File No. 803-00238

UNITED STATES OF AMERICA
BEFORE THE
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

In the matter of

Stephens Inc.
111 Center Street
Little Rock, AR 72201

AMENDMENT NO. 1 TO AND RESTATEMENT OF APPLICATION FOR AN ORDER PURSUANT TO SECTION 206A OF THE INVESTMENT ADVISERS ACT OF 1940, AS AMENDED, AND RULE 206(4)-5(e), EXEMPTING STEPHENS INC., FROM RULE 206(4)-5(a)(1) UNDER THE INVESTMENT ADVISERS ACT OF 1940

Please send all communications to:

Ki P. Hong
Skadden, Arps, Slate,
Meagher & Flom LLP
1440 New York Avenue, NW
Washington, DC 20005

David Knight
Stephens Inc.
111 Center St.
Little Rock, AR 72201

Tyler Rosen
Skadden, Arps, Slate,
Meagher & Flom LLP
1440 New York Avenue, NW
Washington, DC 20005

This Application, including Exhibits, consists of 31 pages
Exhibit Index appears on page 23

UNITED STATES OF AMERICA
BEFORE THE
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

In the matter of STEPHENS INC.	AMENDMENT NO. 1 TO AND RESTATEMENT OF APPLICATION FOR AN ORDER PURSUANT TO SECTION 206A OF THE INVESTMENT ADVISERS ACT OF 1940, AS AMENDED, AND RULE 206(4)-5(e), EXEMPTING STEPHENS INC., FROM RULE 206(4)-5(a)(1) UNDER THE INVESTMENT ADVISERS ACT OF 1940

I. PRELIMINARY STATEMENT AND INTRODUCTION

Stephens Inc., (the "Adviser" or the "Applicant") hereby amends and restates its application to the Securities and Exchange Commission (the "Commission") for an order, pursuant to Section 206A of the Investment Advisers Act of 1940, as amended (the "Act"), and Rule 206(4)-5(e), exempting the Adviser from the two-year prohibition on compensation imposed by Rule 206(4)-5(a)(1) under the Act for investment advisory services provided to the government entities described below following a contribution to a candidate for Little Rock board of directors by a covered associate as described in this Application, subject to the representations set forth herein (as amended and restated, the "Application").

Section 206A of the Act authorizes the Commission to "conditionally or unconditionally exempt any person or transaction . . . from any provision or provisions of [the Act] or of any rule or regulation thereunder, if and to the extent that such exemption

is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of [the Act]."

Section 206(4) of the Act prohibits investment advisers from engaging "in any act, practice, or course of business which is fraudulent, deceptive, or manipulative," and directs the Commission to adopt such rules and regulations, define, and prescribe means reasonably designed to prevent, such acts, practices, or courses of business. Under this authority, the Commission adopted Rule 206(4)-5 (the "Rule"), which prohibits a registered investment adviser from providing "investment advisory services for compensation to a government entity within two years after a contribution to an official of the government entity is made by the investment adviser or any covered associate of the investment adviser."

The term "government entity" is defined in Rule 206(4)-5(f)(5)(ii) as including a pool of assets sponsored or established by a State or political subdivision, or any agency, authority, or instrumentality thereof, including a defined benefit plan. The definition of an "official" of such government entity in Rule 206(4)-5(f)(6)(ii) includes the holder of or candidate for an elective office with authority to appoint a person directly or indirectly able to influence the outcome of the government entity's hiring an investment adviser. The "covered associates" of an investment adviser are defined in Rule 206(4)-5(f)(2)(i) as including its managing member, executive officer or other individuals with similar status or function as well as any employee who solicits a government entity on behalf of an investment adviser. Rule 206(4)-5(c) specifies that, when a government entity invests in a covered investment pool, the investment adviser to that covered investment pool will be treated as providing advisory services directly to the government entity. "Covered

investment pool" is defined in Rule 206(4)-5(f)(3)(ii) as including any company that would be an investment company under Section 3(a) of the Investment Company Act of 1940, as amended (the "1940 Act"), but for the exclusion provided from that definition by Section 3(c)(7) of the 1940 Act.

Rule 206(4)-5(b) provides exceptions from the two-year prohibition under Rule 206(4)-5(a)(1) with respect to contributions that do not exceed a de minimis threshold, were made by a person more than six months before becoming a covered associate, unless such person, after becoming a covered associate, solicits clients on behalf of the investment adviser, or were discovered by the adviser and returned by the official within a specified period and subject to certain other conditions. Should no exception be available, Rule 206(4)-5(e) permits an investment adviser to apply for, and the Commission to conditionally or unconditionally grant, an exemption from the Rule 206(4)-5(a)(1) prohibition on compensation.

In determining whether to grant an exemption, the Rule contemplates that the Commission will consider, among other things, (i) whether the exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act; (ii) whether the investment adviser, (A) before the contribution resulting in the prohibition was made, adopted and implemented policies and procedures reasonably designed to prevent violations of the Rule; (B) prior to or at the time of the contribution which resulted in such prohibition was made, had no actual knowledge of the contribution; and (C) after learning of the contribution, (1) has taken all available steps to cause the contributor involved in making the contribution which resulted in such prohibition to obtain a return

of the contribution, and (2) has taken such other remedial or preventative measures as may be appropriate under the circumstances; (iii) whether, at the time of the contribution, the contributor was a covered associate or otherwise an employee of the investment adviser or otherwise an employee of the investment adviser, or was seeking such employment; (iv) the timing and amount of the contribution which resulted in the prohibition; (v) the nature of the election (*e.g.*, Federal, State or local); and (vi) the contributor's apparent intent or motive in making the contribution that resulted in the prohibition, as evidenced by the facts and circumstances surrounding such contribution.

Based on those considerations and the facts described in this Application, the Applicant respectfully submits that the relief requested herein is appropriate in the public interest and is consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act. Accordingly, the Applicant requests an order exempting it to the extent described herein from the prohibition under Rule 206(4)-5(a)(1) to permit it to receive compensation for investment advisory services provided to the Clients (as defined below) within the two-year period following the contribution identified herein to an official of such government entities by a covered associate of the Applicant.

II. STATEMENT OF FACTS

A. The Applicant

Stephens Inc., is a financial services firm registered with the Commission as an investment adviser pursuant to the Act. It was established in Little Rock, Arkansas in 1933 and has been headquartered there ever since. The Applicant provides discretionary

investment advisory services to a wide variety of investors with aggregate assets under management of approximately $10.3 billion.

B. The Government Entities

Several of the Adviser's clients are government entities of the City of Little Rock (the "Clients"). Client A is a city pension fund with a seven-member board; one board member is the City Manager, who is appointed by the Little Rock Board of Directors. Client B is a different city pension fund for which the City Manager is authorized to select an outside investment manager. Client C is a fund maintained by the city for certain expenses; it is administered by city staff under ultimate authority of the Board of Directors. In each case, the Client has engaged the Adviser directly for investment advisory services and has not invested in a covered investment pool to which the Adviser is acting as investment adviser. The Clients are government entities as defined in Rule 206(4)-5(f)(5)(i).

C. The Contributor

The individual who made the campaign contribution that triggered the two-year compensation ban (the "Contribution") is J. Bradford Eichler (the "Contributor"). The Contributor is an Executive Vice President of the Applicant and is the head of Investment Banking for the firm. His role is overseeing the firm's corporate finance division, which does not seek work from government entities and does not engage in any investment advisory work. However, as the head of one of the principal business units or functions for the Applicant, the Contributor is, and at the time of the contribution was, an executive officer of the Adviser under Rule 206(4)-5(f)(4), and thus by definition is and at all relevant times was a covered associate pursuant to Rule 206(4)-5(f)(2)(i).

The Contributor does not solicit government entities for investment advisory or any other kind of business. He also does not supervise anyone who solicits government entities. The Contributor was not involved in soliciting the Clients, and in fact, has never solicited the Clients for investment advisory business. Furthermore, he did not supervise any employees who solicited the Clients for the Adviser.

In addition to the Contribution that triggered the compensation ban, and regular contributions to the Applicant's federal political action committee, the Contributor has made 12 federal contributions since 2010 totaling $12,950. The recipients of these contributions included candidates for President, Senate and House of Representatives, primarily in his home state of Arkansas. He also made contributions to three Arkansas state candidates during that period: within the de minimis limits to two state legislators and two contributions to a candidate for state supreme court. Each contribution was precleared, vetted and determined by the Adviser not to implicate the Rule. He does not recall having made any other state or local contributions in that time period.

D. The Official

The recipient of the Contribution was Capi Peck (the "Official"), a private citizen who was elected Ward Four representative to the Little Rock Board of Directors on November 8, 2016. The Official owns and operates a restaurant called Trio's in Little Rock. As a private citizen at the time of the Contribution and the investments by the Clients, she has not had any role in the Clients' investment decisions. Nevertheless, because she was seeking the office of director, the Official is an "official" of the Clients under the Rule. In particular, to be covered, the office must have the authority to directly or indirectly appoint someone with authority to influence the selection of an investment

adviser, or the authority to appoint a person with such authority. The Board of Directors appoints a board member of Client A, Client B places authority for the hiring of an investment manager with a city official appointed by the Board of Directors, and the Board of Directors has ultimate investment authority over Client C. The general election took place on November 8, 2016 and she took office in January 2017. It was only at that time that she began to have any authority with respect to the Clients' selection of an investment adviser. Moreover, as of the date of this Application, she has not participated in appointing anyone with authority over Client A or B's decisions to select an investment adviser, nor has she participated in a decision affecting Client C's investment with the Adviser.

E. The Contribution

On October 17, 2016, (the "Contribution Date") the Contributor went online and contributed $1,000 to the Official's campaign for director. The Contribution was not motivated by any desire to influence the award of investment advisory business. Although not eligible to vote in Ward Four, the Contributor does live in Little Rock and has a longstanding friendship with the Official. He has known the Official for approximately thirty years and known her ex-husband and business partner for approximately 35 years. The Contributor and the Official's ex-husband also have a shared interest in competitive swimming. The Contributor lived with them for a time during college, worked at their restaurant and has maintained close relations. His decision to make the Contribution was spontaneous and motivated by his longstanding friendship with the Official. Nevertheless, the Contribution resulted in the two-year compensation ban pursuant to Rule 206(4)-5.

Although the Contributor and the Official are friends, they have not discussed Stephens' investment advisory business or potential investments by Little Rock government entities. The Contributor runs corporate finance and is only involved in private sector activity. The Contributor did not solicit or coordinate any other contributions for the Official. In addition, the Contributor has confirmed that there was no intention to seek, and no action was taken either by the Contributor or the Applicant to obtain, any direct or indirect influence from the Official or any other person. At no time did any employees of the Adviser other than the Contributor have any knowledge that the Contribution had been made prior to its discovery by the Adviser in November of 2016.

F. The Clients' Investments with Adviser

The Adviser has been doing business with Little Rock, its home city, since its founding in 1933. The investments were all made before the Contribution Date and before the Official took office. The Clients' current accounts were initiated between 2006 and 2014. None of the Clients have materially increased their assets under management by the Adviser, initiated new mandates or opened new accounts since the Contribution Date.

Neither the Contributor nor anyone whom he supervises was in any way involved in soliciting the Clients with respect to any business. The Contributor had no intention to seek, and no action was taken either by the Contributor or the Applicant to obtain, any direct or indirect influence from the Official or any other person with respect to these investments.

G. The Adviser's Discovery of the Error and Response

On November 16, 2016, the Contributor remembered that pursuant to the Adviser's Pay-to-Play Policy (the "Policy"), he was required to obtain pre-approval for his political contributions and, at his own initiative, contacted the Adviser's general counsel to inform him about the Contribution. The Contributor requested a refund of the full $1,000 that day, and received the refund on November 18. The Adviser established an escrow account on December 5, 2016 into which it has been depositing an amount equal to the compensation received with respect to the Clients' investments since the Contribution Date. Compensation to the Adviser for the investment advisory services it provides to the Clients comes solely in the form of management fees paid quarterly. All management fees earned with respect of the Clients' investments since the Contribution Date have been placed in escrow and will continue to be placed in escrow pending the outcome of this Application. The Adviser has notified the city manager and city attorney of Little Rock of the Contribution and indicated that fees attributable to the Clients for two years following the Contribution Date would be placed in escrow as they are earned and that, absent exemptive relief from the Commission, that compensation would be refunded in a way that is permissible under applicable laws and the Rule. The Adviser's general counsel admonished the Contributor for the Contribution, reminded him of his status as an Executive Officer of Stephens Inc., and the restrictions and requirements resulting from Executive Officer status under Stephens' Pay-to-Play policy (including pre-approval of all contributions), MSRB Rule G-37 and SEC Rule 206(4)-5, to prevent any future issues.

H. The Adviser's Pay-to-Play Policies and Procedures

The Policy was first adopted and implemented on March 3, 2011. The Policy is more restrictive than the Rule in that all contributions to any person (including any election committee for the person) who was, at the time of the contribution, an incumbent, candidate or successful candidate for elective office of a government entity must be precleared. There is no de minimis exemption from this preclearance requirement. The Policy is not limited to the Adviser's managing members, executive officers and other "covered associates," but also includes those who could in the future become covered associates. After the discovery of the Contribution, the Adviser reviewed its Policy and procedures and concluded they were adequate.

For example, under the existing Policy, the Adviser already sends employees multiple compliance alerts reminding employees of the Policy and the need to pre-clear political contributions. Employees subject to the Policy must certify quarterly to their compliance with the Policy and report all contributions they have made in the preceding quarter. In addition, annual employee audit questionnaires ask about the employee's political contributions. The Adviser does an internet search for contributions, and, if any are found, discusses them with the employee. In addition to this testing, the Adviser also verifies the results of the quarterly certifications with its preclearance records.

III. STANDARD FOR GRANTING AN EXEMPTION

In determining whether to grant an exemption, Rule 206(4)-5(e) provides that the Commission will consider, among other factors:

(1) Whether the exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act;

(2) Whether the investment adviser:

(i) before the contribution resulting in the prohibition was made, adopted and implemented policies and procedures reasonably designed to prevent violations of the Rule;

(ii) prior to or at the time the contribution which resulted in such prohibition was made, had no actual knowledge of the contribution; and

(iii) after learning of the contribution,

(a) has taken all available steps to cause the contributor involved in making the contribution which resulted in such prohibition to obtain return of the contribution; and

(b) has taken such other remedial or preventive measures as may be appropriate under the circumstances;

(3) Whether, at the time of the contribution, the contributor was a covered associate or otherwise an employee of the investment adviser, or was seeking such employment;

(4) The timing and amount of the contribution which resulted in the prohibition;

(5) The nature of the election (*e.g.*, Federal, State or local); and

(6) The contributor's apparent intent or motive in making the contribution which resulted in the prohibition, as evidenced by the facts and circumstances surrounding such contribution.

As explained below, each of these factors weighs in favor of granting the relief requested in this Application.

IV. STATEMENT IN SUPPORT OF EXEMPTIVE RELIEF

The Applicant submits that an exemption from the two-year prohibition on compensation is necessary and appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act. The Clients determined to invest with the Applicant and established an advisory relationship on an arm's length basis free from any improper influence as a result of the Contribution. In support of that conclusion, Applicant notes that the relationships with the Clients significantly predate the Contribution and that because, at the time of the Contribution and at the time all of the Clients' decisions to invest with the Adviser were made, the Official was a private citizen with no influence over the Clients' decision-making.

The Applicant further notes that the Contribution was made because of the personal relationship between the Contributor and the Official and not because of any desire to influence the award of investment advisory business. That relationship vastly predates the Official's candidacy for director. The Contributor has not been involved in Adviser's solicitation of investment advisory business from government entities such as the Clients, and was not involved in soliciting the investments from the Clients.

Furthermore, the Contributor self-reported the Contribution and promptly sought and obtained a refund once he realized he had forgotten to obtain preclearance. The Contribution was made on October 17, discovered on November 16 and fully refunded to

the Contributor on November 18. These events are well within the four-month and 60-day periods required for an automatic exemption under Rule 206(4)-5(b)(3)—only the amount of the Contribution prevents the Adviser from using such automatic exemption.

Given the nature of the Contribution, and the lack of any evidence that the Adviser or the Contributor intended to, or actually did, interfere with the Clients' merit-based process for the selection or retention of advisory services, the Clients' interests are best served by allowing the Adviser and its Clients to continue their relationships uninterrupted. Causing the Adviser to serve without compensation for a two-year period would result in a financial loss of approximately $1 million, or 1,000 times the amount of the Contribution. The policy underlying the Rule is served by ensuring that no improper influence is exercised over investment decisions by governmental entities as a result of campaign contributions and not by withholding compensation as a result of unintentional violations.

The other factors suggested for the Commission's consideration in Rule 206(4)-5(e) similarly weigh in favor of granting an exemption to avoid consequences disproportionate to the violation.

A. Policies and Procedures before the Contribution

The Adviser adopted and implemented the Policy, which is fully compliant with and more rigorous than, the Rule's requirements, well before the Contribution Date. The Adviser requires covered associates to certify to their compliance and disclose all contributions quarterly, and does internet testing as part of its annual audit process.

B. Actual Knowledge of the Contribution

Although it may be argued that the activity of one of the firm's executive officers is imputed to the Adviser as a matter of law, we believe that the facts militate against such an imputation. The Contributor acted as an individual when contributing to the campaign of his personal friend. At no time did any employees or covered associates of the Adviser, or any executive or employee of the Adviser's affiliates, other than the Contributor, know of the Contribution to the Official until after it had happened. It was only when the Contributor sought belated approval from the general counsel for the Contribution that anyone else learned of the Contribution. Moreover, the Contributor did not discuss the Contribution prior to making it with the Adviser or any of the Adviser's covered associates.

C. Adviser's Response After the Contribution

After learning of the Contribution, the Adviser caused the Contributor to immediately obtain a full refund of the Contribution as described in more detail above. The Adviser then established an escrow account for all compensation attributable to the Clients' investments immediately after the discovery of the Contribution. The Adviser reviewed its Policy and procedures and concluded that they were more than adequate for preventing impermissible contributions. In particular, thanks to the periodic reminders sent by the Adviser, the Contributor was well aware of the preclearance requirement. Although he made an isolated in error in making the Contribution, he on his own remembered that he was required to preclear his contributions. Nevertheless, the Adviser's general counsel admonished the Contributor for the Contribution, reminded him of his status as an Executive Officer of Stephens Inc., and the restrictions and

requirements resulting from Executive Officer status under Stephens' Pay-to-Play policy (including pre-approval of all contributions), MSRB Rule G-37 and SEC Rule 206(4)-5, to prevent any future issues.

D. Status of the Contributor

The Contributor is and has, at all relevant times, been a covered associate of the Adviser. However, he does not solicit investment advisory business from government entities or supervise anyone who does. He has not solicited or otherwise communicated with the Clients.

E. Timing and Amount of the Contribution

As noted above, the Clients' initial investments with the Adviser substantially predate the Contribution. They were done on an arms' length basis and the Contributor and the Applicant took no action to obtain any direct or indirect influence from the Official. The Contributor did not solicit or supervise anyone who solicited the Clients with respect to these investments. Although his job would not ordinarily cause him to interact with the Clients, after learning of the Contribution, the Adviser, out of an abundance of caution, instructed him not to solicit or otherwise communicate with the Clients for two years following the Contribution Date. Furthermore, no investments were made in the month-long period between the Contribution Date and the day it was refunded. The Official also did not serve on the board of directors during that time.

F. Nature of the Election and Other Factors and Circumstances

The nature of the election and other facts and circumstances indicate that the Contributor's apparent intent in making the Contribution was not to influence the selection or retention of the Adviser. The Contributor and the Official have a

longstanding friendship. The Contributor worked at the Official's restaurant and lived with the Official and her husband when he was in college. Their relationship dates back more than 30 years. It was because of this relationship, and not any desire to influence the award of investment advisory business, that the Contributor made the Contribution to the Official's campaign.

Given the difficulty of proving a quid pro quo arrangement, the Applicant understands that adoption of a regulatory regime with a default of strict liability, like the Rule, is necessary. However, it appreciates the availability of exemptive relief at the Commission's discretion where imposition of the two-year prohibition on compensation does not achieve the Rule's purposes or would result in consequences disproportionate to the mistake that was made. The Applicant respectfully submits that such is the case with the Contribution. Neither the Adviser nor the Contributor sought to interfere with the Clients' merit-based selection process for advisory services, nor did they seek to negotiate higher fees or greater ancillary benefits than would be achieved in arms' length transactions. There was no violation of the Adviser's fiduciary duty to deal fairly or disclose material conflicts given the absence of any intent or action by the Adviser or Contributor to influence the selection process. The Applicant has no reason to believe the Contribution undermined the integrity of the market for advisory services or resulted in a violation of the public trust in the process for awarding contracts.

G. Precedent

The Applicant notes that the Commission granted exemptions similar to that requested herein with respect to relief from Section 206A of the Act and Rule 206(4)-5(e) in: Davidson Kempner Capital Management LLC, Investment Advisers Act Release Nos.

IA-3693 (October 17, 2013) (notice) and IA-3715 (November 13, 2013) (order) (the "Davidson Kempner Application"); Ares Real Estate Management Holdings, LLC, Investment Advisers Act Release Nos. IA-3957 (October 22, 2014) (notice) and IA-3969 (November 18, 2014) (order) (the "Ares Application"); Crestview Advisors, LLC, Investment Advisers Act Release Nos. IA-3987 (December 19, 2014) (notice) and IA-3997 (January 14, 2015) (order) (the "Crestview Application"); T. Rowe Price Associates, Inc., and T. Rowe Price International Ltd., Investment Advisers Release Nos. IA-4046 (March 12, 2015) (notice) and IA-4508 (April 8, 2015) (order) (the "T. Rowe Application"); Crescent Capital Group, LP, Investment Advisers Release Nos. IA-4140 (July 14, 2015) (notice) and IA-4172 (August 14, 2015) (order) (the "Crescent Application"); and Starwood Capital Group Management, LLC, Investment Advisers Act Release Nos. IA-4182 (August 26, 2015) (notice) and IA-4203 (September 22, 2015) (order) (the "Starwood Application"); Fidelity Management & Research Company and FMR Co., Inc., Investment Advisers Release Nos. IA-4220 (October 8, 2015)(notice) and IA-4254 (November 3, 2015)(order) (the "FMR Application"); Brookfield Asset Management Private Institutional Capital Adviser US, LLC et. al., Investment Advisers Act Release Nos. IA-4337 (February 22, 2016)(notice) and IA-4355 (March 21, 2016)(order) (the "Brookfield Application"); Angelo, Gordon & Co., LP, Investment Advisers Release Nos. IA-4418 (June 10, 2016)(notice) IA-4444 (July 6, 2016)(order) (the "Angelo Gordon Application") and Brown Advisory LLC, Investment Advisers Act Release Nos. IA-4605 (January 10, 2017)(notice) and IA-4672 (February 7, 2017)(order) (the "Brown Application" and collectively the "Granted Applications"). The facts and

representations made in this Application and the Granted Applications are substantially similar.

Nature of the Official. In the Davidson Kempner Application, the recipient of the contribution was, at the time of the contribution, the Ohio State Treasurer. One member of each Davidson Kempner Ohio client is appointed by the elective official holding the office of Ohio State Treasurer. By comparison, on the Contribution Date, the Official was a private citizen who was running to be one member on the 10-person Little Rock board of directors.

Knowledge of the Contribution. In the Davidson Kempner Application, the contributor informed the applicant's executive managing member of his interest in and intention to meet with the Ohio State Treasurer. In contract, the Contributor in this Application did not inform any officers or employees of the Applicant of his interest in the Official. Moreover, none of the Applicant's officers or employees, other than the Contributor, had any knowledge that the Contribution had been made until the Contributor belatedly sought preclearance from the Adviser's general counsel.

Client Investments after the Contribution. In the Davidson Kempner Application, a government entity with respect to the State of Ohio invested in the applicant's fund subsequent to the contribution that triggered the two-year compensation ban. In contrast, the Clients have longstanding advisory relationships with the Adviser that greatly predate the Contribution. The Contributor did not solicit the Clients for those investments and will have no contact with the Clients for two years following the Contribution Date. The Contributor also did not supervise anyone who solicited the Clients for the investments.

The Applicant believes that the same policies and considerations that led the Commission to grant relief in the Davidson Kempner Application and the other Granted Applications are present here. In all instances, the imposition of the Rule would result in consequences vastly disproportionate to the mistake that was made. Moreover, the differences between this Application and the Davidson Kempner Application weigh even further in favor of granting the relief requested herein.

V. REQUEST FOR ORDER

The Applicant seeks an order pursuant to Section 206A of the Act and Rule 206(4)-5(e), thereunder, exempting it, to the extent described herein, from the two-year prohibition on compensation required by Rule 206(4)-5(a)(1) under the Act, to permit the Applicant to receive compensation for investment advisory services provided to the Clients within the two-year period following the Contribution identified herein to an official of such government entities by a covered associate of the Applicant.

Conditions. The Adviser agrees that any order of the Commission granting the requested relief will be subject to the following conditions:

(1) The Contributor will be prohibited from discussing the business of the Adviser with any "government entity" client or prospective client for which the Official is an "official" as defined in Rule 206(4)-5(f), until October 18, 2018.

(2) The Contributor will receive written notification of this condition and will provide a quarterly certification of compliance until October 18, 2018. Copies of the certifications will be maintained and preserved in an easily accessible place for a period

of not less than five years, the first two years in an appropriate office of the Adviser, and be available for inspection by the staff of the Commission.

(3) The Adviser will conduct testing reasonably designed to prevent violations of the conditions of this Order and maintain records regarding such testing, which will be maintained and preserved in an easily accessible place for a period of not less than five years, the first two years in an appropriate office of the Adviser, and be available for inspection by the staff of the Commission.

VI. CONCLUSION

For the foregoing reasons, the Applicant submits that the proposed exemptive relief, conducted subject to the representations set forth above, would be fair and reasonable, would not involve overreaching, and would be consistent with the general purposes of the Act.

VII. PROCEDURAL MATTERS

Pursuant to Rule 0-4 of the rules and regulations under the Act, a form of proposed notice for the order of exemption requested by this Application is set forth as Exhibit C to this Application. In addition, a form of proposed order of exemption requested by this application is set forth as Exhibit D to this Application.

On the basis of the foregoing, the Applicant submits that all the requirements contained in Rule 0-4 under the Act relating to the signing and filing of this Application have been complied with and that the Applicant, who has signed and filed this Application, is fully authorized to do so.

The Applicant requests that the Commission issue an order without a hearing pursuant to Rule 0-5 under the Act.

Dated: June 20, 2017

Respectfully submitted,

Stephens Inc.

By: David Knight

David Knight
General Counsel

Exhibit Index

Exhibit A

Authorization

All requirements of the articles of incorporation and bylaws of Stephens Inc., have been complied with in connection with the execution and filing of this Application. Stephens Inc., represents that the undersigned individual is authorized to file this Application pursuant to Stephens Inc.'s articles of incorporation.

Stephens Inc.

BY: David Knight

By: David Knight
General Counsel
Dated: June 20, 2017

Subscribed and sworn to before me a Notary Public this 20th day of June, 2017.

JAMIE C. ROBBINS
[OFFICIAL SEAL]
No. 12388342
GARLAND COUNTY
NOTARY PUBLIC - ARKANSAS
COMM. EXP. 6-25-2022

Jamie C Robbins

My commission expires 6-25-22

Exhibit B

Verification:

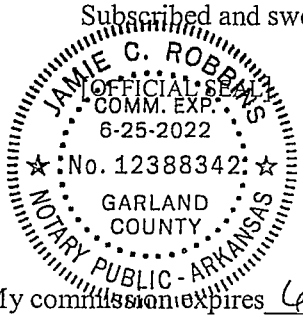
State of Arkansas

County of Pulaski, SS:

The undersigned being duly sworn deposes and says that he has duly executed the attached Application dated June 20, 2017 for and on behalf of Stephens Inc; that he is the General Counsel of such company; and that all action by stockholders, directors, and other bodies necessary to authorize deponent to execute and file such Application has been taken. Deponent further says that he is familiar with such instrument, and the contents thereof, and that the facts set forth therein are true to the best of his knowledge, information and belief.

David Knight

Subscribed and sworn to before me a Notary Public this 20th day of June, 2017.



Jamie C Robbins

My commission expires 6-25-22

Exhibit C

Proposed Notice for the Order of Exemption

Agency: Securities and Exchange Commission (the **"SEC"** or **"Commission"**).

Action: Notice of Application for Exemption under the Investment Advisers Act of 1940 (the **"Advisers Act"**).

Applicant: Stephens Inc. (the **"Adviser"** or **"Applicant"**).

Relevant Act Sections: Exemption requested under Section 206A of the Act, and Rule 206(4)-5(e) thereunder, from the provisions of Section 206(4) of the Act, and Rule 206(4)-5(a)(1) thereunder.

Summary of Application: Applicant requests that the Commission issue an order under section 206A of the Advisers Act and rule 206(4)-5(e) exempting it from rule 206(4)-5(a)(1) under the Advisers Act to permit Applicant to receive compensation for investment advisory services provided to government entities within the two-year period following a contribution by a covered associate of Applicant to an official of such government entities.

Filing Dates: The application was filed on [DATE].

Hearing or Notification of Hearing: An Order granting the application will be issued unless the Commission orders a hearing. Interested persons may request a hearing by writing to the Commission's Secretary and serving Applicant with a copy of the request, personally or by mail. Hearing requests should be received by the Commission by 5:30 p.m. on [ ], and should be accompanied by proof of service on Applicant, in the form of an affidavit or, for lawyers, a certificate of service. Pursuant to rule 0-5 under the Advisers Act, hearing requests should state the nature of the writer's interest, any facts bearing upon the desirability of a hearing on the matter, the reason for the request, and the issues contested. Persons may request notification of a hearing by writing to the Commission's Secretary.

Addresses: Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, D.C. 20549-1090. Applicant, Stephens Inc., David Knight, 111 Center St., Little Rock, AR 72201.

For Further Information Contact: [CONTACT], or Holly Hunter-Ceci, Branch Chief, at (202) 551-6825 (Division of Investment Management, Chief Counsel's Office).

Supplementary Information: The following is a summary of the application. The complete application may be obtained via the Commission's website either at http://www.sec.gov/rules/iareleases.shtml or by searching for the file number, or for an applicant using the Company name box, at http://www.sec.gov/search/search.htm, or by calling (202) 551-8090.

The Applicant's Representations:

1. Stephens Inc., is registered with the Commission as an investment adviser under the Act. It provides discretionary investment advisory services to a wide variety of investors.

2. Several of the Adviser's clients are government entities with respect to the City of Little Rock (the **"Clients"**). The Applicant represents that the Little Rock board of directors appoints a board member for one Client and the official with investment authority for the second Client. The third Client is a fund maintained by the city for certain expenses; it is administered by city staff under ultimate authority of the board of directors. Due to this authority, a private citizen running for Little Rock board of directors is an "official" of the Clients as defined in Rule 206(4)-5 under the Advisers Act (the **"Rule"**).

3. On October 17, 2016, J. Bradford Eichler, Executive Vice President and head of Investment Banking for the Applicant, (the **"Contributor"**), contributed $1,000 to the campaign of Capi Peck (the **"Official"**), a private citizen running for Little Rock board of directors (the **"Contribution"**). The Applicant represents that the Contributor did not solicit any persons to make contributions to the Official's campaign or coordinate any such contributions, and made no other contributions to the Official.

4. The Applicant represents that the Official and the Contributor have a long-standing friendship. The Applicant represents that they have known each other for approximately thirty years and the Contributor has known the Official's ex-husband and business partner for approximately 35 years. The Applicant further represents that the Contributor lived with them for a time during college, worked at their restaurant and has maintained close relations. The Applicant represents that the Official and the Contributor have not discussed Stephens' investment advisory business or potential investments by the Clients, except that the Contributor explained the Rule's implications when requesting the Official refund the Contribution.

5. The Clients' investment advisory business with the Adviser significantly predates the Contribution. The Applicant represents that it has been doing business with Little Rock, its home city, since the 1930s and the Clients' current accounts were initiated between 2006 and 2014. The Applicant represents that none of the Clients have materially increased their assets under management by the Applicant or initiated new mandates or opened new accounts since the Contribution was made. The Applicant represents that the Contributor is not involved with the Applicant's investment advisory business and did not solicit or otherwise communicate with the Clients on behalf of the Adviser, nor did anyone whom he supervises.

6. The Applicant represents that 30 days after making the Contribution, the Contributor remembered that pursuant to Adviser's Pay-to-Play Policy (the **"Policy"**), he was required to obtain pre-approval for his political contributions. The Applicant further represents that he contacted the Adviser's General Counsel that day (November 16, 2016) and requested a refund of the full $1,000 that day. The Applicant represents that the Contributor received the refund two days later. The Applicant represents that at no time did any employees of the Applicant other than the Contributor have any knowledge of the Contribution prior to the

Contributor's notifying the Applicant's General Counsel 30 days after the date of the Contribution.

7. The Applicant represents that the Adviser established an escrow account on December 5, 2016 into which it has been depositing an amount equal to the compensation received with respect to the Clients' investments since the day of the Contribution. The Applicant represents that compensation to the Adviser for the investment advisory services it provides to the Clients comes solely in the form of management fees paid quarterly. The Applicant further represents that all management fees earned with respect of the Clients' investments since the day of the Contribution have been placed in escrow and will continue to be placed in escrow pending the outcome of this Application. The Applicant represents that it notified the city manager and city attorney of Little Rock of the Contribution and the Application.

8. The Applicant represents that the Adviser's Policy was initially adopted and implemented on March 3, 2011, prior to the effective date of Rule 206(4)-5. The Applicant represents that the Policy is more restrictive than what was contemplated by the Rule. The Applicant represents that the Contributor simply temporarily failed to seek preclearance for the Contribution and realized his error later.

The Applicant's Legal Analysis

1. Rule 206(4)-5(a)(1) under the Act prohibits a registered investment adviser from providing investment advisory services for compensation to a government entity within two years after a contribution to an official of the government entity is made by the investment adviser or any covered associate of the investment adviser. The "[R]ule's intended purpose" is to combat *quid pro quo* arrangements involving investment advisers making contributions in order to influence a government official's decision regarding advisory business with the advisor.

2. Rule 206(4)-5(b) provides exceptions from the two-year prohibition under Rule 206(4)-5(a)(1) with respect to contributions that do not exceed a de minimis threshold, were made by a person more than six months before becoming a covered associate, or were discovered by the adviser and returned by the official within a specified period and subject to certain other conditions.

3. Section 206A and Rule 206(4)-5(e) permit the Commission to exempt an investment adviser from the prohibition under Rule 206(4)-5(a)(1) upon consideration of, among other factors, (i) Whether the exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Advisers Act; (ii) Whether the investment adviser: (A) before the contribution resulting in the prohibition was made, adopted and implemented policies and procedures reasonably designed to prevent violations of the rule; and (B) prior to or at the time the contribution which resulted in such prohibition was made, had no actual knowledge of the contribution; and (C) after learning of the contribution: (1) has taken all available steps to cause the contributor involved in making the contribution which resulted in such prohibition to obtain a return of the contribution; and (2) has taken such other remedial or preventive measures as may

be appropriate under the circumstances; (iii) Whether, at the time of the contribution, the contributor was a covered associate or otherwise an employee of the investment adviser, or was seeking such employment; (iv) The timing and amount of the contribution which resulted in the prohibition; (v) The nature of the election (e.g., federal, state or local); and (vi) The contributor's apparent intent or motive in making the contribution which resulted in the prohibition, as evidenced by the facts and circumstances surrounding such contribution.

4. The Applicant requests an order pursuant to section 206A and rule 206(4)-5(e), exempting it from the two-year prohibition on compensation imposed by rule 206(4)-5(a)(1) with respect to investment advisory services provided to the Clients following the Contribution. The Applicant asserts that the exemption sought is necessary and appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Advisers Act.

5. The Applicant maintains that the fact that at the time of the Contribution the Official did not have authority with respect to the Clients' decision to invest with the Adviser and the length of time in which the Contributor obtained a refund from the Official indicate that the Contribution was not part of any *quid pro quo* arrangement, but rather an inadvertent failure to follow the Adviser's Policy by the Contributor.

6. The Applicant states that the Clients determined to invest with Applicant and established an advisory relationship on an arm's length basis free from any improper influence as a result of the Contribution. In support of this argument, Applicant notes that the Clients' relationships with the Applicant pre-date the Contribution. Similarly, the Contributor did not solicit the Clients with respect to investments, nor did anyone whom he supervises. The Applicant respectfully submits that the interests of the Clients are best served by allowing the Applicant and the Clients to continue their relationships uninterrupted.

7. The Applicant submits that the Contributor's decision to make the Contribution to the Official was based on the longstanding friendship between the Contributor and the Official and not any desire to influence the Clients' merit-based selection process for advisory services.

8. Although the Applicant's Policy required the Contributor to obtain prior approval for the Contribution, which he failed to do; the Contributor realized his error on his own. At the Contributor's request, the Contribution was refunded slightly more than a month after the date it was made. The Contribution's discovery and refund were well within the time period required for an automatic exemption pursuant to Rule 206(4)-5(b)(3).

9. Applicant further submits that the other factors set forth in Rule 206(4)-5(e) similarly weigh in favor of granting an exemption to the Applicant to avoid consequences disproportionate to the violation. The Applicant proposes the evidence is clear that the Contributor inadvertently failed to seek prior approval of the Contribution, as required by the Policy, but realized his mistake; there was no attempt to influence the investment adviser selection process.

10. Accordingly, the Applicant respectfully submits that the interests of investors and the purposes of the Act are best served in this instance by allowing the Adviser and its Clients to continue their relationships uninterrupted in the absence of any intent or action by the Contributor to interfere with the Clients' merit-based process for the selection and retention of advisory services. The Applicant submits that an exemption from the two-year prohibition on compensation is necessary and appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act.

The Applicant's Conditions:

The Applicant agrees that any order of the Commission granting the requested relief will be subject to the following conditions:

1. The Contributor will be prohibited from discussing any business of the Applicant with any "government entity" client for which the Recipient is an "official" as defined in Rule 206(4)-5(f), until October 18, 2018.

2. The Contributor will receive written notification of these conditions and will provide a quarterly certification of compliance until October 8, 2018. Copies of the certifications will be maintained and preserved in an easily accessible place for a period of not less than five years, the first two years in an appropriate office of the Applicant, and be available for inspection by the staff of the Commission.

3. The Applicant will conduct testing reasonably designed to prevent violations of the conditions of the Order and maintain records regarding such testing, which will be maintained and preserved in an easily accessible place for a period of not less than five years, the first two years in an appropriate office of the Applicant, and be available for inspection by the staff of the Commission.

For the Commission, by the Division of Investment Management, under delegated authority.

Secretary[or other signatory]

Exhibit D

Proposed Order of Exemption

Stephens Inc (the "Adviser" or the "Applicant") filed an application on [Date] pursuant to section 206A of the Investment Advisers Act of 1940 (the "Act") and Rule 206(4)-5(e) thereunder. The application requested an order granting an exemption from the provisions of section 206(4) of the Act, and Rule 206(4)-5(a)(1) thereunder, to permit the Applicant to provide investment advisory services for compensation to government entities within the two-year period following a specified contribution to an official of such government entities by a covered associate of the Applicant. The order applies only to the Applicant's provision of investment advisory services for compensation which would otherwise be prohibited with respect to these government entities as a result of the contribution identified in the application.

A notice of filing of the application was issued on [Date] (Investment Advisers Act Release No. [insert number]). The notice gave interested persons an opportunity to request a hearing and stated that an order disposing of the application would be issued unless a hearing should be ordered. No request for a hearing has been filed and the Commission has not ordered a hearing.

The matter has been considered and it is found, on the basis of the information set forth in the application, that granting the requested exemption is appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act.

Accordingly, IT IS ORDERED, pursuant to section 206A of the Act and Rule 206(4)-5(e) thereunder, that the application for exemption from section 206(4) of the Act, and Rule 206(4)-5(a)(1) thereunder, is hereby granted, effective forthwith.

For the Commission, by the Division of Investment Management, under delegated authority
By:_____