance expenses increased 22.1 percent to \$20.2 million, compared with \$16.5 million for the year ended December 31, 2021. The increase in trade execution and clearance expenses is reflective of higher trading volumes compared with the prior year.

*Restructuring and Integration Costs* – For the year ended December 31, 2022, we incurred acquisition-related restructuring and integration costs of \$11.4 million. The expenses consisted of \$5.2 million of transaction costs primarily related to our 2022 acquisitions, \$5.6 million for vacated leased office space associated with our acquisitions of The Valence Group ("Valence") and Cornerstone Macro and \$0.6 million of severance benefits.

For the year ended December 31, 2021, we incurred acquisition-related restructuring and integration costs of \$4.7 million. The expenses consisted of \$1.0 million of transaction costs primarily related to our acquisitions of Cornerstone Macro and Stamford Partners, \$3.4 million for vacated leased office space associated with our acquisitions of Valence and TRS Advisors LLC ("TRS") and \$0.3 million of severance benefits.

*Intangible Asset Amortization* – Intangible asset amortization includes the amortization of definite-lived intangible assets consisting of customer relationships and internally developed software. For the year ended December 31, 2022, intangible asset amortization was \$15.4 million, compared with \$30.1 million in 2021. The decrease was due to lower intangible asset amortization expense associated with our 2020 acquisitions, partially offset by incremental intangible asset amortization expense associated with our 2022 acquisitions. In 2023, we anticipate incurring a full year of intangible asset amortization expense related to the acquisition of DBO Partners.

The following table summarizes the future aggregate amortization expense of our intangible assets with determinable lives:

*(Amounts in thousands)*

2023	\$	19,440
2024		9,445
2025		7,887
2026		7,253
2027		3,480
Thereafter		2,732
Total	\$	<u>50,237</u>

*Other Operating Expenses* – Other operating expenses primarily include insurance costs, license and registration fees, expenses related to our charitable giving program and litigation-related expenses, which consist of the amounts we reserve and/or pay out related to legal and regulatory matters. Other operating expenses were \$18.0 million in 2022, compared with \$22.3 million in 2021. The decrease was primarily due to lower expense related to our charitable giving program driven by lower operating profits. This decrease was partially offset by \$4.5 million in expense for the earnout with no service requirements related to Cornerstone Macro.

*Income Taxes* – For the year ended December 31, 2022, our provision for income taxes was \$33.2 million, which included a \$5.6 million tax benefit related to stock-based compensation awards vesting at values greater than the grant price and a one-time tax benefit of \$4.6 million related to the full reversal of our U.K. subsidiary's deferred tax valuation allowance, as a result of improved operating results in the U.K. Excluding the impact of these benefits and noncontrolling interests, our effective tax rate was 30.2 percent.

For the year ended December 31, 2021, our provision for income taxes was \$111.1 million, which included a \$2.7 million tax benefit related to stock-based compensation awards vesting at values greater than the grant price. Excluding the impact of this benefit and noncontrolling interests, our effective tax rate was 29.2 percent, which includes the impact of non-deductible covered employee compensation expense.

### ***Financial Performance***

Our activities as an investment bank and institutional securities firm constitute a single business segment.

Throughout this section, we have presented results on both a U.S. GAAP and non-GAAP basis. Management believes that presenting results and measures on an adjusted, non-GAAP basis in conjunction with the corresponding U.S. GAAP measures provides a more meaningful basis for comparison of its operating results and underlying trends between periods, and enhances the overall understanding of our current financial performance by excluding certain items that may not be indicative of our core operating results. The non-GAAP results should be considered in addition to, not as a substitute for, the results prepared in accordance with U.S. GAAP.

The adjusted financial results exclude (1) revenues and expenses related to noncontrolling interests, (2) interest expense on long-term financing from net revenues, (3) amortization of intangible assets related to acquisitions, (4) compensation and non-compensation expenses from acquisition-related agreements and (5) acquisition-related restructuring and integration costs. For U.S. GAAP purposes, these items are included in each of their respective line items on the consolidated statements of operations.

Adjusted operating income and adjusted operating margin present the results of operations excluding the impact resulting from the consolidation of noncontrolling interests in alternative asset management funds. Consolidation of these funds results in the inclusion of the proportionate share of the income or loss attributable to the equity interests in consolidated funds that are not attributable, either directly or indirectly, to us (i.e., noncontrolling interests). This proportionate share is reflected in net income/(loss) applicable to noncontrolling interests in the accompanying consolidated statements of operations, and has no effect on our overall financial performance, as ultimately, this income or loss is not income or loss for us. Included in adjusted operating income and adjusted operating margin is the actual proportionate share of the income or loss attributable to us as an investor in such funds.

The adjusted, non-GAAP financial results also exclude amortization of intangible assets and compensation and non-compensation expenses from acquisition-related agreements. These amounts are excluded on a non-GAAP basis as they represent expenses specifically related to acquisitions and therefore are not part of our on-going operations. The acquisition-related restructuring and integration costs excluded from the adjusted financial results represent charges that resulted from severance benefits, contract termination costs, vacating redundant leased office space and professional fees related to the respective transactions. These restructuring and integration costs are excluded from our non-GAAP financial measures as they relate to acquisitions and excluding these amounts provides a better understanding of our core non-compensation expenses. Interest expense on long-term financing is an adjustment from net revenues as these arrangements were used to fund the acquisitions of Valence and SOP Holdings, LLC and its subsidiaries, including Sandler O'Neill & Partners, L.P. (collectively, "Sandler O'Neill"). Management believes that presenting adjusted financial results excluding the acquisition-related amounts provides clarity on the financial results generated by the core operating components of our business.

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The following table sets forth the adjusted, non-GAAP financial results and adjustments necessary to reconcile to our consolidated U.S. GAAP financial results for the periods presented:

	Year Ended December 31,							
	2022				2021			
	Total Adjusted	Adjustments (1)		U.S. GAAP	Total Adjusted	Adjustments (1)		U.S. GAAP
Noncontrolling Interests		Other Adjustments	Noncontrolling Interests			Other Adjustments		
<i>(Amounts in thousands)</i>								
<b>Investment banking</b>								
Advisory services	\$ 776,428	\$ —	\$ —	\$ 776,428	\$1,026,138	\$ —	\$ —	\$1,026,138
Corporate financing	125,342	—	—	125,342	362,797	—	—	362,797
Municipal financing	107,739	—	—	107,739	164,284	—	—	164,284
<b>Total investment banking</b>	<b>1,009,509</b>	<b>—</b>	<b>—</b>	<b>1,009,509</b>	<b>1,553,219</b>	<b>—</b>	<b>—</b>	<b>1,553,219</b>
<b>Institutional brokerage</b>								
Equity brokerage	210,314	—	—	210,314	154,067	—	—	154,067
Fixed income services	194,953	—	—	194,953	233,510	—	—	233,510
<b>Total institutional brokerage</b>	<b>405,267</b>	<b>—</b>	<b>—</b>	<b>405,267</b>	<b>387,577</b>	<b>—</b>	<b>—</b>	<b>387,577</b>
Interest income	20,365	—	—	20,365	6,967	—	—	6,967
Investment income/(loss)	1,552	(1,575)	—	(23)	34,982	59,050	—	94,032
<b>Total revenues</b>	<b>1,436,693</b>	<b>(1,575)</b>	<b>—</b>	<b>1,435,118</b>	<b>1,982,745</b>	<b>59,050</b>	<b>—</b>	<b>2,041,795</b>
Interest expense	2,980	—	6,500	9,480	2,288	—	8,446	10,734
<b>Net revenues</b>	<b>1,433,713</b>	<b>(1,575)</b>	<b>(6,500)</b>	<b>1,425,638</b>	<b>1,980,457</b>	<b>59,050</b>	<b>(8,446)</b>	<b>2,031,061</b>
<b>Total non-interest expenses</b>	<b>1,164,560</b>	<b>7,919</b>	<b>118,790</b>	<b>1,291,269</b>	<b>1,430,505</b>	<b>7,196</b>	<b>151,848</b>	<b>1,589,549</b>
<b>Pre-tax income</b>	<b>\$ 269,153</b>	<b>\$ (9,494)</b>	<b>\$ (125,290)</b>	<b>\$ 134,369</b>	<b>\$ 549,952</b>	<b>\$ 51,854</b>	<b>\$ (160,294)</b>	<b>\$ 441,512</b>
<b>Pre-tax margin</b>	<b>18.8 %</b>			<b>9.4 %</b>	<b>27.8 %</b>			<b>21.7 %</b>

(1) The following is a summary of the adjustments needed to reconcile our consolidated U.S. GAAP financial results to the adjusted, non-GAAP financial results:

*Noncontrolling interests* – The impacts of consolidating noncontrolling interests in our alternative asset management funds are not included in our adjusted financial results.

*Other adjustments* – The following items are not included in our adjusted financial results:

<i>(Amounts in thousands)</i>	Year Ended December 31,	
	2022	2021
Interest expense on long-term financing	\$ 6,500	\$ 8,446
Compensation from acquisition-related agreements	87,525	116,795
Acquisition-related restructuring and integration costs	11,440	4,724
Amortization of intangible assets related to acquisitions	15,375	30,080
Non-compensation expenses from acquisition-related agreements	4,450	249
	<b>118,790</b>	<b>151,848</b>
<b>Total other adjustments</b>	<b>\$ 125,290</b>	<b>\$ 160,294</b>

Net revenues on a U.S. GAAP basis were \$1.43 billion for the year ended December 31, 2022, compared with \$2.03 billion in the prior-year period. For the year ended December 31, 2022, adjusted net revenues were \$1.43 billion, compared with \$1.98 billion for the year ended December 31, 2021. The variance explanations for net revenues and adjusted net revenues are consistent on both a U.S. GAAP and non-GAAP basis unless stated otherwise.

The following table provides supplemental business information:

	<b>Year Ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
<b><i>Advisory services</i></b>		
Completed M&A and restructuring transactions	<b>217</b>	279
Completed capital advisory transactions	<b>84</b>	146
Total completed advisory transactions	<b>301</b>	425
<b><i>Corporate financings</i></b>		
Total equity transactions priced	<b>55</b>	214
Book run equity transactions priced	<b>45</b>	141
Total debt and preferred transactions priced	<b>30</b>	53
Book run debt and preferred transactions priced	<b>19</b>	26
<b><i>Municipal negotiated issues</i></b>		
Aggregate par value of issues priced (in billions)	<b>\$ 14.6</b>	\$ 19.3
Total issues priced	<b>571</b>	977
<b><i>Equity brokerage</i></b>		
Number of shares traded (in billions)	<b>11.0</b>	9.9

Investment banking revenues comprise all of the revenues generated through advisory services activities, which include M&A, equity and debt private placements, debt and restructuring advisory, and municipal financial advisory transactions. Collectively, debt advisory transactions and equity and debt private placements are referred to as capital advisory transactions. Investment banking revenues also include equity and debt corporate financing activities and municipal financings.

In 2022, investment banking revenues were \$1.01 billion, down 35.0 percent compared to \$1.55 billion in the prior-year period. For the year ended December 31, 2022, advisory services revenues were \$776.4 million, down 24.3 percent compared with \$1.03 billion in 2021, due to fewer completed transactions, offset in part by higher average M&A and restructuring fees. The market environment during most of the year was impacted by macroeconomic uncertainty, which prolonged transaction timelines and the conversion of our pipelines. For the year ended December 31, 2022, corporate financing revenues were \$125.3 million, down 65.5 percent compared to \$362.8 million in the prior-year period, as the market for equity capital raising remained largely shut resulting from high levels of market volatility, declining valuations and a cautious investor outlook stemming from economic concerns. Activity for us during the year was principally in the healthcare and financial services sectors. Municipal financing revenues for the year ended December 31, 2022 were \$107.7 million, down 34.4 percent compared to \$164.3 million in the year-ago period, due to a decline in issuance activity, particularly lower refinancing activity and high-yield new issuances. Market conditions became more challenging during the second half of 2022 resulting from increased interest rates and volatility, combined with weakened investor demand, which drove the decline in market issuances.

Institutional brokerage revenues comprise all of the revenues generated through trading activities, which consist of facilitating customer trades and executing competitive municipal underwritings, as well as fees received for our research services and corporate access offerings. Our results may vary from quarter to quarter as a result of changes in trading margins, trading gains and losses, net interest spreads, trading volumes, the timing of payments for research services and the timing of transactions based on market opportunities.

For the year ended December 31, 2022, institutional brokerage revenues increased to \$405.3 million, compared with \$387.6 million in the prior-year period. Equity brokerage revenues increased 36.5 percent to \$210.3 million in 2022, compared with \$154.1 million in 2021, due to the addition of Cornerstone Macro to our platform as well as elevated volatility driving increased client activity. For the year ended December 31, 2022, fixed income services revenues were \$195.0 million, down 16.5 percent compared with \$233.5 million in the prior-year period, due to lower activity, particularly among our depository clients. Market conditions were more challenging during the year resulting from the sharp increase in rates combined with interest rate volatility.

Interest income represents amounts earned from holding long inventory positions. For the year ended December 31, 2022, interest income increased to \$20.4 million, compared with \$7.0 million in 2021, reflecting higher interest rates on our long inventory and cash balances.

Investment income/(loss) includes realized and unrealized gains and losses on investments, including amounts attributable to noncontrolling interests, in our merchant banking and healthcare funds, as well as management and performance fees generated from those funds. For the year ended December 31, 2022, we recorded an investment loss of \$23 thousand, compared to investment income of \$94.0 million in 2021. In 2022, unrealized losses were offset by realized gains on our investments and the noncontrolling interests in the alternative asset management funds that we manage. Excluding the impact of noncontrolling interests, adjusted investment income was \$1.6 million in 2022, compared with \$35.0 million in 2021.

Interest expense represents amounts associated with financing, economically hedging and holding short inventory positions, including interest paid on our long-term financing arrangements, as well as commitment fees on our line of credit and revolving credit facility. For the year ended December 31, 2022, interest expense decreased to \$9.5 million, compared with \$10.7 million in 2021. The decrease was primarily due to lower interest paid on long-term financings, partially offset by higher interest rates on short inventory balances. We repaid the \$50 million of Class A unsecured senior notes upon maturity on October 15, 2021. Excluding the impact of interest expense on long-term financing, adjusted interest expense was \$3.0 million and \$2.3 million for the years ended December 31, 2022 and 2021, respectively.

Pre-tax margin for 2022 was 9.4 percent, compared with 21.7 percent for 2021. Adjusted pre-tax margin decreased to 18.8 percent in 2022, compared with 27.8 percent in 2021. In 2022, the decrease in pre-tax margin on both a U.S. GAAP and adjusted basis was driven by lower net revenues, a higher compensation ratio and increased non-compensation expenses driven by higher travel expense and additional non-compensation expenses associated with our 2022 acquisitions.

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The following table sets forth the adjusted, non-GAAP financial results and adjustments necessary to reconcile to our consolidated U.S. GAAP financial results for the periods presented:

	Year Ended December 31,							
	2021				2020			
	Total Adjusted	Adjustments (1)		U.S. GAAP	Total Adjusted	Adjustments (1)		U.S. GAAP
Noncontrolling Interests		Other Adjustments	Noncontrolling Interests			Other Adjustments		
<i>(Amounts in thousands)</i>								
<b>Investment banking</b>								
Advisory services	\$1,026,138	\$ —	\$ —	\$1,026,138	\$ 443,327	\$ —	\$ —	\$ 443,327
Corporate financing	362,797	—	—	362,797	295,333	—	—	295,333
Municipal financing	164,284	—	—	164,284	119,816	—	—	119,816
<b>Total investment banking</b>	<b>1,553,219</b>	<b>—</b>	<b>—</b>	<b>1,553,219</b>	<b>858,476</b>	<b>—</b>	<b>—</b>	<b>858,476</b>
<b>Institutional brokerage</b>								
Equity brokerage	154,067	—	—	154,067	161,445	—	—	161,445
Fixed income services	233,510	—	—	233,510	196,308	—	—	196,308
<b>Total institutional brokerage</b>	<b>387,577</b>	<b>—</b>	<b>—</b>	<b>387,577</b>	<b>357,753</b>	<b>—</b>	<b>—</b>	<b>357,753</b>
Interest income	6,967	—	—	6,967	13,164	—	—	13,164
Investment income	34,982	59,050	—	94,032	10,384	12,881	—	23,265
<b>Total revenues</b>	<b>1,982,745</b>	<b>59,050</b>	<b>—</b>	<b>2,041,795</b>	<b>1,239,777</b>	<b>12,881</b>	<b>—</b>	<b>1,252,658</b>
Interest expense	2,288	—	8,446	10,734	4,817	—	9,628	14,445
<b>Net revenues</b>	<b>1,980,457</b>	<b>59,050</b>	<b>(8,446)</b>	<b>2,031,061</b>	<b>1,234,960</b>	<b>12,881</b>	<b>(9,628)</b>	<b>1,238,213</b>
<b>Total non-interest expenses</b>	<b>1,430,505</b>	<b>7,196</b>	<b>151,848</b>	<b>1,589,549</b>	<b>984,672</b>	<b>4,029</b>	<b>180,964</b>	<b>1,169,665</b>
<b>Pre-tax income</b>	<b>\$ 549,952</b>	<b>\$ 51,854</b>	<b>\$ (160,294)</b>	<b>\$ 441,512</b>	<b>\$ 250,288</b>	<b>\$ 8,852</b>	<b>\$ (190,592)</b>	<b>\$ 68,548</b>
<b>Pre-tax margin</b>	<b>27.8 %</b>			<b>21.7 %</b>	<b>20.3 %</b>			<b>5.5 %</b>

(1) The following is a summary of the adjustments needed to reconcile our consolidated U.S. GAAP financial results to the adjusted, non-GAAP financial results:

*Noncontrolling interests* – The impacts of consolidating noncontrolling interests in our alternative asset management funds are not included in our adjusted financial results.

*Other adjustments* – The following items are not included in our adjusted financial results:

<i>(Amounts in thousands)</i>	Year Ended December 31,	
	2021	2020
<i>Interest expense on long-term financing</i>	\$ 8,446	\$ 9,628
<i>Compensation from acquisition-related agreements</i>	116,795	113,396
<i>Acquisition-related restructuring and integration costs</i>	4,724	10,755
<i>Amortization of intangible assets related to acquisitions</i>	30,080	44,728
<i>Non-compensation expenses from acquisition-related agreements</i>	249	12,085
	<u>151,848</u>	<u>180,964</u>
<b>Total other adjustments</b>	<b>\$ 160,294</b>	<b>\$ 190,592</b>

Discussion of the year-over-year comparisons between 2021 and 2020 can be found in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2021, filed with the SEC on February 25, 2022.

### Recent Accounting Pronouncements

Recent accounting pronouncements are set forth in Note 3 to our consolidated financial statements included in Part II, Item 8 of this Form 10-K, and are incorporated herein by reference.

## **Critical Accounting Policies and Estimates**

Our accounting and reporting policies comply with U.S. GAAP and conform to practices within the securities industry. The preparation of financial statements in compliance with U.S. GAAP and industry practices requires us to make estimates and assumptions that could materially affect amounts reported in our consolidated financial statements. Critical accounting policies are those policies that we believe to be the most important to the portrayal of our financial condition and results of operations and that require us to make estimates that are difficult, subjective or complex. Most accounting policies are not considered by us to be critical accounting policies. Several factors are considered in determining whether or not a policy is critical, including whether the estimates are significant to the consolidated financial statements taken as a whole, the nature of the estimates, the ability to readily validate the estimates with other information (e.g., third party or independent sources), the sensitivity of the estimates to changes in economic conditions and whether alternative accounting methods may be used under U.S. GAAP.

For a full description of our significant accounting policies, see Note 2 to our consolidated financial statements included in Part II, Item 8 of this Form 10-K. We believe that of our significant accounting policies, the following are our critical accounting policies and estimates.

### ***Valuation of Financial Instruments***

Financial instruments and other inventory positions owned, financial instruments and other inventory positions sold, but not yet purchased, and investments on our consolidated statements of financial condition consist of financial instruments recorded at fair value, as required by accounting guidance. Unrealized gains and losses related to these financial instruments are reflected on our consolidated statements of operations.

The fair value of a financial instrument is the amount at which the instrument could be exchanged in an orderly transaction between market participants at the measurement date (the exit price). Based on the nature of our business and our role as a "dealer" in the securities industry or as a manager of alternative asset management funds, the fair values of our financial instruments are determined internally. See Note 2 and Note 6 to our consolidated financial statements for additional information on the valuation of our financial instruments and our fair value processes, including specific control processes to determine the reasonableness of the fair value of our financial instruments.

Financial Accounting Standards Board ("FASB") Accounting Standards Codification Topic 820, "Fair Value Measurement," establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level I measurements) and the lowest priority to inputs with little or no pricing observability (Level III measurements). Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Substantially all of our financial instruments categorized as Level III are investments related to our alternative asset management funds. These investments in private companies are valued based on an assessment of each underlying security, considering rounds of financing, the financial condition and operating results of the private company, third party transactions and market-based information, including comparable company transactions, trading multiples (e.g., multiples of revenue and EBITDA), discounted cash flow analyses and changes in market outlook, among other factors. See Note 6 to our consolidated financial statements for additional discussion of our assets and liabilities in the fair value hierarchy.

### ***Goodwill and Intangible Assets***

We record all assets acquired and liabilities assumed in acquisitions, including goodwill and other intangible assets, at fair value. Determining the fair value of assets and liabilities acquired requires certain management estimates. At December 31, 2022, we had goodwill of \$301.2 million and intangible assets of \$135.6 million.

We are required to perform impairment tests of goodwill and indefinite-life intangible assets annually and on an interim basis when circumstances exist that could indicate possible impairment. We have elected to test goodwill for impairment in the fourth quarter of each calendar year. We have the option to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If, after making an assessment, we determine it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then further analysis is unnecessary. However, if we conclude otherwise, then we are required to perform a quantitative goodwill test, which requires management to make judgments in determining what assumptions to use in the calculation. The quantitative goodwill test compares the fair value of the reporting unit to its carrying value, including allocated goodwill. An impairment is recognized for the excess amount of a reporting unit's carrying value over its fair value. See Note 2 and Note 11 to our consolidated financial statements for additional information on our impairment testing.



The initial recognition of goodwill and other intangible assets and the subsequent quantitative impairment analysis involves significant judgment in determining the estimates of future cash flows, discount rates, economic forecast and other assumptions which are then used in acceptable valuation techniques, such as the market approach (earnings and/or transaction multiples) and/or the income approach (discounted cash flow method). Changes in these estimates and assumptions could have a significant impact on the fair value and any resulting impairment of goodwill. Our estimated cash flows, by their nature, are difficult to determine over an extended time period. Events and factors that may significantly affect the estimates include, among others, competitive forces and changes in revenue growth trends, cost structures, technology and market conditions. To assess the reasonableness of cash flow estimates and validate assumptions used in our estimates, we review historical performance of the underlying assets or similar assets. In assessing the fair value of our reporting unit, the volatile nature of the securities markets and our industry requires us to consider the business and market cycle and assess the stage of the cycle in estimating the timing and extent of future cash flows. In addition to discounted cash flows, we consider earnings multiples of comparable public companies and multiples of recent M&A transactions of similar businesses in our subsequent impairment analysis.

We elected to perform a qualitative assessment to test goodwill for impairment. The following relevant events and circumstances were evaluated in concluding that it was not more likely than not that goodwill was impaired: macroeconomic conditions, industry and market considerations and the overall financial performance of our reporting unit. Our annual goodwill impairment testing, performed as of October 31, 2022, resulted in no impairment.

We also evaluated our intangible assets (indefinite and definite-lived) and concluded there was no impairment in 2022.

### ***Stock-Based Compensation Plans***

As part of our compensation to employees and directors, we use stock-based compensation, consisting of restricted stock, restricted stock units and stock options. We account for equity awards in accordance with FASB Accounting Standards Codification Topic 718, "Compensation—Stock Compensation," ("ASC 718"), which requires all share-based payments to employees, including grants of employee stock options, to be recognized on the consolidated statements of operations at grant date fair value. Compensation expense related to share-based awards which require future service are amortized over the service period of the award. Forfeitures of awards with service conditions are accounted for when they occur. Share-based awards that do not require future service are recognized in the year in which the awards are deemed to be earned.

See Note 19 to our consolidated financial statements for additional information about our stock-based compensation plans.

### ***Income Taxes***

We file a consolidated U.S. federal income tax return, which includes all of our qualifying subsidiaries. We also are subject to income tax in various states and municipalities and those foreign jurisdictions in which we operate. Amounts provided for income taxes are based on income reported for financial statement purposes and do not necessarily represent amounts currently payable. Deferred tax assets and liabilities are recognized for the expected future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis and for tax loss carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Deferred income taxes are provided for temporary differences in reporting certain items, principally restricted compensation (i.e., restricted stock, restricted stock units, restricted mutual fund shares, and deferred compensation). The realization of deferred tax assets is assessed and a valuation allowance is recognized to the extent that it is more likely than not that any portion of the deferred tax asset will not be realized. We believe that our future taxable profits will be sufficient to recognize our U.S. deferred tax assets, with the exception of \$0.2 million of state net operating loss carryforwards. However, if our projections of future taxable profits do not materialize, we may conclude that a valuation allowance is necessary, which would impact our results of operations in that period. In the fourth quarter of 2022, we reversed the full amount of our U.K. subsidiary's deferred tax asset valuation allowance based upon improved operating results in the U.K. This resulted in a \$4.6 million tax benefit to our results of operations.

We record deferred tax benefits for future tax deductions expected upon the vesting of stock-based compensation. We recognize the income tax effects of stock-based compensation awards in the income statement when the awards vest. If deductions reported on our tax return for stock-based compensation (i.e., the value of the stock-based compensation at the time of vesting) exceed the cumulative cost of those instruments recognized for financial reporting (i.e., the grant date fair value of the compensation computed in accordance with ASC 718), we record the excess tax benefit as income tax benefit. Conversely, if deductions reported on our tax return for stock-based compensation are less than the cumulative cost of those instruments recognized for financial reporting, the deficiency is recorded as income tax expense. For the year ended December 31, 2022, we recorded a \$5.6 million tax benefit for stock awards vesting during the period. As of February 17, 2023, approximately 1,119,000 shares have vested at share prices greater than the grant date fair values, resulting in \$5.7 million of excess tax benefits recorded as income tax benefit in the first quarter of 2023. An additional 454,000 shares are expected to vest prior to March 31, 2023, generating an estimated \$7.8 million in additional excess tax benefits based upon the February 17, 2023 share price.

We establish reserves for uncertain income tax positions in accordance with FASB Accounting Standards Codification Topic 740, "Income Taxes," when it is not more likely than not that a certain position or component of a position will be ultimately upheld by the relevant taxing authorities. Significant judgment is required in evaluating uncertain tax positions. Our tax provision and related accruals include the impact of estimates for uncertain tax positions and changes to the reserves that are considered appropriate. To the extent the probable tax outcome of these matters changes, such change in estimate will impact the income tax provision in the period of change and, in turn, our results of operations. In 2022, we recorded a liability of \$2.2 million for uncertain state income tax positions.

### **Liquidity, Funding and Capital Resources**

We regularly monitor our liquidity position, which is of critical importance to our business. Accordingly, we maintain a liquidity strategy designed to enable our business to continue to operate even under adverse circumstances, although there can be no assurance that our strategy will be successful under all circumstances. Insufficient liquidity resulting from adverse circumstances contributes to, and may be the cause of, financial institution failure.

The majority of our tangible assets consist of assets readily convertible into cash. Financial instruments and other inventory positions owned are stated at fair value and are generally readily marketable in most market conditions. Receivables and payables with brokers, dealers and clearing organizations usually settle within a few days. As part of our liquidity strategy, we emphasize diversification of funding sources to the extent possible while considering tenor and cost. Our assets are financed by our cash flows from operations, equity capital and our funding arrangements. The fluctuations in cash flows from financing activities are directly related to daily operating activities from our various businesses. One of our most important risk management disciplines is our ability to manage the size and composition of our balance sheet. While our asset base changes due to client activity, market fluctuations and business opportunities, the size and composition of our balance sheet reflect our overall risk tolerance, our ability to access stable funding sources and the amount of equity capital we hold.

Certain market conditions can impact the liquidity of our inventory positions, requiring us to hold larger inventory positions for longer than expected or requiring us to take other actions that may adversely impact our results.

A significant component of our employees' compensation is paid in annual discretionary incentive compensation. The timing of these incentive compensation payments, which generally are made in February, has a significant impact on our cash position and liquidity.

Our dividend policy is intended to return between 30 percent and 50 percent of our fiscal year adjusted net income to shareholders. Our board of directors determines the declaration and payment of dividends and is free to change our dividend policy at any time. Our board of directors declared the following dividends on shares of our common stock:

<b>Declaration Date</b>	<b>Dividend Per Share</b>	<b>Record Date</b>	<b>Payment Date</b>
<b>Related to 2019:</b>			
January 31, 2020 (1)	\$ 0.750	March 2, 2020	March 13, 2020
<b>Related to 2020:</b>			
January 31, 2020	\$ 0.375	March 2, 2020	March 13, 2020
May 1, 2020	\$ 0.200	May 29, 2020	June 12, 2020
July 31, 2020	\$ 0.300	August 28, 2020	September 11, 2020
October 30, 2020	\$ 0.375	November 24, 2020	December 11, 2020
February 4, 2021 (1)	\$ 1.850	March 3, 2021	March 12, 2021
<b>Related to 2021:</b>			
February 4, 2021	\$ 0.400	March 3, 2021	March 12, 2021
April 30, 2021	\$ 0.450	May 28, 2021	June 11, 2021
July 30, 2021	\$ 0.550	August 27, 2021	September 10, 2021
October 29, 2021 (1)	\$ 3.000	November 23, 2021	December 10, 2021
October 29, 2021	\$ 0.550	November 23, 2021	December 10, 2021
February 10, 2022 (1)	\$ 4.500	March 2, 2022	March 11, 2022
<b>Related to 2022:</b>			
February 10, 2022	\$ 0.600	March 2, 2022	March 11, 2022
April 29, 2022	\$ 0.600	May 27, 2022	June 10, 2022
July 29, 2022	\$ 0.600	August 26, 2022	September 9, 2022
October 28, 2022	\$ 0.600	November 23, 2022	December 9, 2022
February 3, 2023 (1)	\$ 1.250	March 3, 2023	March 17, 2023
<b>Related to 2023:</b>			
February 3, 2023	\$ 0.600	March 3, 2023	March 17, 2023

(1) Represents a special cash dividend.

Our board of directors has declared a special cash dividend on our common stock of \$1.25 per share related to 2022 adjusted net income. This special dividend will be paid on March 17, 2023, to shareholders of record as of the close of business on March 3, 2023. Including this special cash dividend, we will have returned \$3.65 per share, or approximately 32 percent of our fiscal year 2022 adjusted net income to shareholders. The return to our shareholders related to fiscal year 2022 was lower compared to the prior year due to the amount of capital deployed for our 2022 acquisitions of DBO Partners, Stamford Partners and Cornerstone Macro, and repurchases of our common stock during the year.

As part of our capital management strategy, we repurchase our common stock over time in order to offset the dilutive effect of our employee stock-based compensation awards and our grants of acquisition-related restricted stock, as well as to return capital to shareholders.

Effective May 6, 2022, our board of directors authorized the repurchase of up to \$150.0 million in common shares through December 31, 2024. At December 31, 2022, we had \$138.2 million remaining under this authorization. Effective January 1, 2022, our board of directors authorized the repurchase of up to \$150.0 million in common shares through December 31, 2023, and we repurchased the full amount of this authorization during 2022. In 2022, we repurchased 1,245,221 shares of our common stock at an average price of \$129.95 per share for an aggregate purchase price of \$161.8 million related to these authorizations.

We also purchase shares of common stock from restricted stock award recipients upon the award vesting or as recipients sell shares to meet their employment tax obligations. During 2022, we purchased 172,156 shares of our common stock at an average price of \$148.25 per share for an aggregate purchase price of \$25.5 million for these purposes.

**Cash Flows**

Cash and cash equivalents at December 31, 2022 were \$365.6 million, a decrease of \$605.3 million from December 31, 2021. Operating activities used \$224.9 million of cash, driven by a decrease in operating liabilities. The decrease in operating liabilities was primarily due to a decrease in accrued compensation of \$296.4 million, the result of lower compensation costs in 2022 from decreased revenues and operating profits. In 2022, investing activities used \$127.1 million, of which \$96.5 million was used for the acquisitions of DBO Partners, Stamford Partners and Cornerstone Macro. We also used \$30.6 million for the purchase of fixed assets. Cash of \$250.1 million was used in financing activities as we paid \$107.5 million in dividends and repurchased \$187.3 million of common stock during 2022.

Cash and cash equivalents at December 31, 2021 were \$971.0 million, an increase of \$463.0 million from December 31, 2020. Operating activities provided \$707.1 million of cash, driven by cash generated from earnings and an increase in operating liabilities. The increase in operating liabilities was primarily due to an increase in accrued compensation of \$330.9 million, the result of higher compensation costs in 2021 from increased revenues and operating profits. The increase in operating assets was primarily due to an increase in investments related to our alternative asset management funds. In 2021, investing activities used \$20.6 million for the purchase of fixed assets. Cash of \$223.1 million was used in financing activities as we repaid \$70 million of long-term financing arrangements. In the first quarter of 2021, we repaid the unsecured promissory notes related to the acquisition of Valence totaling \$20 million. We also repaid the Class A unsecured senior notes of \$50 million upon maturity on October 15, 2021. In addition, we paid \$99.4 million in dividends and repurchased \$69.9 million of common stock during 2021.

**Leverage**

The following table presents total assets, adjusted assets, total shareholders' equity and tangible common shareholders' equity with the resulting leverage ratios:

<i>(Dollars in thousands)</i>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Total assets	<b>\$ 2,181,557</b>	\$ 2,565,307
Deduct: Goodwill and intangible assets	<b>(436,788)</b>	(347,286)
Deduct: Right-of-use lease asset	<b>(87,730)</b>	(71,341)
Deduct: Assets from noncontrolling interests	<b>(201,541)</b>	(168,675)
Adjusted assets	<b>\$ 1,455,498</b>	\$ 1,978,005
Total shareholders' equity	<b>\$ 1,254,028</b>	\$ 1,226,855
Deduct: Goodwill and intangible assets	<b>(436,788)</b>	(347,286)
Deduct: Noncontrolling interests	<b>(199,955)</b>	(164,645)
Tangible common shareholders' equity	<b>\$ 617,285</b>	\$ 714,924
Leverage ratio (1)	<b>1.7</b>	2.1
Adjusted leverage ratio (2)	<b>2.4</b>	2.8

(1) Leverage ratio equals total assets divided by total shareholders' equity.

(2) Adjusted leverage ratio equals adjusted assets divided by tangible common shareholders' equity.

Adjusted assets and tangible common shareholders' equity are non-GAAP financial measures. Goodwill and intangible assets are subtracted from total assets and total shareholders' equity in determining adjusted assets and tangible common shareholders' equity, respectively, as we believe that goodwill and intangible assets do not constitute operating assets that can be deployed in a liquid manner. The right-of-use lease asset is also subtracted from total assets in determining adjusted assets as it is not an operating asset that can be deployed in a liquid manner. Amounts attributed to noncontrolling interests are subtracted from total assets and total shareholders' equity in determining adjusted assets and tangible common shareholders' equity, respectively, as they represent assets and equity interests in consolidated entities that are not attributable, either directly or indirectly, to Piper Sandler Companies. We view the resulting measure of adjusted leverage, also a non-GAAP financial measure, as a more relevant measure of financial risk when comparing financial services companies. Our adjusted leverage ratio decreased from December 31, 2021, due to a decline in cash and cash equivalents driven by the payment of annual incentive compensation in the first quarter of 2022 and our 2022 acquisitions.

## ***Funding and Capital Resources***

The primary goal of our funding activities is to ensure adequate funding over a wide range of market conditions. Given the mix of our business activities, funding requirements are fulfilled through a diversified range of short-term and long-term financing. We attempt to ensure that the tenor of our borrowing liabilities equals or exceeds the expected holding period of the assets being financed. Our ability to support increases in total assets is largely a function of our ability to obtain funding from external sources. Access to these external sources, as well as the cost of that financing, is dependent upon various factors, including market conditions, the general availability of credit and credit ratings. We currently do not have a credit rating, which could adversely affect our liquidity and competitive position by increasing our financing costs and limiting access to sources of liquidity that require a credit rating as a condition to providing the funds.

Our day-to-day funding and liquidity is obtained primarily through the use of cash from our operating activities, as well as through the use of a clearing arrangement with Pershing, a clearing arrangement with bank financing, and a bank line of credit, which are typically collateralized by our securities inventory. These funding sources are critical to our ability to finance and hold inventory, which is a necessary part of our institutional brokerage business. The majority of our inventory is liquid and is therefore funded by short-term facilities or cash from our operating activities. Our committed line has been established to mitigate changes in the liquidity of our inventory based on changing market conditions, and is available to us regardless of changes in market liquidity conditions through the end of its term, although there may be limitations on the type of securities available to pledge. Our funding sources are also dependent on the types of inventory that our counterparties are willing to accept as collateral and the number of counterparties available. Funding is generally obtained at rates based upon the federal funds rate.

Pershing Clearing Arrangement – We have established an arrangement to obtain financing from Pershing related to the majority of our trading activities. Under our fully disclosed clearing agreement, all of our securities inventories with the exception of convertible securities, and all of our customer activities are held by or cleared through Pershing. Financing under this arrangement is secured primarily by securities, and collateral limitations could reduce the amount of funding available under this arrangement. Our clearing arrangement activities are recorded net from trading activity and reported within receivables from or payables to brokers, dealers and clearing organizations. The funding is at the discretion of Pershing (i.e., uncommitted) and could be denied without a notice period. Our fully disclosed clearing agreement includes a covenant requiring Piper Sandler & Co., our U.S. broker dealer subsidiary, to maintain excess net capital of \$120 million. At December 31, 2022, we had less than \$0.1 million of financing outstanding under this arrangement.

Clearing Arrangement with Bank Financing – In the second quarter of 2021, we established a financing arrangement with a U.S. branch of Canadian Imperial Bank of Commerce ("CIBC") related to our convertible securities inventories. Under this arrangement, our convertible securities inventories are cleared through a broker dealer affiliate of CIBC, and held and financed by CIBC. Our convertible securities inventories are generally economically hedged by the underlying common stock or the stock options of the underlying common stock. Financing under this arrangement is secured primarily by convertible securities and collateral limitations could reduce the amount of funding available. The funding is at the discretion of CIBC (i.e., uncommitted) and could be denied subject to a notice period. This arrangement is reported within receivables from or payables to brokers, dealers and clearing organizations, net of trading activity. At December 31, 2022, we had \$28.2 million of financing outstanding under this arrangement.

Prime Broker Arrangement – We previously had an overnight financing arrangement with a broker dealer related to our convertible securities inventories. In the second quarter of 2021, we replaced this arrangement with the clearing arrangement with bank financing.

Committed Line – We elected to decrease our committed line from \$100 million to \$80 million in the fourth quarter of 2022. Advances under this facility are secured by certain marketable securities. The facility includes a covenant that requires Piper Sandler & Co. to maintain a minimum regulatory net capital of \$120 million, and the unpaid principal amount of all advances under the facility will be due on December 8, 2023. This credit facility has been in place since 2008 and was renewed for another one-year term in the fourth quarter of 2022. At December 31, 2022, we had no advances against this line of credit.

Revolving Credit Facility – Our parent company, Piper Sandler Companies, elected to increase its unsecured revolving credit facility with U.S. Bank N.A from \$65 million to \$75 million in the fourth quarter of 2022. The credit agreement will terminate on December 19, 2025, unless otherwise terminated, and is subject to a one-year extension exercisable at our option. This credit facility has been in place since 2019 and was renewed in the fourth quarter of 2022. At December 31, 2022, there were no advances against this credit facility.

This credit facility includes customary events of default and covenants that, among other things, require Piper Sandler & Co. to maintain a minimum regulatory net capital of \$120 million, limit our leverage ratio, require maintenance of a minimum ratio of operating cash flow to fixed charges, and impose certain limitations on our ability to make acquisitions and make payments on our capital stock. At December 31, 2022, we were in compliance with all covenants.

The following tables present the average balances outstanding for our various funding sources by quarter for 2022 and 2021:

<i>(Amounts in millions)</i>	<b>Average Balance for the Three Months Ended</b>			
	<b>Dec. 31, 2022</b>	<b>Sept. 30, 2022</b>	<b>June 30, 2022</b>	<b>Mar. 31, 2022</b>
<b>Funding source:</b>				
Pershing clearing arrangement	\$ 8.5	\$ 38.8	\$ 19.7	\$ 3.8
Clearing arrangement with bank financing	62.3	69.0	83.3	110.3
Prime broker arrangement	—	—	—	—
<b>Total</b>	<b>\$ 70.8</b>	<b>\$ 107.8</b>	<b>\$ 103.0</b>	<b>\$ 114.1</b>

<i>(Amounts in millions)</i>	<b>Average Balance for the Three Months Ended</b>			
	<b>Dec. 31, 2021</b>	<b>Sept. 30, 2021</b>	<b>June 30, 2021</b>	<b>Mar. 31, 2021</b>
<b>Funding source:</b>				
Pershing clearing arrangement	\$ 4.1	\$ 12.1	\$ 5.2	\$ 6.9
Clearing arrangement with bank financing	92.7	84.2	49.9	—
Prime broker arrangement	—	—	8.0	57.2
<b>Total</b>	<b>\$ 96.8</b>	<b>\$ 96.3</b>	<b>\$ 63.1</b>	<b>\$ 64.1</b>

The average funding in the fourth quarter of 2022 decreased to \$70.8 million, compared with \$96.8 million during the fourth quarter of 2021 and \$107.8 million during the third quarter of 2022, primarily due to lower inventory balances.

The following table presents the maximum daily funding amount by quarter for 2022 and 2021:

<i>(Amounts in millions)</i>	<b>2022</b>	<b>2021</b>
First Quarter	\$ 366.3	\$ 141.5
Second Quarter	\$ 409.5	\$ 306.2
Third Quarter	\$ 996.5	\$ 228.1
Fourth Quarter	\$ 246.2	\$ 170.3

The higher maximum daily funding amount for the third quarter of 2022 was the result of accommodating a shortened settlement timeframe for one of our equity clients.

### *Long-Term Financing*

Our long-term financing consists of \$125 million of Class B unsecured fixed rate senior notes ("Class B Notes"). The initial holders of the Class B Notes were certain entities advised by Pacific Investment Management Company ("PIMCO"). The Class B Notes bear interest at an annual fixed rate of 5.20 percent and mature on October 15, 2023. Interest is payable semi-annually. The unpaid principal amount is due in full on the maturity date and may not be prepaid.

The Class B Notes include customary events of default and covenants that, among other things, require Piper Sandler & Co. to maintain a minimum regulatory net capital, limit our leverage ratio and require maintenance of a minimum ratio of operating cash flow to fixed charges. At December 31, 2022, we were in compliance with all covenants.

### *Contractual Obligations*

In December 2022, we entered into a lease agreement for approximately 113,000 square feet of office space related to our future corporate headquarters location in Minneapolis, Minnesota. Our contractual rental obligations over the 15-year lease term are \$53.1 million. For further discussion of our contractual rental obligations, see Note 15 to our consolidated financial statements included in Part II, Item 8 of this Form 10-K.



## Capital Requirements

As a registered broker dealer and member firm of FINRA, Piper Sandler & Co. is subject to the uniform net capital rule of the SEC and the net capital rule of FINRA. We have elected to use the alternative method permitted by the uniform net capital rule which requires that we maintain minimum net capital of \$1.0 million. Advances to affiliates, repayment of subordinated liabilities, dividend payments and other equity withdrawals are subject to certain approvals, notifications and other provisions of the uniform net capital rules. We expect that these provisions will not impact our ability to meet current and future obligations. At December 31, 2022, our net capital under the SEC's uniform net capital rule was \$198.5 million, and exceeded the minimum net capital required under the SEC rule by \$197.5 million.

Although we operate with a level of net capital substantially greater than the minimum thresholds established by FINRA and the SEC, a substantial reduction of our capital would curtail many of our capital markets revenue producing activities.

Our committed short-term credit facility, revolving credit facility and Class B Notes include covenants requiring Piper Sandler & Co. to maintain a minimum regulatory net capital of \$120 million. Our fully disclosed clearing agreement with Pershing includes a covenant requiring Piper Sandler & Co. to maintain excess net capital of \$120 million.

At December 31, 2022, Piper Sandler Ltd., our broker dealer subsidiary registered in the U.K., was subject to, and was in compliance with, the capital requirements of the Prudential Regulation Authority and the Financial Conduct Authority pursuant to the Financial Services Act of 2012.

Piper Sandler Hong Kong Limited is licensed by the Hong Kong Securities and Futures Commission, which is subject to the liquid capital requirements of the Securities and Futures (Financial Resources) Rule promulgated under the Securities and Futures Ordinance. At December 31, 2022, Piper Sandler Hong Kong Limited was in compliance with the liquid capital requirements of the Hong Kong Securities and Futures Commission.

## Off-Balance Sheet Arrangements

In the ordinary course of business we enter into various types of off-balance sheet arrangements. The following table summarizes the notional contract value of our off-balance sheet arrangements for the periods presented:

	Expiration Per Period at December 31,						Total Contractual Amount	
	2023	2024	2025	2026 - 2027	2028 - 2029	Later	December 31, 2022	December 31, 2021
<i>(Amounts in thousands)</i>								
Customer matched-book derivative contracts (1) (2)	\$ 1,080	\$ 12,180	\$ —	\$ 15,337	\$ 117,402	\$ 1,208,882	\$ 1,354,881	\$ 1,630,056
Trading securities derivative contracts (2)	129,750	—	—	—	—	5,000	134,750	65,925
Investment commitments (3)	—	—	—	—	—	—	96,280	80,562

- (1) Consists of interest rate swaps. We have minimal market risk related to these matched-book derivative contracts; however, we do have counterparty risk with one major financial institution, which is mitigated by collateral deposits. In addition, we have a limited number of counterparties (contractual amount of \$154.1 million at December 31, 2022) who are not required to post collateral. The uncollateralized amounts, representing the fair value of the derivative contracts, expose us to the credit risk of these counterparties. At December 31, 2022, we had \$10.8 million of credit exposure with these counterparties, including \$6.2 million of credit exposure with one counterparty.
- (2) We believe the fair value of these derivative contracts is a more relevant measure of the obligations because we believe the notional or contract amount overstates the expected payout. At December 31, 2022 and 2021, the net fair value of these derivative contracts approximated \$7.8 million and \$19.8 million, respectively.
- (3) The investment commitments have no specified call dates. The timing of capital calls is based on market conditions and investment opportunities.

## Derivatives

Derivatives' notional or contract amounts are not reflected as assets or liabilities on our consolidated statements of financial condition. Rather, the fair value of the derivative transactions are reported on the consolidated statements of financial condition as assets or liabilities in financial instruments and other inventory positions owned and financial instruments and other inventory positions sold, but not yet purchased, as applicable. For a discussion of our activities related to derivative products, see Note 5 to our consolidated financial statements included in Part II, Item 8 of this Form 10-K.

### ***Investment Commitments***

We have investments, including those made as part of our alternative asset management activities, in limited partnerships or limited liability companies that make direct or indirect equity or debt investments in companies. We commit capital and/or act as the managing partner of these entities. We have committed capital of \$96.3 million to certain entities and these commitments generally have no specified call dates. For additional information on our activities related to these types of entities, see Note 7 to our consolidated financial statements included in Part II, Item 8 of this Form 10-K.

### **Replacement of Interbank Offered Rates ("IBORs"), including LIBOR**

Central banks and regulators in a number of major jurisdictions (e.g., U.S., U.K., European Union, Switzerland and Japan) have implemented suitable replacements for IBORs. On March 5, 2021, the U.K. Financial Conduct Authority, which regulates LIBOR, formally announced the dates after which LIBOR will cease publication. The publication of certain USD LIBOR tenors and all non-USD LIBOR tenors ceased after December 31, 2021, which did not impact our operations. The remaining USD LIBOR tenors will continue publication until June 30, 2023.

The replacement of the remaining USD LIBOR tenors does not impact our financing arrangements, as each arrangement has either already transitioned to a replacement rate or includes terms identifying a replacement rate that will become effective once the remaining USD LIBOR tenors cease publication.

Our limited number of contractual agreements, which use the remaining USD LIBOR tenors, are primarily within our customer matched-book derivatives portfolio. Substantially all of these instruments mature after June 30, 2023 and use interest rates based on LIBOR. The International Swaps and Derivatives Association ("ISDA") created the IBOR Fallback Protocol to facilitate amending references to benchmark interest rates in derivative contracts governed by Master ISDA Agreements. If a benchmark interest rate is no longer published, it will "fall back" to a new benchmark interest rate in those contracts where both counterparties have agreed to adhere to the protocol. We are working with our clients to ensure adherence to the protocol. As a result, we do not expect the transition from the remaining USD LIBOR tenors to a replacement rate to have a significant impact on our operations.

### **Risk Management**

Risk is an inherent part of our business. The principal risks we face in operating our business include: strategic risk, market risk, liquidity risk, credit risk, operational risk, human capital risk, and legal and regulatory risks. The extent to which we properly identify and effectively manage each of these risks is critical to our financial condition and profitability. We have a formal risk management process to identify, assess and monitor each risk and mitigating controls in accordance with defined policies and procedures. The risk management functions are independent of our business lines. Our management takes an active role in the risk management process, and the results are reported to senior management and the board of directors.

The audit committee of the board of directors oversees management's processes for identifying and evaluating our major risks, and the policies, procedures and practices employed by management to govern its risk assessment and risk management processes. The nominating and governance committee of the board of directors oversees the board of directors' committee structures and functions as they relate to the various committees' responsibilities with respect to oversight of our major risk exposures. With respect to these major risk exposures, the audit committee is responsible for overseeing management's monitoring and control of our major risk exposures relating to market risk, credit risk, liquidity risk, legal and regulatory risks, operational risk (including cybersecurity), and human capital risk relating to misconduct, fraud, and legal and compliance matters. Our compensation committee is responsible for overseeing management's monitoring and control of our major risk exposures relating to compensation, organizational structure, and succession. Our board of directors is responsible for overseeing management's monitoring and control of our major risk exposures related to our corporate strategy. Our Chief Executive Officer and Chief Financial Officer meet with the audit committee on a quarterly basis to discuss our market, liquidity, and legal and regulatory risks, and provide updates to the board of directors, audit committee, and compensation committee concerning the other major risk exposures on a regular basis.

We use internal committees to assist in governing risk and ensure that our business activities are properly assessed, monitored and managed. Our executive financial risk committee manages our market, liquidity and credit risks; oversees risk management practices related to these risks, including defining acceptable risk tolerances and approving risk management policies; and responds to market changes in a dynamic manner. Membership is comprised of senior leadership, including but not limited to, our Chief Executive Officer, President, Chief Financial Officer, Treasurer, Head of Market and Credit Risk, and Head of Fixed Income Trading and Risk. Other committees that help evaluate and monitor risk include underwriting, leadership team and operating committees. These committees help manage risk by ensuring that business activities are properly managed and within a defined scope of activity. Our valuation committees, comprised of members of senior management and risk management, provide oversight and overall responsibility for the internal control processes and procedures related to fair value measurements. Additionally, our operational risk committees address and monitor risk related to information systems and security, legal, regulatory and compliance matters, and third parties such as vendors and service providers.

With respect to market risk and credit risk, the cornerstone of our risk management process is daily communication among traders, trading department management and senior management concerning our inventory positions and overall risk profile. Our risk management functions supplement this communication process by providing their independent perspectives on our market and credit risk profile on a daily basis. The broader objectives of our risk management functions are to understand the risk profile of each trading area, to consolidate risk monitoring company-wide, to assist in implementing effective hedging strategies, to articulate large trading or position risks to senior management, and to ensure accurate fair values of our financial instruments.

Risk management techniques, processes and strategies may not be fully effective in mitigating our risk exposure in all market environments or against all types of risk, and any risk management failures could expose us to material unanticipated losses.

### ***Strategic Risk***

Strategic risk represents the risk associated with executive management failing to develop and execute on the appropriate strategic vision which demonstrates a commitment to our culture, leverages our core competencies, appropriately responds to external factors in the marketplace, and is in the best interests of our clients, employees and shareholders.

Our leadership team is responsible for managing our strategic risks. The board of directors oversees the leadership team in setting and executing our strategic plan.

### ***Market Risk***

Market risk represents the risk of losses, or financial volatility, that may result from the change in value of a financial instrument due to fluctuations in its market price. Our exposure to market risk is directly related to our role as a financial intermediary for our clients and to our market-making activities. The scope of our market risk management policies and procedures includes all market-sensitive cash and derivative financial instruments.

Our different types of market risk include:

*Interest Rate Risk* — Interest rate risk represents the potential volatility from changes in market interest rates. We are exposed to interest rate risk arising from changes in the level and volatility of interest rates, changes in the slope of the yield curve, changes in credit spreads, and the rate of prepayments on our interest-earning assets (e.g., inventories) and our funding sources (e.g., short-term financing) which finance these assets. Interest rate risk is managed by selling short U.S. government securities, agency securities, corporate debt securities and derivative contracts. See Note 5 to our consolidated financial statements included in Part II, Item 8 of this Form 10-K for additional information on our derivative contracts. Our interest rate hedging strategies may not work in all market environments and as a result may not be effective in mitigating interest rate risk. Also, we establish limits on our long fixed income securities inventory, monitor these limits on a daily basis and manage within those limits. Our limits include but are not limited to the following: position and concentration size, dollar duration (i.e., DV01), credit quality and aging.

We estimate that a parallel 50 basis point adverse change in the market would result in a decrease of approximately \$0.1 million in the carrying value of our fixed income securities inventory as of December 31, 2022, including the effect of the hedging transactions.

We also measure and monitor the aging and turnover of our long fixed income securities inventory. Turnover is evaluated based on a five-day average by category of security. The vast majority of our fixed income securities inventory generally turns over within three weeks.

In addition to the measures discussed above, we monitor and manage market risk exposure through evaluation of spread DV01 and the MMD basis risk for municipal securities to movements in U.S. treasury securities. All metrics are aggregated by asset concentration and are used for monitoring limits and exception approvals. In times of market volatility, we may also perform ad hoc stress tests and scenario analysis as market conditions dictate.

*Equity Price Risk* — Equity price risk represents the potential loss in value due to adverse changes in the level or volatility of equity prices. We are exposed to equity price risk through our trading activities primarily in the U.S. market. We attempt to reduce the risk of loss inherent in our market-making and in our inventory of equity securities by establishing limits on our long inventory, monitoring these limits on a daily basis, and by managing net position levels within those limits.

*Foreign Exchange Risk* — Foreign exchange risk represents the potential volatility to earnings or capital arising from movement in foreign exchange rates. A modest portion of our business is conducted in currencies other than the U.S. dollar, and changes in foreign exchange rates relative to the U.S. dollar can therefore affect the value of non-U.S. dollar net assets, revenues and expenses.

***Liquidity Risk***

Liquidity risk is the risk that we are unable to timely access necessary funding sources in order to operate our business, as well as the risk that we are unable to timely divest securities that we hold in connection with our market-making and sales and trading activities. We are exposed to liquidity risk in our day-to-day funding activities, by holding potentially illiquid inventory positions and in our role as a remarketing agent for variable rate demand notes.

Our inventory positions subject us to potential financial losses from the reduction in value of illiquid positions. Market risk can be exacerbated in times of trading illiquidity when market participants refrain from transacting in normal quantities and/or at normal bid-offer spreads. Depending on the specific security, the structure of the financial product, and/or overall market conditions, we may be forced to hold a security for substantially longer than we had planned or forced to liquidate into a challenging market if funding becomes unavailable.

See the section entitled "Liquidity, Funding and Capital Resources" for information regarding our liquidity and how we manage liquidity risk.

***Credit Risk***

Credit risk refers to the potential for loss due to the default or deterioration in credit quality of a counterparty, customer, borrower or issuer of securities we hold in our trading inventory. The nature and amount of credit risk depends on the type of transaction, the structure and duration of that transaction and the parties involved. Credit risk also results from an obligor's failure to meet the terms of any contract with us or otherwise fail to perform as agreed. This may be reflected through issues such as settlement obligations or payment collections.

A key tenet of our risk management procedures related to credit risk is the daily monitoring of the credit quality of our long fixed income securities inventory. These rating trends and the credit quality mix are regularly reviewed with the executive financial risk committee. The following table summarizes the credit rating for our long corporate fixed income, municipal (taxable and tax-exempt), and U.S. government and agency securities as a percentage of the total of these asset classes as of December 31, 2022:

	<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>BBB</u>	<u>BB</u>	<u>Not Rated</u>
Corporate fixed income securities	— %	1.1 %	— %	0.1 %	— %	— %
Municipal securities - taxable and tax-exempt	16.5 %	56.9 %	10.8 %	— %	— %	6.8 %
U.S. government and agency securities	— %	7.8 %	— %	— %	— %	— %
	<u>16.5 %</u>	<u>65.8 %</u>	<u>10.8 %</u>	<u>0.1 %</u>	<u>— %</u>	<u>6.8 %</u>

Convertible and preferred securities are excluded from the table above as they are typically unrated.

Our different types of credit risk include:

*Credit Spread Risk* — Credit spread risk arises from the possibility that changes in credit spreads will affect the value of financial instruments. Credit spreads represent the credit risk premiums required by market participants for a given credit quality (e.g., the additional yield that a debt instrument issued by a AA-rated entity must produce over a risk-free alternative). Changes in credit spreads result from potential changes in an issuer's credit rating or the market's perception of the issuer's creditworthiness. We are exposed to credit spread risk with the debt instruments held in our trading inventory. We enter into transactions to hedge our exposure to credit spread risk with derivatives and certain other financial instruments. These hedging strategies may not work in all market environments and as a result may not be effective in mitigating credit spread risk.

*Deterioration/Default Risk* — Deterioration/default risk represents the risk due to an issuer, counterparty or borrower failing to fulfill its obligations. We are exposed to deterioration/default risk in our role as a trading counterparty to dealers and customers, as a holder of securities, and as a member of exchanges. The risk of default depends on the creditworthiness of the counterparty and/or issuer of the security. We mitigate this risk by establishing and monitoring individual and aggregate position limits for each counterparty relative to potential levels of activity, holding and marking to market collateral on certain transactions. Our risk management functions also evaluate the potential risk associated with institutional counterparties with whom we hold derivatives, TBAs and other documented institutional counterparty agreements that may give rise to credit exposure.

*Collections Risk* — Collections risk arises from ineffective management and monitoring of collecting outstanding debts and obligations, including those related to our customer trading activities. Our client activities involve the execution, settlement and financing of various transactions. Client activities are transacted on a delivery versus payment, cash or margin basis. Our credit exposure to institutional client business is mitigated by the use of industry-standard delivery versus payment through depositories and clearing banks. Our risk management functions have credit risk policies establishing appropriate credit limits and collateralization thresholds for our customers and counterparties.

*Concentration Risk* — Concentration risk is the risk due to concentrated exposure to a particular product; individual issuer, borrower or counterparty; financial instrument; or geographic area. We are subject to concentration risk if we hold large individual securities positions, execute large transactions with individual counterparties or groups of related counterparties, or make substantial underwriting commitments. Potential concentration risk is monitored through review of counterparties and borrowers and is managed using policies and limits established by senior management.

We have concentrated counterparty credit exposure with four non-publicly rated entities totaling \$10.8 million at December 31, 2022. This counterparty credit exposure is part of our matched-book derivative program related to our public finance business, consisting primarily of interest rate swaps. One derivative counterparty represented 58.0 percent, or \$6.2 million, of this exposure. Credit exposure associated with our derivative counterparties is driven by uncollateralized market movements in the fair value of the interest rate swap contracts and is monitored regularly by our financial risk committee. We attempt to minimize the credit (or repayment) risk in derivative instruments by entering into transactions with high-quality counterparties that are reviewed periodically by senior management.

### ***Operational Risk***

Operational risk is the risk of loss, or damage to our reputation, resulting from inadequate or failed processes, people and systems or from external events. We rely on the ability of our employees and our systems, both internal and at computer centers operated by third parties, to process a large number of transactions. Our systems may fail to operate properly or become disabled as a result of events that are wholly or partially beyond our control. In the event of a breakdown or improper operation of our systems or improper action by our employees or third party vendors, we could suffer financial loss, a disruption of our businesses, regulatory sanctions and damage to our reputation. We also face the risk of operational failure or termination of our relationship with any of the exchanges, fully disclosed clearing firms, or other financial intermediaries we use to facilitate our securities transactions. Any such failure or termination could adversely affect our ability to effect transactions and manage our exposure to risk.

Our operations rely on secure processing, storage and transmission of confidential and other information in our internal and outsourced computer systems and networks. Our computer systems, software and networks may be vulnerable to unauthorized access, computer viruses or other malicious code, internal misconduct or inadvertent errors and other events that could have an information security impact. The occurrence of one or more of these events, which we have experienced, could jeopardize our or our clients' or counterparties' confidential and other information processed and stored in, and transmitted through, our computer systems and networks, or otherwise cause interruptions or malfunctions in our, our clients', our counterparties' or third parties' operations. We take protective measures and endeavor to modify them as circumstances warrant.



In order to mitigate and control operational risk, we have developed and continue to enhance policies and procedures that are designed to identify and manage operational risk at appropriate levels throughout the organization. Important aspects of these policies and procedures include segregation of duties, management oversight, internal control over financial reporting and independent risk management activities within such functions as Risk Management, Compliance, Operations, Internal Audit, Treasury, Finance, Information Technology and Legal. Internal Audit oversees, monitors, evaluates, analyzes and reports on operational risk across the firm. We also have business continuity plans in place that we believe will cover critical processes on a company-wide basis, and redundancies are built into our systems as we have deemed appropriate. These control mechanisms attempt to ensure that operational policies and procedures are being followed and that our various businesses are operating within established corporate policies and limits.

We operate under a fully disclosed clearing model for all of our securities inventories with the exception of convertible securities, and for all of our client clearing activities. In a fully disclosed clearing model, we act as an introducing broker for client transactions and rely on Pershing, our clearing broker dealer, to facilitate clearance and settlement of our clients' securities transactions. The clearing services provided by Pershing are critical to our business operations, and similar to other services performed by third party vendors, any failure by Pershing with respect to the services we rely upon Pershing to provide could cause financial loss, significantly disrupt our business, damage our reputation, and adversely affect our ability to serve our clients and manage our exposure to risk.

### ***Human Capital Risk***

Our business is a human capital business and our success is dependent upon the skills, expertise and performance of our employees. Human capital risks represent the risks posed if we fail to attract and retain qualified individuals who are motivated to serve the best interests of our clients, thereby serving the best interests of our company. Attracting and retaining employees depends, among other things, on our company's culture, management, work environment, geographic locations and compensation. There are risks associated with the proper recruitment, development and rewards of our employees to ensure quality performance and retention.

### ***Legal and Regulatory Risk***

Legal and regulatory risk includes the risk of non-compliance with applicable legal and regulatory requirements and loss to our reputation we may suffer as a result of failure to comply with laws, regulations, rules, related self-regulatory organization standards and codes of conduct applicable to our business activities. We are generally subject to extensive regulation in the various jurisdictions in which we conduct our business. We have established procedures that are designed to ensure compliance with applicable statutory and regulatory requirements, such as public company reporting obligations, regulatory net capital requirements, sales and trading practices, potential conflicts of interest, anti-money laundering, privacy and financial and electronic recordkeeping. We have also established procedures that are designed to require that our policies relating to ethics and business conduct are followed. The legal and regulatory focus on the financial services industry presents a continuing business challenge for us.

Our business also subjects us to the complex income tax laws of the jurisdictions in which we have business operations, and these tax laws may be subject to different interpretations by the taxpayer and the relevant governmental taxing authorities. We must make judgments and interpretations about the application of these inherently complex tax laws when determining the provision for income taxes.

### ***Effects of Inflation***

Because our assets are liquid and generally short-term in nature, they are not significantly affected by inflation. However, the rate of inflation affects our expenses, such as employee compensation, office space occupancy costs, communications charges and travel costs, which may not be readily recoverable in the price of services we offer to our clients. To the extent inflation results in rising interest rates and has adverse effects upon the securities markets, it may adversely affect our financial position and results of operations.

### ***ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.***

The information under the caption "Risk Management" in Part II, Item 7 of this Form 10-K entitled, "Management's Discussion and Analysis of Financial Condition and Results of Operations," is incorporated herein by reference.



**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.**

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## **MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

Our management is responsible for establishing and maintaining adequate internal control over our financial reporting. Our internal control system is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2022. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework (2013 framework). Based on its assessment and those criteria, management has concluded that we maintained effective internal control over financial reporting as of December 31, 2022.

Ernst & Young LLP, the independent registered public accounting firm that audited the consolidated financial statements of Piper Sandler Companies included in this Annual Report on Form 10-K, has issued an attestation report on internal control over financial reporting as of December 31, 2022. Their report, which expresses an unqualified opinion on the effectiveness of Piper Sandler Companies' internal control over financial reporting as of December 31, 2022, is included herein.

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of Piper Sandler Companies

### Opinion on Internal Control Over Financial Reporting

We have audited Piper Sandler Companies' internal control over financial reporting as of December 31, 2022, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Piper Sandler Companies (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated statements of financial condition of the Company as of December 31, 2022 and 2021, and the related consolidated statements of operations, comprehensive income, changes in shareholders' equity and cash flows for each of the three years in the period ended December 31, 2022, and the related notes, and our report dated February 24, 2023, expressed an unqualified opinion thereon.

### Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

### Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Minneapolis, Minnesota  
February 24, 2023

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of Piper Sandler Companies

### Opinion on the Financial Statements

We have audited the accompanying consolidated statements of financial condition of Piper Sandler Companies (the Company) as of December 31, 2022 and 2021, the related consolidated statements of operations, comprehensive income, changes in shareholders' equity and cash flows for each of the three years in the period ended December 31, 2022, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2022, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2022, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 24, 2023 expressed an unqualified opinion thereon.

### Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

### Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

### ***Valuation of Investments at Fair Value***

*Description of the Matter* At December 31, 2022, the Company's investments at fair value totaled \$273.9 million, primarily consisting of investments in private companies. These investments are held in consolidated alternative asset management funds, which include \$200.7 million of noncontrolling interests attributable to unrelated third party ownership. Of the total investments at fair value, \$191.8 million are categorized as Level III within the fair value hierarchy. As described in Notes 2 and 6 of the consolidated financial statements, management determines the fair values of these investments internally using the best information available. These investments in private companies are valued based on an assessment of each underlying security, considering rounds of financing, the financial condition and operating results of the private company, third party transactions and market-based information, including comparable company transactions, trading multiples (e.g., multiples of revenue and earnings before interest, taxes, depreciation and amortization (EBITDA)), discounted cash flow analyses and changes in market outlook, among other factors.

Auditing the fair value of the Company's investments related to its alternative asset management funds was complex, as the inputs and assumptions used by the Company are highly judgmental and could have a significant effect on the fair value measurements of such investments.

*How We Addressed the Matter in Our Audit* We obtained an understanding, evaluated the design, and tested the operating effectiveness of controls over the Company's investment valuation process. This included controls over management's assessment of the valuation methodologies, the inputs and assumptions used in determining fair value measurements, and the valuation committees review of investment valuations on a quarterly basis.

To test the valuation of the Company's investments related to its alternative asset management funds, our procedures included, among others, involving internal valuation specialists to assist in our evaluation of the Company's valuation methodologies, testing the significant inputs and assumptions used by the Company in determining the fair values, and testing the mathematical accuracy of the Company's valuation calculations. For example, we agreed model inputs to source information including capital structure, investee-provided financial information or projections, and publicly available information on comparable transactions (e.g., transaction multiples). We assessed the issuer's financial projections by comparing them to historical performance, obtaining an understanding of key events impacting the issuer and performing sensitivity analyses as needed to evaluate the impact to fair value that would result from changes in these projections. To the extent available, we evaluated subsequent events and other information and considered whether it corroborated or contradicted the Company's year-end valuations.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2003.

Minneapolis, Minnesota  
February 24, 2023

**Piper Sandler Companies**

**Consolidated Statements of Financial Condition**

<i>(Amounts in thousands, except share data)</i>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 365,624	\$ 970,965
Receivables from brokers, dealers and clearing organizations	300,463	254,130
Financial instruments and other inventory positions owned	282,501	230,423
Financial instruments and other inventory positions owned and pledged as collateral	57,478	118,551
Total financial instruments and other inventory positions owned	<u>339,979</u>	<u>348,974</u>
Fixed assets (net of accumulated depreciation and amortization of \$75,759 and \$76,823, respectively)	68,220	51,761
Goodwill	301,151	227,508
Intangible assets (net of accumulated amortization of \$131,047 and \$115,672, respectively)	135,637	119,778
Investments (including noncontrolling interests of \$200,687 and \$164,565, respectively)	285,726	252,045
Net deferred income tax assets	191,002	158,200
Right-of-use lease asset	87,730	71,341
Other assets	106,025	110,605
Total assets	<u>\$ 2,181,557</u>	<u>\$ 2,565,307</u>
<b>Liabilities and Shareholders' Equity</b>		
Long-term financing	\$ 125,000	\$ 125,000
Payables to brokers, dealers and clearing organizations	4,622	13,247
Financial instruments and other inventory positions sold, but not yet purchased	60,836	128,690
Accrued compensation	565,738	900,079
Accrued lease liability	109,771	89,625
Other liabilities and accrued expenses	61,562	81,811
Total liabilities	<u>927,529</u>	<u>1,338,452</u>
Shareholders' equity:		
Common stock, \$0.01 par value:		
Shares authorized: 100,000,000 at December 31, 2022 and December 31, 2021;		
Shares issued: 19,544,507 at December 31, 2022 and 19,541,037 at December 31, 2021;		
Shares outstanding: 13,673,064 at December 31, 2022 and 14,129,519 at December 31, 2021		
	195	195
Additional paid-in capital	1,044,719	925,387
Retained earnings	453,311	450,165
Less common stock held in treasury, at cost: 5,871,443 shares at December 31, 2022 and 5,411,518 shares at December 31, 2021	(441,653)	(312,573)
Accumulated other comprehensive loss	(2,499)	(964)
Total common shareholders' equity	<u>1,054,073</u>	<u>1,062,210</u>
Noncontrolling interests	199,955	164,645
Total shareholders' equity	<u>1,254,028</u>	<u>1,226,855</u>
Total liabilities and shareholders' equity	<u>\$ 2,181,557</u>	<u>\$ 2,565,307</u>

*See Notes to the Consolidated Financial Statements*



**Piper Sandler Companies**  
**Consolidated Statements of Operations**

	Year Ended December 31,		
	2022	2021	2020
<i>(Amounts in thousands, except per share data)</i>			
<b>Revenues:</b>			
Investment banking	\$ 1,009,509	\$ 1,553,219	\$ 858,476
Institutional brokerage	405,267	387,577	357,753
Interest income	20,365	6,967	13,164
Investment income/(loss)	(23)	94,032	23,265
<b>Total revenues</b>	<b>1,435,118</b>	<b>2,041,795</b>	<b>1,252,658</b>
Interest expense	9,480	10,734	14,445
<b>Net revenues</b>	<b>1,425,638</b>	<b>2,031,061</b>	<b>1,238,213</b>
<b>Non-interest expenses:</b>			
Compensation and benefits	983,524	1,305,166	877,462
Outside services	53,189	45,942	38,377
Occupancy and equipment	64,252	56,946	54,007
Communications	50,565	44,008	44,358
Marketing and business development	42,849	20,902	13,472
Deal-related expenses	31,874	42,921	38,072
Trade execution and clearance	20,185	16,533	18,934
Restructuring and integration costs	11,440	4,724	10,755
Intangible asset amortization	15,375	30,080	44,728
Other operating expenses	18,016	22,327	29,500
<b>Total non-interest expenses</b>	<b>1,291,269</b>	<b>1,589,549</b>	<b>1,169,665</b>
<b>Income before income tax expense</b>	<b>134,369</b>	<b>441,512</b>	<b>68,548</b>
Income tax expense	33,189	111,144	19,192
<b>Net income</b>	<b>101,180</b>	<b>330,368</b>	<b>49,356</b>
Net income/(loss) applicable to noncontrolling interests	(9,494)	51,854	8,852
<b>Net income applicable to Piper Sandler Companies</b>	<b>\$ 110,674</b>	<b>\$ 278,514</b>	<b>\$ 40,504</b>
<b>Earnings per common share</b>			
Basic	\$ 7.92	\$ 19.52	\$ 2.94
Diluted	\$ 6.52	\$ 16.43	\$ 2.72
<b>Dividends declared per common share</b>	<b>\$ 6.90</b>	<b>\$ 6.80</b>	<b>\$ 2.00</b>
<b>Weighted average number of common shares outstanding</b>			
Basic	13,982	14,265	13,781
Diluted	16,965	16,955	14,901

*See Notes to the Consolidated Financial Statements*

**Piper Sandler Companies**  
**Consolidated Statements of Comprehensive Income**

<i>(Amounts in thousands)</i>	Year Ended December 31,		
	2022	2021	2020
<b>Net income</b>	<b>\$ 101,180</b>	<b>\$ 330,368</b>	<b>\$ 49,356</b>
<b>Other comprehensive income/(loss), net of tax:</b>			
Foreign currency translation adjustment	(1,535)	(767)	675
<b>Comprehensive income</b>	<b>99,645</b>	<b>329,601</b>	<b>50,031</b>
Comprehensive income/(loss) applicable to noncontrolling interests	(9,494)	51,854	8,852
<b>Comprehensive income applicable to Piper Sandler Companies</b>	<b>\$ 109,139</b>	<b>\$ 277,747</b>	<b>\$ 41,179</b>

*See Notes to the Consolidated Financial Statements*

Piper Sandler Companies

Consolidated Statements of Changes in Shareholders' Equity

(Amounts in thousands, except share amounts)	Common	Common	Additional	Retained	Treasury	Accumulated	Total	Noncontrolling	Total
	Shares Outstanding	Stock	Paid-In Capital	Earnings	Stock	Other Comprehensive Loss	Common Shareholders' Equity	Interests	Shareholders' Equity
<b>Balance at December 31, 2019</b>	<b>13,717,315</b>	<b>\$ 195</b>	<b>\$ 757,669</b>	<b>\$ 258,669</b>	<b>\$ (284,378)</b>	<b>\$ (872)</b>	<b>\$ 731,283</b>	<b>\$ 75,245</b>	<b>\$ 806,528</b>
Net income	—	—	—	40,504	—	—	40,504	8,852	49,356
Dividends	—	—	—	(28,172)	—	—	(28,172)	—	(28,172)
Amortization/issuance of restricted stock (1)	—	—	103,852	—	—	—	103,852	—	103,852
Repurchase of common stock through share repurchase program	(188,319)	—	—	—	(13,129)	—	(13,129)	—	(13,129)
Issuance of treasury shares for restricted stock vestings	309,089	—	(15,310)	—	15,310	—	—	—	—
Issuance of treasury shares for deal consideration	34,205	—	1,049	—	1,674	—	2,723	—	2,723
Repurchase of common stock from employees	(105,193)	—	—	—	(8,836)	—	(8,836)	—	(8,836)
Shares reserved/issued for director compensation	8,928	—	525	—	—	—	525	—	525
Other comprehensive income	—	—	—	—	—	675	675	—	675
Fund capital contributions, net	—	—	—	—	—	—	—	12,560	12,560
<b>Balance at December 31, 2020</b>	<b>13,776,025</b>	<b>\$ 195</b>	<b>\$ 847,785</b>	<b>\$ 271,001</b>	<b>\$ (289,359)</b>	<b>\$ (197)</b>	<b>\$ 829,425</b>	<b>\$ 96,657</b>	<b>\$ 926,082</b>
Net income	—	—	—	278,514	—	—	278,514	51,854	330,368
Dividends	—	—	—	(99,350)	—	—	(99,350)	—	(99,350)
Amortization/issuance of restricted stock (1)	—	—	123,270	—	—	—	123,270	—	123,270
Repurchase of common stock through share repurchase program	(417,903)	—	—	—	(52,250)	—	(52,250)	—	(52,250)
Issuance of treasury shares for restricted stock vestings	918,024	—	(46,687)	—	46,687	—	—	—	—
Repurchase of common stock from employees	(154,117)	—	—	—	(17,651)	—	(17,651)	—	(17,651)
Shares reserved/issued for director compensation	7,490	—	1,019	—	—	—	1,019	—	1,019
Other comprehensive loss	—	—	—	—	—	(767)	(767)	—	(767)
Fund capital contributions, net	—	—	—	—	—	—	—	16,134	16,134
<b>Balance at December 31, 2021</b>	<b>14,129,519</b>	<b>\$ 195</b>	<b>\$ 925,387</b>	<b>\$ 450,165</b>	<b>\$ (312,573)</b>	<b>\$ (964)</b>	<b>\$ 1,062,210</b>	<b>\$ 164,645</b>	<b>\$ 1,226,855</b>
Net income/(loss)	—	—	—	110,674	—	—	110,674	(9,494)	101,180
Dividends	—	—	—	(107,528)	—	—	(107,528)	—	(107,528)
Amortization/issuance of restricted stock (1)	—	—	176,645	—	—	—	176,645	—	176,645
Repurchase of common stock through share repurchase program	(1,245,221)	—	—	—	(161,811)	—	(161,811)	—	(161,811)
Issuance of treasury shares for restricted stock vestings	953,293	—	(58,254)	—	58,254	—	—	—	—
Repurchase of common stock from employees	(172,156)	—	—	—	(25,523)	—	(25,523)	—	(25,523)
Shares reserved/issued for director compensation	7,629	—	941	—	—	—	941	—	941
Other comprehensive loss	—	—	—	—	—	(1,535)	(1,535)	—	(1,535)
Fund capital contributions, net	—	—	—	—	—	—	—	44,804	44,804
<b>Balance at December 31, 2022</b>	<b>13,673,064</b>	<b>\$ 195</b>	<b>\$ 1,044,719</b>	<b>\$ 453,311</b>	<b>\$ (441,653)</b>	<b>\$ (2,499)</b>	<b>\$ 1,054,073</b>	<b>\$ 199,955</b>	<b>\$ 1,254,028</b>

(1) Includes amortization of restricted stock issued in conjunction with the Company's acquisitions.

See Notes to the Consolidated Financial Statements

**Piper Sandler Companies**  
**Consolidated Statements of Cash Flows**

(Amounts in thousands)	Year Ended December 31,		
	2022	2021	2020
<b>Operating Activities:</b>			
Net income	\$ 101,180	\$ 330,368	\$ 49,356
Adjustments to reconcile net income to net cash provided by/(used in) operating activities:			
Depreciation and amortization of fixed assets	15,639	12,630	10,699
Deferred income taxes	(32,802)	(53,981)	(36,184)
Stock-based compensation	131,203	171,447	121,688
Amortization of intangible assets	15,375	30,080	44,728
Amortization of forgivable loans	9,322	9,505	3,538
Decrease/(increase) in operating assets:			
Receivables from brokers, dealers and clearing organizations	(43,392)	(32,639)	254,292
Net financial instruments and other inventory positions owned	(58,859)	30,238	203,815
Investments	(33,681)	(68,866)	(24,353)
Other assets	(5,216)	(34,913)	4,024
Increase/(decrease) in operating liabilities:			
Payables to brokers, dealers and clearing organizations	(8,625)	(5,344)	11,077
Accrued compensation	(296,369)	330,883	132,767
Other liabilities and accrued expenses	(18,682)	(12,321)	4,318
Net cash provided by/(used in) operating activities	(224,907)	707,087	779,765
<b>Investing Activities:</b>			
Business acquisitions, net of cash acquired	(96,504)	—	(417,414)
Purchases of fixed assets, net	(30,600)	(20,577)	(17,581)
Net cash used in investing activities	(127,104)	(20,577)	(434,995)
<b>Financing Activities:</b>			
Decrease in short-term financing	—	—	(49,978)
Repayment of long-term financing	—	(70,000)	—
Payment of cash dividend	(107,528)	(99,350)	(28,172)
Increase in noncontrolling interests	44,804	16,134	12,560
Repurchase of common stock	(187,334)	(69,901)	(21,965)
Net cash used in financing activities	(250,058)	(223,117)	(87,555)
Currency adjustment:			
Effect of exchange rate changes on cash	(3,272)	(363)	702
Net increase/(decrease) in cash and cash equivalents	(605,341)	463,030	257,917
Cash and cash equivalents at beginning of year	970,965	507,935	250,018
Cash and cash equivalents at end of year	\$ 365,624	\$ 970,965	\$ 507,935
<b>Supplemental disclosure of cash flow information:</b>			
Cash paid during the year for:			
Interest	\$ 9,481	\$ 10,777	\$ 14,485
Income taxes	\$ 85,428	\$ 165,910	\$ 28,891

*See Notes to the Consolidated Financial Statements*

**Piper Sandler Companies**

**Notes to the Consolidated Financial Statements**

**Note 1** *Organization and Basis of Presentation*

**Organization**

Piper Sandler Companies is the parent company of Piper Sandler & Co., a securities broker dealer and investment banking firm; Piper Sandler Ltd., a firm providing securities brokerage and mergers and acquisitions services in the United Kingdom; Piper Sandler Finance LLC, which facilitates corporate debt underwriting in conjunction with affiliated credit vehicles; Piper Sandler Investment Group Inc., PSC Capital Management LLC and PSC Capital Management II LLC, entities providing alternative asset management services; Piper Sandler Loan Strategies, LLC ("PSLS"), which provides management services for primary and secondary market liquidity transactions of loan and servicing rights; Piper Sandler Hedging Services, LLC, an entity that assists clients with hedging strategies; Piper Sandler Financial Products Inc. and Piper Sandler Financial Products II Inc., entities that facilitate derivative transactions; and other immaterial subsidiaries.

Piper Sandler Companies and its subsidiaries (collectively, the "Company") operate in one reporting segment providing investment banking services and institutional sales, trading and research services (collectively, "Capital Markets"). Investment banking services include financial advisory services, management of and participation in underwritings, and municipal financing activities. Revenues are generated through the receipt of advisory and financing fees. Institutional sales, trading and research services focus on the trading of equity and fixed income products with institutions, corporations, government and non-profit entities. Revenues are generated through commissions and sales credits earned on equity and fixed income institutional sales activities, net interest revenues on trading securities held in inventory, profits and losses from trading these securities, and fees for research services and corporate access offerings. Also, the Company has created alternative asset management funds in merchant banking and healthcare in order to invest firm capital and to manage capital from outside investors. The Company records gains and losses from investments in these funds and receives management and performance fees.

**Basis of Presentation**

The accompanying consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") and include the accounts of Piper Sandler Companies, its wholly owned subsidiaries, and all other entities in which the Company has a controlling financial interest. Noncontrolling interests represent equity interests in consolidated entities that are not attributable, either directly or indirectly, to Piper Sandler Companies. Noncontrolling interests include the minority equity holders' proportionate share of the equity in the Company's alternative asset management funds. All material intercompany balances have been eliminated.

The preparation of financial statements and related disclosures in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates and assumptions are based on the best information available, actual results could differ from those estimates.

**Piper Sandler Companies**

**Notes to the Consolidated Financial Statements – Continued**

**Note 2 Summary of Significant Accounting Policies**

**Principles of Consolidation**

The Company consolidates entities in which it has a controlling financial interest. The Company determines whether it has a controlling financial interest in an entity by first evaluating whether the entity is a variable interest entity ("VIE") or a voting interest entity.

VIEs are entities in which (i) the total equity investment at risk is not sufficient to enable the entity to finance its activities independently or (ii) the at-risk equity holders do not have the normal characteristics of a controlling financial interest. A controlling financial interest in a VIE is present when an enterprise has one or more variable interests that have both (i) the power to direct the activities of the VIE that most significantly impact the VIE's economic performance and (ii) the obligation to absorb losses of the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE. The enterprise with a controlling financial interest is the primary beneficiary and consolidates the VIE.

Voting interest entities lack one or more of the characteristics of a VIE. The usual condition for a controlling financial interest is ownership of a majority voting interest for a corporation or a majority of kick-out or participating rights for a limited partnership.

When the Company does not have a controlling financial interest in an entity but exerts significant influence over the entity's operating and financial policies, the Company's investment is accounted for under the equity method of accounting. If the Company does not have a controlling financial interest in, or exert significant influence over, an entity, the Company accounts for its investment at fair value, if the fair value option was elected, or at cost.

**Cash and Cash Equivalents**

Cash and cash equivalents consist of cash and highly liquid investments with maturities of 90 days or less at the date of origination.

**Fair Value of Financial Instruments**

Financial instruments and other inventory positions owned and financial instruments and other inventory positions sold, but not yet purchased on the consolidated statements of financial condition consist of financial instruments (including securities with extended settlements and derivative contracts) recorded at fair value. Unrealized gains and losses related to these financial instruments are reflected on the consolidated statements of operations. Securities (both long and short), including securities with extended settlements, are recognized on a trade-date basis. Additionally, the Company's investments on the consolidated statements of financial condition are principally recorded at fair value.

*Fair Value Measurement – Definition and Hierarchy* – Financial Accounting Standards Board ("FASB") Accounting Standards Codification Topic 820, "Fair Value Measurement," ("ASC 820") defines fair value as the amount at which an instrument could be exchanged in an orderly transaction between market participants at the measurement date (the exit price). ASC 820 establishes a fair value hierarchy based on the inputs used to measure fair value. The fair value hierarchy maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect management's assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the observability of inputs as follows:

Level I – Quoted prices (unadjusted) are available in active markets for identical assets or liabilities as of the report date. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market.

**Piper Sandler Companies**

**Notes to the Consolidated Financial Statements – Continued**

Level II – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the report date. The nature of these financial instruments include instruments for which quoted prices are available but traded less frequently, instruments whose fair value has been derived using a model where inputs to the model are directly observable in the market, or can be derived principally from or corroborated by observable market data, and instruments that are fair valued using other financial instruments, the parameters of which can be directly observed.

Level III – Instruments that have little to no pricing observability as of the report date. These financial instruments are measured using management's best estimate of fair value, where the inputs into the determination of fair value require significant management judgment or estimation.

*Valuation of Financial Instruments* – Based on the nature of the Company's business and its role as a "dealer" in the securities industry or as a manager of alternative asset management funds, the fair values of its financial instruments are determined internally. When available, the Company values financial instruments at observable market prices, observable market parameters, or broker or dealer prices (bid and ask prices). In the case of financial instruments transacted on recognized exchanges, the observable market prices represent quotations for completed transactions from the exchange on which the financial instrument is principally traded.

A substantial percentage of the fair value of the Company's financial instruments and other inventory positions owned and financial instruments and other inventory positions sold, but not yet purchased, is based on observable market prices, observable market parameters, or derived from broker or dealer prices. The availability of observable market prices and pricing parameters can vary from product to product. Where available, observable market prices and pricing or market parameters in a product may be used to derive a price without requiring significant judgment. In certain markets, observable market prices or market parameters are not available for all products, and fair value is determined using techniques appropriate for each particular product. These techniques involve some degree of judgment. Results from valuation models and other techniques in one period may not be indicative of future period fair value measurement.

For investments in illiquid or privately held securities that do not have readily determinable fair values, the determination of fair value requires the Company to estimate the value of the securities using the best information available. Among the factors considered by the Company in determining the fair value of such financial instruments are the cost, terms and liquidity of the investment, the financial condition and operating results of the issuer, the quoted market price of publicly traded securities with similar quality and yield, and other factors generally pertinent to the valuation of investments. In instances where a security is subject to transfer restrictions, the value of the security is based primarily on the quoted price of a similar security without restriction but may be reduced by an amount estimated to reflect such restrictions. In addition, even where the Company derives the value of a security based on information from an independent source, certain assumptions may be required to determine the security's fair value. For instance, the Company assumes that the size of positions in securities that it holds would not be large enough to affect the quoted price of the securities if the Company sells them, and that any such sale would happen in an orderly manner. The actual value realized upon disposition could be different from the currently estimated fair value.

**Fixed Assets**

Fixed assets include furniture and equipment, software, and leasehold improvements. Furniture and equipment and software are depreciated using the straight-line method over estimated useful lives of three to ten years. Leasehold improvements are amortized over ten years or the life of the lease, whichever is shorter.

**Leases**

A lease is a contract, or part of a contract, that conveys the right to control the use of identified property or equipment for a period of time in exchange for consideration. In making this determination, the Company considers if it obtains substantially all of the economic benefits from the use of the underlying asset and directs how and for what purpose the asset is used during the term of the contract.

The Company leases its corporate headquarters and other offices under various non-cancelable leases, all of which are operating leases. In addition to rent, the leases require payment of real estate taxes, insurance and common area maintenance. Some of the leases contain renewal and/or termination options, escalation clauses, rent-free holidays and operating cost adjustments. The original terms of the Company's lease agreements generally range up to 12 years.



**Piper Sandler Companies**

**Notes to the Consolidated Financial Statements – Continued**

The Company recognizes a right-of-use ("ROU") lease asset and lease liability on the consolidated statements of financial condition for all leases with a term greater than 12 months. The lease liability represents the Company's obligation to make future lease payments and is recorded at an amount equal to the present value of the remaining lease payments due over the lease term. The ROU lease asset, which represents the right to use the underlying asset during the lease term, is measured based on the carrying value of the lease liability, adjusted for other items, such as lease incentives and uneven rent payments.

The discount rate used to determine the present value of the remaining lease payments reflects the Company's incremental borrowing rate, which is the rate the Company would have to pay to borrow on a collateralized basis over a similar term in a similar economic environment. In calculating its discount rates, the Company takes into consideration financing arrangements that are on a secured (i.e., collateralized) basis, as well as market interest rates and spreads, other reference points, and the respective tenors of the Company's designated lease term ranges. The Company applies the portfolio approach in determining the discount rates for its leases.

For leases that contain escalation clauses or rent-free holidays, the Company recognizes the related rent expense on a straight-line basis from the date the Company takes possession of the property to the end of the initial lease term. The Company records any difference between the straight-line rent expense and amounts paid under the leases as part of the amortization of the ROU lease asset.

Cash or lease incentives received upon entering into certain leases are recognized on a straight-line basis as a reduction of rent expense from the date the Company takes possession of the property or receives the cash to the end of the initial lease term. Lease incentives, which initially reduce the ROU lease asset, are a component of the amortization of the ROU lease asset.

Rent expense for leases with a term of 12 months or less is recorded on a straight-line basis over the lease term in the consolidated statements of operations.

**Goodwill and Intangible Assets**

Goodwill represents the fair value of the consideration transferred in excess of the fair value of identifiable net assets at the acquisition date. The Company tests goodwill and indefinite-life intangible assets for impairment on an annual basis and on an interim basis when circumstances exist that could indicate possible impairment. The Company tests for impairment at the reporting unit level, which is generally one level below its operating segments. The Company has identified one reporting unit: Capital Markets. When testing for impairment, the Company has the option to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If, after making an assessment, the Company determines it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then further analysis is unnecessary. However, if the Company concludes otherwise, then the Company is required to perform a quantitative goodwill test, which requires management to make judgments in determining what assumptions to use in the calculation. The quantitative goodwill test compares the fair value of the reporting unit to its carrying value, including allocated goodwill. An impairment is recognized for the excess amount of a reporting unit's carrying value over its fair value. The estimated fair value of the reporting unit is derived based on valuation techniques that a market participant would use. The Company estimates the fair value of the reporting unit using the income approach (discounted cash flow method) and market approach (earnings and/or transaction multiples).

Intangible assets with determinable lives consist of customer relationships and internally developed software that are amortized over their original estimated useful lives ranging from one to eight years. The pattern of amortization reflects the timing of the realization of the economic benefits of such intangible assets. The Sandler trade name is an indefinite-lived intangible asset, which is not amortized and is evaluated for impairment annually, at a minimum, or on an interim basis if events or circumstances indicate a possible inability to realize the carrying amount.

See Note 11 for additional information on the Company's impairment testing of goodwill and intangible assets.

**Investments**

The Company's investments include equity investments in private companies and partnerships. Equity investments in private companies are accounted for at fair value. Investments in partnerships are accounted for under the equity method, which is generally the net asset value.

**Piper Sandler Companies****Notes to the Consolidated Financial Statements – Continued****Other Assets**

Other assets include receivables and prepaid expenses. Receivables primarily include fee receivables and loans made to employees, typically in connection with their recruitment. Employee loans are forgiven based on continued employment and are amortized to compensation and benefits expense using the straight-line method over the respective terms of the loans, which generally range from one to five years.

**Revenue Recognition**

*Investment Banking* – Investment banking revenues, which include advisory and underwriting fees, are recorded when the performance obligation for the transaction is satisfied under the terms of each engagement. Expenses associated with such transactions are deferred until the related revenue is recognized or the engagement is otherwise concluded. Investment banking revenues are presented gross of related client reimbursed deal expenses. Expenses for completed deals are reported separately in deal-related expenses on the consolidated statements of operations. Expenses related to investment banking deals not completed are recognized as non-interest expenses in their respective category on the consolidated statements of operations.

The Company's advisory fees generally consist of a nonrefundable up-front fee and a success fee. The nonrefundable fee is recorded as deferred revenue upon receipt and recognized at a point in time when the performance obligation is satisfied, or when the transaction is deemed by management to be terminated. Management's judgment is required in determining when a transaction is considered to be terminated. Certain engagements, such as restructuring advisory fees, consist of services provided on an ongoing basis, and are recognized over time as the performance obligation is satisfied.

The substantial majority of the Company's advisory and underwriting fees (i.e., the success-related advisory fee) is considered variable consideration and recognized when it is probable that the variable consideration will not be reversed in a future period. The variable consideration is considered to be constrained until satisfaction of the performance obligation. The Company's performance obligation is generally satisfied at a point in time upon the closing of a strategic transaction, completion of a financing or underwriting arrangement, or some other defined outcome (e.g., providing a fairness opinion). At this time, the Company has transferred control of the promised service and the customer obtains control. As these arrangements represent a single performance obligation, allocation of the transaction price is not necessary. The Company has elected to apply the following optional exemptions regarding disclosure of its remaining performance obligations: (i) the Company's performance obligation is part of a contract that has an original expected duration of one year or less and/or (ii) the variable consideration is allocated entirely to a wholly unsatisfied promise to transfer a distinct service that forms part of a single performance obligation.

*Institutional Brokerage* – Institutional brokerage revenues include (i) commissions received from customers for the execution of brokerage transactions in listed and over-the-counter ("OTC") equity, fixed income and convertible debt securities, which are recognized at a point in time on the trade date because the customer has obtained the rights to the underlying security provided by the trade execution service, (ii) trading gains and losses, recorded based on changes in the fair value of long and short security positions in the reporting period, (iii) fees earned by PSLS related to the brokering of loans and servicing rights in market liquidity transactions, which are recognized at a point in time on the trade date, and (iv) fees received by the Company for research services. The Company permits institutional customers to allocate a portion of their gross commissions to pay for research products and other services provided by third parties. The amounts allocated for those purposes are commonly referred to as commission share agreements or "soft dollar" arrangements. As the Company is not acting as a principal in satisfying the performance obligation for these arrangements, expenses relating to soft dollars are netted against commission revenues and included in other liabilities and accrued expenses on the consolidated statements of financial condition.

*Interest Revenue and Expense* – The Company nets interest expense within net revenues to mitigate the effects of fluctuations in interest rates on the Company's consolidated statements of operations. The Company recognizes contractual interest on financial instruments owned and financial instruments sold, but not yet purchased (excluding derivative instruments), on an accrual basis as a component of interest revenue and expense. The Company accounts for interest related to its short-term and long-term financing arrangements on an accrual basis with related interest recorded as interest expense.

*Investment Income/(Loss)* – Investment income/(loss) includes realized and unrealized gains and losses from the Company's merchant banking, healthcare and other firm investments, as well as management and performance fees generated from the Company's alternative asset management funds.

## Piper Sandler Companies

### Notes to the Consolidated Financial Statements – Continued

The performance obligation related to the transfer of management and investment advisory services is satisfied over time and the related management fees are recognized under the output method, which reflects the fees that the Company has a right to invoice based on the services provided during the period. Fees are defined as a percentage of committed and/or invested capital. Amounts related to remaining performance obligations are not disclosed as the Company applies the output method.

Performance fees, if earned, are recognized when it is probable that such revenue will not be reversed in a future period. Management will consider such factors as the remaining assets and residual life of the fund to conclude whether it is probable that a significant reversal of revenue will not occur in the future.

See Note 21 for revenues from contracts with customers disaggregated by major business activity.

#### **Stock-Based Compensation**

FASB Accounting Standards Codification Topic 718, "Compensation – Stock Compensation," ("ASC 718") requires all stock-based compensation to be expensed on the consolidated statements of operations based on the grant date fair value of the award. Compensation expense related to stock-based awards that do not require future service are recognized in the year in which the awards were deemed to be earned. Stock-based awards that require future service are amortized over the relevant service period. Forfeitures of awards with service conditions are accounted for when they occur. See Note 19 for additional information on the Company's accounting for stock-based compensation.

#### **Income Taxes**

The Company files a consolidated U.S. federal income tax return, which includes all of its qualifying subsidiaries. The Company is also subject to income tax in various states and municipalities and those foreign jurisdictions in which it operates. Income taxes are provided for using the asset and liability method. Deferred tax assets and liabilities are recognized for the expected future tax consequences attributable to temporary differences between amounts reported for income tax purposes and financial statement purposes, using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The realization of deferred tax assets is assessed and a valuation allowance is recognized to the extent that it is more likely than not that any portion of a deferred tax asset will not be realized. Tax reserves for uncertain tax positions are recorded in accordance with FASB Accounting Standards Codification Topic 740, "Income Taxes" ("ASC 740").

#### **Earnings Per Share ("EPS")**

Basic earnings per common share is computed by dividing net income applicable to Piper Sandler Companies by the weighted average number of common shares outstanding for the period. Diluted earnings per common share is calculated by adjusting the weighted average outstanding shares to assume conversion of all potentially dilutive stock options, restricted stock units and restricted shares. See Note 20 for additional information on the Company's calculation of EPS.

#### **Foreign Currency Translation**

The Company consolidates foreign subsidiaries which have designated their local currency as their functional currency. Assets and liabilities of these foreign subsidiaries are translated at period-end rates of exchange. The gains or losses resulting from translating foreign currency financial statements are included in other comprehensive income/(loss). Gains or losses resulting from foreign currency transactions are included in net income.

#### **Contingencies**

The Company is involved in various pending and potential legal proceedings related to its business, including litigation, arbitration and regulatory proceedings. The Company establishes reserves for potential losses to the extent that claims are probable of loss and the amount of the loss can be reasonably estimated. The determination of the outcome and reserve amounts requires significant judgment on the part of the Company's management.

**Piper Sandler Companies****Notes to the Consolidated Financial Statements – Continued****Note 3 Recent Accounting Pronouncements****Adoption of New Applicable Accounting Standards*****Equity Securities Subject to Contractual Sale Restrictions***

In June 2022, the FASB issued Accounting Standards Update ("ASU") No. 2022-03, "Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions" ("ASU 2022-03"). This guidance clarifies that a contractual sale restriction should not impact the fair value of the security and a discount to reflect such restriction is no longer permitted to be applied. ASU 2022-03 also includes new disclosure requirements and is effective for annual and interim periods beginning after December 15, 2023, with early adoption permitted. As of December 31, 2022, the Company does not hold equity securities subject to contractual sale restrictions. The Company early adopted this guidance as of January 1, 2023 and does not expect the adoption of ASU 2022-03 to have an impact on its consolidated financial statements.

**Note 4 Acquisitions**

The following acquisitions were accounted for pursuant to FASB Accounting Standards Codification Topic 805, "Business Combinations." Accordingly, the purchase price of each acquisition was allocated to the acquired assets and liabilities assumed based on their estimated fair values as of the respective acquisition dates. The excess of the purchase price over the net assets acquired was allocated between goodwill and intangible assets. The fair value of the equity consideration and retention-related restricted stock was determined using the market price of the Company's common stock on the date of the respective acquisition.

**2022 Acquisitions*****DBO Partners Holding LLC***

On October 7, 2022, the Company completed the acquisition of DBO Partners Holding LLC, including its subsidiary, DBO Partners LLC (collectively, "DBO Partners"), a technology investment banking firm. The acquisition expands the scale of the Company's technology sector and adds general partner advisory services.

The purchase price of \$66.1 million consisted of cash consideration of \$64.6 million and contingent consideration of \$1.5 million, as detailed in the net assets acquired table below. As part of the acquisition, the Company granted 368,957 restricted shares valued at \$39.9 million on the acquisition date. The restricted shares are subject to graded vesting, beginning on the second anniversary of the acquisition date, so long as the applicable employee remains continuously employed by the Company for such period. Compensation expense will be amortized on a straight-line basis over the requisite service period of five years. As discussed in Note 19, the Company also entered into acquisition-related compensation arrangements with certain employees of \$17.4 million in restricted stock for retention purposes. These restricted shares are subject to ratable vesting and employees must fulfill service requirements in exchange for the rights to the restricted shares. Compensation expense will be amortized on a straight-line basis over the requisite service period (a weighted average service period of 4.9 years). As both restricted share grants compensate employees for future services, the value of the shares is not part of the purchase price.

Additional cash of up to \$25.0 million may be earned (the "DBO Earnout") if a net revenue target is achieved during the performance period from January 1, 2023 to December 31, 2024. Of the total amount, up to \$20.0 million may be earned by former partners with no service requirements. The Company recorded a \$1.5 million liability as of the acquisition date for the fair value of this contingent consideration, which is included in the purchase price. The remaining \$5.0 million may be earned by certain employees, whom are now employees of the Company, in exchange for service requirements. As this amount compensates employees for future services, the value is not part of the purchase price. Amounts estimated to be payable, if any, will be recorded as compensation expense on the consolidated statements of operations over the requisite service period. If earned, the DBO Earnout will be paid by March 31, 2025.

The Company recorded \$57.1 million of goodwill on the consolidated statements of financial condition, all of which is expected to be deductible for income tax purposes. The final goodwill recorded on the Company's consolidated statements of financial condition may differ from that reflected herein as a result of measurement period adjustments. In management's opinion, the goodwill represents the reputation and operating expertise of DBO Partners. Identifiable intangible assets purchased by the Company consisted of customer relationships with an acquisition-date fair value of \$10.4 million.

**Piper Sandler Companies**

**Notes to the Consolidated Financial Statements – Continued**

Transaction costs of \$1.5 million were incurred for the year ended December 31, 2022, and are included in restructuring and integration costs on the consolidated statements of operations.

The following table summarizes the estimated fair values of assets acquired and liabilities assumed at the date of the acquisition:

*(Amounts in thousands)*

<b>Assets</b>	
Cash and cash equivalents	\$ 575
Fixed assets	1,353
Goodwill	57,097
Intangible assets	10,390
Right-of-use lease asset	3,760
Other assets	414
<b>Total assets acquired</b>	<b>73,589</b>
<b>Liabilities</b>	
Accrued compensation	1,167
Accrued lease liability	3,760
Other liabilities and accrued expenses	2,603
<b>Total liabilities assumed</b>	<b>7,530</b>
<b>Net assets acquired</b>	<b>\$ 66,059</b>

***Stamford Partners LLP ("Stamford Partners")***

On June 10, 2022, the Company completed the acquisition of Stamford Partners, a specialist investment bank offering mergers and acquisitions advisory services to European food and beverage and related consumer sectors. The acquisition expands the Company's presence in Europe. The purchase price consisted of cash consideration, and restricted stock was granted for retention purposes.

The Company recorded \$7.0 million of goodwill on the consolidated statements of financial condition, none of which is expected to be deductible for income tax purposes. In management's opinion, the goodwill represents the reputation and operating expertise of Stamford Partners. Identifiable intangible assets purchased by the Company consisted of customer relationships with an acquisition-date fair value of \$1.8 million.

***Cornerstone Macro Research LP***

On February 4, 2022, the Company completed the acquisition of Cornerstone Macro Research LP, including its subsidiary, Cornerstone Macro LLC (collectively, "Cornerstone Macro"), a research firm focused on providing macro research and equity derivatives trading to institutional investors. The acquisition adds a macro research team and increases the scale of the Company's equity brokerage operations.

The purchase price of \$34.1 million consisted of cash consideration of \$32.5 million and contingent consideration of \$1.6 million, as detailed in the net assets acquired table below. As part of the acquisition, the Company granted 64,077 restricted shares valued at \$9.7 million on the acquisition date. The restricted shares are subject to graded vesting on the fourth and fifth anniversaries of the acquisition date, so long as the applicable employee remains continuously employed by the Company for the respective vesting period. As these shares contain service conditions, the value of the shares is not part of the purchase price. Compensation expense will be amortized on a straight-line basis over the requisite service period of five years.

**Piper Sandler Companies**

**Notes to the Consolidated Financial Statements – Continued**

The Company also entered into acquisition-related compensation arrangements with certain employees of \$10.7 million, which consisted of restricted stock (\$7.5 million) and forgivable loans (\$3.2 million), for retention purposes. As employees must fulfill service requirements in exchange for the rights to the restricted shares, compensation expense will be amortized on a straight-line basis over the requisite service period (a weighted average service period of 3.4 years). See Note 19 for further discussion. The loans will be forgiven, so long as the applicable employee remains continuously employed for the loan term. Compensation expense will be amortized on a straight-line basis over the respective loan term (a weighted average period of 3.6 years).

Additional cash of up to \$27.8 million may be earned if a net revenue target is achieved during the performance period from July 1, 2022 to December 31, 2023. Of the total amount, up to \$6.0 million may be earned by Cornerstone Macro's equity owners with no service requirements. If earned, this amount will be paid by March 31, 2024. The Company recorded a \$1.6 million liability as of the acquisition date for the fair value of this contingent consideration, which is included in the purchase price. Adjustments to this liability after the acquisition date are recorded as non-compensation expense on the consolidated statements of operations. As of December 31, 2022, the Company expects the maximum amount of \$6.0 million will be earned and has accrued the full amount related to this additional cash payment. The remaining amount may be earned by the equity owners, whom are now employees of the Company, and certain employees in exchange for service requirements. As this amount compensates employees for future services, the value is not part of the purchase price. Amounts estimated to be payable, if any, will be recorded as compensation expense on the consolidated statements of operations over the requisite service period. If earned, amounts will be paid by June 30, 2025 and June 30, 2026. As of December 31, 2022, the Company has accrued \$1.9 million related to this additional cash payment.

The Company recorded \$9.6 million of goodwill on the consolidated statements of financial condition, all of which is expected to be deductible for income tax purposes. In management's opinion, the goodwill represents the reputation and operating expertise of Cornerstone Macro. Identifiable intangible assets purchased by the Company consisted of customer relationships with an acquisition-date fair value of \$19.0 million.

Transaction costs of \$1.1 million and \$0.5 million were incurred for the years ended December 31, 2022 and 2021, respectively, and are included in restructuring and integration costs on the consolidated statements of operations.

The following table summarizes the estimated fair values of assets acquired and liabilities assumed at the date of the acquisition, including measurement period adjustments:

*(Amounts in thousands)*

<b>Assets</b>	
Cash and cash equivalents	\$ 6,885
Receivables from brokers, dealers and clearing organizations	2,941
Fixed assets	286
Goodwill	9,574
Intangible assets	19,000
Right-of-use lease asset	7,026
Other assets	4,451
<b>Total assets acquired</b>	<b>50,163</b>
<b>Liabilities</b>	
Accrued compensation	4,672
Accrued lease liability	7,026
Other liabilities and accrued expenses	4,401
<b>Total liabilities assumed</b>	<b>16,099</b>
<b>Net assets acquired</b>	<b>\$ 34,064</b>



**Piper Sandler Companies****Notes to the Consolidated Financial Statements – Continued****2020 Acquisitions*****TRS Advisors LLC ("TRS")***

On December 31, 2020, the Company completed the acquisition of TRS, an advisory firm offering restructuring and reorganization services to companies in public, private and government settings. The acquisition expanded the scale of the Company's restructuring advisory business.

The purchase price consisted of cash consideration of \$23.7 million as detailed in the net assets acquired below. As part of the acquisition, the Company granted 145,952 restricted shares valued at \$14.7 million on the acquisition date. The restricted shares are subject to graded vesting, beginning on the third anniversary of the acquisition date, so long as the applicable employee remains continuously employed by the Company for such period. Compensation expense will be amortized on a straight-line basis over the requisite service period of five years. As discussed in Note 19, the Company also entered into acquisition-related compensation arrangements with certain employees of \$2.9 million in restricted stock for retention purposes. These restricted shares are subject to ratable vesting and employees must fulfill service requirements in exchange for the rights to the restricted shares. Compensation expense will be amortized on a straight-line basis over the requisite service period of three years. As both restricted share grants compensate employees for future services, the value of the shares is not part of the purchase price.

Additional cash of \$7.0 million may be earned by certain employees if a revenue threshold is exceeded during the three-year post-acquisition period to the extent they are employed by the Company at the time of payment. Amounts estimated to be payable, if any, will be recorded as compensation expense on the consolidated statements of operations over the requisite performance period. If earned, the amount will be paid by April 3, 2024. As of December 31, 2022, the Company expects the maximum amount will be earned and has accrued \$4.3 million related to this additional cash payment. The Company recorded \$2.1 million and \$2.2 million in compensation expense related to this additional cash payment for the years ended December 31, 2022 and 2021, respectively.

The Company recorded \$12.2 million of goodwill on the consolidated statements of financial condition, all of which is expected to be deductible for income tax purposes. In management's opinion, the goodwill represents the reputation and operating expertise of TRS. Identifiable intangible assets purchased by the Company consisted of customer relationships with an acquisition-date fair value of \$5.3 million.

Transaction costs of \$0.1 million and \$0.8 million were incurred for the years ended December 31, 2021 and 2020, respectively, and are included in restructuring and integration costs on the consolidated statements of operations.

The following table summarizes the estimated fair values of assets acquired and liabilities assumed at the date of the acquisition, including measurement period adjustments:

*(Amounts in thousands)*

<b>Assets</b>	
Cash and cash equivalents	\$ 7
Goodwill	12,199
Intangible assets	5,300
Right-of-use lease asset	1,818
Other assets	6,215
<b>Total assets acquired</b>	<b>25,539</b>
<b>Liabilities</b>	
Accrued lease liability	1,818
Other liabilities and accrued expenses	7
<b>Total liabilities assumed</b>	<b>1,825</b>
<b>Net assets acquired</b>	<b>\$ 23,714</b>



**Piper Sandler Companies**

**Notes to the Consolidated Financial Statements – Continued**

***The Valence Group ("Valence")***

On April 3, 2020, the Company completed the acquisition of Valence, an investment bank offering mergers and acquisitions advisory services to companies and financial sponsors with a focus on the chemicals, materials and related sectors. The acquisition added a new industry sector and expanded the Company's presence in Europe.

The Company paid cash consideration of \$30.3 million and entered into unsecured promissory notes with the former owners totaling \$20.0 million (the "Valence Notes"), as discussed in Note 14. The net assets acquired by the Company of \$50.3 million are described below.

As part of the acquisition, the Company granted 647,268 restricted shares valued at \$31.2 million on the acquisition date. As discussed in Note 19, the Company also entered into acquisition-related compensation arrangements with certain employees of \$5.5 million in restricted stock for retention purposes. Both restricted share grants are subject to graded vesting, beginning on the third anniversary of the acquisition date, so long as the applicable employee remains continuously employed by the Company for such period. As these shares compensate employees for future services, the value of the shares is not part of the purchase price. Compensation expense will be amortized on a straight-line basis over the requisite service period of five years.

Additional cash may be earned by certain employees if a revenue threshold is exceeded during the three-year post-acquisition period to the extent they are employed by the Company at the time of payment. Amounts estimated to be payable, if any, will be recorded as compensation expense on the consolidated statements of operations over the requisite performance period. If earned, the amount will be paid by July 3, 2023. As of December 31, 2022, the Company has accrued \$7.8 million related to this additional cash payment. The Company recorded a \$3.4 million reversal of compensation expense for the year ended December 31, 2022, and \$11.2 million in compensation expense for the year ended December 31, 2021 related to this additional cash payment.

The Company recorded \$33.3 million of goodwill on the consolidated statements of financial condition, none of which is expected to be deductible for income tax purposes. In management's opinion, the goodwill represents the reputation and operating expertise of Valence. Identifiable intangible assets purchased by the Company consisted of customer relationships with an acquisition-date fair value of \$14.8 million.

Transaction costs of \$0.4 million, \$0.1 million and \$2.5 million were incurred for the years ended December 31, 2022, 2021 and 2020, respectively, and are included in restructuring and integration costs on the consolidated statements of operations.

The following table summarizes the estimated fair values of assets acquired and liabilities assumed at the date of the acquisition:

*(Amounts in thousands)*

<b>Assets</b>	
Cash and cash equivalents	\$ 8,181
Fixed assets	256
Goodwill	33,300
Intangible assets	14,800
Right-of-use lease asset	3,279
Other assets	4,190
<b>Total assets acquired</b>	<b>64,006</b>
<b>Liabilities</b>	
Accrued lease liability	3,279
Other liabilities and accrued expenses	10,393
<b>Total liabilities assumed</b>	<b>13,672</b>
<b>Net assets acquired</b>	<b>\$ 50,334</b>

**Piper Sandler Companies**

**Notes to the Consolidated Financial Statements – Continued**

***SOP Holdings, LLC***

On January 3, 2020, the Company completed the acquisition of SOP Holdings, LLC and its subsidiaries, including Sandler O'Neill & Partners, L.P. (collectively, "Sandler O'Neill"), a full-service investment banking firm and broker dealer focused on the financial services industry. The transaction was completed pursuant to the Agreement and Plans of Merger dated July 9, 2019. The economic value of the acquisition was \$485.0 million at announcement, for which the Company was entitled to receive \$100.0 million of tangible book value, subject to a final adjustment as of the closing date. The acquisition of Sandler O'Neill expanded the Company's advisory services revenues, diversified and enhanced scale in corporate financings, added a differentiated fixed income business, and increased scale in the equity brokerage business.

As part of the acquisition, the Company granted 1,568,670 shares valued at \$124.9 million on the acquisition date. Of these shares, 1,534,465 shares are restricted shares valued at \$122.2 million and subject to ratable vesting over three years and employees must fulfill service requirements in exchange for the rights to the restricted shares. As these shares compensate employees for future services, the value of the shares is not part of the purchase price. Compensation expense for these restricted shares will be amortized on a straight-line basis over the requisite service period of three years. The remaining 34,205 shares valued at \$2.7 million vested immediately and were not subject to service requirements. These shares were included in the purchase price as equity consideration in addition to the cash consideration of \$358.1 million. The net assets acquired by the Company of \$360.8 million are described below.

As discussed in Note 19, the Company also entered into acquisition-related compensation arrangements with certain employees of \$113.9 million which consisted of restricted stock (\$96.9 million) and restricted cash (\$17.0 million) for retention purposes. The retention-related awards are also subject to vesting restrictions and employees must remain continuously employed by the Company for the respective vesting period. As these shares compensate employees for future services, the value of the shares is not part of the purchase price. Compensation expense related to these arrangements will be amortized on a straight-line basis over the requisite service period of 18 months, three years or five years (a weighted average service period of 3.7 years).

The Company recorded \$94.4 million of goodwill on the consolidated statements of financial condition, of which \$93.4 million is expected to be deductible for income tax purposes. In management's opinion, the goodwill represents the reputation and operating expertise of Sandler O'Neill. Identifiable intangible assets purchased by the Company consisted of customer relationships and the Sandler trade name with acquisition-date fair values of \$72.4 million and \$85.4 million, respectively.

Transaction costs of \$0.9 million and \$1.2 million were incurred for the years ended December 31, 2022 and 2020, respectively, and are included in restructuring and integration costs on the consolidated statements of operations.

**Piper Sandler Companies**

**Notes to the Consolidated Financial Statements – Continued**

The following table summarizes the estimated fair values of assets acquired and liabilities assumed at the date of the acquisition, including measurement period adjustments:

*(Amounts in thousands)*

<b>Assets</b>	
Cash and cash equivalents	\$ 27,420
Receivables from brokers, dealers and clearing organizations	192,675
Fixed assets	6,789
Goodwill	94,360
Intangible assets	157,800
Investments	685
Right-of-use lease asset	39,607
Other assets	9,628
<b>Total assets acquired</b>	<b>528,964</b>
<b>Liabilities</b>	
Accrued compensation	71,398
Accrued lease liability	39,613
Other liabilities and accrued expenses	16,441
Due to Sandler O'Neill (1)	40,673
<b>Total liabilities assumed</b>	<b>168,125</b>
<b>Net assets acquired</b>	<b>\$ 360,839</b>

(1) Represents the amount of excess tangible book value received by the Company on the date of acquisition.

**Pro Forma Financial Information**

The results of operations of DBO Partners, Stamford Partners, Cornerstone Macro, TRS, Valence and Sandler O'Neill have been included in the Company's consolidated financial statements prospectively beginning on the respective acquisition dates. The acquisitions have been fully integrated with the Company's existing operations. Accordingly, post-acquisition revenues and net income are not discernible. The following unaudited pro forma financial data is presented on a combined basis and includes DBO Partners, Cornerstone Macro, TRS and Valence. Pro forma financial information for Stamford Partners is not presented as the acquisition is not material. Pro forma financial information for Sandler O'Neill is not presented as the acquisition was considered fully integrated with the Company's existing operations for all periods presented.

Based on the respective acquisition dates, the unaudited pro forma financial data assumes that the DBO Partners and Cornerstone Macro acquisitions had occurred on January 1, 2020 and that the TRS and Valence acquisitions had occurred on January 1, 2018. Pro forma results have been prepared by adjusting the Company's historical results to include the results of operations of DBO Partners, Cornerstone Macro, TRS and Valence adjusted for the following significant changes: interest expense was adjusted to reflect the debt incurred by the Company to fund a portion of the Valence purchase price; amortization expense was adjusted to account for the acquisition-date fair value of intangible assets; compensation and benefits expenses were adjusted to reflect the restricted stock issued as part of the respective acquisition, the restricted stock and forgivable loans issued for retention purposes, the earnouts with service conditions, and the cost that would have been incurred had certain employees been included in the Company's employee compensation arrangements; and the income tax effect of applying the Company's statutory tax rates to the results of operations of the respective acquisitions. The Company's consolidated unaudited pro forma information presented does not necessarily reflect the results of operations that would have resulted had the acquisitions been completed at the beginning of the applicable periods presented, does not contemplate client account overlap and anticipated operational efficiencies of the combined entities, nor does it indicate the results of operations in future periods.

	<b>Year Ended December 31,</b>		
	<b>2022</b>	<b>2021</b>	<b>2020</b>
<i>(Amounts in thousands)</i>			
Net revenues	\$ 1,493,620	\$ 2,136,637	\$ 1,380,151
Net income applicable to Piper Sandler Companies	109,043	276,178	40,303

**Piper Sandler Companies**

**Notes to the Consolidated Financial Statements – Continued**

**Note 5** *Financial Instruments and Other Inventory Positions Owned and Financial Instruments and Other Inventory Positions Sold, but Not Yet Purchased*

<i>(Amounts in thousands)</i>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
<b>Financial instruments and other inventory positions owned:</b>		
Corporate securities:		
Equity securities	\$ 1,490	\$ 2,831
Convertible securities	94,552	148,057
Fixed income securities	4,103	8,687
Municipal securities:		
Taxable securities	28,389	12,377
Tax-exempt securities	151,465	97,891
Short-term securities	14,386	29,357
Mortgage-backed securities	—	1,277
U.S. government agency securities	28,874	24,361
U.S. government securities	3,800	138
Derivative contracts	12,920	23,998
<b>Total financial instruments and other inventory positions owned</b>	<b>\$ 339,979</b>	<b>\$ 348,974</b>
<b>Financial instruments and other inventory positions sold, but not yet purchased:</b>		
Corporate securities:		
Equity securities	\$ 15,376	\$ 77,744
Fixed income securities	3,894	4,950
U.S. government securities	36,415	41,780
Derivative contracts	5,151	4,216
<b>Total financial instruments and other inventory positions sold, but not yet purchased</b>	<b>\$ 60,836</b>	<b>\$ 128,690</b>

At December 31, 2022 and 2021, financial instruments and other inventory positions owned in the amount of \$57.5 million and \$118.6 million, respectively, had been pledged as collateral for short-term financing arrangements.

Financial instruments and other inventory positions sold, but not yet purchased represent obligations of the Company to deliver the specified security at the contracted price, thereby creating a liability to purchase the security in the market at prevailing prices. The Company is obligated to acquire the securities sold short at prevailing market prices, which may exceed the amount reflected on the consolidated statements of financial condition. The Company economically hedges changes in the market value of its financial instruments and other inventory positions owned using inventory positions sold, but not yet purchased, interest rate derivatives, U.S. treasury bond futures and options, and equity option contracts.

**Derivative Contract Financial Instruments**

The Company uses interest rate and credit default swaps, interest rate locks, U.S. treasury bond futures and options, and equity option contracts as a means to manage risk in certain inventory positions. The Company also enters into interest rate and credit default swaps to facilitate customer transactions. Credit default swaps use rates based upon the Commercial Mortgage Backed Securities ("CMBX") index. The following describes the Company's derivatives by the type of transaction or security the instruments are economically hedging.

*Customer matched-book derivatives:* The Company enters into interest rate derivative contracts in a principal capacity as a dealer to satisfy the financial needs of its customers. The Company simultaneously enters into an interest rate derivative contract with a third party for the same notional amount to hedge the interest rate and credit risk of the initial client interest rate derivative contract. In certain limited instances, the Company has only hedged interest rate risk with a third party, and retains uncollateralized credit risk as described below. The instruments use rates based upon the London Interbank Offered Rate ("LIBOR") index, the Municipal Market Data ("MMD") index or the Securities Industry and Financial Markets Association ("SIFMA") index.

**Piper Sandler Companies**

**Notes to the Consolidated Financial Statements – Continued**

*Trading securities derivatives:* The Company enters into interest rate derivative contracts and uses U.S. treasury bond futures and options to hedge interest rate and market value risks primarily associated with its fixed income securities. These instruments use rates based upon the MMD, LIBOR or SIFMA indices. The Company also enters into equity option contracts to hedge market value risk associated with its convertible securities.

Derivatives are reported on a net basis by counterparty (i.e., the net payable or receivable for derivative assets and liabilities for a given counterparty) when a legal right of offset exists and on a net basis by cross product when applicable provisions are stated in master netting agreements. Cash collateral received or paid is netted on a counterparty basis, provided a legal right of offset exists. The total absolute notional contract amount, representing the absolute value of the sum of gross long and short derivative contracts, provides an indication of the volume of the Company's derivative activity and does not represent gains and losses. The following table presents the gross fair market value and the total absolute notional contract amount of the Company's outstanding derivative instruments, prior to counterparty netting, by asset or liability position:

<i>(Amounts in thousands)</i> Derivative Category	December 31, 2022			December 31, 2021		
	Derivative Assets (1)	Derivative Liabilities (2)	Notional Amount	Derivative Assets (1)	Derivative Liabilities (2)	Notional Amount
Interest rate						
Customer matched-book	\$ 55,414	\$ 49,838	\$ 1,354,881	\$ 157,064	\$ 149,353	\$ 1,630,056
Trading securities	5,186	1,082	134,750	—	1,560	65,925
	<u>\$ 60,600</u>	<u>\$ 50,920</u>	<u>\$ 1,489,631</u>	<u>\$ 157,064</u>	<u>\$ 150,913</u>	<u>\$ 1,695,981</u>

- (1) Derivative assets are included within financial instruments and other inventory positions owned on the consolidated statements of financial condition.
- (2) Derivative liabilities are included within financial instruments and other inventory positions sold, but not yet purchased on the consolidated statements of financial condition.

The Company's derivative contracts do not qualify for hedge accounting, therefore, unrealized gains and losses are recorded on the consolidated statements of operations. The gains and losses on the related economically hedged inventory positions are not disclosed below as they are not in qualifying hedging relationships. The following table presents the Company's unrealized gains/(losses) on derivative instruments:

<i>(Amounts in thousands)</i> Derivative Category	Operations Category	Year Ended December 31,		
		2022	2021	2020
Interest rate derivative contract	Investment banking	\$ (1,317)	\$ (1,786)	\$ (1,407)
Interest rate derivative contract	Institutional brokerage	4,848	2,264	(1,881)
		<u>\$ 3,531</u>	<u>\$ 478</u>	<u>\$ (3,288)</u>

Credit risk associated with the Company's derivatives is the risk that a derivative counterparty will not perform in accordance with the terms of the applicable derivative contract. Credit exposure associated with the Company's derivatives is driven by uncollateralized market movements in the fair value of the contracts with counterparties and is monitored regularly by the Company's financial risk committee. The Company considers counterparty credit risk in determining derivative contract fair value. The majority of the Company's derivative contracts are substantially collateralized by its counterparties, who are major financial institutions. The Company has a limited number of counterparties who are not required to post collateral. Based on market movements, the uncollateralized amounts representing the fair value of a derivative contract can become material, exposing the Company to the credit risk of these counterparties. As of December 31, 2022, the Company had \$10.8 million of uncollateralized credit exposure with these counterparties (notional contract amount of \$154.1 million), including \$6.2 million of uncollateralized credit exposure with one counterparty.

**Piper Sandler Companies****Notes to the Consolidated Financial Statements – Continued****Note 6 Fair Value of Financial Instruments**

Based on the nature of the Company's business and its role as a "dealer" in the securities industry or as a manager of alternative asset management funds, the fair values of its financial instruments are determined internally. The Company's processes are designed to ensure that the fair values used for financial reporting are based on observable inputs wherever possible. In the event that observable inputs are not available, unobservable inputs are developed based on an evaluation of all relevant empirical market data, including prices evidenced by market transactions, interest rates, credit spreads, volatilities and correlations and other security-specific information. Valuation adjustments related to illiquidity or counterparty credit risk are also considered. In estimating fair value, the Company may utilize information provided by third party pricing vendors to corroborate internally-developed fair value estimates.

The Company employs specific control processes to determine the reasonableness of the fair value of its financial instruments. The Company's processes are designed to ensure that the internally-estimated fair values are accurately recorded and that the data inputs and the valuation techniques used are appropriate, consistently applied, and that the assumptions are reasonable and consistent with the objective of determining fair value. Individuals outside of the trading departments perform independent pricing verification reviews as of each reporting date. The Company has established parameters which set forth when the fair value of securities is independently verified. The selection parameters are generally based upon the type of security, the level of estimation risk of a security, the materiality of the security to the Company's consolidated financial statements, changes in fair value from period to period, and other specific facts and circumstances of the Company's securities portfolio. In evaluating the initial internally-estimated fair values made by the Company's traders, the nature and complexity of securities involved (e.g., term, coupon, collateral, and other key drivers of value), level of market activity for securities, and availability of market data are considered. The independent price verification procedures include, but are not limited to, analysis of trade data (both internal and external where available), corroboration to the valuation of positions with similar characteristics, risks and components, or comparison to an alternative pricing source, such as a discounted cash flow model. The Company's valuation committees, comprised of members of senior management and risk management, provide oversight and overall responsibility for the internal control processes and procedures related to fair value measurements.

The following is a description of the valuation techniques used to measure fair value.

**Cash Equivalents**

Cash equivalents include highly liquid investments with original maturities of 90 days or less. Actively traded money market funds are measured at their net asset value and classified as Level I.

**Financial Instruments and Other Inventory Positions**

The Company records financial instruments and other inventory positions owned and financial instruments and other inventory positions sold, but not yet purchased at fair value on the consolidated statements of financial condition with unrealized gains and losses reflected on the consolidated statements of operations.

*Equity securities* – Exchange traded equity securities are valued based on quoted prices from the exchange for identical assets or liabilities as of the period-end date. To the extent these securities are actively traded and valuation adjustments are not applied, they are categorized as Level I. Non-exchange traded equity securities (principally hybrid preferred securities) are measured primarily using broker quotations, prices observed for recently executed market transactions and internally-developed fair value estimates based on observable inputs and are categorized within Level II of the fair value hierarchy.

*Convertible securities* – Convertible securities are valued based on observable trades, when available, and therefore are generally categorized as Level II.

*Corporate fixed income securities* – Fixed income securities include corporate bonds which are valued based on recently executed market transactions of comparable size, internally-developed fair value estimates based on observable inputs, or broker quotations. Accordingly, these corporate bonds are categorized as Level II.

*Taxable municipal securities* – Taxable municipal securities are valued using recently executed observable trades or market price quotations and therefore are generally categorized as Level II.



**Piper Sandler Companies**

**Notes to the Consolidated Financial Statements – Continued**

*Tax-exempt municipal securities* – Tax-exempt municipal securities are valued using recently executed observable trades or market price quotations and therefore are generally categorized as Level II. Certain illiquid tax-exempt municipal securities are valued using market data for comparable securities (e.g., maturity and sector) and management judgment to infer an appropriate current yield or other model-based valuation techniques deemed appropriate by management based on the specific nature of the individual security and are therefore categorized as Level III.

*Short-term municipal securities* – Short-term municipal securities include variable rate demand notes and other short-term municipal securities. Variable rate demand notes and other short-term municipal securities are valued using recently executed observable trades or market price quotations and therefore are generally categorized as Level II.

*Mortgage-backed securities* – Mortgage-backed securities are valued using observable trades, when available. Certain mortgage-backed securities are valued using models where inputs to the model are directly observable in the market, or can be derived principally from or corroborated by observable market data. To the extent we hold, these mortgage-backed securities are categorized as Level II. Certain mortgage-backed securities collateralized by residential mortgages are valued using cash flow models that utilize unobservable inputs including credit default rates, prepayment rates, loss severity and valuation yields. As judgment is used to determine the range of these inputs, these mortgage-backed securities are categorized as Level III.

*U.S. government agency securities* – U.S. government agency securities include agency debt bonds and mortgage bonds. Agency debt bonds are valued by using either direct price quotes or price quotes for comparable bond securities and are categorized as Level II. Mortgage bonds include bonds secured by mortgages, mortgage pass-through securities, agency collateralized mortgage-obligation ("CMO") securities and agency interest-only securities. Mortgage pass-through securities, CMO securities and interest-only securities are valued using recently executed observable trades or other observable inputs, such as prepayment speeds and therefore are generally categorized as Level II. Mortgage bonds are valued using observable market inputs, such as market yields on spreads over U.S. treasury securities, or models based upon prepayment expectations. These securities are categorized as Level II.

*U.S. government securities* – U.S. government securities include highly liquid U.S. treasury securities which are generally valued using quoted market prices and therefore categorized as Level I. The Company does not transact in securities of countries other than the U.S. government.

*Derivative contracts* – Derivative contracts include interest rate swaps, interest rate locks, and U.S. treasury bond futures and options. These instruments derive their value from underlying assets, reference rates, indices or a combination of these factors. The majority of the Company's interest rate derivative contracts, including both interest rate swaps and interest rate locks, are valued using market standard pricing models based on the net present value of estimated future cash flows. The valuation models used do not involve material subjectivity as the methodologies do not entail significant judgment and the pricing inputs are market observable, including contractual terms, yield curves and measures of volatility. These instruments are classified as Level II within the fair value hierarchy. Certain interest rate locks transact in less active markets and are valued using valuation models that include the previously mentioned observable inputs and certain unobservable inputs that require significant judgment, such as the premium over the MMD curve. These instruments are classified as Level III.

**Investments**

The Company's investments valued at fair value include equity investments in private companies. Investments in private companies are valued based on an assessment of each underlying security, considering rounds of financing, the financial condition and operating results of the private company, third party transactions and market-based information, including comparable company transactions, trading multiples (e.g., multiples of revenue and earnings before interest, taxes, depreciation and amortization ("EBITDA")), discounted cash flow analyses and changes in market outlook, among other factors. These securities are categorized based on the lowest level of input that is significant to the fair value measurement.

**Piper Sandler Companies**
**Notes to the Consolidated Financial Statements – Continued**

The following table summarizes quantitative information about the significant unobservable inputs used in the fair value measurement of the Company's Level III financial instruments as of December 31, 2022:

	<b>Valuation Technique</b>	<b>Unobservable Input</b>	<b>Range</b>	<b>Weighted Average (1)</b>
<b>Assets</b>				
Financial instruments and other inventory positions owned:				
Municipal securities:				
Tax-exempt securities	Discounted cash flow	Expected recovery rate (% of par) (3)	0 - 25%	13.4%
		Current yield (3)	10%	10%
Derivative contracts:				
Interest rate locks	Discounted cash flow	Premium over the MMD curve in basis points ("bps") (3)	1 - 27 bps	6.1 bps
Investments at fair value:				
Equity securities in private companies (2)	Market approach	Revenue multiple (3)	1 - 7 times	4.4 times
		EBITDA multiple (3)	11 - 15 times	13.0 times
		Market comparable valuation multiple (3)	1.5 times	1.5 times
		Expected liquidation value (% of company assets) (3)	50%	50%
	Discounted cash flow	Discount rate (4)	20 - 25%	21.3%
<b>Liabilities</b>				
Financial instruments and other inventory positions sold, but not yet purchased:				
Derivative contracts:				
Interest rate locks	Discounted cash flow	Premium over the MMD curve in bps (4)	3 - 41 bps	22.9 bps
(1) Unobservable inputs were weighted by the relative fair value of the financial instruments.				
(2) As of December 31, 2022, the Company had \$191.8 million of Level III investments at fair value, of which \$83.4 million, or 43.5 percent, was valued based on a recent round of independent financing.				
(3) There is uncertainty in the determination of fair value. Significant increase/(decrease) in the unobservable input in isolation would have resulted in a significantly higher/(lower) fair value measurement.				
(4) There is uncertainty in the determination of fair value. Significant increase/(decrease) in the unobservable input in isolation would have resulted in a significantly lower/(higher) fair value measurement.				

**Piper Sandler Companies**
**Notes to the Consolidated Financial Statements – Continued**

The following table summarizes the valuation of the Company's financial instruments by pricing observability levels defined in ASC 820 as of December 31, 2022:

<i>(Amounts in thousands)</i>	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>	<u>Counterparty and Cash Collateral Netting (1)</u>	<u>Total</u>
<b>Assets</b>					
Financial instruments and other inventory positions owned:					
Corporate securities:					
Equity securities	\$ 1,490	\$ —	\$ —	\$ —	\$ 1,490
Convertible securities	—	94,552	—	—	94,552
Fixed income securities	—	4,103	—	—	4,103
Municipal securities:					
Taxable securities	—	28,389	—	—	28,389
Tax-exempt securities	—	147,578	3,887	—	151,465
Short-term securities	—	14,386	—	—	14,386
U.S. government agency securities	—	28,874	—	—	28,874
U.S. government securities	3,800	—	—	—	3,800
Derivative contracts	—	55,844	4,756	(47,680)	12,920
Total financial instruments and other inventory positions owned	5,290	373,726	8,643	(47,680)	339,979
Cash equivalents	323,143	—	—	—	323,143
Investments at fair value (2)	82,047	—	191,845	—	273,892
Total assets	<u>\$ 410,480</u>	<u>\$ 373,726</u>	<u>\$ 200,488</u>	<u>\$ (47,680)</u>	<u>\$ 937,014</u>
<b>Liabilities</b>					
Financial instruments and other inventory positions sold, but not yet purchased:					
Corporate securities:					
Equity securities	\$ 15,376	\$ —	\$ —	\$ —	\$ 15,376
Fixed income securities	—	3,894	—	—	3,894
U.S. government securities	36,415	—	—	—	36,415
Derivative contracts	—	49,838	1,082	(45,769)	5,151
Total financial instruments and other inventory positions sold, but not yet purchased	<u>\$ 51,791</u>	<u>\$ 53,732</u>	<u>\$ 1,082</u>	<u>\$ (45,769)</u>	<u>\$ 60,836</u>

(1) Represents cash collateral and the impact of netting on a counterparty basis. The Company had no securities posted as collateral to its counterparties.

(2) Includes noncontrolling interests of \$200.7 million attributable to unrelated third party ownership in consolidated alternative asset management funds.

**Piper Sandler Companies**
**Notes to the Consolidated Financial Statements – Continued**

The following table summarizes the valuation of the Company's financial instruments by pricing observability levels defined in ASC 820 as of December 31, 2021:

<i>(Amounts in thousands)</i>	<b>Level I</b>	<b>Level II</b>	<b>Level III</b>	<b>Counterparty and Cash Collateral Netting (1)</b>	<b>Total</b>
<b>Assets</b>					
Financial instruments and other inventory positions owned:					
Corporate securities:					
Equity securities	\$ 33	\$ 2,798	\$ —	\$ —	\$ 2,831
Convertible securities	—	148,057	—	—	148,057
Fixed income securities	—	8,687	—	—	8,687
Municipal securities:					
Taxable securities	—	12,377	—	—	12,377
Tax-exempt securities	—	97,644	247	—	97,891
Short-term securities	—	29,357	—	—	29,357
Mortgage-backed securities	—	1,277	—	—	1,277
U.S. government agency securities	—	24,361	—	—	24,361
U.S. government securities	138	—	—	—	138
Derivative contracts	—	156,338	726	(133,066)	23,998
Total financial instruments and other inventory positions owned	171	480,896	973	(133,066)	348,974
Cash equivalents	908,198	—	—	—	908,198
Investments at fair value (2)	62,674	34,416	142,286	—	239,376
Total assets	<u>\$ 971,043</u>	<u>\$ 515,312</u>	<u>\$ 143,259</u>	<u>\$ (133,066)</u>	<u>\$ 1,496,548</u>
<b>Liabilities</b>					
Financial instruments and other inventory positions sold, but not yet purchased:					
Corporate securities:					
Equity securities	\$ 74,251	\$ 3,493	\$ —	\$ —	\$ 77,744
Fixed income securities	—	4,950	—	—	4,950
U.S. government securities	41,780	—	—	—	41,780
Derivative contracts	—	149,015	1,898	(146,697)	4,216
Total financial instruments and other inventory positions sold, but not yet purchased	<u>\$ 116,031</u>	<u>\$ 157,458</u>	<u>\$ 1,898</u>	<u>\$ (146,697)</u>	<u>\$ 128,690</u>

(1) Represents cash collateral and the impact of netting on a counterparty basis. The Company had no securities posted as collateral to its counterparties.

(2) Includes noncontrolling interests of \$164.6 million attributable to unrelated third party ownership in consolidated alternative asset management funds.

The Company's Level III assets were \$200.5 million (including noncontrolling interests of \$148.7 million) and \$143.3 million (including noncontrolling interests of \$103.0 million), or 21.4 percent and 9.6 percent of financial instruments measured at fair value at December 31, 2022 and 2021, respectively. There were \$3.6 million of transfers of financial assets into Level III for the year ended December 31, 2022, primarily due to observable inputs becoming unobservable. There were \$64.0 million of transfers of financial assets out of Level III for the year ended December 31, 2021, primarily due to unobservable inputs becoming observable.

**Piper Sandler Companies**

**Notes to the Consolidated Financial Statements – Continued**

The following tables summarize the changes in fair value associated with Level III financial instruments held at the beginning or end of the periods presented:

<i>(Amounts in thousands)</i>	Balance at December 31, 2021	Purchases	Sales	Transfers in	Transfers out	Realized gains/ (losses)	Unrealized gains/ (losses)	Balance at December 31, 2022	Unrealized gains/ (losses) for assets/ liabilities held at December 31, 2022
<b>Assets</b>									
Financial instruments and other inventory positions owned:									
Municipal securities:									
Tax-exempt securities	\$ 247	\$ —	\$ —	\$ 3,626	\$ —	\$ —	\$ 14	\$ 3,887	\$ 14
Derivative contracts	726	450	—	—	—	(450)	4,030	4,756	4,756
Total financial instruments and other inventory positions owned	973	450	—	3,626	—	(450)	4,044	8,643	4,770
Investments at fair value	142,286	62,695	(19,574)	—	(172)	12,948	(6,338)	191,845	6,536
Total assets	<u>\$ 143,259</u>	<u>\$ 63,145</u>	<u>\$ (19,574)</u>	<u>\$ 3,626</u>	<u>\$ (172)</u>	<u>\$ 12,498</u>	<u>\$ (2,294)</u>	<u>\$ 200,488</u>	<u>\$ 11,306</u>

<b>Liabilities</b>									
Financial instruments and other inventory positions sold, but not yet purchased:									
Derivative contracts	\$ 1,898	\$ —	\$ 680	\$ —	\$ —	\$ (680)	\$ (816)	\$ 1,082	\$ 1,082
Total financial instruments and other inventory positions sold, but not yet purchased	<u>\$ 1,898</u>	<u>\$ —</u>	<u>\$ 680</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (680)</u>	<u>\$ (816)</u>	<u>\$ 1,082</u>	<u>\$ 1,082</u>

<i>(Amounts in thousands)</i>	Balance at December 31, 2020	Purchases	Sales	Transfers in	Transfers out	Realized gains/ (losses)	Unrealized gains/ (losses)	Balance at December 31, 2021	Unrealized gains/ (losses) for assets/ liabilities held at December 31, 2021
<b>Assets</b>									
Financial instruments and other inventory positions owned:									
Municipal securities:									
Tax-exempt securities	\$ —	\$ —	\$ —	\$ 502	\$ —	\$ —	\$ (255)	\$ 247	\$ (255)
Mortgage-backed securities	13	—	—	—	—	—	(13)	—	—
Derivative contracts	270	—	(256)	—	—	256	456	726	726
Total financial instruments and other inventory positions owned	283	—	(256)	502	—	256	188	973	471
Investments at fair value	152,995	42,100	(57,251)	—	(63,957)	40,306	28,093	142,286	19,990
Total assets	<u>\$ 153,278</u>	<u>\$ 42,100</u>	<u>\$ (57,507)</u>	<u>\$ 502</u>	<u>\$ (63,957)</u>	<u>\$ 40,562</u>	<u>\$ 28,281</u>	<u>\$ 143,259</u>	<u>\$ 20,461</u>
<b>Liabilities</b>									
Financial instruments and other inventory positions sold, but not yet purchased:									
Derivative contracts	\$ 3,706	\$ (3,225)	\$ —	\$ —	\$ —	\$ 3,225	\$ (1,808)	\$ 1,898	\$ 1,898
Total financial instruments and other inventory positions sold, but not yet purchased	<u>\$ 3,706</u>	<u>\$ (3,225)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 3,225</u>	<u>\$ (1,808)</u>	<u>\$ 1,898</u>	<u>\$ 1,898</u>

**Piper Sandler Companies**

**Notes to the Consolidated Financial Statements – Continued**

Realized and unrealized gains/(losses) related to financial instruments, with the exception of customer matched-book derivatives, are reported in institutional brokerage on the consolidated statements of operations. Realized and unrealized gains/(losses) related to customer matched-book derivatives are reported in investment banking. Realized and unrealized gains/(losses) related to investments are principally reported in investment income on the consolidated statements of operations.

The carrying values of the Company's cash, receivables and payables either from or to brokers, dealers and clearing organizations and long-term financings approximate fair value due to either their liquid or short-term nature.

**Note 7 Variable Interest Entities**

The Company has investments in and/or acts as the managing partner of various partnerships and limited liability companies. These entities were established for the purpose of investing in securities of public or private companies, or municipal debt obligations, and were initially financed through the capital commitments or seed investments of the members.

VIEs are entities in which equity investors lack the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities. The determination as to whether an entity is a VIE is based on the structure and nature of each entity. The Company also considers other characteristics such as the power through voting rights or similar rights to direct the activities of an entity that most significantly impact the entity's economic performance and how the entity is financed.

The Company is required to consolidate all VIEs for which it is considered to be the primary beneficiary. The determination as to whether the Company is considered to be the primary beneficiary is based on whether the Company has both the power to direct the activities of the VIE that most significantly impact the entity's economic performance and the obligation to absorb losses or the right to receive benefits of the VIE that could potentially be significant to the VIE.

**Consolidated VIEs**

The Company's consolidated VIEs at December 31, 2022 included certain alternative asset management funds in which the Company has an investment and, as the managing partner, is deemed to have both the power to direct the most significant activities of the funds and the right to receive benefits (or the obligation to absorb losses) that could potentially be significant to these funds.

The following table presents information about the carrying value of the assets and liabilities of the VIEs that are consolidated by the Company and included on the consolidated statements of financial condition at December 31, 2022. The assets can only be used to settle the liabilities of the respective VIE, and the creditors of the VIEs do not have recourse to the general credit of the Company. These VIEs have a combined \$50.0 million of bank line financing available with interest rates based on either prime or LIBOR plus an applicable margin. The assets and liabilities are presented prior to consolidation, and thus a portion of these assets and liabilities is eliminated in consolidation.

<i>(Amounts in thousands)</i>	<b>Alternative Asset Management Funds</b>
<b>Assets</b>	
Investments	\$ 257,304
Other assets	946
Total assets	<u>\$ 258,250</u>
<b>Liabilities</b>	
Other liabilities and accrued expenses	\$ 1,840
Total liabilities	<u>\$ 1,840</u>

The Company has investments in a grantor trust which was established as part of a nonqualified deferred compensation plan. The Company is the primary beneficiary of the grantor trust. Accordingly, the assets and liabilities of the grantor trust are consolidated by the Company on the consolidated statements of financial condition. See Note 19 for additional information on the nonqualified deferred compensation plan.



**Piper Sandler Companies**

**Notes to the Consolidated Financial Statements – Continued**

**Nonconsolidated VIEs**

The Company determined it is not the primary beneficiary of certain VIEs and, accordingly, does not consolidate them. These VIEs had net assets approximating \$1.2 billion and \$2.1 billion at December 31, 2022 and 2021, respectively. The Company's exposure to loss from these VIEs is \$11.5 million, which is the carrying value of its capital contributions recorded in investments on the consolidated statements of financial condition at December 31, 2022. The Company had no liabilities related to these VIEs at December 31, 2022 and 2021. Furthermore, the Company has not provided financial or other support to these VIEs that it was not previously contractually required to provide as of December 31, 2022.

**Note 8 Receivables from and Payables to Brokers, Dealers and Clearing Organizations**

<i>(Amounts in thousands)</i>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Receivable from clearing organizations	\$ 285,957	\$ 226,731
Receivable from brokers and dealers	10,942	24,056
Other	3,564	3,343
Total receivables from brokers, dealers and clearing organizations	<u>\$ 300,463</u>	<u>\$ 254,130</u>

<i>(Amounts in thousands)</i>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Payable to brokers and dealers	\$ 4,622	\$ 13,247
Total payables to brokers, dealers and clearing organizations	<u>\$ 4,622</u>	<u>\$ 13,247</u>

Under the Company's fully disclosed clearing agreement, all of its securities inventories with the exception of convertible securities, and all of its customer activities are held by or cleared through Pershing LLC ("Pershing"). The Company has established an arrangement to obtain financing from Pershing related to the majority of its trading activities. The Company also has a clearing arrangement with bank financing related to its convertible securities inventories. Financing under these arrangements is secured primarily by securities, and collateral limitations could reduce the amount of funding available under these arrangements. The funding is at their discretion and could be denied. The Company's clearing arrangement activities are recorded net from trading activity. The Company's fully disclosed clearing agreement includes a covenant requiring Piper Sandler & Co. to maintain excess net capital of \$120 million.

**Note 9 Investments**

The Company's investments include investments in private companies and partnerships.

<i>(Amounts in thousands)</i>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Investments at fair value	\$ 273,892	\$ 239,376
Investments at cost	509	611
Investments accounted for under the equity method	11,325	12,058
Total investments	285,726	252,045
Less investments attributable to noncontrolling interests (1)	(200,687)	(164,565)
	<u>\$ 85,039</u>	<u>\$ 87,480</u>

(1) Noncontrolling interests are attributable to unrelated third party ownership in consolidated alternative asset management funds.

At December 31, 2022, investments carried on a cost basis had an estimated fair market value of \$0.5 million. Because valuation estimates were based upon management's judgment, investments carried at cost would be categorized as Level III assets in the fair value hierarchy, if they were carried at fair value.

**Piper Sandler Companies**

**Notes to the Consolidated Financial Statements – Continued**

Investments accounted for under the equity method include general and limited partnership interests. The carrying value of these investments is based on the investment vehicle's net asset value. The net assets of investment partnerships consist of investments in both marketable and non-marketable securities. The underlying investments held by such partnerships are valued based on the estimated fair value determined by management in the Company's capacity as general partner or investor and, in the case of investments in unaffiliated investment partnerships, are based on financial statements prepared by the unaffiliated general partners.

**Note 10 Other Assets**

<i>(Amounts in thousands)</i>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Fee receivables	\$ 42,645	\$ 51,403
Forgivable loans, net	20,667	12,040
Prepaid expenses	18,664	18,989
Other	24,049	28,173
Total other assets	<u>\$ 106,025</u>	<u>\$ 110,605</u>

**Note 11 Goodwill and Intangible Assets**

*(Amounts in thousands)*

<b>Goodwill</b>		
<b>Balance at December 31, 2020</b>		<b>\$ 227,508</b>
Goodwill acquired		—
<b>Balance at December 31, 2021</b>		<b>\$ 227,508</b>
Goodwill acquired		73,643
<b>Balance at December 31, 2022</b>		<b>\$ 301,151</b>
<b>Intangible assets</b>		
<b>Balance at December 31, 2020</b>		<b>\$ 149,858</b>
Intangible assets acquired		—
Amortization of intangible assets		(30,080)
<b>Balance at December 31, 2021</b>		<b>\$ 119,778</b>
Intangible assets acquired		31,234
Amortization of intangible assets		(15,375)
<b>Balance at December 31, 2022</b>		<b>\$ 135,637</b>

As discussed in Note 4, the addition of goodwill and intangible assets during the year ended December 31, 2022 related to the acquisitions of DBO Partners, Stamford Partners and Cornerstone Macro. Management identified \$10.4 million of customer relationship intangible assets related to the acquisition of DBO Partners, which will be amortized over a weighted average life of 1.1 years. Management identified \$1.8 million of customer relationship intangible assets related to the acquisition of Stamford Partners, which will be amortized over a weighted average life of 0.8 years. Management identified \$19.0 million of customer relationship intangible assets related to the acquisition of Cornerstone Macro, which will be amortized over a weighted average life of 7.2 years.

**Piper Sandler Companies**

**Notes to the Consolidated Financial Statements – Continued**

Intangible assets with determinable lives primarily consist of customer relationships and internally developed software. The following table summarizes the future aggregate amortization expense of the Company's intangible assets with determinable lives:

*(Amounts in thousands)*

2023	\$	19,440
2024		9,445
2025		7,887
2026		7,253
2027		3,480
Thereafter		2,732
Total	\$	<u>50,237</u>

Indefinite-lived intangible assets consist of the Sandler trade name of \$85.4 million, which is not subject to amortization.

The Company performed its annual goodwill impairment testing as of October 31, 2022, which resulted in no impairment. The annual goodwill impairment testing for 2021 and 2020 resulted in no impairment associated with the Capital Markets reporting unit.

The Company also evaluated its intangible assets and concluded there was no impairment in 2022, 2021 and 2020 associated with the Capital Markets reporting unit.

**Note 12 Fixed Assets**

*(Amounts in thousands)*

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Furniture and equipment	\$ 53,138	\$ 54,763
Leasehold improvements	78,266	61,218
Software	12,575	12,603
Total	143,979	128,584
Accumulated depreciation and amortization	<u>(75,759)</u>	<u>(76,823)</u>
Fixed assets, net of accumulated depreciation and amortization	<u>\$ 68,220</u>	<u>\$ 51,761</u>

For the years ended December 31, 2022, 2021 and 2020, depreciation and amortization of furniture and equipment, leasehold improvements and software totaled \$15.6 million, \$12.6 million and \$10.7 million, respectively, and are included in occupancy and equipment expense on the consolidated statements of operations.

**Note 13 Short-Term Financing**

The Company has an unsecured \$75 million revolving credit facility with U.S. Bank N.A. The credit agreement will terminate on December 19, 2025, unless otherwise terminated, and is subject to a one-year extension exercisable at the option of the Company. This credit facility includes customary events of default and covenants that, among other things, require the Company's U.S. broker dealer subsidiary to maintain a minimum regulatory net capital of \$120 million, limit the Company's leverage ratio, require maintenance of a minimum ratio of operating cash flow to fixed charges, and impose certain limitations on the Company's ability to make acquisitions and make payments on its capital stock. At December 31, 2022, there were no advances against this credit facility.

The Company's committed short-term bank line financing at December 31, 2022 consisted of a one-year \$80 million committed revolving credit facility with U.S. Bank N.A., which has been renewed annually in the fourth quarter of each year since 2008. Advances under this facility are secured by certain marketable securities. The facility includes a covenant that requires the Company's U.S. broker dealer subsidiary to maintain a minimum regulatory net capital of \$120 million, and the unpaid principal amount of all advances under this facility will be due on December 8, 2023. The Company pays a nonrefundable commitment fee on the unused portion of the facility on a quarterly basis. At December 31, 2022, the Company had no advances against this line of credit.

**Piper Sandler Companies**

**Notes to the Consolidated Financial Statements – Continued**

**Note 14** *Long-Term Financing*

On October 15, 2019, the Company entered into a note purchase agreement with certain entities advised by Pacific Investment Management Company ("PIMCO"), under which the Company issued unsecured fixed rate senior notes ("Notes") in the amount of \$175 million. The Notes consisted of two classes, Class A Notes and Class B Notes, with principal amounts of \$50 million and \$125 million, respectively. The Class A Notes were repaid by the Company upon maturity on October 15, 2021. The Class B Notes bear interest at an annual fixed rate of 5.20 percent and mature on October 15, 2023. Interest is payable semi-annually. The unpaid principal amount is due in full on the maturity date and may not be prepaid by the Company.

On April 3, 2020, the Company entered into unsecured promissory notes as part of the acquisition of Valence totaling \$20 million. The Valence Notes were repaid in the first quarter of 2021.

Long-term financing arrangements are recorded at amortized cost which approximates fair value at December 31, 2022.

**Note 15** *Contingencies, Commitments and Guarantees*

**Legal Contingencies**

The Company has been named as a defendant in various legal actions, including complaints and litigation and arbitration claims, arising from its business activities. Such actions include claims related to securities brokerage and investment banking activities, and certain class actions that primarily allege violations of securities laws and seek unspecified damages, which could be substantial. Also, the Company is involved from time to time in investigations and proceedings by governmental agencies and self-regulatory organizations ("SROs") which could result in adverse judgments, settlements, penalties, fines or other relief.

The Company has established reserves for potential losses that are probable and reasonably estimable that may result from pending and potential legal actions, investigations and regulatory proceedings. Reasonably possible losses in excess of amounts accrued at December 31, 2022 are not material. In many cases, however, it is inherently difficult to determine whether any loss is probable or even possible or to estimate the amount or range of any potential loss, particularly where proceedings may be in relatively early stages or where plaintiffs are seeking substantial or indeterminate damages. Matters frequently need to be more developed before a loss or range of loss can reasonably be estimated.

Given uncertainties regarding the timing, scope, volume and outcome of pending and potential legal actions, investigations and regulatory proceedings and other factors, the amounts of reserves and ranges of reasonably possible losses are difficult to determine and of necessity subject to future revision. Subject to the foregoing, management of the Company believes, based on currently available information, after consultation with outside legal counsel and taking into account its established reserves, that pending legal actions, investigations and regulatory proceedings will be resolved with no material adverse effect on the consolidated statements of financial condition, results of operations or cash flows of the Company. However, if during any period a potential adverse contingency should become probable or resolved for an amount in excess of the established reserves, the results of operations and cash flows in that period and the financial condition as of the end of that period could be materially adversely affected. In addition, there can be no assurance that material losses will not be incurred from claims that have not yet been brought to the Company's attention or are not yet determined to be reasonably possible.

The Securities and Exchange Commission ("SEC") is conducting an investigation of the Company regarding compliance with recordkeeping requirements for business-related communications sent over unapproved electronic messaging channels. The SEC has brought several recent enforcement actions relating to recordkeeping practices, and it is currently conducting numerous similar investigations of other financial institutions. The Company is cooperating with the investigation. No loss contingency has been reflected in the Company's consolidated financial statements as this contingency is neither probable nor reasonably estimable at this time. Management is currently unable to estimate a range of reasonably possible loss related to this investigation as it is in the early stages with no alleged damages specified.

Litigation-related reserve activity included within other operating expenses was immaterial for the years ended December 31, 2022, 2021 and 2020.

**Piper Sandler Companies**

**Notes to the Consolidated Financial Statements – Continued**

**Operating Lease Commitments**

The Company leases office space throughout the United States and in a limited number of foreign countries where its international operations reside. Aggregate minimum lease commitments on an undiscounted basis for the Company's operating leases (including short-term leases) as of December 31, 2022 were as follows:

*(Amounts in thousands)*

2023	\$ 25,155
2024	23,804
2025	22,944
2026	20,858
2027	16,983
Thereafter	29,249
<b>Total</b>	<b>\$ 138,993</b>

The following table summarizes the Company's operating lease costs and sublease income:

<i>(Amounts in millions)</i>	<b>Year Ended December 31,</b>		
	<b>2022</b>	<b>2021</b>	<b>2020</b>
Operating lease costs	\$ 24.3	\$ 20.7	\$ 21.9
Operating lease costs related to short-term leases	1.3	0.9	0.8
Sublease income	0.4	0.7	1.8

At December 31, 2022, the weighted average remaining lease term for operating leases was 6.2 years and the weighted average discount rate was 4.1 percent.

In December 2022, the Company entered into a lease agreement for its future corporate headquarters location in Minneapolis, Minnesota. As the Company anticipates taking possession of the space in 2024, no ROU lease asset or accrued lease liability is recorded in the consolidated statements of financial condition as of December 31, 2022. The Company's contractual rent commitment over the 15-year lease term is \$53.1 million.

**Investment Commitments**

As of December 31, 2022, the Company had commitments to invest \$96.3 million in limited partnerships or limited liability companies that make direct or indirect equity or debt investments in companies.

**Other Guarantees**

The Company is a member of numerous exchanges. Under the membership agreements with these entities, members generally are required to guarantee the performance of other members, and if a member becomes unable to satisfy its obligations to the exchange, other members would be required to meet shortfalls. To mitigate these performance risks, the exchanges often require members to post collateral. In addition, the Company identifies and guarantees certain clearing agents against specified potential losses in connection with providing services to the Company or its affiliates. The Company's maximum potential liability under these arrangements cannot be quantified. However, management believes the likelihood that the Company would be required to make payments under these arrangements is remote. Accordingly, no liability is recorded in the consolidated statements of financial condition for these arrangements.

**Piper Sandler Companies**

**Notes to the Consolidated Financial Statements – Continued**

**Concentration of Credit Risk**

The Company provides investment, capital-raising and related services to a diverse group of domestic and foreign customers, including governments, corporations, and institutional and individual investors. The Company's exposure to credit risk associated with the non-performance of customers in fulfilling their contractual obligations pursuant to securities transactions can be directly impacted by volatile securities markets, credit markets and regulatory changes. This exposure is measured on an individual customer basis and on a group basis for customers that share similar attributes. To alleviate the potential for risk concentrations, counterparty credit limits have been implemented for certain products and are continually monitored in light of changing customer and market conditions.

**Note 16 Restructuring and Integration Costs**

The Company incurred the following restructuring and integration costs in conjunction with its acquisition activity:

<i>(Amounts in thousands)</i>	<b>Year Ended December 31,</b>		
	<b>2022</b>	<b>2021</b>	<b>2020</b>
Vacated leased office space	\$ 5,616	\$ 3,404	\$ 2,481
Severance, benefits and outplacement	652	317	3,032
Contract termination	—	—	891
Total restructuring costs	<u>6,268</u>	<u>3,721</u>	<u>6,404</u>
Integration costs	<u>5,172</u>	<u>1,003</u>	<u>4,351</u>
Total restructuring and integration costs	<u>\$ 11,440</u>	<u>\$ 4,724</u>	<u>\$ 10,755</u>

**Note 17 Shareholders' Equity**

The Company's amended and restated certificate of incorporation provides for the issuance of up to 100,000,000 shares of common stock with a par value of \$0.01 per share and up to 5,000,000 shares of undesignated preferred stock with a par value of \$0.01 per share.

**Common Stock**

The holders of the Company's common stock are entitled to one vote per share on all matters to be voted upon by the shareholders. Subject to preferences that may be applicable to any outstanding preferred stock of Piper Sandler Companies, the holders of its common stock are entitled to receive ratably such dividends, if any, as may be declared out of funds legally available for that purpose. There are also restrictions on the payment of dividends as set forth in Note 22. The Company's board of directors determines the declaration and payment of dividends and is free to change the Company's dividend policy at any time.

**Dividends**

The Company's current dividend policy is intended to return a metric based on fiscal year net income to its shareholders.

In 2022, the Company declared and paid quarterly cash dividends on its common stock, aggregating \$2.40 per share, and a special cash dividend on its common stock related to fiscal year 2021 results of \$4.50 per share, totaling \$107.5 million.

In 2021, the Company declared and paid quarterly cash dividends on its common stock, aggregating \$1.95 per share, a special cash dividend on its common stock related to fiscal year 2020 results of \$1.85 per share, and a special cash dividend on its common stock related to fiscal year 2021 results of \$3.00 per share, totaling \$99.4 million.

In 2020, the Company declared and paid quarterly cash dividends on its common stock, aggregating \$1.25 per share, and a special cash dividend on its common stock related to fiscal year 2019 results of \$0.75 per share, totaling \$28.2 million.



**Piper Sandler Companies**

**Notes to the Consolidated Financial Statements – Continued**

On February 3, 2023, the board of directors declared both a quarterly and a special cash dividend on its common stock of \$0.60 and \$1.25 per share, respectively, to be paid on March 17, 2023, to shareholders of record as of the close of business on March 3, 2023. The special cash dividend relates to the Company's fiscal year 2022 results.

In the event that Piper Sandler Companies is liquidated or dissolved, the holders of its common stock are entitled to share ratably in all assets remaining after payment of liabilities, subject to any prior distribution rights of Piper Sandler Companies preferred stock, if any, then outstanding. Currently, there is no outstanding preferred stock. The holders of the common stock have no preemptive or conversion rights or other subscription rights. There are no redemption or sinking fund provisions applicable to Piper Sandler Companies common stock.

**Share Repurchases**

The Company purchases shares of common stock pursuant to share repurchase programs authorized by the Company's board of directors. The Company also purchases shares of common stock from restricted stock award recipients upon the award vesting or as recipients sell shares to meet their employment tax obligations.

The following table summarizes the repurchase programs authorized by the Company's board of directors:

<b>Effective Date</b>	<b>Authorized Amount</b>	<b>Expiration Date</b>	<b>Remaining Authorization at December 31, 2022</b>
May 6, 2022	\$150.0 million	December 31, 2024	\$138.2 million
January 1, 2022	\$150.0 million	December 31, 2023	\$—
January 1, 2020	\$150.0 million	December 31, 2021	\$—

The following table summarizes the Company's repurchase activity:

	<b>Year Ended December 31,</b>		
	<b>2022</b>	<b>2021</b>	<b>2020</b>
<b>Shares repurchased pursuant to repurchase authorizations</b>			
Common shares repurchased	1,245,221	417,903	188,319
Aggregate purchase price (in millions)	\$ 161.8	\$ 52.3	\$ 13.1
Average price per share	\$ 129.95	\$ 125.03	\$ 69.72
<b>Shares repurchased from employees related to employment tax obligations</b>			
Common shares repurchased	172,156	154,117	105,193
Aggregate purchase price (in millions)	\$ 25.5	\$ 17.7	\$ 8.8
Average price per share	\$ 148.25	\$ 114.53	\$ 84.00

**Issuance of Shares**

The Company issues common shares out of treasury stock as a result of employee restricted share vesting and exercise transactions as discussed in Note 19. During the years ended December 31, 2022, 2021 and 2020, the Company issued 953,293 shares, 918,024 shares and 309,089 shares, respectively, related to these obligations. During the year ended December 31, 2020, the Company also issued 34,205 common shares out of treasury stock for Sandler O'Neill deal consideration, as discussed in Note 4.

**Piper Sandler Companies**

**Notes to the Consolidated Financial Statements – Continued**

**Preferred Stock**

The Piper Sandler Companies board of directors has the authority, without action by its shareholders, to designate and issue preferred stock in one or more series and to designate the rights, preferences and privileges of each series, which may be greater than the rights associated with the common stock. It is not possible to state the actual effect of the issuance of any shares of preferred stock upon the rights of holders of common stock until the Piper Sandler Companies board of directors determines the specific rights of the holders of preferred stock. However, the effects might include, among other things, the following: restricting dividends on its common stock, diluting the voting power of its common stock, impairing the liquidation rights of its common stock and delaying or preventing a change in control of Piper Sandler Companies without further action by its shareholders.

**Noncontrolling Interests**

The consolidated financial statements include the accounts of Piper Sandler Companies, its wholly owned subsidiaries and other entities in which the Company has a controlling financial interest. Noncontrolling interests represent equity interests in consolidated entities that are not attributable, either directly or indirectly, to Piper Sandler Companies. Noncontrolling interests represent the minority equity holders' proportionate share of the equity in the Company's alternative asset management funds.

Ownership interests in entities held by parties other than the Company's common shareholders are presented as noncontrolling interests within shareholders' equity, separate from the Company's own equity. Revenues, expenses and net income or loss are reported on the consolidated statements of operations on a consolidated basis, which includes amounts attributable to both the Company's common shareholders and noncontrolling interests. Net income or loss is then allocated between the Company and noncontrolling interests based upon their relative ownership interests. Net income applicable to noncontrolling interests is deducted from consolidated net income to determine net income applicable to the Company. There was no other comprehensive income or loss attributed to noncontrolling interests for the years ended December 31, 2022, 2021 and 2020.

**Note 18 Employee Benefit Plans**

The Company has various employee benefit plans, and substantially all employees are covered by at least one plan. The plans include health and welfare plans and a tax-qualified retirement plan (the "Retirement Plan"). During the years ended December 31, 2022, 2021 and 2020, the Company incurred employee benefits expenses of \$33.8 million, \$35.9 million and \$25.5 million, respectively.

**Health and Welfare Plans**

Company employees who meet certain work schedule and service requirements are eligible to participate in the Company's health and welfare plans. The Company subsidizes the cost of coverage for employees. The health plans contain cost-sharing features such as deductibles and coinsurance.

The Company is self-insured for losses related to health claims, although it obtains third party stop loss insurance coverage on both an individual and a group plan basis. Self-insured liabilities are based on a number of factors, including historical claims experience, an estimate of claims incurred but not reported and valuations provided by third party actuaries. For the years ended December 31, 2022, 2021 and 2020, the Company recognized expense of \$19.7 million, \$20.0 million and \$14.7 million, respectively, in compensation and benefits expense on the consolidated statements of operations related to its health plans.

**Piper Sandler Companies**

**Notes to the Consolidated Financial Statements – Continued**

**Retirement Plan**

The Retirement Plan is a defined contribution retirement savings plan. The defined contribution retirement savings plan allows qualified employees, at their option, to make contributions through salary deductions under Section 401(k) of the Internal Revenue Code. Employee contributions are 100 percent matched by the Company to a maximum of six percent of recognized compensation up to the social security taxable wage base. Effective January 1, 2021, the Retirement Plan was amended to provide for a discretionary profit sharing contribution by the Company. Payment and amount of the profit sharing contribution are determined annually on a discretionary basis. For the year ended December 31, 2022, the Company did not make a profit sharing contribution. For the year ended December 31, 2021, the Company contributed two percent of recognized compensation up to the social security taxable wage base for each eligible employee related to the profit sharing contribution. Although the Company's matching and profit sharing contributions vest immediately, a participant must be employed on December 31 to receive that year's employer contributions.

**Note 19 Compensation Plans**

**Stock-Based Compensation Plans**

The Company has four outstanding stock-based compensation plans: the Amended and Restated 2003 Annual and Long-Term Incentive Plan (the "Incentive Plan"), the 2019 Employment Inducement Award Plan (the "2019 Inducement Plan"), the 2020 Employment Inducement Award Plan (the "2020 Inducement Plan") and the 2022 Employment Inducement Award Plan (the "2022 Inducement Plan"). The Company's equity awards are recognized on the consolidated statements of operations at grant date fair value over the service period of the award, less forfeitures.

The following table provides a summary of the Company's outstanding equity awards (in shares or units) as of December 31, 2022:

<b>Restricted stock related to compensation plans</b>	
Annual grants	803,468
Sign-on grants	124,135
Inducement grants	63,797
2019 Inducement Plan	47,353
2020 Inducement Plan	1,236,322
2022 Inducement Plan	161,030
<b>Total restricted stock related to compensation plans</b>	<b>2,436,105</b>
<b>Restricted stock related to acquisitions (1)</b>	<b>1,783,721</b>
<b>Total restricted stock</b>	<b>4,219,826</b>
<b>Restricted stock units</b>	<b>188,328</b>
<b>Stock options</b>	<b>81,667</b>

(1) Includes restricted stock with service conditions issued in conjunction with all acquisitions since January 1, 2020. See Note 4 for further discussion.

**Piper Sandler Companies****Notes to the Consolidated Financial Statements – Continued*****Incentive Plan***

The Incentive Plan permits the grant of equity awards, including restricted stock, restricted stock units and non-qualified stock options, to the Company's employees and directors for up to 9.4 million shares of common stock (0.8 million shares remained available for future issuance under the Incentive Plan as of December 31, 2022). The Company believes that such awards help align the interests of employees and directors with those of shareholders and serve as an employee retention tool. The Incentive Plan provides for accelerated vesting of awards if there is a severance event, a change in control of the Company (as defined in the Incentive Plan), in the event of a participant's death, and at the discretion of the compensation committee of the Company's board of directors.

***Restricted Stock Awards***

Restricted stock grants are valued at the market price of the Company's common stock on the date of grant and are amortized over the requisite service period. The Company grants shares of restricted stock to employees as part of year-end compensation ("Annual Grants") and upon initial hiring or as a retention award ("Sign-on Grants" or "Inducement Grants").

The Company's Annual Grants are made each year in February. Annual Grants vest ratably over three years in equal installments. The Annual Grants provide for continued vesting after termination of employment, so long as the employee does not violate certain post-termination restrictions set forth in the award agreement or any agreements entered into upon termination. The Company determined the service inception date precedes the grant date for the Annual Grants, and that the post-termination restrictions do not meet the criteria for an in-substance service condition, as defined by ASC 718. Accordingly, restricted stock granted as part of the Annual Grants is expensed in the one-year period in which those awards are deemed to be earned, which is generally the calendar year preceding the February grant date. For example, the Company recognized compensation expense during fiscal year 2022 for its February 2023 Annual Grant. If an equity award related to the Annual Grants is forfeited as a result of violating the post-termination restrictions, the lower of the fair value of the award at grant date or the fair value of the award at the date of forfeiture is recorded within the consolidated statements of operations as a reversal of compensation expense.

Sign-on Grants are used as a recruiting tool for new employees and are issued to current employees as a retention tool. These awards have both cliff and ratable vesting terms, and the employees must fulfill service requirements in exchange for rights to the awards. Compensation expense is amortized on a straight-line basis from the grant date over the requisite service period, generally three to five years. Employees forfeit unvested shares upon termination of employment and a reversal of compensation expense is recorded.

Inducement Grants are issued as a retention tool in conjunction with certain acquisitions. During the year ended December 31, 2022, the Company granted \$9.3 million (65,125 shares) in restricted stock under the Incentive Plan in conjunction with its 2022 acquisitions of Cornerstone Macro and Stamford Partners. These restricted shares are subject to graded vesting, and employees must fulfill service requirements in exchange for the rights to the restricted shares. Compensation expense is amortized on a straight-line basis over the requisite service period, generally three to four years. Employees forfeit unvested shares upon termination of employment and a reversal of compensation expense is recorded.

Annually, the Company grants stock to its non-employee directors. The stock-based compensation paid to non-employee directors is fully expensed on the grant date and included within outside services expense on the consolidated statements of operations.

***Restricted Stock Units***

The Company grants restricted stock units to its leadership team ("Leadership Grants"). Restricted stock units will vest and convert to shares of common stock at the end of each 36-month performance period only if the Company satisfies predetermined performance and/or market conditions over the performance period. Under the terms of these awards, the number of units that will actually vest and convert to shares will be based on the extent to which the Company achieves specified targets during each performance period. The maximum payout leverage under these grants is 150 percent.

**Piper Sandler Companies**

**Notes to the Consolidated Financial Statements – Continued**

Up to 75 percent of the award can be earned based on the Company achieving certain average adjusted return on equity targets, as defined in the terms of the award agreements. The fair value of this portion of the award was based on the closing price of the Company's common stock on the grant date. If the Company determines that it is probable that the performance condition will be achieved, compensation expense is amortized on a straight-line basis over the 36-month performance period. The probability that the performance condition will be achieved is reevaluated each reporting period with changes in estimated outcomes accounted for using a cumulative effect adjustment to compensation expense. Compensation expense will be recognized only if the performance condition is met. Employees forfeit unvested restricted stock units upon termination of employment with a corresponding reversal of compensation expense. As of December 31, 2022, the Company has determined that the probability of achieving the performance condition for each award is as follows:

<b>Grant Year</b>	<b>Probability of Achieving Performance Condition</b>
2022	32%
2021	75%
2020	75%

Up to 75 percent of the award can be earned based on the Company's total shareholder return relative to members of a predetermined peer group. The market condition must be met for the awards to vest and compensation cost will be recognized regardless if the market condition is satisfied. Compensation expense is amortized on a straight-line basis over the 36-month requisite service period (or earlier if age and service conditions are met, as described below). Employees forfeit unvested restricted stock units upon termination of employment with a corresponding reversal of compensation expense. For this portion of the awards, the fair value on the grant date was determined using a Monte Carlo simulation with the following assumptions:

<b>Grant Year</b>	<b>Vesting Year</b>	<b>Risk-free Interest Rate</b>	<b>Expected Stock Price Volatility</b>
2022	2025	1.80%	43.8%
2021	2024	0.23%	43.2%
2020	2023	1.40%	27.3%
2019	2022	2.50%	31.9%
2018	2021	2.40%	34.8%
2017	2020	1.62%	35.9%

Because the market condition portion of the awards vesting depends on the Company's total shareholder return relative to a peer group, the valuation modeled the performance of the peer group as well as the correlation between the Company and the peer group. The expected stock price volatility assumptions were determined using historical volatility, as correlation coefficients can only be developed through historical volatility. The risk-free interest rates were determined based on three-year U.S. Treasury bond yields.

The compensation committee of the Company's board of directors included defined retirement provisions in its Leadership Grants, beginning with the February 2018 grant. Certain grantees meeting defined age and service requirements will be fully vested in the awards as long as performance and post-termination obligations are met throughout the performance period. These retirement-eligible grants are expensed in the period in which those awards are deemed to be earned, which is the calendar year preceding the February grant date.

*Stock Options*

On February 15, 2018, the Company granted options to certain executive officers. These options are expensed on a straight-line basis over the required service period of five years, based on the estimated fair value of the award on the date of grant. The exercise price per share is equal to the closing price on the date of grant plus ten percent. These options are subject to graded vesting, beginning on the third anniversary of the grant date, so long as the employee remains continuously employed by the Company. The maximum term of these stock options is ten years.

**Piper Sandler Companies**

**Notes to the Consolidated Financial Statements – Continued**

The fair value of this stock option award was estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions:

Risk-free interest rate	2.82 %
Dividend yield	3.22 %
Expected stock price volatility	37.20 %
Expected life of options (in years)	7.0
Fair value of options granted (per share)	\$ 24.49

The risk-free interest rate assumption was based on the U.S. Treasury bond yield with a maturity equal to the expected life of the options. The dividend yield assumption was based on the assumed dividend payout over the expected life of the options. The expected stock price volatility assumption was determined using historical volatility, as correlation coefficients can only be developed through historical volatility. The expected life of options assumption was determined using the simplified method due to the Company's limited exercise information. The simplified method calculates the expected term as the midpoint of the vesting term and the original contractual term of the options.

***Inducement Plans***

Inducement plan awards are amortized as compensation expense on a straight-line basis over each respective vesting period. Employees forfeit unvested shares upon termination of employment and a reversal of compensation expense is recorded.

The Company established the 2019 Inducement Plan in conjunction with its acquisition of Weeden & Co L.P. ("Weeden & Co."). On August 2, 2019, the Company granted \$7.3 million (97,752 shares) in restricted stock. These restricted shares are subject to graded vesting, generally beginning on the third anniversary of the grant date through August 2, 2023.

The Company established the 2020 Inducement Plan in conjunction with its acquisition of Sandler O'Neill. On January 3, 2020, the Company granted \$96.9 million (1,217,423 shares) in restricted stock. These restricted shares have both cliff and graded vesting terms with vesting periods of 18 months, three years or five years (with a weighted average service period of 3.7 years). On April 3, 2020, the Company granted \$5.5 million (114,000 shares) in restricted stock under the 2020 Inducement Plan in conjunction with its acquisition of Valence. These restricted shares are subject to graded vesting, generally beginning on the third anniversary of the grant date through April 3, 2025. On December 31, 2020, the Company granted \$2.9 million (29,194 shares) in restricted stock under the 2020 Inducement Plan in conjunction with its acquisition of TRS. These restricted shares are subject to ratable vesting over a three-year vesting period.

The Company established the 2022 Inducement Plan in conjunction with its acquisition of DBO Partners. On October 7, 2022, the Company granted \$17.4 million (161,030 shares) in restricted stock. These restricted shares are generally subject to ratable vesting over a five-year vesting period.

***Stock-Based Compensation Activity***

The following table summarizes the Company's stock-based compensation activity:

	Year Ended December 31,		
	2022	2021	2020
<i>(Amounts in millions)</i>			
Stock-based compensation expense	\$ 129.9	\$ 170.1	\$ 120.8
Forfeitures	1.5	1.6	2.3
Tax benefit related to stock-based compensation expense	17.5	23.8	15.6

Piper Sandler Companies

Notes to the Consolidated Financial Statements – Continued

The following table summarizes the changes in the Company's unvested restricted stock:

	Unvested Restricted Stock (in Shares)	Weighted Average Grant Date Fair Value
<b>December 31, 2019</b>	<b>694,225</b>	<b>\$ 78.52</b>
Granted	3,968,340	74.82
Vested	(283,934)	80.64
Canceled	(66,074)	77.68
<b>December 31, 2020</b>	<b>4,312,557</b>	<b>\$ 74.99</b>
Granted	353,753	108.21
Vested	(850,355)	81.29
Canceled	(20,743)	90.27
<b>December 31, 2021</b>	<b>3,795,212</b>	<b>\$ 76.59</b>
Granted	1,330,471	131.69
Vested	(890,629)	82.95
Canceled	(15,228)	129.10
<b>December 31, 2022</b>	<b>4,219,826</b>	<b>\$ 92.43</b>

The fair value of restricted stock that vested during the years ended December 31, 2022, 2021 and 2020 was \$73.9 million, \$69.1 million and \$22.9 million, respectively.

The following table summarizes the changes in the Company's unvested restricted stock units:

	Unvested Restricted Stock Units	Weighted Average Grant Date Fair Value
<b>December 31, 2019</b>	<b>114,315</b>	<b>\$ 85.09</b>
Granted	56,066	86.01
Vested	(18,255)	84.10
Canceled	(6,078)	84.10
<b>December 31, 2020</b>	<b>146,048</b>	<b>\$ 85.60</b>
Granted	62,569	103.69
Vested	(50,224)	92.93
Canceled	—	—
<b>December 31, 2021</b>	<b>158,393</b>	<b>\$ 90.43</b>
Granted	69,693	148.90
Vested	(39,758)	75.78
Canceled	—	—
<b>December 31, 2022</b>	<b>188,328</b>	<b>\$ 115.16</b>

As of December 31, 2022, there was \$138.5 million of total unrecognized compensation cost related to restricted stock and restricted stock units expected to be recognized over a weighted average period of 3.4 years.



**Piper Sandler Companies**

**Notes to the Consolidated Financial Statements – Continued**

The following table summarizes the changes in the Company's outstanding stock options:

	Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in Years)	Aggregate Intrinsic Value
<b>December 31, 2019</b>	<b>81,667</b>	<b>\$ 99.00</b>	<b>8.1</b>	<b>\$ —</b>
Granted	—	—		
Exercised	—	—		
Canceled	—	—		
Expired	—	—		
<b>December 31, 2020</b>	<b>81,667</b>	<b>\$ 99.00</b>	<b>7.1</b>	<b>\$ 155,167</b>
Granted	—	—		
Exercised	—	—		
Canceled	—	—		
Expired	—	—		
<b>December 31, 2021</b>	<b>81,667</b>	<b>\$ 99.00</b>	<b>6.1</b>	<b>\$ 6,493,343</b>
Granted	—	—		
Exercised	—	—		
Canceled	—	—		
Expired	—	—		
<b>December 31, 2022</b>	<b>81,667</b>	<b>\$ 99.00</b>	<b>5.1</b>	<b>\$ 2,547,194</b>
<b>Options exercisable at December 31, 2021</b>	<b>27,222</b>	<b>\$ 99.00</b>	<b>6.1</b>	<b>\$ 2,164,421</b>
<b>Options exercisable at December 31, 2022</b>	<b>54,444</b>	<b>\$ 99.00</b>	<b>5.1</b>	<b>\$ 1,698,108</b>

As of December 31, 2022, the remaining unrecognized compensation cost related to stock options was immaterial. There were no exercisable options at December 31, 2020.

The Company has a policy of issuing shares out of treasury (to the extent available) to satisfy share option exercises and restricted stock vesting. The Company expects to withhold approximately 0.4 million shares from employee equity awards vesting in 2023, related to employee individual income tax withholding obligations on restricted stock vesting. For accounting purposes, withholding shares to cover employees' tax obligations is deemed to be a repurchase of shares by the Company.

**Deferred Compensation Plans**

The Company maintains various deferred compensation arrangements for employees.

***Mutual Fund Restricted Share Investment Plan***

The Mutual Fund Restricted Share Investment Plan is a fully funded deferred compensation plan which allowed eligible employees to receive a portion of their incentive compensation in restricted mutual fund shares ("MFRS Awards") of investment funds. MFRS Awards are awarded to qualifying employees in February of each year, and represent a portion of their compensation for performance in the preceding year similar to the Company's Annual Grants. MFRS Awards vest ratably over three years in equal installments and provide for continued vesting after termination of employment so long as the employee does not violate certain post-termination restrictions set forth in the award agreement or any agreement entered into upon termination. Forfeitures are recorded as a reduction of compensation and benefits expense within the consolidated statements of operations. MFRS Awards are owned by employee recipients (subject to aforementioned vesting restrictions) and as such are not included on the consolidated statements of financial condition.

The Company recorded compensation expense of \$104.7 million, \$127.3 million and \$77.2 million for the years ended December 31, 2022, 2021 and 2020, respectively, related to employee MFRS Awards, less forfeitures. Forfeitures were \$3.1 million, \$3.5 million and \$5.8 million for the years ended December 31, 2022, 2021 and 2020, respectively.

**Piper Sandler Companies****Notes to the Consolidated Financial Statements – Continued*****Nonqualified Deferred Compensation Plan***

The nonqualified deferred compensation plan is an unfunded plan which allows certain highly compensated employees, at their election, to defer a portion of their compensation. This plan was closed to future deferral elections by participants for performance periods beginning after December 31, 2017. The amounts deferred under this plan are held in a grantor trust. The Company invests, as a principal, in investments to economically hedge its obligation under the nonqualified deferred compensation plan. The investments in the grantor trust consist of mutual funds which are categorized as Level I in the fair value hierarchy. These investments totaled \$15.9 million and \$18.8 million as of December 31, 2022 and 2021, respectively, and are included in investments on the consolidated statements of financial condition. A corresponding deferred compensation liability is included in accrued compensation on the consolidated statements of financial condition. The compensation deferred by the employees was expensed in the period earned. Changes in the fair value of the investments made by the Company are reported in investment income and changes in the corresponding deferred compensation liability are reflected as compensation and benefits expense on the consolidated statements of operations.

***Acquisition-Related Compensation Arrangements – Weeden & Co.***

In addition to the 2019 Inducement Plan established in conjunction with the acquisition of Weeden & Co., the Company entered into acquisition-related compensation arrangements with certain Weeden & Co. equity owners, a portion of whom are now employees of the Company. Additional cash of up to \$31.5 million was available to be earned if a net revenue target was achieved during the period from January 1, 2020 to June 30, 2021 (the "Weeden Earnout"). The Company paid \$31.5 million related to the Weeden Earnout in the third quarter of 2021. Amounts payable to employees were recorded as compensation expense on the consolidated statements of operations over the requisite service period. Amounts payable to non-employee equity holders were recorded as a liability as of the acquisition date and adjusted through the statement of operations for any changes after the acquisition date. The Company recorded \$6.5 million and \$24.1 million in non-interest expenses related to the Weeden Earnout for the years ended December 31, 2021 and 2020, respectively.

The Company also granted \$10.1 million in restricted cash for retention purposes. Compensation expense is amortized on a straight-line basis over the requisite service period. The restricted cash award is subject to graded vesting, beginning on the third anniversary of the grant date through August 2, 2023.

**Piper Sandler Companies**

**Notes to the Consolidated Financial Statements – Continued**

**Note 20 Earnings Per Share**

Basic earnings per common share is computed by dividing net income applicable to Piper Sandler Companies by the weighted average number of common shares outstanding for the period. Diluted earnings per common share is calculated by adjusting the weighted average outstanding shares to assume conversion of all potentially dilutive stock options, restricted stock units and restricted shares.

The computation of EPS is as follows:

	<b>Year Ended December 31,</b>		
	<b>2022</b>	<b>2021</b>	<b>2020</b>
<i>(Amounts in thousands, except per share data)</i>			
Net income applicable to Piper Sandler Companies	\$ 110,674	\$ 278,514	\$ 40,504
Shares for basic and diluted calculations:			
Average shares used in basic computation	13,982	14,265	13,781
Stock options	16	14	—
Restricted stock units	196	187	135
Restricted shares	2,771	2,488	985
Average shares used in diluted computation	<u>16,965</u>	<u>16,955</u>	<u>14,901</u>
Earnings per common share:			
Basic	\$ 7.92	\$ 19.52	\$ 2.94
Diluted	\$ 6.52	\$ 16.43	\$ 2.72

The anti-dilutive effects from stock options and restricted shares were immaterial for the years ended December 31, 2022 and 2021. The average shares used in the diluted computation excluded 1.7 million anti-dilutive stock options and restricted shares for the year ended December 31, 2020.

**Piper Sandler Companies**

**Notes to the Consolidated Financial Statements – Continued**

**Note 21 Revenues and Business Information**

The Company's activities as an investment bank and institutional securities firm constitute a single business segment. The substantial majority of the Company's net revenues and long-lived assets are located in the U.S.

Reportable financial results are as follows:

<i>(Amounts in thousands)</i>	<b>Year Ended December 31,</b>		
	<b>2022</b>	<b>2021</b>	<b>2020</b>
<b>Capital Markets</b>			
Investment banking			
Advisory services	\$ 776,428	\$ 1,026,138	\$ 443,327
Corporate financing	125,342	362,797	295,333
Municipal financing	107,739	164,284	119,816
Total investment banking	<b>1,009,509</b>	1,553,219	858,476
Institutional brokerage			
Equity brokerage	210,314	154,067	161,445
Fixed income services	194,953	233,510	196,308
Total institutional brokerage	<b>405,267</b>	387,577	357,753
Interest income	20,365	6,967	13,164
Investment income/(loss)	(23)	94,032	23,265
Total revenues	<b>1,435,118</b>	2,041,795	1,252,658
Interest expense	9,480	10,734	14,445
Net revenues	<b>1,425,638</b>	2,031,061	1,238,213
Non-interest expenses	1,291,269	1,589,549	1,169,665
Pre-tax income	<b>\$ 134,369</b>	<b>\$ 441,512</b>	<b>\$ 68,548</b>
Pre-tax margin	<b>9.4 %</b>	21.7 %	5.5 %

**Note 22 Net Capital Requirements and Other Regulatory Matters**

Piper Sandler & Co. is registered as a securities broker dealer with the SEC and is a member of various SROs and securities exchanges. The Financial Industry Regulatory Authority, Inc. ("FINRA") serves as Piper Sandler & Co.'s primary SRO. Piper Sandler & Co. is subject to the uniform net capital rule of the SEC and the net capital rule of FINRA. Piper Sandler & Co. has elected to use the alternative method permitted by the SEC rule which requires that it maintain minimum net capital of \$1.0 million. Advances to affiliates, repayment of subordinated debt, dividend payments and other equity withdrawals by Piper Sandler & Co. are subject to certain approvals, notifications and other provisions of SEC and FINRA rules.

At December 31, 2022, net capital calculated under the SEC rule was \$198.5 million, and exceeded the minimum net capital required under the SEC rule by \$197.5 million.

The Company's committed short-term credit facility, revolving credit facility and its Class B Notes with PIMCO include covenants requiring Piper Sandler & Co. to maintain a minimum regulatory net capital of \$120 million. The Company's fully disclosed clearing agreement with Pershing includes a covenant requiring Piper Sandler & Co. to maintain excess net capital of \$120 million.

**Piper Sandler Companies**

**Notes to the Consolidated Financial Statements – Continued**

Piper Sandler Ltd., a broker dealer subsidiary registered in the United Kingdom, is subject to the capital requirements of the Prudential Regulation Authority and the Financial Conduct Authority. As of December 31, 2022, Piper Sandler Ltd. was in compliance with the capital requirements of the Prudential Regulation Authority and the Financial Conduct Authority.

Piper Sandler Hong Kong Limited is licensed by the Hong Kong Securities and Futures Commission, which is subject to the liquid capital requirements of the Securities and Futures (Financial Resources) Rule promulgated under the Securities and Futures Ordinance. At December 31, 2022, Piper Sandler Hong Kong Limited was in compliance with the liquid capital requirements of the Hong Kong Securities and Futures Commission.

**Note 23** *Income Taxes*

Income tax expense is provided using the asset and liability method. Deferred tax assets and liabilities are recognized for the expected future tax consequences attributable to temporary differences between amounts reported for income tax purposes and financial statement purposes, using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

The Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), which was enacted by the U.S. federal government on March 27, 2020 in response to the COVID-19 pandemic, contains tax provisions allowing a five-year carry back of any net operating losses incurred during federal tax years 2018, 2019 and 2020, to periods when the corporate federal tax rate was 35 percent. ASC 740 requires companies to recognize the effect of tax law changes in the period of enactment. For the year ended December 31, 2020, the Company recorded \$2.4 million of income tax benefits related to the tax provisions in the CARES Act.

The components of income tax expense are as follows:

<i>(Amounts in thousands)</i>	<b>Year Ended December 31,</b>		
	<b>2022</b>	<b>2021</b>	<b>2020</b>
<b>Current:</b>			
Federal	\$ 44,769	\$ 124,389	\$ 43,445
State	19,237	36,793	14,551
Foreign	2,390	3,818	150
	<b>66,396</b>	<b>165,000</b>	<b>58,146</b>
<b>Deferred:</b>			
Federal	(20,500)	(41,980)	(27,995)
State	(9,207)	(10,874)	(10,510)
Foreign	(3,500)	(1,002)	(449)
	<b>(33,207)</b>	<b>(53,856)</b>	<b>(38,954)</b>
<b>Total income tax expense</b>	<b>\$ 33,189</b>	<b>\$ 111,144</b>	<b>\$ 19,192</b>

**Piper Sandler Companies**

**Notes to the Consolidated Financial Statements – Continued**

A reconciliation of federal income taxes at statutory rates to the Company's effective tax rates is as follows:

<i>(Amounts in thousands)</i>	<b>Year Ended December 31,</b>		
	<b>2022</b>	<b>2021</b>	<b>2020</b>
Federal income tax expense at statutory rates	\$ 28,218	\$ 92,718	\$ 14,395
Increase/(reduction) in taxes resulting from:			
Impact of the CARES Act	—	—	(2,438)
State income taxes, net of federal tax benefit	7,501	19,020	4,396
Net tax-exempt interest income	(1,449)	(754)	(1,661)
Foreign jurisdictions tax rate differential	1,152	978	48
Non-deductible compensation	4,602	9,013	6,163
Change in valuation allowance	(4,935)	49	446
Vestings of stock awards	(5,646)	(2,732)	(337)
Income/(loss) attributable to noncontrolling interests	1,994	(10,889)	(1,859)
Other, net	1,752	3,741	39
Total income tax expense	<u>\$ 33,189</u>	<u>\$ 111,144</u>	<u>\$ 19,192</u>

In accordance with ASC 740, U.S. income taxes are not provided on undistributed earnings of international subsidiaries that are permanently reinvested. As of December 31, 2022, no deferred taxes have been provided for withholding taxes or other taxes that would result upon repatriation of the Company's foreign earnings to the U.S.

Deferred income tax assets and liabilities reflect the tax effect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for the same items for income tax reporting purposes. The net deferred income tax assets consisted of the following items:

<i>(Amounts in thousands)</i>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
<b>Deferred tax assets:</b>		
Deferred compensation	\$ 141,160	\$ 118,470
Accrued lease liability	25,428	22,086
Goodwill tax basis in excess of book basis	47,463	40,183
Net operating loss carryforwards	3,659	5,094
Liabilities/accruals not currently deductible	2,667	3,019
Other	6,781	4,241
Total deferred tax assets	<u>227,158</u>	<u>193,093</u>
Valuation allowance	<u>(159)</u>	<u>(5,094)</u>
Deferred tax assets after valuation allowance	<u>226,999</u>	<u>187,999</u>
<b>Deferred tax liabilities:</b>		
Right-of-use lease asset	20,010	17,430
Unrealized gains on firm investments	5,532	3,533
Fixed assets	9,891	8,372
Other	564	464
Total deferred tax liabilities	<u>35,997</u>	<u>29,799</u>
Net deferred tax assets	<u>\$ 191,002</u>	<u>\$ 158,200</u>

**Piper Sandler Companies**

**Notes to the Consolidated Financial Statements – Continued**

The realization of deferred tax assets is assessed and a valuation allowance is recorded to the extent that it is more likely than not that any portion of the deferred tax asset will not be realized. The Company believes that its future tax profits will be sufficient to recognize its deferred tax assets, with the exception of \$0.2 million in state net operating loss carryforwards. For the year ended December 31, 2022, the Company recorded a reversal of the deferred tax asset valuation allowance related to Piper Sandler Ltd.

The Company accounts for unrecognized tax benefits in accordance with the provisions of ASC 740, which requires tax reserves to be recorded for uncertain tax positions on the consolidated statements of financial condition. A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

*(Amounts in thousands)*

<b>Balance at December 31, 2019</b>	<b>\$ 4,259</b>
Additions based on tax positions related to the current year	—
Additions for tax positions of prior years	—
Reductions for tax positions of prior years	(3,212)
Settlements	(943)
<b>Balance at December 31, 2020</b>	<b>\$ 104</b>
Additions based on tax positions related to the current year	—
Additions for tax positions of prior years	1,743
Reductions for tax positions of prior years	(38)
Settlements	(66)
<b>Balance at December 31, 2021</b>	<b>\$ 1,743</b>
Additions based on tax positions related to the current year	—
Additions for tax positions of prior years	408
Reductions for tax positions of prior years	—
Settlements	—
<b>Balance at December 31, 2022</b>	<b>\$ 2,151</b>

As of December 31, 2022, approximately \$2.2 million of the Company's unrecognized tax benefits would impact the annual effective rate, if recognized.

The Company recorded a liability of \$2.2 million and \$1.7 million for uncertain state income tax positions in 2022 and 2021, respectively. In 2020, the Company recorded a \$3.2 million reversal related to a liability for uncertain income tax positions associated with the acquisition of Weeden & Co. that was recorded in 2019. These amounts were recorded as measurement period adjustments and included a corresponding indemnification asset. The Company paid a settlement of \$0.9 million in 2020, for which the Company was indemnified.

The Company recognizes interest and penalties accrued related to unrecognized tax benefits as a component of income tax expense. The Company had \$0.4 million and \$0.3 million accrued related to the payment of interest and penalties at December 31, 2022 and 2021, respectively. The Company had no accruals related to the payment of interest and penalties at December 31, 2020. The Company or one of its subsidiaries files income tax returns with the various states and foreign jurisdictions in which the Company operates. The Company is not subject to examination by U.S. federal tax authorities for years before 2019 and is not subject to examination by state and local or non-U.S. tax authorities for taxable years before 2018. The Company anticipates the majority of its uncertain income tax positions will be resolved within the next twelve months.



## Piper Sandler Companies

## Notes to the Consolidated Financial Statements – Continued

## Note 24 Parent Company only and PSLs

## Parent Company only

## Condensed Statements of Financial Condition

<i>(Amounts in thousands)</i>	December 31, 2022	December 31, 2021
<b>Assets</b>		
Cash and cash equivalents	\$ 200	\$ 200
Investment in and advances to subsidiaries	1,221,123	1,270,666
Other assets	10,435	15,545
Total assets	<u>\$ 1,231,758</u>	<u>\$ 1,286,411</u>
<b>Liabilities and Shareholders' Equity</b>		
Long-term financing	\$ 125,000	\$ 125,000
Accrued compensation	48,414	94,795
Other liabilities and accrued expenses	4,271	4,406
Total liabilities	<u>177,685</u>	<u>224,201</u>
Shareholders' equity	<u>1,054,073</u>	<u>1,062,210</u>
Total liabilities and shareholders' equity	<u>\$ 1,231,758</u>	<u>\$ 1,286,411</u>

**Piper Sandler Companies**
**Notes to the Consolidated Financial Statements – Continued**
**Condensed Statements of Operations**

<i>(Amounts in thousands)</i>	<b>Year Ended December 31,</b>		
	<b>2022</b>	<b>2021</b>	<b>2020</b>
<b>Revenues:</b>			
Dividends from subsidiaries	\$ 172,383	\$ 74,456	\$ 42,450
Interest income	1,235	508	829
Investment income/(loss)	<b>(3,461)</b>	2,723	1,565
Total revenues	<b>170,157</b>	77,687	44,844
Interest expense	<b>6,759</b>	8,606	10,568
Net revenues	<b>163,398</b>	69,081	34,276
<b>Non-interest expenses:</b>			
Total non-interest expenses	<b>4,497</b>	7,522	2,049
<b>Income before income tax expense and equity in income of subsidiaries</b>	<b>158,901</b>	61,559	32,227
Income tax expense	<b>41,050</b>	15,636	8,186
<b>Income of parent company</b>	<b>117,851</b>	45,923	24,041
Equity in undistributed/(distributed in excess of) income of subsidiaries	<b>(7,177)</b>	232,591	16,463
<b>Net income applicable to Piper Sandler Companies</b>	<b>\$ 110,674</b>	\$ 278,514	\$ 40,504

Piper Sandler Companies

Notes to the Consolidated Financial Statements – Continued

*Condensed Statements of Cash Flows*

<i>(Amounts in thousands)</i>	Year Ended December 31,		
	2022	2021	2020
<b>Operating Activities:</b>			
Net income	\$ 110,674	\$ 278,514	\$ 40,504
Adjustments to reconcile net income to net cash provided by operating activities:			
Stock-based compensation	941	1,019	525
Equity distributed in excess of/(in undistributed) income of subsidiaries	7,177	(232,591)	(16,463)
Net cash provided by operating activities	<u>118,792</u>	<u>46,942</u>	<u>24,566</u>
<b>Financing Activities:</b>			
Repayment of long-term financing	—	(70,000)	—
Advances from subsidiaries	176,070	192,309	25,571
Repurchase of common stock	(187,334)	(69,901)	(21,965)
Payment of cash dividend	(107,528)	(99,350)	(28,172)
Net cash used in financing activities	<u>(118,792)</u>	<u>(46,942)</u>	<u>(24,566)</u>
Net change in cash and cash equivalents	—	—	—
Cash and cash equivalents at beginning of year	200	200	200
Cash and cash equivalents at end of year	<u>\$ 200</u>	<u>\$ 200</u>	<u>\$ 200</u>

PSLS

*Condensed Statements of Financial Condition*

<i>(Amounts in thousands)</i>	December 31, 2022	December 31, 2021
<b>Assets</b>		
Cash and cash equivalents	\$ 4,362	\$ 5,075
Right-of-use lease asset	514	1,062
Fee receivables	1,392	1,656
Prepaid expenses	115	110
Other assets	807	644
Total assets	<u>\$ 7,190</u>	<u>\$ 8,547</u>
<b>Liabilities and Shareholder's Equity</b>		
Accrued compensation	\$ 2,998	\$ 3,446
Accrued lease liability	514	1,062
Other liabilities and accrued expenses	373	1,122
Total liabilities	<u>3,885</u>	<u>5,630</u>
Shareholder's equity	<u>3,305</u>	<u>2,917</u>
Total liabilities and shareholder's equity	<u>\$ 7,190</u>	<u>\$ 8,547</u>

**Piper Sandler Companies**

**Supplementary Data**

*Quarterly Information (unaudited)*

	<b>2022 Fiscal Quarter</b>			
	<b>First</b>	<b>Second</b>	<b>Third</b>	<b>Fourth</b>
<i>(Amounts in thousands, except per share data)</i>				
Total revenues	\$ 352,846	\$ 354,546	\$ 334,402	\$ 393,324
Interest expense	2,201	2,355	2,649	2,275
Net revenues	350,645	352,191	331,753	391,049
Total non-interest expenses	315,008	315,031	312,851	348,379
Income before income tax expense	35,637	37,160	18,902	42,670
Income tax expense	10,979	9,385	8,169	4,656
Net income	24,658	27,775	10,733	38,014
Net income/(loss) applicable to noncontrolling interests	(11,993)	6,385	(3,799)	(87)
Net income applicable to Piper Sandler Companies	\$ 36,651	\$ 21,390	\$ 14,532	\$ 38,101
<b>Earnings per common share</b>				
Basic	\$ 2.53	\$ 1.53	\$ 1.05	\$ 2.79
Diluted	\$ 2.12	\$ 1.26	\$ 0.87	\$ 2.25
<b>Dividends declared per common share</b>	\$ 5.10	\$ 0.60	\$ 0.60	\$ 0.60
<b>Weighted average number of common shares outstanding</b>				
Basic	14,481	14,018	13,775	13,663
Diluted	17,294	16,920	16,733	16,925

	<b>2021 Fiscal Quarter</b>			
	<b>First</b>	<b>Second</b>	<b>Third</b>	<b>Fourth</b>
<i>(Amounts in thousands, except per share data)</i>				
Total revenues	\$ 431,387	\$ 511,344	\$ 448,233	\$ 650,831
Interest expense	2,780	2,696	2,668	2,590
Net revenues	428,607	508,648	445,565	648,241
Total non-interest expenses	345,740	394,588	369,855	479,366
Income before income tax expense	82,867	114,060	75,710	168,875
Income tax expense	17,274	27,066	23,512	43,292
Net income	65,593	86,994	52,198	125,583
Net income applicable to noncontrolling interests	16,134	17,173	6,477	12,070
Net income applicable to Piper Sandler Companies	\$ 49,459	\$ 69,821	\$ 45,721	\$ 113,513
<b>Earnings per common share</b>				
Basic	\$ 3.44	\$ 4.86	\$ 3.22	\$ 8.04
Diluted	\$ 3.00	\$ 4.12	\$ 2.68	\$ 6.54
<b>Dividends declared per common share</b>	\$ 2.25	\$ 0.45	\$ 0.55	\$ 3.55
<b>Weighted average number of common shares outstanding</b>				
Basic	14,374	14,358	14,213	14,119
Diluted	16,467	16,951	17,047	17,357

**ITEM 9. *CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.***

None.

**ITEM 9A. *CONTROLS AND PROCEDURES.***

As of the end of the period covered by this report, we conducted an evaluation, under the supervision and with the participation of our principal executive officer and our principal financial officer, of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based on this evaluation, our principal executive officer and our principal financial officer concluded that our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is (a) recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and (b) accumulated and communicated to our management, including our principal executive officer and our principal financial officer, to allow timely decisions regarding disclosure.

During the fourth quarter of our fiscal year ended December 31, 2022, there was no change in our system of internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Management's Report on Internal Control Over Financial Reporting and the attestation report of our independent registered public accounting firm on management's assessment of internal control over financial reporting are included in Part II, Item 8 of this Form 10-K entitled "Financial Statements and Supplementary Data" and are incorporated herein by reference.

**ITEM 9B. *OTHER INFORMATION.***

None.

**ITEM 9C. *DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS.***

Not applicable.

**PART III**

**ITEM 10. *DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.***

The information regarding our executive officers included in Part I, Item 1 of this Form 10-K under the caption "Information About our Executive Officers" is incorporated herein by reference. The information in the definitive proxy statement for our 2023 annual meeting of shareholders to be held on May 17, 2023, under the captions "Proposal One — Election of Directors," "Information Regarding the Board of Directors and Corporate Governance — Committees of the Board — Audit Committee," "Information Regarding the Board of Directors and Corporate Governance — Codes of Ethics and Business Conduct" and "Delinquent Section 16(a) Reports" is incorporated herein by reference.

**ITEM 11. *EXECUTIVE COMPENSATION.***

The information in the definitive proxy statement for our 2023 annual meeting of shareholders to be held on May 17, 2023, under the captions "Executive Compensation," "Certain Relationships and Related Transactions — Compensation Committee Interlocks and Insider Participation," "Information Regarding the Board of Directors and Corporate Governance — Compensation Program for Non-Employee Directors" and "Information Regarding the Board of Directors and Corporate Governance — Non-Employee Director Compensation for 2022" is incorporated herein by reference.

**ITEM 12. *SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.***

The information in the definitive proxy statement for our 2023 annual meeting of shareholders to be held on May 17, 2023, under the captions "Security Ownership — Beneficial Ownership of Directors, Nominees and Executive Officers," "Security Ownership — Beneficial Owners of More than Five Percent of Our Common Stock" and "Executive Compensation — Outstanding Equity Awards at Fiscal Year-End" is incorporated herein by reference.

**ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.**

The information in the definitive proxy statement for our 2023 annual meeting of shareholders to be held on May 17, 2023, under the captions "Information Regarding the Board of Directors and Corporate Governance — Director Independence," "Certain Relationships and Related Transactions — Transactions with Related Persons" and "Certain Relationships and Related Transactions — Review and Approval of Transactions with Related Persons" is incorporated herein by reference.

**ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES.**

The information in the definitive proxy statement for our 2023 annual meeting of shareholders to be held on May 17, 2023, under the captions "Audit Committee Report and Payment of Fees to Our Independent Auditor — Auditor Fees" and "Audit Committee Report and Payment of Fees to Our Independent Auditor — Auditor Services Pre-Approval Policy" is incorporated herein by reference.

**PART IV**

**ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.**

(a)(1) FINANCIAL STATEMENTS OF THE COMPANY.

The Consolidated Financial Statements are incorporated herein by reference and included in Part II, Item 8 of this Form 10-K.

(a)(2) FINANCIAL STATEMENT SCHEDULES.

All financial statement schedules for the Company have been included in the Consolidated Financial Statements or the related footnotes, or are either inapplicable or not required.

(a)(3) EXHIBITS.

**Exhibit Index**

<b>Exhibit Number</b>	<b>Description</b>
2.1	<a href="#">Separation and Distribution Agreement dated as of December 23, 2003, between U.S. Bancorp and Piper Sandler Companies (incorporated by reference to Exhibit 2.1 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2003, filed March 8, 2004). #</a>
2.2	<a href="#">Agreement and Plans of Merger, dated July 9, 2019, by and among Piper Sandler Companies, SOP Holdings, LLC, Sandler O'Neill &amp; Partners Corp., Sandler O'Neill &amp; Partners, L.P. and the other parties thereto (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K, filed July 10, 2019). #</a>
3.1	<a href="#">Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the period ended June 30, 2007, filed August 3, 2007).</a>
3.2	<a href="#">Certificate of Amendment to the Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed January 6, 2020).</a>
3.3	<a href="#">Amended and Restated Bylaws (as of February 9, 2023) (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed February 10, 2023).</a>
4.1	<a href="#">Form of Specimen Certificate for Piper Sandler Companies Common Stock (incorporated by reference to Exhibit 4.1 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2017, filed February 26, 2018).</a>
4.2	<a href="#">Description of Securities (incorporated by reference to Exhibit 4.7 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2019, filed February 28, 2020).</a>
10.1	<a href="#">Form of director indemnification agreement between Piper Sandler Companies and its directors (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed March 17, 2014). †</a>
10.2	<a href="#">Office Lease Agreement, dated May 30, 2012, by and among Piper Sandler &amp; Co. and Wells REIT – 800 Nicollett Avenue Owner, LLC (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed June 1, 2012).</a>
10.3	<a href="#">Piper Sandler Companies Amended and Restated 2003 Annual and Long-Term Incentive Plan (as amended and restated May 15, 2020) (incorporated by reference to Exhibit 4.5 to the Company's Registration Statement on Form S-8, filed May 22, 2020). †</a>

## Exhibit Index

Exhibit Number	Description
10.4	<a href="#">Form of Performance Share Unit Agreement for 2019 Leadership Team Grants under the Piper Sandler Companies Amended and Restated 2003 Annual and Long-Term Incentive Plan (incorporated by reference to Exhibit 10.14 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2018, filed February 26, 2019). †</a>
10.5	<a href="#">Form of Performance Share Unit Agreement for 2020 Leadership Team Grants under the Piper Sandler Companies Amended and Restated 2003 Annual and Long-Term Incentive Plan (incorporated by reference to Exhibit 10.9 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2019, filed February 28, 2020). †</a>
10.6	<a href="#">Form of Performance Share Unit Agreement for 2021 Leadership Team Grants under the Piper Sandler Companies Amended and Restated 2003 Annual and Long-Term Incentive Plan (incorporated by reference to Exhibit 10.9 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2020, filed February 25, 2021). †</a>
10.7	<a href="#">Form of Performance Share Unit Agreement for 2022 Leadership Team Grants under the Piper Sandler Companies Amended and Restated 2003 Annual and Long-Term Incentive Plan (incorporated by reference to Exhibit 10.9 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2021, filed February 25, 2022). †</a>
10.8	<a href="#">Form of Performance Share Unit Agreement for 2023 Leadership Team Grants under the Piper Sandler Companies Amended and Restated 2003 Annual and Long-Term Incentive Plan. †*</a>
10.9	<a href="#">Piper Sandler Companies Deferred Compensation Plan for Non-Employee Directors, as amended and restated effective May 4, 2016 (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the period ended June 30, 2016, filed August 5, 2016). †</a>
10.10	<a href="#">Summary of Non-Employee Director Compensation Program. †*</a>
10.11	<a href="#">Form of Notice Period Agreement (incorporated by reference to Exhibit 10.16 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2006, filed March 1, 2007). †</a>
10.12	<a href="#">Amended and Restated Credit Agreement, dated December 20, 2022, by and between Piper Sandler Companies and U.S. Bank National Association. *</a>
10.13	<a href="#">Amended and Restated Loan Agreement, dated December 28, 2012, between Piper Sandler &amp; Co. and U.S. Bank National Association (as conformed through the Tenth Amendment to Amended and Restated Loan Agreement, dated December 9, 2022). *</a>
10.14	<a href="#">Piper Sandler Companies Amended and Restated Mutual Fund Restricted Share Investment Plan, effective as of November 16, 2022. †*</a>
10.15	<a href="#">Form of Non-Qualified Stock Option Agreement for 2018 Promotional Grants under the Piper Sandler Companies Amended and Restated 2003 Annual and Long-Term Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed February 9, 2018). †</a>
10.16	<a href="#">Form of Non-Qualified Stock Option Agreement for 2023 Special Grant under the Piper Sandler Companies Amended and Restated 2003 Annual and Long-Term Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed February 10, 2023). †</a>
10.17	<a href="#">Form of Restricted Stock and Mutual Fund Restricted Share Agreement for Employee Grants in 2019 (related to performance in 2018) under the Piper Sandler Companies Amended and Restated 2003 Annual and Long-Term Incentive Plan and Mutual Fund Restricted Share Investment Plan (incorporated by reference to Exhibit 10.39 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2018, filed February 26, 2019). †</a>
10.18	<a href="#">Form of Restricted Stock and Mutual Fund Restricted Share Agreement for Employee Grants in 2020 (related to performance in 2019) under the Piper Sandler Companies Amended and Restated 2003 Annual and Long-Term Incentive Plan and Mutual Fund Restricted Share Investment Plan (incorporated by reference to Exhibit 10.34 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2019, filed February 28, 2020). †</a>
10.19	<a href="#">Form of Restricted Stock and Mutual Fund Restricted Share Agreement for Employee Grants in 2021 (related to performance in 2020) under the Piper Sandler Companies Amended and Restated 2003 Annual and Long-Term Incentive Plan and Mutual Fund Restricted Share Investment Plan (incorporated by reference to Exhibit 10.31 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2020, filed February 25, 2021). †</a>
10.20	<a href="#">Form of Restricted Stock and Mutual Fund Restricted Share Agreement for Employee Grants in 2022 (related to performance in 2021) under the Piper Sandler Companies Amended and Restated 2003 Annual and Long-Term Incentive Plan and Mutual Fund Restricted Share Investment Plan (incorporated by reference to Exhibit 10.31 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2021, filed February 25, 2022). †</a>



**Exhibit Index**

<b>Exhibit Number</b>	<b>Description</b>
10.21	<a href="#">Form of Restricted Stock and Mutual Fund Restricted Share Agreement for Employee Grants in 2023 (related to performance in 2022) under the Piper Sandler Companies Amended and Restated 2003 Annual and Long-Term Incentive Plan and Mutual Fund Restricted Share Investment Plan.</a> †*
10.22	<a href="#">Piper Sandler Companies 2019 Employment Inducement Award Plan (incorporated by reference to Exhibit 4.4 to the Company's Registration Statement on Form S-8, filed March 13, 2019).</a> †
10.23	<a href="#">Form of Restricted Stock Agreement for Grants under the Piper Sandler Companies 2019 Employment Inducement Award Plan (incorporated by reference to Exhibit 4.5 to the Company's Registration Statement on Form S-8, filed March 13, 2019).</a> †
10.24	<a href="#">Letter Agreement, dated July 8, 2019, by and between Piper Sandler Companies and Jonathan J. Doyle (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed January 6, 2020).</a> †
10.25	<a href="#">Amendment Letter, dated March 10, 2021, by and between Piper Sandler Companies and Jonathan J. Doyle (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2021, filed May 6, 2021).</a> †
10.26	<a href="#">Equity Consideration Restricted Stock Agreement, dated July 9, 2019, by and between Piper Sandler Companies and Jonathan J. Doyle (incorporated by reference to Exhibit 10.39 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2019, filed February 28, 2020).</a> †
10.27	<a href="#">Piper Sandler Companies 2020 Employment Inducement Award Plan (incorporated by reference to Exhibit 4.4 to the Company's Registration Statement on Form S-8, filed November 29, 2019).</a> †
10.28	<a href="#">Form of Restricted Stock Agreement for Grants under the Piper Sandler Companies 2020 Employment Inducement Award Plan (18-Month Cliff Vesting) (incorporated by reference to Exhibit 4.5 to the Company's Registration Statement on Form S-8, filed November 29, 2019).</a> †
10.29	<a href="#">Form of Restricted Stock Agreement for Grants under the Piper Sandler Companies 2020 Employment Inducement Award Plan (3-Year Cliff Vesting) (incorporated by reference to Exhibit 4.6 to the Company's Registration Statement on Form S-8, filed November 29, 2019).</a> †
10.30	<a href="#">Form of Restricted Stock Agreement for Grants under the Piper Sandler Companies 2020 Employment Inducement Award Plan (Years 3, 4 and 5 Pro-rata Vesting) (incorporated by reference to Exhibit 4.7 to the Company's Registration Statement on Form S-8, filed November 29, 2019).</a> †
10.31	<a href="#">Piper Sandler Companies 2022 Employment Inducement Award Plan (incorporated by reference to Exhibit 4.5 to the Company's Registration Statement on Form S-8, filed September 23, 2022).</a> †
21.1	<a href="#">Subsidiaries of Piper Sandler Companies</a> *
23.1	<a href="#">Consent of Ernst &amp; Young LLP</a> *
24.1	<a href="#">Power of Attorney</a> *
31.1	<a href="#">Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer.</a> *
31.2	<a href="#">Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer.</a> *
32.1	<a href="#">Section 1350 Certifications.</a> **
101	The following financial information from our Annual Report on Form 10-K for the year ended December 31, 2022, formatted in iXBRL (inline eXtensible Business Reporting Language): (i) the Consolidated Statements of Financial Condition, (ii) the Consolidated Statements of Operations, (iii) the Consolidated Statements of Comprehensive Income, (iv) the Consolidated Statements of Changes in Shareholders' Equity, (v) the Consolidated Statements of Cash Flows and (vi) the Notes to the Consolidated Financial Statements. *
104	The cover page from our Annual Report on Form 10-K for the year ended December 31, 2022, formatted in iXBRL and included in Exhibit 101. *

# The Company hereby agrees to furnish supplementally to the Commission upon request any omitted exhibit or schedule.

† This exhibit is a management contract or compensatory plan or agreement.

\* Filed herewith.

\*\* This information is furnished and not filed for purposes of Section 11 and 12 of the Securities Act of 1933 and Section 18 of the Securities Exchange Act of 1934.

**ITEM 16. FORM 10-K SUMMARY.**

None.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on February 24, 2023.

### PIPER SANDLER COMPANIES

By /s/ Chad R. Abraham  
Name Chad R. Abraham  
Its Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on February 24, 2023.

<u>SIGNATURE</u>	<u>TITLE</u>
<u>/s/ Chad R. Abraham</u> Chad R. Abraham	Chairman and Chief Executive Officer (Principal Executive Officer)
<u>/s/ Timothy L. Carter</u> Timothy L. Carter	Chief Financial Officer (Principal Financial and Accounting Officer)
<u>/s/ Jonathan J. Doyle</u> Jonathan J. Doyle	Director
<u>/s/ William R. Fitzgerald</u> William R. Fitzgerald	Director
<u>/s/ Victoria M. Holt</u> Victoria M. Holt	Director
<u>/s/ Robbin Mitchell</u> Robbin Mitchell	Director
<u>/s/ Thomas S. Schreier Jr.</u> Thomas S. Schreier Jr.	Director
<u>/s/ Sherry M. Smith</u> Sherry M. Smith	Director
<u>/s/ Philip E. Soran</u> Philip E. Soran	Director
<u>/s/ Brian R. Sterling</u> Brian R. Sterling	Director
<u>/s/ Scott C. Taylor</u> Scott C. Taylor	Director

**PIPER SANDLER COMPANIES  
AMENDED AND RESTATED  
2003 ANNUAL AND LONG-TERM INCENTIVE PLAN**

**PERFORMANCE SHARE UNIT AGREEMENT**

Name of Employee: [ _____ ]	
Target No. of Performance Share Units Covered: [ _____ ]	Date of Issuance: [ _____ ]
Maximum No. of Performance Share Units Covered: [ _____ ]	

This is a Performance Share Unit Agreement (“Agreement”) between Piper Sandler Companies, a Delaware corporation (the “Company”), and the above-named employee of the Company (the “Employee”).

**Recitals**

WHEREAS, the Company maintains the Piper Sandler Companies Amended and Restated 2003 Annual and Long-Term Incentive Plan, as amended from time to time (the “Plan”);

WHEREAS, the Board of Directors of the Company has delegated to the Compensation Committee (the “Committee”) the authority to determine the awards to be granted under the Plan; and

WHEREAS, the Committee or its delegee has determined that the Employee is eligible to receive an award under the Plan in the form of performance share units and has set the terms thereof;

NOW, THEREFORE, the Company hereby grants this award to the Employee under the terms set by the Committee as follows.

## Terms and Conditions<sup>1</sup>

### **1. Grant of Performance Share Units.**

(a) Subject to the terms and conditions of this Agreement, the Company has granted to the Employee the number of Performance Share Units specified at the beginning of this Agreement (collectively the “Performance Share Units,” and each a “Performance Share Unit.”) Each Performance Share Unit represents the right to receive a Share and dividend equivalent amounts corresponding to the Share, subject to the terms and conditions of this Agreement and the Plan.

(b) The Performance Share Units granted to the Employee shall be credited to an account in the Employee’s name. This account shall be a record of book-keeping entries only and shall be utilized solely as a device for the measurement and determination of the number of Shares to be granted to or in respect of the Employee pursuant to this Agreement.

**2. Vesting.** Except as provided in Section 4, the Performance Share Units will vest at the time that the Committee certifies the number of Performance Share Units that are earned and such earned Performance Share Units are settled in accordance with Section 5.

**3. Earned Performance Share Units.** If the Employee remains continuously employed (including during the continuance of any leave of absence as approved by the Company or an Affiliate) by the Company or an Affiliate through the date of vesting as provided in Section 2, the Employee shall earn the number of Performance Share Units determined by taking the sum of the percentages earned in the tables shown in Section 3(a) and 3(b) below, and multiplying the sum percentage times the target number of Performance Share Units specified at the beginning of this Agreement.

(a) The number of the Performance Share Units that will be earned pursuant to this Section 3(a) will be determined by reference to the Company’s Total Shareholder Return relative to the Total Shareholder Return of the Peer Group as provided in the table below:

<b>Company Total Shareholder Return Relative to Peer Group</b>	<b>% of Performance Share Units Earned</b>
Below 25th percentile	0%
25th percentile (threshold)	12.5%
50th percentile (target)	50%
75th percentile	75%
85th percentile or above (maximum)	100%

Note: Interpolation between points in the table above will be on a straight-line basis (from threshold to target and from target to maximum).

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<sup>1</sup> Unless the context indicates otherwise, terms that are not defined in this Agreement shall have the meaning set forth in the Plan.

(b) The number of the Performance Share Units that will be earned pursuant to this Section 3(b) will be determined by reference to the Company’s Average Adjusted Return on Equity as provided in the table below:

<b>Company Average Adjusted Return on Equity</b>	<b>% of Performance Share Units Earned</b>
Below 10.0%	0%
10.0% (threshold)	25%
16.0% (target)	50%
22.0%	75%
25.0% or greater (maximum)	100%

Note: Interpolation between points in the table above will be on a straight-line basis (from threshold to target and from target to maximum).

(c) As used in this Agreement, the following terms have the meanings provided below:

(i) “Adjusted Earnings” is equal to the net income attributable to the Company as set forth in the Company’s published fiscal year-end financial disclosures, as adjusted to exclude (1) revenues and expenses related to non-controlling interests; (2) amortization of intangible assets related to acquisitions; (3) compensation and non-compensation expenses for acquisition-related agreements; (4) restructuring and acquisition integration costs; (5) losses related to the impairment of goodwill and other intangible assets; (6) adjustments resulting from a change in an existing, or application of a new, accounting principle that is not applied on a fully retroactive basis; and (7) other expenses, losses, income or gains that are separately disclosed and are unusual in nature or infrequent in occurrence (collectively, items #1 through #7 are the “Adjustment Items”). In each case, each Adjustment Item that is applied to determine the Adjusted Earnings shall be adjusted for any tax benefit associated with the Adjustment Item as reported in the net income attributable to the Company. The Committee may exercise discretion to not make adjustment for one or more Adjustment Items, or any amount of an Adjustment Item, when determining Adjusted Earnings, but only if the exercise of discretion reduces amounts payable under this award.

(ii) “Adjusted Return on Equity” is equal to the Company’s Adjusted Earnings divided by the Average Annual Shareholders’ Equity.

(iii) “Average Adjusted Return on Equity” is equal the average of the Adjusted Return on Equity for each of the three fiscal years in the Performance Period.

(iv) “Average Annual Shareholders’ Equity” is equal to the average of the total common shareholders’ equity (which is the total shareholders’ equity less amounts attributed to noncontrolling interests) as set forth in the Company’s published quarterly financial disclosures during the fiscal year, as adjusted to reflect appropriate adjustments to total common shareholders’ equity in the event that (i) an adjustment is made to Adjusted Earnings under the Adjustment Item provided in item #5 of Section 3(c)(i), or (ii) the Committee elects to include in total common shareholders’ equity additional equity related to acquisition-related accounting at an earlier time than the ordinary amortization schedule. The Committee may exercise discretion to not make an adjustment when determining Average Annual Shareholders’ Equity, but only if the exercise of discretion reduces amounts payable under this award.

(v) “Beginning Price” with respect to a company means the average closing price of a share of common stock of such company as reported by such company’s primary national securities market or exchange at the end of each trading day during the 60 calendar days immediately prior to the first day of the Performance Period.

(vi) “Dividends” with respect to a company means the per share amount of each cash or stock dividend paid by such company with respect to its common stock during the Performance Period. All such dividends will be deemed to be reinvested in such company’s common stock for purposes of calculating Total Shareholder Return hereunder.

(vii) “End Price” with respect to a company means the average closing price of a share of common stock of such company as reported by such company’s primary national securities market or exchange at the end of each trading day during the last 60 calendar days of the Performance Period.

(viii) “Peer Group” means companies identified on Appendix A attached hereto. If, after the date of this Agreement and prior to the end of the Performance Period (A) a member of the Peer Group is acquired by a company not included in the Peer Group, then the acquired company will be removed from the Peer Group effective as of the beginning of the Performance Period; (B) a member of the Peer Group is acquired by a company that is included in the Peer Group, then the acquired company will be removed from the Peer Group effective as of the beginning of the Performance Period and the acquiring company (or its successor, by merger or otherwise) will remain a member of the Peer Group subject to the other terms of this Section 3(c)(iv); and (C) any member of the Peer Group ceases continuing operations or ceases to be traded on a national securities market or exchange (other than in connection with an acquisition of such company), then such company will continue to be a member of the Peer Group and the End Price for such company will be deemed to be zero.

(ix) “Performance Period” means the 36-month period beginning on January 1, 2023 and ending on December 31, 2025.

(x) “Total Shareholder Return” with respect to a company means  $((\text{End Price} + \text{Dividends}) - \text{Beginning Price}) / \text{Beginning Price}$ .

(xi) The Beginning Price, End Price and amount of Dividends for the Company and each company that is part of the Peer Group shall be adjusted by the Committee to account for any change in capitalization such as a stock split or a corporate transaction (such as any merger, consolidation, separation, including a spin-off, or other distribution of stock or property of such company (including any extraordinary cash or stock dividend)) in the Committee’s sole discretion.

(d) Notwithstanding the foregoing, if the Employee’s employment with the Company or an Affiliate terminates because of the Employee’s death or long-term disability (as defined in the Company’s long-term disability plan, as the same may be amended hereafter, a “Disability”), then the number of Performance Share Units that will be earned will equal the number of Performance Share Units that would otherwise be earned pursuant to Sections 3(a) and 3(b) but for the Employee’s termination.

(e) Notwithstanding the foregoing, if the Employee’s employment by the Company or an Affiliate terminates as a result of a Severance Event (as defined in the Company’s Severance Plan, as the same may be amended hereafter, and as determined in the sole discretion of the Company), then the number of Performance Share Units that will be earned will equal (i)

the number of Performance Share Units that would otherwise be earned pursuant to Sections 3(a) and 3(b) but for the Employee's termination multiplied by (ii) a fraction, (x) the numerator of which is the number of days during the Performance Period up to and including the date of termination of the Employee's employment with the Company or an Affiliate and (y) the denominator of which is the total number of days in the Performance Period (the "Pro Rata Vesting Portion").

(f) Notwithstanding the foregoing, if the Employee's employment by the Company or an Affiliate terminates under circumstances qualifying as a "Retirement" (as defined below), then the Company shall offer the Employee an opportunity to sign a Post-Termination Agreement and execute a general release of all claims against the Company and its Affiliates on a form provided by the Company for this purpose and within the timeframe designated by the Company.

If the Employee signs a Post-Termination Agreement, and thereafter complies with the Employee's obligations under such Post-Termination Agreement, including the obligation to refrain from engaging in any Restricted Activities (as defined below) for the duration of the Performance Period, and the Employee signs and does not rescind the general release as described above, then the unvested Performance Share Units shall not be forfeited, but rather, the Employee shall continue to have the opportunity to earn the number of Performance Share Units that would otherwise be earned pursuant to Sections 3(a) and 3(b) but for the Employee's Retirement provided that the Employee continuously refrains from engaging in all Restricted Activities for the duration of the remaining Performance Period.

For purposes of this Agreement, the termination of an Employee's employment is deemed to qualify as a "Retirement" if the Employee's employment terminates for any reason other than Cause, and, at the time of such termination, the Employee satisfies the following two conditions: (1) the Employee has provided at least five years of service as an employee to the Company, and (2) the sum of the Employee's age at the time of termination and the Employee's total years of service to the Company is greater than seventy (70).

(g) Notwithstanding the foregoing, if the Employee's employment with the Company or an Affiliate is terminated by the Company or an Affiliate without Cause and such termination does not occur under circumstances qualifying as a Retirement, then the Company shall offer the Employee an opportunity to sign a Post-Termination Agreement and execute a general release of all claims against the Company and its Affiliates on a form provided by the Company for this purpose and within the timeframe designated by the Company.

If the Employee signs a Post-Termination Agreement, and thereafter complies with the Employee's obligations under such Post-Termination Agreement, including the obligation to refrain from engaging in any Restricted Activities (as defined below) for the duration of the Performance Period, and the Employee signs and does not rescind the general release as described above, then the unvested Performance Share Units shall not be forfeited, but rather, the Employee shall continue to have the opportunity to earn the Pro Rata Vesting Portion provided that the Employee continuously refrains from engaging in all Restricted Activities for the duration of the remaining Performance Period.

(h) Except as expressly provided herein, if the Employee's employment with the Company or an Affiliate terminates under any other circumstances (whether voluntary or involuntary), then the Performance Share Units shall cease vesting and shall be deemed forfeited upon the termination of the Employee's employment.



(i) The Performance Share Units that are earned pursuant to this Section 3 will be determined by the Committee's certification of attainment of the applicable Performance Goal hereunder as provided in Section 5.

**4. Change in Control.** If a Change in Control occurs during the Performance Period prior to any forfeiture of the unvested Performance Share Units in accordance with Section 6, then, notwithstanding the other terms of this Agreement or Section 7 of the Plan:

(a) If the Change in Control occurs within the first fiscal year of the Performance Period, the Employee shall be entitled to receive Shares of Restricted Stock (each a "Restricted Share" and collectively the "Restricted Shares"), under the Agreement based on, and assuming that, performance would have been achieved at the target level. Accordingly, the target number of Performance Share Units automatically will become an equal number of Restricted Shares (and no additional Performance Share Units shall be eligible to vest under this Agreement), and, on the closing date of the Change in Control, the Company will cause its transfer agent to make a book entry in the transfer agent's records in the name of the Employee (unless the Employee requests a certificate evidencing the Restricted Shares).

(b) If the Change in Control occurs within the second or third fiscal year of the Performance Period, the Employee shall be entitled to receive Restricted Shares based on performance achieved as if the Change in Control were the last day of the Performance Period. For purposes of determining Adjusted Return on Equity for the fiscal year in which the Change in Control occurs, net income and the average of the total common shareholders' equity as set forth in the Company's published quarterly financials for the fiscal quarter ending immediately prior to the date of the Change in Control shall be used. Accordingly, the number of Performance Share Units determined to have been earned under this paragraph shall automatically become an equal number of Restricted Shares (and no additional Performance Share Units shall be eligible to vest under this Agreement), and, on the closing date of the Change in Control, the Company will cause its transfer agent to make a book entry in the transfer agent's records in the name of the Employee (unless the Employee requests a certificate evidencing the Restricted Shares).

(c) The Employee shall have all of the rights of a shareholder with respect to the Restricted Shares. All restrictions provided for in this Section 4 will apply to each Restricted Share and to any other securities distributed with respect to that Restricted Share. Each Restricted Share will remain restricted and subject to forfeiture to the Company unless and until that Restricted Share has vested in the Employee in accordance this Section 4. Each book entry (or stock certificate if requested by the Employee) evidencing any Restricted Share may contain such notations or legends and stock transfer instructions or limitations as may be determined or authorized by the Company in its sole discretion. If a certificate evidencing any Restricted Share is requested by the Employee, the Company may, in its sole discretion, retain custody of any such certificate throughout the period during which any restrictions are in effect and require, as a condition to issuing any such certificate, that the Employee tender to the Company a stock power duly executed in blank relating to such custody. The Company will not be required (i) to transfer on its books any Restricted Shares that have been sold or otherwise transferred in violation of any of the provisions of this Agreement or (ii) to treat as owner of the Restricted Shares or to accord the right to vote or pay dividends to any purchaser or other transferee to whom the Restricted Shares shall have been so transferred.

(d) Provided the Employee remains continuously employed (including during the continuance of any leave of absence as approved by the Company or an Affiliate) by the Company or an Affiliate after the closing of the Change in Control through the end of the Performance Period, all unvested Restricted Shares as of the last day of the Performance Period will vest on such date.

(e) If the Employee's employment with the Company or an Affiliate is terminated after the closing of the Change in Control and prior to the end of the Performance Period (i) by the Company or an Affiliate without Cause, (ii) by the Employee for Good Reason, or (iii) in connection with the Employee's death or Disability, all unvested Restricted Shares will vest on the date of termination of the Employee's employment with the Company or an Affiliate.

(f) If the Employee elects to terminate his or her employment with the Company or an Affiliate after the closing of the Change in Control and prior to the end of the Performance Period by the Employee under circumstances qualifying as a Retirement, then the Employee shall be given the opportunity to sign a Post-Termination Agreement and execute a general release of all claims against the Company and its Affiliates on a form provided by the Company for this purpose and within the timeframe designated by the Company.

If the Employee signs a Post-Termination Agreement, and thereafter complies with the Employee's obligations under such Post-Termination Agreement, including the obligation to refrain from engaging in any Restricted Activities (as defined below) for the duration of the Performance Period, and the Employee signs and does not rescind the general release as described above, then all unvested Restricted Shares as of the last day of the Performance Period will vest on such date.

(g) If the Employee's employment with the Company or an Affiliate is terminated under any other circumstances (whether voluntary or involuntary), then all unvested Restricted Shares shall cease vesting and shall be deemed forfeited upon the termination of the Employee's employment.

(h) If the Change in Control is a Corporate Transaction, the Company shall arrange for the surviving entity or acquiring entity (or the surviving or acquiring entity's parent company) to assume or continue the Award evidenced hereby or to substitute a similar award for the Award evidenced hereby, in each case as determined by the Committee in its sole discretion.

(i) For purposes of this Agreement,

(i) "Good Reason" means (1) a material diminution of the Employee's duties; (2) a significant, adverse reduction in the Employee's title; or (3) any relocation of the Employee's principal place of business to a location more than a 30 mile radius from its current location; and

(ii) "Cause" means (1) the Employee's continued failure to substantially perform his or her duties with the Company or an Affiliate after written demand for substantial performance is delivered to the Employee; (2) the Employee's conviction of a crime (including a misdemeanor) that, in the Company's determination, impairs the Employee's ability to perform his or her duties with the Company or an Affiliate, (3) the Employee's violation of any policy of the Company or an Affiliate that the Company deems material; (4) the Employee's violation of any securities law, rule or regulation that the Company deems material; (5) the Employee's engagement in conduct that, in the Company's determination, exposes the Company or an Affiliate to civil or regulatory liability or injury to their reputations; (6) the Employee's engagement in conduct that would subject the Employee to statutory disqualification pursuant to Section 15(b) of the Exchange Act and the regulations promulgated thereunder; or (7) the Employee's gross or willful misconduct, as determined by the Company.

## **5. Settlement.**

(a) Following the end of the Performance Period, the Committee shall certify the Total Shareholder Return and the Average Adjusted Return on Equity of the Company and the number of Performance Share Units (if any) that are earned pursuant to the terms and conditions hereof, and the Company shall cause to be issued to the Employee, or to the Employee's designated beneficiary or estate in the event of the Employee's death, one Share in payment and settlement of each earned Performance Share Unit. Such Shares shall be issued on or before the 15th day of the third calendar month after the month in which the last date of the Performance Period occurs, and the Employee shall have no power to affect the timing of such issuance. Such issuance shall be evidenced by a stock certificate or appropriate entry on the books of the Company or a duly authorized transfer agent of the Company, shall be subject to the tax withholding provisions of Section 8, and shall be in complete settlement and satisfaction of such vested Performance Share Units. Notwithstanding the foregoing, if the ownership of or issuance of Shares to the Employee as provided herein is not feasible due to applicable exchange controls, securities or tax laws or other provisions of applicable law, as determined by the Committee in its sole discretion the Employee or the Employee's legal representative shall receive cash proceeds in an amount equal to the Fair Market Value (as of the date the applicable Performance Share Units are vested) of the Shares otherwise issuable to the Employee or the Employee's legal representative, net of any amount required to satisfy withholding tax obligations as provided in Section 8.

(b) Upon the vesting of any Restricted Shares, such vested Restricted Shares will no longer be subject to forfeiture as provided in Section 6 and the Company will, or will cause its transfer agent to, remove all notations and legends and revoke all stock transfer instructions from the book entry or stock certificate evidencing the Restricted Shares so vested as may have been made or given as a result of the terms of this Agreement, and the Company will deliver to the Employee, or the Employee's designated beneficiary or estate in the event of the Employee's death, all certificates (or replacement certificates removing all legends contemplated hereby) in the Company's custody relating to the Restricted Shares.

(c) Notwithstanding the foregoing, if the common equity of the surviving entity or acquiring entity (or the surviving or acquiring entity's parent company) in any Corporate Transaction is not listed or quoted on an established securities market at the time of vesting of any Restricted Shares, the Company will deliver to the Employee or the Employee's designated beneficiary or estate in the event of the Employee's death, in lieu of shares of capital stock not subject to restrictions pursuant hereto, cash in an amount equal to the Fair Market Value (as of the date of closing of the Corporate Transaction) of the Restricted Shares vested pursuant to the terms hereof, net of any amount required to satisfy withholding tax obligations as provided in Section 8.

**6. Forfeiture.** If (i) the Employee attempts to pledge, encumber, assign, transfer or otherwise dispose of any of the Performance Share Units or, prior to vesting, any Restricted Shares without the Committee's prior written consent or other than by will or by the laws of descent and distribution, or if the Performance Share Units or Restricted Shares become subject to attachment or any similar involuntary process in violation of this Agreement; (ii) the Employee breaches any of the restrictive covenants provided by Section 9; or (iii) the Employee's employment with the Company or an Affiliate is terminated (1) by the Company for Cause; or (2) under any other circumstance other than (A) due to the Employee's death or Disability, or (b) by the Employee for Good Reason following a Change in Control, and the Employee does not enter into the Post-Termination Agreement or fails to comply with the terms and conditions of the Post-Termination Agreement, including execution of a general release of all claims against the Company and any designated Affiliates and their respective agents, on a form provided by the Company for this purpose and within the timeframe designated by the

Company, that becomes effective and enforceable, then any Performance Share Units or Restricted Shares (as applicable) that have not previously vested automatically will be forfeited by the Employee. Any Performance Share Units or Restricted Shares that are unvested as of the last day of the Performance Period also shall be forfeited.

**7. Stockholder Rights.** The Performance Share Units do not entitle the Employee to any rights of a stockholder of the Company. Notwithstanding the foregoing, the Employee shall accumulate an unvested right to payment of cash dividend equivalents on the Shares underlying Performance Share Units with respect to any cash dividends paid on the Shares that have a record date on or after the Date of Issuance. Such dividend equivalents will be in an amount of cash per Performance Share Unit equal to the cash dividend paid with respect to one Share. The Employee shall be entitled solely to payment of accumulated dividend equivalents with respect to the number of Performance Share Units equal to the number of Shares (or Restricted Shares) ultimately issued to the Employee pursuant to this Agreement. Dividend equivalents will be paid to the Employee as soon as administratively possible following the date that the Shares (or Restricted Shares) are issued to the Employee. The Employee shall not be entitled to dividend equivalents with respect to dividends with a record date prior to the Date of Issuance. All dividend equivalents accumulated with respect to forfeited Performance Share Units shall also be irrevocably forfeited.

As of the date of issuance of Shares (or Restricted Shares) underlying Performance Share Units, the Employee shall have all of the rights of a stockholder of the Company with respect to any Shares (or Restricted Shares) issued pursuant hereto, except as otherwise specifically provided in this Agreement. The Employee's rights with respect to the Performance Share Units and Restricted Shares shall remain forfeitable at all times by the Employee until satisfaction of the vesting conditions set forth herein.

**8. Tax Withholding.** The parties hereto recognize that the Company or an Affiliate may be obligated to withhold federal and state taxes or other taxes upon the vesting of the Performance Share Units or Restricted Stock or, in the event that the Employee elects under Code Section 83(b) to report the receipt of the Restricted Shares as income in the year of receipt, upon the Employee's receipt of the Restricted Shares, and upon the payment of any cash relating to earned dividend equivalents at the time of issuance. The Employee agrees that, at such time, if the Company or an Affiliate is required to withhold such taxes, the Employee will promptly pay, in cash upon demand (or in any other manner permitted by the Committee in accordance with the terms of the Plan), to the Company or an Affiliate such amounts as shall be necessary to satisfy such obligation, and the issuance of Shares in connection with the vesting of any Performance Share Units shall be conditioned upon the prior payment by the Employee, or the establishment of arrangements satisfactory to the Committee for the payment by the Employee, of such obligation. The Employee further acknowledges that the Company has directed the Employee to seek independent advice regarding the applicable provisions of the Code, the income tax laws of any municipality, state or foreign country in which the Employee may reside, and the tax consequences of the Employee's death.

**9. Restricted Activities.** In consideration of the grant of this award, the Employee agrees to comply with and be bound by the following restrictive covenants (each a "Restricted Activity" and together the "Restricted Activities"):

(a) the Employee will not, either during the Employee's employment by the Company or an Affiliate or at any time thereafter, except in connection with the performance of the Employee's job duties for the benefit of the Company, use, disclose or misappropriate any Company-Confidential Information (as defined below) unless the Company or an Affiliate consents otherwise in writing. "Company-Confidential Information" shall have the same meaning as provided in the Company's Code of Ethics and Business Conduct, and shall include

without limitation any confidential, secret or proprietary knowledge or information of the Company or an Affiliate that the Employee has acquired or become acquainted with during the Employee's employment with the Company or an Affiliate. For the avoidance of doubt, nothing in this paragraph or any other provision of this Agreement precludes you from reporting to the Company's management or directors or to the government, a regulator, or a self-regulatory agency conduct that you believe to be in violation of the law, or responding truthfully to questions or requests from the government, a regulator, a self-regulatory agency, or in a court of law.

(b) the Employee will not, during the Employee's employment by the Company or an Affiliate and during the Applicable Post-Employment Restricted Period, directly or indirectly, on behalf of the Employee or any other person (including but not limited to any Talent Competitor (as defined below)), solicit, induce or encourage any person then employed, or employed within the 180-day period preceding the Employee's termination, by the Company or an Affiliate to terminate or otherwise modify their employment relationship with the Company;

(c) the Employee will not, during the Employee's employment by the Company or an Affiliate and during the Applicable Post-Employment Restricted Period, on behalf of the Employee or any other person (including but not limited to any Talent Competitor (as defined below)), hire, retain or employ in any capacity any person then employed, or employed within the 180-day period preceding the Employee's termination, by the Company or an Affiliate;

(d) the Employee will not, during the Employee's employment by the Company or an Affiliate and during the Applicable Post-Employment Restricted Period, directly or indirectly, on behalf of the Employee or any other person (including but not limited to any Talent Competitor), solicit any customer, client or account of the Company or an Affiliate, or otherwise seek to divert any customer, client or account of the Company or an Affiliate away from engaging in business with the Company or an Affiliate. For purposes of this subparagraph, "customer, client or account" shall include the following: then-current customers, clients, or accounts of the Company or an Affiliate; any customers, clients or accounts that had been represented by or had a business relationship with the Company or an Affiliate within the 365-day period preceding the Employee's termination; and any individual, company or other form of legal entity that had been solicited or pitched for business by the Company or an Affiliate within the 365-day period preceding the Employee's termination, if the Employee was involved in any capacity in the solicitation or pitch;

(e) the Employee will not, during the Employee's employment by the Company or an Affiliate and during the Applicable Post-Employment Restricted Period, without the prior written consent of the Company or an Affiliate, (x) become a director, officer, employee, partner, consultant or independent contractor of, or otherwise work or provide services for, a Talent Competitor doing business in the same geographic or market area(s) in which the Company or an Affiliate is also doing business, or (y) acquire any material ownership or similar financial interest in any such Talent Competitor;

(f) the Employee will not, either during the Employee's employment by the Company or an Affiliate or at any time thereafter, make disparaging, derogatory, or defamatory statements about the Company or an Affiliate in any public forum or media; and

(g) the Employee will not, either during the Employee's employment by the Company or an Affiliate or at any time thereafter, fail to cooperate fully with and provide full and accurate information to the Company and its counsel with respect to any matter (including any audit, tax proceeding, litigation, investigation or governmental proceeding) with respect to which the Employee may have knowledge or information, subject to reimbursement for actual, appropriate and reasonable expenses incurred by the Employee.

For purposes of this Section 9, the “Applicable Post-Employment Restricted Period” means: (i) with respect to Sections 9(b) and (c), one year following any termination of the Employee’s employment with the Company or an Affiliate (not including any period of notice provided by the Employee); (ii) with respect to Section 9(d), six months following any termination of the Employee’s employment with the Company or an Affiliate (not including any period of notice provided by the Employee); and (iii) with respect to Section 9(e), one month following any termination of the Employee’s employment initiated and effected by the Company or an Affiliate without Cause, or three months following any other termination of the Employee’s employment with the Company or an Affiliate (not including any period of notice provided by the Employee); *provided, however*, that if the Company requests that the Employee sign a Post-Termination Agreement and the Employee voluntarily elects to sign such Post-Termination Agreement with the Company pursuant to Section 3(f) or Section 3(g), then the Applicable Post-Employment Restricted Period provided by the Post-Termination Agreement shall be of the same duration as the Performance Period.

For purposes of this Section 9, a “Talent Competitor” means any corporation, partnership, limited liability company or other business association, organization or entity that engages in the investment banking, securities brokerage or investment management business, including, but not limited to, investment banks, sell-side broker dealers, mergers and acquisitions or strategic advisory firms, merchant banks, hedge funds, private equity firms, venture capital firms, asset managers and investment advisory firms.

**10. Interpretation of This Agreement.** All decisions and interpretations made by the Committee with regard to any question arising hereunder or under the Plan shall be binding and conclusive upon the Company and the Employee. If there is any inconsistency between the provisions of this Agreement and the Plan, the provisions of the Plan shall govern (including, for avoidance of doubt, any provisions under the Plan imposing limitations on the number of Performance Share Units that may be awarded under this Agreement).

**11. Not Part of Employment Contract; Discontinuance of Employment.** The Employee acknowledges that this Agreement awards performance share units to the Employee, but does not impose any obligation on the Company to make any future grants or issue any future Awards to the Employee or otherwise continue the participation of the Employee under the Plan. This Agreement does not constitute a contract of employment, shall not give the Employee a right to continued employment with the Company or any Affiliate, and the Company or Affiliate employing the Employee may terminate his or her employment and otherwise deal with the Employee without regard to the effect it may have upon him or her under this Agreement.

**12. Binding Effect.** This Agreement shall be binding in all respects on the heirs, representatives, successors and assigns of the Employee.

**13. Choice of Law.** This Agreement is entered into under the laws of the State of Delaware and shall be construed and interpreted thereunder (without regard to its conflict-of-law principles).

**14. Entire Agreement.** This Agreement and the Plan set forth the entire agreement and understanding of the parties hereto with respect to the issuance of the Performance Share Units or Restricted Shares in lieu thereof and the administration of the Plan and supersede all prior agreements, arrangements, plans, and understandings relating to the issuance of the Performance Share Units, Restricted Shares in lieu thereof and the administration of the Plan.

**15. Securities Law Compliance.** No Shares shall be delivered upon the vesting and settlement of any Performance Share Units unless and until the Company and/or the Employee

shall have complied with all applicable federal, state or foreign registration, listing and/or qualification requirements and all other requirements of law or of any regulatory agencies having jurisdiction, unless the Committee has received evidence satisfactory to it that the Employee may acquire such shares pursuant to an exemption from registration under the applicable securities laws. Any determination in this connection by the Committee shall be final, binding, and conclusive. The Company reserves the right to legend any Share certificate or book entry, conditioning sales of such Shares upon compliance with applicable federal and state securities laws and regulations.

**16. Potential Clawback.** This Award and any compensation associated therewith is subject to the Company's Incentive Compensation Recovery Policy and may be made subject to forfeiture, recovery by the Company or other action pursuant to any compensation recovery policy adopted by the Board or the Committee at any time, including any amendment to the Company's Incentive Compensation Recovery Policy in effect as of the date hereof or in response to the requirements of Section 10D of the Exchange Act and any implementing rules and regulations thereunder, or as otherwise required by law. This Agreement may be unilaterally amended by the Committee at any time to comply with any such compensation recovery policy.

**17. Amendment and Waiver.** Except as provided in this Agreement or in the Plan, this Agreement may be amended, waived, modified, or canceled only by a written instrument executed by the parties or, in the case of a waiver, by the party waiving compliance.

**18. Acknowledgment of Receipt of Copy.** By execution hereof, the Employee acknowledges having received a copy of the prospectus related to the Plan and instructions on how to access a copy of the Plan.

IN WITNESS WHEREOF, the Employee and the Company have executed this Agreement as of the date of issuance specified at the beginning of this Agreement.

EMPLOYEE

Printed name:

PIPER SANDLER COMPANIES

By  
Its



## **Appendix A**

List of companies within the Russell 3000 with the Investment Banking GICS code as of January 27, 2023 (with the addition of Stifel Financial Corp. and excluding Piper Sandler Companies):

1. B. Riley Financial Inc. (RILY)
2. Evercore Inc. (EVR)
3. The Goldman Sachs Group, Inc. (GS)
4. Houlihan Lokey (HLI)
5. Jefferies Financial Group Inc. (JEF)
6. Lazard Ltd. (LAZ)
7. Moelis & Company (MC)
8. Morgan Stanley (MS)
9. Oppenheimer Holdings, Inc. (OPY)
10. Perella Weinberg Partners (PWP)
11. PJT Partners Inc. (PJT)
12. Raymond James Financial (RJF)
13. Stifel Financial Corp. (SF)
14. StoneX Group Inc. (SNEX)

**PIPER SANDLER COMPANIES**  
**2023 Compensation and Benefits for Non-Employee Directors**

	<i>Amount</i>	<i>Objective</i>	<i>Time and Terms of Payment</i>
<b>Annual Cash Retainer</b>	\$100,000	Consideration for Board and committee service for the current calendar year	Paid quarterly in arrears. For any director joining or leaving the Board during a quarter, the amount paid shall be a pro rata sum based on the number of days served during the quarter.
<b>Additional Annual Retainer for Lead Director, Committee Chairpersons</b>	\$30,000 cash -Lead Director \$20,000 cash -Audit \$10,000 cash -Compensation \$10,000 cash -Nominating and Governance	Consideration for service as lead director or committee chairperson for the current calendar year	Paid quarterly in arrears. For any director gaining (or resigning) a lead director or committee chairperson position during a quarter, the amount paid shall be a pro rata sum based on the number of days served during the quarter.
<b>Initial Equity Grant</b>	\$60,000 (valued as of election date)	Establish PSC equity interest upon initial election to the Board to align director and shareholder interests	Shares of PIPR common stock granted on the date of the director's initial election or appointment to the Board.
<b>Annual Equity Grant</b>	\$100,000 (valued on the date of the annual meeting of shareholders)	Incentive compensation for continuing service on the Board and enhanced alignment of director and shareholder interests	Shares of PIPR common stock granted on the date of the annual meeting of shareholders to any director whose service on the Board will continue following the annual meeting. For directors joining the Board after the annual meeting in any year, an equity award will be granted on the date the director is elected to the Board covering a pro rata number of shares based on the number of days during which the director will serve on the Board during that year.
<b>Deferral Opportunity</b>	All cash and equity received on an annual basis	Increase equity stake by directors	Annual opportunity to participate in the Amended and Restated Piper Sandler Companies Deferred Compensation Plan for Non-Employee Directors, permitting deferral into phantom stock units of all or a portion of the director's annual cash compensation for service as a Piper Sandler Companies director, and deferral of any shares granted in consideration of the director's service as a director. To participate in any year, irrevocable election must be made by December 31 of the preceding year for continuing directors and on the date of initial election or appointment to the Board for new directors. Annual opportunity to change the subsequent year's election. The deferral date for the cash retainer is the date that each quarterly payment would have otherwise been made; the deferral date for the equity grant is the date of the annual meeting of shareholders each year.
<b>Charitable Gift Matching Program</b>	Up to \$5,000	Encourage charitable giving	Pursuant to the Piper Sandler Gift Matching Program, Piper Sandler will match directors' gifts to eligible organizations dollar for dollar from a minimum of \$50 up to an aggregate maximum of \$5,000 per year (the same terms and conditions as are applicable to employees).
<b>Reimbursement of Out-of-Pocket Expenses</b>	In addition to the foregoing, non-employee directors will be reimbursed for reasonable out-of-pocket expenses incurred in connection with their service on the Board and Board committees.		

**AMENDED AND RESTATED CREDIT AGREEMENT**

**DATED AS OF DECEMBER 20, 2022,**

**BETWEEN**

**PIPER SANDLER COMPANIES**

**AND**

**U.S. BANK NATIONAL ASSOCIATION**

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## AMENDED AND RESTATED CREDIT AGREEMENT

This Amended and Restated Credit Agreement, dated as of December 20, 2022, is between Piper Sandler Companies, a Delaware corporation (the “Borrower”) and U.S. Bank National Association, a national banking association (the “Lender”).

A. Borrower and Lender were parties to the Credit Agreement dated as of December 20, 2019 (the “Closing Date”), as subsequently amended (the “Original Agreement”).

B. Borrower and Lender have agreed that the Original Agreement shall be amended, restated and replaced to provide a revolving line of credit facility in the original principal amount of up to \$75,000,000.

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Borrower and Lender hereby mutually covenant and agree as follows:

### ARTICLE I DEFINITIONS

ARTICLE I Definitions. As used in this Agreement:

“Acquisition” means any transaction, or any series of related transactions, consummated on or after the Closing Date, by which the Borrower or any of its Subsidiaries (a) acquires any going-concern business or all or substantially all of the assets of any firm, corporation, limited liability company or partnership, or division thereof, whether through purchase of assets, merger or otherwise or (b) directly or indirectly acquires (in one transaction or as the most recent transaction in a series of transactions) at least a majority (in number of votes) of the outstanding Equity Interests of a corporation that have ordinary voting power for the election of directors (other than Equity Interests having such power only by reason of the happening of a contingency) or a majority (by percentage or voting power) of the outstanding Equity Interests of a partnership or limited liability company.

“Adjusted Assets” is a non-GAAP financial measure that means Consolidated Total Assets reduced by assets such as goodwill and intangible assets, right-of-use lease assets and amounts attributed to noncontrolling interests. To the extent that GAAP changes in the future, similar type asset reductions may be needed to address new categories of assets that are not currently in the definition of Consolidated Total Assets.

“Adjusted Leverage Ratio” means Adjusted Assets divided by Tangible Common Shareholder’s Equity as reported in the Borrower’s quarterly report on form 10-Q (including the form 10-Q filed for the quarter ended September 30, 2022) or the annual report on form 10-K.

“Affiliate” of any Person means any other Person directly or indirectly controlling, controlled by or under common control with such Person, including, without limitation, such Person’s Subsidiaries. A Person shall be deemed to control another Person if the controlling Person owns 10% or more of any class of Equity Interests of the controlled Person or possesses, directly or indirectly, the power to direct or cause the direction of the management or policies of the controlled Person, whether through ownership of Equity Interests, by contract or otherwise.

“Agreement” means this Credit Agreement, as amended, restated, supplemented, or otherwise modified from time to time.

“Anti-Corruption Laws” means the Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder, and any other anti-corruption law applicable to the Borrower and its Subsidiaries.

“Applicable Law” means, as to any Person, all applicable Laws binding upon such Person or to which such a Person is subject.

“Applicable Fee Rate” means 0.25%.

“Applicable Margin” means (i) 2.00% in the case of a Federal Funds Borrowing and (ii) 1.00% in the case of a Base Rate Borrowing.

“Article” means an article of this Agreement unless another document is specifically referenced.

“Authorized Officer” means any of the chairman, chief executive officer, president, chief legal officer, chief financial officer, chief operating officer or treasurer of the Borrower, acting singly, or any other officer having substantially the same authority and responsibility.

“Available Revolving Commitment” means, at any time, the Revolving Commitment Amount then in effect *minus* the Revolving Exposure at such time.

“Base Rate” means, for any day, a rate per annum equal to (a) the greater of (i) zero and (ii) the Prime Rate for such day plus (b) the Applicable Margin.

“Base Rate Borrowing” means a Borrowing that, except as otherwise provided in Section 2.10, bears interest at the Base Rate.

“Base Rate Loan” means a Loan that, except as otherwise provided in Section 2.10, bears interest at the Base Rate.

“Beneficial Ownership Certification” means a certification regarding beneficial ownership as required by the Beneficial Ownership Regulation.

“Beneficial Ownership Regulation” means 31 C.F.R. § 1010.230.

“Board” means the Board of Governors of the Federal Reserve System.

“Borrower” is defined in the opening paragraph hereof.

“Borrowing” means an advance of Loan proceeds hereunder as to which one of the available interest options is applicable. A Borrowing may be a Base Rate Borrowing or a Federal Funds Borrowing.

“Borrowing Date” means a date on which a Borrowing is made.

“Borrowing Notice” is defined in Section 2.7.

“Broker-Dealer Subsidiary” mean any Subsidiary of the Borrower that is registered with the SEC (or comparable agency in any applicable non-U.S. jurisdiction) as a broker-dealer.

“Business Day” means a day (other than a Saturday or Sunday) on which banks generally are open in St. Louis, Missouri and Minneapolis, Minnesota for the conduct of substantially all

of their commercial lending activities and interbank wire transfers can be made on the Fedwire system.

“Capital Expenditures” means, with reference to any period, without duplication, any expenditures for purchase or other acquisition of any Property that would be classified as a fixed or capital asset on a consolidated balance sheet of the Borrower and its Subsidiaries prepared in accordance with GAAP, calculated on a consolidated basis for such period.

“Capitalized Lease” of a Person means any lease of Property by such Person as lessee that would be reflected as a finance lease on a balance sheet of such Person prepared in accordance with GAAP.

“Capitalized Lease Obligations” of a Person means the amount of the obligations of such Person under Capitalized Leases that would be shown as a liability on a balance sheet of such Person prepared in accordance with GAAP.

“Cash Equivalent Investments” means (a) short-term obligations of, or fully guaranteed by, the United States of America, (b) commercial paper rated A-1 or better by S&P or P-1 or better by Moody’s, (c) demand deposit accounts maintained in the ordinary course of business, (d) certificates of deposit issued by and time deposits with commercial banks (whether domestic or foreign) having capital and surplus in excess of \$500,000,000, in each case which provide for payment of both principal and interest (and not principal alone or interest alone) and are not subject to any contingency regarding the payment of principal or interest and (e) shares of money market mutual funds that are rated at least AAAM or AAAG by S&P or P-1 or better by Moody’s.

“Cash Management Services” means any banking services that are provided to the Borrower or any Subsidiary by the Lender, including without limitation: (a) credit cards, (b) credit card processing services, (c) debit cards, (d) purchase cards, (e) stored value cards, (f) freight payable transactions, (g) automated clearing house or wire transfer services, or (h) treasury management, including controlled disbursement, consolidated account, lockbox, overdraft, return items, sweep and interstate depository network services.

“Change in Law” means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; provided that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines, requirements, or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines, requirements, or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a “Change in Law,” regardless of the date enacted, adopted or issued.

“Change of Control” means (a) the acquisition by any Person, or two or more Persons acting in concert, of beneficial ownership (within the meaning of Rule 13d-3 of the U.S. Securities and Exchange Commission under the Securities Exchange Act of 1934) of 50% or more of the outstanding shares of voting Equity Interests of the Borrower on a fully diluted basis; or (b) within any 12-month period, occupation of a majority of the seats (other than vacant seats) on the board of directors of the Borrower by Persons who were neither (i) members of the board of directors of the Borrower as of the Closing Date, nor (ii) nominated by the board of directors of the Borrower, nor (iii) appointed or approved by directors so nominated.

“Closing Date” is in Recital A on page 1 of this Agreement.

“Code” means the Internal Revenue Code of 1986.

“Commodity Exchange Act” means the Commodity Exchange Act (7 U.S.C. §1 et seq.).

“Commitment Fee” is defined in Section 2.4.

“Compliance Certificate” means a compliance certificate in substantially the form of Exhibit A.

“Connection Income Taxes” means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

“Constituent Documents” means, with respect to any Person, as applicable, such Person’s certificate of incorporation, articles of incorporation, bylaws, certificate of formation, articles of organization, limited liability company agreement, management agreement, operating agreement, shareholder agreement, partnership agreement or similar document or agreement governing such Person’s existence, organization or management or concerning the disposition of Equity Interests of such Person or voting rights among such Person’s owners.

“Consolidated EBITDA” means, for any period, (a) the Consolidated Net Income for such period plus (b) to the extent deducted in determining such Consolidated Net Income for such period, the sum of the following for such period: (i) Consolidated Interest Expense for such period, (ii) income tax expense for such period, (iii) depreciation and amortization for such period and (iv) the aggregate amount of extraordinary, non-operating or non-cash charges for such period and minus, without duplication, (c) the aggregate amount of extraordinary, non-operating or non-cash income during such period.

“Consolidated Fixed Charges” means, with respect to any period, the sum of (i) Consolidated Interest Expense for such period *plus* (ii) Lease Rentals for such period.

“Consolidated Funded Indebtedness” means, as of any date of determination, the total amount of Indebtedness of the Borrower and its Subsidiaries payable one year or more from the date of its creation, including the current portion thereof.

“Consolidated Interest Expense” means, for any period, the gross interest expense of the Borrower and its Subsidiaries on Consolidated Funded Indebtedness deducted in the calculation of Consolidated Net Income for such period, determined on a consolidated basis in accordance with GAAP.

“Consolidated Net Income” means, for any period, the consolidated net income (or loss) of the Borrower and its Subsidiaries for such period, determined on a consolidated basis in accordance with GAAP.

“Consolidated Shareholder’s Equity” means the consolidated shareholder’s equity of the Borrower and its Subsidiaries, as defined according to GAAP.

“Consolidated Total Assets” means the total assets of the Borrower and its Subsidiaries on a consolidated basis, as defined according to GAAP.

“Contingent Obligation” of a Person means any agreement, undertaking or arrangement by which such Person (a) assumes, guarantees, endorses, contingently agrees to purchase or

provide funds for the payment of, or otherwise becomes or is contingently liable upon, the obligation or liability of any other Person, (b) agrees to maintain the net worth or working capital or other financial condition of any other Person, or (c) otherwise assures any creditor of such other Person against loss, including, without limitation, any comfort letter, operating agreement, take-or-pay contract or the obligations of any such Person as general partner of a partnership with respect to the liabilities of the partnership.

“Conversion Notice” is defined in Section 2.8.

“Default” means an event that with the lapse of time or the giving of notice, or both, would be an Event of Default.

“Deposits” is defined in Section 9.5.

“Dollar” and “§” mean the lawful currency of the United States of America.

“Domestic Subsidiary” means a Subsidiary of Borrower incorporated or organized under the laws of the United States of America, any state thereof or the District of Columbia.

“Equity Interests” means all shares, interests or other equivalents, however designated, of or in a corporation, limited liability company, or partnership, whether or not voting, including but not limited to common stock, member interests, partnership interests, warrants, preferred stock, convertible debentures, and all agreements, instruments and documents convertible, in whole or in part, into any one or more of the foregoing.

“ERISA” means the Employee Retirement Income Security Act of 1974.

“ERISA Affiliate” means any trade or business (whether or not incorporated) that, together with the Borrower, is treated as a single employer under Section 414(b) or (c) of the Code or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

“ERISA Event” means (a) any “reportable event,” as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a Plan (other than an event for which the 30-day notice period is waived); (b) the failure with respect to any Plan to satisfy the “minimum funding standard” (as defined in Section 412 of the Code or Section 302 of ERISA), whether or not waived; (c) the filing pursuant to Section 412(c) of the Code or Section 302(c) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (d) the incurrance by the Borrower or any of its ERISA Affiliates of any liability under Title IV of ERISA with respect to the termination of any Plan; (e) the receipt by the Borrower or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an intention to terminate any Plan or to appoint a trustee to administer any Plan; (f) the incurrance by the Borrower or any of its ERISA Affiliates of any liability with respect to the withdrawal or partial withdrawal of the Borrower or any of its ERISA Affiliates from any Plan or Multiemployer Plan; or (g) the receipt by the Borrower or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from the Borrower or any ERISA Affiliate of any notice, concerning the imposition upon the Borrower or any of its ERISA Affiliates of withdrawal liability under Section 4201 of ERISA or a determination that a Multiemployer Plan is, or is expected to be, insolvent within the meaning of Title IV of ERISA.

“E-SIGN” means the Federal Electronic Signatures in Global and National Commerce Act, as amended from time to time, and any successor statute, and any regulations promulgated thereunder from time to time.

“Event of Default” is defined in Article VIII.

“Excluded Swap Obligation” means, with respect to any Guarantor, any Swap Obligation with respect to a Lender-Provided Swap if, and only to the extent that, all or a portion of the guarantee of such Guarantor of, or the grant by such Guarantor of a security interest to secure, such Swap Obligation (or any guarantee thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof), including by virtue of such Guarantor’s failure for any reason to constitute an “eligible contract participant” as defined in the Commodity Exchange Act and the regulations thereunder at the time the guarantee of such Guarantor or the grant of such security interest becomes effective with respect to such Swap Obligation. If a Swap Obligation arises under a master agreement governing more than one Swap, such exclusion shall apply only to the portion of such Swap Obligation that is attributable to Swaps for which such guarantee or security interest is or becomes illegal.

“Excluded Taxes” means any of the following Taxes imposed on or with respect to the Lender or required to be withheld or deducted from a payment to the Lender: Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (a) imposed as a result of the Lender being organized under the laws of, or having its principal office or its applicable lending office located in the jurisdiction imposing such Tax (or any political subdivision thereof) or (b) that are Other Connection Taxes.

“Exhibit” refers to an exhibit to this Agreement, unless another document is specifically referenced.

“Extension Date” is defined in Section 2.17.

“Facility Termination Date” means December 19, 2025, as may be extended pursuant to Section 2.17, or any earlier date on which the Revolving Commitment Amount is reduced to zero or the Revolving Commitment is otherwise terminated pursuant to the terms hereof.

“Federal Funds Borrowing” means a Borrowing that, except as otherwise provided in Section 2.10, bears interest at the applicable Federal Funds Effective Rate.

“Federal Funds Effective Rate” means, for any day, (a) the greater of (i) zero percent (0.0%) and (ii) the rate per annum calculated by the Federal Reserve Bank of New York based on such day’s federal funds transactions by depository institutions (as determined in such manner as the Federal Reserve Bank of New York shall set forth on its public website from time to time) and published on the next succeeding Business Day by the Federal Reserve Bank of New York as the federal funds effective rate or, if such rate is not so published for any day which is a Business Day, the average of the quotations at approximately 10:00 a.m. (Central time) on such day on such transactions received by Lender from three federal funds brokers of recognized standing selected by the Lender in its sole discretion plus (b) the Applicable Margin.

“Federal Funds Loan” means a Loan that, except as otherwise provided in Section 2.10, bears interest at the applicable Federal Funds Effective Rate.

“Fee Letter” is defined in Section 4.1(a)(iii).

“FINRA” means the Financial Industry Regulatory Authority, Inc. or any other self-regulatory body which succeeds to the functions of the Financial Industry Regulatory Authority, Inc.

“FOCUS Report” means each Financial and Operational Combined Uniform Single Report (FOCUS) (SEC Form X-17A-5) completed and executed by Piper Sandler & Co. and filed with the SEC.

“GAAP” means generally accepted accounting principles as in effect from time to time in the United States, applied in a manner consistent with that used in preparing the financial statements referred to in Section 5.4, subject to Section 1.3.

“Governmental Authority” means the government of the United States of America or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank) and any group or body charged with setting financial accounting or regulatory capital rules or standards (including the Financial Accounting Standards Board, the Bank for International Settlements or the Basel Committee on Banking Supervision or any successor or similar authority to any of the foregoing).

“Guarantor” means each Person that is a party to a Guaranty entered into pursuant to Section 6.10, and their respective successors and assigns.

“Guaranty” means each Guaranty executed by any of the Loan Parties in favor of the Lender.

“Indebtedness” of a Person means, without duplication, such Person’s (a) obligations for borrowed money (including the Obligations under this Agreement and the other Loan Documents), (b) obligations representing the deferred purchase price of Property or services (other than accounts payable arising in the ordinary course of such Person’s business payable on terms customary in the trade), (c) obligations, whether or not assumed, secured by Liens or payable out of the proceeds or production from Property now or hereafter owned or acquired by such Person, (d) obligations evidenced by notes, acceptances, or other instruments, (e) obligations to purchase securities or other Property arising out of or in connection with the sale of the same or substantially similar securities or Property, (f) Capitalized Lease Obligations, (g) obligations as an account party with respect to standby and commercial letters of credit, (h) Contingent Obligations, (i) Swap Obligations after giving effect to any applicable netting provisions, and (j) any other obligation for borrowed money or other financial accommodation that in accordance with GAAP would be shown as a liability on the consolidated balance sheet of such Person.

“Indemnified Taxes” means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of the Borrower under any Loan Document and (b) to the extent not otherwise described in (a), Other Taxes.

“Indemnitee” means each of the Lender and its Related Parties.

“Information” is defined in Section 9.12.

“Investment” of a Person means (a) any loan, advance (other than commission, travel and similar advances to officers and employees made in the ordinary course of business), extension of credit (other than accounts receivable arising in the ordinary course of business on terms customary in the trade) or contribution of capital by such Person; (b) Equity Interests, bonds, mutual funds, notes, debentures or other securities (including warrants or options to purchase securities) owned by such Person; (c) any deposit accounts and certificates of deposit owned by



such Person; and (d) structured notes, derivative financial instruments and other similar instruments or contracts owned by such Person.

“Law” means, collectively, all international, foreign, federal, state, provincial, and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

“Lease Rentals” means, for any period, the aggregate amount of rental or operating lease expenses payable by the Borrower and its Subsidiaries with respect to leases of real and personal property (excluding Capitalized Lease Obligations) determined on a consolidated basis in accordance with GAAP.

“Lender” is defined in the opening paragraph hereof.

“Lender-Provided Swap” means a Swap provided to the Borrower or any Subsidiary by the Lender or any Affiliate thereof.

“Lien” means any lien (statutory or other), mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance or preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including the interest of a vendor or lessor under any conditional sale, Capitalized Lease or other title retention agreement).

“Loan” means a loan made pursuant to Section 2.1 (or any conversion thereof).

“Loan Documents” means this Agreement, the Guaranty, the Note, the Fee Letter and any other document or agreement, now or in the future, executed by any Person for the benefit of the Lender in connection with this Agreement.

“Loan Parties” means, individually or collectively, the Borrower and the Guarantors.

“Material” means material in relation to the business, operations, affairs, financial condition, assets or properties of the Borrower and its Subsidiaries taken as a whole.

“Material Adverse Effect” means a material adverse effect on (a) the business, Property, liabilities (actual and contingent), operations or condition (financial or otherwise), results of operations, or prospects of the Borrower and its Subsidiaries taken as a whole, (b) the ability of any Loan Party to perform its obligations under the Loan Documents to which it is a party, or (c) the validity or enforceability of any of the Loan Documents or the rights or remedies of the Lender under the Loan Documents.

“Material Domestic Subsidiary” means any Domestic Subsidiary of the Borrower, designated as such by the Borrower, (i) the total assets of which, determined in accordance with GAAP as of any date, exceed ten percent (10%) of the Consolidated Total Assets of the Borrower as of such date, and (iii) the total operating income of which, determined in accordance with GAAP as of any date, exceeds ten percent (10%) of the Consolidated Net Income of the Borrower as of such date; provided, for the avoidance of doubt, at no time shall a Regulated Subsidiary constitute a Material Domestic Subsidiary.

“Material Indebtedness” means Indebtedness of the Borrower or any Subsidiary in an outstanding principal amount of \$10,000,000 or more in the aggregate (or the equivalent thereof

in any currency other than Dollars). For purposes of this definition, the principal amount of the obligations of the Borrower or any Subsidiary in respect of any Swap Obligation at any time shall be the maximum aggregate amount (giving effect to any netting agreements) that the Borrower or such Subsidiary would be required to pay if such Swap Obligation were terminated at such time.

“Material Indebtedness Agreement” means any agreement under which any Material Indebtedness was created or is governed or that provides for the incurrence of Indebtedness in an amount that would constitute Material Indebtedness (whether or not an amount of Indebtedness constituting Material Indebtedness is outstanding thereunder).

“Maximum Rate” is defined in Section 2.15.

“Moody’s” means Moody’s Investors Service, Inc.

“Multiemployer Plan” means a Plan that constitutes a “multiemployer plan” within the meaning of Section 3(37) of ERISA.

“Note” means the promissory note of the Borrower in the form of Exhibit B.

“Obligations” means all unpaid principal of and accrued and unpaid interest on the Loans, all obligations in connection with Cash Management Services, all obligations in connection with Lender-Provided Swaps, all accrued and unpaid fees, and all expenses, reimbursements, indemnities and other obligations of any Loan Party to any Indemnitee arising under the Loan Documents (including interest and fees accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding); provided that “Obligations” excludes all Excluded Swap Obligations.

“OFAC” means the U.S. Department of the Treasury’s Office of Foreign Assets Control, and any successor thereto.

“Operating Cash Flow” means, for any period, (a) Consolidated EBITDA for such period plus (b) Lease Rentals for such period minus (c) Capital Expenditures to replace existing equipment, income tax expense and dividends paid for such period.

“Original Agreement” is in Recital A on page 1 of this Agreement.

“Other Connection Taxes” means Taxes imposed as a result of a present or former connection between the Lender and the jurisdiction imposing such Tax (other than connections arising from the Lender having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

“Other Taxes” means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment.

“Participant” is defined in Section 9.4(c).

“PATRIOT Act” means the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)).

“Payment Date” means the first day of each month, or, if such day is not a Business Day, the immediately succeeding Business Day.

“PBGC” means the Pension Benefit Guaranty Corporation, or any successor thereto.

“Permitted Acquisition” means any Acquisition made by the Borrower or any Subsidiary as to which each of the following conditions has been satisfied:

(a) as of the date of the consummation of such Acquisition, no Default or Event of Default has occurred and is continuing or would result after giving effect to such Acquisition;

(b) such Acquisition is consummated on a non-hostile basis pursuant to a negotiated acquisition agreement that has been (if required by the governing documents of the seller or entity to be acquired) approved by the board of directors or other applicable governing body of the seller or entity to be acquired, and no material challenge to such Acquisition (excluding the exercise of appraisal rights) shall be pending or threatened by any shareholder or director of the seller or entity to be acquired;

(c) the business to be acquired in such Acquisition is in the same line of business as the Borrower’s or a line of business incidental thereto;

(d) as of the date of the consummation of such Acquisition, all material approvals required in connection therewith have been obtained; and

(e) the Borrower has furnished to the Lender a certificate demonstrating in reasonable detail pro forma compliance with Section 7.11 for such period, in each case, calculated as if such Acquisition, including the consideration therefor, had been consummated on the first day of such period.

A Permitted Acquisition shall also include a transaction (whether a merger or sale or transfer of control or ownership) that represents solely a “corporate reorganization” involving any entity (including banks or trust companies) that, both preceding and following the transaction, is lawfully controlled and operated, directly or indirectly, by Borrower, and the transaction does not involve the acquisition of additional voting shares of an entity that, prior to the transaction, was less than majority owned, directly or indirectly, by Borrower; provided, (a) such corporate reorganization that constitutes a Permitted Acquisition does not need to comply with subsections (b) through (d) of the preceding sentence.

“Permitted Liens” means the Liens permitted pursuant to Section 7.6.

“Person” means any natural person, corporation, firm, joint venture, partnership, limited liability company, association, enterprise, trust or other entity or organization, or any Governmental Authority.

“Plan” means an employee pension benefit plan covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Code or Section 302 of ERISA as to which the Borrower or any ERISA Affiliate may have any liability.

“Prime Rate” means a rate per annum equal to the prime rate announced by the Lender from time to time, changing as and when such rate changes. The prime rate is not necessarily the lowest rate charged to any customer. Notwithstanding anything herein to the contrary, if the Prime Rate is less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

“Property” of a Person means all property, whether real, personal, tangible, intangible, or mixed, of such Person, or other assets owned, leased or operated by such Person.

“Regulated Subsidiary” means any Subsidiary of the Borrower whose activities are supervised or regulated by a Governmental Authority, including, but not limited to, (a) a bank holding company, (b) a depository institution, or (c) (i) a broker or dealer that is registered under the Securities Exchange Act of 1934; (ii) a registered investment adviser, properly registered by or on behalf of either the SEC or any State, with respect to the investment advisory activities of such investment adviser and activities incidental to such investment advisory activities; (iii) an investment company that is registered under the Investment Company Act of 1940; (iv) an insurance company, with respect to insurance activities of the insurance company and activities incidental to such insurance activities, that is subject to supervision by a state insurance regulator; or (v) an entity that is subject to regulation by the Commodity Futures Trading Commission, with respect to the commodities activities of such entity and activities incidental to such commodities activities.

“Regulation U” means Regulation U of the Board or any other regulation or official interpretation of the Board relating to the extension of credit by banks for the purpose of purchasing or carrying margin stocks applicable to member banks of the Federal Reserve System.

“Regulatory Net Capital” means the Regulatory Net Capital of Piper Sandler & Co. as shown on its monthly FOCUS Report.

“Related Parties” means, with respect to any Person, such Person’s Affiliates and the partners, directors, officers, members, employees, agents, trustees, administrators, managers, advisors and representatives of such Person and of such Person’s Affiliates.

“Restatement Date” means the first date on which the conditions in Section 4.1 are satisfied.

“Restricted Payment” means any dividend or other distribution (whether in cash, Equity Interests, or other Property) with respect to any Equity Interest in the Borrower or any Subsidiary, or any payment (whether in cash, Equity Interests, or other Property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any such Equity Interests in the Borrower or any Subsidiary or any option, warrant or other right to acquire any such Equity Interest in the Borrower or any Subsidiary.

“Revolving Commitment” means the obligation, if any, of the Lender to make Loans to the Borrower in an aggregate principal amount outstanding at any time not to exceed the Revolving Commitment Amount upon the terms and subject to the conditions and limitations of this Agreement.

“Revolving Commitment Amount” means \$75,000,000, as such amount may be modified (a) pursuant to Section 2.6 or (b) otherwise from time to time pursuant to the terms hereof.

“Revolving Exposure” means, at any time, the sum of the aggregate principal amount of the Loans outstanding at such time.

“Rule 15c3-3” means Rule 15c3-3 of the General Rules and Regulations as promulgated by the SEC under the Securities Exchange Act of 1934, as such rule may be amended from time to time, or any rule or regulation of the SEC that replaces Rule 15c3-3.

“S&P” means S&P Global Ratings, a division of S&P Global Inc.

“Sanctions” means sanctions administered or enforced from time to time by the U.S. government, including those administered by OFAC, the U.S. Department of State, the United Nations Security Council, the European Union, His Majesty’s Treasury or other relevant sanctions authority.

“Schedule” refers to a specific schedule to this Agreement, unless another document is specifically referenced.

“SEC” means the United States Securities and Exchange Commission.

“Section” means a numbered section of this Agreement, unless another document is specifically referenced.

“Securities” means any stocks, bonds (including loans and interests therein), instruments, or other securities, including but not limited to all items included in either or both of the definitions of “security” contained in the Securities Act of 1933 (15 U.S.C. §77b(1)), or in the UCC.

“Subsidiary” of a Person means any corporation, partnership, limited liability company, association, joint venture, or similar business organization more than 50% of the outstanding Equity Interests having ordinary voting power of which at the time is owned or controlled, directly or indirectly, by such Person or by one or more of its Subsidiaries or by such Person and one or more of its Subsidiaries. Unless otherwise expressly provided, “Subsidiary” means a Subsidiary of the Borrower.

“Substantial Portion” means, with respect to the Property of the Borrower and its Subsidiaries, Property that (i) represents more than 10% of the consolidated assets of the Borrower and its Subsidiaries taken as a whole, and (ii) is responsible for more than 10% of the Consolidated Net Income of the Borrower and its Subsidiaries taken as a whole, in each case, as would be shown in the consolidated financial statements of the Borrower and its Subsidiaries as at the beginning of the 12-month period ending with the month in which such determination is made (or if financial statements have not been delivered hereunder for the first month of the 12-month period, then the financial statements delivered hereunder for the quarter ending immediately before that month).

“Swap” means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, fixed-price physical delivery contracts, whether or not exchange traded, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, including any agreement, contract or transaction that constitutes a “swap” within the meaning of Section 1a(47) of the Commodity Exchange Act and (b) any and all transactions of any kind, and the related confirmations, that are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement or any other master agreement, including any such obligations or liabilities under any such master agreement.

“Swap Obligation” means, with respect to any Person, any and all obligations, whether absolute or contingent and howsoever and whensoever created, arising, evidenced or acquired (including all renewals, extensions and modifications thereof and substitutions therefor), under (a) any and all Swaps and (b) any and all cancellations, buy backs, reversals, terminations or assignments of any Swap.

“Tangible Common Shareholder’s Equity” is a non-GAAP financial measure that means Consolidated Shareholder’s Equity reduced by assets such as goodwill and intangible assets, right-of-use lease assets and amounts attributed to noncontrolling interests. To the extent that GAAP changes in the future, similar type asset reductions may be needed to address new categories of assets that are not currently in the definition of Consolidated Shareholder’s Equity.

“Taxes” means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

“Type” means, with respect to any Borrowing, its nature as a Base Rate Borrowing or a Federal Funds Borrowing and with respect to a Loan, its nature as a Base Rate Loan or a Federal Funds Loan.

“UCC” means the Uniform Commercial Code as in effect from time to time in Minnesota or any other state the laws of which are required to be applied in connection with the issue of perfection of security interests.

“UETA” means the Uniform Electronic Transactions Act as in effect in the State of Minnesota, as amended from time to time, and any successor statute, and any regulations promulgated thereunder from time to time.

“Wholly-Owned Subsidiary” of a Person means any other entity of which 100% of the Equity Interests are at the time owned or controlled, directly or indirectly, by such Person or one or more Wholly-Owned Subsidiaries of such Person.

The foregoing definitions apply equally to both the singular and plural forms of the defined terms.

1.2. Computation of Time Periods. In this Agreement, in the computation of a period of time from a specified date to a later specified date, unless otherwise stated the word “from” means “from and including” and the words “to” and “until” mean “to but excluding.”

### 1.3. Accounting

. Except as provided to the contrary herein, all accounting terms used herein shall be interpreted and all accounting determinations hereunder shall be made in accordance with GAAP in a manner consistent with that used in preparing the financial statements referred to in Section 5.4, except that any calculation or determination to be made on a consolidated basis shall be made for the Borrower and all Subsidiaries, including any that are unconsolidated on the Borrower’s audited financial statements. Notwithstanding any other provision herein, all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made without giving effect to (a) any election under Accounting Standards Codification Section 825-10-25 (or any other Accounting Standards Codification or Financial Accounting Standard having a similar result or effect) to value any Indebtedness or other liabilities of the Borrower or any Subsidiary at “fair value,” as defined therein, or (b) any treatment of Indebtedness in respect of convertible debt instruments under Financial Accounting Standards Codification Subtopic 470-20 (or any other Accounting

Standards Codification or Financial Accounting Standard having a similar result or effect) to value any such Indebtedness in a reduced or bifurcated manner as described therein, and such Indebtedness shall at all times be valued at the full stated principal amount thereof. If at any time any change in GAAP would affect the computation of any financial ratio or requirement set forth in any Loan Document, and the Borrower or the Lender so requests, the Lender and the Borrower shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change, but until so amended, such ratio or requirement shall continue to be computed in accordance with GAAP before such change and the Borrower shall provide to the Lender reconciliation statements showing the difference in such calculation, together with the delivery of monthly, quarterly and annual financial statements required hereunder. In addition, notwithstanding any other provision herein, the definitions set forth in this Agreement and any financial calculations required by the Loan Documents shall be computed to exclude the impact of the adoption of the lease accounting rules as a result of Financial Accounting Standards Board Accounting Standards Codification 842 (Leases) such that the term "Capitalized Lease" shall only include leases that would have required to be capitalized on a balance sheet of such Person pursuant to Financial Accounting Standards Board Accounting Standards Codification 840 (Leases) and other related lease accounting guidance.

1.4. Other Definitional Terms; Interpretative Provisions. The words "hereof," "herein" and "hereunder" and words of similar import refer to this Agreement as a whole and not to any particular provision. References to Sections, Articles, Exhibits, and Schedules are to this Agreement unless otherwise expressly provided. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation." The terms "shall" and "will" have the same meaning as the term "must." Unless the context otherwise clearly requires, "or" has the inclusive meaning represented by the phrase "and/or." All covenants, terms, definitions or other provisions incorporated by reference to other agreements are incorporated into this Agreement as if fully set forth herein, and such incorporation includes all necessary definitions and related provisions from such other agreements, but includes only amendments thereto agreed to by the Lender, and survives any termination of such other agreements until the Obligations are irrevocably paid in full (other than inchoate indemnity obligations), and the Revolving Commitment is terminated. Any reference to any Law includes all statutory and regulatory provisions consolidating, amending, replacing or interpreting such Law and, unless otherwise specified, refers to such Law as amended, modified, supplemented, replaced, or succeeded from time to time. References to any document, instrument or agreement (a) include all exhibits, schedules and other attachments thereto, (b) include all documents, instruments or agreements issued or executed in replacement thereof, to the extent permitted hereby and (c) mean such document, instrument or agreement, or replacement or predecessor thereto, as amended, supplemented, restated or otherwise modified from time to time to the extent not otherwise stated herein or prohibited hereby and in effect at any given time.

1.5. Divisions. For all purposes under the Loan Documents, in connection with any division or plan of division under Delaware law (or any comparable event under a different jurisdiction's laws): (a) if any asset, right, obligation or liability of any Person becomes the asset, right, obligation or liability of a different Person, then it shall be deemed to have been transferred from the original Person to the subsequent Person, and (b) if any new Person comes into existence, such new Person shall be deemed to have been organized on the first date of its existence by the holders of its Equity Interests at such time.

## **ARTICLE II THE CREDITS**

2.1. Loans. From the Closing Date until the Facility Termination Date, the Lender agrees, on the terms and conditions set forth in this Agreement, to make revolving loans to the

Borrower in Dollars, only if, after giving effect to the making of each such loan, the Revolving Exposure does not exceed the Revolving Commitment Amount.

Subject to the terms of this Agreement, the Borrower may borrow, repay and reborrow the Loans at any time before the Facility Termination Date. Unless previously terminated, the Revolving Commitment shall terminate on the Facility Termination Date.

2.2. Required Payments; Termination. If at any time the Revolving Exposure exceeds the Revolving Commitment Amount, the Borrower shall immediately make a payment on the Loans in an amount sufficient to eliminate such excess. The Borrower shall pay in full on the Facility Termination Date the aggregate principal amount of all Loans, all interest thereon, all fees and expenses due hereunder, and all other unpaid Obligations under this Agreement and the other Loan Documents.

2.3. Types of Borrowings. The Borrowings may be Base Rate Borrowings or Federal Funds Borrowings, or a combination thereof, selected by the Borrower in accordance with Sections 2.7 and 2.8.

2.4. Fees. The Borrower shall pay to the Lender a commitment fee (the “Commitment Fee”) at a per annum rate equal to the Applicable Fee Rate on the average daily Available Revolving Commitment (based on the actual Available Revolving Commitment as of the end of each calendar day) from the Closing Date until (and including) the Facility Termination Date, payable in arrears on each Payment Date and on the Facility Termination Date.

2.5. Minimum Amount of Each Borrowing. Each Federal Funds Borrowing shall be in the minimum amount of \$100,000 and in integral multiples of \$100,000, and each Base Rate Borrowing shall be in the minimum amount of \$100,000 and in integral multiples of \$100,000, except that any Base Rate Borrowing may be in the amount of the Available Revolving Commitment. At no time may there be more than \$75,000,000 Borrowings outstanding. Borrowings may be Base Rate Borrowings or Federal Funds Borrowings, or a combination thereof, selected by the Borrower in accordance with Sections 2.7 and 2.8.

2.6. Termination of and Reductions in Revolving Commitment; Voluntary Prepayments.

(a) The Borrower may terminate the unused portion of the Revolving Commitment or from time to time permanently reduce the Revolving Commitment Amount in integral multiples of \$1,000,000 upon at least five Business Days’ irrevocable prior written notice to the Lender by 11:00 a.m. (Minneapolis time) specifying the amount of any such reduction. In no event may the Revolving Commitment Amount be reduced below the Revolving Exposure.

(b) The Borrower may from time to time prepay, without penalty or premium, all outstanding Base Rate Loans, or, in a minimum aggregate amount of \$100,000 and in integral multiples of \$100,000 (or the aggregate amount of the outstanding Loans at such time), any portion of the aggregate outstanding Base Rate Loans upon same-day notice by 11:00 a.m. (Minneapolis time) to the Lender in the form of Exhibit E. The Borrower may from time to time prepay, without penalty or premium, all outstanding Federal Funds Loans or any portion of the aggregate outstanding Federal Funds Loans upon same-day notice by 11:00 a.m. (Minneapolis time) to the Lender in the form of Exhibit E; provided that each such prepayment shall be in the amount of the entire principal balance of the applicable Federal Funds Borrowing(s).

2.7. Borrowing Requests; Method of Selecting Types for New Borrowings. The Borrower shall select the Type of Borrowing. The Borrower shall give the Lender irrevocable



notice in the form of Exhibit C (a “Borrowing Notice”) not later than 11:00 a.m. (Minneapolis time) on the Borrowing Date of each Base Rate Borrowing, and not later than 11:00 a.m. (Minneapolis time) on the Borrowing Date of each Federal Funds Borrowing, specifying:

- (a) the Borrowing Date, which shall be a Business Day, of such Borrowing;
- (b) the amount of such Borrowing; and
- (c) the Type of Borrowing selected.

2.8. Conversion of Outstanding Borrowings. Base Rate Borrowings shall continue as Base Rate Borrowings unless and until such Base Rate Borrowings are converted into Federal Funds Borrowings pursuant to this Section 2.8 or are prepaid in accordance with Section 2.6. Each Federal Funds Borrowing shall continue as a Federal Funds Borrowing unless and until such Federal Funds Borrowings are converted into Base Rate Borrowings pursuant to this Section 2.8 or are prepaid in accordance with Section 2.6. Subject to Section 2.5, the Borrower may elect from time to time to convert all or any part of a Base Rate Borrowing into a Federal Funds Borrowing or all or any part of a Federal Funds Borrowing into a Base Rate Borrowing. The Borrower shall give the Lender irrevocable notice in the form of Exhibit D (a “Conversion Notice”) of each conversion of a Base Rate Borrowing into a Federal Funds Borrowing or conversion of a Federal Funds Borrowing to a Base Rate Borrowing not later than 10:00 a.m. (Minneapolis time) on the date of such requested conversion, specifying:

- (a) the requested date, which shall be a Business Day, of such conversion;
- (b) the Type of the Borrowing and whether it is to be converted; and
- (c) the amount of such Borrowing to be converted.

2.9. Interest Rates. Each Base Rate Loan shall bear interest on the outstanding principal amount thereof, for each day from and including the date such Loan is made or is converted from a Federal Funds Loan into a Base Rate Loan pursuant to Section 2.8, to but excluding the date it is paid or is converted from a Base Rate Loan into a Federal Funds Loan pursuant to Section 2.8, at a rate per annum equal to the Base Rate for such day; provided that if a Base Rate Loan is due as a result of an Event of Default or is otherwise outstanding during the continuance of an Event of Default, the Base Rate shall continue to apply thereto plus such other amounts as required under Section 2.10. Changes in the rate of interest on each Base Rate Borrowing will take effect simultaneously with each change in the Base Rate. Each Federal Funds Loan shall bear interest on the outstanding principal amount thereof, for each day from and including the date such Loan is made or is converted from a Federal Funds Loan into a Base Rate Loan pursuant to Section 2.8, to but excluding the date it is paid or is converted from a Federal Funds Loan into a Base Rate Loan pursuant to Section 2.8, at a rate per annum equal to the Federal Funds Effective Rate for such day. Changes in the rate of interest on each Federal Funds Borrowing will take effect simultaneously with each change in the Federal Funds Effective Rate. The Lender’s internal records of applicable interest rates shall be determinative in the absence of manifest error.

2.10. Rates Applicable After Event of Default. Notwithstanding anything to the contrary in Section 2.7, 2.8 or 2.9, during the continuance of a Default or Event of Default, the Lender may, at its option, by notice to the Borrower, declare that no Borrowing may be made as or converted into a Federal Funds Borrowing. Notwithstanding anything to the contrary in Section 2.7, 2.8 or 2.9, during the continuance of an Event of Default, at the option of the Lender (or, in the case of an Event of Default under Section 8.1(b), (f), or (g), automatically), the Loans shall bear interest at the rate otherwise applicable thereto plus 2.00% per annum.

2.11. Method of Payment.

(a) All payments of the Obligations under this Agreement and the other Loan Documents shall be made, without setoff, deduction, or counterclaim, in immediately available funds to the Lender at the Lender's address specified pursuant to Section 9.1 by noon (Minneapolis time) on the date when due. The Lender is hereby authorized to charge the account of the Borrower maintained with the Lender for each payment of principal, interest and fees as it becomes due hereunder.

(b) Principal of the Loans is payable on the Facility Termination Date. The Borrower hereby unconditionally promises to pay such amounts when due.

2.12. Evidence of Indebtedness.

(a) The Loans shall be evidenced by a Note payable to the Lender in a principal amount equal to the Revolving Commitment Amount originally in effect.

(b) The Lender will also maintain accounts in which it will record (i) the amount of each Borrowing and Type thereof, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to the Lender hereunder, and (iii) the amount of any sum received by the Lender hereunder from the Borrower. The entries maintained in such accounts shall be *prima facie* evidence of the existence and amounts of the Obligations therein recorded; provided that the failure of the Lender to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to pay the Obligations in accordance with their terms.

2.13. Oral Notices. The Borrower hereby authorizes the Lender to extend or convert Borrowings and Types of Borrowings and to transfer funds based on oral or written requests, including Borrowing Notices and Conversion Notices via telephone. The Lender may rely upon, and shall incur no liability for relying upon, any oral or written request the Lender believes to be genuine and to have been signed, sent or made by an authorized person. Upon request by the Lender, the Borrower must promptly confirm each oral notice in writing (which may include email), authenticated by an Authorized Officer. If the written confirmation differs in any material respect from the action taken by the Lender, the records of the Lender shall govern absent manifest error.

2.14. Interest Payment Dates; Interest and Fee Basis. Interest accrued on each Base Rate Loan shall be payable in arrears on each Payment Date, commencing with the first Payment Date to occur after the Restatement Date, on the date of any prepayment of such Loan (whether or not as a result of acceleration) on the amount prepaid, and on the Facility Termination Date. Interest accrued on each Federal Funds Loan shall be payable in arrears on each Payment Date, commencing with the first Payment Date to occur after the Restatement Date, on the date of any prepayment of such Loan (whether or not as a result of acceleration) on the amount prepaid, and on the Facility Termination Date. Interest accrued pursuant to Section 2.10 is payable on demand. Interest and fees hereunder shall be calculated for actual days elapsed on the basis of a 360-day year. Interest shall be payable for the day a Loan is made but not for the day of any payment on the amount paid if payment is received before noon (Minneapolis time). If any payment of principal or interest on a Loan becomes due on a day that is not a Business Day, such payment shall be made on the next succeeding Business Day.

2.15. Interest Rate Limitation. Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan, together with all fees, charges and other amounts that are treated as interest on such Loan under Applicable Law (collectively, "charges"),

exceeds the maximum lawful rate (the “Maximum Rate”) that may be contracted for, charged, taken, received or reserved by the Lender in accordance with Applicable Law, the rate of interest payable in respect of such Loan hereunder, together with all charges payable in respect thereof, shall be limited to the Maximum Rate. To the extent lawful, the interest and charges that would have been paid in respect of such Loan but were not paid as a result of the operation of this Section 2.15 shall be applied first to reduce the unpaid balance of the Loans, then to reduce the principal balance of any other Indebtedness of the Borrower to the Lender, and then to the Borrower.

2.16. Judgment Currency. If for the purposes of obtaining judgment in any court it is necessary to convert a sum due from the Borrower hereunder in the currency expressed to be payable herein (the “specified currency”) into another currency, the parties hereto agree, to the fullest extent that they can effectively do so, that the rate of exchange used shall be that at which in accordance with normal banking procedures the Lender could purchase the specified currency with such other currency at the Lender’s offices on the Business Day preceding that on which final, non-appealable judgment is given. The obligations of the Borrower in respect of any sum due to the Lender hereunder shall, notwithstanding any judgment in a currency other than the specified currency, be discharged only to the extent that on the Business Day following receipt by the Lender of any sum adjudged to be so due in such other currency the Lender can in accordance with normal, reasonable banking procedures purchase the specified currency with such other currency. If the amount of the specified currency so purchased is less than the sum originally due to the Lender in the specified currency, the Borrower agrees, to the fullest extent that it can effectively do so, as a separate obligation and notwithstanding any such judgment, to indemnify the Lender against such loss, and if the amount of the specified currency so purchased exceeds the sum originally due to the Lender in the specified currency, the Lender shall remit such excess to the Borrower.

2.17. Extension of Facility Termination Date. The Borrower may, by notice to the Lender not earlier than 60 days and not later than 30 days prior to the Facility Termination Date then in effect hereunder (the “Extension Date”), request the extension of the Facility Termination Date for a period of one year. The effectiveness of the extension of the Facility Termination Date shall be conditioned upon (a) the consent of the Lender (in its sole and absolute discretion), (b) no Default or Event of Default occurring and continuing as of the Extension Date and after giving effect thereto, (c) the representations and warranties in this Agreement being true and correct as of the Extension Date and after giving effect thereto, as though made on and as of such date (or, if any such representation or warranty is expressly stated to have been made as of a specific date, as of such specific date), and (d) the payment of the applicable work fee set forth in the Fee Letter to the Lender, for the Lender’s own account, in immediately available funds.

### **ARTICLE III YIELD PROTECTION; TAXES**

#### 3.1. Increased Costs.

(a) Increased Costs Generally. If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, the Lender;

(ii) subject the Lender to any Taxes (other than (A) Indemnified Taxes and (B) Connection Income Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto; or

(iii) impose on the Lender or the London interbank market any other condition, cost or expense (other than Taxes) affecting this Agreement or Loans,

and the result of any of the foregoing shall be to increase the cost to the Lender of making, converting to or maintaining any Loan or of maintaining its obligation to make any Loan, or to reduce the amount of any sum received or receivable by the Lender hereunder (whether of principal, interest or any other amount), then, upon request of the Lender, the Borrower will pay to the Lender such additional amount or amounts as will compensate the Lender for such additional costs incurred or reduction suffered.

(b) Capital Requirements. If the Lender determines that any Change in Law affecting the Lender or any lending office of the Lender or the Lender's holding company, if any, regarding capital or liquidity requirements, has or would have the effect of reducing the rate of return on the Lender's capital or on the capital of the Lender's holding company, if any, as a consequence of this Agreement, the Revolving Commitment or the Loans to a level below that which the Lender or the Lender's holding company could have achieved but for such Change in Law (taking into consideration the Lender's policies and the policies of the Lender's holding company with respect to capital adequacy), then from time to time the Borrower will pay to the Lender such additional amount or amounts as will compensate the Lender or the Lender's holding company for any such reduction suffered.

3.2. Certificates for Reimbursement; Delay in Requests. A certificate of the Lender setting forth the amount or amounts necessary to compensate the Lender or its holding company, as the case may be, as specified in Section 3.1 and delivered to the Borrower shall be conclusive absent manifest error. The Borrower shall pay the Lender the amount shown as due on any such certificate within 10 days after receipt thereof. Failure or delay on the part of the Lender to demand compensation pursuant to Section 3.1 shall not constitute a waiver of the Lender's right to demand such compensation; provided that the Borrower shall not be required to compensate the Lender pursuant to Section 3.1 for any increased costs incurred or reductions suffered more than nine months prior to the date that the Lender notifies the Borrower of the Change in Law giving rise to such increased costs or reductions, and of the Lender's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the nine-month period referred to above shall be extended to include the period of retroactive effect thereof).

3.3. Adequacy of Interest Rate. Notwithstanding anything to the contrary in this Agreement or any other Loan Document, if the Lender determines (which determination shall be conclusive absent manifest error) that the interest rate applicable to Federal Funds Borrowings for any day is not ascertainable or available or does not adequately and fairly reflect the cost of making or maintaining Federal Funds Borrowings, then the Lender shall suspend the availability of Federal Funds Borrowings and require any affected Federal Funds Borrowings to be repaid or converted to Base Rate Borrowings.

3.4. [Reserved].

3.5. Taxes.

(a) Payments Free of Taxes. Any and all payments by or on account of any obligation of any Loan Party under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by Applicable Law. If any Applicable Law requires the deduction or withholding of any Tax from any such payment, then the applicable Loan Party may make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with Applicable Law and, if such Tax is an Indemnified Tax, then the sum payable by the applicable Loan Party shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section 3.5) the Lender receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(b) Payment of Other Taxes by Loan Parties. The Loan Parties shall timely pay to the relevant Governmental Authority in accordance with Applicable Law or at the option of the Lender timely reimburse it for the payment of, any Other Taxes.

(c) Indemnification by Loan Parties. The Loan Parties shall indemnify the Lender, within 10 days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section 3.5) payable or paid by the Lender or required to be withheld or deducted from a payment to the Lender and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by the Lender shall be conclusive absent manifest error.

(d) Evidence of Payments. As soon as practicable after any payment of Taxes by any Loan Party to a Governmental Authority pursuant to this Section 3.5, such Loan Party shall deliver to the Lender the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Lender.

(e) Treatment of Certain Refunds. If the Lender determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section 3.5 (including by the payment of additional amounts pursuant to this Section 3.5), it shall pay to the applicable Loan Party an amount equal to such refund (but only to the extent of indemnity payments made under this Section 3.5 with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of the Lender and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such Loan Party, upon the request of the Lender, shall repay to the Lender the amount paid over pursuant to this Section 3.5(e) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) if the Lender is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this Section 3.5(e), in no event will the Lender be required to pay any amount pursuant to this Section 3.5(e) the payment of which would place the Lender in a less favorable net after-Tax position than it would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This Section 3.5(e) shall not be construed

to require the Lender to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to any Loan Party or any other Person.

(f) Survival. Each party's obligations under this Section 3.5 shall survive any assignment of rights by the Lender, the termination of the Revolving Commitment and the repayment, satisfaction or discharge of all obligations under any Loan Document.

3.6. Lender Statements; Survival of Indemnity. The Lender shall give notice to the Borrower as to any amount due under Section 3.1, 3.2 or 3.5. Such notice shall set forth in reasonable detail the calculations upon which the Lender determined such amount and shall be final, conclusive and binding on the Borrower in the absence of manifest error. Unless otherwise provided herein, the Borrower shall pay the amount specified in such notice on demand.

3.7. Illegality. If the Lender determines that any Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for the Lender or its applicable lending office to make, maintain, or fund Loans whose interest is determined by reference to the Federal Funds Effective Rate, or to determine or charge interest rates based upon the Federal Funds Effective Rate, then, upon notice thereof by the Lender to the Borrower, any obligation of the Lender to make Federal Funds Borrowings or to convert Base Rate Borrowings to Federal Funds Borrowings shall be suspended until the Lender notifies the Borrower that the circumstances giving rise to such determination no longer exist. Upon receipt of such notice, the Borrower shall, upon demand from the Lender, prepay or, if applicable, convert all Federal Funds Borrowings to Base Rate Borrowings immediately. Upon any such prepayment or conversion, the Borrower shall also pay accrued interest on the amount so prepaid or converted.

#### **ARTICLE IV CONDITIONS PRECEDENT**

4.1. Restatement Date. The initial Borrowing following the Restatement Date is subject to the conditions precedent, unless waived by the Lender (and the Borrower, by executing this Agreement, shall be deemed to have certified that all such conditions precedent unless waived are satisfied on the Restatement Date), that:

(a) The Lender shall have received executed counterparts of each of the following:

(i) this Agreement;

(ii) the Note;

(iii) the fee letter agreement, dated as of December 20, 2022 (the "Fee Letter"), between the Borrower and the Lender;

(iv) a certificate of the Secretary or an Assistant Secretary of the Borrower certifying (A) that there have been no changes in the charter document of the Borrower, as attached thereto and as certified as of a recent date by the Secretary of State (or analogous governmental entity) of the jurisdiction of its organization, since the date of the certification thereof by such governmental entity, (B) as to the bylaws, as attached thereto, of the Borrower as in effect on the date of such certification, (C) as to resolutions of the board of directors of the Borrower authorizing the execution, delivery and performance of each Loan Document to which it is a party, (D) as to a good standing certificate (or analogous documentation if applicable) for the Borrower from the Secretary of

State (or analogous governmental entity) of the jurisdiction of its organization as of a recent date, to the extent generally available in such jurisdiction and (E) the names and true signatures of the incumbent officers of the Borrower authorized to sign the Loan Documents to which it is a party, and authorized to request a Borrowing;

(v) a certificate, signed by an Authorized Officer of the Borrower, stating that on Restatement Date (A) no Default or Event of Default has occurred and is continuing and (B) the representations and warranties in Article V are (1) with respect to any representations or warranties that contain a materiality qualifier, true and correct in all respects as of such date, except to the extent any such representation or warranty is stated to relate solely to an earlier date, in which case such representation or warranty was true and correct in all respects on and as of such earlier date and (2) with respect to any representations or warranties that do not contain a materiality qualifier, true and correct in all material respects as of such date, except to the extent any such representation or warranty is stated to relate solely to an earlier date, in which case such representation or warranty was true and correct in all material respects on and as of such earlier date; and

(vi) a written opinion of the counsel to the Borrower, addressed to the Lender and otherwise in form and substance satisfactory to the Lender.

(b) The Lender shall have received all fees and other amounts due and payable on or before the Restatement Date, including without limitation (i) the fees specified in the Fee Letter, (ii) any other fees agreed to by the Borrower and the Lender from time to time, and (iii), to the extent invoiced, reimbursement or payment of all out-of-pocket expenses required to be reimbursed or paid by the Borrower hereunder.

(c) The Lender shall have received evidence in form, scope and substance reasonably satisfactory to the Lender of current insurance coverage that complies with Section 6.6.

(d) There shall not have occurred a material adverse change in (i) the business, Property, liabilities (actual and contingent), operations or condition (financial or otherwise), results of operations, or prospects of the Borrower and its Subsidiaries taken as a whole, since December 31, 2021, or (ii) the facts and information regarding such entities as represented by such entities to date.

(e) The Lender shall have received evidence of all governmental, equity holder and third-party consents and approvals necessary in connection with the contemplated financing, all applicable waiting periods shall have expired without any action being taken by any authority that would be reasonably likely to restrain, prevent or impose any material adverse conditions on the Borrower and its Subsidiaries, taken as a whole, and no Law applies that in the reasonable judgment of the Lender could have such effect.

(f) No action, suit, investigation or proceeding shall be pending or, to the knowledge of any Loan Party, threatened in any court or before any arbitrator or Governmental Authority that would reasonably be expected to result in a Material Adverse Effect or that seeks to prevent, enjoin or delay any Borrowing.

(g) The Lender shall have received: (i) a compliance certificate substantially in the form of Exhibit A attached hereto (which certificate may state in Section 4 thereof that the Borrower is in compliance with Section 7.11 hereof as of the Restatement Date without attaching

any financial data or computations), (ii) such information as the Lender reasonably requests to confirm the tax, legal, and business assumptions made in such pro forma financial statements, (iii) unaudited consolidated financial statements of the Borrower and its Subsidiaries for the fiscal quarter ended September 30, 2022, (iv) audited consolidated financial statements of the Borrower and its Subsidiaries for the fiscal years ended December 31, 2021, December 31, 2020, and December 31, 2019 and (v) the most recent FOCUS Report.

(h) Upon the reasonable request of the Lender made at least 10 days before the Restatement Date, the Borrower shall have provided to the Lender the documentation and other information so requested in connection with applicable “know your customer” and anti-money-laundering Laws, including the PATRIOT Act, in each case at least five days before the Restatement Date.

(i) The Lender shall have received such other agreements, documents, instruments and certificates as are reasonably requested by the Lender and its counsel, in form and substance reasonably satisfactory to the Lender.

4.2. Each Borrowing. The Lender shall not be required to make any Borrowing unless on the applicable Borrowing Date:

(a) There exists no Default or Event of Default, nor would a Default or Event of Default result from such Borrowing.

(b) The representations and warranties in Article V are (i) with respect to any representations or warranties that contain a materiality qualifier, true and correct in all respects as of such Borrowing Date, except to the extent any such representation or warranty is stated to relate solely to an earlier date, in which case such representation or warranty was true and correct in all respects on and as of such earlier date and (ii) with respect to any representations or warranties that do not contain a materiality qualifier, true and correct in all material respects as of such Borrowing Date, except to the extent any such representation or warranty is stated to relate solely to an earlier date, in which case such representation or warranty was true and correct in all material respects on and as of such earlier date.

(c) The Lender shall have received a Borrowing Notice in accordance with the requirements hereof.

Each Borrowing Notice constitutes a representation and warranty by the Borrower that the conditions in Section 4.2(a) and (b) have been satisfied.

## **ARTICLE V REPRESENTATIONS AND WARRANTIES**

The Borrower represents and warrants to the Lender that:

5.1. Existence and Standing. Each of the Borrower and its Subsidiaries is a corporation, partnership or limited liability company duly and properly incorporated or formed, as the case may be, validly existing and (to the extent such concept applies to such entity) in good standing under the laws of its jurisdiction of incorporation or organization and has all requisite authority to conduct its business in each jurisdiction in which its business is conducted.

5.2. Authorization and Validity. Each Loan Party has the power and authority and legal right to execute and deliver the Loan Documents to which it is a party and to perform its obligations thereunder. The execution and delivery by each Loan Party of the Loan Documents to which it is a party and the performance of its obligations thereunder have been duly authorized



by proper corporate, limited liability company or partnership, as applicable, proceedings, and the Loan Documents to which each Loan Party is a party are legal, valid and binding obligations of such Loan Party enforceable against such Loan Party in accordance with their terms, except as enforceability may be limited by bankruptcy, insolvency or similar Laws affecting the enforcement of creditors' rights generally.

5.3. No Conflict; Government Consents. Neither the execution and delivery by each Loan Party of the Loan Documents to which it is a party, nor the consummation of the transactions therein contemplated, nor compliance with the provisions thereof will violate (a) any Law, order, writ, judgment, injunction, decree or award binding on any Loan Party or any of its Subsidiaries, (b) any Loan Party's or any of its Subsidiaries' Constituent Documents, or (c) any indenture, instrument or agreement to which any Loan Party or any of its Subsidiaries is a party or is subject, or by which it, or its Property, is bound, or conflict with or be a default thereunder, or result in, or require, the creation or imposition of any Lien in, of or on the Property of any Loan Party or any of its Subsidiaries pursuant to any such indenture, instrument or agreement. No order, consent, adjudication, approval, license, authorization, or validation of, or filing, recording or registration with, or exemption by, or other action in respect of any governmental or public body or authority, or any subdivision thereof, that has not been obtained is required to be obtained by any Loan Party or any of its Subsidiaries in connection with the execution and delivery of the Loan Documents, the borrowings under this Agreement, the payment and performance of the Obligations or the legality, validity, binding effect or enforceability of any of the Loan Documents.

5.4. Financial Statements. The December 31, 2021 audited consolidated financial statements of the Borrower and its Subsidiaries, and their unaudited financial statements dated as of September 30, 2022, heretofore delivered to the Lender were prepared in accordance with Section 1.3 and fairly present in all material respects the consolidated financial condition and operations of the Borrower and its Subsidiaries at such date and the consolidated results of their operations for the period then ended.

5.5. Material Adverse Change. Since December 31, 2021, there has been no change in the business, Property, prospects, condition (financial or otherwise) or results of operations of the Borrower and its Subsidiaries that could reasonably be expected to have a Material Adverse Effect.

5.6. Taxes. The Borrower and its Subsidiaries have filed all United States federal and state income Tax returns and all other material Tax returns required to be filed by them and have paid all United States federal and state income Taxes and all other material Taxes due from the Borrower and its Subsidiaries, including, without limitation, pursuant to any assessment received by the Borrower or any Subsidiary, except any Taxes that are being contested in good faith as to which adequate reserves have been provided in accordance with GAAP and as to which no Lien exists. No Tax Liens have been filed and no claims are being asserted with respect to any such Taxes the amount of which, individually or in the aggregate, is Material. The charges, accruals and reserves on the books of the Borrower and its Subsidiaries in respect of any Taxes or other governmental charges are adequate.

5.7. Litigation and Contingent Obligations. Except as identified under "Legal Proceedings" in Part I, Item 3 of the Borrower's Annual Report on Form 10-K for the year ended December 31, 2021, and updated in subsequent reports filed with the SEC, there is no litigation, arbitration, governmental investigation, proceeding or inquiry pending or, to the knowledge of the Borrower or any Subsidiary, threatened against or affecting the Borrower or any Subsidiary that could reasonably be expected to have a Material Adverse Effect or that seeks to prevent, enjoin or delay any Borrowing. Other than any liability incident to any litigation, arbitration or proceeding that could not reasonably be expected to have a Material Adverse Effect, the

Borrower has no material Contingent Obligations not provided for or disclosed in the financial statements referred to in Section 5.4.

5.8. Subsidiaries. Schedule 5.8 contains an accurate list of all Subsidiaries as of the Restatement Date, setting forth their respective jurisdictions of organization and the percentage of their respective Equity Interests owned by the Borrower or other Subsidiaries. All of the issued and outstanding Equity Interests of such Subsidiaries have been (to the extent such concepts are relevant with respect to such Equity Interests) duly authorized and issued and are fully paid and non-assessable.

5.9. ERISA. With respect to each Plan, the Borrower and all ERISA Affiliates have paid all required minimum contributions and installments on or before the due dates provided under Section 430(j) of the Code and could not reasonably be subject to a Lien under Section 430(k) of the Code or Section 303(k) or Title IV of ERISA. Neither the Borrower nor any ERISA Affiliate has filed, pursuant to Section 412(c) of the Code or Section 302(c) of ERISA, an application for a waiver of the minimum funding standard. No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events for which liability is reasonably expected to occur, could reasonably be expected to result in material liability.

5.10. Accuracy of Information. No information, exhibit or report furnished by the Borrower or any Subsidiary to the Lender in connection with the negotiation of, or compliance with, the Loan Documents, taken as a whole, contained any material misstatement of fact or omitted to state a material fact or any fact necessary to make the statements therein not misleading.

5.11. Material Agreements. Neither the Borrower nor any Subsidiary is a party to any agreement or instrument or subject to any charter or other restriction that could reasonably be expected to have a Material Adverse Effect. Neither the Borrower nor any Subsidiary is in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions in (a) any agreement to which it is a party, which default could reasonably be expected to have a Material Adverse Effect or (b) any agreement or instrument evidencing or governing Material Indebtedness.

5.12. Compliance with Laws. The Borrower and its Subsidiaries are in compliance in all material respects with all applicable Laws, orders and restrictions of any Governmental Authority having jurisdiction over the conduct of their respective businesses or the ownership of their respective Property.

5.13. Ownership of Properties. The Borrower and its Subsidiaries have good title, free of all Liens, other than Permitted Liens, to all of the Property reflected in the Borrower's most recent audited balance sheet referred to in Section 6.1(a).

5.14. Plan Assets; Prohibited Transactions. The Borrower is not an entity deemed to hold "plan assets" within the meaning of 29 C.F.R. § 2510.3-101, as modified by Section 3(42) of ERISA, of an employee benefit plan (as defined in Section 3(3) of ERISA) subject to Title I of ERISA or any plan (within the meaning of Section 4975 of the Code) subject to Section 4975 of the Code, and neither the execution of this Agreement nor the Borrowings give rise to a prohibited transaction within the meaning of Section 406 of ERISA or Section 4975 of the Code. The Borrower is not subject to any Law substantially similar to the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the Code.

5.15. Investment Company Act. Neither the Borrower nor any of its Subsidiaries is subject to regulation under the Investment Company Act of 1940 or under any other federal or state statute or regulation which would reasonably be expected to limit its ability to incur the Obligations or which may otherwise render all or any portion of the Obligations unenforceable.

5.16. Insurance. The Borrower maintains, and has caused each Subsidiary to maintain, insurance in compliance with Section 6.6.

5.17. Solvency.

(a) Immediately after the consummation of the transactions to occur on the Restatement Date and immediately following any Borrowings made on the Restatement Date and after giving effect to the application of the proceeds of such Borrowings, (i) the fair value of the assets of the Borrower and its Subsidiaries on a consolidated basis, at a fair valuation, will exceed the debts and liabilities, subordinated, contingent or otherwise, of the Borrower and its Subsidiaries on a consolidated basis; (ii) the present fair saleable value of the Property of the Borrower and its Subsidiaries on a consolidated basis will be greater than the amount that will be required to pay the probable liability of the Borrower and its Subsidiaries on a consolidated basis on their debts and other liabilities, subordinated, contingent or otherwise, as such debts and other liabilities become absolute and matured; (iii) the Borrower and its Subsidiaries on a consolidated basis will be able to pay their debts and liabilities, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured; and (iv) the Borrower and its Subsidiaries on a consolidated basis will not have unreasonably small capital with which to conduct the businesses in which they are engaged as such businesses are now conducted and are proposed to be conducted after the Restatement Date.

(b) The Borrower does not intend to, or to permit any Subsidiary to, and does not believe that it or any Subsidiary will, incur debts beyond its ability to pay such debts as they mature, taking into account the timing of and amounts of cash to be received by it and the timing of the amounts of cash to be payable on or in respect of its Indebtedness.

5.18. No Default. No Default or Event of Default has occurred and is continuing.

5.19. Anti-Corruption Laws; Sanctions. The Borrower, its Subsidiaries and their respective directors, officers, and employees and, to the knowledge of the Borrower, the agents of the Borrower and its Subsidiaries are in compliance with Anti-Corruption Laws and all applicable Sanctions in all material respects. The Borrower and its Subsidiaries have implemented and maintain in effect policies and procedures designed to ensure compliance with Anti-Corruption Laws and applicable Sanctions. None of the Borrower, any of its Subsidiaries or any director, officer, employee, agent, or affiliate of the Borrower or any of its Subsidiaries is an individual or entity that is, or is 50% or more owned (individually or in the aggregate, directly or indirectly) or controlled by individuals or entities (including any agency, political subdivision or instrumentality of any government) that are (a) the target of any Sanctions or (b) located, organized or resident in a country or territory that is the subject of Sanctions (at the time of this Agreement, Crimea, Cuba, Iran, North Korea, Syria, the so-called Donetsk People's Republic, and the so-called Luhansk People's Republic).

5.20. Force Majeure. Since the date of the most recent financial statements referred to in Section 5.4, the business and Property of the Borrower and its Subsidiaries have not been affected in any way by any fire or other casualty, strike, lockout, or other labor trouble, embargo, sabotage, confiscation, condemnation, riot, civil disturbance, activity of armed forces or act of God, in any case that could reasonably be expected to have a Material Adverse Effect.

5.21. Labor Matters. There are no collective bargaining agreements or Multiemployer Plans covering the employees of any Loan Party or any Subsidiary as of the Restatement Date and neither any Loan Party nor any Subsidiary has suffered any strikes, walkouts, work stoppages or other material labor difficulty within the last five (5) years preceding the Restatement Date.

5.22. Margin Regulation. Margin stock (as defined in Regulation U) constitutes less than 25% of the value of those assets of the Borrower and its Subsidiaries (other than any Subsidiary which is an “exempted borrower” within the meaning of Regulation U) which are subject to any limitation on sale, pledge or other restriction hereunder.

5.23. Broker-Dealer.

(a) Each Broker-Dealer Subsidiary shall be duly registered as a broker or dealer with the SEC (or comparable agency in any applicable non-U.S. jurisdiction) under the Securities Exchange Act of 1934 (or comparable law in any applicable non-U.S. jurisdiction), is a member in good standing of FINRA (or comparable agency in any applicable non-U.S. jurisdiction) and such other self-regulatory organizations of which it is required to be a member in order to conduct its business as currently conducted and is duly registered under applicable state laws. There is no proceeding pending or threatened in writing with respect to the suspension, revocation or termination of any such registrations and the termination or withdrawal of any such registrations is not contemplated by any Broker-Dealer Subsidiary except as could not reasonably be expected to have a Material Adverse Effect. Each Broker-Dealer Subsidiary is in compliance in all material respects with the applicable provisions of the Securities Exchange Act of 1934 (or comparable law in any applicable non-U.S. jurisdiction) and all applicable rules of FINRA (or comparable agency in any applicable non-U.S. jurisdiction) and such other self-regulatory organizations except as could not reasonably be expected to have a Material Adverse Effect. All Persons associated with each Broker-Dealer Subsidiary required to be registered or licensed with FINRA (or comparable agency in any applicable non-U.S. jurisdiction) or with any other self-regulatory organization or other Governmental Authority are duly registered or licensed except where any failure to be so registered or licensed individually, or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

(b) To the knowledge of the Borrower, no Broker-Dealer Subsidiary, nor any of their “associated persons” (as defined in Section 3(a)(18) of the Securities Exchange Act of 1934) who are required to be registered as such, is currently subject to a statutory disqualification as defined in Section 3(a)(39) of the Securities Exchange Act of 1934 (or comparable law in any applicable non-U.S. jurisdiction) except for such statutory disqualifications which (i) have been waived by the SEC (or comparable agency in any applicable non-U.S. jurisdiction), (ii) are the subject to an MC-400 or MC-400A approved by FINRA (or comparable agency in any applicable non-U.S. jurisdiction) or (iii) could not reasonably be expected to have a Material Adverse Effect.

(c) The information contained in the currently effective Form BD (the uniform application for broker-dealer registration) of each Broker-Dealer Subsidiary and any amendments thereto filed with the SEC and FINRA (or comparable agencies in any applicable non-U.S. jurisdiction) by each Broker-Dealer Subsidiary, was, at the time of filing, complete and accurate in all material respects.

(d) No Broker-Dealer Subsidiary has received a notice from the SEC, FINRA (or comparable agency in any applicable non-U.S. jurisdiction) or any other

Governmental Authority, except as could not otherwise be expected to have a Material Adverse Effect.

## **ARTICLE VI AFFIRMATIVE COVENANTS**

Until the Revolving Commitment has expired or been terminated and all Obligations hereunder and under the other Loan Documents have been paid in full (other than any contingent indemnification obligations), the Borrower covenants and agrees with the Lender that:

6.1. Financial Reporting. The Borrower will maintain, for itself and each Subsidiary, a system of accounting established and administered in accordance with GAAP, and furnish to the Lender:

(a) within 90 days after the close of each of its fiscal years, an unqualified (except for qualifications relating to changes in accounting principles or practices reflecting changes in GAAP) audit report, with no going concern modifier, certified by independent certified public accountants acceptable to the Lender, prepared in accordance with GAAP on a consolidated basis for itself and its Subsidiaries, including balance sheets as of the end of such period, related profit and loss and reconciliation of surplus statements, and a statement of cash flows, accompanied by (i) any management letter prepared by said accountants and (ii) a certificate of such accountants that, in the course of their examination necessary for their certification of the foregoing, they have obtained no knowledge of any Default or Event of Default, or if, in the opinion of such accountants, any Default or Event of Default exists, stating the nature and status thereof;

(b) within 45 days after the close of each of the first three quarterly periods of each of its fiscal years, for itself and its Subsidiaries, consolidated unaudited balance sheets as at the close of each such period and consolidated profit and loss and reconciliation of surplus statements (including sufficient detail for independent calculation of the financial covenants set forth in Section 7.11) and a statement of cash flows for the period from the beginning of such fiscal year to the end of such quarter, all certified by its chief financial officer;

(c) together with the financial statements required under Section 6.1(a) and (b), a Compliance Certificate signed by its chief financial officer showing the calculations necessary to determine compliance with this Agreement and stating that no Default or Event of Default exists, or if any Default or Event of Default exists, stating the nature and status thereof;

(d) promptly upon the furnishing thereof to the shareholders of the Borrower, copies of all financial statements, reports, proxy statements, and other materials so furnished;

(e) promptly upon the filing thereof, copies of all registration statements and annual, quarterly, monthly or other regular reports the Borrower or any Subsidiary files with the SEC or any other Governmental Authority, including regulatory capital reports and, within ten (10) days after filing, copies of all monthly FOCUS Reports of Piper Sandler & Co.;

(f) promptly, and in any event within five (5) Business Days after receipt thereof by the Borrower or any Broker-Dealer Subsidiary, copies of each notice or other correspondence received from the SEC (or comparable agency in any applicable non-U.S. jurisdiction) concerning any investigation or possible investigation or other inquiry by such agency regarding financial or other operational results of the Borrower or any Broker-Dealer Subsidiary, in each case, that could reasonably be expected to have a Material Adverse Effect.

(g) such other information (including non-financial information) as the Lender from time to time reasonably requests, including information and documentation reasonably requested by the Lender for purposes of compliance with applicable “know your customer” requirements under the PATRIOT Act or other applicable anti-money laundering Laws; and

(h) on or promptly after any time at which the Borrower or any Subsidiary becomes subject to the Beneficial Ownership Regulation, a completed Beneficial Ownership Certification in form and substance acceptable to the Lender.

Any financial statement required to be furnished pursuant to Section 6.1(a) or (b) shall be deemed to have been furnished on the date on which the Lender receives notice that the Borrower has filed such financial statement with the SEC and is available on the EDGAR website on the Internet at [www.sec.gov](http://www.sec.gov) or any successor government website that is freely and readily available to the Lender without charge. The Borrower will give notice of any such filing to the Lender. Notwithstanding the foregoing, the Borrower will deliver paper or electronic copies of any such financial statement to the Lender if the Lender requests the Borrower to furnish such paper or electronic copies until written notice to cease delivering such paper or electronic copies is given by the Lender.

If any information required to be furnished to the Lender under this Section 6.1 is required by Applicable Law to be filed by the Borrower with a government body on an earlier date, then the information required hereunder must be furnished to the Lender at such earlier date.

6.2. Use of Proceeds. The Borrower will, and will cause each Subsidiary to, use the proceeds of the Borrowings for general corporate purposes. The Borrower will not, and will not permit any Subsidiary to, use any of the proceeds of the Loans to purchase or carry any “margin stock” (as defined in Regulation U). The Borrower will not, directly or indirectly, use the proceeds of the Loans, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other Person, (a) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws or (b)(i) to fund any activities or business of or with any Person, or in any country or territory, that, at the time of such funding, is the subject of Sanctions, or (ii) in any other manner that would result in a violation of Sanctions by any Person (including any Person participating in the Loans, whether as Lender, underwriter, advisor, investor, or otherwise).

### 6.3. Notice of Material Events

The Borrower will, and will cause each Subsidiary to, give notice to the Lender, promptly and in any event within five days after an officer of the Borrower obtains knowledge thereof, of the occurrence of any of the following:

(a) any Default or Event of Default;

(b) (i) the filing or commencement of any action, suit or proceeding by or before any arbitrator or Governmental Authority against or affecting the Borrower or any Affiliate thereof that, if adversely determined, would reasonably be expected to result in a Material Adverse Effect or that seeks to prevent, enjoin or delay any Borrowings or (ii) any material adverse development in any litigation, arbitration or governmental investigation or proceeding previously disclosed by the Borrower or any Subsidiary;

(c) with respect to a Plan, (i) any failure to pay all required minimum contributions and installments on or before the due dates provided under Section 430(j) of the Code or (ii) the filing pursuant to Section 412(c) of the Code or Section 302(c) of ERISA, of an application for a waiver of the minimum funding standard;

(d) the occurrence of any ERISA Event that, alone or together with any other ERISA Events that have occurred, would reasonably be expected to result in material liability;

(e) any change in the information provided in any Beneficial Ownership Certification that would result in a change to the list of beneficial owners identified in parts (c) or (d) of such certification;

(f) any Subsidiary becoming a Material Domestic Subsidiary or a Material Domestic Subsidiary becoming organized or otherwise acquired; and

(g) any other development, financial or otherwise, that would reasonably be expected to have a Material Adverse Effect.

Each notice delivered under this Section 6.3 must be accompanied by a statement of an officer of the Borrower setting forth the details of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto.

6.4. Conduct of Business. The Borrower will, and will cause each Subsidiary to, (a) carry on and conduct its business in substantially the same manner and fields of enterprise in which it is conducted on the Restatement Date; provided, however, that any Subsidiary that is not a Material Domestic Subsidiary may cease operations or otherwise wind-down operations if the Borrower determines to do so in its reasonable business judgment (provided that (i) the total assets, determined in accordance with GAAP, of the Subsidiaries, in the aggregate, which have ceased operations or otherwise wound-down operations shall not exceed ten percent (10%) of the Consolidated Total Assets of the Borrower during the 12-month period ending with the month in which such business was ceased, and (ii) the total operating income, determined in accordance with GAAP, of the Subsidiaries, in the aggregate, which have ceased operations or otherwise wound-down operations, shall not exceed ten percent (10%) of the Consolidated Net Income of the Borrower during the 12-month period ending with the month in which such business was ceased), (b) do all things necessary to remain duly incorporated or organized, validly existing and (to the extent such concept applies to such entity) in good standing as a domestic corporation, partnership or limited liability company in its jurisdiction of incorporation or organization, except through a transaction that is otherwise permitted by this Agreement, (c) maintain all requisite authority to conduct its business in each jurisdiction in which its business is conducted, except through a transaction that is otherwise permitted by this Agreement, and (d) keep in full force and effect all rights, contracts, trademarks, trade names, patents, copyrights, licenses, permits, privileges, franchises, and other authorizations material to the conduct of its business, except through a transaction that is otherwise permitted by this Agreement.

6.5. Payment of Taxes and Obligations. The Borrower will, and will cause each Subsidiary to, timely file complete and correct United States federal and applicable foreign, state and local tax returns required by Applicable Law. The Borrower will, and will cause each Subsidiary to, pay when due all its obligations, including without limitation Taxes upon it or its income, profits or Property, except those amounts (i) being contested in good faith by appropriate proceedings, with respect to which adequate reserves have been set aside in accordance with GAAP, and (ii) the nonpayment of which, in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

6.6. Insurance. The Borrower will, and will cause each Subsidiary to, maintain with financially sound and reputable insurance companies insurance on all their Property in such amounts, subject to such deductibles and self-insurance retentions and covering such Properties and risks as is consistent with sound business practice, and the Borrower will furnish to the Lender upon request full information as to the insurance carried.

6.7. Compliance with Laws and Material Contractual Obligations. The Borrower will, and will cause each Subsidiary to, (a) comply in all material respects with all Laws, orders, writs, judgments, injunctions, decrees or awards to which it may be subject including, without limitation, all Anti-Corruption Laws and applicable Sanctions and (b) perform in all material respects its obligations under material agreements to which it is a party. The Borrower will maintain in effect and enforce policies and procedures designed to ensure compliance by the Borrower, its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions.

6.8. Maintenance of Properties. The Borrower will, and will cause each Subsidiary to, do all things necessary to maintain, preserve, protect and keep its Property in good repair, working order and condition, ordinary wear and tear excepted, and make all repairs, renewals and replacements necessary to properly conduct its business at all times.

6.9. Books and Records; Inspection. The Borrower will, and will cause each Subsidiary to, keep proper books of record and account in which full, true and correct entries are made of all dealings and transactions related to its business and activities. The Borrower will, and will cause each Subsidiary to, permit the Lender, by its representatives and agents, at the Borrower's expense, to inspect any of the Property, books and financial records of the Borrower and each Subsidiary, to examine and make copies of the books of accounts and other financial records of the Borrower and each Subsidiary, and to discuss the affairs, finances and accounts of the Borrower and each Subsidiary with, and to be advised as to the foregoing by, their respective officers at such reasonable times and intervals as the Lender designates.

6.10. Further Assurances. As promptly as possible but in any event within 30 days (or such later date as agreed by the Lender in its sole discretion) after a Subsidiary becomes a Material Domestic Subsidiary (or a Material Domestic Subsidiary is organized or otherwise acquired), the Borrower will provide the Lender with written notice thereof setting forth information in reasonable detail describing the material Property of such Subsidiary and will deliver or cause each such Subsidiary to deliver to the Lender (i) a Guaranty (or a joinder to the Guaranty, as applicable) in a form acceptable to the Lender pursuant to which such Subsidiary agrees to be bound by the terms and provisions thereof, (ii) an updated Schedule 5.8 designating each Material Domestic Subsidiary as such, (iii) appropriate resolutions and legal opinions, and (iv) such other documentation as the Lender reasonably requests, in each case in form and substance reasonably satisfactory to the Lender and its counsel. Each Loan Party will, and will cause each Subsidiary to, promptly correct any ambiguity, omission, mistake, defect, inconsistency or error discovered in any Loan Document or in the execution, acknowledgment or recordation thereof. Notwithstanding anything herein to the contrary, if such Person would qualify as a "Regulated Subsidiary" and has been identified by the Borrower as such in the written notice provided to the Lender under this Section 6.10, such Person shall not be required to become a Guarantor pursuant to this Section 6.10. In addition, notwithstanding anything herein to the contrary, neither Sandler O'Neill + Partners, L.P. nor any of its Affiliates or Subsidiaries shall be deemed to be a Material Domestic Subsidiary hereunder.

6.11. Anti-Money Laundering Compliance. The Borrower will, and will cause each Subsidiary to, provide such information and take such actions as are reasonably requested by the Lender to assist the Lender in maintaining compliance with anti-money laundering Laws.



6.12. Registration Status. The Borrower shall cause each Broker-Dealer Subsidiary to maintain its (a) registration as a registered “broker-dealer” under the Securities Exchange Act of 1934 (or comparable law in any applicable non-U.S. jurisdiction) and under the laws of each state in which such registration is required and where a failure to maintain such registration could be likely to have a Material Adverse Effect and (b) membership with FINRA (or comparable agency in any applicable non-U.S. jurisdiction), except where the failure to maintain such membership could not be reasonably likely to have a Material Adverse Effect.

## ARTICLE VII NEGATIVE COVENANTS

Until the Commitments have expired or been terminated and all Obligations hereunder and under the other Loan Documents have been paid in full (other than any contingent indemnification obligations), the Borrower covenants and agrees with the Lender that:

7.1. Indebtedness. The Borrower will not, and will not permit any Subsidiary to, create, incur or suffer to exist any Indebtedness, except for:

- (a) the Loans;
- (b) Indebtedness existing on the Restatement Date and described in Schedule 7.1 (and any renewal or extension of such Indebtedness that does not increase the principal amount thereof);
- (c) Indebtedness arising under Swaps; provided, that, (i) such Swap is (or was) entered into by such Person in the ordinary course of business for the purpose of directly mitigating risks associated with liabilities, commitments, investments, assets, or property held or reasonably anticipated by such Person, or changes in the value of securities issued by such Person, and not for purposes of speculation or taking a “market view,” and (ii) such Swap does not contain any provision exonerating the non-defaulting party from its obligation to make payments on outstanding transactions to the defaulting party;
- (d) Indebtedness incurred to finance the acquisition, construction or improvement of any fixed or capital assets, including Capitalized Lease Obligations, and any Indebtedness assumed in connection with the acquisition of any such assets or secured by a Lien on any such assets (in each case to the extent such acquisition is otherwise permitted hereby) before the acquisition thereof (only if such Indebtedness is incurred before or within 90 days after such acquisition or the completion of such construction or improvements), and any renewal or extension of such Indebtedness that does not increase the principal amount thereof;
- (e) Indebtedness of the Borrower owing to any Subsidiary and of any Subsidiary owing to the Borrower or any other Subsidiary, subject to Section 7.4(f);
- (f) guaranties by the Borrower of Indebtedness of any Subsidiary and by any Subsidiary of Indebtedness of the Borrower or any other Subsidiary, subject to Section 7.4(f);
- (g) Indebtedness of any Person that becomes a Subsidiary after the Restatement Date in a transaction otherwise permitted hereunder, only if (i) such Indebtedness exists at the time that such Person becomes a Subsidiary and is not created in contemplation of or in connection with such Person becoming a Subsidiary and (ii) the aggregate principal amount of such Indebtedness does not exceed \$10,000,000 at any time outstanding;
- (h) Indebtedness arising from agreements providing for indemnification, adjustment of purchase price or similar obligations, or from guaranties or letters of credit, surety

bonds or performance bonds securing the performance by a Loan Party pursuant to such agreements, in connection with any of the transactions expressly permitted under Section 7.4 or 7.5, in each case on customary terms and in the ordinary course of business;

(i) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently (except in the case of daylight overdrafts) drawn against insufficient funds in the ordinary course of business, provided that such Indebtedness must be extinguished within five Business Days after incurrence;

(j) Indebtedness constituting marketable Securities sold under agreements to repurchase entered into in the ordinary course of business;

(k) Indebtedness constituting (i) liabilities to customers for cash on deposit, (ii) liabilities to brokers, dealers and clearing organizations relating to the settlement of securities transactions and (iii) monies due to counterparties under interest rate swap transactions, in each case under clauses (i) through (iii), arising, or pursuant to transactions entered into, in the ordinary course of business; and

(l) other Indebtedness so long as, before and after giving effect to the creation or incurrence of such Indebtedness, the Borrower shall be in compliance with each of the financial covenants set forth in Section 7.11.

7.2. Fundamental Changes. The Borrower will not, and will not permit any Subsidiary to, merge or consolidate with or into any other Person, divide, or liquidate or dissolve, except that (a) a Subsidiary may merge, consolidate, liquidate or dissolve into the Borrower (with the Borrower being the survivor thereof), (b) a Subsidiary may merge, consolidate, liquidate or dissolve into another Subsidiary, and (c) the Borrower or any Subsidiary may merge or consolidate with or into any Person other than the Borrower or such Subsidiary to effect a Permitted Acquisition (with the Borrower or such Subsidiary being the survivor thereof). For the avoidance of doubt, the contemplated merger of Sandler O'Neill + Partners, L.P. with and into Piper Sandler & Co., and the mergers of their respective Affiliates and Subsidiaries, shall be permitted under this Section 7.2 and the Borrower shall promptly provide the Lender with any amendments to its charter documents or as to its bylaws resulting from such contemplated merger.

7.3. Sale of Property. The Borrower will not, and will not permit any Subsidiary to, lease, sell, transfer, or otherwise dispose of its Property to any other Person, except for:

(a) sales of inventory, or used, worn-out or surplus equipment, all in the ordinary course of business;

(b) the sale of equipment (i) in exchange for credit against the purchase price of similar replacement equipment or (ii) the proceeds of which are applied with reasonable promptness to the purchase price of similar replacement equipment;

(c) any disposition of Property that, together with all other Property disposed of pursuant to this Section 7.3(c) during the 12-month period ending with the month in which such disposition occurs, does not constitute a Substantial Portion of its Property.

7.4. Investments. The Borrower will not, and will not permit any Subsidiary to, make or suffer to exist any Investments (including without limitation, loans and advances to, and other Investments in, Subsidiaries), or commitments therefor, or create any Subsidiary or become or remain a partner in any partnership or joint venture, except for:

- (a) Cash Equivalent Investments;
- (b) Investments existing on the Restatement Date (i) in Subsidiaries or (ii) described in Schedule 7.4;
- (c) Investments constituting Permitted Acquisitions and any deferred or restricted compensation arrangements related thereto;
- (d) advances and loans to management personnel and employees in the ordinary course of business;
- (e) Swaps permitted by Section 7.1(c);
- (f) Investments by the Borrower in any Subsidiary and by any Subsidiary in the Borrower or another Subsidiary;
- (g) Investments constituting Securities purchased by Broker-Dealer Subsidiaries and acquired in the ordinary course of business and consistent with past practice;
- (h) Investments in Securities to fund deferred compensation plans or non-qualified plans for employees in the ordinary course of business and consistent with past practice;
- (i) other Investments constituting variable interest entities and Investments in funds managed or advised by the Borrower or any Subsidiary in the ordinary course of business and consistent with past practice;
- (j) Investments consisting of marketable Securities purchased under agreements to resell; and
- (k) other Investments in the ordinary course of business and consistent with past practice, in an aggregate principal amount not to exceed \$50,000,000 at any time outstanding.

7.5. Acquisitions. The Borrower will not, and will not permit any Subsidiary, to make any Acquisition other than a Permitted Acquisition.

7.6. Liens. The Borrower will not, and will not permit any Subsidiary to, create, incur, or suffer to exist any Lien in, of or on the Property of the Borrower or any Subsidiary, except for:

(a) Liens for taxes, assessments or governmental charges or levies on its Property that are not at the time delinquent or thereafter can be paid without penalty, or are being contested in good faith and by appropriate proceedings and for which adequate reserves in accordance with GAAP have been set aside on its books;

(b) Liens imposed by law, such as carriers', warehousemen's and mechanics' liens and other similar liens arising in the ordinary course of business that secure payment of obligations that are not more than 60 days past due or that are being contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP have been set aside on its books;

(c) Liens arising out of pledges or deposits under worker's compensation laws, unemployment insurance, old age pensions, or other social security or retirement benefits, or similar legislation;

(d) utility easements, building restrictions and such other encumbrances or charges against real property that generally exist with respect to Properties of a similar character and do not in any material way affect the marketability of the property or interfere with the use thereof in the business of the Borrower or its Subsidiaries;

(e) Liens arising solely by virtue of any statutory or common law provision relating to bankers' liens, rights of set-off or similar rights and remedies as to deposit accounts, securities accounts or other funds maintained with a creditor depository institution, only if (i) such account is not a dedicated cash collateral account and is not subject to restriction against access by the Borrower or a Subsidiary in excess of those set forth by regulations promulgated by the Board, and (ii) such account is not intended by the Borrower or any Subsidiary to provide collateral to the depository institution;

(f) deposits to secure the performance of bids, trade contracts, leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature, in each case in the ordinary course of business;

(g) judgment and attachment liens not giving rise to an Event of Default or Liens created by or existing from any litigation or legal proceeding that are currently being contested in good faith by appropriate proceedings diligently conducted and with respect to which adequate reserves are being maintained in accordance with GAAP;

(h) the interest or title of a lessor, sublessor or owner under any lease of real estate, equipment or facilities (including fiber optic cable) expressly permitted under this Agreement (but not Liens, encumbrances or other exceptions to title encumbering such interest or title, except as otherwise provided in this definition);

(i) purported Liens evidenced by the filing of precautionary UCC financing statements relating solely to operating leases of personal property entered into in the ordinary course of business;

(j) licenses of trademarks and other intellectual property rights granted by the Borrower or a Subsidiary in the ordinary course of business and not interfering in any respect with the ordinary conduct of the business of the Borrower or such Subsidiary;

(k) purchase money Liens upon or in any fixed or capital assets to secure the purchase price or the cost of construction or improvement of such fixed or capital assets or to secure Indebtedness incurred solely for the purpose of financing the acquisition, construction or improvement of such fixed or capital assets (including Liens securing any Capitalized Lease Obligations), only if (i) such Lien secures Indebtedness permitted by Section 7.1(d), (ii) such Lien attaches to such asset concurrently or within 90 days after the acquisition or the completion of the construction or improvements thereof, (iii) such Lien does not extend to any other asset, and (iv) the Indebtedness secured thereby does not exceed the cost of acquiring, constructing or improving such fixed or capital assets;

(l) any Lien (i) existing on any Property of any Person at the time such Person becomes a Subsidiary, (ii) existing on any Property of any Person at the time such Person is merged with or into the Borrower or a Subsidiary, or (iii) existing on any Property before the acquisition thereof by the Borrower or a Subsidiary, in each case pursuant to a transaction otherwise permitted hereby, only if such Lien (x) was not created in the contemplation of any of the foregoing, (y) secures only the obligations it secures on the date such Person becomes a Subsidiary or the date of such merger or acquisition, and (z) is not a blanket or "all assets" Lien;

(m) Liens existing on the Restatement Date and described in Schedule 7.6;

(n) Liens on Property acquired in a Permitted Acquisition, provided that such Liens extend only to the Property so acquired and were not created in contemplation of such acquisition;

(o) Liens in connection with Indebtedness permitted pursuant to Sections 7.1(c) and (j), and

(p) other Liens securing Indebtedness in an aggregate principal amount not to exceed \$10,000,000 at any time outstanding.

7.7. Restricted Payments. The Borrower will not, and will not permit any Subsidiary to, make any Restricted Payment, except that

(a) any Subsidiary may declare and pay dividends or make distributions to the Borrower or to a Wholly-Owned Subsidiary of the Borrower; and

(b) the Borrower may declare and pay dividends or make distributions or repurchases on its Equity Interests if no Default or Event of Default exists before or after giving effect to such dividends, distributions or repurchases or would be created as a result thereof.

7.8. Transactions with Affiliates. The Borrower will not, and will not permit any Subsidiary to, enter into any transaction (including, without limitation, the purchase or sale of any Property or service) with, or make any payment or transfer to, any Affiliate except in the ordinary course of business and pursuant to the reasonable requirements of the Borrower's or such Subsidiary's business and upon fair and reasonable terms no less favorable to the Borrower or such Subsidiary than the Borrower or such Subsidiary would obtain in a comparable arms-length transaction.

7.9. Restrictive Agreements. The Borrower will not, and will not permit any Subsidiary to, directly or indirectly, enter into, incur or permit to exist any agreement or other arrangement that prohibits, restricts or imposes any condition upon (a) the ability of the Borrower or any Subsidiary to create, incur or permit to exist any Lien upon any of its Property other than Permitted Liens, or (b) the ability of any Subsidiary to (i) pay dividends or other distributions to holders of its Equity Interests, (ii) make or repay loans or advances to the Borrower or any other Subsidiary, or (iii) guarantee Indebtedness of the Borrower or any other Subsidiary; provided that (w) the foregoing does not apply to restrictions and conditions imposed by law or by any Loan Document, (x) the foregoing does not apply to customary restrictions and conditions in agreements relating to the sale of a Subsidiary pending such sale, if such restrictions and conditions apply only to the Subsidiary to be sold and such sale is permitted hereunder, (y) clause (a) of the foregoing does not apply to restrictions or conditions imposed by any agreement relating to secured Indebtedness permitted by this Agreement, and (z) clause (a) of the foregoing does not apply to customary provisions in leases and other contracts restricting the assignment thereof.

7.10. Accounting Changes, etc. The Borrower will not, and will not permit any Subsidiary to, (a) make any material change in GAAP accounting treatment or reporting practices other than any changes or reporting practices either (i) required by GAAP or (ii) necessary or advisable in the Borrower's reasonable discretion to maintain compliance with GAAP or change its fiscal year (provided, however, that any Subsidiary may change its fiscal year to match the fiscal year of the Borrower), or (b) amend, modify or change any of its Constituent Documents in any manner materially adverse in any respect to the rights or interests of the Lender.

7.11. Financial Covenants.

(a) The Borrower will, at all times, cause its Wholly-Owned Subsidiary, Piper Sandler & Co., to maintain Regulatory Net Capital of at least \$120,000,000.

(b) The Borrower will maintain, as of the end of each fiscal quarter commencing with the fiscal quarter ending December 31, 2022, an Adjusted Leverage Ratio of not more than 5.50 to 1.00.

(c) The Borrower will maintain, as of the end of each fiscal quarter, commencing with the fiscal quarter ending December 31, 2022, a ratio of Operating Cash Flow for the period commencing on the first day of the related fiscal year, through the end of such fiscal quarter to Consolidated Fixed Charges for the period commencing on the first day of the related fiscal year, through the end of such fiscal quarter, of at least 2.00 to 1.00.

**ARTICLE IIX  
DEFAULTS AND REMEDIES**

8.1. Events of Default. The occurrence of any one or more of the following events is an Event of Default (each, an "Event of Default"):

(a) any representation or warranty made or deemed made by or on behalf of the Borrower or any Subsidiary to the Lender under or in connection with this Agreement, any other Loan Document, any Borrowing, or any certificate or information delivered in connection with this Agreement or any other Loan Document is materially false on the date made or confirmed;

(b) nonpayment of (i) principal of any Loan when due or (ii) interest upon any Loan, any Commitment Fee, or any other obligation under any of the Loan Documents within one Business Day after it becomes due;

(c) the breach of any of the provisions of Section 6.1, 6.2, 6.3, 6.4, 6.6, and 6.11 or Article VII;

(d) the breach (other than a breach that is an Event of Default under another clause of this Section 8.1) of any of the terms or provisions of this Agreement or any other Loan Document that is not remedied within 30 days after the earlier of (i) the Borrower becoming aware of such breach and (ii) the Lender notifying the Borrower of such breach;

(e) (i) failure of the Borrower or any Subsidiary to pay when due any payment (whether of principal, interest or any other amount) in respect of any Material Indebtedness, (ii) the default (beyond any applicable grace period) by the Borrower or any Subsidiary in the performance of any term, provision or condition in any Material Indebtedness Agreement, or any other event or condition, that causes, or permits the holder(s) of such Material Indebtedness or the lender(s) under any Material Indebtedness Agreement to cause, any portion of such Material Indebtedness to become due before its stated maturity or any commitment to lend under any Material Indebtedness Agreement to be terminated before its stated expiration date, or (iii) any portion of Material Indebtedness being declared due and payable or required to be prepaid or repurchased (other than by a regularly scheduled payment) before the stated maturity thereof;

(f) the Borrower or any Subsidiary (i) has an order for relief entered with respect to it under the federal bankruptcy Laws, (ii) makes an assignment for the benefit of creditors, (iii) applies for, seeks, consents to, or acquiesces in the appointment of a receiver, custodian, trustee, examiner, liquidator, administrator, sequestrator or similar official for it or any

Substantial Portion of its Property, (iv) institutes any proceeding seeking an order for relief under the federal bankruptcy Laws or seeking to adjudicate it a bankrupt or insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, adjustment or composition of it or its debts under any Law relating to bankruptcy, insolvency or reorganization or relief of debtors or fails to file an answer or other pleading denying the material allegations of any such proceeding filed against it, (v) takes any corporate, limited liability company or partnership action to authorize or effect any of the foregoing actions set forth in this Section 8.1(f), (vi) fails to contest in good faith any appointment or proceeding described in this Section 8.1(f), or (vii) fails to pay, or admits in writing its inability to pay, its debts generally as they become due;

(g) without the application, approval or consent of the Borrower or any Subsidiary, a receiver, trustee, examiner, liquidator or similar official is appointed for the Borrower, any Subsidiary, or any Substantial Portion of its Property, or a proceeding described in Section 7.1(f) is instituted against the Borrower or any Subsidiary, and such appointment continues undischarged or such proceeding continues undismissed or unstayed for 30 days;

(h) any Governmental Authority condemns, seizes or otherwise appropriates, or takes custody or control of, all or any portion of the Property of the Borrower and its Subsidiaries that, when taken together with all other Property so condemned, seized, appropriated, or taken custody or control of, during the 12-month period ending with the month in which any such action occurs, constitutes a Substantial Portion of its Property;

(i) the Borrower or any Subsidiary fails within 30 days to pay, obtain a stay with respect to, or otherwise discharge one or more (i) judgments or orders for the payment of money of more than \$10,000,000 (or the equivalent thereof in currencies other than Dollars) in the aggregate, or (ii) nonmonetary judgments or orders that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect, in each case which are not stayed on appeal or otherwise being appropriately contested in good faith, or any action is legally taken by a judgment creditor to attach or levy upon any Property of the Borrower or any Subsidiary to enforce any such judgment;

(j) (i) with respect to a Plan, the Borrower or an ERISA Affiliate is subject to a Lien pursuant to Section 430(k) of the Code or Section 303(k) of ERISA or Title IV of ERISA, or (ii) an ERISA Event that, in the opinion of the Lender, when taken together with all other ERISA Events that have occurred, could reasonably be expected to result in a liability in excess of \$10,000,000;

(k) nonpayment by the Borrower or any Subsidiary of any Swap Obligation in an amount in excess of \$2,000,000 when due or the breach by the Borrower or any Subsidiary of any term, provision or condition in any Swap or any transaction of the type described in the definition of "Swap," whether or not the Lender or Affiliate of the Lender is a party thereto;

(l) any Change of Control shall occur;

(m) the occurrence of any "default," or "event of default" as defined in any Loan Document (other than this Agreement), or the breach of any of the terms or provisions of any Loan Document (other than this Agreement), which default or breach continues beyond any period of grace therein provided;

(n) any Loan Document fails to remain in full force or effect or any action is taken to discontinue or to assert the invalidity or unenforceability of any Guaranty, or any Guarantor fails to comply with any of the terms or provisions of any Guaranty to which it is a party, any Guarantor repudiates or purports to revoke its Guaranty or any Guarantor otherwise denies that it has any further liability under its Guaranty, or gives notice to such effect; or

(o) any occurrence or event that has a Material Adverse Effect.

8.2. Acceleration; Remedies.

(a) If any Event of Default described in Section 7.1(f) or (g) occurs,

(i) the obligations of the Lender to make Loans shall automatically terminate and

(ii) the Obligations under this Agreement and the other Loan Documents shall immediately become due and payable without any election or action by the Lender.

(b) If any other Event of Default occurs, the Lender may take any or all of the following actions:

(i) terminate the Revolving Commitment; and

(ii) declare the Obligations under this Agreement and the other Loan Documents to be due and payable, whereupon the Obligations under this Agreement and the other Loan Documents shall become immediately due and payable, without presentment, demand, protest or notice of any kind, all of which the Borrower hereby expressly waives.

(c) Upon the occurrence and during the continuation of any Event of Default, the Lender may exercise all rights and remedies under the Loan Documents and enforce all other rights and remedies under Applicable Law.

(d) The Lender may apply any amounts it receives on account of the Obligations to the payment of the Obligations as the Lender decides in its sole discretion.

8.3. Preservation of Rights. No delay or omission of the Lender to exercise any right under the Loan Documents will impair such right or be construed to be a waiver of any Event of Default or an acquiescence therein, and any Borrowing notwithstanding an Event of Default or the inability of the Borrower to satisfy the conditions precedent to such Borrowing shall not constitute any waiver or acquiescence. Any single or partial exercise of any such right shall not preclude other or further exercise thereof or the exercise of any other right. All remedies in the Loan Documents or afforded by Applicable Law shall be cumulative and all shall be available to the Lender until (a) the Obligations have been irrevocably paid and performed in full and (b) the Lender no longer has any commitment to provide any financial accommodations to the Borrower or any other Loan Party under any Loan

**ARTICLE IX  
MISCELLANEOUS**

9.1. Notice; Effectiveness; Electronic Communication.

(a) Notices Generally. Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in Section 9.1(b)), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile as follows:



(i) if to the Borrower, to it at Piper Sandler Companies, 800 Nicollet Mall, Suite 900, Minneapolis, Minnesota 55402, Attention: Kasi V. Subramanian, Facsimile: (612) 303-1316; and

(ii) if to the Lender, to it at U.S. Bank National Association, One US Bank Plaza St. Louis, 505 N 7th St, Saint Louis, Missouri 63101, Attention: Christopher Doering, Telephone: (314) 418-8303.

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by facsimile shall be deemed to have been given when sent (or, if not given during normal business hours for the recipient, at the opening of business on the next business day for the recipient), except that notices to the Lender under Article II shall not be effective unless and until actually received. Notices delivered through electronic communications pursuant to Section 9.1(b) shall be effective as provided in Section 9.1(b).

(b) Electronic Communications. Notices and other communications to the Lender hereunder may be delivered or furnished by email pursuant to procedures approved by the Lender. The Lender or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it or as it otherwise determines. Such determination or approval may be limited to particular notices or communications. Unless the Lender otherwise prescribes, notices and other communications sent to an email address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return email or other written acknowledgement), or, if not sent during the normal business hours of the recipient, at the opening of business on the next business day for the recipient.

(c) Change of Address, etc. Any party hereto may change its address or facsimile number above by notice to the other parties hereto as provided in this Section 9.1.

9.2. Amendments and Waivers. Notwithstanding any provision to the contrary herein, no amendment, modification or waiver of any provision of this Agreement or any other Loan Document or consent to any departure therefrom by any Loan Party shall be effective unless in writing and signed by the Lender, and then such amendment, modification, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

9.3. Expenses; Indemnity; Damage Waiver.

(a) Costs and Expenses. The Borrower shall pay (i) all reasonable out-of-pocket expenses incurred by the Lender and its Affiliates (including the reasonable fees, charges and disbursements of counsel for the Lender) in connection with the preparation, negotiation, execution, delivery and administration of this Agreement and the other Loan Documents, or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby are consummated), and (ii) all out-of-pocket expenses incurred by the Lender (including the fees, charges and disbursements of any counsel for the Lender) in connection with the enforcement or protection of its rights (A) in connection with this Agreement and the other Loan Documents, including its rights under this Section 9.3, or (B) in connection with the Loans, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans.

(b) Indemnification by the Borrower. The Borrower shall indemnify each Indemnitee against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses (including the fees, charges and disbursements of any

counsel for any Indemnitee), incurred by any Indemnitee or asserted against any Indemnitee by any Person (including the Borrower) arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby or thereby, (ii) any Loan or the use or proposed use of the proceeds therefrom, or (iii) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by the Borrower, and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee, (y) result from a claim brought by the Borrower against an Indemnitee for breach in bad faith of such Indemnitee's obligations hereunder or under any other Loan Document, if the Borrower has obtained a final and nonappealable judgment in its favor on such claim as determined by a court of competent jurisdiction or (z) result from a claim not involving an act or omission of the Borrower and brought by an Indemnitee against another Indemnitee. This Section 9.3(b) does not apply with respect to Taxes other than any Taxes that represent losses, claims, damages, etc. arising from any non-Tax claim.

(c) Waiver of Consequential Damages, etc. To the fullest extent permitted by Applicable Law, the Borrower shall not assert, and hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Loan, or the use of the proceeds thereof. No Indemnitee shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby.

(d) Payments. All amounts due under this Section 9.3 are payable promptly after demand therefor.

(e) Survival. Each party's obligations under this Section 9.3 shall survive the termination of the Loan Documents and payment of the obligations hereunder.

#### 9.4. Successors and Assigns.

(a) Successors and Assigns Generally. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Lender (and any other attempted assignment or transfer by the Borrower shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in Section 9.4(c) and, to the extent expressly contemplated hereby, the Related Parties of the Lender) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Assignments by Lender. Subject to the Borrower's prior written consent (such consent to not be unreasonably withheld, conditioned or delayed) prior to the occurrence and continuation of an Event of Default, the Lender may at any time assign to one or more

assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of the Revolving Commitment and the Loans at the time owing to it).

(c) Participations. The Lender may at any time, without the consent of, or notice to, the Borrower, sell participations to any Person (each, a “Participant”) in all or a portion of the Lender’s rights or obligations under this Agreement (including all or a portion of the Revolving Commitment or the Loans); provided that (i) the Lender’s obligations under this Agreement shall remain unchanged, (ii) the Lender shall remain solely responsible to the Borrower for the performance of such obligations, and (iii) the Borrower shall continue to deal solely and directly with the Lender in connection with this Agreement.

The Borrower agrees that each Participant shall be entitled to the benefits of Sections 3.1 and 3.5 (subject to the requirements and limitations therein) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to Section 9.4(b); provided that such Participant shall not be entitled to receive any greater payment under Section 3.1 or 3.5, with respect to any participation, than the Lender would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from a Change in Law that occurs after the Participant acquired the applicable participation. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 9.5 as though it were a Lender.

(d) Certain Pledges. The Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of the Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; provided that no such pledge or assignment may release the Lender from any of its obligations hereunder or substitute any such pledgee or assignee for the Lender as a party hereto.

9.5. Setoff. The Borrower hereby grants the Lender a security interest in all deposits, credits and deposit accounts (including all account balances, whether provisional or final and whether or not collected or available) of the Borrower with the Lender or any Affiliate of the Lender (the “Deposits”) to secure the Obligations. In addition to, and without limitation of, any rights of the Lender under Applicable Law, if the Borrower becomes insolvent, however evidenced, or any Event of Default occurs, the Borrower authorizes the Lender and its Affiliates to offset and apply all such Deposits toward the payment of the Obligations owing to the Lender, whether or not the Obligations, or any part thereof, are contingent or unmatured or are owed to a branch office or Affiliate of the Lender different from the branch office or Affiliate holding such Deposit and regardless of the existence or adequacy of any collateral, guaranty or any other security, right or remedy available to the Lender.

9.6. Payments Set Aside. To the extent that any payment by or on behalf of any Loan Party is made to the Lender, or the Lender exercises its right of setoff, and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Lender in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Law relating to bankruptcy, insolvency, or reorganization or relief of debtors or otherwise, then to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such setoff had not occurred.

9.7. Survival. All covenants, agreements, representations and warranties made by any Loan Party in any Loan Document or other documents delivered in connection therewith or pursuant thereto shall be considered to have been relied upon by the Lender and shall survive the execution and delivery hereof and thereof and the Borrowings, regardless of any investigation made by or on behalf of the Lender and notwithstanding that the Lender may have had notice or

knowledge of any Default at the time of any Borrowing, and shall continue in full force and effect as long as any Loan or any other Obligation remains unpaid or unsatisfied and so long as the Revolving Commitment has not expired or been terminated. The provisions of Sections 3.1, 3.2, 3.5, 9.3, and 9.7 shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the payment in full of the Obligations, the expiration or termination of the Revolving Commitment or the termination of any Loan Document or any provision thereof.

9.8. Governmental Regulation. Anything in this Agreement to the contrary notwithstanding, the Lender shall not be obligated to extend credit to the Borrower in violation of any limitation or prohibition provided by any applicable statute or regulation.

9.9. Headings. Section headings in the Loan Documents are for convenience of reference only and shall not govern the interpretation of any of the provisions of the Loan Documents.

9.10. Entire Agreement. The Loan Documents embody the entire agreement and understanding between the Borrower and the Lender and supersede all prior agreements and understandings between the Borrower and the Lender relating to the subject matter thereof (including the Original Agreement) other than those in the Fee Letter entered into in connection herewith, which shall survive and remain in full force and effect during the term of this Agreement.

9.11. Severability of Provisions. Any provision in any Loan Document that is held to be inoperative, unenforceable, or invalid in any jurisdiction shall, as to that jurisdiction, be inoperative, unenforceable, or invalid without affecting the remaining provisions in that jurisdiction or the operation, enforceability, or validity of that provision in any other jurisdiction, and to this end the provisions of all Loan Documents are declared to be severable.

9.12. Treatment of Certain Information; Confidentiality. The Lender agrees to maintain the confidentiality of the Information, except that Information may be disclosed (a) to its Affiliates and to its Related Parties (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential); (b) to the extent required or requested by any regulatory authority purporting to have jurisdiction over such Person or its Related Parties (including any self-regulatory authority, such as the National Association of Insurance Commissioners); (c) to the extent required by Applicable Laws or by any subpoena or similar legal process; (d) to any other party hereto; (e) in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder; (f) subject to an agreement containing provisions substantially the same as those of this Section 9.12, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights and obligations under this Agreement, or (ii) any actual or prospective party (or its Related Parties) to any swap, derivative or other transaction under which payments are to be made by reference to the Borrower and its obligations, this Agreement or payments hereunder; (g) on a confidential basis to any rating agency in connection with rating the Borrower or its Subsidiaries or the credit facilities contemplated hereby; (h) with the consent of the Borrower; or (i) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section 9.12, or (y) becomes available to the Lender or any of its Affiliates on a nonconfidential basis from a source other than the Borrower who did not acquire such information as a result of a breach of this Section 9.12. In addition, the Lender may disclose the existence of this Agreement and information about this Agreement to market data collectors, similar service providers to the lending industry and service providers to the Lender in connection with the administration of this Agreement, the other Loan Documents, and the Revolving Commitment.

For purposes of this Section 9.12, “Information” means all information received from the Borrower or any of its Subsidiaries relating to the Borrower or any of its Subsidiaries or any of their respective businesses, other than any such information that is available to the Lender on a nonconfidential basis prior to disclosure by the Borrower or any of its Subsidiaries; provided that, in the case of information received from the Borrower or any of its Subsidiaries after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section 9.12 shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

9.13. No Advisory or Fiduciary Responsibility. In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document), the Borrower acknowledges and agrees, and acknowledges its Affiliates’ understanding, that (a)(i) no fiduciary, advisory or agency relationship between the Borrower and the Lender is intended to be or has been created in respect of the transactions contemplated hereby or by the other Loan Documents, irrespective of whether the Lender has advised or is advising the Borrower or any Subsidiary on other matters, (ii) any services regarding this Agreement provided by the Lender are arm’s-length commercial transactions between the Borrower and its Affiliates, on the one hand, and the Lender, on the other hand, (iii) the Borrower has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (iv) the Borrower is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Loan Documents; and (b)(i) the Lender is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary for the Borrower or any of its Affiliates, or any other Person; (ii) the Lender has no obligation to the Borrower or any of its Affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Loan Documents; and (iii) the Lender and its Affiliates may be engaged, for their own accounts or the accounts of customers, in a broad range of transactions that involve interests that differ from those of the Borrower and its Affiliates, and the Lender has no obligation to disclose any of such interests to the Borrower or its Affiliates. To the fullest extent permitted by Law, the Borrower hereby waives and releases any claims that it may have against the Lender with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated hereby.

9.14. PATRIOT Act. The Lender hereby notifies the Borrower and each other Loan Party that, pursuant to the requirements of the PATRIOT Act, it may be required to obtain, verify and record information that identifies such Loan Party, which information includes the name and address of such Loan Party and other information that will allow the Lender to identify such Loan Party in accordance with the PATRIOT Act.

9.15. Communication by Cellular Phone or Other Wireless Device. By providing the Lender with a telephone number for a cellular phone or other wireless device, including a number that the Borrower later converts to a cellular number, the Borrower is expressly consenting to receiving communications (including but not limited to prerecorded or artificial voice message calls, text messages, and calls made by an automatic telephone dialing system) from the Lender and the Lender’s affiliates and agents at that number. This express consent applies to each such telephone number that the Borrower provides to the Lender now or in the future and permits such calls for non-marketing purposes. Calls and messages may incur access fees from the Borrower’s cellular provider.

9.16. Counterparts; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an

original, but all of which when taken together shall constitute a single contract. Except as provided in Article IV, this Agreement shall become effective when it has been executed by the Lender, and when the Lender has received counterparts hereof that, when taken together, bear the signatures of each of the parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

9.17. Document Imaging; Telecopy and PDF Signatures; Electronic Signatures. Without notice to or consent of any Loan Party, the Lender may create electronic images of any Loan Documents and destroy paper originals of any such imaged documents. Such images have the same legal force and effect as the paper originals and are enforceable against the Borrower and any other parties thereto. The Lender may convert any Loan Document into a “transferrable record” as such term is defined under, and to the extent permitted by, UETA, with the image of such instrument in the Lender’s possession constituting an “authoritative copy” under UETA. If the Lender agrees, in its sole discretion, to accept delivery by telecopy or PDF of an executed counterpart of a signature page of any Loan Document or other document required to be delivered under the Loan Documents, such delivery will be valid and effective as delivery of an original manually executed counterpart of such document for all purposes. If the Lender agrees, in its sole discretion, to accept any electronic signatures of any Loan Document or other document required to be delivered under the Loan Documents, the words “execution,” “signed,” and “signature,” and words of like import, in or referring to any document so signed will be deemed to include electronic signatures and/or the keeping of records in electronic form, which will be of the same legal effect, validity and enforceability as a manually executed signature and/or the use of a paper-based recordkeeping system, to the extent and as provided for in any applicable law, including UETA, E-SIGN, or any other state laws based on, or similar in effect to, such acts. The Lender may rely on any such electronic signatures without further inquiry.

9.18. Governing Law. This Agreement and the other Loan Documents and any claims, controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of or relating to this Agreement or any other Loan Document (except, as to any other Loan Document, as expressly set forth therein) and the transactions contemplated hereby and thereby shall be governed by, and construed in accordance with, the law of the State of Minnesota.

9.19. Jurisdiction. The Borrower irrevocably and unconditionally agrees that it will not commence any action, litigation or proceeding of any kind or description, whether in law or equity, whether in contract or in tort or otherwise, against the Lender or any Related Party of the foregoing in any way relating to this Agreement or any other Loan Document or the transactions relating hereto or thereto, in any forum other than the courts of the State of Minnesota sitting in Hennepin County, and of the United States District Court for the District of Minnesota, and any appellate court from any thereof, and each of the parties hereto irrevocably and unconditionally submits to the jurisdiction of such courts and agrees that all claims in respect of any such action, litigation or proceeding may be heard and determined in such state court or, to the fullest extent permitted by Applicable Law, in such federal court. Each of the parties hereto agrees that a final judgment in any such action, litigation or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or in any other Loan Document shall affect any right that the Lender may otherwise have to bring any action or proceeding relating to this Agreement or any other Loan Document against the Borrower or its properties in the courts of any jurisdiction.

9.20. Waiver of Venue. The Borrower irrevocably and unconditionally waives, to the fullest extent permitted by Applicable Law, any objection that it may now or hereafter have to the laying of venue of any action or proceeding arising out of or relating to this Agreement or any other Loan Document in any court referred to in Section 9.19. Each of the parties hereto

hereby irrevocably waives, to the fullest extent permitted by Applicable Law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

9.21. Service of Process. Each party hereto irrevocably consents to service of process in the manner provided for notices in Section 9.1. Nothing in this Agreement shall affect the right of any party hereto to serve process in any other manner permitted by Applicable Law.

9.22. WAIVER OF JURY TRIAL. THE BORROWER AND THE LENDER HEREBY WAIVE TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH ANY LOAN DOCUMENT OR THE RELATIONSHIP ESTABLISHED THEREUNDER.

9.23. Effect of Amendment and Restatement The parties to this Agreement agree that, upon (i) the execution and delivery by each of the parties hereto of this Agreement and (ii) satisfaction of the conditions set forth in Section 4.1, the terms and provisions of the Original Agreement shall be and hereby are amended, superseded and restated in their entirety by the terms and provisions of this Agreement. This Agreement is not intended to and shall not constitute a novation. All Loans made and Obligations incurred under the Original Agreement which are outstanding on the Restatement Date shall continue as Loans and Obligations under (and shall be governed by the terms of) this Agreement and the other Loan Documents. By executing below, each of the parties hereto hereby acknowledges that (a) all “Eurocurrency Loans” (under and as defined in the Original Agreement) shall automatically convert to “Federal Funds Loans” on the date hereof and (b) the Borrower shall not be required to pay any breakage costs in connection with such conversion.

[Signature Pages Follow]

IN WITNESS WHEREOF, the Borrower and the Lender have executed this Agreement as of the date first above written.

PIPER SANDLER COMPANIES

By: /s/ Kasi V. Subramanian  
Name: Kasi V. Subramanian  
Title: Treasurer

By: /s/ Timothy L Carter  
Name: Timothy L. Carter  
Title: Chief Financial Officer

U.S. BANK NATIONAL ASSOCIATION

By: /s/ Chris Doering  
Name: Chris Doering  
Title: SVP



**AMENDED AND RESTATED LOAN AGREEMENT**

THIS AMENDED AND RESTATED LOAN AGREEMENT (this "Agreement") is made and entered into as of December 28, 2012, by and between: **PIPER SANDLER & CO.**, a Delaware corporation ("Borrower"); and **U.S. BANK NATIONAL ASSOCIATION**, a national banking association ("Lender"); and has reference to the following facts and circumstances:

A. Borrower and Lender executed the Loan Agreement (Broker-Dealer VRDN Facility) dated as of September 30, 2008, as subsequently amended (the "Original Agreement").

B. Borrower and Lender have agreed that the Original Agreement shall be amended, restated and replaced to provide for a revolving credit facility from Lender in the principal amount of up to \$80,000,000.

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Borrower and Lender covenant and agree as follows:

1. Definitions. As used in this Agreement, the following terms shall have the following respective meanings (and such meanings shall be equally applicable to both the singular and plural form of the terms defined, as the context may require):

Advance shall mean each loan advance made hereunder by Lender to Borrower.

Applicable Margin shall have the meaning described in Exhibit C attached hereto.

Banking Day shall mean any day on which Lender is open for business at its principal offices in St. Louis, Missouri and Minneapolis, Minnesota.

Base Rate means, for any day, a rate per annum equal to (a) the greater of (i) zero and (ii) the Prime Rate for such day plus (b) the Applicable Margin.

Beneficial Ownership Certification means a certification regarding beneficial ownership as required by the Beneficial Ownership Regulation.

Beneficial Ownership Regulation means 31 C.F.R. § 1010.230.

BONYM shall mean The Bank of New York Mellon, formerly known as The Bank of New York, a New York banking corporation.

Borrowing Base shall mean the sum of the values of the Pledged Securities consisting of Eligible Securities on Borrower's books as determined in accordance with generally accepted accounting principles, multiplied by the applicable percentage(s) described in Exhibit B attached hereto.

Collateral Pledge Agreement shall have the meaning set forth in Section 9(c).

Collateral Summary shall have the meaning set forth in Section 9(a).

Control Agreement shall mean the Collateral Account Control Agreement dated December 28, 2012, executed by Lender, as Pledgor, and BONYM, as Securities Intermediary, as amended.

Credit Documents shall have the meaning set forth in Section 11(a).

Dollar and \$ mean the lawful currency of the United States of America.

Eligible Securities shall mean the securities held by BONYM as “Collateral” in the “Account” (as those terms are defined in the Control Agreement) and the categories of which are described on Schedule 1 attached thereto, as the same shall be amended upon the mutual agreement of Borrower and Lender.

E-SIGN means the Federal Electronic Signatures in Global and National Commerce Act, as amended from time to time, and any successor statute, and any regulations promulgated thereunder from time to time.

Event of Default shall have the meaning set forth in Section 12.

Facility Amount shall mean Eighty Million Dollars (\$80,000,000.00).

Federal Funds Effective Rate means, for any day, the greater of (a) zero and (b) the rate per annum calculated by the Federal Reserve Bank of New York based on such day’s federal funds transactions by depository institutions (as determined in such manner as the Federal Reserve Bank of New York shall set forth on its public website from time to time) and published on the next succeeding New York Banking Day by the Federal Reserve Bank of New York as the federal funds effective rate or, if such rate is not so published for any day which is a New York Banking Day, the average of the quotations at approximately 10:00 a.m. (Central time) on such day on such transactions received by the Lender from three federal funds brokers of recognized standing selected by the Lender in its sole discretion.

FOCUS Report shall mean each Financial and Operational Combined Uniform Single (FOCUS) Report (Securities and Exchange Commission form X-17A-5).

New York Banking Day means any day (other than a Saturday or Sunday) on which commercial banks are open for business in New York, New York.

Note shall mean the Amended and Restated Revolving Credit Note dated the date hereof, executed by Borrower and payable to the order of Lender in the principal amount of up to \$80,000,000.00, in the form attached hereto and incorporated by reference as Exhibit A.

Pledged Securities shall mean, collectively, at any time, Eligible Securities described in any Collateral Summary(ies) or in which a security interest is otherwise granted to Lender under any provision of the Collateral Pledge Agreement.

Prime Rate means a rate per annum equal to the prime rate announced by the Lender from time to time, changing as and when such rate changes. The prime rate is not necessarily the lowest rate charged to any customer. Notwithstanding anything herein to the contrary, if the Prime Rate is less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

Regulatory Capital shall mean “Net Capital” as calculated by Borrower, and set forth on line 10 of the “Computation of Net Capital” section of Part II of each monthly FOCUS Report of Borrower.

Termination Date shall mean the earlier of December 8, 2023, or the date on which this Agreement is terminated pursuant to Section 12.

UETA means the Uniform Electronic Transactions Act as in effect in the State of Minnesota, as amended from time to time, and any successor statute, and any regulations promulgated thereunder from time to time.

2. Credit Facility. Borrower may request Advances and unless an Event of Default has occurred and is continuing, Lender shall make the Advances so requested, from time to time during the period from the date hereof until the Termination Date. Interest shall accrue on each Advance as described in Section 6 below. Lender will refuse to make any requested Advance to Borrower that would cause the aggregate principal amount of: (a) the Advances outstanding hereunder to exceed the Facility Amount; or (b) the Advances outstanding hereunder to exceed the limits set forth the Borrowing Base; provided that in no instance shall the principal amount of the Advances exceed the amount permitted under any applicable law, regulation, rule or direction of any applicable regulatory authority. Borrower may, upon five (5) Banking Days' prior written notice to Lender, terminate the credit facility hereunder at any time, or reduce the Facility Amount from time to time; provided, however, that at no time shall the Facility Amount be reduced to an amount less than the aggregate principal balance of all outstanding Advances, and any such termination or reduction shall be permanent and Borrower shall have no right to thereafter reinstate or increase, as the case may be, the credit facility hereunder or the Facility Amount

3. Procedures for Advances. The following provisions shall govern certain aspects of any Advance that Borrower may request under this Agreement:

(a) Requests for Advances. Borrower may request an Advance by written notice or by telephonic, facsimile or electronic notice. All requests for Advances shall be directed to the individuals designated for such purpose by Lender from time to time. Each request by Borrower for an Advance shall be accompanied by further documents or information as required by Lender, including but not limited to, documents that evidence that the applicable Pledged Securities have been assigned or transferred to Borrower and that Borrower is the current owner of such Pledged Securities, and that such Pledged Securities have been delivered to Lender, or are in the possession of or registered in the name of The Depository Trust Company or other clearing corporation or a custodian bank or nominee thereof (including BONYM).

(b) Authorized Persons. Upon request, Borrower shall provide Lender with the names, titles and signatures of all individuals designated by Borrower to request Advances under this Agreement Borrower shall immediately notify Lender if any designated individuals of Borrower are no longer employed by Borrower, or are no longer authorized to request Advances under this Agreement; and if any new and/or additional individuals are designated by Borrower to request Advances under this Agreement.

(c) Disbursements. Lender shall disburse the amount of each Advance by crediting the amount of that Advance to deposit account no. 150250032516 maintained by Borrower at Lender or by the transfer of immediately available funds, or otherwise, all as instructed by Borrower in its request for the Advance.

4. The Note. Borrower's obligation to repay all Advances shall be evidenced by the Note which shall be duly executed by Borrower and delivered to Lender.

5. Payment of Principal and Prepayments. The unpaid principal balance of the Note shall be due and payable in full on the Termination Date. Borrower may prepay all or any part of the Note at any time, without premium or penalty, but any voluntary prepayment must include interest on the amount prepaid.

6. Interest.

(a) Borrower shall pay interest to Lender on the aggregate unpaid principal amounts of each Advance from time to time outstanding at an annual rate equal to the Applicable Margin plus the Federal Funds Effective Rate. The amount of interest accrued on the Note in each month shall be payable on the first Banking Day of the next month and also on the Termination Date. After the Termination Date or during the continuance of an Event of Default, Borrower shall pay interest to Lender on the aggregate, unpaid principal amount of all Advances from time to time outstanding at an annual rate equal to Two Percent (2%) over the applicable interest rate(s). Borrower agrees to pay to Lender as additional interest hereunder, upon demand, the amount of any increased cost or reduced rate of return applicable to the Advances resulting from change or change in application to Lender of any law, rule, regulation or direction of any regulatory agency, including without limitation tax, duty, reserve (including, without limitation, any such item imposed by the Board of Governors of the Federal Reserve System) or similar requirement imposed on Lender, its assets or any deposits or credit extended by or to Lender.

(b) Notwithstanding anything to the contrary in this Agreement or any other Credit Document, if the Lender determines (which determination shall be conclusive absent manifest error) that

(i) deposits of a type and maturity appropriate to match fund Advances are not available to the Lender in the relevant market; or

(ii) the interest rate applicable to Advances is not ascertainable or available or does not adequately and fairly reflect the cost of making or maintaining Advances,

then the Lender shall suspend the availability of Advances and require any affected Advances to be repaid or converted to Advances priced at the Base Rate.

7. Commitment Fee. From and including the date of this Agreement to but excluding the Termination Date, Borrower shall pay a nonrefundable commitment fee as described in Exhibit C attached hereto.

8. Payments. All payments under the Note shall be made in immediately available funds, by debiting a deposit account of Borrower at Lender, by wire transfer or otherwise. All payments by Borrower and all proceeds of any Pledged Securities that are foreclosed on by Lender shall be applied first to costs of collection, next to any other amounts owed under Section 13 below, next to accrued interest on the Note and finally to the principal balance of the Note. If any payment of principal of or interest on the Note, or any amount payable under Section 13 below, becomes due and payable on a day which is not a Banking Day, such payment shall be made on the next succeeding Banking Day and such extension of time shall in such case be included in computing interest in connection with such payment.

9. Security.

(a) Upon any request for an Advance, Borrower will simultaneously deliver to Lender a summary of the Pledged Securities in form and substance satisfactory to Lender (a "Collateral Summary"), which shall identify the Pledged Securities, shall include the values of such Pledged Securities (as initially determined by Borrower), and which shall be sufficient to enable Lender to objectively determine the identity of the Pledged Securities. The total value of the Pledged Securities as summarized shall be such that the aggregate principal amount of the Advances, before and after giving effect to the requested Advance, shall not exceed the Borrowing Base. By requesting an Advance, Borrower shall be deemed to represent and covenant that the summarized Pledged Securities are held by Borrower, free and clear of any lien, claim or encumbrance other than any security interest in favor of Lender.

(b) Borrower agrees that in all instances the total value of the Pledged Securities will be sufficient to support the outstanding Advances. If a change in market conditions or the status of an issuer reduces the total value of any Pledged Securities below the level necessary to collateralize the Advances, Borrower shall immediately either (i) pledge additional Pledged Securities (acceptable to Lender in its sole discretion) sufficient to restore the total value of the Pledged Securities to a level such that the Borrowing Base equals or exceeds the aggregate amount of outstanding Advances, or (ii) pay the Advances to the extent required to reduce the aggregate amount of outstanding Advances to an amount not in excess of the Borrowing Base.

(c) The security interests granted by Borrower to Lender and Borrower's duties with respect thereto are set forth in more detail in the Amended and Restated Collateral Pledge Agreement dated as of the date hereof (the "Collateral Pledge Agreement").

10. Minimum Regulatory Capital. Borrower shall at all times have Regulatory Capital of at least \$120,000,000 and shall have fifteen (15) days from the date of receipt of any FOCUS Report which indicates that there is a violation of this covenant to cure such violation; provided however no cure period shall exist if any such violation is the direct result of a decrease in total ownership equity (as reflected in Part II, line 30 of the "Statement of Financial Condition Liabilities and Equity" section of any such FOCUS Report); and provided further, that Borrower shall not be required to maintain said minimum Regulatory Capital requirement on any day if and to the extent Borrower's securities underwriting commitments cause Borrower to have Regulatory Capital of less than said minimum Regulatory Capital requirement on or as of such day, so long as the total number of such days when Regulatory Capital is less than said minimum Regulatory Capital requirement does not exceed twenty (20) cumulative days in any single fiscal year of Borrower.

11. Conditions Precedent to Advances. In addition to requirements for the making of any Advance set forth elsewhere in this Agreement, and without limiting the discretion of Lender to make or refuse to make any Advance, Lender shall not make any Advance hereunder unless and until Lender has received all of the following, in form and substance satisfactory to Lender:

(a) this Agreement, the Note, the Collateral Pledge Agreement, and the Control Agreement (collectively, the "Credit Documents"), all properly executed;

(b) the following organizational information of Borrower: (i) a copy of the resolutions adopted by the board of directors of Borrower, authorizing the execution, delivery and performance of the Credit Documents and certified by the Secretary of Borrower; (ii) copies of the Certificate of Incorporation and By-Laws of Borrower, certified by its Secretary as being true and correct copies thereof; (iii) a certificate signed by the Secretary of Borrower as to the incumbency and signature of the person or persons authorized to execute and deliver the Credit Documents and all other documents referred to in this Agreement and make requests for advances hereunder; and (iv) a certificate of good standing issued by the Delaware Secretary of State;

(c) an opinion of counsel from Faegre Baker Daniels LLP, counsel for Borrower;

(d) payment to Lender of the Work Fee as described in Exhibit C attached hereto; and

(e) such other documents and information as reasonably requested by Lender.

12. Events of Default; Remedies. The occurrence of any one of the following shall constitute a default (each an "Event of Default") by Borrower under this Agreement: (a) if Borrower shall fail to pay any (i) principal amount of any Advance, when due and payable, or declared due and payable, or (ii) interest on any Advance within five (5) days after the date on

which such payment of interest shall become due and payable, or declared due and payable; (b) if Borrower shall fail to pledge additional Pledged Securities as required under Section 9(b) above; (c) if Borrower shall default in the performance or observance of any other of its obligations under this Agreement or any of the other Credit Documents, and such default shall remain uncured for a period of fifteen (15) days after notice from Lender; (d) if any representation, warranty, statement, report or certificate made or delivered by Borrower, or any of its officers, employees or agents, to Lender is not true and correct in any material respect when made or deemed made; (e) If Borrower shall (i) become insolvent, (ii) not be paying its debts generally as such debts become due, (iii) make an assignment for the benefit of creditors or cause or suffer any of their respective assets to come within the possession of any receiver, trustee or custodian, (iv) have a petition filed by or against Borrower under the Bankruptcy Reform Act of 1978, as amended, or any similar law or regulation, (v) have any of its assets attached, seized or levied upon, or (vi) otherwise become the subject of any insolvency or creditor enforcement proceedings, provided however, that any involuntary petition or other proceeding against Borrower shall not be an Event of Default unless an order for relief is entered or such proceeding remains undismissed for at least sixty (60) days; (f) if Borrower or Piper Sandler Companies (“PSC”) shall default in the payment, when due, whether by acceleration or otherwise, of any indebtedness of Borrower or PSC in excess of \$1,000,000, and such default is declared and is not cured within the time, if any, specified therefore in any agreement governing the same, or any event or condition shall occur which results in the acceleration of the maturity of any such Indebtedness of Borrower or PSC; (g) if one or more judgments or decrees shall be entered against Borrower involving, individually, or in the aggregate, a liability of \$1,000,000 or more and such judgments or decrees shall not have been satisfied, vacated, discharged or stayed pending appeal within thirty (30) days after the entry thereof; or (h) if this Agreement, the Note, or any other Credit Documents executed by Borrower at any time after their respective execution and delivery, shall cease to be in full force and effect, shall be declared null and void, shall be revoked or terminated or shall be subject to any contest by Borrower as to their validity and/or enforceability, for any reason, or if Borrower shall for any reason deny any further liability to Lender hereunder and thereunder. Upon the occurrence and during the continuance of any Event of Default, Borrower may not request any Advance under this Agreement, Lender may then forthwith cease making Advances to or for the benefit of Borrower under this Agreement without any notice to Borrower, and Lender may terminate this Agreement; provided that this Agreement shall automatically terminate, and all amounts Borrower owes Lender hereunder and under the Note shall become due, without any notice should an order for relief be entered with respect to Borrower under the United States Bankruptcy Code. Upon an Event of Default, with notice by Lender to or demand by Lender of Borrower, Lender may declare all Advances to be immediately due and payable. Lender, in its sole discretion, upon the occurrence of and during the continuance of an Event of Default may exercise one or more of the rights and remedies accruing to Lender under this Agreement or the other Credit Documents, and/or applicable law upon default by Borrower, including, without limitation, the right to set off and/or reduce to cash and apply to the payment of any of Borrower’s obligations, any monies, reserves, deposits, certificates of deposit, deposit accounts and interest and dividends thereon, securities, investment property, cash and other property in the possession of or under the control of Lender or any of Lender’s affiliates.

13. Fees and Expenses. Borrower agrees, whether or not any Advance is made under this Agreement, to pay Lender upon demand for (a) all out-of-pocket costs and expenses and all reasonable attorneys’ fees incurred by Lender in connection with the preparation, documentation, negotiation and/or execution of this Agreement and the other Credit Documents, (b) all recording, filing and search fees and expenses incurred by Lender in connection with this Agreement and the other Credit Documents, (c) all out-of-pocket costs and expenses and all reasonable attorneys’ fees incurred by Lender in connection with (i) the preparation, documentation, negotiation and execution of any amendment, modification, extension, renewal or restatement of this Agreement and/or any other Credit Document, and (ii) the preparation of

any waiver or consent under this Agreement and/or under any other Credit Document, and (d) if an Event of Default occurs, all out-of-pocket costs and expenses and all reasonable attorneys' fees incurred by Lender in connection with such Event of Default and collection and other enforcement proceedings resulting therefrom. Borrower's obligations under this Section 13 shall survive the Termination Date.

14. Reporting Requirements and Inspections. Until the Termination Date and thereafter until the Note and all other obligations of Borrower under this Agreement are paid in full, in addition to the Collateral Summaries and other information described in Section 8 above, Borrower will provide to Lender: (a) at Lender's request, an updated, detailed list of the Pledged Securities; (b) within ten (10) days after filing, copies of all monthly FOCUS Reports of Borrower; (c) within ninety (90) days after the end of its fiscal year, audited financial statements of Borrower, its parent and their subsidiaries which shall include, but not be limited to, a balance sheet, income and expense statement and statement of retained earnings; and (d) from time to time such other information and reports as Lender may reasonably request. Borrower shall, at all times, maintain accurate books and records covering all collateral subject to the Collateral Pledge Agreement, and Lender shall have the right by or through any of its representatives, attorneys or accountants to audit those books and records, upon reasonable notice to Borrower.

15. Miscellaneous. The following provisions shall also be applicable to Borrower's obligations to Lender under this Agreement and the Note:

(a) Amendments; Waivers. No amendment or waiver of any provision of this Agreement, nor consent to any departure by Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by Lender and Borrower, and then such amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No failure on Lender's part to exercise, and no delay in Lender's exercising, any right under this Agreement, the Note, the Collateral Pledge Agreement or any other Credit Document shall operate as a waiver thereof; nor shall any single or any partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right. The remedies provided in this Agreement are cumulative and not exclusive of any remedies provided by law.

(b) Governing Law; Binding Effect. This Agreement shall be deemed to be made under and shall be governed by and construed in accordance with the internal law, and not the law of conflicts, of the State of Minnesota. This Agreement shall be binding on Borrower, its representatives, successors and assigns, and shall inure to the benefit of, and be enforceable by, Lender, its successors, transferees and assigns. Notwithstanding the foregoing, Borrower may not assign or otherwise transfer any of its rights or delegate any of its obligations or duties under this Agreement without the prior written consent of Lender.

(c) Lender Records. Lender shall maintain records as to advances and payments made, and interest accrued on, the Note, and said records shall be presumed accurate until the contrary shall have been established.

(d) Captions. The captions or headings in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provision of this Agreement.

(e) Regulations T and U. Borrower is subject to the provisions of Regulation T promulgated by the Board of Governors of the Federal Reserve System and does not extend or maintain credit to or for customers except in accordance with the provisions of such Regulation T. Borrower is an "exempted borrower" as defined by Regulation U. Upon request, Borrower shall provide to Bank a Certificate confirming that Borrower is in compliance with the provisions of Regulation T and U.

(f) Compliance With Other Regulations: Borrower shall at all times comply with all present and future laws, rules and regulations applicable to it in the operation of its business, including but not limited to (i) all rules and regulations of the Securities and Exchange Commission, the National Association of Securities Dealers, the Securities Investor Protection Corporation and any self-regulatory organization of which Borrower is a member and (ii) Anti-Corruption Laws and applicable Sanctions. Borrower shall deliver to Bank, immediately upon its receipt or transmission thereof, any notices to or from any such organization that Borrower is in violation of any applicable net capital rule, including but not limited to Rule 15c3-1 of the Securities and Exchange Commission.

(g) Notices. All notices, requests and other communications to any party hereunder shall be in writing (including bank wire, e-mail, telecopier or similar writing) and shall be given to such party at its address or telecopier number set forth on the signature pages hereof or such other address or telecopier number as such party may hereafter specify. Each such notice, request or other communication shall be effective (a) if given by telecopier, when such telecopier is transmitted to the telecopier number specified in this Section and the appropriate answerback is received, (b) if given by mail, 72 hours after such communication is deposited in the mails with first class postage prepaid, addressed as aforesaid or (c) if given by any other means, when delivered at the address specified in this Section.

(h) Entire Agreement. The Credit Documents embody the entire agreement and understanding between Lender and Borrower with respect to the subject matter hereof, and supersede all prior agreements and understandings relating to the subject matter hereof (including the Original Agreement).

(i) Amendment and Restatement of Original Agreement. This Agreement amends, restates and replaces the Original Agreement in its entirety.

(j) Document Imaging; Telecopy and PDF Signatures; Electronic Signatures. Without notice to or consent of the Borrower, the Lender may create electronic images of any Credit Documents and destroy paper originals of any such imaged documents. Such images have the same legal force and effect as the paper originals and are enforceable against the Borrower and any other parties thereto. The Lender may convert any Credit Document into a "transferrable record" as such term is defined under, and to the extent permitted by, UETA, with the image of such instrument in the Lender's possession constituting an "authoritative copy" under UETA. If the Lender agrees, in its sole discretion, to accept delivery by telecopy or PDF of an executed counterpart of a signature page of any Credit Document or other document required to be delivered under the Credit Documents, such delivery will be valid and effective as delivery of an original manually executed counterpart of such document for all purposes. If the Lender agrees, in its sole discretion, to accept any electronic signatures of any Credit Document or other document required to be delivered under the Credit Documents, the words "execution," "signed," and "signature," and words of like import, in or referring to any document so signed will deemed to include electronic signatures and/or the keeping of records in electronic form, which will be of the same legal effect, validity and enforceability as a manually executed signature and/or the use of a paper-based recordkeeping system, to the extent and as provided for in any applicable law, including UETA, E-SIGN, or any other state laws based on, or similar in effect to, such acts. The Lender may rely on any such electronic signatures without further inquiry.

16. Termination. Unless terminated sooner by Lender pursuant to Section 12 above, this Agreement will terminate on the Termination Date.

17. Consent to Jurisdiction; Waiver of Jury Trial. BORROWER HEREBY IRREVOCABLY (a) SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ANY MINNESOTA STATE COURT SITTING IN THE COUNTY OF HENNEPIN, OR ANY



UNITED STATES OF AMERICA COURT SITTING IN THE DISTRICT OF MINNESOTA, AS LENDER MAY ELECT, IN ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY RELATED CREDIT DOCUMENT, (b) AGREES THAT ALL CLAIMS IN RESPECT TO SUCH SUIT, ACTION OR PROCEEDING MAY BE HELD AND DETERMINED IN ANY OF SUCH COURTS, (c) WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH BORROWER MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT, (d) WAIVES ANY CLAIM THAT SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM AND (e) WAIVES ALL RIGHTS OF ANY OTHER JURISDICTION WHICH BORROWER MAY NOW OR HEREAFTER HAVE BY REASON OF ITS PRESENT OR SUBSEQUENT DOMICILES. **BORROWER AND LENDER HEREBY IRREVOCABLY WAIVE THE RIGHT TO TRIAL BY JURY WITH RESPECT TO ANY ACTION IN WHICH BORROWER AND LENDER ARE PARTIES RELATING TO OR ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR ANY RELATED CREDIT DOCUMENTS.**

18. Anti-Corruption Laws; Sanctions; Anti-Terrorism Laws.

(a) The Borrower, its Subsidiaries and their respective officers and employees and to the knowledge of the Borrower, their directors and agents, are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects. The Borrower has implemented and maintain in effect for itself and its Subsidiaries policies and procedures to ensure compliance by the Borrower, its Subsidiaries, and their respective officers, employees, directors, and agents with Anti-Corruption Laws and applicable Sanctions. None of the Borrower, any of its Subsidiaries or, to the knowledge of the Borrower, any directors, officer, employee, agent, or affiliate of the Borrower or any of its Subsidiaries is an individual or entity that is, or is 50% or more owned (individually or in the aggregate, directly or indirectly) or controlled by individuals or entities (including any agency, political subdivision or instrumentality of any government) that are (i) the target of any Sanctions or (ii) located, organized or resident in a country or territory that is the subject of Sanctions (at the time of this Agreement, Crimea, Cuba, Iran, North Korea, Syria, the so-called Donetsk People's Republic, and the so-called Luhansk People's Republic).

(b) The Borrower shall, and shall cause each of its Subsidiaries to, comply with all requirements of law of any Governmental Authority having jurisdiction over it or its business, including, without limitation, all Anti-Corruption Laws and applicable Sanctions, except where the failure to comply would not reasonably be expected to have, either individually or in the aggregate, a material adverse effect. Borrower will not use or allow any tenants or subtenants to use, or permit any Subsidiary to use or allow any tenants or subtenants to use, its Property for any business activity that violates any federal or state law or that supports a business that violates any federal or state law.

(c) Borrower will not request any Advance, and the Borrower will not use, and the Borrower will ensure that its Subsidiaries and its or their respective directors, officers, employees and agents shall not use, the proceeds of any Advance in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws. Borrower will not, directly or indirectly, use the proceeds of Advances, or lend, contribute or otherwise make available such proceeds to any Subsidiary, joint venture partner or other Person, (i) to fund any activities or business of or with any Person, or in any country or territory, that, at the time of such funding, is, or whose government is, the subject of Sanctions, or (ii) in any other manner that would result in a violation of Sanctions by any Person (including any person participating in the Advances, whether as underwriter, advisor, investor, or otherwise).

(d) Lender hereby notifies the Borrower that pursuant to the requirements of the PATRIOT Act, it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow Lender to identify the Borrower in accordance with the PATRIOT Act.

For purposes of this Agreement:

“Anti-Corruption Laws” means the Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder, and any other anti-corruption law applicable to the Borrower and its Subsidiaries.

“Governmental Authority” means the government of the United States of America or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank) and any group or body charged with setting financial accounting or regulatory capital rules or standards (including the Financial Accounting Standards Board, the Bank for International Settlements or the Basel Committee on Banking Supervision or any successor or similar authority to any of the foregoing).

“OFAC” means the U.S. Department of the Treasury’s Office of Foreign Assets Control, and any successor thereto.

“Person” means any individual, sole proprietorship, partnership, joint venture, trust, unincorporated organization, association, limited liability company, corporation, institution, entity, party or Governmental Authority.

“Property” means any interest in any kind of property or asset, whether real, personal or mixed, and whether tangible or intangible.

“Sanctions” means sanctions administered or enforced from time to time by the U.S. government, including those administered by OFAC, the U.S. Department of State, the United Nations Security Council, the European Union, His Majesty’s Treasury or other relevant sanctions authority.

“Subsidiary” means any Person as to which the Borrower owns, directly or indirectly, at least 50% of the outstanding shares of capital stock or other interests having ordinary voting power for the election of directors, officers, managers, trustees or other controlling Persons or an equivalent controlling interest in Lender’s judgment.

19. Divisions. For all purposes under the Credit Documents, in connection with any division or plan of division under Delaware law (or any comparable event under a different jurisdiction’s laws): (a) if any asset, right, obligation or liability of any Person becomes the asset, right, obligation or liability of a different Person, then it shall be deemed to have been transferred from the original Person to the subsequent Person, and (b) if any new Person comes into existence, such new Person shall be deemed to have been organized on the first date of its existence by the holders of its equity interests at such time.

20. Beneficial Ownership Certification. On or promptly after any time at which the Borrower becomes subject to the Beneficial Ownership Regulation, the Borrower shall provide a completed Beneficial Ownership Certification in form and substance acceptable to the Lender. The Borrower will give prompt notice to the Lender of any change in the information provided in

any Beneficial Ownership Certification that would result in a change to the list of beneficial owners identified in parts (c) or (d) of such certification.

IN WITNESS WHEREOF, Lender and Borrower have caused this Agreement to be duly executed by their duly authorized officers as of the date first written hereinabove.

**[SIGNATURES ON FOLLOWING PAGE]**

**SIGNATURE PAGE-  
AMENDED AND RESTATED LOAN AGREEMENT**

Borrower:

**PIPER SANDLER & CO.**

By: /s/ Kasi V. Subramanian  
Name: Kasi V. Subramanian  
Its: Treasurer

By: /s/ Timothy L. Carter  
Name: Timothy L. Carter  
Its: Chief Financial Officer

800 Nicollet Mall (J09S04)  
Minneapolis, Minnesota 55402  
Attention: Treasury  
(612) 303-1316 (FA)()  
firmfund@pjc.com (e-mail)

Lender:

**U.S. BANK NATIONAL ASSOCIATION**

By: /s/ Chris Doering  
Name: Chris Doering  
Its: SVP

One US Bank Plaza (Mail Code SL-MO-T12B)  
St. Louis, Missouri 63101  
Attention: Securities Industry and Investment  
Management Division  
(314) 418-2618 (FAX)  
heath.williams@usbank.com (e-mail)

CONFORMED THROUGH TENTH AMENDMENT

Exhibit A

(Form of Note)

**AMENDED AND RESTATED REVOLVING CREDIT NOTE**

\$80,000,000.00

December 28, 2012

FOR THE VALUE RECEIVED, the undersigned, **PIPER SANDLER & CO.**, a Delaware corporation ("Borrower"), hereby unconditionally promises to pay, to the order of **U.S. BANK NATIONAL ASSOCIATION**, a national banking association ("Lender"), on the Termination Date (as defined in the Amended and Restated Loan Agreement between Lender and Borrower dated of even date herewith, as the same may from time to time be amended (the "Loan Agreement"; all capitalized terms not otherwise defined shall have the meanings ascribed to them in the Loan Agreement), the principal amount of Eighty Million Dollars (\$80,000,000.00) or, if less, the aggregate unpaid principal amount of all Advances made by Lender to Borrower and evidenced by this Amended and Restated Revolving Credit Note (this "Note"), which amount may be borrowed, paid, reborrowed and repaid, in whole or in part, subject to the terms of this Note and the Loan Agreement.

Borrower further promises to pay to the order of Lender interest on the principal amount from time to time outstanding under this Note at the applicable interest rate(s) and at the times described in the Loan Agreement. In addition, if Borrower fails to make any payment of interest on this Note within five (5) days when due, Borrower promises to pay to the order of Lender on demand a late fee in an amount equal to Five Percent (5%) of each late payment. All payments received by Lender shall be applied first to the payment of billed and unpaid late fees and the costs and expenses hereinafter described, next to billed and unpaid interest hereon, and the remainder to principal. Interest shall be computed for actual days elapsed on the basis of a 365/366 day year.

This Note shall evidence all Advances made by Lender to Borrower under the Loan Agreement, reference to which is made for certain terms and provisions which affect this Note. Lender may record the date and amount of all loans and all payments of principal and interest hereunder in the records it maintains with respect thereto. The books and records of Lender hereof showing the account between Lender hereof and Borrower shall be admissible in evidence in any action or proceeding and shall constitute prima facie proof of the items therein set forth.

All required payments shall be made in immediately available funds in lawful money of the United States of America at the office of Lender situated at One US Bank Plaza, 7<sup>th</sup> Street & Washington Avenue, St. Louis, Missouri 63101, or at such other place as the holder may designate in writing. The acceptance by Lender of any principal or interest due after the date it is due as described above shall not be held to establish a custom or waive any rights of Lender to enforce prompt payment of any other principal or interest payments or otherwise.

Borrower has the right to prepay this Note in whole or in part at any time without penalty or premium.

Borrower agrees to pay to Lender, upon demand by Lender, all reasonable costs, charges and expenses (including, without limitation the reasonable fees and expenses of any attorney retained by Lender) incurred by Lender in connection with (a) the collection or enforcement of Borrower's liabilities and obligations under this Note, and/or (b) any litigation, contest, dispute or other proceeding (whether instituted by Lender, Borrower or any other person or entity) in any way relating to Borrower's liabilities and obligations hereunder. Borrower's obligations, as aforesaid, shall survive payment of this Note.

Presentment, demand for payment, protest and notice of dishonor and of protest are hereby severally waived by all parties hereto, whether as maker, endorser or guarantor to Lender.

In addition to and not in limitation of all rights of offset that Lender or any other holder of this Note may have under applicable law, Lender or such other holder of this Note shall, have the right to appropriate and apply to the payment of this Note any and all balances, credits, deposits, accounts or moneys of the Borrower then or thereafter with Lender or other holder.

This Note shall be governed by and construed in accordance with the laws of the State of Minnesota.

This Note amends, restates and replaces the Revolving Credit Note (Broker-Dealer VRDN Facility) dated September 30, 2008, and is not a novation thereof.

Borrower:

**PIPER SANDLER & CO.**

By:  
Name:  
Its:

By:  
Name:  
Its:

Exhibit B  
(Borrowing Base)

See Exhibit B to the Sixth Amendment.

Exhibit C

(Pricing and Fees)

Applicable Margin shall have the meaning set forth in the letter agreement dated December 9, 2022, executed by Lender and Borrower (the "Pricing Letter").

Commitment Fee shall have the meaning set forth in the Pricing Letter.

Work Fee shall have the meaning set forth in the Pricing Letter.



December 9, 2022

Piper Sandler & Co.  
800 Nicollet Mall, J09SO4  
Minneapolis, Minnesota 55402  
Attention: Timothy L. Carter, Chief Financial Officer and Kasi V. Subramanian, Treasurer

Re: Amended and Restated Loan Agreement dated as of December 28, 2012, executed by U.S. Bank National Association (“Lender”) and Piper Sandler & Co. (“Borrower”), as amended by the First Amendment to Amended and Restated Loan Agreement dated as of December 28, 2013, the Second Amendment to Amended and Restated Loan Agreement dated as of December 19, 2014, the Third Amendment to Amended and Restated Loan Agreement dated as of December 18, 2015, the Fourth Amendment to Amended and Restated Loan Agreement dated as of December 17, 2016, the Fifth Amendment to Amended and Restated Loan Agreement dated as of December 16, 2017, the Sixth Amendment to Amended and Restated Loan Agreement dated as of December 14, 2018, the Seventh Amendment to Amended and Restated Loan Agreement dated as of December 13, 2019, the Eighth Amendment to Amended and Restated Loan Agreement dated as of December 11, 2020, the Ninth Amendment to Amended and Restated Loan Agreement dated as of December 10, 2021 and the Tenth Amendment to Amended and Restated Loan Agreement dated as of December 9, 2022 (as amended, the “Agreement”; all capitalized terms used and not otherwise defined in this letter agreement shall have the respective meanings ascribed to them in the Agreement)

Dear Tim and Kasi:

This letter agreement (this “Pricing Letter”) is the Pricing Letter, as defined in the Agreement (and amends, restates and replaces the Pricing Letter dated December 10, 2021). The following terms are defined and incorporated into the Agreement by reference:

Applicable Margin shall mean (a) with respect to Advances priced at the Federal Funds Effective Rate, 1.0% and (b) with respect to Advances priced at the Base Rate, 0.0%.

Commitment Fee. From and including the date of this Pricing Letter to but excluding the Termination Date, Borrower shall pay a nonrefundable commitment fee on the unused portion of the Facility Amount (determined by subtracting the outstanding principal amount of all Advances from the Facility Amount) at an annual rate of 0.20%. The commitment fee shall be (a) calculated on a daily basis, (b) payable quarterly in arrears on the first day of each calendar quarter prior to the Termination Date and on the Termination Date and (c) calculated on an actual day, 360-day year basis.

Work Fee. Borrower shall pay Lender, in conjunction with the Tenth Amendment to the Agreement, dated as of December 9, 2022 (the “Tenth Amendment”), a work fee in the amount of \$100,000.

The payment of the fees set forth above is a condition precedent to the effectiveness of the Tenth Amendment. You agree that, once paid, the fees or any part thereof payable hereunder and under the Agreement shall be fully earned on the date hereof and shall not be refundable under any circumstances. All fees payable hereunder and under the Agreement shall be paid in immediately available funds and shall be in addition to reimbursement of the Lender’s out-of-pocket expenses in accordance with the terms of the Agreement.

The Borrower's obligation to pay the foregoing fees will not be subject to counterclaim or setoff for or be otherwise affected by any claim or dispute the undersigned may have against the Lender. It is understood and agreed that this Pricing Letter shall not constitute or give rise to any obligation to provide any financing; such an obligation will arise only to the extent provided in the Agreement. This Pricing Letter may not be amended or waived except by an instrument in writing signed by the Lender and you. This Pricing Letter shall be governed by, and construed in accordance with, the laws of the State of Minnesota. This Pricing Letter may be executed in any number of counterparts, each of which shall be an original, and all of which, when taken together, shall constitute one agreement. Delivery of an executed signature page of this Pricing Letter by electronic or facsimile transmission shall be effective as delivery of a manually executed counterpart hereof.

Piper Sandler & Co.  
December 9, 2022  
Page 3

Please indicate your acceptance of this Pricing Letter by signing in the space indicated below and returning a copy of this letter to the undersigned.

Very Truly Yours,

**U.S. BANK NATIONAL ASSOCIATION**

By: /s/ Chris Doering  
Name: Chris Doering  
Title: SVP

Piper Sandler & Co.  
December 9, 2022  
Page 4

Accepted and agreed to by Borrower as of December 9, 2022:

**PIPER SANDLER & CO.**

By: /s/ Kasi V. Subramanian  
Name: Kasi V. Subramanian  
Title: Treasurer

By: /s/ Timothy L. Carter  
Name: Timothy L. Carter  
Title: Chief Financial Officer

**PIPER SANDLER COMPANIES  
MUTUAL FUND RESTRICTED SHARE INVESTMENT PLAN  
(Amended and Restated as of November 16, 2022)**

**1. Plan and Purpose.**

Piper Sandler Companies (the “Company”) pays a portion of certain employees’ annual incentive compensation in restricted Company equity (the “Restricted Compensation”) under the Piper Sandler Companies Amended and Restated 2003 Annual and Long-Term Incentive Plan (the “LTIP”). The Company established this Piper Sandler Companies Mutual Fund Restricted Share Investment Plan (the “Plan”) to enable the Company to provide a percentage of the Restricted Compensation in the form of restricted shares of mutual funds or exchange trade funds (“Restricted Fund Shares”) as approved by the Compensation Committee of the Board of Directors (the “Committee”). Providing a portion of employees’ Restricted Compensation in the form of Restricted Fund Shares is intended to further the Company’s goals of attracting, retaining, motivating and rewarding key employees.

**2. Nature of the Plan.**

The Plan provides for restricted property transfers subject to Section 83 of the Internal Revenue Code of 1986, as amended (“Code”). Because Section 83 of the Code applies, awards and payments hereunder are not subject to Section 409A of the Code.

**3. Eligibility.**

The Plan shall be available to U.S. and U.K. employees (each an “Employee”) of the Company and its subsidiaries (each, an “Affiliate”) who are eligible to receive a grant of Restricted Compensation as a portion of their annual incentive compensation, and who satisfy such additional eligibility criteria as may be established from time to time by the Committee (“Participants”).

**4. Grant of Restricted Fund Shares.**

(a) Mandatory Receipt. At the time that it approves the annual grant of Restricted Compensation to Participants, the Committee shall specify the percentage of the Restricted Compensation to be paid in the form of Restricted Fund Shares (the “Mandatory Percentage”). If the Committee does not so act with respect to an annual grant of Restricted Compensation, the Mandatory Percentage for that annual grant of Restricted Compensation shall be fifty percent (50%). The Mandatory Percentage shall apply to the amount of Restricted Compensation paid to each Participant; *provided, however*, that the Committee may separately approve a different Mandatory Percentage for individual employees or a class of employees, or it may permit any employee or class of employee to elect to receive a percentage greater or less than the Mandatory Percentage of their Restricted Compensation in the form of Restricted Fund Shares (the “Elective Percentage”).

(b) Employee Elections. Participants shall specify how the percentage of his or her Restricted Compensation to be received in Restricted Fund Shares will be allocated among the mutual funds and exchange traded funds selected pursuant to Section 5. In addition, to the extent applicable, a Participant shall specify an Elective Percentage if they are eligible to do so with respect to an annual grant of Restricted Compensation. These elections shall be made at such time, on such form(s) and in accordance with such rules as may be prescribed for this purpose by the Company. If a Participant fails to make an election for the allocation among the mutual funds and exchange traded funds before the deadline for such election, the Company shall make such allocation on behalf of the Participant in its sole discretion. If a Participant fails to specify

an Elective Percentage before the deadline for such election, the Participant shall receive the Mandatory Percentage of his or her Restricted Compensation in Restricted Fund Shares. Any election pertaining to the allocation of the Restricted Fund Shares or the Elective Percentage shall be irrevocable once the applicable election deadline has passed.

(c) No Reallocation. Unless otherwise determined by the Company, no reallocation among the selected mutual funds and exchange traded funds shall be permitted after the deadline for making an allocation election has passed.

(d) Grant Timing. The grant of the Restricted Fund Shares shall be made on February 20th (or, if the 20th calendar day falls on a weekend or holiday on which the New York Public Stock Exchange is closed, on the first business day thereafter).

## **5. Funds Distributed As Restricted Fund Shares.**

The Company shall select the funds in which Restricted Fund Shares will be issued in any award cycle from among mutual funds and exchange traded funds that have been approved for such purpose by the Committee.

## **6. Terms of the Restricted Fund Share Grants.**

A Participant who receives Restricted Fund Shares shall be issued and required to execute a Mutual Fund Restricted Share Agreement (“Agreement”) which shall set forth the terms applicable to the grant of such Restricted Fund Shares.

## **7. Administration.**

(a) Administration and Discretionary Authority. The Company shall administer the Plan and awards under the Plan. Except with respect to Participants that are officers of the Company, as determined pursuant to Rule 16a-1(f) under the Securities and Exchange Act of 1934, as amended (collectively, the “Executive Officers”), the Chief Human Capital Officer of the Company shall have the full and final discretionary authority and responsibility to interpret and construe the Plan and the Agreements, to adopt and revise rules and policies relating to the Plan and to make any other determinations necessary or advisable for the administration of the Plan and awards under the Plan; the Committee shall have such authority and responsibility with respect to any action affecting Executive Officers. The interpretations and determinations of the Chief Human Capital Officer (or, the Committee in the case of an interpretation or determination affecting an Executive Officer) shall be binding on all persons, including Participants. By receiving Restricted Fund Shares, the Employee is agreeing that the interpretations and determinations of the Chief Human Capital Officer (or, the Committee, as applicable) be given deference in all courts to the greatest extent allowed under law, and that they not be overturned or set aside by any court unless found to be arbitrary and capricious, or made in bad faith.

(b) Correction of Errors. Errors may occur in the administration and operation of the Plan, and the Company reserves the power to cause such equitable adjustments to be made to correct for such errors as it considers appropriate. Such adjustments will be final and binding on all persons.

## **8. Amendment and Termination.**

(a) Amendment. The Company may amend the Plan or any Agreement at any time and for any reason by action of the Committee. However, the Company may not amend the Plan or any Agreement in a manner that has the effect of reducing any outstanding award (an award that has been granted but not yet paid), except for an amendment that is required by law or for

which the failure to adopt the amendment would have adverse tax consequences to the Participant.

(b) Termination. The Committee may terminate the Plan at any time and grant no further Restricted Fund Shares.

## **9. Miscellaneous.**

(a) No Assignment of Benefits. Rights and benefits under this Plan with respect to a Participant may not be alienated, assigned, transferred, pledged or hypothecated by any person, at any time, or to any person whatsoever.

(b) Withholding. A Participant must make appropriate arrangements with the Company or an Affiliate for satisfaction of any federal, state or local income tax withholding requirements and Social Security or other employee tax requirements applicable to the awards under the Plan. If no other arrangements are made, the Company or Affiliate may provide, at its discretion, for such withholding and tax payments as may be required, including, without limitation, by the reduction of other amounts payable to the Participant.

(c) Successors of Company. The rights and obligations of the Company or an Affiliate under the Plan will inure to the benefit of, and will be binding upon, the successors and assigns of the Company or any Affiliate.

(d) No Employment Rights. Nothing contained in the Plan or any Agreement, nor any action taken hereunder, will be construed as a contract of employment or as giving any Participant any right to continued employment with the Company or any Affiliate.

(e) Modification by Employment or Similar Agreement. The Company or an Affiliate may be a party to an employment or similar agreement with a Participant, the terms of which may enhance or modify in some respect the benefits provided under this Plan, including, but not necessarily limited to, an enhancement to or modification of the benefit amount, payment forms and/or other rights and features of the Plan. The Plan consists only of this document and other documents contemplated under this document, but not including such employment or similar agreement; and accordingly, any contractual rights that a Participant may have to any enhancement or modification called for under an employment or similar agreement are rights that derive from such agreement and not under the Plan.

(f) Governing Law. The Plan and all Awards granted and actions taken thereunder shall be governed by and construed in accordance with the laws of the State of Delaware, without reference to principles of conflict of laws thereof.

(g) Gender, Singular and Plural. All pronouns and any variations thereof will be deemed to refer to the masculine, feminine, or neuter, as the identity of the person or persons may require. As the context may require, the singular may be read as the plural and the plural as the singular.

(h) Captions. The captions of the articles, paragraphs and sections of this document are for convenience only and will not control or affect the meaning or construction of any of its provisions.

(i) Validity. In the event any provision of the Plan or any Agreement is held invalid, void or unenforceable, the same will not affect, in any respect whatsoever, the validity of any other provisions of the Plan.

(j) Waiver of Breach. The waiver by the Company of any breach of any provision of the Plan or any Agreement will not operate or be construed as a waiver of any subsequent breach by that Participant or any other Participant.

(k) Notice. Any notice or filing required or permitted to be given to the Company or a Participant under the Plan or any Agreement will be sufficient if in writing and hand delivered, or sent by registered or certified mail, in the case of Company, to the principal office of Company, directed to the attention of the Head of Human Resources, and in the case of the Participant, to the last known address of the Participant indicated on the employment records of Company. Such notice will be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification. Notices to the Company may be permitted by electronic communication according to specifications established by the Company.



**RESTRICTED STOCK AND MUTUAL FUND RESTRICTED SHARE AGREEMENT**  
(2023 Annual Grant)

Under the

**PIPER SANDLER COMPANIES  
AMENDED AND RESTATED 2003 ANNUAL AND LONG-TERM INCENTIVE PLAN  
AND  
MUTUAL FUND RESTRICTED SHARE INVESTMENT PLAN**

**Notice of Grant**

Piper Sandler Companies, a Delaware corporation (the “Company”), hereby grants to the below-named employee of the Company or an Affiliate of the Company (the “Employee”) (i) a Restricted Stock Award pursuant to the Company’s Amended and Restated 2003 Annual and Long-Term Incentive Plan, as amended from time to time (the “2003 Plan”), and (ii) a Mutual Fund Restricted Share Award (the “MFRS Award”) pursuant to the Company’s Mutual Fund Restricted Share Investment Plan, as amended from time to time (the “MFRS Plan” and together with the Restricted Stock Plan, the “Plans”). The terms and conditions of the Restricted Stock Award and MFRS Award (collectively, the “Awards”) are set forth in this Restricted Stock and Mutual Fund Restricted Share Agreement (the “Agreement”), consisting of this Notice of Grant and the Terms and Conditions on the following pages. This Agreement and the Awards are subject to all of the provisions of the applicable Plans. Any capitalized term that is not defined in this Agreement shall have the meaning set forth in the Plans as they currently exist or as they are amended in the future.

Name of Employee: \_\_\_\_\_

**Restricted Stock Award**

Date of Issuance: \_\_\_\_\_, 2023

No. of Restricted Shares Covered:
Vesting Schedule pursuant to Section 3: The Restricted Shares shall vest ratably over three years on the 16 <sup>th</sup> day of the month (or, if the 16 <sup>th</sup> falls on a weekend or another day on which the New York Stock Exchange is closed, on the immediately preceding business day) in which the first, second, and third anniversaries of the date of issuance occurs.

**Mutual Fund Restricted Share Award**

Date of Issuance: \_\_\_\_\_, 2023

Restricted Mutual Fund Shares Covered:*
Vanguard Cash Reserves Federal Money Market Fund
Dodge & Cox Income Fund
T. Rowe Price Blue Chip Growth Fund
Vanguard Extended Market Index Fund
Vanguard FTSE All-World ex-US Index Fund
Vesting Schedule pursuant to Section 3:
The Restricted Mutual Fund Shares shall vest ratably over three years on the 16 <sup>th</sup> day of the month (or, if the 16 <sup>th</sup> falls on a weekend or another day on which the New York Stock Exchange is closed, on the immediately preceding business day) in which the first, second, and third anniversaries of the date of issuance occurs.

\* Subject to adjustment in accordance with the terms of this Agreement

**IMPORTANT ACKNOWLEDGEMENT:** *By signing this Agreement, Employee voluntarily elects to receive and accept the Restricted Stock Award and MFRS Award subject to all of the terms and conditions set forth in this Agreement, and specifically acknowledges and agrees that under certain circumstances, as specified in Section 5(a), the unvested Restricted Shares and Restricted Mutual Fund Shares may cease to vest and be forfeited to the Company. Employee also acknowledges and agrees that such terms and conditions are fair and reasonable under the circumstances.*

EMPLOYEE

PIPER SANDLER COMPANIES

By \_\_\_\_\_  
Its

## **Terms and Conditions**

### **1. Restricted Shares.**

(a) The Shares subject to the Restricted Stock Award are subject to the restrictions provided for in this Agreement and are referred to collectively as the “Restricted Shares” and each as a “Restricted Share.”

(b) The Restricted Shares will be evidenced by a book entry made in the records of the Company’s transfer agent in the name of the Employee (unless the Employee requests a certificate evidencing the Restricted Shares). All restrictions provided for in this Agreement will apply to each Restricted Share and to any other securities distributed with respect to that Restricted Share. Any dividends or distributions payable or distributable with respect to or in exchange for outstanding but unvested Restricted Shares shall be held by the Company (or its designated agent) subject to the same restrictions, vesting conditions, and other terms of this Agreement to which the underlying unvested Restricted Shares are subject. At the time the underlying Restricted Shares vest, the Company shall cause to be delivered to the Employee (without interest) the portion of such retained dividends and distributions that relate to the Restricted Shares that have vested. Unless otherwise permitted by the Committee in accordance with the terms of the Plan, the Restricted Shares may not (until such Restricted Shares have vested in the Employee in accordance with all terms and conditions of this Agreement) be assigned or transferred other than by will or the laws of descent and distribution and shall not be subject to pledge, hypothecation, execution, attachment or similar process. Each Restricted Share will remain restricted and subject to forfeiture to the Company unless and until that Restricted Share has vested in the Employee in accordance with all of the terms and conditions of this Agreement and the 2003 Plan. Each book entry (or stock certificate if requested by the Employee) evidencing any Restricted Share may contain such notations or legends and stock transfer instructions or limitations as may be determined or authorized by the Company in its sole discretion. If a certificate evidencing any Restricted Share is requested by the Employee, the Company may, in its sole discretion, retain custody of the certificate throughout the period during which any restrictions are in effect and require, as a condition to issuing a certificate, that the Employee tender to the Company a stock power duly executed in blank relating to such custody.

### **2. Restricted Mutual Fund Shares.**

(a) The Restricted Mutual Fund Shares represent Restricted Mutual Fund Shares that have been awarded to the Employee by the Company as well as any additional Restricted Mutual Fund Shares that the Employee has elected to receive in lieu of amounts that would have been otherwise awarded as Restricted Shares, in accordance with the Committee’s determination to permit such an election and in the amount so permitted. The Restricted Mutual Fund Shares were to be allocated by the Employee among mutual funds and exchange-traded funds selected by the Company. The deadline for submitting an allocation form for this award cycle has passed and no reallocation among selected mutual funds or exchange-traded funds shall be permitted. The Employee’s allocation, and any election to increase the amount of Restricted Mutual Fund Shares received in lieu of amounts that would have been otherwise awarded as Restricted Shares, is irrevocable. If the Employee failed to allocate their Restricted Mutual Fund Shares among the available mutual funds and exchange-traded funds prior to the deadline, the Company’s determination of the allocation shall be binding on the Employee, and no reallocation shall be permitted.

(b) All vesting contingencies and restrictions provided for in this Agreement will apply to each Restricted Mutual Fund Share. The Restricted Mutual Fund Shares may not (until such Restricted Mutual Fund Shares have vested in the Employee in accordance with all terms

and conditions of this Agreement) be assigned or transferred other than by will or the laws of descent and distribution and shall not be subject to pledge, hypothecation, execution, attachment or similar process. Each Restricted Mutual Fund Share will remain restricted, and its unvested portion subject to forfeiture to the Company, unless and until that Restricted Mutual Fund Share has vested in the Employee in accordance with all of the terms and conditions of this Agreement and the MFRS Plan. The Employee shall execute such pledge or other agreement that the Company may require at any time to perfect such restriction.

### **3. Vesting.**

(a) Continuous Employment: So long as the Employee remains continuously employed (including during the continuance of any leave of absence as approved by the Company or an Affiliate) by the Company or an Affiliate, then the Restricted Shares and Restricted Mutual Fund Shares will vest in the numbers and on the dates specified in their respective Vesting Schedules in the Notice of Grant. Except as otherwise provided herein, if and when the Employee's employment with the Company or an Affiliate terminates, whether by the Employee or by the Company (or an Affiliate), voluntarily or involuntarily, for any reason, then, in accordance with Section 5 of this Agreement, the Restricted Shares and Restricted Mutual Fund Shares shall cease vesting, the unvested Restricted Shares and Restricted Mutual Fund Shares as of the termination date shall be forfeited to the Company.

(b) Vesting in Event of Death: If the Employee's employment by the Company or an Affiliate terminates because of the Employee's death, then the unvested Restricted Shares and Restricted Mutual Fund Shares will immediately vest in full.

(c) Vesting in Event of Long-Term Disability: If the Employee's employment by the Company or an Affiliate terminates because of the Employee's long-term disability (as defined in the Company's long-term disability plan, a "Disability"), then the unvested Restricted Shares and Restricted Mutual Fund Shares will continue vesting during the Employee's long-term disability period in accordance with their respective Vesting Schedules set forth in the Notice of Grant. If, however, the Employee recovers from the Disability, and returns to gainful employment with any employer other than the Company or an Affiliate, the Employee's entitlement to the unvested Restricted Shares and Restricted Mutual Fund Shares will be subject to the requirements of subparagraph 3(f) below.

(d) Vesting in Event of Severance Event: If the Employee's employment by the Company or an Affiliate is involuntarily terminated as a result of a Company-determined severance event (i.e., an event specifically designated as a severance event by the Company in a written notice to the Employee that he or she is eligible for severance benefits under the Company's Severance Plan, as may be amended from time to time), then the unvested Restricted Shares and Restricted Mutual Fund Shares will, as set forth in writing in a severance agreement, vest in full upon the expiration of a thirty-day period commencing upon the Employee's execution of a general release of all claims against the Company and its Affiliates, on a form provided by the Company for this purpose and within the timeframe designated by the Company; provided that, no such vesting will occur unless (i) the Employee has not revoked the general release and it remains effective and enforceable upon expiration of the thirty-day period following its execution, and (ii) the Employee has complied with the terms and conditions of the Company's Severance Plan and the applicable severance agreement.

(e) Vesting in Event of For Cause Discharge: If the Employee's employment with the Company or an Affiliate terminates because the Employee was discharged for "Cause" (as that term is defined in subparagraph 5(b)) below, then the unvested Restricted Shares and Restricted Mutual Fund Shares shall cease vesting and be forfeited to the Company.

(f) Vesting in the Event of Any Other Type of Separation: If the Employee's employment with the Company or an Affiliate terminates for any reason other than the Employee's death, Disability, termination in a Company-determined severance event, or for Cause (all as described above), then the unvested Restricted Shares and Restricted Mutual Fund Shares shall cease vesting and be forfeited to the Company; *provided, however*, that at the time of termination, the Company shall offer the Employee an opportunity to (a) sign a Post-Termination Agreement, and (b) execute a general release of all claims against the Company and its Affiliates on a form provided by the Company for this purpose and within the timeframe designated by the Company.

If the Employee signs a Post-Termination Agreement, and thereafter complies with the Employee's obligations under such Post-Termination Agreement, including the obligation to refrain from engaging in any Restricted Activities (as defined below) for the shorter of the remaining vesting period of the unvested Restricted Shares and Restricted Mutual Fund Shares, or the restricted period identified in the Post-Termination Agreement (which may extend beyond the Applicable Post-Employment Restricted Period (as defined below) and be up to two years following the date of termination), and the Employee signs and does not rescind or take any action to revoke the general release as described above in whole or in part, then the unvested Restricted Shares and Restricted Mutual Fund Shares shall not cease to vest and shall not be forfeited, but rather, as set forth in the Post-Termination Agreement, shall continue to vest in the numbers and on the dates specified in their respective Vesting Schedules in the Notice of Grant for so long as the Employee continuously refrains from engaging in all Restricted Activities for the shorter of the remaining vesting period of the unvested Restricted Shares and Restricted Mutual Fund Shares, or the restricted period identified in the Post-Termination Agreement.

(g) Notwithstanding any other provisions of this Agreement to the contrary, the Committee may, in its sole discretion, declare at any time that the unvested Restricted Shares or Restricted Mutual Fund Shares, or any portion of either thereof, shall vest immediately or, to the extent they otherwise would be forfeited, shall vest in the numbers and on such dates as are determined by the Committee to be in the interests of the Company as determined by the Committee in its sole discretion.

**4. Effect of Vesting**. Upon the vesting of any Restricted Shares or Restricted Mutual Fund Shares, such vested Restricted Shares and Restricted Mutual Fund Shares will no longer be subject to forfeiture; provided, however, that such vested Restricted Shares and Restricted Mutual Fund Shares shall remain subject to potential recovery by the Company pursuant to Section 7 of this Agreement.

**5. Forfeiture of Unvested Restricted Shares and Restricted Mutual Fund Shares**.

(a) If (i) the Employee attempts to pledge, encumber, assign, transfer or otherwise dispose of any of the Restricted Shares (except as permitted by Section 1(b) of this Agreement) or the Employee's interest in or rights to any of the Restricted Mutual Fund Shares (except as permitted by Section 2(b) of this Agreement), or the Restricted Shares or Restricted Mutual Fund Shares become subject to attachment or any similar involuntary process in violation of this Agreement, or (ii) the Employee's employment with the Company or an Affiliate (A) is terminated for Cause or (B) terminates under the circumstances covered by Section 3(d) or Section 3(f) (including as Section 3(f) applies with respect to Section 3(c)) of this Agreement and either (1) the conditions or restrictions of such Section, as applicable, are not satisfied or (2) the conditions or restrictions of such Section, as applicable, are satisfied but the Employee subsequently violates any of them, then any Restricted Shares and Restricted Mutual Fund Shares that have not previously vested shall cease to vest and shall be forfeited to the Company immediately, the Employee shall thereafter have no right, title or interest whatsoever in such unvested Restricted Shares and Restricted Mutual Fund Shares, and, if the Company does not

have custody of any and all certificates representing Restricted Shares so forfeited, the Employee shall immediately return to the Company any and all certificates representing Restricted Shares so forfeited. Additionally, the Employee will deliver to the Company a stock power duly executed in blank relating to any and all certificates representing such forfeited Restricted Shares to the Company in accordance with the previous sentence or, if such stock power has previously been tendered to the Company, the Company will be authorized to deem such previously tendered stock power delivered, and the Company will be authorized to cancel any and all certificates representing Restricted Shares so forfeited and to cause a book entry to be made in the records of the Company's transfer agent in the name of the Employee (or a new stock certificate to be issued, if requested by the Employee) evidencing any Restricted Shares that vested prior to the forfeiture of unvested Restricted Shares under this Section 5. If the Restricted Shares are evidenced by a book entry made in the records of the Company's transfer agent, then the Company will be authorized to cause such book entry to be adjusted to reflect the number of Restricted Shares so forfeited.

(b) For purposes of this Agreement, "Cause" means (i) the Employee's continued failure to substantially perform his or her duties with the Company or an Affiliate after written demand for substantial performance is delivered to the Employee; the Employee shall be provided thirty (30) days to attempt to remedy the deficiencies identified by the Company or an Affiliate in its written demand; (ii) the Employee's conviction of a felony; (iii) the Employee committing a felony or engaging in other misconduct that the Company determines in its sole discretion impairs the Employee's ability to perform his or her duties with the Company or an Affiliate, and/or results in negative or otherwise adverse publicity for the Company or an Affiliate; (iv) the Employee's violation of any policy of the Company or an Affiliate that the Company, in its sole discretion, deems material; (v) the Employee's violation of any securities law, rule or regulation that the Company, in its sole discretion, deems material; (vi) the Employee's engagement in conduct that, in the Company's sole discretion, exposes the Company or an Affiliate to civil or regulatory liability or injury to its reputation; (vii) the Employee's engagement in conduct that would subject the Employee to statutory disqualification pursuant to Section 15(b) of the Exchange Act and the regulations promulgated thereunder; or (viii) the Employee's gross or willful misconduct that the Company, in its sole discretion, deems material.

**6. Restricted Activities.** In consideration of the grant of this Award, the Employee agrees to comply with and be bound by the following restrictive covenants (each a "Restricted Activity" and together the "Restricted Activities"):

(a) the Employee will not, either during the Employee's employment by the Company or an Affiliate or at any time thereafter, except in connection with the performance of the Employee's job duties for the benefit of the Company, use, disclose or misappropriate any Company-Confidential Information (as defined below) unless the Company or an Affiliate consents otherwise in writing. "Company-Confidential Information" shall have the same meaning as provided in the Company's Code of Ethics and Business Conduct, and shall include without limitation any confidential, secret or proprietary knowledge or information of the Company or an Affiliate that the Employee has acquired or become acquainted with during the Employee's employment with the Company or an Affiliate. For the avoidance of doubt, nothing in this paragraph or any other provision of this Agreement precludes you from reporting to the Company's management or directors or to the government, a regulator, or a self-regulatory agency conduct that you believe to be in violation of the law, or responding truthfully to questions or requests from the government, a regulator, a self-regulatory agency, or in a court of law.

(b) the Employee will not, during the Employee's employment by the Company or an Affiliate and during the Applicable Post-Employment Restricted Period, directly or indirectly, on behalf of the Employee or any other person (including but not limited to any Talent Competitor

(as defined below)), solicit, induce or encourage any person then employed, or employed within the 180-day period preceding the Employee's termination, by the Company or an Affiliate to terminate or otherwise modify their employment relationship with the Company;

(c) the Employee will not, during the Employee's employment by the Company or an Affiliate and during the Applicable Post-Employment Restricted Period, on behalf of the Employee or any other person (including but not limited to any Talent Competitor (as defined below)), hire, retain or employ in any capacity any person then employed, or employed within the 180-day period preceding the Employee's termination, by the Company or an Affiliate;

(d) the Employee will not, during the Employee's employment by the Company or an Affiliate and during the Applicable Post-Employment Restricted Period, directly or indirectly, on behalf of the Employee or any other person (including but not limited to any Talent Competitor), solicit any customer, client or account of the Company or an Affiliate, or otherwise seek to divert any customer, client or account of the Company or an Affiliate away from engaging in business with the Company or an Affiliate. For purposes of this subparagraph, "customer, client or account" shall include the following: then-current customers, clients, or accounts of the Company or an Affiliate; any customers, clients or accounts that had been represented by or had a business relationship with the Company or an Affiliate within the 365-day period preceding the Employee's termination; and any individual, company or other form of legal entity that had been solicited or pitched for business by the Company or an Affiliate within the 365-day period preceding the Employee's termination, if the Employee was involved in any capacity in the solicitation or pitch;

(e) the Employee will not, during the Employee's employment by the Company or an Affiliate and during the Applicable Post-Employment Restricted Period, without the prior written consent of the Company or an Affiliate, (x) become a director, officer, employee, partner, consultant or independent contractor of, or otherwise work or provide services for, a Talent Competitor doing business in the same geographic or market area(s) in which the Company or an Affiliate is also doing business, or (y) acquire any material ownership or similar financial interest in any such Talent Competitor;

(f) the Employee will not, either during the Employee's employment by the Company or an Affiliate or at any time thereafter, make disparaging, derogatory, or defamatory statements about the Company or an Affiliate in any public forum or media; and

(g) the Employee will not, either during the Employee's employment by the Company or an Affiliate or at any time thereafter, fail to cooperate fully with and provide full and accurate information to the Company and its counsel with respect to any matter (including any audit, tax proceeding, litigation, investigation or governmental proceeding) with respect to which the Employee may have knowledge or information, subject to reimbursement for actual, appropriate and reasonable expenses incurred by the Employee.

For purposes of this Section 6, the "Applicable Post-Employment Restricted Period" means: (i) with respect to Sections 6(b) and (c), one year following any termination of the Employee's employment with the Company or an Affiliate (not including any period of notice provided by the Employee); (ii) with respect to Section 6(d), six months following any termination of the Employee's employment with the Company or an Affiliate (not including any period of notice provided by the Employee); and (iii) with respect to Section 6(e), one month following any termination of the Employee's employment initiated and effected by the Company or an Affiliate without Cause, or three months following any other termination of the Employee's employment with the Company or an Affiliate (not including any period of notice provided by the Employee); provided, however, that if the Employee voluntarily elects to sign a Post-Termination Agreement with the Company pursuant to Section 3(f), then such Post-Termination

Agreement may include one or more restricted periods that are longer than the Applicable Post-Employment Restricted Period with respect to one or more of the Restricted Activities.

For purposes of this Section 6, a “Talent Competitor” means any corporation, partnership, limited liability company or other business association, organization or entity that engages in the investment banking, securities brokerage or investment management business, including, but not limited to, investment banks, sell-side broker dealers, mergers and acquisitions or strategic advisory firms, merchant banks, hedge funds, private equity firms, venture capital firms, asset managers and investment advisory firms.

**7. Potential Clawback.** The Employee acknowledges that he or she has been provided a copy of the Company’s Incentive Compensation Recovery Policy, dated February 4, 2014 (the “Recovery Policy”), and understands, accepts and agrees that this grant in this Agreement of Restricted Shares and Restricted Mutual Fund Shares, and any other outstanding Award he or she may have been granted under the Plans after May 8, 2013 (a “Prior Award”) are subject to the terms and conditions of the Recovery Policy as it currently exists and as it may be amended from time to time, which include the potential forfeiture to or recovery by the Company of the Restricted Stock Award or the MFRS Award, any Prior Award, any Shares issued or mutual fund shares vested pursuant to this Agreement or any Prior Award, any proceeds received by the Employee upon the sale of any such Shares or mutual fund shares, and any other compensatory value received by Employee under the Restricted Stock Award, the MFRS Award or any Prior Award under the circumstances and to the extent set forth in the Recovery Policy. This Agreement may be unilaterally amended by the Committee at any time to comply with the Recovery Policy as it may be amended from time to time.

**8. Shareholder Rights.** As of the date of issuance specified at the beginning of this Agreement, the Employee shall have all of the rights of a shareholder of the Company with respect to the Restricted Shares, and all the rights of a mutual fund shareholder with respect to the Restricted Mutual Fund Shares, except as otherwise specifically provided in this Agreement.

**9. Fund Fees and Distributions.**

**(a)** Management fees of the applicable mutual funds for the Restricted Mutual Fund Shares shall be the sole responsibility of the Employee.

**(b)** If any mutual fund in which the Employee holds an interest distributes dividends, income or earnings with respect to the Restricted Mutual Fund Shares prior to the vesting of such Restricted Mutual Fund Shares, then the following shall apply. In the event of distributions made in cash, such cash distributions shall be reinvested in the mutual fund from which the distribution occurred and the mutual fund shares representing the reinvested amounts shall be considered Restricted Mutual Fund Shares under this Agreement, and shall vest along with the other unvested Restricted Mutual Fund Shares in equal installments over the remaining vesting dates provided in the Vesting Schedule in the Notice of Grant. In the event of in-kind distributions, extraordinary distributions (whether in other securities or other property) or other adjustments, such distributions shall be held in the account of the Employee together with the Restricted Mutual Fund Shares. All Restricted Mutual Fund Shares received via distributions shall also be restricted and shall vest on the dates specified in the applicable Vesting Schedule in the Notice of Grant. For the avoidance of doubt, in the event that any unvested Restricted Mutual Fund Shares are forfeited in accordance with this Agreement, the distributions with respect to any such Restricted Mutual Fund Shares not previously paid out will also be forfeited.

**10. Tax Withholding.** The parties hereto recognize that the Company or an Affiliate may be obligated to withhold federal and state taxes or other taxes upon the vesting of the Restricted Shares or Restricted Mutual Fund Shares, or, in the event that the Employee elects under Code



Section 83(b) to report the receipt of the Restricted Shares or Restricted Mutual Fund Shares as income in the year of receipt, upon the Employee's receipt of the Restricted Shares or Restricted Mutual Fund Shares, respectively. The Employee agrees that, at such time, if the Company or an Affiliate is required to withhold such taxes, the Employee will promptly pay, in cash upon demand (or in any other manner permitted by the Committee in accordance with the terms of the Plans), to the Company or an Affiliate such amounts as shall be necessary to satisfy such obligation. The Employee further acknowledges that the Company has directed the Employee to seek independent advice regarding the applicable provisions of the Code, the income tax laws of any municipality, state or foreign country in which the Employee may reside, and the tax consequences of the Employee's death.

**11. Injunctive Relief.** In the event of a breach by the Employee of the Employee's obligations under this Agreement, including but not limited to a commission by the Employee of a Restricted Activity as described in Section 6, in addition to being entitled to exercise all rights granted by law, including recovery of damages, the Company will be entitled to specific performance of its rights under this Agreement. The Employee acknowledges that a violation or attempted violation of the obligations set forth herein will cause immediate and irreparable damage to the Company, and therefore agrees that the Company shall be entitled as a matter of right to an injunction, from any court of competent jurisdiction, restraining any violation or further violation of such obligations (without posting any bond or other security).

**12. Restrictive Legends and Stop-Transfer Orders.**

(a) Legends. The book entry or certificate representing the Restricted Shares shall contain a notation or bear the following legend (as well as any notations or legends required by applicable state and federal corporate and securities laws) noting the existence of the restrictions and the Company's rights to reacquire the Restricted Shares set forth in this Agreement:

“THE SHARES REPRESENTED BY THIS [BOOK ENTRY] [CERTIFICATE] MAY BE TRANSFERRED ONLY IN ACCORDANCE WITH THE TERMS OF A RESTRICTED STOCK AND MUTUAL FUND RESTRICTED SHARE AGREEMENT BETWEEN THE COMPANY AND THE STOCKHOLDER, A COPY OF WHICH IS ON FILE WITH THE SECRETARY OF THE COMPANY.”

(b) Stop-Transfer Notices. The Employee agrees that, in order to ensure compliance with the restrictions referred to herein, the Company may issue appropriate “stop transfer” instructions to its transfer agent, if any, and that, if the Company transfers its own securities, it may make appropriate notations to the same effect in its own records.

(c) Refusal to Transfer. The Company shall not be required (i) to transfer on its books any Restricted Shares that have been sold or otherwise transferred in violation of any of the provisions of this Agreement or (ii) to treat as owner of the Restricted Shares or to accord the right to vote or pay dividends to any purchaser or other transferee to whom the Restricted Shares shall have been so transferred.

**13. Interpretation of This Agreement.** All decisions and interpretations made by the Committee with regard to any question arising hereunder or under the Plans shall be binding and conclusive upon the Company and the Employee. If there is any inconsistency between the provisions of this Agreement and the Plans, the provisions of the Plans shall govern.

**14. No Promise of Future Awards or Continued Employment.** The Employee acknowledges that this Agreement awards restricted stock and/or property to the Employee, but does not impose any obligation on the Company to make any future grants or issue any future

restricted shares or restricted mutual fund shares to the Employee or otherwise continue the participation of the Employee under either of the Plans. This Agreement shall not give the Employee a right to continued employment with the Company or any Affiliate, and the Company or Affiliate employing the Employee may terminate his or her employment at will, and otherwise deal with the Employee without regard to this Agreement.

**15. Binding Effect.** This Agreement shall be binding in all respects on the heirs, administrators, representatives, executors and successors of the Employee, and on the Company and its successors and assigns.

**16. Agreement to Arbitrate.** The Company and the Employee each agrees (i) that any dispute, claim or controversy arising out of or relating directly or indirectly to the construction, performance or breach of this Agreement (including, without limitation, the grant, issuance or forfeiture of Restricted Shares and Restricted Mutual Fund Shares) shall be settled by arbitration conducted before and in accordance with the rules of the Financial Industry Regulatory Authority; and (ii) that judgment upon any award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. Accordingly, the Company and the Employee each waive their right (if any) to a trial before a court judge and/or jury to resolve any such disputes; provided, this Section 16 shall not be construed to limit the Company's right to obtain equitable relief under Section 11 with respect to any matter or controversy subject to Section 11, and pending a final determination by the arbitrators with respect to any such matter or controversy, the Company shall be entitled to obtain any such relief by direct application to state, federal, or other applicable court, without being required to first arbitrate such matter or controversy.

**17. Choice of Law.** The Company is incorporated in the State of Delaware, and by their terms the Plans are governed by the laws of the State of Delaware. Accordingly, this Agreement is entered into under the laws of the State of Delaware and shall be construed and interpreted thereunder (without regard to its conflict-of-law principles).

**18. Modification.** In the event that any one or more of the Restricted Activities described in Section 6 above shall be held to be unenforceable, invalid or illegal for any reason including, but not limited to, being excessively broad as to duration, geographical scope, activity or subject, such restriction shall be construed or modified by limiting and reducing it, so as to provide the Company with the maximum protection of its business interests and the intent of the parties as set forth herein and yet be valid and enforceable under the applicable law as it shall then exist. If any such restriction held to be unenforceable, invalid or illegal cannot be so construed or modified, such finding shall not affect the enforceability of any of the other restrictions contained herein.

**19. Entire Agreement.** This Agreement and the Plans set forth the entire agreement and understanding of the parties hereto with respect to the issuance and sale of the Restricted Shares and Restricted Mutual Fund Shares and the administration of the Plans, and supersede all prior agreements, arrangements, plans, and understandings relating to the issuance and sale of the Restricted Shares and Restricted Mutual Fund Shares and the administration of the Plans.

**20. Amendment and Waiver.** Except as provided in the Plans or in Section 7 above, this Agreement may be amended, modified, or canceled only by a written instrument executed by the parties. No term or condition of this Agreement shall be deemed to have been waived, nor shall there be any estoppel to enforce any provision of this Agreement, except by a statement in writing signed by the party against whom enforcement of the waiver or estoppel is sought. Any written waiver shall not be deemed a continuing waiver unless specifically stated, shall operate only as to the specific term or condition waived, and shall not constitute a waiver of such term or condition for the future or as to any other act other than that specifically waived.

**21. Acknowledgment of Receipt of Copy.** By execution hereof, the Employee acknowledges having received a copy of the prospectus related to the 2003 Plan and instructions on how to access a copy of each of the Plans.

**22. Acknowledgement of Voluntary Election; Fairness.** By executing this Agreement, the Employee acknowledges his or her voluntary election to receive and accept the Restricted Shares and any Restricted Mutual Fund Shares subject to all of the terms and conditions set forth in this Agreement, and agrees to be bound thereby, including, without limitation, the terms and conditions specifying the circumstances under which the unvested Restricted Shares and Restricted Mutual Fund Shares shall cease to vest and be forfeited. Employee further acknowledges and agrees that such terms and conditions are fair and reasonable in light of the circumstances under which the award of Restricted Shares and any award of Restricted Mutual Fund Shares is being made.

SUBSIDIARIES OF PIPER SANDLER COMPANIES  
(as of December 31, 2022)

Name*	State or Jurisdiction of Entity
Piper Sandler & Co.	Delaware
Piper Sandler Foundation	Minnesota
Piper Sandler European Holdings Co.	Delaware
Piper Sandler Ltd.	United Kingdom
Parallel General Partner Limited	Guernsey
Piper Sandler SP Ltd	United Kingdom
Stamford Partners LLP	United Kingdom
Piper Sandler Financial Products Inc.	Delaware
Piper Sandler Financial Products II Inc.	Delaware
Piper Jaffray Funding LLC	Delaware
Piper Jaffray Lending LLC	Delaware
Piper Jaffray Private Capital Inc.	Delaware
PJC Capital LLC	Delaware
Piper Jaffray Asset Management Inc.	Delaware
Piper Sandler Investment Group Inc.	Delaware
Piper Sandler Finance Management, LLC	Delaware
PSC Capital Partners LLC	Delaware
Piper Heartland Healthcare Capital, LLC	Delaware
Piper Heartland Healthcare Capital Management LLC	Delaware
Piper Heartland Healthcare Crossover Fund I, L.P.	Delaware
PSC Capital Management LLC	Delaware
Piper Sandler Merchant Banking Fund I, L.P.	Delaware
PJC Merchant Banking Partners I, LLC	Delaware
PJC Merchant Banking Partners III, LLC	Delaware
PJC Merchant Banking Partners IV, LLC	Delaware
PSC Capital Management II LLC	Delaware
Piper Sandler Merchant Banking Fund II, L.P.	Delaware
Piper Sandler Finance LLC	Delaware
Piper Sandler Finance I, LLC	Delaware
Piper Sandler Finance II, LLC	Delaware
Piper Sandler Finance III, LLC	Delaware
Piper Sandler Finance IV, LLC	Delaware
Piper Sandler Finance Funding I, LLC	Delaware
Piper Sandler Real Estate Services, LLC	Delaware
Piper Sandler Hong Kong Limited	Hong Kong
Piper Sandler Loan Strategies, LLC	Delaware
SOMF, LLC	Delaware
Piper Sandler Advisors LLC	Delaware
Piper Sandler Hedging Services, LLC	Delaware
DBO Partners Acquisition LLC	Delaware
D Squared Sponsor LLC	Delaware
Stillwater Growth Corp I	Delaware

\* Indentation indicates the principal parent of each subsidiary.

## Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

1. Registration Statement (Form S-8 No. 333-111665) of the Company dated December 31, 2003
2. Registration Statement (Form S-8 No. 333-122494) of the Company dated February 2, 2005
3. Registration Statement (Form S-8 No. 333-142699) of the Company dated May 8, 2007
4. Registration Statement (Form S-8 No. 333-150962) of the Company dated May 16, 2008
5. Registration Statement (Form S-8 No. 333-159360) of the Company dated May 20, 2009
6. Registration Statement (Form S-8 No. 333-205229) of the Company dated June 25, 2015
7. Registration Statement (Form S-8 No. 333-228096) of the Company dated October 31, 2018
8. Registration Statement (Form S-8 No. 333-230241) of the Company dated March 13, 2019
9. Registration Statement (Form S-8 No. 333-235311) of the Company dated November 29, 2019
10. Registration Statement (Form S-8 No. 333-238598) of the Company dated May 22, 2020
11. Registration Statement (Form S-8 No. 333-267566) of the Company dated September 23, 2022
12. Registration Statement (Form S-8 No. 333-268089) of the Company dated November 1, 2022

of our reports dated February 24, 2023, with respect to the consolidated financial statements of Piper Sandler Companies (“the Company”) and the effectiveness of internal control over financial reporting of the Company, included in this Annual Report (Form 10-K) of the Company for the year ended December 31, 2022.

/s/ Ernst & Young LLP

Minneapolis, Minnesota  
February 24, 2023

## POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Chad R. Abraham, Timothy L. Carter and John W. Geelan, and each of them, his or her true and lawful attorneys-in-fact and agents, each acting alone, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign the Annual Report on Form 10-K of Piper Sandler Companies (the "Company") for the Company's fiscal year ended December 31, 2022, and any or all amendments to said Form 10-K, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, and to file the same with such other authorities as necessary, granting unto each such attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that each such attorney-in-fact and agent, or his substitute, may lawfully do or cause to be done by virtue hereof.

Dated and effective as of the 24th of February, 2023.

/s/ Chad R. Abraham

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Chad R. Abraham,  
Chairman and Chief Executive Officer

/s/ Thomas S. Schreier Jr.

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Thomas S. Schreier Jr., Director

/s/ Timothy L. Carter

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Timothy L. Carter,  
Chief Financial Officer

/s/ Sherry M. Smith

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Sherry M. Smith, Director

/s/ Jonathan J. Doyle

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Jonathan J. Doyle, Director

/s/ Philip E. Soran

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Philip E. Soran, Director

/s/ William R. Fitzgerald

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William R. Fitzgerald, Director

/s/ Brian R. Sterling

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Brian R. Sterling, Director

/s/ Victoria M. Holt

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Victoria M. Holt, Director

/s/ Scott C. Taylor

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Scott C. Taylor, Director

/s/ Robbin Mitchell

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Robbin Mitchell, Director

## CERTIFICATIONS

I, Chad R. Abraham, certify that:

1. I have reviewed this annual report on Form 10-K of Piper Sandler Companies;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 24, 2023

/s/ Chad R. Abraham

Chad R. Abraham

Chairman and Chief Executive Officer

## CERTIFICATIONS

I, Timothy L. Carter, certify that:

1. I have reviewed this annual report on Form 10-K of Piper Sandler Companies;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 24, 2023

/s/ Timothy L. Carter  
Timothy L. Carter  
Chief Financial Officer



**Certification Under Section 906 of the Sarbanes-Oxley Act of 2002**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, each of the undersigned certifies that this periodic report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in this periodic report fairly presents, in all material respects, the financial condition and results of operations of Piper Sandler Companies.

Dated: February 24, 2023

/s/ Chad R. Abraham

Chad R. Abraham  
Chairman and Chief Executive Officer

/s/ Timothy L. Carter

Timothy L. Carter  
Chief Financial Officer