

### 2015 Risk Control Assessment

The Risk Control Assessment (RCA) is an important component of FINRA's risk-based examination program. The information collected improves our understanding of firms' businesses and scope of operations, so examiners can develop risk-focused examinations plans and limit the reviews to key areas of potential concern, thus limiting time spent onsite.

A few notes to help you navigate through the survey:

- As you complete survey questions, we ask that you use your best judgment when responding. In this regard, your responses should seek to describe the material aspects of your business rather than immaterial activities. For additional guidance on materiality, please review the FAQs.
- Your firm only needs to respond to the survey sections which represent a material aspect of your business. See the next page for additional information.
- Questions marked with red asterisks (\*) are required.
- Additional instructions have been provided throughout the survey prompting you to skip certain questions or sections that do not pertain to your firm.
- At your discretion, clarify your firm's responses using the provided comment boxes.
- To route the survey to other departments within your organization, please save a copy of your in-progress survey and email it to the appropriate resources(s).

Please complete the survey and email it to [RCA@finra.org](mailto:RCA@finra.org) as an attachment by **Friday, July 31, 2015**.

For more information, including FAQs, instructions and a Glossary, please review the resources on the RCA page on FINRA's website, email [RCA@finra.org](mailto:RCA@finra.org), or contact the FINRA Help Desk at (240) 386-4001.

Please enter your information below:

Name:	_____
Firm Name	_____
Firm CRD #:	_____
Email Address:	_____
Phone Number:	_____

# 2015 Risk Control Assessment

This survey consists of three (3) sections that are applicable for all firms and others sections based on your firm's business profile.

All firms should complete the following sections:

- Risk Governance
- Cybersecurity
- Anti-Money Laundering

**\*1. Please select and complete the business lines section below if they represent a material aspect of your overall business and only fill out those respective sections below.**

*Select all that apply*

- ☐ Commission-based brokerage
- ☐ Asset management
- ☐ Trading, Execution, and/or Clearing
- ☐ Investment Banking and/or Research
- ☐ None of the above are material

## Additional information on Business Line Definitions

**Commission-Based Brokerage** This section is intended to help us better understand the customer and product mix associated with your commission-based brokerage business (including Full-service retail brokerage, Discount retail brokerage, High-net-worth retail brokerage, Institutional brokerage, Wholesale brokerage), as well as including variable annuities, and wholesale fund distribution.

Please also respond to this section if your firm reported revenue in fiscal year 2014 in the "Commissions" and/or "Revenue from Sale of Insurance Based Products" sections of the Supplemental Statement of Income (line items 13940 or 11029 respectively) and/or if these represent a material aspect of your overall business.

**Asset Management** This section is intended to help us better understand the risks and mitigating controls associated with your investment advisory or asset management business. Please respond to this section if your firm reported revenue in fiscal year 2014 in the "Investment Advisory" section of the Supplemental Statement of Income (line item 13975), and/or if this represents a material aspect of your overall business.

**Trading, Execution, and Clearing** This section is intended to help us better understand the products and services associated with your trading, clearing and execution business. Please answer this section if your firm reported revenue in fiscal year 2014 in the "Gains or Losses on Derivative Trading Desks" and/or "Net Gains or Losses on Principal Trades" and/or "Capital Gains (Losses) on Firm Investments and/or "Interest/Rebate/Dividend Income" and/or "Execution Services" and/or the "Clearing Services" sections of the Supplemental Statement of Income (line items 13906 or 13950 or 13952 or 11069 or 11096 or 11097 respectively), and/or if these represent material aspects of your overall business.

**Investment Banking/Research** This section is intended to help us better understand the products and services associated with your investment banking business and/or your research business. Please respond to this section if your firm reported revenue in fiscal year 2014 in the "Investment Banking / M&A Advisory" and/or the "Underwriting" and/or "Research" sections of the Supplemental Statement of Income (line items 11091 or 13955 or 13980 respectively), and/or if these represent material aspects of your

overall business.

Finally, if a majority of your revenue is from fees earned from affiliated entities (Supplemental Statement of Income line 11090), please use the main business of those entities to select your business lines.

# 2015 Risk Control Assessment

## Risk Governance

This section is intended to help us understand the policies, procedures, and risk management protocols that your firm employs to identify and manage the material risks facing its business.

**\*2. Does your firm have a formal process in place to periodically assess and prioritize the risks it faces?**

*Select one*

- ☐ Yes
- ☐ No

Optional comments:

**\*3. Who is ultimately accountable to the CEO and Board of Directors for managing risks in your firm?**

*Select one*

- ☐ Chief Risk Officer (CRO)
- ☐ Chief Compliance Officer (CCO)
- ☐ Business unit owners
- ☐ Executive committee
- ☐ Other (specify):

Optional comments:

**\*4. How does your firm hold those individuals accountable in terms of managing the assigned risks?**

*Select one*

- ☐ Through periodic performance appraisals
- ☐ Through their compensation
- ☐ Both
- ☐ Other (please explain):

**\*5. While not required, does your firm have a succession plan (i.e., a plan addressing the risks associated with any key employees' unexpected departure or sudden unavailability.)?**

*Select one*

- ☐ Yes
- ☐ No

Optional comments:

**\*6. How often is your Business Continuity Plan (BCP or similar resource) reviewed and updated?**

*Select one*

- ☐ As needed
- ☐ Yearly
- ☐ Other - Please specify:

**\*7. How often is your Contingency Funding Plan (or similar resource) reviewed and updated?**

*Select one*

- ☐ As needed
- ☐ Yearly
- ☐ We do not have a Contingency Funding Plan
- ☐ N/A

**8. Does your CEO, Executive team, and Board of Directors receive a report listing the firm's main risk exposures, and with what frequency?**

*Select all that apply*

	CEO	Executive Team	Board of Directors
Yes, monthly or more frequent	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Yes, quarterly	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Yes, annually	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Yes, when needed	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
No	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Optional comments:

**9. Please indicate the officer(s) responsible for ensuring that the firm employees comply with the following internal policies. Select one choice per row.**

*Select all that apply*

	Code of Conduct	Whistleblower	Ethics	Conflicts of Interest
Chief Risk Officer (CRO)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Chief Compliance Officer (CCO)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ombudsman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
General Counsel (GC)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Business Unit (BU) lead	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Head of Human Resources (HR)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Policy Not Implemented	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Optional comments:

This section is intended to help us better understand the types of cybersecurity threats faced by the industry, as well as the cybersecurity risk controls in place to mitigate these threats.

**\*10. Does your firm manage or store any customer personally identifiable information (PII) i.e. any information about an individual maintained by a firm, including any information that can be used to distinguish or trace an individual's identity such as name, social security number, birth date and place?**

*Select one*

- ☐ Yes
- ☐ No
- ☐ N/A

Optional comments:

**11. Does your firm have policies and procedures that define criteria for the protection of customer PII data stored at the main office or branch offices (if relevant to your firm's structure)?**

*Select one*

- ☐ Yes
- ☐ No (Please skip questions 12-13)
- ☐ We do not have a cybersecurity program (Please skip questions 12-13)

**12. Which of the following elements/activities does your cybersecurity program include?**

*Select all that apply*

- ☐ Defined cybersecurity governance structures and policies
- ☐ Staff training and awareness
- ☐ Data security standards
- ☐ Vendor management
- ☐ Incident response planning
- ☐ 3rd Party penetration testing
- ☐ Cyber intelligence and information sharing
- ☐ Other (Please specify):

**13. How frequently does your firm report to executive management on the implementation and effectiveness of the firm's cybersecurity program?**

*Select one*

- ☐ Annually
- ☐ Semi-annually
- ☐ Quarterly
- ☐ When needed
- ☐ Other (please specify)

**14. Has your firm performed a cybersecurity risk assessment in the past year to identify key cybersecurity risks (this can include a risk assessment performed at the enterprise level that includes the Broker Dealer)?**

*Select one*

- ☐ Yes
- ☐ No (Please skip Questions 15-17)
- ☐ Don't know/unsure (Please skip Questions 15-17)

**15. How many critical risks, if any, did the risk assessment identify? ("Critical" refers to the highest risk category in the risk assessment.)**

*Select one*

- ☐ 0
- ☐ 1-5
- ☐ 6-9
- ☐ 10+

**16. Was this assessment performed by a third party or the firm itself?**

*Select all that apply*

- ☐ Third Party
- ☐ Firm

**17. Did the risk assessment include vendor systems?**

*Select one*

- ☐ Yes
- ☐ No
- ☐ Don't know/unsure



**18. Does your firm plan to perform a cybersecurity risk assessment within the next twelve months?**

*Select one*

- ☐ Yes
- ☐ No
- ☐ Other (please specify):

**19. Has your firm experienced a successful cyber-attack in the past 24 months i.e., a situation in which digitally stored customer personally identifiable information (PII) or confidential firm information stored was compromised (compromised refers to a loss of confidentiality, integrity, or availability), or an individual customer's funds or securities were misused?**

*Select one*

- ☐ Yes
- ☐ No (Please skip Questions 20-22)
- ☐ Don't know/unsure (Please skip Questions 20-22)
- ☐ N/A (Please skip Questions 20-22)

## Cybersecurity – Loss Type and Loss Event (if applicable)

**Please answer Questions 20 through 22 only if you selected only if you have had a Cybersecurity breach. Otherwise, please skip to Question 23.**

### 20. Please categorize the event type as follows:

*Select all that apply*

	Personally identifiable information (PII)	Confidential firm information
Loss of confidentiality (e.g., data stolen)	<input type="checkbox"/>	<input type="checkbox"/>
Loss of integrity (e.g., data damaged/corrupted)	<input type="checkbox"/>	<input type="checkbox"/>
Availability (e.g., data unavailable due to DDOS or other attack.	<input type="checkbox"/>	<input type="checkbox"/>

### 21. Please categorize the cause of the event type as follows:

*Select all that apply*

	Personally identifiable information (PII)	Confidential firm information
An external attacker	<input type="checkbox"/>	<input type="checkbox"/>
An insider	<input type="checkbox"/>	<input type="checkbox"/>

### 22. Please categorize the loss event as follows:

*Select all that apply*

- ☐ Customer Funds
- ☐ Securities misused
- ☐ Other - Please specify:

### 23. Does your firm provide on-line account access to retail customers?

*Select one*

- ☐ Yes
- ☐ No (Please skip Question 24)

**24 Which level of on-line account access is provided to retail customers?**

*Select one*

- ☐ View-only
- ☐ Customers can conduct securities transactions or transfer funds
- ☐ Other - Please specify:

**25. What type of authentication does the firm use for granting customer access to on-line retail customer systems?**

*Select all that apply*

- ☐ Single-factor authentication (e.g., user-ID/password)
- ☐ Dual-factor authentication (e.g., hardware or software key fobs/secure ID/tokens)
- ☐ Adaptive authentication (e.g., challenge questions posed for risky or abnormal logins)
- ☐ Other (Please specify):

**26. Does your firm provide retail customers access to their accounts through a mobile application or device?**

*Select one*

- ☐ Yes
- ☐ No

**27. Does your firm provide Internet (web-based access) and/or mobile access to any of the following type of individual or entities?**

*Select all that apply*

- ☐ Firm Registered Representatives
- ☐ Other broker-dealers
- ☐ None
- ☐ Other - Please specify:

**28. Do any of the firm's third party vendors have access to:**

*Select all that apply*

- ☐ Customer PII
- ☐ Firm-sensitive data

**29. Do any of the firm's third party vendors manage or store the following:**

*Select all that apply*

- ☐ Customer PII
- ☐ Firm-sensitive data

**\*30. Does your firm have cyber insurance?**

*Select all that apply*

- ☐ Yes, integrated with physical (tangible) insurance
- ☐ Yes, separate from physical insurance
- ☐ No, not at this time

**31. Against which frameworks or standards does your firm model its cybersecurity program?**

*Select all that apply*

- ☐ ISO 27001/27002
- ☐ COBIT (Control Objectives for Information and related Technology)
- ☐ NIST Cybersecurity Framework v1.0
- ☐ Payment Card Industry Data Security Standards (PCI DSS)
- ☐ SANS Top 20
- ☐ We use our own framework/security standards
- ☐ Do not know
- ☐ Other (Please specify):

**32. Does your firm maintain an inventory of critical assets covering its hardware, software and/or data assets?**

*Select all that apply*

- ☐ Hardware
- ☐ Software
- ☐ Data
- ☐ No
- ☐ Other (Please describe):

**33. For which of the following cybersecurity threats have you implemented physical, technical and/or administrative safeguards?**

*Select all that apply*

- ☐ Cyber risk of hackers penetrating systems for the purpose of account manipulation, defacement or data destruction
- ☐ Cyber risk of competitors, nation states, or non-nation states penetrating systems for the purpose of corporate espionage or to create havoc
- ☐ Insider risk of employees or other authorized users abusing their authorized access by harvesting sensitive information or otherwise manipulating the system or data undetected
- ☐ Insider risk of employees or other authorized users stealing trade secrets
- ☐ Operational risk
- ☐ Other - Please specify:

# 2015 Risk Control Assessment

## Anti-Money Laundering

This section is intended to help us better understand the risks and mitigating controls associated with money laundering.

**\*34. How often do you review the firm's AML program policies and documentation for possible updates?**

Select one

- ☐ Yearly
- ☐ As Needed
- ☐ Other - please specify:

**35. Does your firm conduct business with any of the following?**

Select all that apply

- ☐ Foreign nationals or entities (such as banks, broker-dealers, charitable organizations, hedge funds, operating companies, or personal holding/investment companies)
- ☐ Domestic charitable organizations
- ☐ Political Exposed Persons

Please respond to Question 36 only if you checked any boxes in question 35 above. Otherwise skip.

**36. With which of the following customer types does your firm conduct business?**

Select all that apply

	Cash	DVP/RVP	Prime brokerage	Custodial account(s)	N/A
Domestic charitable organizations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Foreign banks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Foreign broker-dealer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Foreign charitable organizations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Foreign government-controlled banks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Foreign hedge fund	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Foreign mutual fund	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Foreign national	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Foreign operating company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Foreign personal holding/investment companies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Politically exposed person	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**\*37. Does your firm permit customers to use or engage in the following activities within their accounts (select all that apply)?**

*Select one per row.*

	Yes	No	N/A
*Use of an ATM card	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
*Check writing	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
*Use of a debit card	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
*Receiving securities from third parties	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
*Receiving third-party wires	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
*Sending securities to third parties	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
*Sending third-party wires	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
*Executing third-party journals	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Optional comments:

**\*38. Which of the following systems or processes does your firm use to monitor for suspicious activity within customer accounts (select all that apply)?**

*Select at least one option.*

- ☐ Automated surveillance system provided by vendor
- ☐ Exception reports provided by our clearing firm(s)
- ☐ Manual reviews
- ☐ Proprietary automated surveillance system
- ☐ Proprietary exception reports
- ☐ None of the above
- ☐ Other (please specify):
- ☐ N/A

Optional Comments:

**\*39. Which of the following programs do you have in place to manage AML risk?**

*Select at least one option*

- ☐ Transaction Monitoring
- ☐ Risk-based Customer Identification Program
- ☐ Suspicious Activity Reporting (SAR)
- ☐ Enhanced Customer Due Diligence (ECDD)
- ☐ OFAC Risk Assessment
- ☐ Enhanced customer and transaction review for High Risk jurisdictions
- ☐ Customer name screening against published watch lists (e.g.: OFAC watch list).
- ☐ Regular update of sanction lists
- ☐ Optimization and Calibration of transaction monitoring patterns and rules
- ☐ Independent Assessment and Testing of the AML program
- ☐ None of the above
- ☐ Other - Please specify:

**\*40. Does your firm engage in any business activities involving virtual currencies (e.g. Bitcoin)?**

*Select one*

- ☐ Yes
- ☐ No (Please skip Question 41)

**\*41. With respect to virtual currencies, does your firm:**

*Select one per row.*

	Yes	No	N/A
*trade or invest in virtual currencies in your firm's accounts?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
*have any affiliated entities that trade or invest in virtual currencies?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
*raise money for an investment vehicle where the proceeds are intended to be used to invest in virtual currencies or any derivatives of virtual currencies?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
*have any affiliated entities that raised money for an investment vehicle where the proceeds are intended to be used to invest in virtual currencies or any derivatives of virtual currencies?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
*issue virtual currencies and have the authority to redeem such virtual currencies?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
*permit customers to trade or invest in virtual currencies?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
*permit customers to pay for any products or services using virtual currencies as a payment method?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
*provide customers with the ability to purchase virtual currencies?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
*provide a mechanism for customers to exchange virtual currencies for U.S. or foreign currencies, and vice-versa?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
*provide a mechanism for customers to exchange virtual currencies for funds, and vice-versa?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
*provide a mechanism for customers to exchange virtual currencies for other virtual currencies?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



## Commission-Based Brokerage Business

This section is intended to help us better understand the customer and product mix associated with your commission-based brokerage business. This includes full-service retail brokerage, discount retail brokerage, high-net-worth retail brokerage, Institutional brokerage, and wholesale brokerage firms,

This section is also intended for variable annuities and wholesale fund distribution firms.

Please respond to this section if your firm reported revenue in fiscal year 2014 in the "Commissions" and/or "Revenue from Sale of Insurance Based Products" sections of the Supplemental Statement of Income (line items 13940 or 11029 respectively) and/or if these represent a material aspect of your overall business.

The questions in this section have been categorized as follows, as well as which firms should respond:

- Subsection 1 (Business Line questions for all Commission-Based Brokerage Firms)
- Subsection 2 (Additional questions for Brokerage Firms based on their business model)
- Subsection 3 (Additional questions for Retail Full Service Brokerage Firms)

For additional guidance on materiality, please see the [FAQs](#).

### Business Line questions for all Commission-Based Brokerage Firms

**\*42. Please indicate which of the following businesses you engage in within your commission-based brokerage business (select all that apply):**

*Select at least one option*

- ☐ Full-service retail brokerage
- ☐ Discount retail brokerage
- ☐ High-net-worth retail brokerage
- ☐ Institutional brokerage
- ☐ Wholesale brokerage
- ☐ Other (please specify):

Optional comments:

43. Through which of the following distribution channels do you interact with your customers in each of your commission-based brokerage businesses?

Select all that apply

	Branch	Phone	Web	Integrated voice response (IVR)	Electronic Communications (email, text messaging, etc.)	Account Relationship Manager or similar
Full-service retail brokerage	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Discount retail brokerage	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
High-net-worth retail brokerage	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Institutional brokerage	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Wholesale brokerage	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Optional comments:

\*44. What approximate percentage of your firm's gross commission revenue (rounded to the nearest whole number between 0 and 100) did each of the following business lines contribute?

For additional guidance on this question, please see the instructions.

Full-service retail brokerage:

Discount retail brokerage:

High-net-worth retail brokerage:

Institutional brokerage:

Wholesale brokerage:

Other:

Total:

100

This series of questions is intended to help us better understand the business mix associated with your brokerage business. Please indicate the clients or counterparties to which your firm sells or markets the following products.

**\*45. Choose the product types in which your firm currently conducts business**

*Select all that apply*

- ☐ Equities
- ☐ Investment Company Products
- ☐ Debt
- ☐ Securitized Debt Instruments
- ☐ Derivatives
- ☐ Exchange Traded Products
- ☐ Alternative Investment
- ☐ Insurance Products and Annuities
- ☐ Structured Products
- ☐ Proprietary/Affiliated Products
- ☐ N/A
- Other

46. Equities

Select all that apply

	Full-service retail customers	Discount brokerage retail customer	High-net- worth retail customer	Institutional customers	Wholesale customers	N/A
Listed equities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Over-the-counter equities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Penny stocks or low-priced securities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Leveraged exchange-traded funds	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Exchange-traded REITs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Non-exchange- traded REITs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1031 tenancy in common	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Unregistered securities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Optional comments/Other Equities Products:

47. Investment Company Products

Select all that apply

	Full-service retail customers	Discount brokerage retail customer	High-net-worth retail customer	Institutional customers	Wholesale customers	N/A
529 Plans	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Business development companies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Closed-end funds	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Commodities futures funds	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Exchange- traded funds (ETFs)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Money market mutual funds	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mutual funds	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Alternative Mutual Funds	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Unit investment trusts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Optional comments/Other Investment Company Products:

48. Debt

Select all that apply

	Full-service retail customers	Discount brokerage retail customer	High-net-worth retail customer	Institutional customers	Wholesale customers	N/A
U.S. government debt	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Municipal securities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Foreign sovereign debt	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Investment-grade corporate debt	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
High-yield corporate debt	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Auction rate securities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Baby bonds	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Certificates of deposit (CD	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Commercial paper	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Exchange-traded notes (ETNs)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Leveraged loan products	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Optional comments/Other Debt Products:

49. Securitized Debt Instruments

Select all that apply

	Full-service retail customers	Discount brokerage retail customer	High-net-worth retail customer	Institutional customers	Wholesale customers	N/A
Asset-backed commercial paper (ABCP)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Residential mortgage-backed securities - agency	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Residential mortgage-backed securities - non-agency	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Commercial mortgage-backed securities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Collateralized debt obligations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other asset-backed securities e.g. credit card receivables, student loan receivables)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Optional comments/Other Securitized Debt Instruments:

50. Derivatives

Select all that apply

	Full-service retail customers	Discount brokerage retail customer	High-net- worth retail customer	Institutional customers	Wholesale customers	N/A
Commodity swaps	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Credit default swaps (CDS)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Currency swaps	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Forex (options, forwards or futures)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Interest rate swaps	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Futures	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Listed options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Over-the- counter options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Optional comments/Other Derivatives Products:



51. Exchange Traded Products

Select all that apply

	Full-service retail customers	Discount brokerage retail customer	High-net-worth retail customer	Institutional customers	Wholesale customers	N/A
1940 Act Exchange-Traded Funds (e.g. Spy)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Exchange-Traded Grantor Trusts (e.g., GLD)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Exchange-Traded Commodity Pools (e.g. DBC)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Leveraged ETFs (e.g., SSO)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Inverse ETFs (e.g., SSO)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Exchange-Traded Notes (e.g., VXX)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Alternatively-Weighted Index Tracking (e.g, "Smart Beta" or "Strategic Beta") ETPs (e.g, DVY)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Optional comments/Other Exchange Traded Products:

Select all that apply

Optional comments/Other Alternative Investments Products:

--

Select all that apply

[illegible]

Optional comments/Other Insurance Products and Annuities

Select all that apply

Select all that apply

[illegible]

Optional comments/Other Structured Products:

55. Proprietary Products

Select all that apply

	Full-service retail customers	Discount brokerage retail customer	High-net- worth retail customer	Institutional customers	Wholesale customers	N/A
Hedge funds	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mutual Funds	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Direct participation plans (DPPs)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Promissory notes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Real estate investment vehicle	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Optional comments/Other Proprietary Products

## Additional Questions for All Commission-Based Brokerage Firms

**56. Does your firm offer products that provide for volume discounts (breakpoints) or sale charge waivers?**

*Select one*

- ☐ Yes
- ☐ No (Please skip Question 57)
- ☐ N/A (Please skip Question 57)

**57. What types of controls does your firm have in place to ensure that customers are provided the appropriate discount or waiver?**

*Select all that apply*

- ☐ Reliance on Customer Representation
- ☐ Reliance on RR Representation
- ☐ Principal review of underlying documentation evidencing applicability of discount or waiver
- ☐ Other (Please specify):

**58. Beyond a basic background check, what procedures do you follow when hiring new brokers?**

*Select all that apply*

- ☐ Broker CRD check
- ☐ Credit check
- ☐ Verify employment with previous employers
- ☐ Academic history check
- ☐ Other (please specify):

**59. Does the firm have specific criteria (number of complaints, disclosures, or other matter) that would disqualify a prospective broker hire?**

*Select one*

- ☐ Yes
- ☐ No (Please skip Question 60)
- ☐ N/A (Please skip Question 60)

Optional comments

**60. Can these criteria be waived?**

*Select one*

- ☐ Yes
- ☐ No

**61. Has the firm hired any brokers under the condition that they will be placed under heightened supervision in the last 24 months?**

*Select one*

- ☐ Yes
- ☐ No

**62. Does the firm have any criteria (complaints, arbitration claims, other) that would cause the firm to put a current broker on heightened supervision?**

*Select one*

- ☐ Yes
- ☐ No (Please skip Question 63)

**63. Can these criteria be waved?**

*Select one*

- ☐ Yes
- ☐ No

**64. Has the firm put any brokers for any reason on heightened supervision 2014-2015?**

*Select one*

- ☐ Yes
- ☐ No

**65. What 401k/403b/457 plan services does your firm provide?**

*Select all that apply*

- ☐ Sell plans to plan sponsors
- ☐ Provide recordkeeping services
- ☐ Provide Transfer Agent services
- ☐ Provide custody services
- ☐ Provide trade execution
- ☐ Provide advice to plan participants
- ☐ None of the above

**66. Does your firm employ Desk Analysts (i.e. analysts that sit on the trading desk and produce written commentary for customers)?**

*Select one*

- ☐ Yes
- ☐ No
- ☐ N/A

**67. Does your firm market /sell /use/is involved in?**

*Select all that apply*

- ☐ Alpha Capture Systems (Please answer questions 68-70)
- ☐ EB-5 investments (Please answer questions 71-73)
- ☐ Funds that invest in pre-IPO companies and/or participation agreements linked to such securities
- ☐ Securities Backed Lines of Credit
- ☐ ETF Model Portfolios
- ☐ 401(k) Brokerage Windows
- ☐ None of the above



**Please answer Questions 68 through 70 only if you selected “Alpha Capture Systems” and 71 through 73 only if you selected “EB-5 investments” above. Otherwise, please skip Questions 68-73 and proceed to Question 74.**

### Questions for firms involved in Alpha Capture Systems (ACS)

**68. Approximately how many reps participate in the Alpha Capture System?**

*Enter a number*

**69. Which of the following participate in the Alpha Capture system?**

*Select all that apply*

- ☐ Traders
- ☐ Salespeople
- ☐ Research Analysts
- ☐ Desk Analysts
- ☐ Other (please list the specific role(s)):

**70. Which Alpha Capture system(s) do you use?**

*Select all that apply*

- ☐ Firm Proprietary System
- ☐ Third Party Vendor
- ☐ Institutional Investors' systems

### Questions for firms involved in EB-5 Investments

**71. Does your firm assist in structuring EB-5 offerings?**

*Select one*

- ☐ Yes
- ☐ No

**72. Does your firm act as a placement agent for EB-5 offerings?**

*Select one*

- ☐ Yes
- ☐ No

**73. Is your firm affiliated with a Regional Center(s)? If yes, name them.**

*Select all that apply*

- ☐ Yes
- ☐ No
- ☐ Name of Regional Center(s):

### Questions for firms who offer Debt Products

**74. For Debt products, what communication methods do you use to educate RR's and also customers with respect to portfolio risks as a result of shifts in the interest rate environment?**

*Select all that apply*

- ☐ Corporate website
- ☐ Calls to customers
- ☐ Newsletters
- ☐ None
- ☐ Other (Please specify):

**75. For Debt products, do you quantify the possible loss to the customer portfolios as a result of a rise in interest rates and communicate these results to your customers on a regular basis?**

*Select one*

- ☐ Yes
- ☐ No
- ☐ N/A

Optional comments

### Questions for firms who offer Variable Annuities

**76 Prior to approval of a VA transaction, do you identify the source of funds for the customer purchases of the variable annuity?**

*Select one*

- Yes
- No
- N/A

Optional comments

## Questions for firms who offer Non-Exchange Traded REITs

**77. With respect to non-exchange traded REITs, what do you do ensure customer suitability for these products?**

*Select all that apply*

- ☐ Prospectus
- ☐ List of Risks
- ☐ Corporate Website updates
- ☐ Other (Please specify):

**78. Do you rely on any third-parties and/or third party reports in conducting your due diligence of any offerings you market?**

*Select one*

- ☐ Yes
- ☐ No (Please skip Questions 79-80)
- ☐ N/A (Please skip Questions 79-80)

**79. Who pays for, or contracts for, the third party's work?**

*Select one*

- ☐ Your firm
- ☐ The issuer or sponsor
- ☐ Another Party

**80. Have you interviewed any of the REIT sponsor's officers?**

*Select one*

- ☐ Yes
- ☐ No

**81. Do you have guidelines or restrictions as to how much of a customer's liquid net worth can be invested in illiquid assets, including non-traded REITs?**

*Select one*

- ☐ Yes
- ☐ No
- ☐ N/A

**82. Does your firm use (either directly or in partnership with a third party entity) a web-based platform to facilitate general solicitation of private offerings?**

*Select one*

- ☐ Yes
- ☐ No

If "Yes," please provide the URL address(es)

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## Conflicts of Interest Questions for Full Service Brokerage Firms

### 83. Does your firm offer proprietary products or products of affiliated entities?

Select one

- ☐ Yes
- ☐ No (Please skip Questions 84-85)
- ☐ N/A (Please skip Questions 84-85)

### 84. In which product categories does your firm offer these products?

Select all that apply

- ☐ mutual funds
- ☐ exchange traded funds (ETFs)
- ☐ variable annuities
- ☐ unit investment trusts
- ☐ structured products
- ☐ hedge funds
- ☐ REITs
- ☐ Other (Please specify):

### 85. What percentage of the firm's revenue do these products generate in aggregate (in the most recent fiscal year for which this data is available)?

Enter a number

### \*86. Does your firm offer products for which it receives revenue sharing or Rule 12b-1 payments?

Select one

- ☐ Yes
- ☐ No (Please skip Question 87)
- ☐ N/A (Please skip Question 87)

### 87. If yes, what percentage of the firm's revenue, as reported in FOCUS, do these revenue sharing and 12b-1 payments generate (in the most recent fiscal year for which this data is available)?

Enter a number

**88. Does your firm use a neutral grid to determine a client-facing registered representative's compensation?**

*Select one*

- ☐ Yes (Please skip Question 89)
- ☐ No
- ☐ N/A (Please skip Question 89)

**89. Please indicate the types of products that may generate a higher payout:**

*Select all that apply*

- ☐ proprietary products
- ☐ affiliate products
- ☐ funds for which the firm receives revenues-sharing
- ☐ 12b-1 payments
- ☐ Other - Please specify:

### Conflict of Interest Questions for Discount Retail Brokerage Firms

**90. Does your firm offer products for which it receives revenue sharing or Rule 12b-1 payments?**

*Select one*

- ☐ Yes
- ☐ No (Please skip Questions 91-92)
- ☐ N/A (Please skip Questions 91-92)

**91. What percentage of the firm's revenue do these products generate in aggregate (in the most recent fiscal year for which this data is available)?**

*Enter a number*

 %

**92. Are these products placed on a "preferred" list or otherwise given enhanced prominence?**

*Select one*

- ☐ Yes
- ☐ No
- ☐ N/A

**93. Does your firm offer any products on a no-transaction fee basis?**

*Select one*

- ☐ Yes
- ☐ No (Please skip Question 94)
- ☐ N/A (Please skip Question 94)

**94. Is inclusion on the no-transaction fee list contingent on the receipt of revenue sharing, Rule 12b-1 fees or any other payments?**

*Select one*

- ☐ Yes
- ☐ No
- ☐ N/A

## Questions for Wholesale Brokerage Firms

### 95. Wholesale Brokerage firms - Do you have a Know your Distributor policy?

Select one

- ☐ Yes
- ☐ No
- ☐ N/A

### Additional questions for Retail Full Service Brokerage Firms

This section is intended to help us better understand the risks and mitigating controls associated with your commission-based retail full-service brokerage business.

### \*96. Are all registered representatives who interact with retail investors required to conduct all work related activities from company facilities?

Select one

- ☐ Yes, in all cases
- ☐ Yes, in some cases
- ☐ No

Optional comments:

### \*97. How often does your firm reassess the investment objectives, risk tolerance and liquidity needs of retail customers beyond the initial account-setup process?

Note: We recognize that SEA Rule 17a-3 requires firms to attempt to update certain account information every 36 months. This question, however, is not intended to gauge compliance with SEA Rule 17a-3.

Select one

- ☐ Monthly
- ☐ Quarterly
- ☐ Annually
- ☐ Other (please specify):



**\*98. Are transactions monitored in customer accounts for deviations from stated investment objectives?**

*Select one*

- ☐ Yes, in all cases
- ☐ Yes, in some cases
- ☐ No

Optional comments:

**\*99. Are cash balances from your client accounts swept nightly into an affiliated bank?**

*Select one*

- ☐ Yes
- ☐ No

Optional comments:

**\*100. Does your firm buy, sell or liquidate unregistered penny stocks/low-priced securities on behalf of its retail customers?**

*Select one*

- ☐ Yes
- ☐ No (Please skip Question 101)

Optional comments:

**\*101 How does your firm receive its penny stocks/low-priced securities (select all that apply)?**

*Select at least one option*

- ☐ Via physical certificates
- ☐ DWAC (Deposit/Withdrawal at the Custodian)
- ☐ Account Transfer, dealer to dealer settlement
- ☐ Purchase in Account
- ☐ ACAT
- ☐ Purchase on Open Market
- ☐ Other (please specify):
- ☐ N/A

**\*102. Does your firm require customers engaging in unsolicited penny stocks/low-priced securities transactions to fill out a questionnaire regarding the source and nature of the shares?**

*Select one*

- ☐ Yes
- ☐ No
- ☐ N/A

Optional comments:

**\*103. Does your firm provide consolidated statements to its customers?**

*Select one*

- ☐ Yes
- ☐ No
- ☐ N/A

Optional comments:

**104. Does the firm's non-affiliated clearing agent prepare and distribute your firm's customer statements on behalf of the firm?**

*Select one*

- ☐ Yes
- ☐ No
- ☐ Other (please specify):

Optional comments:

**\*105. Does your firm allow its retail-facing registered representatives to engage in investment related outside business activities?**

*Select one*

- ☐ Yes
- ☐ No

Optional comments:

**\*106. Who prepares and distributes your firm's customer statements (select all that apply)?**

*Select at least one option.*

- ☐ The firm prepares and distributes its own customer statements.
- ☐ An affiliate of the firm prepares and distributes customer statements on behalf of the firm.
- ☐ The firm's non-affiliated clearing agent prepares and distributes its customer statements on behalf of the firm.
- ☐ Other (please specify):

**\*107. Does your firm employ an automated investment advice solution to assist retail customers in planning or decision making?**

*Select one*

- ☐ Yes
- ☐ No (Please skip Questions 108-109)

**108. What type of financial instruments does the tool evaluate to produce its output?**

*Select all that apply*

- ☐ Equities
- ☐ Exchange Traded Products
- ☐ Fixed Income (e.g. corporate debt, municipal debt)
- ☐ Mutual Funds
- ☐ Options
- ☐ Warrants
- ☐ Structured Products
- ☐ Variable Annuities
- ☐ Other:

**109. Was the tool developed internally or externally?**

*Select all that apply*

- ☐ Internally
- ☐ Externally
- ☐ Other (Please specify tool provider):

**\*110. Does your firm employ an automated investment advice tool to assist its registered representatives with investment recommendations to retail customers?**

*Select one*

- ☐ Yes
- ☐ No (Please skip Questions 111-116)

Optional comments:

**111. What type of financial instruments does the tool evaluate to produce its output?**

*Select all that apply*

- ☐ Equities
- ☐ Exchange Traded Products
- ☐ Fixed Income (e.g. corporate debt, municipal debt)
- ☐ Mutual Funds
- ☐ Options
- ☐ Warrants
- ☐ Structured Products
- ☐ Variable Annuities
- ☐ Other:

**112. Does your firm allow registered representatives to use non-proprietary automated advice tools to help develop recommendations for investors?**

*Select one*

- ☐ Yes
- ☐ No (Please skip Questions 113-114)
- ☐ N/A (Please skip Questions 113-114)

**113. Does your firm require the approval of these tools?**

*Select one*

- ☐ Yes
- ☐ No
- ☐ N/A

**114. Does your firm maintain a list of approved automated advice tools or tool providers?**

*Select one*

- ☐ Yes
- ☐ No
- ☐ N/A

**115. Does your firm provide trade execution or clearing services to support an investment advisor's automated advice platform for retail investors?**

*Select one*

- ☐ Yes
- ☐ No (Please skip Question 116)

**116. Does your firm provide these services to:**

*Select all that apply*

- ☐ An affiliated, dually registered investment advisor
- ☐ An affiliated, non-dually registered investment advisor
- ☐ A non-affiliated registered investment advisor
- ☐ Other:

**\*117. Are managers of the sales platform compensated based on a percentage of the revenue the registered representatives under their supervision generate?**

*Select one*

- ☐ Yes, in all cases
- ☐ Yes, in some cases
- ☐ No

Optional comments:

**\*118. Which resources at your firm periodically contact a reasonable sample of the retail customers of registered representatives under their supervision to periodically validate that customers are aware and approve of transactions executed on their behalf?**

*Select one*

- ☐ Registered Representatives
- ☐ Supervisor
- ☐ Compliance Staff
- ☐ Risk Staff
- ☐ Internal Audit
- ☐ External Audit
- ☐ Other:

Optional comments:

**\*119. Does someone independent of the sales channel (e.g., audit, compliance) periodically contact a sample of retail customers of the firm to validate that customers are aware and approve of transactions executed on their behalf?**

*Select one*

- ☐ Yes
- ☐ No

Optional comments:

**\*120. What is the ratio of registered representatives to supervisory personnel?**

Note: Enter the number of registered representatives in the top input box and the number of supervisory personnel who are responsible for managing them in the bottom input box.

\*Registered Representatives:

\*Supervisory Personnel:

**\*121. Are the supervisors who oversee the sales activity of retail customer facing registered representatives located in the same facility as those registered representatives under their supervision?**

Select one

- ☐ Yes, in all cases
- ☐ Yes, in some cases
- ☐ No

Optional comments:

**\*122. Does your firm have “producing managers” who are responsible for supervising registered representatives who interact with the retail public?**

Select one

- ☐ Yes
- ☐ No

Optional comments:



**\*123. Who in your firm conducts an independent review of the investment objectives for new retail customers?**

*Select all that apply*

- ☐ Supervisor
- ☐ Compliance Staff
- ☐ Risk Staff
- ☐ Audit Staff
- ☐ Other Resource(s)
- ☐ No one

Optional comments:

**\*124. Can registered representatives update customer account profile information (e.g., contact information, home address, investment objectives) in the system of record without additional approval or confirmation processes?**

*Select one*

- ☐ Yes
- ☐ No

Optional comments:

**\*125. Does your firm obtain positive affirmation of customer address or other account profile changes?**

*Select one*

- ☐ Yes
- ☐ No

Optional comments:

This section is intended to help us better understand the risks and mitigating controls associated with your investment advisory or asset management business. Please respond to this section if your firm reported revenue in fiscal year 2014 in the "Investment Advisory" section of the Supplemental Statement of Income (line item 13975), and/or if this represents a material aspect of your overall business.

For additional guidance on materiality, please see the [FAQs](#).

**\*126. Does your firm engage in any of the following asset management-related activities (select all that apply)?**

*Select at least one option*

- ☐ Financial planning
- ☐ Investment advisory services
- ☐ Other (please specify):

**\*127. Does your firm benchmark the reported returns of investments managed by affiliated and/or non-affiliated firms against industry benchmarks?**

*Select one*

- ☐ Yes, but only for affiliate-managed investments
- ☐ Yes, but only for non-affiliate-managed investments
- ☐ Yes, for both affiliate- and non-affiliate-managed investments
- ☐ No, not for either affiliate- or non-affiliate-managed investments

Optional comments:

**\*128. Is there a process in place to identify outliers and prioritize those investments for a deeper review and analysis?**

*Select one*

- ☐ Yes
- ☐ No (Please skip Question 129)

**\*129. Describe the procedures followed to validate investment returns that appear as outliers when compared to industry benchmarks.**

**\*130. Does your firm independently verify the pricing of illiquid or hard-to-price securities reported by affiliated or non-affiliated investment managers (select all that apply)?**

*Select all that apply*

- ☐ Yes—via a custodian or clearing firm
- ☐ Yes—via an independent third-party pricing vendor
- ☐ Yes—via internal resources, such as a valuation or pricing committee
- ☐ No (Please skip Question 131)
- ☐ N/A—the firm does not engage in illiquid or hard-to-price securities (Please skip Question 131)

Optional comments:

**131. Describe the process to verify the pricing of illiquid or hard-to-price securities.**

# 2015 Risk Control Assessment

## Trading, Execution, and/or Clearing

This section is intended to help us better understand the risks and mitigating controls associated with your Trading, Execution, and/or Clearing business. Please respond to this section if your firm reported revenue in fiscal year 2014 in any of the following areas:

- “Gains or Losses on Derivative Trading Desks”
- “Net Gains or Losses on Principal Trades”
- Capital Gains (Losses) on Firm Investments and/or “Interest/Rebate/Dividend Income”
- “Execution Services” and/or the “Clearing Services” sections of the Supplemental Statement of Income (line items 13906 or 13950 or 13952 or 11069 or 11096 or 11097 respectively)
- if these represent material aspects of your overall business

This section has also been categorized into 15 brief subsections. Please respond only to the subsections and/or questions which are material to your business.

**132. Which products does your firm trade?**

Select all that apply

	Principal	Agency
Equities	<input type="checkbox"/>	<input type="checkbox"/>
Futures	<input type="checkbox"/>	<input type="checkbox"/>
Foreign Exchange	<input type="checkbox"/>	<input type="checkbox"/>
Fixed Income	<input type="checkbox"/>	<input type="checkbox"/>
Options	<input type="checkbox"/>	<input type="checkbox"/>
Other	<input type="checkbox"/>	<input type="checkbox"/>

Optional comments:

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Subsection 1: Monitoring of trading positions, P&L, credit risk

**\*133. Does an individual/department independent of the trading desk monitor position limits?**

Select one per row.

	Yes	No	N/A
*Equities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
*Options	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
*Other (Fixed Income, Foreign Exchange, Futures, etc)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Optional comments:

**\*134 Describe what happens when formal limits are breached.**

**\*135. Does an individual/department independent of the trading desk monitor the daily profit-and-loss (P&L) fluctuations at the desk level?**

Select one per row.

	Yes	No	N/A
*Equities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
*Options	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
*Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Optional comments:

**\*136. Does your firm have explicit credit limits established with respect to the total exposure across all product classes to an individual counterparty?**

*Select one*

- ☐ Yes
- ☐ No
- ☐ N/A

Optional comments:

**\*137. Does your firm have explicit credit limits established with respect to the total exposure on a desk level?**

*Select one*

- ☐ Yes
- ☐ No
- ☐ N/A

Optional comments:

**\*138. Does your firm have explicit limits established with the total market exposure at an individual trader level?**

*Select one*

- ☐ Yes
- ☐ No
- ☐ N/A

Optional comments:

**139. Does your firm make margin loans to clients?**

*Select one*

- ☐ Yes
- ☐ No (Please skip Questions 140-142)

**140. Does your firm receive or produce information about the risk of margin loans made to your clients?**

*Select one*

- ☐ Yes
- ☐ No (Please skip Question 141)

**141. Does your firm receive or produce information about the risk of the margin loans made to clients?**

*Select all that apply*

- ☐ Information is received from clearing firm(s)
- ☐ We generate our own reports
- ☐ Other:

**142. How often does your firm review and react to margin loan credit limit violations?**

*Select one*

- ☐ Never or almost never
- ☐ Occasionally
- ☐ Daily
- ☐ Other:



**143. Does your firm have an internal risk model validation group?**

*Select all that apply*

- ☐ Yes
- ☐ No, we use external entities
- ☐ Yes, but we complement their work with external validation
- ☐ No

**Subsection 2: Monitoring of Trading Practices and Outside Trading Accounts**

**144. How does the firm monitor for trading ahead/supervision of customer orders?**

*Select all that apply*

- ☐ System Controls
- ☐ Policies and Procedures
- ☐ Account Monitoring
- ☐ Email/IM Monitoring
- ☐ Exception Report Reviews
- ☐ Not monitored
- ☐ Other - Please specify:

- ☐ N/A

**145. What supervisory controls does the firm employ to monitor for manipulative trading activity including but not limited to front-running, wash sales, layering, marking the close, etc.?**

*Select all that apply*

- ☐ System Controls
- ☐ Policies and Procedures
- ☐ Account Monitoring
- ☐ Email/IM Monitoring
- ☐ Exception Report Reviews
- ☐ Not monitored
- ☐ Other - Please specify:

- ☐ N/A

**146. How does the firm supervise for customer accounts trading on non-public information?**

*Select all that apply*

- ☐ Physical Barriers
- ☐ Electronic Barriers
- ☐ Policies and Procedures
- ☐ Account Monitoring
- ☐ Email/IM Monitoring
- ☐ Exception Report Reviews
- ☐ No Controls
- ☐ Other - Please specify:

- ☐ N/A

**147. Does the firm permit trading in Outside Brokerage Accounts for its staff?**

*Select one*

- ☐ Yes
- ☐ No (Please skip Question 148)

**148. How does the firm supervise trading in Outside Brokerage Accounts for trading in restricted securities, material non-public information, and manipulation?**

*Select all that apply*

- ☐ Policies and Procedures
- ☐ Account Monitoring
- ☐ Email/IM Monitoring
- ☐ Exception Report Reviews
- ☐ Not monitored
- ☐ Other:

- ☐ N/A

Subsection 3: Aggregation Units

**\*149. Along which of the following dimensions does your firm have the ability to aggregate daily current exposure (select all that apply)?**

Select at least one option

- ☐ Counterparty
- ☐ Desk
- ☐ Position
- ☐ Trader
- ☐ Other (please specify):
- ☐ The firm does not have the ability to aggregate daily current exposures

**\*150. Does your firm maintain multiple desks that trade equities?**

Select one per row.

	Yes	No	N/A
*Agency	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
*Principal	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Optional comments:

**\*151. Does your firm maintain multiple desks that trade options?**

Select one per row.

	Yes	No	N/A
*Agency	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
*Principal	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Optional comments:

**\*152. Does your firm use aggregation units?**

*Select one*

- ☐ Yes
- ☐ No (Please skip Questions 153-155)
- ☐ N/A (Please skip Questions 153-155)

Optional comments:

**\*153 Do any of the aggregation units include multiple trading desks?**

*Select one*

- ☐ Yes
- ☐ No
- ☐ N/A

Optional comments:

**\*154 Do any of the aggregation units trade on a principal basis?**

Select one per row.

	Yes	No	N/A
*Equities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
*Options	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
*Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Optional comments:

**\*155 Does your firm maintain aggregation units that trade strictly on a proprietary basis?**

Select one

- ☐ Yes
- ☐ No
- ☐ N/A

Optional comments:

**\*156. Through which of the following communication channels does your firm allow internal communication (select all that apply)?**

*Select all that apply*

- ☐ Email
- ☐ Chat room
- ☐ Text Message (SMS, iMessage, etc.)
- ☐ Instant Message
- ☐ Telephonic
- ☐ Other (please specify):
- ☐ None of the above

**157. How does the firm supervise against information sharing between Aggregation units or desks?**

*Select all that apply*

- ☐ Physical Barriers
- ☐ Electronic Barriers
- ☐ Policies and Procedures
- ☐ Physical Monitoring
- ☐ Email/IM Monitoring
- ☐ Exception Report Reviews
- ☐ Other - Please specify:
- ☐ N/A

## Subsection 4: Market Access Questions

**158. Does your firm provide market access services?**

*Select one*

- ☐ Yes
- ☐ No (Please skip Question 163)

**\*159. Does your firm provide market access to your clients or other broker-dealers?**

*Select one per row.*

	Yes	No	N/A
*Equities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
*Options	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
*Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Optional comments:

**\*160. Does your firm receive market access from other parties or broker-dealers?**

Select one per row.

	Yes	No	N/A
*Equities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
*Options	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
*Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Optional comments:

**161. How does the firm monitor for manipulative activity in customer accounts that have been provided market access?**

Select all that apply

- ☐ System Controls
- ☐ Policies and Procedures
- ☐ Account Monitoring
- ☐ Email/IM Monitoring
- ☐ Exception Report Reviews
- ☐ No Monitoring
- ☐ Other - Please specify:
- ☐ N/A

**162. Does the firm review erroneous activity in customer accounts that have been provided market access?**

*Select one*

- ☐ Yes
- ☐ No

### Subsection 5: Order Routing and Marking

**163. Does the firm's order marking take into account?**

*Select all that apply*

- ☐ Executed Buy Orders
- ☐ Executed Sell Orders
- ☐ Open (unexecuted) Buy Orders
- ☐ Open (unexecuted) Sell Orders
- ☐ Canceled Orders
- ☐ None of the above

**164. Does the firm receive rebates from Exchanges for routing orders there?**

*Select one*

- ☐ Yes
- ☐ No (Please skip Question 165)
- ☐ N/A (Please skip Question 165)

**165. What tools does the firm employ to regularly and rigorously assess the quality of executions received for its routed customer orders?**

*Select one*

- ☐ Best Execution Committee
- ☐ Execution Reports
- ☐ Vendor Provided Reports
- ☐ Exception Reports
- ☐ None
- ☐ Other - Please Specify:
- ☐ N/A

### Subsection 6: Indications of Interest (IOI) Communications



**\*166. Does your firm communicate or advertise proprietary or customer trading interest in the form of "indications of interest" to the marketplace?**

*Select one*

- ☐ Yes
- ☐ No (Please skip Question 167)
- ☐ N/A (Please skip Question 167)

Optional comments:

**\*167 Which of the following methods of communication does your firm use to communicate "indications of interest" (select all that apply)?**

*Select all that apply*

- ☐ Email
- ☐ Text message (SMS, iMessage, etc.)
- ☐ Instant messaging
- ☐ Telephonic
- ☐ Electronic connection (FIX)
- ☐ Outside vendor service
- ☐ Other (please specify):

## Subsection 7: Options Order Solicitation

**\*168. Does your firm solicit customer option orders?**

*Select one*

- ☐ Yes
- ☐ No
- ☐ N/A

Optional comments:

**\*169. Does your firm receive solicitations for option orders?**

*Select one*

- ☐ Yes
- ☐ No
- ☐ N/A

Optional comments:

**\*170. Does your firm facilitate customer option orders from a proprietary account?**

*Select one*

- ☐ Yes
- ☐ No
- ☐ N/A

Optional comments:

Subsection 8: Held Orders, Manual Orders, "Net" Orders

**\*171. Does your firm accept held customer orders?**

Select one per row.

	Yes	No	N/A
*Equities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
*Options	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
*Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Optional comments:

**\*172 What approximate percentage of your firm's equity orders are handled as held customer orders?**

Select one

- ☐ 0-25%
- ☐ 25-50%
- ☐ 50-75%
- ☐ 75-100%
- ☐ N/A

Optional comments:

**\*173. Does your firm handle manual option orders?**

*Select one*

- ☐ Yes
- ☐ No
- ☐ N/A

Optional comments:

**\*174. Does your firm accept orders on a "net" basis that incorporates a markup, markdown, commission equivalent or other change in the limit order price?**

*Select one*

- ☐ Yes
- ☐ No
- ☐ N/A

Optional comments:

**\*175. Does the firm or any of its desks/traders employ automated trading strategies?**

Select one

- ☐ Yes
- ☐ No (Please skip Questions 176-189)

**176. Describe the types of automated trading strategies the firm employs.**

**177. How many employees does the firm employ for the automated trading unit/business?**

**178. Does the firm service any customers, broker-dealers, or affiliates that employ automated trading strategies?**

Select one

- ☐ Yes
- ☐ No

**\*179. Is algorithmic material to your business in any of the following areas (select all that apply)?**

Select one per row.

	Yes	No	N/A
*Equities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
*Options	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
*Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**\*180. Does your firm make its proprietary algorithms available to its customers and/or other broker-dealers?**

Select one

- ☐ Yes
- ☐ No (Please skip Question 181)
- ☐ N/A (Please skip Question 181)

**\*181. Describe the types of proprietary algorithms made available to customers and/or other broker-dealers.**

**\*182. Are the algorithms that underpin your firm's automated trading strategies clearly documented at a trading strategy level?**

Select one

- ☐ Yes
- ☐ No
- ☐ Other - Please specify:

**\*183. Have your firm's trading algorithms been tested under various stress scenarios?**

Select one per row.

	Yes	No	N/A
*Equities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
*Options	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
*Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**\*184 Describe the testing process for algorithms prior to deployment.**

**185. Are the development, testing, deployment, and modification of new and existing technologies conducted by the same individual?**

Select one

- ☐ Yes
- ☐ No
- ☐ N/A

**186. How does the firm test and validate its trading technology initiatives, including but not limited to new algorithms, vendors, software, hardware, and other trading tools prior to rolling them into production?**

*Select all that apply*

- ☐ User Acceptance Testing (UAT)
- ☐ Offline Testing
- ☐ Testing under non-normal market conditions
- ☐ Exception Reports
- ☐ Other - Please specify:

**187. How often does the firm conduct testing of its algorithms in production to ensure they are functioning as intended?**

*Select one*

- ☐ Weekly
- ☐ Monthly
- ☐ Quarterly
- ☐ Annually
- ☐ Other - Please specify:

**188. How does the firm supervise for abusive/manipulative trading by users of its algorithms?**

*Select all that apply*

- ☐ System Controls
- ☐ Policies and Procedures
- ☐ Account Monitoring
- ☐ Email/IM Monitoring
- ☐ Exception Report Reviews
- ☐ Other - Please specify:

**189. Which users of this technology do the supervisory reviews cover?**

*Select all that apply*

- ☐ Traders
- ☐ Customers
- ☐ Employees
- ☐ Ownership
- ☐ Affiliates
- ☐ Other - Please specify:

## Subsection 10: Alternative Trading System (ATS)

### 190. Does your firm operate an Alternative Trading System?

Select one

- ☐ Yes
- ☐ No (Please skip Questions 191-193)

### 191. Please provide a breakdown of ATS subscribers:

Retail %::

Institutional %::

Broker Dealers %::

Affiliates %::

**Total:** **100**

### 192. Please provide a breakdown of automated trading strategy order flow within the ATS:

Internal traders %::

External traders/firms/individuals %::

**Total:** **100**

### \*193. Does your firm trade principally within your alternative trading system/dark pool?

Select one per row.

	Yes	No	N/A
*Equities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
*Options	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
*Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

## Subsection 11: Exemptions from publishing order execution statistics

### \*194. Does your firm claim the Small Market Center exemption from having to publish order execution statistics pursuant to SEC Rule 605?

Select one

- ☐ Yes
- ☐ No
- ☐ N/A



Optional comments:

**\*195. Does your firm claim an exemption from having to publish order execution statistics pursuant to SEC Rule 605 based on being a market center only for "inactively traded securities"?**

*Select one*

- ☐ Yes
- ☐ No
- ☐ N/A

Optional comments:

**\*196. Has your firm begun publishing order execution information for a newly established trading desk(s) or business(es) within the last 12 months?**

*Select one*

- ☐ Yes
- ☐ No (Please skip Question 197)
- ☐ N/A (Please skip Question 197)

Optional comments:

**\*197 Please describe the newly established trading desk(s) and/or business line(s) (ATS, market-making, riskless principal trading, etc.).**

Subsection 12: Payment for order flow

**\*198. Does your firm maintain agreements to pay other broker-dealer entities for order flow (with either cash or non-cash compensation)?**

Select one per row.

	Yes	No	N/A
*Equities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
*Options	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
*Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Optional comments:

**\*199. Does your firm maintain reciprocal order flow arrangements (in which the firm sends orders to another member in exchange for order flow from the other member)?**

*Select one per row.*

	Yes	No	N/A
*Equities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
*Options	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
*Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Optional comments:

**\*200. Does your firm maintain agreements to send its orders to other broker-dealers for which the firm receives payment for order flow (with either cash or non-cash compensation)?**

*Select one per row.*

	Yes	No	N/A
*Equities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
*Options	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
*Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Optional comments:

**\*201. Does your firm receive payment from other broker-dealers for being a liquidity provider?**

*Select one*

- ☐ Yes
- ☐ No
- ☐ N/A

Optional comments:

**\*202. Does your firm maintain agreements to pay other broker-dealer entities to provide liquidity?**

*Select one*

- ☐ Yes
- ☐ No
- ☐ N/A

Optional comments:

Subsection 13: Clearing Services

**\*203. Does your firm have a clearing business?**

Select one per row.

	Yes	No
*Equities	<input type="radio"/>	<input type="radio"/>
*Options	<input type="radio"/>	<input type="radio"/>
*Other	<input type="radio"/>	<input type="radio"/>

Optional comments:

**\*204. In which of the following clearing-related activities does your firm engage (select all that apply)?**

Select at least one option

- ☐ Collateral transformation services
- ☐ Correspondent clearing services
- ☐ Securities lending
- ☐ Other - Please specify:
- ☐ N/A

**205. What process does your firm have to approve material margin loans (> 1% of Total Regulatory Capital)?**

*Select all that apply*

- ☐ Decentralized (e.g.: Approved by registered representatives, branch office managers, margin clerk)
- ☐ Centralized (i.e. Approved at the supervisory level (e.g.: Head of Margin, Financial Principal))
- ☐ Approved by top firm officials (e.g.: CFO, CRO, Committee of Officers)
- ☐ None
- ☐ Other - Please specify:

**206. How often does your firm review minimum “house” requirements?**

*Select all that apply*

- ☐ We do not set house requirements
- ☐ The requirements were set once
- ☐ The requirements are reviewed as needed
- ☐ The requirements are reviewed on a regular basis
- ☐ N/A

**207. With respect to wholesale lending (e.g. derivative transactions, prime brokerage) does your firm have a process in place to set counterparty credit limits?**

*Select all that apply*

- ☐ No
- ☐ Yes – by each counterparty
- ☐ Yes – by each loan
- ☐ Other - Please specify:

- ☐ N/A

**208. How often does your firm stress test margin lending collateral?**

*Select all that apply*

- ☐ Never or almost never
- ☐ Monthly
- ☐ Daily
- ☐ Intra-day
- ☐ N/A

209. What process does your firm have to approve new material counterparties?

Select all that apply

- ☐ None
- ☐ Credit checks
- ☐ Financial statement review
- ☐ News event review
- ☐ Other - Please specify:
- ☐ N/A

210. How often does your firm review the creditworthiness of existing counterparties?

Select all that apply

- ☐ Never
- ☐ Annually
- ☐ Monthly or more frequently
- ☐ N/A

Subsection 14: Execution Services

\*211. Does your firm have an execution business?

Select one per row.

	Yes	No
*Equities	<input type="radio"/>	<input type="radio"/>
*Options	<input type="radio"/>	<input type="radio"/>
*Other	<input type="radio"/>	<input type="radio"/>

Optional comments:

**\*212. In which of the following execution-related activities does your firm engage (select all that apply)?**

*Select all that apply*

	Equities	Options	Other	N/A
*Alternative trading system/dark pool	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
*Electronic communications network (ECN) / Electronic executions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
*Exchange market maker	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
*Exchange non-floor broker	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
*Execution on an agency basis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
*Execution on a principal basis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
*Execution on a proprietary basis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
*Floor broker	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
*Intermediary for foreign brokers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
*Market access	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
*OTC/OTCBB market maker	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
*Sponsored access	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
*Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Please describe any selections in the "Other" category.**

**213 Does your firm provide Execution Consulting services for institutional customers?**

*Select one*

- ☐ Yes  
☐ No



**214. Which of the following roles does your firm provide or perform?**

*Select all that apply*

- ☐ Authorized participant for ETFs
- ☐ Market maker for exchange-trade products such as ETFs

***Please answer Question 215 only if your firm trades fixed income products. Otherwise, please skip Question 215 and proceed to Question 216.***

**215. How do you price fixed income products?**

*Select all that apply*

- ☐ Internal system (Please skip Question 216)
- ☐ We use one third party service
- ☐ We use multiple third party services
- ☐ N/A (Please skip Question 216)

**216. Please indicate name or names of third party service used to price fixed income products.**

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# 2015 Risk Control Assessment

## Investment Banking and/or Research

This section is intended to help us better understand the products and services associated with your investment banking and/or Research business. Please respond to this section if your firm reported revenue in fiscal year 2014 in the "Investment Banking / M&A Advisory" and/or the "Underwriting" sections of the Supplemental Statement of Income (line items 11091 or 13955 or 13980 respectively), and/or if these represent material aspects of your overall business.

For additional guidance on materiality, please see the [FAQs](#).

**\*217. Does your firm have an investment banking business?**

Select one

- ☐ Yes
- ☐ No (Please skip questions 218-224)

**\*218. Please indicate which of the following businesses contributed to your firm's fiscal 2014 gross revenue for investment banking and/or M&A advisory (select all that apply).**

Select at least 1 choice

- ☐ M&A advisory
- ☐ Financing
- ☐ Other (excluding underwriting and research):

**\*219. What approximate percentage of your firm's gross investment banking and/or M&A advisory revenue (rounded to the nearest whole number between 0 and 100) did each of the following business lines contribute?**

For additional guidance on this question, please see the instructions.

M&A Advisory:	<input type="text"/>
Financing Advisory:	<input type="text"/>
Valuation Advisory:	<input type="text"/>
Other Advisory:	<input type="text"/>
Financing:	<input type="text"/>
Underwriting:	<input type="text"/>
Research:	<input type="text"/>
Other (excluding underwriting and research):	<input type="text"/>
<b>Total:</b>	<b>100</b>

**\*220. As part of your investment banking activities, in which of the following does your firm engage**

*Select at least one option*

- ☐ Private Placements - Debt
- ☐ Private Placements - Equity
- ☐ Private Placements - Other
- ☐ Securities Underwriting – non municipal securities
- ☐ Securities Underwriting – municipal securities
- ☐ Securities Underwriting – Other
- ☐ Other (please specify):

- ☐ N/A

**\*221. From an underwriting perspective, what due diligence steps are taken with respect to validating the integrity of the issuer of private securities transactions (select all that apply)?**

*Select at least one option*

- ☐ Assessing adequacy of offering documents
- ☐ Assessing the exemption requirements
- ☐ Assessing the historical financial stability of the issuer
- ☐ Assessing the risk of the products to be offered
- ☐ Comparing the reported returns against industry benchmarks
- ☐ Inquiries into the background of the issuer and its officers (such as bankruptcies, problematic litigation or even criminal history)
- ☐ Research of the issuer's past association with successful or unsuccessful projects
- ☐ Other (please specify):

- ☐ N/A

**\*222. Does your firm serve as any of the following for the issuer of any securities that the firm is also underwriting or offering for sale?**

*Select one per row.*

	Yes	No	N/A
Administrator	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Custodian	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Investment banking adviser	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Municipal adviser	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Registered investment adviser	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Optional comments:

**223. Does your firm trade corporate whole loans?**

*Select one*

- ☐ Yes
- ☐ No
- ☐ N/A

**\*224. Which of the following industry sectors represent a core focus of your investment banking business?**

*Select all that apply*

	Advisory	Finance	Underwriting	Research	N/A
*Aerospace	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
*Agribusiness	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
*Auto/truck	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
*Chemicals	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
*Computers & electronics	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
*Construction/building	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
*Consumer products	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
*Dining & lodging	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
*Finance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
*Food & beverage	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
*Forestry & paper	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
*Healthcare	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
*Insurance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
*Leisure & recreation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
*Machinery	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
*Metal & steel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
*Mining	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
*Oil & gas	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
*Professional services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
*Publishing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
*Real estate/property	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
*Retail	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
*Telecommunications	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
*Textile	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
*Transportation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
*Utility & energy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Optional comments:

**225. Does your firm have a research function?**

*Select one*

- ☐ Yes
- ☐ No (Please skip Questions 226-230)

**226. Is research your primary business activity?**

*Select one*

- ☐ Yes
- ☐ No

**\*227. Is the research department physically separated from all other business operations (e.g., investment banking, sales and trading)?**

*Select one*

- ☐ Yes
- ☐ No

Optional comments:

**\*228. Does your firm publish research material on firms in which it holds a financial interest?**

*Select one*

- ☐ Yes
- ☐ No
- ☐ N/A

Optional comments:

**\*229. Does your firm monitor incoming and outgoing communications (phone, electronic, etc.) between the research department and sales and trading or other revenue-generating business lines and/or external parties?**

*Select one*

- ☐ Yes, in all cases
- ☐ Yes, in some cases
- ☐ No (Please skip Question 230)

Optional comments:

**\*230 Describe the process with which your firm monitors incoming and outgoing communications (phone, electronic, etc.) between the research department and sales and trading or other revenue-generating business lines and/or external parties.**

### Survey Feedback

The following questions are optional and are intended to help FINRA improve the risk control assessment survey in the future.



231. Please indicate whether you agree or disagree with the statements below.

Select one per row.

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	N/A
The 2015 RCA is an improvement from the 2014 RCA.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The survey was easy to navigate.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The survey had a professional look and feel.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I was able to easily distribute the survey to other members of my organization for their input.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The questions in the survey focused on materially significant aspects of my firm's business.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The glossary was helpful while navigating the survey.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The FAQ page was helpful while navigating the survey.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The Help Desk was able to help me with any questions/issues I had with the survey.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Optional comments:

All fields with an asterisk (\*) are required.