Chapter Thirteen: Disclosure

About this Section

This section contains information pertaining to Disclosure questions and Material Difference in Disclosure.

Completion Objectives

At the completion of this section the user will be able to:

- Identify key elements of individual and broker-dealer disclosure questions.
- Differentiate reportable versus non-reportable events.
- Identify required individual court documents.
- Become familiar with Material Difference in Disclosure Flag.

In this Section

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Individual Disclosure Questions on Form U4

This section provides an analysis of the disclosure questions on the Form U4. There are six types of disclosure questions: criminal, regulatory, civil judicial, customer complaints, terminations and financial. The questions are broken down to provide the "key elements" of the questions, and also some examples of "reportable" events versus "non-reportable" events. Refer to the Explanation of Terms on the Form U4 and Form U5 for a clear understanding of key terms. These terms are italicized throughout the Uniform Forms. The Form U4 Interpretive Questions are outlined in a list of Frequently Asked Questions regarding a registered person's obligation to file a Form U4 or U5; access the Form U4 Interpretive Questions at http://www.finra.org: Regulatory Systems > CRD > Filing & Guidance.

Entitlement is required to view Social Security Numbers in Web CRD and IARD. For users who do not have this entitlement, Social Security Numbers will display as "xxx-xx-xxx" throughout the system. Individual searches may still be performed using the Social Security Number as part of the search criteria.

Questions 14A and B: Criminal Actions

Questions 14A and **14B** pertain to criminal disclosures against an individual, or against an organization while the individual exercised control over it. The questions address felony convictions and charges and specified misdemeanor convictions and charges. All convictions and charges that meet the threshold of Questions **14A** and **14B** are reportable **no matter how long ago they occurred** as the questions are prefaced with the wording "have you **ever**…"

NOTE*:* Certain criminal events may subject an individual to a Statutory Disqualification. Please refer to the Statutory Disqualification Process at http://www.finra.org: Regulatory Enforcement > Adjudication > National Adjudicatory Council (NAC) >

Question 14A**: **Felonies

Question #	Question Text (Key Elements are Bolded)	Examples of Reportable/ Non Reportable Events
14A(1)(a)	Have you ever been **convicted of or pled guilty or nolo contendere** ("no contest") in a domestic, foreign or military court to any ***felony***?	Any *felony* conviction is reportable, including, but not limited to: • Driving while intoxicated • Any drug related offense • Any fraud • Possession/receiving known stolen property • Retail theft • Burglary • Robbery/larceny • Filing false tax return • False identification • Gambling
14A(1)(b)	Have you ever been **charged with a felony**?	Any *felony charge* is reportable **regardless of the disposition**. Examples of **reportable** charges: • Felony DWI charge which resulted in a misdemeanor driving under the influence conviction • Felony assault charge which resulted in a dismissal

Question 14A*: *Felonies (Continued)

Question #	Question Text (Key Elements are Bolded)	Examples of Reportable/ Non Reportable Events
14A(2)(a)	Based upon activities that occurred **while you exercised *control*** over it, has an **organization** ever been **convicted of or pled guilty or nolo contendere ("no contest")** in a domestic or foreign court to any ***felony***?	Any *felony* conviction is reportable, including, but not limited to: • Driving while intoxicated • Any drug related offense • Any fraud • Possession/receiving known stolen property • Retail theft • Burglary • Robbery/larceny • Filing false tax return • False identification • Gambling
14A(2)(b)	Based upon activities that occurred **while you exercised *control*** over it, has an **organization** ever been ***charged* with any *felony***?	Any *felony charge* is reportable **regardless of the disposition**. Examples of **reportable** charges: • Felony DWI charge which resulted in a misdemeanor driving under the influence conviction • Felony assault charge which resulted in a dismissal

Question 14B: Misdemeanors

Question #	Question Text (Key Elements are Bolded)	Examples of Reportable/Non Reportable Events
14B(1)(a)	Have you ever been **convicted of or pled guilty or nolo contendere ("no contest")** in a domestic, foreign or military court to a ***misdemeanor involving*: investments or an *investment-related* business or any fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses**?	The specified *misdemeanors* are: • Events involving investments or an investment-related business • Any fraud • False statements or omissions • Wrongful taking of property • Bribery • Perjury • Forgery • Counterfeiting • Extortion • Conspiracy to commit any of these offenses Examples of **reportable** events include, but are not limited to: • Misdemeanor theft conviction • Misdemeanor shoplifting conviction Examples of **non-reportable** *misdemeanor* events include, but are not limited to: • Gambling • Drug related offenses • Driving Under the Influence • Driving While Intoxicated • Traffic offenses • Sexual assault • Assault and battery • Failure to file income tax
14B(1)(b)	Have you ever been ***charged* with a *misdemeanor*** specified in 14B(1)(a)?	Examples of **reportable** events include, but are not limited to: • Misdemeanor theft charge • Misdemeanor shoplifting charge

Question 14B*: *Misdemeanors (Continued)

Question #	Question Text (Key Elements are Bolded)	Examples of Reportable/Non Reportable Events
14B(2)(a)	Based upon activities that occurred **while you exercised *control*** over it, has an **organization ever been convicted of or pled guilty or nolo contendere ("no contest")** in a domestic or foreign court to a ***misdemeanor*** specified in 14B(1)(a)?	The specified *misdemeanors* are: • Events involving investments or an investment-related business • Any fraud • False statements or omissions • Wrongful taking of property • Bribery • Perjury • Forgery • Counterfeiting • Extortion • Conspiracy to commit any of these offenses Examples of **reportable** events include, but are not limited to: • Misdemeanor theft conviction • Misdemeanor shoplifting conviction Examples of **non-reportable** *misdemeanor* events include, but are not limited to: • Gambling • Drug related offenses • Driving Under the Influence • Driving While Intoxicated • Traffic offenses • Sexual assault • Assault and battery • Failure to file income tax
14B(1)(b)	Based upon activities that occurred **while you exercised *control*** over it, has an organization ever been charged with a ***misdemeanor*** specified in 14B(1)(a)?	Examples of **reportable** events include, but are not limited to: • Misdemeanor theft charge • Misdemeanor shoplifting charge

Questions 14C, D, E, F and G: Regulatory Disciplinary Actions

Questions 14C, D, and **E** pertain to findings (see Explanation of Terms for definition of *found*) and/or actions taken by regulators against the individual. Each of the questions correspond to specific regulators:

Regulatory events may require a **Yes** response to more than one question (e.g., an individual is *found* to have been *involved* in a violation of *investment-related* statute and suspended by FINRA; this requires a **Yes** answer to Questions **14E2** and **14E4** and the completion of a Regulatory Action Disclosure Reporting Page).

If an Applicant has been the subject of one of the following regulatory actions, he/she may be subject to a STATUTORY DISQUALIFICATION (this list is not all inclusive). Please refer to the Statutory Disqualification Process at http://www.finra.org: Regulatory Enforcement > Adjudication > National Adjudicatory Council (NAC).

- Temporary and permanent injunctions (regardless of their age) issued by a court of competent jurisdiction involving a broad range of unlawful investment-related activities.
- Bars (and current suspensions) ordered by the SEC or *SROs*.
- Denials or revocations of registration by the SEC or CFTC.
- Findings that a member or person has made certain false statements in applications or reports made to, or in proceedings before, *SROs.*

Please refer to the Statutory Disqualification Process at http://www.finra.org: Regulatory Enforcement > Adjudication > National Adjudicatory Council (NAC).

Regulatory Authority Matrix

Question 14C pertains to the Securities and Exchange Commission (SEC) or Commodities Futures Trading Commission (CFTC).

Regulatory Authority	Question Text (Key Elements are Bolded)	Question #	Examples of Reportable/Non Reportable Events
Has the **SEC or CFTC** ever…	…***Found*** **you to have made a false statement or omission**	14C(1)	Examples of **reportable** events include, but are not limited to: • Bars • Censure and Fines • Disciplinary Actions • Expulsions Examples of **non reportable** events include, but are not limited to: • Agreements • Deficiency Letters • Examination Reports • Memoranda of Understanding • Admonishments
	…***Found*** **you to have been *involved* in a violation of its regulations or statutes**	14C(2)	
	…***Found*** **you to be a cause of an *investment-related* business to be denied, suspended, revoked or restricted**	14C(3)	
	…**Entered an *order* against you in connection with *investment-related* activity**	14C(4)	
	…**Imposed a civil money penalty** on you, or *ordered* you to cease and desist from any activity	14C(5)	

Questions 14C, D, E, F and G: Regulatory Disciplinary Actions (Continued)

Regulatory Authority Matrix

Question 14C (Continued)

Regulatory Authority	Question Text (Key Elements are Bolded)	Question #	Examples of Reportable/Non Reportable Events
Has the **SEC or CFTC** ever…	…***Found*** **you to have willfully violated any provision** of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or regulation under any of such Acts, or any of the rules of the Municipal Securities Rulemaking Board, or ***found*** **you to have been unable to comply with any provision** of such Act, rule or regulation	14C(6)	
	…***Found*** **you to have willfully aided, abetted, counseled, commanded, induced, or procured the violation by any person of any provision** of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or regulation under any of such Acts, or any of the rules of the Municipal Securities Rulemaking Board	14C(7)	
	…***Found*** **you to have failed reasonably to supervise another person subject to your supervision, with a view to preventing the violation of any provision** of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or regulation under any of such Acts, or any of the rules of the Municipal Securities Rulemaking Board	14C(8)	

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Questions 14C, D, E, F and G: Regulatory Disciplinary Actions (Continued)

Regulatory Authority Matrix

Question 14D pertains to state, other Federal, and Foreign Financial Regulatory Agencies.

Regulatory Authority	Question Text (Key Elements are Bolded)	Question #	Examples of Reportable/Non Reportable Events
Has any other **Federal, State or Foreign financial regulatory authority** ever…	…***Found*** **you to have made a false statement or omission** or been dishonest, unfair or unethical	14D(1)(a)	Examples of **reportable** events include, but are not limited to: • Censures and Fines • Expulsions • Revocations Examples of **non reportable** events include, but are not limited to: • Agreements • Deficiency Letters • Examination Reports • Memoranda of Understanding • Admonishments
	…***Found*** **you to have been *involved* in a violation of *investment-related* regulations or statutes**	14D(1)(b)	
	…***Found*** **you to *be a cause of an investment-related* business to be denied, suspended, revoked or restricted**	14D(1)(c)	
	…**Entered an *order* against you in connection with *investment-related* activity**	14D(1)(d)	
	…Denied, suspended or revoked your registration or license or otherwise, by *order*, prevented you from associating with an *investment-related* business or **restricted your activities**	14D(1)(e)	

Questions 14C, D, E, F and G: Regulatory Disciplinary Actions (Continued)

Regulatory Authority Matrix

Regulatory Authority	Question Text (Key Elements are Bolded)	Question #	Examples of Reportable/Non Reportable Events
Federal, State or Foreign financial regulatory authority	Have you ever been subject to any *final order* of a state securities commission (or any agency or officer performing like functions), state authority that supervises or examines banks, savings associations, or credit unions, state insurance commission (or any agency or office performing like functions), an appropriate *federal banking agency*, or the National Credit Union Administration, that ***bars* you from association** with an entity regulated by such commission, authority, agency, or officer, or from engaging in the business of securities, insurance, banking, savings association activities, or credit union activities	14D(2)(a)	Examples of **reportable** events include, but are not limited to: • Censures and Fines • Expulsions • Revocations Examples of **non reportable** events include, but are not limited to: • Agreements • Deficiency Letters • Examination Reports • Memoranda of Understanding • Admonishments
	Have you ever been subject to any *final order* of a state securities commission (or any agency or officer performing like functions), state authority that supervises or examines banks, savings associations, or credit unions, state insurance commission (or any agency or office performing like functions), an appropriate *federal banking agency*, or the National Credit Union Administration, that **constitutes a *final order*** based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct	14D(2)(b)	

Questions 14C, D, E, F and G: Regulatory Disciplinary Actions (Continued)

Regulatory Authority Matrix

Question 14E pertains to *SROs* (such as FINRA) or Commodities Exchanges.

Regulatory Authority	Question Text (Key Elements are Bolded)	Question #	Examples of Reportable/Non Reportable Events
Has any **SRO or Commodities Exchange** ever…	…***Found*** **you to have made a false statement or omission**	14E(1)	Examples of **reportable** events include, but are not limited to: • Bars • Censures and Fines • Suspension and Revocations Examples of **non reportable** events include, but are not limited to: • Agreements • Deficiency Letters • Examination Reports • Memoranda of Understanding • Admonishments
	…***Found*** **you to have been *involved* in a violation of its rules** (other than a violation designated as a *"minor rule violation"* under a plan approved by the SEC)	14E(2)	
	…**Found you to have been the cause of an *investment related* business to be denied, suspended, revoked or restricted**	14E(3)	
	…**Disciplined you** by expelling or suspending you from membership, barring or suspending your association with its members, or restricting your activities	14E(4)	
	… ***Found*** **you to have willfully violated any provision** of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or regulation under any of such Acts, or any of the rules of the Municipal Securities Rulemaking Board, or ***found*** **you to have been unable to comply with any provision** of such Act, rule or regulation	14E(5)	

Questions 14C, D, E, F and G: Regulatory Disciplinary Actions (Continued)

Regulatory Authority Matrix

Regulatory Authority	Question Text (Key Elements are Bolded)	Question #	Examples of Reportable/ Non Reportable Events
Has any **SRO or Commodities Exchange** ever…	…***Found*** **you to have willfully aided, abetted, counseled, commanded, induced, or procured the violation by any person of any provision** of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or regulation under any of such Acts, or any of the rules of the Municipal Securities Rulemaking Board	14E(6)	
	…***Found*** **you to have failed reasonably to supervise another person subject to your supervision, with a view to preventing the violation of any provision** of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or regulation under any of such Acts, or any of the rules of the Municipal Securities Rulemaking Board	14E(7)	

Questions 14C, D, E, F and G: Regulatory Disciplinary Actions (Continued)

Question 14F*: *Regulatory

Question 14F deals with the revocation, denial, or suspension of the professional licenses of attorney, accountant, or federal contractor.
Question 14G pertains to pending regulatory actions or criminal investigations that the individual is now the subject of.

Question #	Question Text (Key Elements are Bolded)	Examples of Reportable/Non Reportable Events
14F	Have you ever had an **authorization to act as an attorney, accountant or federal contractor that was revoked or suspended**?	Examples of **reportable** events include, but are not limited to: • Disbarred • Suspended by the bar association

14G(1)	Have you been **notified, in writing, that you are now the subject of any: regulatory complaint or *proceeding*** that could result in a "yes" answer to any part of 14C, D or E? *(If yes, complete the Regulatory Action Disclosure Reporting Page.)*	Examples of **reportable** events include, but are not limited to:
		• Formal administrative or civil action initiated by:
		  • Governmental agency
		  • SRO
		  • Foreign financial regulatory authority
		• Felony criminal indictment or information (or equivalent formal charge)
		• Misdemeanor criminal information (or equivalent formal charge)
		
		An example of a **non-reportable** event includes, but is not limited to:
		• Arrest or similar charge effected in the absence of a formal criminal indictment or information (or equivalent formal charge)

14G(2)	Have you been **notified, in writing, that you are now the subject of any: regulatory complaint or *proceeding*** that could result in a "yes" answer to any part of 14C, D or E? *(If yes, complete the Regulatory Action Disclosure Reporting Page.)*	Examples of **reportable** events include, but are not limited to: • Grand jury *investigations* • SEC *investigations* after the "Wells" notice has been given • FINRA *investigations* after the "Wells" notice has been given • FINRA *investigations* after a person associated with a member has been advised by the staff that it intends to recommend a formal disciplinary action • Formal *investigations* by other *SROs* • Actions or *proceedings* designated as *investigations* by state jurisdictions Examples of **non-reportable** events include, but are not limited to: • Subpoenas • Preliminary or routine regulatory inquiries or requests for information • Deficiency Letters

Question 14H: Civil Judicial Actions

Question 14H pertains to domestic or foreign court findings or actions against the individual involving *investment-related* violations. All disclosures that meet the threshold of **Question 14H(1) (a, b** and **c)** are reportable **no matter how long ago they occurred**.

Question #	Question Text (Key Elements are Bolded)	Examples of Reportable/Non Reportable Events
14H(1)(a)	Has any **domestic or foreign court ever *enjoined* you** in connection with any ***investment-related* activity**?	Examples of **reportable** events include, but are not limited to Injunctions: • Mandatory • Prohibitory • Preliminary • Temporary • Temporary Restraining Order • Order of Permanent Injunction (OPI) Examples of **non-reportable** events include, but are not limited to the following: • Admonishments • Memoranda of Understanding
14H(1)(b)	Has any **domestic or foreign court ever *found* that you were *involved* in a violation of any *investment-related* statute(s) or regulation(s)**?	No Time Limitation
14H(1)(c)	Has any **domestic or foreign court ever dismissed, pursuant to a settlement agreement**, an *investment-related* civil action brought against you by a state or *foreign financial regulatory authority*	No Time Limitation
14H(2)	Are you named in any **pending *investment-related* civil action that could result in a "Yes" answer to any part of 14H(1)?**	No Time Limitation

Question 14I: Customer Complaints, Arbitrations, and Civil Litigations

Question 14I pertains to consumer-initiated, *investment-related* arbitrations, civil litigations, and complaints. Arbitrations and civil litigations are addressed in **Questions 14I(1)(a), 14I(1)(b), 14I(1)(c), 14I(4)(a), 14I(4)(b), 14I(5)(a) and 14I(5)(b)**. Arbitrations and civil litigations that meet the threshold of 14I(1) are reportable regardless of when the proceeding was filed. Customer Complaints are addressed in **Questions 14I(2)** and **14I(3)**.

Question #	Question Text (Key Elements are Bolded)	Examples of Reportable/Non Reportable Events
14I(1)(a)	Have you ever been named as a respondent/defendant in an ***investment-related*, consumer-initiated arbitration or civil litigation which alleged that you were *involved* in** one or more ***sales practice violations* and which is still pending**?	The arbitration or civil litigation is **reportable** if all of the following five criteria are met: 1. Consumer-initiated 2. *Investment-related* 3. Individual named as respondent/defendant 4. Alleged individual *involvement* in any *sales practice violation* 5. The arbitration or civil litigation is pending
14I(1)(b)	Have you ever been named as a respondent/defendant in an ***investment-related*, consumer-initiated arbitration or civil litigation which alleged that you were *involved* in** one or more ***sales practice violations* and which resulted in an arbitration award or civil judgment against you**, regardless of amount?	The arbitration or civil litigation is **reportable** if all of the following five criteria are met: 1. Consumer-initiated 2. *Investment-related* 3. Individual named as respondent/defendant 4. Alleged individual *involvement* in any *sales practice violation* 5. A decision (award or judgment) was made against the individual regardless of the amount
14I(1)(c)	Have you ever been named as a respondent/defendant in an ***investment-related*, consumer-initiated arbitration or civil litigation which alleged that you were *involved* in** one or more ***sales practice violations*** and which **was settled, prior to May 18, 2009, for an amount of $10,000 or more**?	The arbitration or civil litigation is **reportable** if all of the following six criteria are met: 1. Consumer-initiated 2. *Investment-related* 3. Individual named as respondent/defendant 4. Alleged individual *involvement* in any *sales practice violation* 5. Settled before May 18, 2009 6. Settled for $10,000 or more
14I(1)(d)	Have you ever been named as a respondent/defendant in an ***investment-related*, consumer-initiated arbitration or civil litigation which alleged that you were *involved* in** one or more ***sales practice violations* and which was settled, on or after May 18, 2009, for an amount of $15,000 or more**?	The arbitration or civil litigation is **reportable** if all of the following six criteria are met: 1. Consumer-initiated 2. *Investment-related* 3. Individual named as respondent/defendant 4. Alleged individual *involvement* in any *sales practice violation* 5. Settled on or after May 18, 2009 6. Settled for $15,000 or more

Question 14I: Customer Complaints, Arbitrations, and Civil Litigations (Continued)

Question #	Question Text (Key Elements are Bolded)	Examples of Reportable/ Non Reportable Events
14I(2)(a)	Have you ever been the subject of an ***investment-related*, consumer-initiated (written or oral) complaint, which alleged that you were *involved* in** one or more ***sales practice violations*, and which was settled, prior to May 18, 2009 for an amount of $10,000 or more**?	The customer complaint is **reportable** if all of the following five criteria are met: 1. Consumer-initiated 2. *Investment-related* 3. Alleged individual *involvement* in any *sales practice violation* 4. Settled prior to May 18, 2009 5. Settled for $10,000 or more
14I(2)(b)	Have you ever been the subject of an ***investment-related*, consumer-initiated (written or oral) complaint, which alleged that you were *involved* in** one or more ***sales practice violations*, and which was settled, on or after May 18, 2009, for an amount of $15,000 or more**?	The customer complaint is **reportable** if all of the following five criteria are met: 1. Consumer-initiated 2. *Investment-related* 3. Alleged individual *involvement* in any *sales practice violation* 4. Settled on or after May 18, 2009 5. Settled for $15,000 or more
14I(3)(a)	**Within the past twenty four (24) months**, have you been the subject of an ***investment-related*, consumer-initiated, written complaint**, not otherwise reported under question 14I(2) above, **which alleged: that you were *involved* in** one or more ***sales practice violations* and contained a claim for compensatory damages of $5,000 or more** (if no damage amount is alleged, the complaint must be reported unless the firm has made a good faith determination that the damages from the alleged conduct would be less than $5,000)?	The customer complaint is **reportable** if all of the following seven criteria are met: 1. Consumer-initiated 2. *Investment-related* 3. Written customer complaint 4. Filed with the firm within the past 24 months 5. Not settled for $10,000 or more 6. Alleges *sales practice violations* 7. Alleges compensatory damages of $5,000
14I(3)(b)	**Within the past twenty four (24) months**, have you been the subject of an ***investment-related*, consumer initiated, written complaint**, not otherwise reported under question 14I(2) above, **which alleged that you were *involved* in forgery, theft, misappropriation or conversion of funds or securities**?	The customer complaint is **reportable** if all of the following six criteria are met: 1. Consumer-initiated 2. Investment-related 3. Written customer complaint 4. Filed with the firm within the past 24 months 5. Not settled for $10,000 or more 6. Alleges forgery, theft, misappropriation or conversion of funds or securities

Question 14I: Customer Complaints, Arbitrations, and Civil Litigations (Continued)

Question #	Question Text (Key Elements are Bolded)	Examples of Reportable/ Non Reportable Events
14I(4)(a)	Have you ever been the subject of an ***investment-related, consumer-initiated*** **arbitration claim or civil litigation which alleged that you were *involved* in** one or more ***sales practice violations***, and which was **settled for an amount of $15,000 or more**?	The arbitration claim/civil litigation is **reportable** if all of the following four criteria are met: 1. Consumer-initiated 2. *Investment-related* 3. Alleged individual *involvement* in any *sales practice violation* 4. Settled for $15,000 or more
14I(4)(b)	Have you ever been the subject of an ***investment-related, consumer-initiated*** **arbitration claim or civil litigation which alleged that you were *involved* in** one or more ***sales practice violations*****,** and **which resulted in an arbitration award or civil judgment against any named respondent(s)/ defendant(s),** regardless of any amount?	The arbitration claim/civil litigation is **reportable** if all of the following four criteria are met: 1. Consumer-initiated 2. *Investment-related* 3. Alleged individual *involvement* in any *sales practice violation* 4. Resulted in an arbitration award or civil judgment
14I(5)(a)	**Within the past twenty four (24) months**, have you been the subject of an ***investment-related*****, consumer-initiated arbitration claim or civil litigation** not otherwise reported under question 14I(4) above, **which alleged that you were *involved* in one or more *sales practice violations* and contained a claim for compensatory damages of $5,000 or more** (if no damage amount is alleged, the arbitration claim or civil litigation must be reported unless the *firm* has made a good faith determination that the damages from the alleged conduct would be less than $5,000)?	The arbitration claim/civil litigation is **reportable** if all of the following five criteria are met: 1. Consumer-initiated 2. *Investment-related* 3. Filed with the firm within the past 24 months 4. Alleged individual *involvement* in any *sales practice violation* 5. Contains a claim for compensatory damages of $5,000 or more
14I(5)(b)	**Within the past twenty four (24) months, have you been the subject of an *investment-related*, consumer-initiated arbitration claim or civil litigation** not otherwise reported under question 14I(4) above, **which alleged that you were *involved* in forgery, theft, misappropriation or conversion of funds or securities**?	The arbitration claim/civil litigation is **reportable** if all of the following four criteria are met: 1. Consumer-initiated 2. *Investment-related* 3. Filed with the firm within the past 24 months 4. Alleged individual *involvement* in forgery, theft, misappropriation or conversion of funds or securities

Question 14J: Terminations

Question 14J pertains to terminations. The termination could be voluntary or involuntary, however, the element that makes the event reportable is that the termination occurred after certain allegations were made as specified in questions 14J(1), (2) or (3).

Question #	Question Text (Key Elements are Bolded)	Examples of Reportable/Non Reportable Events
14J(1)	Have you ever voluntarily resigned, been discharged or permitted to resign after allegations were made that accused you of **violating *investment-related* statutes, regulations, rules, or industry standards of conduct**?	The termination is **reportable** if the following two criteria are met: 1. Voluntarily resigned, discharged, or permitted to resign 2. Voluntarily resigned, discharged, or permitted to resign **after** allegations of *investment-related* violations were made An example of a **non-reportable** event includes, but is not limited to the following: • Terminations for personality conflicts or absenteeism
14J(2)	Have you ever voluntarily resigned, been discharged or permitted to resign after allegations were made that accused you of **fraud or the wrongful taking of property**?	The termination is **reportable** if the following two criteria are met: 1. Voluntarily resigned, discharged, or permitted to resign 2. Voluntarily resigned, discharged, or permitted to resign **after** allegations of fraud or the wrongful taking of property were made
14J(3)	Have you ever voluntarily resigned, been discharged or permitted to resign after allegations were made that accused you of **failure to supervise** in connection with *investment-related* statutes, regulations, rules or industry standards of conduct?	The termination is **reportable** if the following two criteria are met: 1. Voluntarily resigned, discharged, or permitted to resign 2. Voluntarily resigned, discharged, or permitted to resign **after** allegations of failure to supervise were made (in connection with *investment-related* violations)

Questions 14K, L and M: Financial

Questions 14K, **L** and **M** pertain to financial information.

Question #	Question Text (Key Elements are Bolded)	Examples of Reportable/Non Reportable Events
14K (1)	**Within the past 10 years**: have you made a **compromise with creditors, filed a bankruptcy petition or been the subject of an involuntary bankruptcy petition**?	**Reportable** within the past 10 years: • Personal bankruptcies filed (e.g., Chapter 7, 13) • Compromise(s) with creditor(s) • Subject of involuntary bankruptcy petition **Not Reportable**: • Personal bankruptcies made more than 10 years ago • Compromise(s) with creditor(s) filed more than 10 years ago • Paying the monthly minimum on a credit card • Bill or debt consolidation
14K(2)	**Within the past 10 years**: based upon events that occurred **while you exercised *control* over it, has an organization made a compromise with creditors, filed a bankruptcy petition or been the subject of an involuntary bankruptcy petition**?	**Reportable** within the past 10 years: • Business bankruptcies, other than broker-dealer bankruptcies, filed (e.g., Chapter 11) • Compromise(s) with creditor(s) filed • Subject of involuntary bankruptcy petition • Sole Proprietorship business bankruptcies, other than broker-dealer related, filed **Not Reportable**: • Business bankruptcies filed more than 10 years ago • Compromise(s) with creditor(s) made more than 10 years ago • Business failures • Bill or debt consolidation

Questions 14K, L and M: Financial (Continued)

Question #	Question Text (Key Elements are Bolded)	Examples of Reportable/Non Reportable Events
14K(3)	**Within the past 10 years**: based upon events that occurred **while you exercised *control* over it, has a broker or dealer been the subject of an involuntary bankruptcy petition, or had a trustee appointed, or had a direct payment procedure initiated under the Securities Investor Protection Act**?	**Reportable** within the past 10 years: • Broker-Dealer bankruptcies filed • Subject of an involuntary bankruptcy petition • Trustees appointed under SIPA • Direct payment procedures initiated under SIPA • Sole Proprietorship business bankruptcies, broker-dealer related, filed **Not Reportable**: • Broker-Dealer bankruptcies filed more than 10 years ago • Broker-Dealer involuntary bankruptcies filed more than 10 years ago • Trustees appointed under SIPA more than 10 years ago • Direct payment procedures initiated under SIPA more than 10 years ago • Sole Proprietorship business bankruptcies, broker-dealer related, filed more than 10 years ago • Business failures • Personal bankruptcies
14L	Has a bonding company ever **denied, paid out on, or revoked a bond for you**?	No Time Limitations
14M	Do you have any **unsatisfied judgments or liens** against you?	**Not Reportable**: • Satisfied judgments or liens

Individual Disclosure Questions on Form U5

This section provides an analysis of the disclosure questions on the Form U5. There are five types of disclosure questions: investigation, internal review, criminal, regulatory and customer complaints. The disclosure questions are similar to the U4 disclosure questions and are organized the same way listing the "key elements" and providing examples.

Question 7A: Investigation Disclosure

Question 7A pertains to an *investigation* or *proceeding* by the government or a regulator.

Question #	Question Text (Key Elements are Bolded)	Examples of Reportable/Non Reportable Events
7A	**Currently is, or at termination** was, the **individual the subject of an *investigation* or *proceeding*** by a domestic or foreign governmental body or *self-regulatory organization* with jurisdiction over *investment-related* businesses?	The firm has a continuing obligation to update reportable matters

Question 7B: Internal Review Disclosure

Question 7B pertains to an internal review for fraud or wrongful taking of property or violating *investment-related* statutes, regulations, rules or industry standards of conduct. Generally the Internal Review Disclosure question 7B and the Internal Review Reporting Page (DRP U5) are used to report matters relating to compliance, **not** matters of a competitive nature. Responses should **not** include situations relating to disputes between the *firm* and the individual over ownership or possession of information or records pertaining to business conducted by the individual. If a "yes" answer is provided to the Internal Review Disclosure question, the individual whose name appears in Section 1 (GENERAL INFORMATION) of the Form U5 may provide a brief summary of the event on Part II of the Internal Review Disclosure Reporting Page (U5).

Question #	Question Text (Key Elements are Bolded)	Examples of Reportable/Non Reportable Events
7B	**Currently is, or at termination** was, the **individual under internal review** for fraud or wrongful taking of property, or violating *investment-related* statutes, regulations, rules or industry standards of conduct?	The firm has a continuing obligation to update reportable matters. The internal review is **reportable** if <u>one</u> of the following criteria is met: 1. Fraud 2. Wrongful taking of property 3. Violating *investment-related* statutes, regulations, and rules or industry standards of conduct **Not Reportable**: • Lack of attendance • Personality Conflict • Absenteeism

Questions 7C: Criminal Disclosure

Question 7C pertains to criminal disclosures that occurred while the individual was employed by/associated with your firm or in connection with events that occurred while employed by or associated with your firm.

Question #	Question Text (Key Elements are Bolded)	Examples of Reportable/Non Reportable Events
7C(1)	While **employed by or associated with your firm, or in connection with events that occurred while the individual was employed by or associated with your firm**, was the individual **convicted of or did the individual plead guilty or nolo contendere ("no contest")** in a domestic, or foreign or military court **to any *felony***?	Any *felony* conviction is **reportable**, including, but not limited to: • Driving while intoxicated • Any drug related offense • Any fraud • Possession/receipt of known stolen property • Retail theft • Burglary • Robbery/larceny • Filing false tax return • False identification • Gambling
7C(2)	While employed **by or associated with your firm, or in connection with events that occurred while the individual was employed by or associated with your firm**, was the individual ***charged* with any *felony***?	Any *felony charge* is reportable **regardless of the disposition**. Examples of **reportable** charges: • Felony DWI charge which resulted in a misdemeanor driving under the influence conviction • Felony assault charge which resulted in a dismissal

Questions 7C: Criminal Disclosure (Continued)

Question #	Question Text (Key Elements are Bolded)	Examples of Reportable/Non Reportable Events
7C(3)	While **employed by or associated with your firm, or in connection with events that occurred while the individual was employed by or associated with your firm**, was the **individual convicted of or did the individual plead guilty or nolo contendere ("no contest")** in a domestic, foreign or military court to a ***misdemeanor*** *involving*: investments or an *investment-related* business or any fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses?	The specified *misdemeanors* are: • Events involving investments or an investment-related business • Any fraud • False statements or omissions • Wrongful taking of property • Bribery • Perjury • Forgery • Counterfeiting • Extortion • Conspiracy to commit any of these offenses. Examples of **reportable** events include, but are not limited to: • Misdemeanor theft conviction • Misdemeanor shoplifting conviction Examples of **non-reportable** misdemeanor events include, but are not limited to: • Gambling • Drug related offenses • Driving Under the Influence • Driving While Intoxicated • Traffic offenses • Sexual assault • Assault and battery • Failure to file income tax
7C(4)	While **employed by or associated with your firm, or in connection with events that occurred while the individual was employed by or associated with your firm**, was the **individual *charged* with a *misdemeanor* specified in 7(C)(3)**?	Examples of **reportable** events include, but are not limited to: • Misdemeanor theft charge • Misdemeanor shoplifting charge

Question 7D: Regulatory Actions Disclosure

Question 7D pertains to regulatory actions that occurred while the individual was employed by/associated with your firm or in connection with events that occurred while associated with your firm.

Question #	Question Text (Key Elements are Bolded)	Examples of Reportable/Non Reportable Events
7D	While **employed by or associated with your firm, or in connection with events that occurred while the individual was employed by or associated with your firm**, was the **individual *involved* in any disciplinary action** by a domestic or foreign governmental body or *self-regulatory organization* (other than those designated as a "minor rule violation" under a plan approved by the U.S. Securities and Exchange Commission) with jurisdiction over the *investment-related* business?	**NOTE:** This is similar to Form U4 questions 14C, D and E. Please see the matrix on page 13-6.

Question 7E: Customer Complaint, Arbitration, Civil Litigation Disclosure

Question 7E pertains to customer complaints, arbitrations and civil litigations that occurred while the individual was employed by/associated with your firm.

Question #	Question Text (Key Elements are Bolded)	Examples of Reportable/Non Reportable Events
7E(1)(a)	In connection with events that occurred while the individual was **employed by or associated with your firm**, was the individual named as a respondent/defendant in an ***investment-related*, consumer-initiated arbitration or civil litigation which alleged that the individual was *involved* in one or more *sales practice violations* and which: is still pending**?	The arbitration or civil litigation is **reportabl**e if all of the following six criteria are met: 1. While employed by your firm 2. Consumer-initiated 3. *Investment-related* 4. Individual named as respondent/defendant 5. Individual alleged involvement in any *sales practice violation* 6. The arbitration or civil litigation is pending
7E(1)(b)	In connection with events that occurred while the individual was **employed by or associated with your firm, was the individual named as a respondent/defendant in an *investment-related*, consumer-initiated arbitration or civil litigation which alleged that the individual was *involved* in one or more *sales practice violations* and which: resulted in an arbitration award or civil judgment against the individual**, regardless of amount?	The arbitration or civil litigation is **reportable** if all of the following six criteria are met: 1. While employed by your firm 2. Consumer-initiated 3. *Investment-related* 4. Individual named as respondent/defendant 5. Individual alleged *involvement* in any *sales practice violation* 6. A decision was made against the individual regardless of the amount

Question 7E: Customer Complaint, Arbitration, Civil Litigation Disclosure (Continued)

Question #	Question Text (Key Elements are Bolded)	Examples of Reportable/ Non Reportable Events
7E(1)(c)	In connection with events that occurred while the individual was **employed by or associated with your firm, was the individual named as a respondent/defendant in an *investment-related*, consumer-initiated arbitration or civil litigation which alleged that the individual was *involved* in one or more *sales practice violations*** and which was **settled, prior to May 18, 2009, for an amount of $10,000 or more**?	The arbitration or civil litigation is **reportable** if all of the following seven criteria are met: 1. While employed by your firm 2. Consumer-initiated 3. *Investment-related* 4. Individual named as respondent/defendant 5. Alleged individual *involvement* in any *sales practice violation* 6. Settled prior to May 18, 2009 7. Settled for $10,000 or more
7E(1)(d)	In connection with events that occurred while the individual was **employed by or associated with your firm, was the individual named as a respondent/defendant in an *investment-related*, consumer-initiated arbitration or civil litigation which alleged that the individual was *involved* in one or more *sales practice violations*** and which was **settled, on or after May 18, 2009, for an amount of $15,000 or more**?	The arbitration or civil litigation is **reportable** if all of the following seven criteria are met: 1. While employed by your firm 2. Consumer-initiated 3. *Investment-related* 4. Individual named as respondent/defendant 5. Alleged individual *involvement* in any *sales practice violation* 6. Settled on or after May 18, 2009 7. Settled for $15,000 or more
7E(2)(a)	In connection with events that occurred while the individual was **employed by or associated with your *firm*, was the individual the subject of an *investment-related*, consumer-initiated (written or oral) complaint, which alleged that the individual was *involved* in** one or more ***sales practice violations*,** and which **was settled, prior to May 18, 2009, for an amount of $10,000 or more**?	The customer complaint is **reportable** if all of the following six criteria are met: 1. While employed by your firm 2. Consumer-initiated 3. *Investment-related* 4. Individual alleged *involvement* in any *sales practice violation* 5. Settled prior to May 18, 2009 6. Settled for $10,000 or more
7E(2)(b)	In connection with events that occurred while the individual was **employed by or associated with your *firm*, was the individual the subject of an *investment-related*, consumer-initiated (written or oral) complaint, which alleged that the individual was *involved* in** one or more ***sales practice violations*,** and which **was settled**, **on or after May 18, 2009, for an amount of $15,000 or more**?	The customer complaint is **reportable** if all of the following six criteria are met: 1. While employed by your firm 2. Consumer-initiated 3. *Investment-related* 4. Individual alleged *involvement* in any *sales practice violation* 5. Settled on or after May 18, 2009 6. Settled for $15,000 or more

Question 7E: Customer Complaint, Arbitration, Civil Litigation Disclosure (Continued)

Question #	Question Text (Key Elements are Bolded)	Examples of Reportable/ Non Reportable Events
7E(3)(a)	In connection with events that occurred while the individual was **employed by or associated with your *firm*, was the individual the subject of an *investment-related*, consumer-initiated, written complaint**, not otherwise reported under question 7E(2) above, which **would be reportable under question 14I(3)(a) on Form U4, if the individual were still employed by your *firm***, but **which has not previously been reported on the individual's Form U4 by your *firm***?	The customer complaint is **reportable** if all of the following eight criteria are met: 1. Not reported on U4 by your firm 2. Consumer-initiated 3. *Investment-related* 4. Written customer complaint 5. Filed with the firm within the past 24 months 6. Not settled for $10,000 or more 7. Alleges *sales practice violations* 8. Alleges compensatory damages of $5,000
7E(3)(b)	In connection with events that occurred while the individual was **employed by or associated with your *firm*, was the individual the subject of an *investment-related*, consumer-initiated, written complaint**, not otherwise reported under question 7E(2) above, which **would be reportable under question 14I(3)(b) on Form U4, if the individual were still employed by your *firm***, but **which has not previously been reported on the individual's Form U4 by your *firm***?	The customer complaint is **reportable** if all of the following seven criteria are met: 1. Not reported on U4 by your firm 2. Consumer-initiated 3. *Investment-related* 4. Written customer complaint 5. Filed with the firm within the past 24 months 6. Not settled for $10,000 or more 7. Alleges forgery, theft, misappropriation or conversion of funds or securities
7E(4)(a)	In connection with events that **occurred while the individual was employed by or associated with your *firm***, was the individual the **subject of an *investment-related*, consumer-initiated, arbitration claim or civil litigation which alleged that the individual was *involved* in one or more *sales practice violations***, and **which was settled for an amount of $15,000 or more**?	The arbitration claim or civil litigation is **reportable** if all of the following five criteria are met: 1. While employed by your firm 2. Consumer-initiated 3. *Investment-related* 4. Alleged individual *involvement* in any *sales practice violation* 5. Settled for $15,000 or more
7E(4)(b)	In connection with events that **occurred while the individual was employed by or associated with your *firm***, was the individual the subject of an ***investment-related*, consumer-initiated, arbitration claim or civil litigation which alleged that the individual was *involved* in one or more *sales practice violations***, and **which resulted in an arbitration award of civil judgment against any named respondent(s)/defendant(s)**, regardless of amount?	The arbitration claim or civil litigation is **reportable** if all of the following five criteria are met: 1. While employed by your firm 2. Consumer-initiated 3. *Investment-related* 4. Alleged individual *involvement* in any *sales practice violation* 5. Resulted in an arbitration award or civil judgment

Question 7E: Customer Complaint, Arbitration, Civil Litigation Disclosure (Continued)

Question #	Question Text (Key Elements are Bolded)	Examples of Reportable/ Non Reportable Events
7E(5)(a)	In connection with events that occurred **while the individual was employed by or associated with your *firm***, was the individual the subject of an ***investment-related*, consumer-initiated, arbitration claim or civil litigation** not otherwise reported under question 7E(4) above, **which would be reportable under question 14I(5)(a) on Form U4, if the individual were still employed by your *firm*,** but **which has not previously been reported on the individual's Form U4 by your *firm*?**	The arbitration claim/civil litigation is **reportable** if all of the following seven criteria are met: 1. Consumer-initiated 2. *Investment-related* 3. Filed with the firm within the past 24 months 4. Alleged individual *involvement* in any *sales practice violation* 5. Contains a claim for compensatory damages of $5,000 or more 6. Would be reportable under question 14I(5)(a) on Form U4, if the individual were still employed by your *firm* 7. Has not previously been reported on the individual's Form U4 by your *firm*
7E(5)(b)	In connection with events that occurred **while the individual was employed by or associated with your *firm***, was the individual the subject of an ***investment-related*, consumer-initiated, arbitration claim or civil litigation** not otherwise reported under question 7E(4) above, **which would be reportable under question 14I(5)(b) on Form U4, if the individual were still employed by your *firm***, but **which has not previously been reported on the individual's Form U4 by your *firm***?	The arbitration claim/civil litigation is **reportable** if all of the following six criteria are met: 1. Consumer-initiated 2. *Investment-related* 3. Filed with the firm within the past 24 months 4. Alleged individual *involvement* in forgery, theft, misappropriation or conversion of funds or securities 5. Would be reportable under question 14I(5)(b) on Form U4, if the individual were still employed by your *firm* 6. Has not previously been reported on the individual's Form U4 by your *firm*

Question 7F: Termination

Question 7F pertains to terminations. The termination could be voluntary or involuntary, however, the element that makes the event reportable is that the termination occurred after certain allegations were made as specified in questions 7F(1), (2) or (3).

Question #	Question Text (Key Elements are Bolded)	Examples of Reportable/Non Reportable Events
7F(1)	Did the individual voluntarily resign from your firm, or was the individual discharged or permitted to resign from your firm after allegations were made that accused the individual of **violating *investment-related* statutes, regulations, rules, or industry standards of conduct**?	The termination is **reportable** if the following two criteria are met: 1. Voluntarily resigned, discharged, or permitted to resign 2. Voluntarily resigned, discharged, or permitted to resign **after** allegations of *investment-related* violations were made An example of a **non-reportable** event includes, but is not limited to the following: • Terminations for personality conflicts or absenteeism
7F(2)	Did the individual voluntarily resign from your firm, or was the individual discharged or permitted to resign from your firm after allegations were made that accused the individual of **fraud or the wrongful taking of property**?	The termination is **reportable** if the following two criteria are met: 1. Voluntarily resigned, discharged, or permitted to resign 2. Voluntarily resigned, discharged, or permitted to resign **after** allegations of fraud or the wrongful taking of property were made
7F(3)	Did the individual voluntarily resign from your firm, or was the individual discharged or permitted to resign from your firm after allegations were made that accused the individual of **failure to supervise in connection with *investment-related* statutes, regulations, rules or industry standards of conduct**?	The termination is **reportable** if the following two criteria are met: 1. Voluntarily resigned, discharged, or permitted to resign 2. Voluntarily resigned, discharged, or permitted to resign **after** allegations of failure to supervise were made (in connection with *investment-related* violations)

Required Individual Court Documents

Official court documents are required:

- For all charges and/or convictions within the past ten (10) years (for licensing decisions and SD Review).
- When an amended disclosure question is submitted to change a "Yes" answer to **Questions 14A** and/or **14B on Form U4** to "No" regarding a previously reported charge and/or conviction.
- When a charge and/or conviction has been expunged or sealed by a court of competent jurisdiction.
- When the individual is answering "No" to **Questions 14A** and/or **14B** for a criminal event outside of 10 years.
- When a Criminal History Record Information (CHRI) Arrest record discloses an arrest.

Documentation for all criminal charges/convictions <u>within the past 10 years</u> must contain the following:

- Appropriate official signature or seal.
- Date charges filed (date of arrest or date event occurred).
- Name and location of court.
- Description of each charge (if theft, description of item taken).
- Charge classification (felony/misdemeanor).
- Plea entered for each charge.
- Final disposition for each charge.

If the court documents are unable to be obtained for non-specified offenses outside of 10 years, then correspondence will be accepted in lieu of court documents. The correspondence <u>must be on firm letterhead</u> and should include the following:

- Name and phone # of agency contacted.
- Description of charge(s) or offense(s).
- Date of offense.
- Disposition.
- Disposition date.
- Statement for non-reportability (classification of charge).
- Signed by appropriate signatory of the firm.

Material Difference in Disclosure Flag

The Material Difference in Disclosure flag applies only to individuals who are registered with more than one unaffiliated broker-dealer and/or investment adviser firm (e.g., BD/BD, BD/IA or IA/IA). In the event that multiple firms associated with any particular individual submit different DRPs reporting the same disclosure event, the Disclosure Review (DR) staff in FINRA's Registration and Disclosure Department will flag the affected record on the CRD/IARD systems. This will identify on the system that a disclosure difference exists, and will immediately put regulators and the involved firms on notice that a difference exists. The CRD/IARD systems display the Material Difference in Disclosure flag within the View Individual functionality. The flag appears in the Individual's Composite Information screen. It is also viewable in the relevant disclosure occurrence(s) within the individual's Disclosure record.

The material difference in disclosure flag is manually set whenever a difference exists in any of the factual U4 DRP fields (i.e., all DRP fields except for the last field, which is the summary/commentary field) for the same disclosure event. The only exception is when a U4 DRP filing is submitted to report the final disposition (or updated status) of an event that was previously reported as a pending matter.

When the material difference in disclosure flag is set, the DR staff will send an inquiry or deficiency letter to all firms the individual is currently associated with. The letters will advise the firms of the material difference, identify the occurrence(s) the flag was set for, and request that they work to resolve the disclosure difference in a timely manner. Firms will receive notice and can review the details of the letters in their Outstanding Disclosure Letters queue. A deficiency letter will be sent when the individual's registration requests are "pending" or "deficient." An inquiry letter will be sent when the individual's registrations are already approved.

Depending on when the filing that triggered the material difference in disclosure is reviewed, the firm may become aware of the U4 filing via the Other Firm U4 Filing queue prior to receiving the disclosure letter in its Outstanding Disclosure Letters queue. The CRD/IARD systems will send a notice to the Other Firm U4 Filing queue whenever one of the firm's an individual is associated with submits a U4 filing on behalf of the individual. Notice will be sent to the Other Firm U4 Filing queue for all other firms the individual is associated with and regardless of whether the U4 filing includes a DRP. Firms may also elect to receive an electronic firm notification, which provides notice to the firm that an item has been sent to its Other Firm U4 Filing queue.

Regulators (e.g., SROs and jurisdictions the individual either is registered with or has requested registration with) will also receive notice that the material difference in disclosure flag has been set for one or more disclosure occurrences. The material difference in disclosure flag is a trigger for regulators to review the individual's disclosure record to see if the representative omitted a material fact or otherwise submitted a false or misleading filing.

Regardless of how the firms are notified of the disclosure difference, they are obligated to review the DRPs in question, identify the differences in the DRP details that triggered the flag, and contact the individual and/or other firm(s) to determine the basis for the new DRP and how the disclosure difference will be resolved. Just as is the case with other U4 filing requirements, the disclosure difference should be resolved within 30 calendar days from the date the flag is set via the submission of either an Amendment or Concurrence filing by all affected firms. The firm that submitted the U4 filing with the altered DRP details may decide to submit a U4 amendment to amend the DRP to match the details of the DRP that initially reported the disclosure event. Or, the "other" firm submitting a Concurrence filing to concur with and adopt the most recent DRP submission may resolve the disclosure difference. Alternatively, all firms may agree on new language that is acceptable to all and that does not materially change the context of the disclosure and file a new DRP that everyone can agree with.

Regardless of whether the disclosure difference is resolved via a Concurrence or an Amendment filing, or even a combination of both filing types, the new filing(s) will be reviewed by DR staff to determine if it does, in fact, resolve the disclosure difference. In the event the filing(s) resolves the disclosure difference, DR staff will remove the material difference in disclosure flag and resolve the outstanding disclosure letters. If the filing(s) does not resolve the disclosure difference, DR staff will resolve the existing disclosure letters and send new letters explaining why the disclosure difference is not deemed to be resolved and once again asking for resolution.

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In the event firms are not able to reach an agreement and resolve the disclosure difference within 30 calendar days, DR staff will refer the matter to a state regulator or FINRA Member Regulation or Enforcement staff, as appropriate, based on the facts and circumstances of the situation, for review and resolution. The matter will be referred to the appropriate state regulator in cases where the individual is dually registered with investment adviser firms only. The matter will be referred to the appropriate FINRA department in all other dual registration scenarios (i.e., BD/BD and/or BD/IA).

In the event a public investor (or other person) requests a public disclosure report on a registered representative before the disclosure difference is resolved, DR and Public Disclosure staff will ensure that the requester is made aware of the conflicting or inconsistent information by providing the requester with a public disclosure report that contains both versions of the information submitted whenever such a difference has been identified. Once the disclosure difference is resolved, the representative's public disclosure report will appear similar to the way it did prior to the disclosure difference in that it will display the disclosure details from the most recent U4 DRP submission (i.e., the composite U4 DRP).

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Broker-Dealer Disclosure Questions on Form BD

This section provides an analysis of the Disclosure Questions on the Form BD. The Disclosure questions are similar to the Form U4, however, there are only four question types: criminal, regulatory, civil judicial, and financial: there are no customer complaints or terminations on the Form BD. Most of the questions have the same criteria for responding to the question, except for the following differences:

All BD disclosure questions state: "Has the *applicant* or a *control affiliate…*" except items 11J and 11K (financial disclosure related to items 11J and 11K are only required for the *applicant*). The *Applicant* is the broker-dealer applying on or amending this form. For the purpose of Item 11 and corresponding disclosure reporting pages on Form BD, a person named in Items 1A, 9 or in Schedules A, B or C as a control person or any other individual or organization that directly or indirectly controls, is under common control with, or is controlled by, the applicant, including any current employee except one performing only clerical, administrative, support or similar functions, or who, regardless of title, performs no executive duties or has no senior policy making authority. *Applicant* and *control affiliate* are italicized terms, which means the definition can be found in the Explanation of Terms.

There are some BD disclosure questions that state "In the past ten years…" Please see the table below for the list of BD Disclosure questions with a ten year timeframe.

Question #	Question Text (Key Elements are Bolded	Examples of Reportable/Non Reportable Events
11A(1) 11A(2) 11B(1) 11B(2)	All criminal disclosure questions are prefaced with: **"In the past ten years** has the *applicant* or a *control affiliate*."	Reportable within the past ten years (the U4 criminal disclosure questions have no time limitation). Please see the U4 criminal disclosure questions for corresponding examples of reportable and non-reportable events.
11D(4)	Has any other federal regulatory agency, any state regulatory agency, or *foreign financial regulatory authority*: **in the past ten years**, entered an *order* against the *applicant* or a *control affiliate* in connection with an *investment-related* activity?	Reportable within the past ten years (the U4 regulatory questions that corresponds is 14C(4), D(4) and E(4) which have no time limitation). Please see the matrix located on page 13-6 for examples of reportable and non-reportable events.
11H(1)(a)	Has any domestic or foreign court: **in the past ten years**, *enjoined* the *applicant* or a *control affiliate* in connection with any *investment-related* activity?	Reportable within the past ten years (the U4 civil judicial question that corresponds is 14H(1)(a) which has no time limitation). Please see question 14H(1)(a) for examples of reportable and non-reportable events.

Tips for Disclosure:

- When sending court documents be sure to provide sufficient documentation of the event including dates, classification of charge and description of event.
- Be sure to answer all applicable questions when reporting a specific event; more than one question could apply to one event.
- Be sure to complete the required DRP fields with valid information (e.g., complete Item 2 of the Criminal DRP with the court name, location of court, state and docket/case number).
- A customer complaint that evolves into an arbitration is no longer reportable as a customer complaint, but as an arbitration.
- When completing a U4 DRP for a dually registered individual, remember that changing any of the factual U4 DRP fields (i.e., all DRP fields except for the last field, which is the summary/commentary field) for a previously reported event will cause the Material Difference in Disclosure flag to be set. The only exception is when a U4 DRP filing is submitted to report the final disposition (or updated status) of an event that was previously reported as a pending matter.
- "No Records Found" response to an inquiry/request seeking official documents does not necessarily alleviate a reporting requirement. In such cases, further documentation will be required to show a matter is not reportable.
- Refer to the Forms U4 and U5 Interpretive Questions posted on FINRA's website at **www.finra.org**: Regulatory Systems > CRD > Filing & Guidance.
- A non-registered individual may submit a signed Internal Review Part II DRP in a hard copy format by mailing it to:

  Registration and Disclosure
  FINRA
  P.O. Box 9495
  Gaithersburg, MD 20898-9495

- Consumer-initiated arbitrations are not reportable through Question 11 on Form BD.