

SUBORDINATED LOANS USER GUIDE

INTRODUCTION

This Subordinated Loan user guide will help Member Firms navigate and submit a New Subordinated Loan, an Amendment (includes Change of Maturity date/Rollover provision/ Interest rate, and change in lender (Assignment and Assumption), Pre-payment request or an Advance Notification via the Firm Gateway. Firms will also be able to check the status and track all open requests.

AFTER LOG IN THROUGH FIRM GATEWAY

Access Forms & Filings

1. Select Forms & Filings tab
2. Select Subordinated Loans
3. Click Open Filing

The screenshot displays the FINRA Firm Gateway interface. At the top left, the FINRA logo is followed by a red '1' indicating the first step: selecting the 'Forms & Filings' tab in the navigation menu. The user is logged in as 'firmuser test'. The main content area is titled 'Filings I Can Access' with a red '2' indicating the second step: selecting the 'Subordinated Loans' option. On the right side, under the 'Subordinated Loans' section, there is a red '3' indicating the third step: clicking the 'Open Filing ...' button. A description of the Subordinated Loans feature is provided below the button.

Subordinated Loans

Description

The Subordinate Loans offers the secured and electronic intake of Subordinated Loan agreements/ amendments data from the firms and the automated workflow required for their review and approval process by FINRA business within Review Workspace.

NOTE: Required Documents List Found on Pages 12 and 13

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SELECT YOUR ACTION: MORE INFORMATION, CREATE LOAN FORM OR SEARCH FOR LOAN


1. Enter Keywords (e.g. enter lender’s name for key word) to search for an existing loan and click “Search” or use any of the column headers listed to sort or filter existing loans.
2. Click on Loan ID to open existing loan form. Loan ID is a unique identifier generated when a loan is created.
3. Click the “here” hyperlink for a list of Loan Types, which opens another tab or browser window with the information listed below.
4. Click Create Form to begin a new loan request.

Firm Gateway






Home Forms & Filings Firm Profile

3 Subordinated Loans

For more information about the 10 subloans forms click [here](#).

4 CREATE FORM 

1 Keywords: Search Refresh Reset

LOAN ID	WORKFLOW ID (DEBUG)	DYNO ID (DEBUG)	FORM	STATUS	LAST UPDATED	USER	ACTIONS	MATURITY DATE	EFFECTIVE DATE
1397684	1988624	1683444	SL_31D	Final Approved	09/01/2015 18:09:38			06/30/2017	06/16/2014
1398424	1988491	1683311	SL_31D	Final Approved	09/01/2015 17:52:44			10/14/2015	10/14/2014
1345231	1988061	1682881	SL_31E	Final Approved	09/01/2015 16:58:16			10/10/2017	02/15/2009
7383	1980025	1676611	SL_31E	Not Submitted	08/28/2015 14:01:23				
7294	1972835	1669916	REV_33R	Final Approved	08/27/2015 14:49:58	firm26258	 	08/31/2018	09/01/2015
7316	1973105	1670195	SL31DEBT2	Not Submitted	08/27/2015 14:39:30	firm26258			
7001	1955186	1653531	SL_31E	Draft Approved	08/25/2015 12:13:49	firm26258	 		

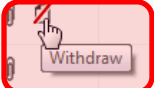
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ACTION ON SUBORDINATED LOAN FORM

You can take actions on the list of Subordinated Loan requests in the Filing Cabinet. Actions are determined by the status of the requests. Here are the different statuses that the firm can see:

- Not Submitted - The user has saved a draft request but has not submitted to FINRA yet.
- Submitted - The request has been submitted to FINRA. User can still make changes to the form and re-submit.
- Withdrawn - The user has withdrawn a submitted request. This action can be performed until the request is Final Approved.
- Denied - FINRA has denied the request.
- Locked for Review - The request is being reviewed by FINRA, the firm cannot make any changes to the request.
- Draft Documents Received - FINRA has reviewed the initial request and awaits executed documents from the firm to Final Approve. The firm can only provide executed documents at this time or withdraw the request.
- Executed Documents Submitted - user has submitted Executed Documents, awaiting Final Approval.
- Final Approved - The request has been approved by FINRA.
- Matured - Loan has matured. No actions can be taken on the loan once the loan has matured.

1. Click the Amend icon to update a Subordinated Loan request that has been Final Approved.
2. Click the Delete icon to remove a Subordinated Loan that has not been Submitted.
3. Click the View Loan Agreement icon to view the Subordinated Loan agreement.
4. Click the Withdraw icon to withdraw a submitted request which has not been Final Approved.

Final Approved	09/01/2015 16:58:16	system		10/10/2017	02/15/2009	1
Not Submitted	08/28/2015 14:01:23	firm26258	Amend			
Not Submitted	08/28/2015 14:01:23	firm26258				2
Final Approved	08/27/2015 14:49:58	firm26258	Delete	08/31/2018	09/01/2015	
Final Approved	08/27/2015 14:49:58	firm26258		08/31/2018	09/01/2015	3
Not Submitted	08/27/2015 14:39:30	firm26258	View Loan Agreement(s)			
Draft Approved	08/25/2015 12:13:49	firm26258				4
Withdrawn	08/24/2015 15:09:47	firm26258	Withdraw			

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CREATE A NEW SUBORDINATED LOAN REQUEST

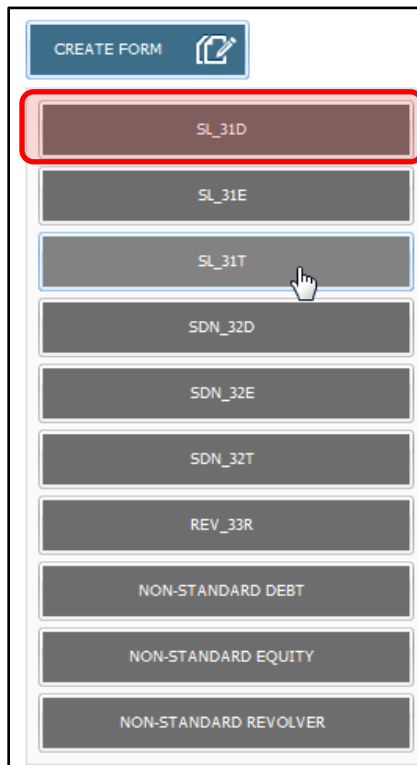
Select a Subordinated Loan form that reflects the firm's loan to be approved by FINRA.


Legend to Describe of Each of the 10 Loan Types

FINRA Form	Type of Subordination	SEA Rule 15c3-1(d) Debt-Equity Treatment	Type of Lender	Maturity
SL_31D	Cash Borrowing	Debt	Generally unrestricted	1 Year Minimum
SL_31E	Cash Borrowing	Equity	Partner/Stockholder	3 Year Minimum (Debt treatment in last 12 months)
SL_31T	Cash Borrowing	Debt (Temporary)	Generally unrestricted	45 Day Maximum
SDN_32D	Secured Demand Note Agreement	Debt	Generally unrestricted	1 Year Minimum
SDN_32E	Secured Demand Note Agreement	Equity	Partner/Stockholder	3 Year Minimum (Debt treatment in last 12 months)
SDN_32T	Secured Demand Note Agreement	Debt (Temporary)	Generally unrestricted	45 Day Maximum
REV_33R	Revolving Cash Borrowing	Debt	Qualified Lender	1 Year Minimum (from the end of the Credit Period)
Non-Standard Debt	Non-Standard	Debt	Generally unrestricted	1 Year Minimum
Non-Standard Equity	Non-Standard	Equity	Partner/Stockholder	3 Year Minimum (Debt treatment in last 12 months)
Non-Standard Revolver	Non-Standard Revolving Cash Borrowing	Debt	Qualified Lender	1 Year Minimum (from the end of the Credit Period)

Close

- After you click Create Form, select a Subordinated loan type. This example uses SL_31D, which is a Debt type of loan.



CREATE FORM 

- SL_31D
- SL_31E
- SL_31T
- SDN_32D
- SDN_32E
- SDN_32T
- REV_33R
- NON-STANDARD DEBT
- NON-STANDARD EQUITY
- NON-STANDARD REVOLVER

Standard Subordinated Loan Agreement

The first seven form types are FINRA standard Subordinated Loan Agreement templates.

This process requires up to 10 days of review time.

Use Non-standard agreements

The bottom three forms are applicable if your firm plans on using their own version of Non Standard Subordinated Loan Agreement as opposed to FINRA standard agreement. You will be required to attach your Subordinated Loan agreement at the time of submitting the request.

This process requires up to 30 days of review time.

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2. Complete the form including Adding New Lender, which populates the Lender Information table section of the form or you can navigate back to the Filing Cabinet. The red asterisk indicates a required field.
 - a. When you create a loan, a unique Loan ID is automatically generated
 - b. Complete firm information
 - c. Lender Information Details (multiple lenders are only permitted for Temporary loans)
 - d. Enter Loan Information

Return to Filing Cabinet

FINRA Form SL_31D (Cash, Debt)

Firm Information

Firm CRD # Firm Name * Loan ID a

Contact Name * Broker/Dealer Address 1 * B/D City * b

Contact Phone # * B/D Address 2 B/D State *

Contact E-mail * B/D Address 3 B/D Zip *

Lender Information

Lender Name	Lender Type	Individual

Add New Lender
Delete All

Lender Information Details

Lender Name *

Loan Amount *

Is the Lender an Individual? * Yes No

Lender Type *

Lender Address 1 *

Lender Address 2

Lender Address 3

Lender City *

Lender State *

Lender Zip *

Lender Country *

Save Cancel

Loan Information

Governing State *

Interest Rate Type *

Proposed Effective Date *

Interest Rate *

Proposed Maturity Date *

Interest Accrual Frequency *

Principal Amount *

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- e. Select the applicable optional provisions. For certain questions there may be additional check boxes that apply, such as the Accelerated Maturity. If the answer is “Yes”, then select the appropriate check boxes.

Permissive Prepayment? Yes No

Lender's Right to Accelerate Maturity? Yes No

Approval to Subordinate Accrued Interest Yes No

Maturity Date Rollover/Extension of Maturity? Yes No

Liquidation of Broker/Dealer if Suspended for 6 Months or More Yes No

Accelerated Maturity Upon the Occurrence of an Event of Default? Yes No

Accelerated Maturity Upon the Occurrence of an Event of Acceleration? Yes No

Events of Acceleration *

- Failure to pay interest or any installment of principal on a subordination agreement as scheduled
- Failure to pay when due other money obligations of a specified material amount
- Discovery that any material, specified representation or warranty of the broker or dealer which is included in the subordination agreement and on which the subordination agreement was based or continued was inaccurate in a material respect at the time made
- Any specified and clearly measurable event which is included in the subordination agreement and which the lender and the broker or dealer agree (1) is a significant indication that the financial position of the broker or dealer has changed materially and adversely from agreed upon specified norms; or (2) could materially and adversely affect the ability of the broker or dealer to conduct its business as conducted on the date the subordination agreement was made; or (3) is a significant change in the senior management of the broker or dealer or in the general business conducted by the broker or dealer from that which obtained on the date the subordination agreement became effective
- Any continued failure to perform agreed covenants included in the subordination agreement relating to the conduct of the business of the broker or dealer or relating to the maintenance and reporting of its financial position

Liquidation of Broker/Dealer upon the Occurrence of an Event of Default Yes No

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- f. Provide supporting DRAFT documentation. This list of required documents differs based on the loan type. The red asterisk indicates a required document. You can upload more than one document for each document type. Click red x to remove a document. See page 12 for the required documents.

Provide the following supporting documentation:

Draft Lender's Attestation *	Pro-forma Financial Statements *
<input type="text"/> Browse...	<input type="text"/> Browse...
Investor Disclosure Document *	Resolutions/Corporate Minutes for BD and Lender *
<input type="text"/> Browse...	<input type="text"/> Browse...
Optional Rider	Other Documents
<input type="text"/> Browse...	<input type="text"/> Browse...

3. Select an action button:
- Save Draft, you can come back to it later and it will be saved in the Filing Cabinet with a Draft status.
 - Print Preview
 - Validate, which means the system runs through some checks to ensure all the required fields are entered in addition to validating the information.
 - Submit Subordinated Loan to be approved. Once you submit the form, the loan shows up as "Submitted" in the filing cabinet and the system has generated the loan agreement for execution which will be required for final approval. You can provide executed documentation once the loan is in "Draft Documents Received" status.

Comments:

You have 2000 character(s) left.

Save Draft
Print Preview
Validate
Submit

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PROVIDE EXECUTED DOCUMENTS

Submit your executed documents for a loan that is in “Draft Documents Received” status.



1. Click the Loan ID hyperlink.

Subordinated Loans

For more information about the 10 subloans forms click [here](#).

[CREATE FORM](#) 

Keywords: [Search](#) [Refresh](#) [Reset](#)

LOAN ID	WORKFLOW ID (DEBUG)	DYNO ID (DEBUG)	FORM	STATUS	LAST UPDATED	USER	ACTIONS	MATURITY DATE	EFFECTIVE DATE
7001	1955186	1653531	SL_31E	Draft Approved	08/25/2015 12:13:49	firm26258	 		

2. Scroll down towards the bottom and upload the required executed documents. The red asterisk indicates required document.
3. Enter comments if necessary.
4. Select an action button at the bottom.
 - a. Save Draft
 - b. Print Preview
 - c. Validate
 - d. Submit

Provide the following executed documentation for Final Submission:

Investor Disclosure Document *	Proof of Funding *
<input type="text"/> Browse...	<input type="text"/> Browse...
Final Lender's Attestation *	Executed Loan Agreement *
<input type="text"/> Browse...	<input type="text"/> Browse...
Signed Resolutions/Corporate Minutes *	
<input type="text"/> Browse...	

Comments:

You have 2000 character(s) left.

[Save Draft](#) [Print Preview](#) [Validate](#) [Submit](#)

SUBORDINATED LOANS USER GUIDE

AMENDMENTS, PRE-PAYMENT, DRAWDOWN

This section describes the page where you can submit Amendments, Pre-payment, or Drawdown requests. You click on the paper icon in the Actions column for the loan on the main Subordinated Loans page to reach this page.

You can only submit an Amendment, Pre-payment, or Drawdown request that is in the status of Final Approved. You will find the following options under Amendments - Change of Maturity date/Rollover provision/ Interest rate, and change in lender (Assignment and Assumption).

Please keep in mind the following items:

- Pre-payment option will only appear if the loan is past one year from the effective date, except for Revolver or Temporary loans.
 - There can only be one Amendment form in progress at a time. Please note that one form may consist of multiple requests, e.g., Maturity date extension and Interest rate change can be done using the same form simultaneously.
1. Click the Amendments button to amend the Subordinated loan.
 2. Select the type of amendment. This will bring up the applicable Amendment form depending on your selection.
 3. Click on Pre- payment or Drawdown button to submit one of those requests.

FINRA Form: REV_33R Loan id : 1420191

Subordinated Loans

[<<Return to Subloan Cabinet](#)

PRE-PAYMENT

DRAWDOWN

AMENDMENTS

FILING ID	AMENDMENT NAME	STATUS	LAST UPDATED	USER	ACTIONS
3334426	Assignment and Assu	Maturity/ROLLOVER/INTEREST RATE	01/05/2017 11:24:22	dianatest	
3334367	Maturity/Rollover/Inte	ASSIGNMENT AND ASSUMPTION	12/06/2016 15:06:44	dianatest	
3334359	Pre-Payment	Approved	12/05/2016 16:06:30	dianatest	
3334341	Drawdown	Submitted	12/05/2016 10:18:58	dianatest	

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4. Complete the amendment filing (Note that both “Maturity date extension/ Automatic Rollover Provision” and “Interest rate change” options are selected in this example on the next page under “Change Type” drop down).
 - a. Select the change type from the drop-down (Maturity/ Rollover, Interest, or Both)
 - b. Upload supporting documentation. You can upload more than one file per field/doc type. Click the red x to delete a document.
 - c. Enter comments if necessary.
 - d. Select an action button at the bottom.
 - i. Save Draft
 - ii. Print Preview
 - iii. Validate
 - iv. Submit

NOTE: There are 3 types of FINRA Template Amendment forms to choose from depending on when the effective date of the loan was first approved.

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Firm Gateway

Home Forms & Filings Firm Profile Information Requests User Administration

[Return to Cabinet](#) [Amendments](#)

Maturity Date/Interest Rate Change/Automatic Rollover Provision Amendment

[Maturity Date Extensions/Interest Rate Changes/Automatic Rollover Provision](#)
(applicable to FINRA loans entered into March 30, 2010 or later)

These Amendment Forms should be used the FIRST time the firm is amending a loan agreement that was originally submitted using a LEGACY NASD OR NYSE loan agreement PRIOR TO March 30, 2010. It should be used only once. The FINRA Amendment, above, should be used for any subsequent Amendments.

[Maturity Date Extensions/Interest Rate Changes/Automatic Rollover Provision and Incorporation of Certain Provisions](#)
(applicable to legacy "NASD" ONLY loans entered into before March 30, 2010)

[Maturity Date Extensions/Interest Rate Changes/Automatic Rollover Provision and Incorporation of Certain Provisions](#)
(applicable to legacy "NYSE" ONLY loans entered into before March 30, 2010)

Firm Information

Firm CRD #	8330	Firm Name *	SEAFORD SECURITIES CO	Loan ID	1420191
Contact Name *	dana.fish	Contact Phone # *	111-222-3333	Contact E-mail *	dana@dana.com
Change Type *	Both a				

Maturity Date/ Automatic Rollover Provision Change

Current Maturity Date 12/05/2020

Automatic Rollover Provision Yes No

New Maturity Date * Credit Period End Date

Interest Rate Change

Current Interest Rate 2% Current Interest Rate Type Fixed

Interest Rate Type * Interest Rate *

Interest Accrual Frequency *

Please provide the following supporting documentation for the amendment:

Investor Disclosure Document *	Final Lender's Attestation *
<input type="text"/> Browse...	<input type="text"/> Browse...
FINRA maturity Date/Interest Rate Extension Form *	Signed Resolutions/Corporate Minutes for BD and Lender *
<input type="text"/> Browse...	<input type="text"/> Browse...
Other	
<input type="text"/> Browse...	

b

Comments:

c

You have 2000 character(s) left

d

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Below is a List of the Required Documents to be submitted into the Firm Gateway for a New Loan, Amendment, Pre-payment, or Drawdown.

New Loan

- **Lender's Attestation** – this document can be found on the Firm Gateway once you click on Subordinated Loans on the right hand side under the heading 'Related Links. Complete form for lender's review & signature;
- **Investor's Disclosure Document** - This form is Attachment A of Notice to Members 02-32. Please file the entire Notice to Members with the executed Attachment A. Must be signed by proposed lender:
<http://www.finra.org/Industry/Regulation/Notices/2002/P003647> or also available under 'Related Links' once you are in the Firm Gateway and have clicked on Subordinated Loans;
- **Resolution from the Lender** (unless the lender is a Bank or Individual) that the loan is authorized and the person signing the agreement is empowered to do so and directed to execute the agreement on behalf of the organization. If a Bank, only the authorization of signature is required;
- **Corporate Minutes from the Broker/Dealer** that the loan is authorized and the person signing the agreement is empowered to do so and directed to execute the agreement on behalf of the organization;
- **Source of Funding** – broker/dealer will need to submit the source of the funding (e.g. bank statements, account records);
- **Proof of Funding** – on the effective date of the loan, the firm will need to submit proof of the funding of the loan (e.g. copies of checks, wire confirmations, bank statements, deposit receipts, or otherwise);
- **Proforma Net Capital Computation** for the proposed subordination, including a calculation of the firm's debt-equity ratio, in accordance with Paragraph (d) of SEA 15c3-1;
- **Name of the Broker/Dealer's Bank** and the last 4 digits of the account number the funding will be wired/transferred into.

If a Secured Demand Note, in addition to the above:

- **Proof of Ownership** - Copies of supporting records or bank and/or clearing firm statements to reflect the ownership of the SDN collateral;
- **Collateral in Street Name** - Evidence that the collateral has been transferred to the account of the broker/dealer;
- **Collateral Pricing** - Pricing information to support market value of the SDN collateral and the firm's computation to determine collateral value, as defined in SEA Rule 15c3.1, Appendix D(a)(iii);
- **Collateral Account** – Collateral will be deposited into the broker/dealer SDN account for benefit of the Lender.

If a Temporary Loan, in addition to the above:

- **Open Contractual Commitment Charge calculation** based on the number of shares underwritten;
- **Firm Commitment** - Confirmation the underwriting is a *Firm Commitment Offering* with no right of return;
- **Prospectus/Red Herring** – Provide a copy of the prospectus/red herring;
- **Invitation Wire** – If available.

NOTE: The system generates the loan agreement for you once you click on the Submit button. This is the agreement that is required to be executed and uploaded once the loan is in 'Draft Documents Received' status. To access the agreement, click on the paper clip icon in the *Actions* column of the filing cabinet.

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Below is a List of the Required Documents to be submitted into the Firm Gateway for an Amendment, a Prepayment Request and a Drawdown Notification. An Amendment includes a Change of Maturity date/Rollover provision/ Interest rate/and change of Lender (Assignment and Assumption).

Amendment

- **Lender's Attestation** – this document can be found on the Firm Gateway once you click on Subordinated Loans on the right hand side under the heading 'Related Links'. Complete form for lenders review and signature;
- **Investor's Disclosure Document** - This form is Attachment A of Notice to Members 02-32. Please file the entire Notice to Members with the executed Attachment A. Must be signed by lender;
<http://www.finra.org/Industry/Regulation/Notices/2002/P003647> or also available under 'Related Links' once you are in the Firm Gateway and have clicked on Subordinated Loans;
- **Resolution from the Lender** (unless the lender is a Bank or Individual) that the amendment is authorized and the person signing the agreement is empowered to do so and directed to execute the agreement on behalf of the organization. If a Bank, only the authorization of signature is required;
- **Corporate Minutes from the Broker/Dealer** that the amendment is authorized and the person signing the agreement is empowered to do so and directed to execute the agreement on behalf of the organization;
- **Executed Amendment** – when you click on the Amendment button in the Firm Gateway, there are 3 types of FINRA Template Amendment forms to choose from depending on when the effective date of the loan was first approved. This Amendment form is to be completed executed and uploaded to the Firm Gateway.

Pre-payment

- Proforma net capital computation showing both before and after the pre-payment, including a calculation of the firm's debt-equity ratio, in accordance with Paragraph (d) of SEA 15c3-1.

Drawdown Notification

- A drawdown requires notification to FINRA through the Firm Gateway for Revolving loans.