

## Appendix A

### Statutory Disqualification Codes

Statutory disqualification is a status that denotes that the individual may be subject to disqualification under Article III, Section 4 of the FINRA By-Laws and/or parallel provisions in the Securities Exchange Act of 1934. Some events that may cause an individual to be subject to statutory disqualification include an SEC or SRO bar from association with a broker-dealer, all felony convictions and certain misdemeanor convictions within the last ten years, certain investment-related temporary or permanent injunctions, as well as a variety of other investment-related legal or regulatory actions/sanctions. SD status “codes” are located on the View Individual Composite Information screen in Web CRD. Below are the definitions associated with the SD status “codes”. See also the [General Information on FINRA's Eligibility Requirements](#) page for additional information.

SD Status	Definition
<b>Blank</b>	BLANK is the default SD status for individuals. Upon SD review by FINRA’s Registration and Disclosure (RAD) staff, the status will change to CLEAR when it is determined that the individual is not subject to a disqualification.
<b>Clear</b>	CLEAR indicates that a review was required and completed by staff with a determination that the individual was not disqualified as of the date of the last review.
<b>Requires Review</b>	The individual’s record REQUIRES REVIEW by staff for purposes of determining whether the individual is subject to a disqualification.
<b>SD-Yes</b>	Staff has reviewed the individual’s disclosure information and determined that the individual is subject to a disqualification. <ul style="list-style-type: none"> <li>• If the individual’s registration status is “Deficient,” the member firm has not yet indicated whether it will sponsor the individual through FINRA’s Membership Continuance process.</li> <li>• If the individual’s registration status is “Approved,” more than likely the individual was already approved when the individual became subject to a disqualification.</li> </ul>
<b>SD-Yes Approval/Denial Pending</b>	The individual is subject to a disqualification and currently seeking regulatory approval to become associated with a FINRA member firm (i.e., a member firm has sponsored the individual and the application is being considered under FINRA’s Membership Continuance process). A decision as to whether a FINRA registration will be approved or denied is currently pending.
<b>SD-Yes Approved Tier 1 SD-Yes Approved Tier 2 SD-Yes Approved Tier 3</b>	The individual is subject to a disqualification and has been classified into one of the designated SD Tiers. The individual has received regulatory approval to become associated with a FINRA member firm. FINRA registration has been approved pursuant to Membership Continuance Proceedings.
<b>SD-Yes Denied</b>	The individual is subject to a disqualification and was denied permission to become associated with a FINRA member firm.
<b>SD-Yes Limited SD-Yes Limited Tier 3</b>	Staff has reviewed the individual’s disclosure information and determined that the individual is subject to a disqualification because the individual is barred from acting in one or more registration or functional capacities; however, the individual is not precluded from operating in one or more other capacities. For example, a person that is barred from acting in a supervisory capacity may be able to associate in a general sales (or non-supervisory) capacity, depending on the applicable order.

<b>SD-Suspension</b>	The individual is subject to a disqualification due to a timed suspension, and a Membership Continuance Proceeding is not required.
<b>SD-Yes SOX</b> <b>SD-Yes SOX Tier 3</b>	<p>Staff has reviewed the individual's disclosure information and determined that the individual is subject to a disqualification based on the Sarbanes-Oxley Act of 2002.</p> <ul style="list-style-type: none"> <li>• If the individual's registration status is "Deficient," the member firm has not yet indicated whether it will sponsor the individual through FINRA's Membership Continuance process.</li> <li>• If the individual's registration status is "Approved," more than likely the individual was already approved when the individual became subject to a disqualification.</li> </ul> <p>Tier 3 indicates the individual does not need to seek regulatory approval notwithstanding the disqualification.</p>
<b>SD-Yes SOX Approval/ Denial Pending</b>	The individual is subject to a disqualification based on the Sarbanes-Oxley Act of 2002 and currently seeking regulatory approval to become associated with a FINRA member firm (i.e., a member firm has sponsored the individual and the application or notice is being considered under FINRA's Membership Continuance Proceedings). A decision as to whether a FINRA registration will be approved or denied is currently pending.
<b>SD-Yes SOX Approved Tier 1</b> <b>SD-Yes SOX Approved Tier 3</b>	The individual is subject to a disqualification based on the Sarbanes-Oxley Act of 2002 and has been classified into one of the designated SD Tiers. FINRA registration has been approved pursuant to Membership Continuance Proceedings.
<b>SD-Yes Willful</b> <b>SD-Yes Willful Tier 3</b>	<p>Staff has reviewed the individual's disclosure information and determined that the individual is subject to a disqualification based on finding(s) of willful violations of the federal securities or commodities laws.</p> <ul style="list-style-type: none"> <li>• If the individual's registration status is "Deficient," the member firm has not yet indicated whether it will sponsor the individual through FINRA's Membership Continuance process.</li> <li>• If the individual's registration status is "Approved," more than likely the individual was already approved when the individual became subject to a disqualification.</li> </ul> <p>Tier 3 indicates the individual does not need to seek regulatory approval notwithstanding the disqualification.</p>
<b>SD-Yes Willful Approval/Denial Pending</b>	The individual is subject to a disqualification as a result of a sanction that is based on finding(s) of willful violations of the federal securities or commodities laws and currently seeking regulatory approval to become associated with a FINRA member firm (i.e., a member firm has sponsored the individual and the application or notice is being considered under FINRA's Membership Continuance Proceedings). A decision as to whether a FINRA registration will be approved or denied is currently pending.
<b>SD-Yes Willful Approved Tier 1</b> <b>SD-Yes Willful Approved Tier 3</b>	The individual is subject to a disqualification as a result of a sanction that is based on finding(s) of willful violations of the federal securities or commodities laws and has been classified into one of the designated SD Tiers. FINRA registration has been approved pursuant to Membership Continuance Proceedings.