Disclosure Reporting Tips and Best Practices

November 9, 2021
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Introductions
Today’s Hosts

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What Was Boot Camp?
Disclosure Review Boot Camp History

- First session held May 26, 2016, in Rockville, MD
  - Camp expanded from one- to two-day sessions in 2018
- Session size was limited to 20 participants
- Session included group exercises and interactive case study
- Topics included all Disclosure types, tips and reminders
- Topics covered Disclosure Review processes and procedures
Today’s Objectives
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1. Provide an Abridged Edition

2. Determine if there is interest from firms for more training related to disclosure reporting

3. Gather feedback for future disclosure training
Disclosure Reporting
Tips and Best Practices
Disclosure Review & FINRA Gateway
Disclosure Review & FINRA Gateway

- Viewing Disclosure Letters in FINRA Gateway Requests
Disclosure Review & FINRA Gateway

- Viewing Disclosure Letters in FINRA Gateway Requests

What's in Requests and Filings?

The following features are in Requests and Filings:

- **New Registration related Items** (i.e. Firm Disclosure, individual Disclosure Letter, Branch Deficiency, U4 Filings, and U5 Required)
- **Forms and Filings** (i.e. Annual Audit, Shorts, and others)
- **Information Requests** (i.e. OFDMI Requests, FINRA/SEC Bluesheets, and others)
- **Financial and Operational Filings** (from eFOCUS)

**NOTE:** Work items shown are based on your entitlements.

Check out some of the following tutorials to learn more:

- Welcome to Requests and Filings
- Create a New Filing
- Create a Saved Worklist

Category

- Information Request
- U4
- Registration
- U5
- Disclosure Letter

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Disclosure Review & FINRA Gateway

Viewing Disclosure Letters in FINRA Gateway Requests

NOTE: When communicating with Disclosure Review, identify letters by Date Sent and Individual CRD Number

Effective Date = Date Sent
Individual CRD Number = Case ID
Disclosure Letters in FINRA Gateway Requests

✓ Court Documents
✓ Correspondence (Signed and On Letterhead)
✓ Comments that direct attention to critical information

There is no need to submit comments that simply state:

X “Filing Submitted”
X “See Attached”
X “Please Review”
X “Why hasn’t this letter been resolved?!?”
Disclosure Letters in FINRA Gateway Requests

How would you like to submit? *

Please note: Due Date for this request is only satisfied when 'Complete' has been submitted.

- Partial: Not final; allows you to submit additional attachments or ask a question without submitting.
- Complete: Final submission; cannot submit additional item(s).

SEND RESPONSE

Marking a Disclosure Letter as “Complete” does not “Resolve” the Letter.

“Withdrawn” or “Accepted” status indicates the Disclosure Letter is resolved.

“Submitted” indicates the Letter submission was marked “Complete.”

Additional documents may not be uploaded for a letter marked “Complete.”

Inactive Disclosure Letters are visible in the “Completed” Requests.

Email submissions are still accepted: DisclosureReviewDocuments@FINRA.org
Disclosure Reporting using Data Collection

- Enhanced Form Filing – Designed To Minimize Reporting Errors

CUSTOMER COMPLAINT OR ARBITRATION/CFTC REPARATION OR CIVIL LITIGATION IN WHICH YOU ARE NOT NAMED.

If the matter involves a customer complaint, arbitration/CFTC reparation or civil litigation in which a customer alleges that you were involved in sales or services.

Is this an oral complaint?
- Yes
- No

Is this a written complaint?
- Yes
- No

Is this an arbitration/CFTC reparation or civil litigation?
- Yes
- No

If yes, provide:

- Certain responses "activate"/"deactivate" related fields.
- Responses may need to be changed in order to information input in error.

Arbitration/reparation forum or court name and location
- FINRA Dispute Resolution

Docket/Case#: 21-00000
Public Records Review (PRR)
Public Record Review (PRR) History

May 18, 2018
PRR Enhancement Information Notice

July 9, 2018
Enhanced PRR

September 7, 2018
Real-time Monitoring

2015 to Mid-2018
Annual financial public record reviews
Public Records Review (PRR) Types

Daily Review
Review of financial public records upon initial registration
- Comprehensive review, indefinite look back
- Completed within days of U4 filing

“Monitoring” Review
- Ongoing review of financial public records for all registered representatives
  - Excluding RR’s w/ European residential addresses
- Catches bankruptcy filings, judgments, and lien recordings – as soon as the next day
  - Helpful in updating “Pending” events & reducing late reporting

Criminal Review
Periodic Review of Registered Representatives who:
- Do not have a fingerprint result in the last five years, and
- Have not been subject to Criminal Review in the last five years

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PRR Letters – Handling & Response

Carefully read the disclosure letter
  Some letters contain all the data necessary to complete the appropriate DRP
  Where available, a public records website is included in the disclosure letter

Make a “good faith effort” to validate the event
  Effort relative to age of the event and details provided
  “Lack of recollection” alone is an insufficient response

Submit disclosure – OR – documents / correspondence (in most cases)
  Correspondence should CLEARLY indicate non-reportability
  “Filed in error” should be stated — not implied
  Final disposition documents may not necessarily confirm non-reportability (e.g., lien release, judgment satisfaction, bankruptcy discharge)
Benefits of Enhanced PRR ...

To Firms:
- PRR satisfies 3110(e) requirement “for a search of reasonably available public records” regarding financial matters

To Public Disclosure:
- Financial disclosures post faster to BrokerCheck

To FINRA Disclosure Review:
- More accurate, consistent, and timely regulatory data and intelligence is now available
Form U5
Form U5

Initial & Ongoing Reporting Obligation

Regulatory Notice

Form U5
Obligation to Provide Timely, Complete and Accurate Information on Form U5

Executive Summary
This Notice reminds firms of their obligation to provide timely, complete and accurate information on Form U5 (Uniform Termination Notice for Securities Industry Registration).¹

September 2010

Notice Type
- Guidance

Suggested Routing
- Compliance
- Legal
- Operations

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Form U5 Disclosure

- Disclosure Certification Checkbox
  - Certification when there is no new information
  - Responses to 7B & 7F questions are required

- Independent Knowledge of Events
  - While employed by / associated with / in connection with

- 7B. Internal Review Disclosure (U5-Only)
  - Currently is, or at termination was ...

- 7F. Termination Disclosure
  - “After allegations were made that accused the individual of”

  Note: Termination Explanation ≠ Termination DRP
Questions?

For questions regarding specific disclosure reporting issues,
Call 301-869-6699, Option 4 for Disclosure Review

For questions or feedback regarding Disclosure Training,
Email CRED.Training@FINRA.org