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## **Piper Jaffray Agrees to Acquire BMO Municipal-Bond Business.**

Piper Jaffray Cos., the investment bank founded in 1895, agreed to buy Bank of Montreal's GKST Inc. to expand in municipal bond sales, trading and origination.

The deal is expected to be completed in the fourth quarter and is subject to regulatory approval, Minneapolis-based Piper Jaffray said Monday in a statement that didn't disclose terms. Most of the 130 employees working for the GKST unit will move to Piper Jaffray, said Nini Krishnappa, a BMO spokesman.

Piper Jaffray Chief Executive Officer Andrew S. Duff has been boosting capital markets operations. The company last month added a group of dealmakers from Sterne Agee Group, the firm that was acquired by Stifel Financial Corp.

"The fixed-income business has been a longstanding and core focus for Piper Jaffray, and our commitment to sustainable growth led us to GKST," Duff said in the statement.

New bond sales are accelerating in the \$3.6 trillion municipal market. States and cities have issued \$231 billion of debt this year, up more than 50 percent from the same period in 2014 and the fastest pace since at least 2003, according to data compiled by Bloomberg.

Muni bonds have gained about 0.4 percent in 2015, while Treasuries are little changed and investment-grade corporate securities declined 0.45 percent, according to Bank of America Merrill Lynch data.

### **Managers Depart**

BMO's decision to divest GKST follows the departure in May of portfolio managers Duane McAllister, Erik Schleicher and analyst Joseph Czechowicz, who all left for Baird Advisors.

Bank of Montreal bought Griffin, Kubik, Stephens & Thompson in 2008 for about \$33 million, more than doubling its municipal-bond business at the time. The broker, founded in 1980, employed about 100 people across offices in Chicago, Milwaukee and Monticello, Illinois.

"We're confident that the transaction will enable BMO Capital Markets to focus resources on growing our core U.S. businesses, including our institutional fixed-income business, and strengthen relationships with our institutional clients," Krishnappa said in an e-mail.

Legal advisers on the deal were Mayer Brown LLP for Bank of Montreal and Faegre Baker Daniels for Piper Jaffray. BMO Capital Markets and Berkshire Capital were financial advisers for Toronto-based Bank of Montreal.

### **Bloomberg**

by Katherine Chiglinsky and Katia Dmitrieva

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