

# FINRA 2018 Risk Control Assessment

The annual Risk Control Assessment (RCA) is an important part of FINRA's risk-based surveillance and examination programs. FINRA uses it to improve our current understanding of the risks associated with the business activities in which individual member firms engage, the products and services they sell, and the kinds of customers and counterparties with which they deal.

## What's New?

- **Pre-filled forms**– If your firm completed the 2017 RCA, your firm's responses to those questions will be filled on your behalf. The pre-filled responses may be revised at your discretion
- **Survey length** – The length of this year's survey is based on your firm's size and complexity
- **New Questions** – This year's survey includes a combination of new and previously asked questions related to firm risk and control environments

## Notes to help you navigate 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 only material aspects of your business
- Please refer to the [Glossary](#) for definitions of terms used in the survey
- Please complete the questions in order as per the instructions which will allow branching to follow up questions specific to your firm.
- Should you wish to clarify your firm's responses, please do so using the provided comment boxes.
- If you see a **Red \*** before the question, it is a required question. Typically this is for navigation purposes for the online survey.

**Please complete the survey by the deadline of Friday, June 22, 2018.**

For more information please review the resources on the RCA page on [FINRA's website](#). If you have questions, please contact the FINRA RCA team at ([RCA@FINRA.ORG](mailto:RCA@FINRA.ORG))

## Please input your information below:

Name:

Firm Name:

Firm CRD #:

Email Address:

Phone Number:

All member firms are asked to complete the Customer Profile, Risk Policies and Management, Cybersecurity, and Anti-Money Laundering sections of the RCA. The business-specific survey sections you will be asked to complete are indicated by the check marks below. Check boxes that have been pre-filled are driven by either your previous RCA responses or revenue lines as reported in your firm's Supplemental Statement of Income (SSOI) filings over the last 12 months as well as other FINRA data about your firm. Please select any additional business lines that apply to your firm. Please note, the business line definitions below include more detailed examples to help you select the appropriate choices.

\* 1. What are your firm's major business lines? (check carefully the business line definitions below)

*Select all that apply.*

- Commission-based brokerage
- Asset Management
- Investment Banking and/or Research
- Trading and/or Execution and/or Clearing
- None of the above are material (Please check examples below to make sure your firm does not belong to one of the four main business lines)

### Business Line Definitions

Please be mindful that if a majority of your revenue is from fees earned from affiliated firms (SSOI line 11090), please use the main business of those entities to select your business lines.

**Commission-Based Brokerage** Please respond to this section if you have a commission-based brokerage, variable annuities or a wholesale fund distribution business. Please select this response also if your firm reported revenue in fiscal year 2017 in the "Commissions" and/or "Revenue from Sale of Insurance Based Products" sections of the Supplemental Statement of Income (SSOI) - line items 13940 or 11029) and/or if these represent a material aspect of your overall business.

Examples of firms who should complete the Commission-Based Brokerage section of the RCA:

- All firms selling registered or unregistered products for a commission
- Mutual Fund Distributors
- Wholesale Brokers
- Sellers of Variable Annuities
- Introducing Brokers

**Asset Management** Please respond to this section if your firm reported revenue in fiscal year 2017 in the "Investment Advisory" section of SSOI line items 13975, 11099, or 11100), and/or if asset management represents a material aspect of the overall business of your firm OR any affiliated entities.

Examples of firms who should complete the Asset Management section of the RCA:

- Dual-registered broker-dealers/investment advisors
- Broker-dealers with affiliated asset managers
- Firms offering financial planning and/or portfolio management services
- Firms affiliated with hedge funds

**Trading, and/or Execution, and/or Clearing** This section is intended to help us better understand the products and services associated with your trading, clearing and execution business. Please respond to this section if your firm reported revenue in fiscal year 2017 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 "Execution Services" and/or the "Clearing Services" sections of SSOI line items 13950 or 13952 or 11096 or 11097 respectively), and/or if this represents a material aspect of your overall business. In addition, please respond to this section if your firm trades securities in an agency capacity.

Examples of firms who should complete the Trading/Execution/Clearing section of the RCA:

- Firms with a trading desk and/or electronic execution services
- Clearing firms
- Electronic routing brokers

**Investment Banking/Research** Please respond to this section if your firm reported revenue in fiscal year 2017 in the "Investment Banking / M&A Advisory" and/or the "Underwriting" and/or "Research" sections of the SSOI line items 11091 or 13955 or 13980 respectively), and/or if these represent material aspects of your overall business.

Examples of firms who should complete the Investment Banking/Research section of the RCA:

- Firms offering underwriting services
- Firms offering private placements
- Firms publishing investment research

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

This section helps identify the characteristics of your firm's customer base

\* 2. Which of the following client/customer types do you serve ? *Select all that apply.*

- Retail - not including high-net-worth individuals (Answer question number 2.2.)
- High-net-worth individuals
- Broker-Dealers (Answer question number 3)
- Institutional or wholesale customers (other than Broker Dealers) (Answer question number 3)
- None of the above (Answer question number 2.1.)

\* 2.1 Which of the following individuals or entity types were the sources of your firm's reported SSOI revenue in the last 12 months?

*Select all that apply.*

- Institutional investors
- Accredited investors
- High-net-worth individuals
- Business owners
- Public corporations
- Private corporations
- Broker dealers
- Affiliated entity
- Financial advisors
- Trusts
- Hedge funds
- Registered Investment Advisors (RIAs)
- Retail customers
- We do not have any clients or customers because our firm generates revenue through proprietary trading of securities.
- None of the above: Please explain which individual or entity types are the source (or intended source) of your firm's revenue.:

2.2 What was the approximate combined account balance of all retail customer accounts in your commission-based-brokerage business as of December 31, 2017?

## Customer Profile

3. Does your firm have municipal entities as customers?

*Select one.*

- Yes (Answer question number 3.1.)  
 No

3.1 Is your firm registered as a municipal advisor?

*Select one.*

- Yes  
 No (Answer question number 3.2.)

3.2 Which municipal advisor registration exemption(s) or exclusion(s) does your firm rely on?

Municipal entity clients are not investing bond proceeds

Firm does not provide municipal advice (e.g., acts as an order taker)

Underwriter exclusion

Independent registered municipal advisor (IRMA) exemption

Request for proposals/request for qualifications (RFP/RFQ) exemption

Registered investment adviser exclusion

Other - please specify:

### Risk Policies and Management

These questions address risk areas that are applicable to the majority of broker-dealers. This section covers the following topics Fraud Detection and Prevention, Market Risk, Segregation of Client Assets, Credit Risk and Operational Risk.

### Fraud Detection and Prevention

These questions help FINRA understand firm risks related to Fraud

4. Does your firm accept customer deposits of Microcap securities?

*Select one.*

- Certificate Form
- Electronic Form
- Both
- Neither
- Other:
  
- N/A

5. Which of the following elements are included in your firm's overall fraud detection and prevention program?

*Select all that apply.*

- Ethics Statement
- Written Fraud policies and procedures
- Ethics and anti-fraud training for employees and contractors
- Management certification of code of conduct policies
- A loss prevention function
- An internal audit function
- Periodic fraud risk assessments
- Other - please specify:

6. Do you have any business activities involving foreign governments?

*Select one.*

- Yes (Answer question number 6.1.)
- No

6.1 Does your firm have any sovereign/foreign government related accounts?

*Select one.*

- Yes
- No

### 7. Optional Comments

Market Risk
This section helps FINRA identify the controls the firm uses to manage market risk. This Section is to be answered by Firms with material Form SIS balances ( <b>\$25M</b> or more in any one line, or <b>\$50M</b> in total), firms filing Focus II CSE, or Firms with <b>Net Gains or Losses from Principal Trading Activities</b> in excess of \$10M.

8. Please provide a brief description of the Market Risk Framework that the firm utilizes, including number of personnel in the group, the Lines of Business in the Risk hierarchy, and a high level overview of the risk metrics applied

9. To manage market risk, what mathematical and statistical techniques does the firm employ?

*Select all that apply.*

- Stress-testing analytics
- Value-at-risk (VAR)
- Economic capital calculations
- Stressed Value-at-risk (VAR)
- Other - please specify:

## Risk Policies and Management

10. What metrics does the firm track in monitoring its Market Risk?

*Select all that apply.*

- VaR and associated limits
- Exposure Limits (such as Net/Gross market values, Delta, DV01 etc)
- Concentration Limits
- Stress test limits
- Other - please specify:

11. At what level(s) does the firm set its Market Risk limits?

*Select all that apply.*

- Firm
- Business Units/Lines of Business
- Traders
- Products
- Positions
- Other - please specify:

12. Which of these approaches are used to manage market risk?

*Select all that apply.*

- Historical simulation
- Monte Carlo
- Hybrid (historical and simulated outcomes)
- Other - please specify:

13. How often are the model assumptions updated?

*Select all that apply.*

- Quarterly
- Semi-annually
- Annually
- Ongoing/as needed
- Other - please specify:

## Risk Policies and Management

14. Who is responsible for setting and monitoring risk limits and identifying limit breaches?

*Select all that apply.*

- Trading desk
- Risk committee
- CFO
- CEO
- COO
- CRO
- Treasurer
- Dedicated Market Risk Manager
- Parent/Affiliate
- Consultant
- Other - please specify:

15. Optional Comments

Segregation of Client Assets
This section helps FINRA further understand the controls your firm has to protect client assets.

\* 16. Does your firm carry customer assets?

*Select one.*

- Yes (Skip to Cred Risk Q. 18)
- No (Answer Question 17, 17.1, 17.2, 17.3)
- Other - please explain:

## Risk Policies and Management

17. Does your firm self-clear its transactions on a DVP/RVP basis?

*Select one.*

- Yes (Answer question number 17.1, 17.2, 17.3)
- No

\* 17.1 Which of the following self-clearing DVP/RVP-related activities does your firm do? *Select at least 1 choice.*

- Report DVP/RVP Fails on the firm's balance sheet
- Take capital charges for Aged Fails
- Include DVP/RVP Fails in the reserve formula
- N/A

\* 17.2 Has the firm cleared transactions which have not settled simultaneously?

- Yes
- No
- N/A

\* 17.3 Does the firm have credit risk limits imposed on its DVP/RVP counterparties?

*Select one.*

- Yes
- No
- N/A

Credit Risk
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This section helps FINRA further understand the controls your firm has to manage Credit Risk
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18. Does your firm allow customers to transact in securities on margin?

*Select one.*

- Yes (Answer question number 18.1, 18.2, 18.3, 18.4, 18.5, 18.6, 18.7, 18.8.)
- No
- N/A

## Risk Policies and Management

18.1 Approximately how many margin accounts does the firm have?

18.2 How often does the firm monitor customer margin loans?

*Select one.*

- Daily
- Weekly
- Monthly
- Other - please specify:

18.3 Does the firm utilize its own in-house reports for monitoring margin accounts or utilize standard reports from its clearing firm?

*Select all that apply.*

- Rely on Clearing Firm
- Rely on In-house Reports

18.4 Does the firm allow illiquid, low-priced, or hard-to-price securities to be considered marginable?

*Select one.*

- Yes
- No
- Other - please explain:
  
- N/A

18.5 Does the firm adopt the clearing firm requirements for margin loans or implement its own higher standards?

*Select one.*

- Clearing Firm Standard
- Higher Firm Standard
- Other - Please Explain:

18.6 Is the main office responsible for monitoring margin or is it delegated to each individual branch office?

*Select all that apply.*

- Main Office
- Individual Branch
- Other - please specify:

18.7 Who at the firm is responsible for monitoring the margin balances?

*Select all that apply.*

- FINOP
- Finance department
- Other - Please specify:

18.8 Are there formal margin procedures related to the escalation of credit risk once an issue has been flagged?

*Select one.*

- Yes
- No
- N/A

19. Do your firm's Registered Representatives make recommendation for clients to make trades using margin accounts?

*Select one.*

- Yes (Answer question number 19.1, 19.2.)
- No

19.1 How does your firm educate customers about risks of margin trading?

*Select all that apply.*

- Written document / brochure
- Verbal discussion
- Other - please specify:

## Risk Policies and Management

19.2 How does your firm ensure margin trading is authorized and not excessive?

*Select all that apply.*

- Supervisory Checks (sales or branch management)
- Compliance Department reviews some or all margin trading activities
- Other - Please specify:

20. Does your firm engage in any of the following:

*Select all that apply.*

- Bilateral Derivatives (Answer question number 20.2)
- To Be Announced (TBA) securities (Answer question number 20.2)
- Wholesale Lending
- DVP/RVP (conducted via a true k(2)(i) account or 15a-6 transactions? (Answer question number 20.1, 20.2.)

20.1 Do trades related to DVP/RVP or other similar arrangements (SEC Rule 15a-6) settle simultaneously?

*Select one.*

- Yes
- No
- N/A

20.2 Please describe these activities in more detail

### 21. Optional Comments

Operational Risk
This question helps FINRA further understand the firm's Operational Risk

22. Does the firm's business continuity plan include a testing protocol?

*Select one.*

- Yes
- No
- Other - please explain:

### Cybersecurity

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.

\* 23. 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? **Answer if Small Firm Only**

Select one.

- Yes
- No
- N/A

\* 24. Do any of your firm's third party providers manage or store any customer personally identifiable information (PII), i.e. any information that can be used to distinguish or trace an individual's identity such as name, social security number, birth date or place? **Answer if Small Firm Only**

Select one.

- Yes
- No
- N/A

\* 25. Which of the following elements/activities does your cybersecurity program include?  
*Select all that apply*

- Cybersecurity Governance Structure
- Cybersecurity Policies
- Staff Training and Awareness
- Asset Inventory
- Risk Assessments
- Branch Office Controls
- Cloud Computing Standards
- Data Loss Prevention Controls
- Data Security and Encryption Standards
- Vendor Management Data Policies
- Incident Response Plans
- Penetration Testing (Internal or Third Party)
- Processes for Filing a SAR (Suspicious Activity Report) related to Cybersecurity
- Cyber Intelligence and Information Sharing with Other Parties/Firms
- Other - please specify:
  
- None of the above

\* 26. 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

\* 27. Which of these cybersecurity policies are documented at the firm?

*Select all that apply.*

- Data classification policy
- Clean Desk Policy
- Disabling USB drives
- Use of shredders
- Electronic Communication Monitoring
- Other (Specify):
  
- None of the above

28. Which of the following controls are documented for firm branches?

*Select all that apply.*

- Password Policy
- The usage of up-to-date virus protection
- Encryption of hard drives
- Process for the installation of system patches
- Network security
- Firmwide Mobile Device Policy
- Branch Specific Mobile Device Policy
- Registered Rep (RR) Security Training
- Electronic Communication Usage Policy
- None of the Above
- Other - please specify:

29. Which firm roles are included in your firm's process for design and rollout of new or modified programs requiring information technology (Such as internal applications, smartphone apps for internal or client use, etc.)

*Select all that apply.*

- Information Security team
- Internal Audit
- Application Development
- Access Control team
- CIO/head of IT
- Chief Information Security Officer(CISO)

Other:

30. What type of authentication does the firm use for granting customer access to on-line retail account information?

*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:
  
- N/A

31. Through which method does your firm provide or allow retail customers access to their accounts when utilizing a mobile device?

*Select all that apply.*

- Website or Phone browser
- Mobile App
- The firm does not currently support the use of mobile devices by retail customers

32. Which of the following types of threats does your firm consider as part of the cybersecurity program?

*Select all that apply.*

- Hackers penetrating systems for the purpose of account manipulation, defacement or data destruction
- 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
- Other:
  
- N/A

33. Which of the following methods does your firm use to test whether your cybersecurity program is functioning?

*Select all that apply.*

- Vulnerability Tests
- Pen (Penetration) Tests
- Find a Bug Program - Users
- Automated Testing via Simulation
- Quality Assurance Test Groups

34. Which controls are used for Identity and Access Management at the firm?

*Select all that apply.*

- Dormant Account Monitoring
- Controlled Access by IT or Staff Based on Need to Know
- Limited or Controlled use of Administrative Privileges
- Inventory of Authorized and Unauthorized Devices
- Inventory of Authorized and Unauthorized Software
- Application Software Security
- Secure Network Engineering
- Segregation of Duties Controls
- Other - please specify:

## Cybersecurity

35. If Mobile Devices are used by Firm employees or contractors, what controls are considered to ensure data integrity and access?

*Select all that apply.*

- Encryption of phone data
- 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)
- Fingerprint, biometric, or other advanced ID authentication
- Remote Fail-safe shutdowns of smart devices, or remote memory wipe

36. 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
- Don't know/unsure

37. Has your firm experienced successful cyber-attack(s) 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

*Select one.*

- Yes
- No
- Don't know/unsure
- N/A

38. If a cyber-attack occurs at your firm, which resources are made available to assist with the incident response?

*Select all that apply.*

- IT Staff
- Cybersecurity Response Team
- White Hat Hackers
- 3rd Party Consultants or Vendors
- Executive Management
- Software Response Tools

39. Does the firm have a named Chief Information Security Officer (CISO), or alternatively a single individual who has the authority to approve cybersecurity related decisions?

*Select one.*

- Yes
- No
- N/A

40. What percentage of IT budget do you spend on cybersecurity?

*Select one.*

- 1-2%
- 3-5%
- 6-10%
- 11-20%
- >20%
- Unknown

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

## Anti-Money Laundering

41. With which of the following customer types does your firm conduct business?  
*Select all that apply.*

	<i>Cash</i>	<i>DVP/RVP</i>	<i>Prime Brokerage</i>	<i>Custodial Accounts</i>
Omnibus or master-sub relationships	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Microcap financiers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Insiders of publicly traded companies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Pension funds and/or retirement plans	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
State registered investment advisors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Politically exposed persons	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Domestic banks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Domestic broker-dealers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Domestic charitable organizations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Domestic hedge funds	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Domestic personal holding/investment companies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Domestic nominee companies	<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"/>
Foreign broker-dealer	<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"/>
Foreign government-controlled banks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Foreign hedge funds	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Foreign mutual funds	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Foreign individuals	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Foreign operating companies	<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"/>
Foreign nominee companies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Foreign affiliates	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## Anti-Money Laundering

41.1 Where appropriate, how does the firm ascertain the identities of the beneficial owners of its client personal holding/investment/nominee companies?

*Select all that apply.*

- Written declarations identifying the beneficial owners
- Review of company formation documents
- Additional due diligence procedures
  
- Other - please specify:
  
- N/A

41.2 Does the firm characterize the ownership structure of client personal holding/investment/nominee companies as aggravating factors when assessing a customer's risk profile?

*Select one.*

- Yes
- No
- Other - please specify:
  
- N/A

41.3 What is the approximate percentage of the firm's customers that reside in a foreign country?

*Select one.*

- < 1
- 2-5
- 6-15
- 16-30
- 31-50
- >50

## Anti-Money Laundering

41.4 Does your firm review all accounts belonging to foreign affiliates using the same Know Your Customer (KYC) procedures in place for customers?

*Select one.*

- Yes
- No, the firm relies on the KYC procedures of its foreign affiliates
- No, the firm uses enhanced KYC procedures for accounts opened by foreign affiliates
- Other - please specify:

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

*Select all that apply.*

- Use of an ATM card (Answer question number 42.1.)
- Check writing (Answer question number 42.1.)
- Use of a debit card (Answer question number 42.1.)
- Receiving securities from third parties (Answer question number 42.1.)
- Receiving third-party wires (Answer question number 42.1.)
- Sending securities to third parties (Answer question number 42.1.)
- Sending third-party wires (Answer question number 42.1.)
- Executing third-party journals (Answer question number 42.1.)
- Placing/structuring EB-5 investments (Answer question number 42.1.)
- Securities Backed Lines of Credit (SBLOCs) (Answer question number 42.2.)
- Online only accounts

42.1 Optional Comments:

## Anti-Money Laundering

42.2 Does your firm aggregate and/or link activity across a customer's securities backed lines of credit (SBLOC) accounts with their other accounts when performing transaction monitoring/automated surveillance?

*Select one.*

- Yes
- No
- Other - please specify:

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

*Select all that apply.*

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

\* 44. Which of the following programs does your firm have in place to manage AML risk?

*Select at least 1 choice.*

- Transaction Monitoring
- Risk-based Customer Identification Program
- Suspicious Activity Reporting (SAR)
- Enhanced Due Diligence
- OFAC Risk Assessment
- Enhanced customer and transaction review for high risk jurisdictions and/or high risk customers
- Customer name screening against published watch lists (e.g.: OFAC or sanctions list)
- Optimization and calibration of transaction monitoring patterns and rules
- Independent Testing of the AML program
- None of the above
- Other - please specify:

## Anti-Money Laundering

45. What types of factors are taken into account when assessing whether transactions are suspicious?

*Select all that apply.*

- Customer demographic information (Answer question number 45.1.)
- Transaction business purpose (Answer question number 45.1.)
- Customer anticipated business activity (Answer question number 45.1.)
- Customer historical account activity over the past year (Answer question number 45.1.)
- Customer historical account activity over the past three years (Answer question number 45.1.)
- Customer historical account activity over the past five years or more (Answer question number 45.1.)
- Other - please specify: (Answer question number 45.1.)

45.1 Optional Comments:

46. Are there situations in which a risk-based decision may be made to exclude certain customer transactions from one or more aspects of AML surveillance?

*Select one.*

- Yes (Answer question number 46.1.)
- No

46.1 Does your firm record and store the rationale for the decision?

*Select one.*

- Yes
- No

## Anti-Money Laundering

47. Does the AML function have a role in approving new business opportunities (new products, new customers, or new channels)?

*Select one.*

- Yes
- No

48. Does an AML representative have individual veto power over the decision to undertake the new business opportunity?

*Select one.*

- Yes
- No
- Other - please specify:

49. Does a representative of the AML function participate on a committee to approve new business opportunities?

*Select one.*

- Yes: the AML representative is a member of the committee
- Yes: the AML representative is a chair of the committee
- No
- Other - please specify:
  
- N/A

50. AML Optional Comments:

## Digital Assets

Also referred to as crypto assets; includes assets issued and traded on a distributed ledger technology (Blockchain) network. Examples include Cryptocurrencies (e.g., bitcoin), Digital Securities (i.e., traditional securities issued and represented on a Blockchain network), and Tokens issued via an initial coin offering (ICOs).

**If your firm has already been contacted by FINRA to discuss this topic, then disregard this section. If unsure, please contact the Office of Risk at [RCA@FINRA.ORG](mailto:RCA@FINRA.ORG) and we will assist you.**

- \* 51. Does your Firm, Affiliates or Associated Persons (refer to Glossary) engage in any way in activities associated with digital assets such as cryptocurrencies or ICOs? *Select one per row.*

	<i>Currently</i>	<i>Planned for the Near Term</i>	<i>Neither currently nor planned</i>
Firm	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Affiliate	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Associated Person OBA/PST	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

51.1 Please categorize your firm's activities related to digital assets such as ICOs or cryptocurrencies: **(For Printed version, in each box write: CURRENTLY, PLANNED, OR NEITHER).**

	<i>Firm</i>	<i>Affiliate</i>	<i>Associated Person OBA/PST</i>
Purchase, sale or transaction execution of digital assets.			
Purchase, sale or transaction execution of a pooled fund investing in digital assets.			
Creation management or advisory services for a pooled fund related to digital assets.			
Purchase, sale, or transaction of digital asset linked derivatives (futures, options, etc.)			
Initial or secondary offering of digital assets (e.g. initial coin offering)			
Creation and/or management of a platform for the secondary trading of digital assets.			
Custody or similar arrangement of digital assets			
Accept cryptocurrencies (e.g. bitcoin) from customers.			
Mining of cryptocurrencies			

52. Does your firm have any additional comments regarding this topic?

Commission-Based Brokerage Business
<p>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,</p> <p>This section is also intended for variable annuities and wholesale fund distribution firms.</p> <p>Please respond to this section if your firm reported revenue in fiscal year 2017 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.</p>

\* 53. Please indicate which of the following businesses does your firm engage in within your commission-based brokerage business (select all that apply): *Select at least 1 choice.*

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

54. What approximate percentage of your firm's last 12 months gross commission revenue (rounded to the nearest whole number between 0 and 100) did each of the following business lines contribute?

Full-service retail brokerage:	<input type="text"/>
Discount retail brokerage: High-	<input type="text"/>
net-worth retail brokerage:	<input type="text"/>
Institutional brokerage:	<input type="text"/>
Wholesale brokerage:	<input type="text"/>
Other:	<input type="text"/>
<b>Total:</b>	<b>100</b>

55. CBB Optional comments:

\* 56. Choose all the Product Categories in which your firm conducts business. Based on your selection(s), you will then be asked to select specific products in follow-up questions. *Select all that apply.*

- Equities
- Investment Company Products
- Debt
- Securitized Products
- Derivatives
- Exchange Traded Products
- Alternative Investment
- Insurance Products and Annuities
- Structured Products
- Proprietary/Affiliated Products
- Other - please specify:

# FINRA 2018 Risk Control Assessment

## Commission Based Brokerage Business

\* 57. Equities (Note: New Products have been added for 2018, please review)

Select all that apply.

	<i>Solicited: Full- service retail brokerage</i>	<i>Unsolicited: Full-service retail brokerage</i>	<i>Discount retail brokerage</i>	<i>High-net- worth retail brokerage</i>	<i>Institutional brokerage</i>	<i>Wholesale brokerage</i>	<i>N/A</i>
Listed equities	<input type="checkbox"/>	<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"/>	<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"/>	<input type="checkbox"/>
Exchange-traded REITs	<input type="checkbox"/>	<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"/>	<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"/>	<input type="checkbox"/>
Unregistered securities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
American Depository Receipts (ADRs)/Global Receipts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Private Real Estate Investment Trusts (REITs)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Special Purpose Acquisition Company (SPACs)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dual currency equities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### 57.1 Optional comments/Other Equities Products:

#### \* 58. Investment Company Products

Select all that apply.

	<i>Solicited: Full- service retail brokerage</i>	<i>Unsolicited: Full-service retail brokerage</i>	<i>Discount retail brokerage</i>	<i>High-net- worth retail brokerage</i>	<i>Institutional brokerage</i>	<i>Wholesale brokerage</i>	<i>N/A</i>
529 Plans	<input type="checkbox"/>	<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"/>	<input type="checkbox"/>
Commodities futures funds	<input type="checkbox"/>	<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"/>	<input type="checkbox"/>
Mutual funds	<input type="checkbox"/>	<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"/>	<input type="checkbox"/>
Unit investment trusts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Traded Closed-end funds	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Non-Traded Closed-end Funds (e.g. Interval Funds)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

58.1 Optional comments/Other Investment Company Products:

# FINRA 2018 Risk Control Assessment

## Commission Based Brokerage Business

\* 59. Debt (Note: New Products have been added for 2018, please review)

Select all that apply.

	<i>Solicited: Full-service retail brokerage</i>	<i>Unsolicited: Full-service retail brokerage</i>	<i>Discount retail brokerage</i>	<i>High-net- worth retail brokerage</i>	<i>Institutional brokerage</i>	<i>Wholesale brokerage</i>	<i>N/A</i>
U.S. government debt	<input type="checkbox"/>	<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"/>	<input type="checkbox"/>
Foreign sovereign debt	<input type="checkbox"/>	<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"/>	<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"/>	<input type="checkbox"/>
Auction rate securities	<input type="checkbox"/>	<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"/>	<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"/>	<input type="checkbox"/>
Commercial paper	<input type="checkbox"/>	<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"/>	<input type="checkbox"/>
Church bonds	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Variable Rate Demand Obligations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Unregistered, Private Debt Securities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Convertible Bonds	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dual currency bonds	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

59.1 Optional comments/Other Debt Products:

**\* 60. Securitized Products**

Select all that apply.

	<i>Solicited: Full-service retail brokerage</i>	<i>Unsolicited: Full-service retail brokerage</i>	<i>Discount retail brokerage</i>	<i>High-net- worth retail brokerage</i>	<i>Institutional brokerage</i>	<i>Wholesale brokerage</i>	<i>N/A</i>
Asset-backed commercial paper (ABCP)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Asset-backed securities (i.e., backed by non-housing related receivables)	<input type="checkbox"/>	<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"/>	<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"/>	<input type="checkbox"/>
Collateralized Mortgage Obligations (CMOs)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mortgage Backed Securities (non-CMOs)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Federal Government Agency/Government Sponsored Enterprises (GSE's) Debt	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other types of Securitized Products	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Commercial mortgage-backed securities - agency	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Commercial mortgage-backed securities - non-agency	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

60.1 Optional comments/Other Securitized Products:

\* 61. Derivatives (Note: New Products have been added for 2018, please review)

Select all that apply.

	<i>Solicited: Full- service retail brokerage</i>	<i>Unsolicited: Full-service retail brokerage</i>	<i>Discount retail brokerage</i>	<i>High-net- worth retail brokerage</i>	<i>Institutional brokerage</i>	<i>Wholesale brokerage</i>	<i>N/A</i>
Commodity swaps	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Credit default swaps	<input type="checkbox"/>	<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"/>	<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"/>	<input type="checkbox"/>
Interest rate swaps	<input type="checkbox"/>	<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"/>	<input type="checkbox"/>
Listed options	<input type="checkbox"/>	<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"/>	<input type="checkbox"/>
Total Return Swaps	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Equity Swaps	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

61.1 Optional comments/Other Derivatives Products:

# FINRA 2018 Risk Control Assessment

## Commission Based Brokerage Business

### \* 62. Exchange Traded Products

Select all that apply.

	<i>Solicited: Full- service retail brokerage</i>	<i>Unsolicited: Full-service retail brokerage</i>	<i>Discount retail brokerage</i>	<i>High-net- worth retail brokerage</i>	<i>Institutional brokerage</i>	<i>Wholesale brokerage</i>	<i>N/A</i>
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"/>	<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"/>	<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"/>	<input type="checkbox"/>
Leveraged ETPs (e.g., SSO)	<input type="checkbox"/>	<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"/>	<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"/>	<input type="checkbox"/>
Exchange-Traded Managed Funds (e.g. EVSTC)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Inverse ETPs (e.g., TBT)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Exchange Traded Products Tracking Proprietary Indices (e.g., EFFE)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

62.1 In which asset classes do you offer alternative-weighted index ETPs ?

*Select all that apply.*

- Equities
- Fixed Income
- Commodities
- Other - please specify:

62.2 Optional comments/Other Exchange Traded Products:

\* 63. Alternative Investment

*Select all that apply.*

	<i>Solicited: Full- service retail brokerage</i>	<i>Unsolicited: Full-service retail brokerage</i>	<i>Discount retail brokerage</i>	<i>High-net- worth retail brokerage</i>	<i>Institutional brokerage</i>	<i>Wholesale brokerage</i>	<i>N/A</i>
Fund of funds	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hedge funds	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Private equity funds	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Managed Futures	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Precious metals	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### 63.1 Optional comments/Other Alternative Investments Products:

**\* 64. Insurance Products and Annuities**

Select all that apply.

	<i>Solicited: Full- service retail brokerage</i>	<i>Unsolicited: Full-service retail brokerage</i>	<i>Discount retail brokerage</i>	<i>High-net- worth retail brokerage</i>	<i>Institutional brokerage</i>	<i>Wholesale brokerage</i>	<i>N/A</i>
Equity-indexed annuities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fixed annuities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Variable annuities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Life settlement / viaticals	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Variable Life Insurance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Variable Universal Life Insurance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Annuities with Structured or Buffered Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

64.1 Optional comments/Other Insurance Products and Annuities

# FINRA 2018 Risk Control Assessment

## Commission Based Brokerage Business

### \* 65. Structured Products

Select all that apply.

	<i>Solicited: Full-service retail brokerage</i>	<i>Unsolicited: Full-service retail brokerage</i>	<i>Discount retail brokerage</i>	<i>High-net- worth retail brokerage</i>	<i>Institutional brokerage</i>	<i>Wholesale brokerage</i>	<i>N/A</i>
Commodity-linked notes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Credit-linked notes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Equity-linked notes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Foreign exchange-linked notes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Interest rate-linked notes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Market-linked notes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Principal-protected notes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Structured CDs/Market Linked CDs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Autocallable notes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Steepeners	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Range Accruals	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Worst-Ofs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hybrid linked notes and deposits	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Structured Notes - General	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reverse convertible securities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Structured Products Linked to Proprietary Indices	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### 65.1 Optional comments/Other Structured Products:

#### \* 66. Proprietary Products

Select all that apply.

	<i>Solicited: Full- service retail brokerage</i>	<i>Unsolicited: Full-service retail brokerage</i>	<i>Discount retail brokerage</i>	<i>High-net- worth retail brokerage</i>	<i>Institutional brokerage</i>	<i>Wholesale brokerage</i>	<i>N/A</i>
Direct Participation Plans (DPPs) - Public, Registered	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Direct Participation Plans (DPPs) - Private, Unregistered	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### 66.1 Optional comments/Other Proprietary Products

### Retail Full Service Brokerage

The following survey sections includes questions related to Firm Product Development procedures, Seniors and Vulnerable Investors, Registered Representative Hiring and Oversight, Retirement, and Other Products and Services.

### Firm Product Development

\* 67. Does your firm have Written Supervisory Procedures (WSP's) documented for the introduction of all new or modified products?

*Select one.*

- Yes (Answer question number 67.1.)
- No
- Other - please specify: (Answer question number 67.1.)
- N/A

67.1 Which of the following are included in your firm's Written Supervisory Procedures (WSP's) for all new/modified products?

*Select all that apply.*

- Investment Objective Guidance Assumptions Listed
- Product Risks Guidance

### Seniors and Vulnerable Investors

68. Does your firm have a specialized, centralized unit that coordinates the firm's responses to senior investor issues?

*Select one.*

- Yes
- No
- Other (Please Specify):
- N/A

69. Optional comments: Please provide any comments regarding any senior unit or program if necessary

\* 70. Does your firm utilize specialized monitoring for senior investors?

*Select one.*

- Yes
- No
- Other (Please Specify):
  
- N/A

71. Does your firm track and verify Power of Attorney (POA) status for senior investors and related accounts?

*Select one.*

- Yes
- No
- N/A

72. Does your firm provide specific training to your registered representatives on escalation procedures for handling concerns about accounts held by seniors?

*Select one.*

- Yes
- No
- Not Sure

### Registered Representative Hiring and Oversight

73. Do you allow any of your Registered Representative's to have OBA's or Private Securities Transactions (PSTs)? Select all that apply.

- Private Securities Transactions
- Outside business Activities (OBAs)
- None or N/A

74. Has your firm put any brokers for any reason on heightened supervision in the last 24 months?

Select one.

- Yes
- No
- N/A

75. How often are complaints about registered representatives addressed?

Select one.

- Daily (Answer question number 75.1.)
- Weekly (Answer question number 75.1.)
- Monthly (Answer question number 75.1.)
- Every Quarter (Answer question number 75.1.)
- Other - please specify: (Answer question number 75.1.)
- N/A (Answer question number 75.1.)

75.1 Optional comments

### Retirement Products

This section helps us understand the risks of retirement products such as 401ks or IRA and their related services.

76. Does your firm employ call center or online education tools for retirement-related accounts?

*Select one.*

- Yes
- No
- N/A

77. Does your firm provide training to registered representatives on rollover of retirement-related accounts?

*Select one.*

- Yes
- No
- N/A

78. What % of the total AUM in IRA accounts opened last year was rolled over from 401K plans?

*Enter a number (Minimum 0, Maximum 100).*

\* 79. Does the firm offer commission-based Individual Retirement Accounts (IRAs)? (If offering products via commission or load, what products are being offered) (select all that apply)?

*Select all that apply.*

- Equities – single name securities
- Equities – Exchange-traded products (funds and notes)
- Fixed Income securities – bonds
- Fixed Income securities – retail structured products
- Mutual Funds
- Variable Annuities
- Fixed Index Annuities
- Other - please specify:

80. If the firm is not offering commission-based IRAs or plans to cease offering commission-based IRAs, how is/will the firm service these accounts (Select all that apply)?

*Select all that apply.*

- Advisory relationship (IA) via dually-registered investment advisor/broker-dealer
- Advisory relationship (IA) via an affiliated stand-alone registered investment advisor
- IA relationship via digital advice platform
- Self-directed IRA
- No longer offering any retirement related business
- Other - please specify::

81. 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

82. What plan services does your firm provide?

*Select all that apply.*

	<i>Sells plans to plan sponsors</i>	<i>Provide recordkeeping services</i>	<i>Provide transfer agent services</i>	<i>Provide custody services</i>	<i>Provide trade execution</i>	<i>Provide advice to plan participants</i>	<i>None of the above</i>
401k	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
403b	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
457	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### Questions Related to Other Products and Services

83. Does your firm offer or operate any of the following?

*Select all that apply.*

- Alpha Capture Systems (Answer question number 83.1.)
- Funds that invest in pre-IPO companies and/or participation agreements linked to such securities
- ETF Model Portfolios
- 401(k) Brokerage Windows
- None of the above

83.1 Which Alpha Capture systems do you use?

*Select all that apply.*

- Firm Proprietary System
- Third Party Vendor
- Institutional Investors' systems
- Other - please specify:
  
- N/A

**Asset Management**

This section is intended to help us better understand the risks and mitigating controls associated with your firm or your affiliated firm's asset management business. Please respond to this section if your firm reported revenue in fiscal year 2017 in the "Investment Advisory" section of the Supplemental Statement of Income (line items 13975, 11099, or 11100), and/or if asset management represents a material aspect of the overall business of your firm or any affiliated entities.

84. Does your firm or any affiliated firms engage in any of the following activities (select all that apply)?

*Select all that apply.*

	<i>Firm</i>	<i>Affiliated Entity</i>
Financial and Retirement Planning	<input type="checkbox"/>	<input type="checkbox"/>
Hedge Fund Management	<input type="checkbox"/>	<input type="checkbox"/>
Private Wealth Management	<input type="checkbox"/>	<input type="checkbox"/>
Investment Advisory Services	<input type="checkbox"/>	<input type="checkbox"/>

85. Over the past 12 months, has your firm made referrals to in-house, affiliated, or non-affiliated asset managers?

*Select all that apply.*

- In-House
- Affiliated Firms
- Non-Affiliated Firms

86. Does your firm or any Affiliated Entity provide consolidated supplemental reports and/or account statements to your clients?

*Select one per row.*

	Yes	No
Firm	<input type="radio"/>	<input type="radio"/>
Affiliated Firm	<input type="radio"/>	<input type="radio"/>

\* 86.1 What system does your firm use to create the consolidated reports?

*Select one.*

- Reports are produced in-house using internally developed reporting systems
- Reports are produced in-house using third party software
- Reports are produced by the clearing firm's in-house reporting system
- Reports are produced by an external vendor
- Other - please specify:

\* 86.2 What system does your affiliated firm use to create the consolidated reports?

*Select one.*

- Reports are produced in-house using internally developed reporting systems
- Reports are produced in-house using third party software
- Reports are produced by the clearing firm's in-house reporting system
- Reports are produced by an external vendor
- Other - please specify:

\* 87. Does your firm have pre-approved formats for the consolidated reports?

*Select one.*

- Yes (Answer question number 87.1.)
- No

87.1 Does your firm allow the format of these reports to be changed?

*Select one.*

- Yes
- No

88. Does your firm audit the valuation of these assets on a regular basis?

*Select one.*

- Yes
- No

\* 89. Does your affiliated firm have pre-approved formats for the consolidated reports?

Select one.

- Yes (Answer question number 89.1.)
- No

89.1 Does your affiliated firm allow the format of these reports to be changed?

Select one.

- Yes
- No

90. Does your affiliated firm audit the valuation of these assets on a regular basis?

Select one.

- Yes
- No

## Trading, Execution and Clearing

Trading, Execution, and Clearing
<p>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 2017 in any of the following areas:</p> <ul style="list-style-type: none"> <li>•“Gains or Losses on Derivative Trading Desks”</li> <li>•“Net Gains or Losses on Principal Trades”</li> <li>•Capital Gains (Losses) on Firm Investments and/or “Interest/Rebate/ Dividend Income”</li> <li>•“Execution Services” and/or the “Clearing Services” sections of the Supplemental Statement of Income (line items 13960 or 13950 or 13952 or 11069 or 11096 or 11097 respectively) if these represent material aspects of your overall business</li> </ul> <p>In addition, please respond to this section if your firm trades in an agency capacity. This section has also been categorized into 6 brief subsections. Monitoring of Trading Practices, Market Access, Order Routing, Clearing Services, Execution Services, and other questions.</p>

\* 91. Which of the following trading or execution activities is your firm engaged in?  
*Select all that apply.*

- Agency Execution Services
- Other Execution Services ( including riskless principal trading, sponsored access, floor brokerage, exchange non-floor brokerage, acting as intermediary to foreign brokers) (Answer question number 91.1)
- Market Making
- Customer Facilitation
- Proprietary or Speculative Trading
- Other - please specify:

91.1 Which type of other execution services is your firm engaged in?

*Select all that apply.*

- Riskless Principal Trading
- Sponsored Access
- Floor Brokerage
- Exchange Non-Floor Brokerage
- Acting as Intermediary to Foreign Broker

## Trading, Execution and Clearing

\* 92. Which products does your firm trade?

*Select all that apply.*

	<i>Traded As Principal</i>	<i>Traded As Agency</i>	<i>We do not trade this product</i>
Equities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Futures	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Foreign Exchange	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fixed Income	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

92.1 Optional comments/additional products?:

\* 93. Please list any Treasury Products (US Government) traded?

*Select all that apply.*

	<i>Traded As Principal</i>	<i>Traded As Agency</i>	<i>We do not trade this product</i>
Treasury Bills (up to 1 year)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Treasury Notes (2 to 10 years)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Treasury Bonds (30 year)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Treasury Inflation-Protected Securities (TIPS)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Treasury Floating Rate Notes (FRNs)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Treasury STRIPS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### Subsection 1: Monitoring of Trading Practices

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

*Select all that apply.*

- System Controls
- Policies and Procedures
- Account Monitoring
- Electronic Communication (emails, IMs etc.)
- Exception Report Reviews
- Not monitored
- Other - please specify:
  
- N/A

\* 95. Does the firm have supervisory procedures and controls for detecting Marking the Close?

Yes (Answer Question 95.1)

No

N/A

95.1 What types of businesses are covered by these controls?

Equities

Options

Both

96. How does the firm supervise for customer accounts trading on material 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

97. What types of supervisory controls does the firm utilize to review for manipulation involving different products, including across different markets?

*Select all that apply.*

- Vendor provided tools and reports
- Real time monitoring
- Firm generated exception reports
- SRO Generated Report Cards
- None
- Other - please specify:

98. Optional Comments

### Subsection 2: Market Access Questions

99. Does your firm provide market access services?

Select one.

- Yes (Go to question number 100.)
- No (Go to question number 101.)

\* 100. 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"/>
Fixed Income	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

\* 101. 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"/>
Fixed Income	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

## Trading, Execution and Clearing

102. 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
- Electronic Communication (emails, IMs, etc.)
- Exception Report Reviews
- No Monitoring
- Other - please specify:
  
- N/A

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

*Select one.*

- Yes
- No

### Subsection 3: Order Routing

104. Does the firm receive rebates or commission recapture from Exchanges for routing orders there?

*Select one.*

- Yes
- No
- N/A

## Trading, Execution and Clearing

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

*Select all that apply.*

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

\* 106. 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"/>
Fixed Income	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

\* 107. 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"/>
Fixed Income	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

## Trading, Execution and Clearing

108. If the firm routes to affiliate(s), what resource(s) does the firm utilize to assess the quality of execution provided to such orders?

*Select all that apply.*

- Best Execution Committee
- Vendor provided reports
- Real time monitoring
- Firm generated exception reports
- Rule 605 Execution statistics
- Not Applicable
- None
- Other-Please Specify:

109. Has the firm transferred any part of its best execution obligations for customer executions to another party?

*Select one.*

- Yes (Answer question number 109.1.)
- No

109.1 Please describe to whom and under which circumstances your firm transfers part of its best execution obligations to another party

110. How does the firm conduct its best execution reviews?

*Select one.*

- On an Order-by-Order basis
- Periodic Regular and Rigorous Review
- Both
- None of the Above

## Trading, Execution and Clearing

111. If the firm conducts periodic Regular and Rigorous Review for execution quality, how frequently does it conduct this review?

*Select one.*

- Daily
- Weekly
- Monthly
- Quarterly
- Every 6 months
- Annually
- Other-Please Specify:

112. Does the firm employ “filters”, which restrict the counter-parties/exchanges to whom it routes customer order flow?

*Select one.*

- Yes (Answer question number 112.1.)
- No

112.1 Please discuss below the circumstances and reasons for this.

## Trading, Execution and Clearing

113. How are payments for order flow, commission recapture, and other rebates received for routing customer order flow factored into the firm's best execution reviews?

*Select all that apply.*

- Firm does not factor in payment for order flow and rebates or commission recapture in its best execution reviews
- Via Best Execution Committee discussions
- Via vendor provided reports
- Via real time monitoring
- Via firm generated exception reports
- Via Rule 605 Execution statistics
- Other means-specify:

114. If the firm receives payment for order flow, , commission recapture or rebates for routing orders, does the firm share this payment with its customers?

*Select one.*

- Yes (Answer question number 114.1.)
- No

114.1 If Yes, please discuss below how this is done.

115. Optional comments about order routing:

Subsection 4: Clearing Services

\* 116. Does your firm have a clearing business?

Select one.

- Yes (Answer question number 116.1, 116.2, 116.3, 116.4, 116.5.)
- No

\* 116.1 In which products 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"/>
Fixed Income	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>

\* 116.2 In which of the following clearing-related activities does your firm engage (select all that apply)?

Select at least 1 choice.

- Collateral transformation services
- Correspondent clearing services
- Securities lending
- Other (please specify):
  
- N/A

## Trading, Execution and Clearing

116.3 What percentage of your firm's margin debits are collateralized with assets held away (as of the most recent financial reporting date)?

Select one.

- Greater than 50%
- Between 25% and 50%
- Above zero, but less than 25%
- None
- Other: Please explain:
  
- N/A

116.4 What percentage of your firm's lending book is financed by collateral which is not highly liquid ? (as of the most recent financial reporting date) ?

Select one.

- 200% or greater of firm's regulatory capital
- 100% or more but less than 200% of firm's regulatory capital
- 25% or more but less than 100% of the firms's regulatory capital
- Less than 25% of the firm's regulatory capital
- Other:Please explain:
  
- N/A

116.5 How often does your firm stress test lending collateral?

Select all that apply.

	<i>Daily</i>	<i>Weekly</i>	<i>Monthly</i>	<i>Quarterly</i>	<i>Annually</i>	<i>Never (Not Tested)</i>	<i>Not Applicable</i>
Reg-T Collateral	<input type="checkbox"/>	<input type="checkbox"/>					
Portfolio Margining Collateral	<input type="checkbox"/>	<input type="checkbox"/>					

### Comments

Reg-T Collateral:

Portfolio  
Margining  
Collateral:

### Subsection 5: Execution Services

\* 117. In which areas 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"/>
Fixed Income	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>

117.1 Optional comments:

## Trading, Execution and Clearing

\* 118. In which of the following execution-related activities does your firm engage  
*Select all that apply.*

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

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

### Subsection 6: Other Questions

These questions are to be answered by firms trading: **Fixed Income Products.**

119. How do you price fixed income products?

*Select all that apply.*

- Internal system
- We use one third party service (Answer question number 119.1.)
- We use multiple third party services (Answer question number 119.1.)
- N/A

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

120. Optional Comments

\* 121. What types of disclosures are made to clients regarding updates to fixed income products including rate changes and commissions?

Investment Banking and/or Research
<p>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 2017 in the "Investment Banking / M&amp;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.</p> <p>For additional guidance on materiality, please see the FAQs.</p>

\* 122. Which of the following apply to your firm's Investment Banking / Research business?

*Select all that apply.*

- M&A Advisory
- Financing Advisory
- Municipal Advisory
- Financing
- Private Placement
- Underwriting
- Research
- Product Manufacturing: The practice of creating structured and/or complex products
- Other - please specify:

\* 123. Which of the following does your firm employ to ensure that IPO allocations are not made to restricted accounts?

*Select one.*

- An automated order entry system
- Manual review
- Other - please specify:

124. If your firm is engaged in the distribution of securities, does your role include:

*Select all that apply.*

	<i>Retail</i>	<i>Institutional</i>	<i>Both</i>
Lead Underwriter or Agent	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Underwriter or Agent	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

125. Does your firm offer exchange-traded and/or non-exchanged traded securities?

*Select one.*

- Exchange-Traded
- Non-Exchange Traded
- Both

126. Has your firm considered implementing any of the following emerging technologies designed to facilitate the distribution of securities, including:

*Select all that apply.*

- Electronic subscription tools
- Client-to-firm platforms
- Other forms of client facing tools (please describe):

127. Over the past three years, has your firm had any contingency-based underwriting deals which received initial funding but never reached the contingency minimum?

*Select one.*

- Yes
- No
- N/A

128. Where does your firm store funds earmarked for offerings?

*Select all that apply.*

- Shared bank account
- A safe in the business location
- Locked drawer in the business location
- Shared escrow account
- Individual escrow accounts
- N/A

129. Which types of procedures does your firm have in place to perform due diligence on privately placed offerings?

*Select all that apply.*

- Internal Review
- External (third-party) Research
- Combination of Internal and External
- Other - please specify:

130. Where applicable to a particular offering, what due diligence steps are considered with respect to validating the integrity of the issuer of private securities transactions (select all that apply)?

*Select all that apply.*

- 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
- Inquiring into the Background of the Issuer and its Officers (such as bankruptcies, problematic litigation or even criminal history)
- Conducting Research of the Issuer's Past Association with Successful or Unsuccessful Projects
- Other:
  
- N/A

131. Does your firm's Written Supervisory Procedures (WSP) include any of the following to address how it will conduct and document its due diligence investigation process?

*Select all that apply.*

- An investigation of the issuer's management team
- An investigation of the business prospects of the issuer
- An investigation regarding the assets to be acquired by the issue
- A supervisory system that outlines a process for which the Firm may retain counsel or other experts to assist the Firm in undertaking fulfilling its reasonable investigation obligation
- A supervisory system that acknowledges the existence of red flags as trigger for conducting further inquiry
- N/A

\* 132. Does your firm provide any of the following services to municipal entity clients?

Select one per row.

	Yes	No	N/A
Underwriter	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Financial Advisor	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Guaranteed Investment Contract Broker	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Third-party marketer	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Brokerage	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Placement agent	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Solicitor	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Finder	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Swap advisor	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

133. Are you considering or are you in the process of applying to become a **CAB (Capital Acquisition Broker) firm**?

Select one.

- Yes (Answer question number 133.1.)
- No
- N/A

133.1 Which of the following business activities do you perform?

Select all that apply.

- Capital Raising Advisory
- Corporate Restructuring Advisory
- Private Equity (PE) Funds Advisory
- Sales of unregistered securities to institutional investors
- N/A

134. If the CAB rule is revised, would you consider applying as such?

*Select one.*

- Yes
- No
- N/A

135. Does your firm publish research material on firms in which it holds a financial interest? *Select one.*

- Yes
- No
- N/A

136. What types of research does your firm generate?

*Select all that apply.*

- Macro-economic analysis
- Specific industries or market sectors
- Equity securities
- Debt securities
- Other securities

137. Does your firm offer investment banking services to any issuer for whom you provide research coverage?

*Select one.*

- Yes
- No
- N/A

138. Does the firm's research department offer corporate access services to its customers?

*Select one.*

- Yes
- No

139. Does your firm provide research to customers in the European Union?

*Select one.*

- Yes (Answer question number 139.1, 139.2, 139.3, 139.4.)
- No (Answer question number 139.4.)
- N/A (Answer question number 139.4.)

139.1 If possible, please describe how will your firm be compensated for research provided to customers in the European Union.

139.2 Does your firm provide any tier pricing, discounts, or varying levels of access to its research services to customers in the European Union?

*Select one.*

- Yes
- No

139.3 Has your firm been considering or already documented policies for managing MIFID requirements? *Select one.*

- Yes
- No

139.4 Optional Comments

## None of the Above Firms

None of the Above Business Line
---------------------------------

You have reached this section of the survey because you chose "None Of the Above" as your business line. In order to improve our understanding of your firm, please use this section to describe your main business activities.
---

\* 140. Please describe your business:

## EB-5 Programs

EB-5 Programs
---------------

This section helps FINRA further understand your firm's participation in EB-5 Programs.
---

\* 141. Does your firm or any of its registered representatives participate, in any way, with the U.S. Citizenship and Immigration Services (USCIS) administered EB-5 Program related activity?

- Yes (Answer question number 141.1, 141.2, 141.3, 141.4, 141.5.)
- No

141.1 Does your firm receive revenue from its EB-5 related activity?

*Select one.*

- Yes
- No

141.2 In what capacity has your firm served in conjunction with EB-5 related activity?

*Select all that apply.*

- Referral Agent/Finder
- Structuring/Placement Agent
- Due Diligence
- Other - please specify:

141.3 Is your firm affiliated with a Regional Center(s)?

*Select one.*

- No
- Yes: Please name them:

141.4 Does your firm maintain any agreements with foreign entities in conjunction with EB-5

Program related activity?

*Select one.*

- Yes
- No

## Robotic Process Automation

This question covers the use of automation. Please answer if your firm takes part in the following: The use of software with artificial intelligence (AI) and machine learning capabilities to handle high-volume, repeatable tasks that previously required humans to perform. These tasks can include queries, calculations and maintenance of records and transactions.

142. Is your firm considering or using any Robotic Process Automation (RPA) solutions?  
Within which business processes?

Considering   Piloted   Implemented

Client Onboarding/KYC

Trade Support

Affirmations

Settlements

Reference Data Management

Metrics

Compliance

Internal Audit

142.1 Other (Please Specify):

**Survey Feedback**

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

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

*Select one per row.*

	<i>Strongly agree</i>	<i>Agree</i>	<i>Neither agree nor disagree</i>	<i>Disagree</i>	<i>Strongly disagree</i>	<i>N/A</i>
The 2018 RCA is an improvement from the 2017 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"/>

144. Optional comments:

<i>You've reached the end of the survey! Remember to save your work (CTRL+S)</i>