

STIFEL FINANCIAL CORP
Form 8-K
January 04, 2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant To Section 13 OR 15(d) of the

Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): December 22, 2017

STIFEL FINANCIAL CORP.

(Exact name of registrant as specified in its charter)

Delaware
(State of incorporation)

001-09305
(Commission File Number)
One Financial Plaza

43-1273600
(IRS Employer Identification No.)

501 North Broadway

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St. Louis, Missouri 63102-2102

(Address of principal executive offices, including zip code)

(Registrant's telephone number, including area code): (314) 342-2000

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

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.

Item 8.01 Other Events.

On December 22, 2017, the Tax Cuts and Jobs Act (Tax Legislation) was enacted. The Tax Legislation significantly revises the U.S. corporate income tax by, among other things, lowering the federal corporate income tax rates from 35% to 21%, implementing the territorial tax system, and imposing a repatriation tax on deemed repatriated earnings of foreign subsidiaries.

In response to the enacted Tax Legislation, Stifel Financial Corp., together with its consolidated subsidiaries (the Company), took various steps to maximize tax savings and the value of its net deferred tax asset. Based on currently available information, these steps will result in an after-tax reduction of approximately \$105 - \$115 million in the Company's earnings for the fourth quarter ending December 31, 2017. Approximately two thirds of this charge is due to accelerating expenses into 2017, primarily deferred compensation. The remainder includes the effects of the remeasurement of U.S. deferred tax assets at lower enacted corporate tax rates.

As a result of the above steps and the Tax Legislation, the Company expects to generate one-time tax cash savings of approximately \$70 - \$75 million, forecasts its 2018 corporate tax rate (including federal, state and local, and foreign) to be in a range of 25% - 27%, and expects its 2018 core compensation ratio to be between 59% and 61%.

The impact of the Tax Legislation may differ from this estimate, possibly materially, due to, among other things, changes in interpretations and assumptions the Company has made, guidance that may be issued, and actions the Company may take as a result of the Tax Legislation.

The Company plans to host a conference call and announce its financial results for the fourth quarter and year ended December 31, 2017, on January 30, 2018.

Cautionary Note Regarding Forward-Looking Statements

This Current Report on Form 8-K contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that are based upon the Company's current expectations and projections about future events. The Company intends for these forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995, and the Company is including this statement for purposes of these safe harbor provisions. The forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by the statements. In addition, the Company's past results of operations do not necessarily indicate the Company's future results. For a discussion of some of the risks and important factors that could affect the Company's future results and financial condition, see Risk Factors in Part I, Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2016.

Forward-looking statements include statements regarding the estimated effects of the Tax Legislation on the Company's earnings for the quarter ending December 31, 2017. These forward-looking statements consist of preliminary estimates, are based on currently available information, as well as our current interpretations, assumptions and expectations relating to the Tax Legislation, and are subject to change. Forward-looking statements speak only as to the date they are made. The Company does not undertake to update forward-looking statements to reflect circumstances or events that occur after the date the forward-looking statements are made. The Company disclaims any intent or obligation to update these forward-looking statements.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

STIFEL FINANCIAL CORP.

Date: January 4, 2018

By: /s/ James M. Zemlyak

Name: James M. Zemlyak

Title: *President and Chief Financial Officer*