



Statutory Disqualification Codes

Statutory disqualification is a status that denotes that the individual may be subject to disqualification under Article III, Section 4 of the FINRA By-Laws and/or parallel provisions in the Securities Exchange Act of 1934. Some events that may cause an individual to be subject to statutory disqualification include an SEC or SRO bar from association with a broker-dealer, all felony convictions and certain misdemeanor convictions within the last ten years, certain investment-related temporary or permanent injunctions, as well as a variety of other investment-related legal or regulatory actions/sanctions. SD status “codes” are located on the Composite Information screen. Below are the definitions associated with the SD status “codes”. See also FINRA’s Statutory Disqualification Process website for SD Tier information.

SD Status	Definition
BLANK	BLANK is the default SD status for individuals. Upon SD review by FINRA’s Registration and Disclosure (RAD) staff, the status will change to CLEAR when it is determined that the individual is not subject to a disqualification.
CLEAR	CLEAR indicates that a review was required and completed by RAD with a determination that the individual was not disqualified as of the date of the last review.
REQUIRES REVIEW	Individual’s record requires review by FINRA Registration and Disclosure for purposes of determining whether the individual is subject to a disqualification.
SD-YES-Tier 1 SD-YES-Tier 2 SD-YES-Tier 3	Staff has reviewed the individual’s disclosure information, determined that the individual is subject to a disqualification and classified her/him into one of the designated SD Tiers. <ul style="list-style-type: none"> • If the individual’s registration status is “Deficient,” the member firm has not yet indicated whether it will sponsor the individual through FINRA’s Membership Continuance process. • If the individual’s registration status is “Termed,” the member firm did not proceed with FINRA’s Membership Continuance process. • If the individual’s registration status is “Approved,” more than likely the individual was already approved when he became subject to a disqualification.
SD-YES-APPROVAL/DENIAL PENDING – Tier 1 SD-YES-APPROVAL/DENIAL PENDING -Tier 2 SD-YES-APPROVAL/DENIAL PENDING – Tier 3	The individual is subject to a disqualification and has been classified into one of the designated SD Tiers. The individual is currently seeking regulatory approval to become associated with a FINRA member firm (i.e., a member firm has sponsored the individual and the application is being considered under FINRA’s Membership Continuance process). A decision as to whether a FINRA registration will be approved or denied is currently pending.
SD-YES-APPROVED – Tier 1 SD-YES-APPROVED-Tier 2 SD-YES-APPROVED – Tier 3	The individual is subject to a disqualification and has been classified into one of the designated SD Tiers. The individual has received regulatory approval to become associated with a FINRA member firm. FINRA registration has been approved pursuant to Membership Continuance Proceedings.

SD-YES-DENIED	The individual is subject to a disqualification and was denied permission to become associated with a FINRA member firm.
SD-YES-LIMITED – Tier 1 SD-YES-LIMITED – Tier 3	Staff has reviewed the individual’s disclosure information and determined that the individual is subject to a disqualification because he/she is barred from acting in one or more registration or functional capacities; however, the individual is not precluded from operating in one or more other capacities. For example, a person that is barred from acting in a supervisory capacity may be able to associate in a general sales (or non-supervisory) capacity, depending on the applicable order. The individual has also been classified into one of the designated SD Tiers.
SD-TIMED SUSPENSION/BAR	The individual is subject to a disqualification due to a timed suspension or bar, with Membership Continuance Proceedings not required.
SD-YES –SOX – Tier 1 SD-YES –SOX – Tier 3	The individual is subject to a disqualification based on the Sarbanes-Oxley Act of 2002 and has been classified into one of the designated SD Tiers.
SD-YES-SOX- APPROVAL/DENIAL PENDING - Tier 1 SD- YES- SOX- APPROVAL/DENIAL PENDING - Tier 3	The individual is subject to a disqualification based on the Sarbanes-Oxley Act of 2002 and has also been classified into one of the designated SD Tiers. The individual is currently seeking regulatory approval to become associated with a FINRA member firm (i.e., a member firm has sponsored the individual and the application or notice is being considered under FINRA’s Membership Continuance Proceedings). A decision as to whether a FINRA registration will be approved or denied is currently pending.
SD- YES-SOX-APPROVED - Tier 1 SD- YES-SOX- APPROVED - Tier 3	The individual is subject to a disqualification based on the Sarbanes-Oxley Act of 2002 and has been classified into one of the designated SD Tiers. FINRA registration has been approved pursuant to Membership Continuance Proceedings.
SD- YES-WILLFUL- Tier 1 SD- YES-WILLFUL- Tier 3	The individual is subject to a disqualification as a result of a sanction that is based on finding(s) of willful violations of the federal securities or commodities laws and has been classified into one of the designated SD Tiers.
SD- YES- WILLFUL- APPROVAL/DENIAL PENDING - Tier 1 SD- YES- WILLFUL- APPROVAL/DENIAL PENDING - Tier 3	The individual is subject to a disqualification as a result of a sanction that is based on finding(s) of willful violations of the federal securities or commodities laws and has been classified into one of the designated SD Tiers. The individual is currently seeking regulatory approval to become associated with a FINRA member firm (i.e., a member firm has sponsored the individual and the application or notice is being considered under FINRA’s Membership Continuance Proceedings). A decision as to whether a FINRA registration will be approved or denied is currently pending.
SD- YES- WILLFUL- APPROVED Tier 1 SD- YES- WILLFUL- APPROVED - Tier 3	The individual is subject to a disqualification as a result of a sanction that is based on finding(s) of willful violations of the federal securities or commodities laws and has been classified into one of the designated SD Tiers. FINRA registration has been approved pursuant to Membership Continuance Proceedings.