

INVESTORINFO



TIP

In most cases, brokerage firms are required to provide customers with quarterly account statements and written notification of trade confirmations at or before completion of a transaction. Be aware that you might get your confirmations or statements from your brokerage firm's clearing and carrying firms, which are the ones that finalize ("settle" or "clear") trades and hold the funds or securities.

RED FLAG

Look out for statements that look unprofessional, crooked or altered in any way. This may signal fraud. Check graphic elements such as logos—if a logo has poor resolution or is inconsistent with other statements or communications from the firm, it is a red flag.

FINRA[®]

Understanding Brokerage Account Statements and Trade Confirmations

Brokerage account statements and trade confirmations provide valuable information that can alert you to errors, or even misconduct by your broker or brokerage firm.

Investors should review their statements carefully—and immediately call the firm about any transaction or entry they do not understand or did not authorize.

ANATOMY OF YOUR ACCOUNT STATEMENT

Account statements may not all look the same—and can come to you either electronically or in the mail—but they all contain certain common information.

- ▶ **Statement period or end date:** Be sure there is a specific end date, and your statement periods are consistent (e.g., January 1st to March 31st).
- ▶ **Account holder(s) name, address and account number:** Be sure that all information is accurate. Promptly notify your firm of any changes, including changes to your email address or if your email has been hacked.
- ▶ **Firm contact information and clearing firm information:** Statements will include the name, address and phone number for your firm and, if applicable, the clearing firm. Make sure this information matches prior statements, and that the information is valid.
- ▶ **Account summary:** Review the high-level picture of your account performance provided in your account summary. Check carefully for any activity you did not authorize or expect, or for income reported on the statement but not deposited into your account.
- ▶ **Fees:** Most fees are required to be disclosed on your account statements or trade confirmations. Check for any fees that seem excessive or unfamiliar.
- ▶ **Account activity:** This provides detailed transaction information during the statement period. Check for unfamiliar or unauthorized activity and be sure that activity matches your trade confirmations.
- ▶ **Portfolio detail:** Lists the assets in your account. Check for any missing or unfamiliar assets or an asset mix that does not match your risk profile.

WHO IS FINRA?

FINRA is authorized by Congress to protect America's investors by making sure the broker-dealer industry operates fairly and honestly. We work every day to ensure that everyone can participate in the market with confidence.

- ▶ **Investment objectives:** Describes your investment strategy—for example “growth,” “speculative” or “conservative.” Make sure it accurately reflects your goals and that it aligns with your account activity.
- ▶ **Disclosures and definitions:** Important legal information and fee disclosures found here are not to be ignored.

CAREFULLY REVIEW YOUR TRADE CONFIRMATIONS

Trade confirmations contain key trade details. These include the date and time of a transaction, the price at which you bought or sold a security and the quantity of shares bought or sold. When a single keystroke can make the difference between 100 and 1,000 shares, it is important to review this information carefully—and as soon as you receive a confirmation.

Confirmations also inform you of whether your broker acted as an agent for you or another customer, or whether the broker or brokerage firm acted as a principal for its own account.

Generally, if the firm acts as agent, that means the firm acts on your behalf to buy or sell a security. In this capacity, the firm must disclose the amount of the commission you were charged on the confirmation. If the firm acts as principal, it is acting for its own benefit, and any mark-up, mark-down or commission-equivalent must be disclosed on the confirmation.

In bond transactions, if the firm acts as agent, it must disclose the amount of commission you were charged on the confirmation, just as with equity transactions. Where the firm acts as principal and executes trades from its own account, the price you pay (or receive) for the bond includes a mark-up or mark-down, which is the firm's compensation for the transaction.

In general, the mark-up or mark-down you pay must be separately disclosed on the confirmation when a broker acts as principal in a retail customer trade in municipal, corporate or agency bonds, and the firm bought or sold that same security to a third party on the same trading day as your transaction. Your confirmation will show the mark-up or mark-down as both a dollar amount and a percentage of the prevailing market price of the security.

BOTTOM LINE:

Your account statements and trade confirmations contain important information and must be reviewed for accuracy. Contact your broker or firm as soon as possible if you find a problem.

If the problem is not resolved, file a complaint with FINRA, online at www.finra.org/investors. If you are a senior investor with questions or concerns about your brokerage account statements or your investments, you may call the FINRA Securities Helpline for Seniors®, toll-free, at 844-57 HELPS (844-574-3577).

Don't Be Shy

Don't hesitate to ask your broker to provide the details about mark-up, mark-downs or any fees or commissions associated with your investments.

Many of the tips and red flags associated with account statements also apply to trade confirmations. In addition, the following checklist can help you avoid problems:

- ▶ Check your trade confirmation against the information in your brokerage statement for the period in which the trade took place. Contact the firm, in writing, about any trade you did not authorize.
- ▶ Confirmations might indicate whether trades are unsolicited or solicited. Check to be sure trades are properly categorized. Treat as a red flag an investment that was the broker's idea, but reflected on the confirmation as an unsolicited trade.
- ▶ Scrutinize any and all fees, especially those that might have been added—handling fees or mailing charges—and be sure to ask for an explanation for any fees you did not expect or that seem unreasonable.