

Reporting Requirements

FINRA Revises the Rule 4530 Filing Application Form and the Product and Problem Codes for Reporting Customer Complaints and for Filing Documents Online

Implementation Date for changes relating to DOL Fiduciary Rule:
June 9, 2017

Implementation Date for changes relating to MSRB Rules:
October 1, 2017

Summary

FINRA is adding a new Rule 4530 Problem Code to address changes the United States Department of Labor (DOL) has made to its fiduciary rule. The DOL has stated that certain provisions of the fiduciary rule and the related exemptions will become applicable on June 9, 2017. FINRA is also adding new fields to the Rule 4530 Filing Application Form, amending the existing Rule 4530 Product and Problem Codes and adding a new Problem Code, to address changes made by the Municipal Securities Rulemaking Board (MSRB) to extend the MSRB customer complaint and related recordkeeping rules to municipal advisors. The changes to the MSRB rules will become effective on October 13, 2017.

In addition, FINRA is making other non-substantive technical and stylistic changes to the Product and Problem Codes and modifying the Rule 4530 system to limit the period during which firms can amend their submissions.

Starting on June 9, 2017, firms can use new Problem Code 69 – DOL Fiduciary Rule, when applicable, to report customer complaint information and information relating to required documents filed under Rules 4530(f) and (g).¹

Starting on October 1, 2017, the Rule 4530 Filing Application Form will include two new fields (“Non-Registered Rep Associated Person” and “Municipal Advisory Services”) in the “Related To” subsection of the form. Firms can use these new fields when submitting information relating to associated persons who are not registered or relating to municipal advisory services. In addition, also starting on October 1, 2017, firms can use the amended and new Rule

June 2017

Notice Type

- ▶ Guidance

Suggested Routing

- ▶ Compliance
- ▶ Legal
- ▶ Operations
- ▶ Senior Management
- ▶ Systems

Key Topics

- ▶ Customer Complaints
- ▶ DOL Fiduciary Rule
- ▶ Filing Requirements
- ▶ Municipal Advisors
- ▶ Online Filing
- ▶ Product and Problem Code Changes
- ▶ Reporting Requirements

Referenced Rules & Notices

- ▶ 29 CFR 2510.3-21
- ▶ FINRA Rule 4530
- ▶ MSRB Rule G-8

4530 Product and Problem Codes relating to municipal advisory activities, including new Problem Code 15 – Municipal Advisor Conflict of Interest, when applicable, to report customer complaint information and information relating to required documents filed under Rules 4530(f) and (g).²

The amended and new Rule 4530 Product and Problem Codes are provided in Attachment A. For ease of reference, a marked-up version showing the most significant revisions to the current Product and Problem Codes is provided in Attachment B.

Questions concerning this *Notice* should be directed to Anthony Cavallaro, Central Review Group, at (646) 315-7319.

Background & Discussion

FINRA Rule 4530 (Reporting Requirements) requires firms to report, among other events, written customer complaints alleging theft or misappropriation of funds or securities, or forgery.³ The rule also requires firms to report quarterly statistical and summary information regarding written customer complaints.⁴ All customer complaint information must be electronically reported to FINRA via an application on the FINRA Firm Gateway. In addition, the rule requires firms to file with FINRA copies of specified criminal and civil actions,⁵ which firms may file online via the Firm Gateway.⁶ Firms are required to select the appropriate Rule 4530 Product and Problem Code when reporting customer complaint information and information relating to required documents filed under Rules 4530(f) and (g). In addition, firms must complete other fields on the Rule 4530 Filing Application Form, including the fields in the “Related To” subsection of the form.

DOL Fiduciary Rule and Related Exemptions

In 2016, the DOL issued a final rule to amend the definition of “fiduciary” in 29 CFR 2510.3-21 and issued two new related exemptions, the Best Interest Contract Exemption and the Principal Transactions Exemption.⁷ In complying with the DOL fiduciary rule and the new exemptions, firms may have to impose limitations on particular securities transactions in customers’ accounts. For instance, under the Best Interest Contract Exemption, a firm that avails itself of the exception for pre-existing transactions may not be able to purchase a new security for an existing customer’s individual retirement account. In such instances, a customer may submit a written complaint to the firm regarding the firm’s actions or inactions. To address issues that may arise in connection with a firm’s compliance with the DOL fiduciary rule and the related exemptions, FINRA is adding new Problem Code 69 – DOL Fiduciary Rule to the current Rule 4530 Problem Codes. Starting on June 9, 2017, firms may use Problem Code 69 to properly identify information reported to FINRA.

MSRB Rules Relating to Municipal Advisors

Earlier this year, the SEC approved a proposed rule change by the MSRB that extended the MSRB customer complaint and related recordkeeping rules to municipal advisors.⁸ Among other changes, the MSRB amended Rule G-8 (Books and Records to be Made by Brokers, Dealers, and Municipal Securities Dealers and Municipal Advisors) to require MSRB regulated entities to retain an electronic complaint log of all written complaints of customers or municipal advisory clients and persons acting on behalf of such customers or municipal advisory clients.⁹ MSRB regulated entities must also code the log using a standard set of product and problem codes, which will be based on the Rule 4530 Product and Problem Codes and tailored to address municipal securities and municipal advisory activities.¹⁰

FINRA, working with the MSRB, is making changes to the Rule 4530 Filing Application Form and the Rule 4530 Product and Problem Codes to facilitate firms' compliance with the requirements of MSRB Rule G-8. Specifically, in the "Related To" subsection of the form, FINRA is adding a field for "Non-Registered Rep Associated Person" and one for "Municipal Advisory Services." Firms should select these fields when a reportable matter relates to an associated person who is not registered with a firm or relates to municipal advisory services. FINRA also is amending several of the existing Problem and Product Codes, such as Problem Code 56 – Proxy/Prospectus, to clarify or extend their application to municipal securities and municipal advisory activities. Finally, FINRA is adding new Problem Code 15 – Municipal Advisor Conflict of Interest, which relates to a conflict of interest arising in a municipal advisory role, including a breach of fiduciary duty, a duty of care or a duty of loyalty. Starting on October 1, 2017, firms may use the new fields and the amended and new Rule 4530 Product and Problem Codes relating to municipal securities and municipal advisory activities for reporting purposes.

Amendments to Submissions

Currently, the Rule 4530 system provides firms an indefinite period to amend their submissions. The purpose of allowing amendments to submissions is to provide firms the ability to promptly correct any erroneous information submitted through the system. Consistent with this purpose, FINRA is modifying the system to provide firms 30 calendar days after the reporting of a disclosure event and 30 calendar days after the due date for filing quarterly complaint information to amend their submissions.

Availability of the Amended and New Codes

The amended and new Rule 4530 Product and Problem Codes are provided in Attachment A and are also available on [FINRA's website](#).

Endnotes

1. For purposes of reporting statistical and summary information regarding written customer complaints, firms may use new Problem Code 69 to report information regarding complaints received during the second calendar quarter (April 1, 2017, through June 30, 2017). The second calendar quarter report is due by July 17, 2017.
2. While the changes to the MSRB rules become effective on October 13, 2017, firms may begin using the amended and new Product and Problem Codes, including new Problem Code 15, on October 1, 2017, which is the start of the fourth calendar quarter period (October 1, 2017, through December 31, 2017) for reporting statistical and summary information regarding written customer complaints. The fourth calendar quarter report is due by January 16, 2018.
3. *See* FINRA Rule 4530(a)(1)(B).
4. *See* FINRA Rule 4530(d). The statistics that firms report provide FINRA with important regulatory information that assists with the timely identification of potential sales practice and operational issues.
5. *See* FINRA Rule 4530(f).
6. *See* FINRA Rule 4530(g). Firms also have the option of filing the documents required under FINRA Rule 4530(f) via mail or email.
7. *See* 81 FR 20946, 21002 and 21089 (April 8, 2016).
8. *See* MSRB Regulatory Notice 2017-03 (January 18, 2017).
9. *See id.*
10. *See id.*

Attachment A

Product Codes

Select the most prominent in the complaint from the following codes.

Code	Description of Product	(Effective 10/01/2017)
00	Miscellaneous	
01	Equity-Listed (common and preferred stock, closed-end funds)	
02	Debt-Corporate (not asset-backed, includes convertible, corporate and zeros)	
03	Debt-U.S. Government/U.S. Government Agency/U.S. Government Zeros and U.S. Zeros Receipts (e.g., Treasury Investors Growth Receipt (TIGR), Certificate of Accrual on Treasury Securities (CATS))	
04	Commodities/Futures (except commodity options and financial futures)	
05	Commodity Options	
06	Options (except Index)	
07	Index Options	
08	Insurance (not annuities)	
09	Mutual Funds (open-ended, includes money market funds)	
10	Certificate of Deposit (CD) (coupon and zero CDs)	
11	Unit Investment Trusts (UITs) (corporate, government and municipal defined asset funds)	
12	Direct Investments (limited partnerships, etc.)	
13	Financial Futures	
14	Equity-OTC (common and preferred stock, new issues)	
15	Debt-Municipal – Such products may include municipal securities with underlying bonds, notes, zeros, warrants, Variable Rate Demand Obligations, Alternative Minimum Tax bonds, certificates of participation, private placement or direct purchases. However, they should not include Municipal Investment Trusts (see Code 11), Auction Rates Securities (see Code 39), or Structured Products (see Code 42).	
16	Debt-Asset Backed (Collateralized Mortgage Obligations (CMOs), credit card receivables, etc.)	
17	Managed/Wrap Accounts (in-house money manager)**	
18	No Product	
19	Managed/Wrap Accounts (outside money manager)**	
20	Variable Annuities - A variable annuity is an insurance company contract that allows the owner to elect to receive immediate or future periodic payments. A variable annuity is purchased, either with a lump sum or over time, with premiums allocated among various, separate account funds offered in the annuity contract. During the accumulation phase, the rate of return and the contract fund value on a variable annuity fluctuates with the performance of the underlying investments in the separate account funds, sometimes called investment portfolios or subaccounts.	
21	Warrants/Rights	
22	Real Estate Investment Trusts (REITS)	
23	Employee/Employer Stock Option Plans (not listed options)**	
24	Equity-Foreign	
25	Debt-Foreign	
26	Exchange Traded Funds (ETFs)	
27	Single Stock Futures	
28	529 Plans/Municipal Fund Securities ** (e.g., College Savings Plans, ABLE Accounts, and Local Government Investment Pools)	
29	Hedge Funds	
30	Private Placements (e.g., Private Investments in Public Equity Securities (PIPES), etc.)	
31	Promissory Notes	
32	Mortgage (e.g., pledged assets, reverse mortgage)	
33	Closed End Funds	
34	Cash Management Accounts (e.g., debit/credit card)**	
35	Self-Directed Fee-Based Accounts (non-managed)**	
36	Contractual Plans/Systematic Investment Plans	

37	Tenant in Common (e.g., 1031 Exchanges)
38	Money Markets (e.g., commercial paper, Banker's Acceptance (BA), not money market funds) - When the matter is primarily related to money markets.
39	Auction Rate Securities – Municipal Debt
40	Auction Rate Securities – Corporate Debt
41	Auction Rate Securities – Closed-End Funds
42	Structured Products - For the purpose of this reporting, structured products are investment instruments designed to facilitate a particular risk-return objective, the performance of which is based on one or more referenced asset, index, interest rate, or other market measure. They may include floater or inverse floater features. Some structured products offer full protection of the principal invested, whereas others offer limited or no protection of the principal. Structured products may be listed on a securities exchange or traded in the over-the-counter market.
43	Fixed Annuities - A fixed annuity is an insurance contract that is purchased either in a lump sum or over time. A fixed annuity is credited with a fixed or set interest rate and allows the owner to elect to receive immediate or future periodic payments. The insurance company guarantees both earnings and principal.
44	Equity-Indexed Annuities - An equity-indexed annuity is an insurance company product purchased either in a lump sum or with a series of payments. The insurance company credits the holder with a return that is based on performance of an equity index, such as the S&P 500 Composite Stock Price Index. The insurance company may guarantee a minimum return. After the accumulation period, the insurance company makes periodic payments under the terms of the contract or in a lump sum.
45	Life Settlements - A life settlement is a financial transaction in which a policy owner sells an existing life insurance policy to a third party for more than the policy's cash surrender value, but less than the net death benefit.
46	Viatical Settlement - The sale of a terminally ill policy owner's existing life insurance policy to a third party for more than its cash surrender value, but less than its net death benefit. Such a sale provides the policy owner with a lump sum. The third party becomes the new owner of the policy, pays the monthly premiums, and receives the full benefit of the policy when the insured dies.
47	Private Securities - Securities that are not registered; not listed on an exchange; and otherwise not publicly available for trade.
48	Non-Broker-Dealer Affiliate Product - Such as banking and insurance instruments or services related to non-broker-dealer affiliate activity and not otherwise characterized by another Product Code.
49	Exchange-Traded Notes (ETNs) - Senior, unsecured, unsubordinated debt security issued by an underwriting bank designed to provide investors access to the returns of various market benchmarks. ETNs do not actually own anything they are tracking. The note is backed by the credit of the underwriting bank that is promising to pay the amount reflected in the index, minus fees upon maturity.

** These account types are to be used when the allegations relate specifically to the type of account and not to an underlying security within the account.

Problem Codes

Select the most egregious in the complaint from the following codes.

Code	Description of Problem	(Effective 10/01/2017)**
00	Miscellaneous (Sales Practice Only) - "Sales Practice" only ("Non-Sales Practice" Miscellaneous code is "99").	
01	Misrepresentation - Allegations concerning false or misleading statements, claims, comparisons or omissions of material fact. Includes, but is not limited to, assurances and guarantees that are part of either oral or written communications or correspondence from an associated person to a customer, municipal advisory client, or prospect (not research/trading/investment banker/issuer/sponsor material).	
02	Unauthorized Trading - Allegations concerning one or more transactions that were effected without the customer's specific knowledge and approval. (Note: Not margin liquidation or dividend reinvestment type problems.)	
03	Excessive Trading - Allegations concerning trading that was controlled by the firm or Registered Representative ("RR") and was excessive given the size, frequency, and character of the account in which trading was done solely to generate commissions or other compensation with disregard to the customer's	

	investment objectives.
04	Suitability - Allegations concerning an unsuitable recommended transaction or investment strategy involving a security or securities, including possible violations of, among others, the following main suitability obligations: reasonable-basis suitability (must perform reasonable diligence to understand the nature of the recommended security or investment strategy involving a security or securities, as well as the potential risks and rewards, and determine whether the recommendation is suitable for at least some investors based on that understanding); customer-specific suitability (must have a reasonable basis to believe that a recommendation of a security or investment strategy involving a security or securities is suitable for the particular customer based on the customer's investment profile); and quantitative suitability (must have a reasonable basis to believe that a series of recommended securities transactions are not excessive where there is control over the account).
05	Failure to Follow Instructions - Allegations concerning the RR's or the municipal advisor's associated person's failure to follow specific instructions from the customer or the customer's proper power of attorney holder or authorized parties of corporate or other entity accounts.
06	Documentation - Allegations concerning material inaccuracies, omissions, or failures to obtain or provide required documents.
07	Solicitation - Allegations concerning improper solicitation of an account or a transaction.
08	Misappropriation/Forgery - Allegations concerning theft or misappropriation of funds or securities or forgery. (Note: Not dividend reinvestment, customer checking/debit card activity or routine transfer instructions problems.)
09	Communication with Public - Allegations concerning false or misleading statements, claims, comparisons, or material omissions in communications or correspondence to a customer or prospect (including flyers, retail communications, sales materials and advertisements prepared by an associated person).
10	Disclosure of Fees - Allegations concerning the RR's or municipal advisor's associated person's failure to advise, or incorrect information, regarding back-end fees associated with the product or disclosure of municipal advisory fees. (Includes Contingent Deferred Sales Charges (CDSC), surrender penalties, but not commissions or managed account fees.)
11	Failure to Supervise - Allegations where a customer makes a sales practice complaint against his or her RR or a municipal advisor's associated person, and also cites a failure to supervise on the part of the named supervisor, such as the branch office manager, at the time the activity occurred.
12	Poor Recommendation/Poor Advice - Allegations that a recommendation to purchase, sell or exchange a security constituted poor advice.
13	Selling Away - Allegations concerning an associated person engaging in a securities transaction outside the scope of his or her relationship with the firm and without the knowledge or approval of the firm.
14	Outside Business Activities - Allegations concerning the RR engaging in an undisclosed business activity (other than a securities transaction) outside the scope of his or her relationship with the firm (e.g., employment with another entity without the knowledge of the firm).
15	Municipal Advisor Conflict of Interest - Allegations that relate to a conflict of interest in a Municipal Advisory role, including a breach of fiduciary duty, a duty of care, or a duty of loyalty.
20	Research - Allegations concerning a transaction(s) that was made based upon a firm's research opinion that allegedly contained a material misstatement(s) or the omission of a material fact(s) communicated to the RR, customer or municipal advisory client. (This will usually be coded as a "Firm" vs. "RR" problem.)
21	Product Origination/Investment Banking - Allegations concerning a transaction(s) that was based on disclosure(s) (e.g., investment banking/issuer/sponsor/obligated person) that allegedly lacked "due diligence" in that such disclosure(s) contained a material misstatement(s) or the omission of a material fact(s) communicated to the RR/customer. (This will usually be coded as a "Firm" vs. "RR" problem.)
22	Trading - Allegations concerning a transaction(s) that was based on a Trading Department (or support staff) disclosure(s) that contained a material misstatement(s) or the omission of a material fact(s) relating to secondary market conditions or security feature communicated to the RR/customer. (This will usually be coded as a "Firm" vs. "RR" problem.)
23	Poor Performance - Allegations concerning the poor performance of the customer's account, but does not allege any specific sale practice violations against the RR or attribute damages to a research analyst recommendation. (Not otherwise reportable under Sales Practice Codes 20, 21 or 22.)
24	Managed Accounts - Allegations concerning the practice of an in-house or outside money manager. (Not to be used when the RR is the money manager and allegations are of a sales practice nature against the RR.)

25	Marketing/Sales Literature - Allegations concerning false or misleading statements, claims, comparisons or material omissions found in <i>retail communications</i> , advertisements, sales literature and other written firm communications. (Not research trading/investment banking/issuer/sponsor materials.)
26	Regulation B - Allegations concerning a denial of credit on the basis of race, color, religion, national origin, sex, marital status, age, receipt of income from public assistance programs or good faith exercise of any rights under the Consumer Credit Protection Act (CCPA) (Usually coded as a "firm vs. RR" problem.)
27	Regulation E - Allegations concerning a failure by the firm to comply with Regulation E – the Electronic Transfer Act. (Usually coded as a "firm vs. RR" problem.)
28	Regulation S-P - Allegations concerning a failure by the firm to comply with Regulation S-P, which was adopted to implement Title V of the Gramm-Leach-Bliley Act. Pursuant to Regulation S-P, a financial institution must: <ul style="list-style-type: none"> ▪ Disclose to customers - on an initial and annual basis - its policies for collecting and sharing a customer's non-public personal information with affiliated and non-affiliated third parties; ▪ Provide the Firm's customers with the ability to "opt out" of certain disclosures of their non-public personal information to non-affiliated third parties, with certain exceptions; ▪ State the financial institution's security standards to protect a customer's nonpublic personal information. (Usually coded as a "firm vs. RR" problem.)
29	Third Party/Anonymous - Allegations received by an unauthorized third party or anonymous source. (Note: If the firm received authorization from the customer subsequent to the receipt of a third party/anonymous complaint, it is obligated to file an amendment via the Firm Gateway application within 45 days of receipt of the authorization to identify the true problem code.)
30	Complaints Referred to Previous Employer - Allegations received by a firm against a current or previously employed associated person regarding activities that occurred at the associated person's former employer firm.
31	Other Theft/Forgery - Allegations concerning theft or misappropriation of funds or securities or forgery against someone other than an associated person of the firm.
32	Identity Theft - Allegations concerning improper use of a customer's social security number or other non-public personal identity information by unauthorized individuals or entities.
33	Affiliate Activity (Non-Broker-Dealer or Non-Municipal Advisor) – Allegations concerning activity at an affiliate not otherwise characterized by another problem code.
40	Miscellaneous - Firm related complaints only. Non sales practice miscellaneous code is 99. Sales practice miscellaneous code is 00.
Non-Sales Practice Problem Codes	
50	Transfer of Accounts - Allegations concerning full or partial transfer of a customer's account between broker-dealers. Includes both ACATS and manual transfers and internal transfers between branches.
51	Receipt or Delivery of Securities - Allegations concerning receipt or delivery of any type of security from broker-dealer to a customer or vice versa. Includes lost certificates, delayed securities transfers, non-transferable securities or securities not in transfer because of a fail.
52	Receipt or Disbursement of Funds - Allegations concerning funds received from or disbursed to a customer. Includes checks generated automatically, such as monthly dividend checks, IRS distribution, etc.
53	Dividend and Interest Problems - Allegations concerning payments or charges of dividends or interest, including stock dividends. Does not include disbursement of automatic monthly dividend checks or margin interest dependencies.
54	Margin Problems - Allegations concerning margin, including account liquidations, margin call notification and margin interest discrepancies.
55	Reorganization/Redemption - Allegations concerning stock splits, tenders, mergers, bond/unit trust redemption and called bonds.
56	Proxy/Prospectus - Allegations by a customer concerning the delay or non-receipt of any of the foregoing, including an Official Statement prepared by or on behalf of a state or local government in connect with a new issue of municipal securities and shareholder mailings.
57	Execution - Allegations concerning non-execution, price discrepancy, delay in entry or report and delay in mutual fund purchases and redemptions.
58	Statement/Confirms - Allegations concerning physical characteristics and representation of

	statements/confirmations, failure to receive statement/confirmations and questions regarding the reported price, value of or failure to value, a security.
59	Tax Reporting - Allegations concerning tax reporting to, or on behalf of, a customer. Includes 1099, TEFRA withholding, K-1, W2-p, 5498 and Year-to-Date information appearing on monthly statements as well as any other tax reporting forms.
60	Fees and Commissions - Allegations concerning customary fees (custodial, administrative), service charges (bounced checks, lost certificate, replacement, etc.) and commissions/markups (markdowns) and wrap fees or fees for municipal advisory services.
61	Account Administration and Processing - Allegations concerning daily activity in a customer's account (e.g., trade corrections, journal entries, un-invested credit balances, and erroneous or missing positions in account).
62	On-Line Trading - Allegations concerning trading initiated by a client on-line, (including non-execution, price discrepancy, delays in execution and delays in trade confirmation).
63	Service Issues - Allegations concerning inadequate or unsatisfactory service from the firm or any of its employees.
64	PATRIOT Act Liquidation - Allegations concerning the liquidation of an account due to the firm's inability to confirm the customer's identity as per Section 326 of the PATRIOT Act or failure to obtain foreign bank certifications per Section 313 and 319(b)of the PATRIOT Act.
65	Account Administration and Processing — Account Opening - Allegations concerning problems establishing a new account (e.g., delays in opening account, and issues with account type and documentation).
66	Account Administration and Processing — Account Maintenance - Allegations concerning non-transaction-related problems with existing accounts (e.g., address changes, investment objective changes, title changes and account closing issues).
67	On-Line Issues - Allegations concerning access and functionality of a firm's online system (connectivity and navigation).
68	Firm Policy - Allegations concerning a customer's dissatisfaction with a firm policy or procedure (that is not otherwise better characterized by another Problem Code).
69	DOL Fiduciary Rule – Allegations concerning the firm's actions resulting from compliance with the DOL fiduciary rule and the related exemptions (e.g., allegation that the firm failed to follow instructions with respect to an account subject to transactional restrictions based on the DOL fiduciary rule and the related exemptions).
99	Miscellaneous (Non-Sales Practice Only) - "Non-Sales Practice" only ("Sales Practice" Miscellaneous code is "00").

** Problem Code 69 is effective 06/09/2017.

Attachment B

Product Codes

Select the most prominent in the complaint from the following codes.

Code	Description of Product	(Effective 10/01/2017 4)
00	Miscellaneous	
01	Equity-Listed (common and preferred stock, closed-end funds)	
02	Debt-Corporate (not asset-backed, includes convertible, corporate and zeros)	
03	Debt-U.S. Government/U.S. Government Agency/U.S. Government Zeros and U.S. Zeros Receipts (e.g., Treasury Investors Growth Receipt (TIGR), Certificate of Accrual on Treasury Securities (CATS))	
04	Commodities/Futures (except commodity options and financial futures)	
05	Commodity Options	
06	Options (except Index)	
07	Index Options	
08	Insurance (not annuities)	
09	Mutual Funds (open-ended, includes money market funds)	
10	Certificate of Deposit (CD) (coupon and zero CDs)	
11	Unit Investment Trusts (UITs) (corporate, government and municipal defined asset funds)	
12	Direct Investments (limited partnerships, etc.)	
13	Financial Futures	
14	Equity-OTC (common and preferred stock, new issues)	
15	Debt-Municipal – <u>Such products may include municipal securities with underlying bonds, notes and zeros, warrants, Variable Rate Demand Obligations, Alternative Minimum Tax bonds, certificates of participation, private placement or direct purchases. However, they should not include Municipal Investment Trusts (MITs) see Code 11, Auction Rates Securities (see Code 39), or Structured Products (see Code 42).</u>	
16	Debt-Asset Backed (Collateralized Mortgage Obligations (CMOs), credit card receivables, etc.)	
17	Managed/Wrap Accounts (in-house money manager)**	
18	No Product	
19	Managed/Wrap Accounts (outside money manager)**	
20	Variable Annuities - A variable annuity is an insurance company contract that allows the owner to elect to receive immediate or future periodic payments. A variable annuity is purchased, either with a lump sum or over time, with premiums allocated among various, separate account funds offered in the annuity contract. During the accumulation phase, the rate of return and the contract fund value on a variable annuity fluctuates with the performance of the underlying investments in the separate account funds, sometimes called investment portfolios or subaccounts.	
21	Warrants/Rights	
22	Real Estate Investment Trusts (REITS)	
23	Employee/Employer Stock Option Plans (not listed options)**	
24	Equity-Foreign	
25	Debt-Foreign	
26	Exchange Traded Funds (ETFs)	
27	Single Stock Futures	
28	529 Plans/Municipal Fund Securities ** (e.g., College Savings Plans, ABLE Accounts, and Local Government Investment Pools)	
29	Hedge Funds	
30	Private Placements (e.g., Private Investments in Public Equity Securities (PIPES), etc.)	
31	Promissory Notes	
32	Mortgage (e.g., pledged assets, reverse mortgage)	
33	Closed End Funds	
34	Cash Management Accounts (e.g., debit/credit card)**	
35	Self-Directed Fee-Based Accounts (non-managed)**	

36	Contractual Plans/Systematic Investment Plans
37	Tenant in Common (e.g., 1031 Exchanges)
38	Money Markets (e.g., commercial paper, Banker's Acceptance (BA), not money market funds) if - <u>When</u> the matter <u>is primarily related</u> to money markets.
39	Auction Rate Securities – Municipal Debt
40	Auction Rate Securities – Corporate Debt
41	Auction Rate Securities – Closed-End Funds
42	Structured Products - For the purpose of this reporting, structured products are investment instruments designed to facilitate a particular risk-return objective, the performance of which is based on one or more referenced asset, index, interest rate, or other market measure. <u>They may include floater or inverse floater features.</u> Some structured products offer full protection of the principal invested, whereas others offer limited or no protection of the principal. Structured products may be listed on a securities exchange or traded in the over-the-counter market.
43	Fixed Annuities - A fixed annuity is an insurance contract that is purchased either in a lump sum or over time. A fixed annuity is credited with a fixed or set interest rate and allows the owner to elect to receive immediate or future periodic payments. The insurance company guarantees both earnings and principal.
44	Equity-Indexed Annuities - An equity-indexed annuity is an insurance company product purchased either in a lump sum or with a series of payments. The insurance company credits the holder with a return that is based on performance of an equity index, such as the S&P 500 Composite Stock Price Index. The insurance company may guarantee a minimum return. After the accumulation period, the insurance company makes periodic payments under the terms of the contract or in a lump sum.
45	Life Settlements - A life settlement is a financial transaction in which a policy owner sells an existing life insurance policy to a third party for more than the policy's cash surrender value, but less than the net death benefit.
46	Viatical Settlement - The sale of a terminally ill policy owner's existing life insurance policy to a third party for more than its cash surrender value, but less than its net death benefit. Such a sale provides the policy owner with a lump sum. The third party becomes the new owner of the policy, pays the monthly premiums, and receives the full benefit of the policy when the insured dies.
47	Private Securities - Securities that are not registered; not listed on an exchange; and otherwise not publicly available for trade.
48	Non-Broker-Dealer Affiliate Product - Such as banking and insurance instruments or services related to non-broker-dealer affiliate activity and not otherwise characterized by another Product Code.
49	Exchange-Traded Notes (ETNs) - Senior, unsecured, unsubordinated debt security issued by an underwriting bank designed to provide investors access to the returns of various market benchmarks. ETNs do not actually own anything they are tracking. The note is backed by the credit of the underwriting bank that is promising to pay the amount reflected in the index, minus fees upon maturity.

** These account types are to be used when the allegations relate specifically to the type of account and not to an underlying security within the account.

Problem Codes

Select the most egregious in the complaint from the following codes.

Code	Description of Problem	(Effective 10/01/2017)**
00	Miscellaneous (Sales Practice Only) - "Sales Practice" only ("Non-Sales Practice" Miscellaneous code is "99").	
01	Misrepresentation - Allegations concerning false or misleading statements, claims, comparisons or omissions of material fact. Includes, but is not limited to, assurances and guarantees that are part of either oral or written communications or correspondence from the Registered Representative (RR) <u>an associated person</u> to a customer, <u>municipal advisory client</u> , or prospect (not research/trading/investment banker/issuer/sponsor material).	
02	Unauthorized Trading - Allegations concerning one or more transactions that were effected without the customer's specific knowledge and approval. (Note: Not margin liquidation or dividend reinvestment type problems.)	

03	Excessive Trading - Allegations concerning trading that was controlled by the <u>firm or Registered Representative ("RR")</u> and was excessive given the size, frequency, and character of the account in which trading was done solely to generate commissions or other compensation with disregard to the customer's investment objectives.
04	Suitability - Allegations concerning an unsuitable recommended transaction or investment strategy involving a security or securities, including possible violations of, among others, the following main suitability obligations: reasonable-basis suitability (must perform reasonable diligence to understand the nature of the recommended security or investment strategy involving a security or securities, as well as the potential risks and rewards, and determine whether the recommendation is suitable for at least some investors based on that understanding); customer-specific suitability (must have a reasonable basis to believe that a recommendation of a security or investment strategy involving a security or securities is suitable for the particular customer based on the customer's investment profile); and quantitative suitability (must have a reasonable basis to believe that a series of recommended securities transactions are not excessive where there is control over the account).
05	Failure to Follow Instructions - Allegations concerning the RR's <u>or the municipal advisor's associated person's</u> failure to follow specific instructions from <u>the customer or</u> the customer's proper power of attorney holder or authorized parties of corporate or other entity accounts.
06	Documentation - Allegations concerning material inaccuracies, omissions, or failures to obtain or provide required documents.
07	Solicitation - Allegations concerning improper solicitation of an account or a transaction.
08	Misappropriation/Forgery - Allegations concerning theft or misappropriation of funds or securities or forgery. (Note: Not dividend reinvestment, customer checking/debit card activity or routine transfer instructions problems.)
09	Communication with Public - Allegations concerning false or misleading statements, claims, comparisons, or material omissions in communications or correspondence to a customer or prospect (including flyers, retail communications, sales materials and advertisements prepared by <u>an associated personthe RR</u>).
10	Disclosure of Fees - Allegations concerning the RR's <u>or municipal advisor's associated person's</u> failure to advise, <u>or the RR's</u> incorrect <u>advice of information, regarding</u> back-end fees associated with the product <u>or disclosure of municipal advisory fees</u> . (Includes Contingent Deferred Sales Charges (CDSC), surrender penalties, but not commissions or managed account fees.)
11	Failure to Supervise - Allegations where a customer makes a sales practice complaint against his/ <u>or her account or registered representative (RR)- or a municipal advisor's associated person</u> , and also cites a failure to supervise on the part of the named supervisor, such as the branch office manager, at the time the activity occurred.
12	Poor Recommendation/Poor Advice - Allegations that a recommendation to purchase, sell or exchange a security constituted poor advice.
13	Selling Away - Allegations concerning <u>an associated person the RR</u> engaging in a securities transaction outside the scope of his or her relationship with the firm and without the knowledge or approval of the firm.
14	Outside Business Activities - Allegations concerning the RR engaging in an undisclosed business activity (other than a securities transaction) outside the scope of his or her relationship with the firm (e.g., employment with another entity without the knowledge of the firm).
15	Municipal Advisor Conflict of Interest - <u>Allegations that relate to a conflict of interest in a Municipal Advisory role, including a breach of fiduciary duty, a duty of care, or a duty of loyalty.</u>
20	Research - Allegations concerning a transaction(s) that was made based upon a firm's research opinion that allegedly contained a material misstatement(s) or the omission of a material fact(s) communicated to the RR/ <u>customer or municipal advisory client</u> . (This will usually be coded as a "Firm" vs. "RR" problem.)
21	Product Origination/Investment Banking - Allegations concerning a transaction(s) that was based on <u>disclosure(s) (e.g., investment banking/issuer/sponsor/obligated person) disclosure(s)</u> that allegedly lacked "due diligence" in that such disclosure(s) contained a material misstatement(s) or the omission of a material fact(s) communicated to the RR/customer. (This will usually be coded as a "Firm" vs. "RR" problem.)
22	Trading - Allegations concerning a transaction(s) that was based on a Trading Department (or support staff) disclosure(s) that contained a material misstatement(s) or the omission of a material fact(s) relating

	to secondary market conditions or security feature communicated to the RR/customer. (This will usually be coded as a "Firm" vs. "RR" problem.)
23	Poor Performance - Allegations concerning the poor performance of the customer's account, but does not allege any specific sale practice violations against the RR or attribute damages to a research analyst recommendation. (Not otherwise reportable under Sales Practice Codes 20, 21 or 22.)
24	Managed Accounts - Allegations concerning the practice of an in-house or outside money manager. (Not to be used when the RR is the money manager and allegations are of a sales practice nature against the RR.)
25	Marketing/Sales Literature - Allegations concerning false or misleading statements, claims, comparisons or material omissions found in <i>retail communications</i> , advertisements, sales literature and other written firm communications. (Not research trading/investment banking/issuer/sponsor materials.)
26	Regulation B - Allegations concerning a denial of credit on the basis of race, color, religion, national origin, sex, marital status, age, receipt of income from public assistance programs or good faith exercise of any rights under the Consumer Credit Protection Act (CCPA) (Usually coded as a "firm vs. RR" problem.)
27	Regulation E - Allegations concerning a failure by the firm to comply with Regulation E – the Electronic Transfer Act. (Usually coded as a "firm vs. RR" problem.)
28	Regulation S-P - Allegations concerning a failure by the firm to comply with Regulation S-P, which was adopted to implement Title V of the Gramm-Leach-Bliley Act. Pursuant to Regulation S-P, a financial institution must: <ul style="list-style-type: none"> ▪ Disclose to customers - on an initial and annual basis - its policies for collecting and sharing a customer's non-public personal information with affiliated and non-affiliated third parties; ▪ Provide the Firm's customers with the ability to "opt out" of certain disclosures of their non-public personal information to non-affiliated third parties, with certain exceptions; ▪ State the financial institution's security standards to protect a customer's nonpublic personal information. (Usually coded as a "firm vs. RR" problem.)
29	Third Party/Anonymous - Allegations received by an unauthorized third party or anonymous source. (Note: If the firm received authorization from the customer subsequent to the receipt of a third party/anonymous complaint, it is obligated to file an amendment via the Firm Gateway application within 45 days of receipt of the authorization to identify the true problem code.)
30	Complaints Referred to Previous Employer - Allegations received by a firm against a current or previously employed <u>associated person RR</u> regarding activities that occurred at the <u>associated person's RR's</u> former employer firm.
31	Other Theft/Forgery - Allegations concerning theft or misappropriation of funds or securities or forgery against someone other than <u>an associated person a-RR</u> of the firm.
32	Identity Theft - Allegations concerning improper use of a customer's social security number or other non-public personal identity information by unauthorized individuals or entities.
33	Non-Broker-Dealer Affiliate Activity (Non-Broker-Dealer <u>or Non-Municipal Advisor</u>) – <u>Allegations concerning activity at an affiliate</u> not otherwise characterized by another problem code.
40	Miscellaneous - Firm related complaints only. Non sales practice miscellaneous code is 99. Sales practice miscellaneous code is 00.
Non-Sales Practice Problem Codes	
50	Transfer of Accounts - Allegations concerning full or partial transfer of a customer's account between broker-dealers. Includes both ACATS and manual transfers and internal transfers between branches.
51	Receipt or Delivery of Securities - Allegations concerning receipt or delivery of any type of security from broker-dealer to a customer or vice versa. Includes lost certificates, delayed securities transfers, non-transferable securities or securities not in transfer because of a fail.
52	Receipt or Disbursement of Funds - Allegations concerning funds received from or disbursed to a customer. Includes checks generated automatically, such as monthly dividend checks, IRS distribution, etc.
53	Dividend and Interest Problems - Allegations concerning payments or charges of dividends or interest, including stock dividends. Does not include disbursement of automatic monthly dividend checks or margin interest dependencies.

54	Margin Problems - Allegations concerning margin, including account liquidations, margin call notification and margin interest discrepancies.
55	Reorganization/Redemption - Allegations concerning stock splits, tenders, mergers, bond/unit trust redemption and called bonds.
56	Proxy/Prospectus - Allegations <u>by a customer</u> concerning the delay or non-receipt of <u>any of the foregoing, including an Official Statement prepared by or on behalf of a state or local government in connect with a new issue of municipal securities and a proxy, prospectus or shareholder mailings by a custome.</u>
57	Execution - Allegations concerning non-execution, price discrepancy, delay in entry or report and delay in mutual fund purchases and redemptions.
58	Statement/Confirms - Allegations concerning physical characteristics and representation of statements/confirmations, failure to receive statement/confirmations and questions regarding the reported price, value of or failure to value, a security.
59	Tax Reporting - Allegations concerning tax reporting to, or on behalf of, a customer. Includes 1099, TEFRA withholding, K-1, W2-p, 5498 and Year-to-Date information appearing on monthly statements as well as any other tax reporting forms.
60	Fees and Commissions - Allegations concerning customary fees (custodial, administrative), service charges (bounced checks, lost certificate, replacement, etc.) and commissions/markups (markdowns) and wrap fees <u>or fees for municipal advisory services.</u>
61	Account Administration and Processing - Allegations concerning daily activity in a customer's account (e.g., trade corrections, journal entries, un-invested credit balances, and erroneous or missing positions in account).
62	On-Line Trading - Allegations concerning trading initiated by a client on-line, (including non-execution, price discrepancy, delays in execution and delays in trade confirmation).
63	Service Issues - Allegations concerning inadequate or unsatisfactory service from the firm or any of its employees.
64	PATRIOT Act Liquidation - Allegations concerning the liquidation of an account due to the firm's inability to confirm the customer's identity as per Section 326 of the PATRIOT Act or failure to obtain foreign bank certifications per Section 313 and 319(b) of the PATRIOT Act.
65	Account Administration and Processing — Account Opening - Allegations concerning problems establishing a new account (e.g., delays in opening account, and issues with account type and documentation).
66	Account Administration and Processing — Account Maintenance - Allegations concerning non-transaction-related problems with existing accounts (e.g., address changes, investment objective changes, title changes and account closing issues).
67	On-Line Issues - Allegations concerning access and functionality of a firm's online system (connectivity and navigation).
68	Firm Policy - Allegations concerning a customer's dissatisfaction with the RR or the firm as a result of a firm policy or procedure (that is not otherwise better characterized by another Problem Code).
69	<u>DOL Fiduciary Rule – Allegations concerning the firm's actions resulting from compliance with the DOL fiduciary rule and the related exemptions (e.g., allegation that the firm failed to follow instructions with respect to an account subject to transactional restrictions based on the DOL fiduciary rule and the related exemptions).</u>
99	Miscellaneous (Non-Sales Practice Only) - "Non-Sales Practice" only ("Sales Practice" Miscellaneous code is "00").

** Problem Code 69 is effective 06/09/2017.