Handling Customer Complaints 101 (B2BC)
Wednesday, May 17
10:00 a.m. – 11:00 a.m.

This Back to Basics Compliance session focuses on regulatory requirements and firm practices related to reporting and disclosure. FINRA staff and industry panelists highlight key reporting requirements, including requirements for maintaining Forms U4 and U5, customer complaint reporting obligations, and FINRA Rule 4530 reporting obligations.

Moderator: Lance Burkett
District Director
FINRA Denver District Office

Panelists: Aimee Blinder
Vice President, Compliance
National Planning Holdings, Inc.

Mario DiTrapani
Vice President
FINRA Registration and Disclosure (RAD)

Kenneth Schindler
Chief Compliance Officer
Great-West Financial
Handling Customer Complaints 101 (B2BC) Panelist Bios:

Moderator:

**Lance Burkett** began his securities industry career in 1993 as a Securities Fraud Investigator for the State of Arizona Securities Division, working exclusively on fraud cases involving broker-dealers. Later, at a FINRA member firm, he was responsible for supervising Producing Branch Managers and Field Representatives as the Field Compliance Director. Throughout his tenure with FINRA, Mr. Burkett has held positions ranging from Compliance Examiner, responsible for examining FINRA member firms for general compliance, to District Director, responsible for the management and oversight of the regulatory programs within the Denver District office. In addition to his regulatory responsibilities, Mr. Burkett earned his Certified Regulatory and Compliance Professional designation through the FINRA Institute at Wharton and has developed content and presented at several FINRA Institute class offerings.

Panelists:

**Aimee Blinder** is Vice President of Compliance, for National Planning Holdings, Inc. She is responsible for the day-to-day operations of the NPH Compliance Department. The department consists primarily of the Compliance Support Unit (CSU) and the Supervisory Control Unit (SCU). The CSU is responsible for a wide range of support efforts, such as analysis and interpretation of regulatory rule proposals and amendments, projects with a focus on compliance systems, platforms, and proactive initiatives, and assisting in the creation of compliance oriented forms, policies, manuals, and alerts. Parallel to the CSU, the SCU provides support and guidance to the network in relation to each firm’s supervisory control program and investment advisory reviews. Ms. Blinder is dually registered with the four firms within the NPH network and holds FINRA Series 7, 24, 53, and 66 registrations, in addition to the NFA Series 3, and the following designations; Certified Anti-Money Laundering Specialist and FINRA’s Institute at Wharton Certified Regulatory and Compliance Professional. Ms. Blinder served as 2012 Compliance Council Chair for the Financial Services Institute, as part of her six year term with the Council. She also serves as an active member on various FINRA District Committees. Joining the NPH network in 1998, Ms. Blinder has served in a variety of compliance oriented roles and capacities within the organization. She obtained her bachelor’s degree in sociology from Western Washington University in Bellingham, Washington.

**Mario DiTrapani** is Vice President, FINRA, Registration and Disclosure (RAD), which is responsible for the operation of the Central Registration Depository (Web CRD®), the Investment Adviser Registration Depository (IARDTM) and FINRA BrokerCheck®. His current management responsibilities encompass the following RAD units: Regulatory Services and Operations, Regulatory Review and Disclosure, Quality Control and Communications. Mr. DiTrapani began his tenure with FINRA in 2006 as part of NASD, which consolidated with the NYSE Member Regulation in 2007 to form FINRA. Mr. DiTrapani also serves as FINRA’s Executive Sponsor for FINRA’s Latino Affinity Network, an employee resource group designed to promote diversity and inclusion. He also currently serves on the Securities and Insurance Licensing Association’s (SILA) Board of Directors as a Regulatory Advisor. Prior to joining FINRA, he was Senior Vice President and Deputy Director of Compliance for UBS Financial Services Inc., where he oversaw registration, insurance licensing, regulatory reporting, outside accounts and outside business activities. Mr. DiTrapani also served as President of the Association of Registration Management (ARM). He has been a financial services industry professional for over 30 years and has served on various industry/regulatory committees focusing on registration and qualifications issues. Mr. DiTrapani holds a Bachelor of Business Administration degree in Finance from the Bernard M. Baruch College of the City University of New York.

**Kenneth Schindler** joined Great-West Financial as Chief Compliance Officer in April, 2016. He oversees all aspects of the compliance program for Great West Life & Annuity and for Empower Retirement, the second largest provider of employee-sponsored retirement plans with over 8 million retirement plan participants. Previously Mr. Schindler spent 28 years at Prudential Financial, most recently as Chief Compliance Officer, U.S. Insurance and Retirement. He joined Prudential as a marketing director and later attended Rutgers Law School. After graduating with a JD, Mr. Schindler joined Prudential's Compliance Department. He held various compliance positions in insurance, securities, investment management, retirement and corporate compliance. From 2011 to 2013 he acted as Chief Operations Officer for Prudential's Law, Compliance and Business Ethics Department. Mr.
Schindler also holds a bachelor's degree from Vassar College and an MBA from Rutgers Graduate School of Management. He holds FINRA Series 7 and 24 licenses and is a Certified Regulatory Compliance Specialist, Certified Financial Planner, Certified Compliance and Ethics Professional and Chartered Life Underwriter/Chartered Financial Consultant.
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### Panelists

#### Moderator
- Lance Burkett, District Director, FINRA Denver District Office

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- Aimee Blinder, Vice President, Compliance, National Planning Holdings, Inc.
- Mario DiTrapani, Vice President, FINRA Registration and Disclosure (RAD)
- Kenneth Schindler, Chief Compliance Officer, Great-West Financial
Topics for Discussion

- Customer Complaints – FINRA Rule 4513
- Reporting and Disclosure Requirements – FINRA Rule 4530
- Regulatory Reporting Requirements – Form U4 and U5
- Broker Check
- Questions
Customer Complaints

FINRA Rule 4513
Written Customer Complaints

- **FINRA Rule 4513 (Records of Written Customer Complaints)**
  - **Definition:**
    - The term “customer complaint” is defined as any grievance by a customer or any person authorized to act on behalf of the customer involving the activities of the member or a person associated with the member in connection with the solicitation or execution of any transaction or the disposition of securities or funds of that customer.
  - **Firms are required to:**
    - Keep a record of any nonwritten customer complaints, including any action taken by the firm.
    - Maintain the record in the OSJ affected or make it “promptly available”
    - 4 year retention period.
Reporting and Disclosure Requirements

FINRA Rule 4530

Financial Industry Regulatory Authority
FINRA Rule 4530 (Reporting Requirements)

- The “Ten Disclosure Events”

- Who must file:
  - FINRA “Member Organizations”

- About whom:
  - FINRA “Member Organizations”
  - Registered or non registered associated persons.

- When:
  - Within 30 days of reportable event.
FINRA Rule 4530 Provisions

- Rule 4530(a)(1)(A)-(H) requires a report when the firm itself or an associated person is the subject of any of the listed events.
- Rule 4530(a)(2) requires a report when an “associated person” is the subject of certain internal disciplinary action by the firm.
- 4530(b) – Internal conclusions of violations.
- Rule 4350(c) requires associated persons to report events to the firm “promptly.”
- Rule 4530(d) retains the quarterly complaint statistical rule.
- Rule 4530(e) – Firms must file even if they file a Form BD amendment.
Other FINRA Rule 4530 Provisions

- Rule 4530(f) – Firms must file copies of certain documents with FINRA (e.g., criminal documents, civil litigations, arbitrations that are not filed in FINRA).

- Rule 4530(g) – Members may file electronically, in such manner and format as specified by FINRA.

- Rule 4530(h) – Members shall not be required to provide documents required by paragraph (f) if requested and provided to FINRA's Registration and Disclosure staff, p

- Form U4 In Lieu Of Filings – No need to report under Rule 4530(a) or (b) if the member files a Form U4 with the appropriate DRP box checked or a Form U5.
Regulatory Reporting Requirements

Uniform Registration Forms
Individual Disclosures

Form U4 (Uniform Application for Securities Industry Registration or Transfer)

• Registered Representatives (“RRs”) have an obligation to:
  – File a complete and accurate initial Form U4.
  – Amend their Form U4 within 30 days whenever an event occurs to render a previous response inaccurate or incomplete.
    ▪ Events triggering Statutory Disqualification must be reported within 10 days.

Form U5 (Uniform Termination Notice for Securities Industry Registration)

• Broker-dealers have an obligation to:
  – File a Form U5 upon termination of an RR.
  – Amend an RR’s Form U5 as needed, within 30 days whenever an event occurs to render previous information inaccurate or incomplete.
“Subject of” an arbitration or civil litigation – RRs are required to report sales practice related claims made in arbitrations and litigations that do not name them as a party, but whose conduct is the cause of the claim.

All complaints involving forgery, theft, misappropriation or conversion of funds or securities are reportable, regardless of dollar amount.

Written customer complaints alleging a sales practice violation and damages of $5,000 or more are reportable. If no damages are alleged, it must be reported unless the firm can determine that the damages are less than $5,000.

Verbal customer complaints are only reportable if they result in settlement of $15,000 or more.

Settlement is the total amount paid to customer to resolve dispute – not just the RR’s contribution.

Customer complaints received by a regulatory authority and forwarded to the RR’s firm for response/handling follow the same reporting guidelines.
Form U5 Updates

Form U5 Disclosure Certification Checkbox.

- By checking the box the firm certifies that:
  - There is no additional information to be reported at this time; and
  - Details relating to Questions 7A, 7C, 7D and 7E have been previously reported via Form U4 (firms cannot certify to 7B or 7F).
  - Firm acknowledges it will update information, as appropriate.

- Use of the checkbox is optional.
<table>
<thead>
<tr>
<th>Satisfy FINRA Rule 4530 Reporting Requirement via Web CRD</th>
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<td><strong>FINRA Rule 4530</strong> was amended to eliminate duplicative reporting of disclosure items for firms by implementing new functionality in the Web CRD system.</td>
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<td><strong>Effective March 4, 2013</strong> firms have the ability to affirmatively request that data on the following Form U4 Disclosure Reporting Pages (DRPs) be applied to also satisfy the corresponding requirement under FINRA Rule 4530(a)(1):</td>
</tr>
<tr>
<td>- Criminal</td>
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<tr>
<td>- Regulatory Action</td>
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<tr>
<td>- Civil Judicial</td>
</tr>
<tr>
<td>- Customer Complaint/Arbitration/Civil Litigation</td>
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<tr>
<td><strong>This change is consistent with FINRA Rule 4530(e)</strong> that provides a firm is not required to report a specified event under the rule if it reports that event on Form U5.</td>
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<tr>
<td><strong>The new Web CRD functionality is optional. Firms can continue to report events via the FINRA Rule 4530 application.</strong></td>
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</tbody>
</table>
Satisfy FINRA Rule 4530 Reporting Requirement via Web CRD (Cont.)

- Users can select the FINRA 4530 Checkbox when they create or edit an in-scope DRP.
- When the checkbox is selected, the user must review explanatory text that provides guidance concerning the details that are required for Rule 4530 submissions.
- When the filing is submitted, firms and FINRA users will see the selected checkbox in filing history.
Satisfy FINRA Rule 4530 Reporting Requirement via Web CRD (Cont.)

- Users can request the “Individual – CRD Filings in lieu of Rule 4530 Application Filing Download” in Web CRD to obtain a list of filings where the 4530 checkbox has been used.
## Form U4 & U5 Disclosure Filing Tips

- Firms should check their queues in CRD regularly as disclosure obligations may be triggered by events occurring away from the firm (i.e., U5 or U6).
- If a determination is made that 4530(d) filing does not meet the criteria for reporting on U4/U5, firms should enter a comment (e.g., not U4/U5 reportable) in the 4530 notation field. This will eliminate unnecessary CRD inquiry letters.
- Track and follow-up on disclosures with “pending” dispositions (“Individual - Disclosure Download Report”) and check the firm’s Report Center to monitor performance.
- Safeguarding Personal and Sensitive Information – Do not put customer names or Social Security Numbers (or other personal or sensitive information) on Disclosure Reporting Pages (DRPs), except for those fields designated. These fields are suppressed from appearing in BrokerCheck®.
- Familiarize yourself with FINRA Rule 1010 (Electronic Filing Requirements for Uniform Forms) which permits a firm to file amendments to Form U4 disclosure without obtaining the RR’s manual signature, subject to certain conditions. See *Regulatory Notice 09-40, SEC Approval and Effective Dates for New Consolidated FINRA Rules on Electronic Filing Requirements for Uniform Forms and Arbitration Disclosures*.
FINRA launched a redesign that included a new look-and-feel and significant usability enhancements.
BrokerCheck Redesign – December 2016

BrokerCheck enhancements include:
- A clean, modern, engaging user interface
- Ability to view search results in either a tile or list format
- The ability to filter for individuals by type (broker, investment adviser), years of experience, status (e.g., active, barred)

Search results include additional information such as disclosure indicators, years of experience and type of individual (broker, investment adviser)

Improved availability and performance resulting from the migration of BrokerCheck to the cloud
Disclosure Reporting Key Resources

- Uniform Forms (U4/U5 and Explanation of Terms)
  - [www.finra.org/file/explanation-terms-crd-forms](http://www.finra.org/file/explanation-terms-crd-forms)

- Forms U4 and U5 Interpretive Questions & Answers (as of 1/12/12)
  - [www.finra.org/CRD/u4u5faq/](http://www.finra.org/CRD/u4u5faq/)

- U4/U5 Revisions: Regulatory Notice 09-23, SEC Approval and Effective Dates for New Consolidated FINRA Rules on Electronic Filing Requirements for Uniform Forms and Arbitration Disclosures
  - [www.finra.org/industry/notices/09-23](http://www.finra.org/industry/notices/09-23)

- Electronic Filing Requirements for Uniform Forms: Regulatory Notice 09-40, SEC Approval and Effective Dates for New Consolidated FINRA Rules on Electronic Filing Requirements for Uniform Forms and Arbitration Disclosures
  - [www.finra.org/industry/notices/09-40](http://www.finra.org/industry/notices/09-40)

- Rule 4530 Announcement: Regulatory Notice 11-06, SEC Approves Consolidated FINRA Rule Governing Reporting Requirements
  - [www.finra.org/industry/notices/11-06](http://www.finra.org/industry/notices/11-06)
Disclosure Reporting Key Resources

- Rule 4530 Announcement: *Regulatory Notice 11-32, FINRA Provides Additional Guidance Regarding Reporting Requirements Under Rule 4530*
  - [www.finra.org/industry/notices/11-32](http://www.finra.org/industry/notices/11-32)
- Rule 4530 Elimination of Duplicate Reporting: *Regulatory Notice 13-08, FINRA Amends Rule 4530 to Eliminate Duplicative Reporting and Provide the Option to File Required Documents Online Using a New Form*
  - [www.finra.org/industry/notices/13-08](http://www.finra.org/industry/notices/13-08)
- Consolidated Supervision Rules; *Regulatory Notice 14-10, SEC Approves New Supervision Rules* (Effective: 12/1/14)
  - [www.finra.org/industry/notices/14-10](http://www.finra.org/industry/notices/14-10)
- FINRA Rule 4530 – CRD Form U4 – Frequently Asked Questions
  - [www.finra.org/industry/faq-finra-rule-4530-%e2%80%93-crd-form-u4-frequently-asked-questions-faq](http://www.finra.org/industry/faq-finra-rule-4530-%e2%80%93-crd-form-u4-frequently-asked-questions-faq)
- Compliance Guidance – Rule 4530 Events – Customer Complaint Filings
  - [www.finra.org/industry/compliance/regulatoryfilings/customercomplaints/](http://www.finra.org/industry/compliance/regulatoryfilings/customercomplaints/)
- Rule 4530 Frequently Asked Questions
  - [www.finra.org/industry/faq-rule-4530-frequently-asked-questions](http://www.finra.org/industry/faq-rule-4530-frequently-asked-questions)
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Tuesday, May 16
3:00 p.m. – 4:00 p.m.

Resources

FINRA Notices

- FINRA Regulatory Notice 14-10, Consolidated Supervision Rules - SEC Approves New Supervision Rules (March 2014)
  

- FINRA Regulatory Notice 13-08, Reporting Requirements - FINRA Amends Rule 4530 to Eliminate Duplicative Reporting and Provide the Option to File Required Documents Online Using a New Form (February 2013)
  

- FINRA Regulatory Notice 11-32, Reporting Requirements - FINRA Provides Additional Guidance Regarding Reporting Requirements Under Rule 4530 (July 2011)
  

- FINRA Regulatory Notice 11-06, Reporting Requirements - SEC Approves Consolidated FINRA Rule Governing Reporting Requirements (February 2011)
  

- FINRA Regulatory Notice 09-23, Revised Forms U4 and U5 - SEC Approval of Proposed Changes to Forms U4 and U5 and FINRA Rule 8312 (FINRA BrokerCheck Disclosure) (May 2009)
  

  
Other Resources

- Uniform Forms (U4/U5 and Explanation of Terms)
  
  Website: [www.finra.org/file/explanation-terms-crd-forms](http://www.finra.org/file/explanation-terms-crd-forms)


- Forms U4 and U5 Interpretive Questions & Answers (as of 1/12/12)
  
  Website: [www.finra.org/CRD/u4u5faq/](http://www.finra.org/CRD/u4u5faq/)

  PDF: [www.finra.org/sites/default/files/Interpretive-Guidance-final-03.05.15.pdf](http://www.finra.org/sites/default/files/Interpretive-Guidance-final-03.05.15.pdf)

- FINRA Rule 4530 – CRD Form U4 Frequently Asked Questions
  
  [www.finra.org/industry/faq-finra-rule-4530-%e2%80%93-crd-form-u4-frequently-asked-questions-faq](http://www.finra.org/industry/faq-finra-rule-4530-%e2%80%93-crd-form-u4-frequently-asked-questions-faq)

- Compliance Guidance – Rule 4530 Events – Customer Complaint Filings
  
  [www.finra.org/industry/compliance/regulatoryfilings/customercomplaints/](http://www.finra.org/industry/compliance/regulatoryfilings/customercomplaints/)

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