SECURITIES AND EXCHANGE COMMISSION

17 CFR Part 249

Release No. 34–35224; File No. S7–2–95

RIN 3235–AG25

Form BD Amendments

AGENCY: Securities and Exchange Commission.

ACTION: Proposed amendments to Form BD.

SUMMARY: The Securities and Exchange Commission is proposing amendments to Form BD, the uniform broker-dealer registration form under the Securities Exchange Act of 1934. The proposed amendments are to implement recommended changes to the Central Registration Depository System, a computerized filing and data processing system operated by the National Association of Securities Dealers, Inc. that maintains registration information regarding broker-dealers and their registered personnel. Specifically, the amendments are intended to facilitate retrieval of disciplinary information through the redesigned Central Registration Depository by eliciting more precise disclosure and reorganizing items into categories. The changes to the disclosure section of Form BD are consistent with changes to the analogous section in Form U–4, the uniform form for registration of associated persons of a broker-dealer. Other changes to Form BD are more technical in nature and are intended to clarify certain information requests.

DATES: Comments should be submitted on or before February 21, 1995.

ADDRESSES: Comments should be submitted in triplicate to Jonathan G. Katz, Secretary, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549. All comment letters should refer to File No. S7–2–95. All comments received will be available for public inspection and copying in the Commission's Public Reference Room, 450 Fifth Street, N.W., Washington, D.C. 20549.

FOR FURTHER INFORMATION CONTACT: Belinda Blaine, Deputy Chief Counsel, or Terry R. Young, Attorney, (202) 942–0073, Office of Chief Counsel, Division of Market Regulation, Securities and Exchange Commission, 450 Fifth Street, N.W., Mail Stop 7–10, Washington, D.C. 20549.

SUPPLEMENTARY INFORMATION:

I. Introduction

The Securities and Exchange Commission (''Commission'') is proposing several amendments to Form BD (''Form''),[1] the uniform application form for broker-dealer registration under the Securities Exchange Act of 1934 (''Exchange Act'').[2] The proposed amendments to Form BD respond to design updates to the Central Registration Depository (''CRD'') system operated by the National Association of Securities Dealers, Inc. (''NASD''). The CRD is a customized electronic database that allows ''one-stop'' filing for broker-dealer registration among the various state and federal regulators and that maintains information relevant to a registrant's securities business.[3] Applicants for broker-dealer registration file a single Form BD with the NASD, which enters the information into the CRD system and then electronically forwards the information to the Commission and appropriate states for review.

Currently, the CRD system is used primarily as a means to facilitate broker-dealer registration with the Commission, certain SROs, and all of the states. In order to keep pace with advancements in information imaging and transmission, the NASD recently has initiated a comprehensive plan to overhaul the CRD system. Under this plan, the CRD system will be expanded beyond its principal function of facilitating broker-dealer registration to enhance its regulatory use by the Commission, SROs, and state securities regulators. Among other things, the redesigned CRD system will allow federal and state securities regulators to customize regulatory queries and reports. In addition, the redesigned CRD system ultimately is intended to enable broker-dealers and their associated persons to file Form BD and Form U–4 registration information with the NASD electronically by direct link with the CRD through a variety of methods, including computer-to-computer interface, network access, and standard dial-up access.[4]

To allow the NASD sufficient time to redesign the CRD to permit securities regulators to efficiently retrieve relevant information through searches by subject category, the Commission is proposing several amendments to Form BD. The proposed amendments are intended to elicit more precise information from applicants by asking more specific questions about an applicant's business. While the proposed amendments would increase the number of questions on the Form, the Form will be easier for applicants to complete because the specificity of the questions will lessen the need for descriptive textual information.

For instance, as discussed further below, the proposed amendments to the disclosure section, where most of the changes are proposed to be made, would provide the Commission, SROs, and state securities regulators with better information about a registrant's disciplinary history by: (1) grouping disciplinary information into related categories (*e.g.*, criminal charges and convictions); and (2) customizing the accompanying Disclosure Reporting Pages (''DRPs'') used to disclose details of the disciplinary history. The changes to the disciplinary section of the Form are consistent with changes to the analogous section in Form U–4, the uniform form for registration of associated persons of a broker-dealer, which have been approved by the North American Securities Administrators Association, Inc. (''NASAA'') and will be considered by the NASD's Board of Governors.[5]

[1] 17 CFR 249.501.

[2] 15 U.S.C. §§ 78a *et seq.* Form BD was last amended in Securities Exchange Act Release No. 31398 (Nov. 4, 1992), 57 FR 53261. Form BD also is used by the NASD and all of the states.

[3] In Securities Exchange Act Release No. 31660 (Dec. 28, 1992), 58 FR 11 (''1992 Release''), the Commission, as part of its ongoing effort to reduce the costs associated with broker-dealer registration, joined the CRD system and adopted amendments to the broker-dealer registration process. The 1992 amendments required, among other things, that all broker-dealers, including government securities broker-dealers, applying for registration with the Commission on or after January 25, 1993, file Form BD with the CRD.

Direct participation in the CRD system has improved the efficiency of the registration process by creating a comprehensive, centralized database of all registrants, and by giving the Commission more immediate access to current data in broker-dealer filings. In addition, the new system has resulted in cost savings to registrants, who no longer are required to make multiple filings with the Commission, certain self-regulatory organizations (''SROs''), and state regulators. *See* 1992 Release, at 58 FR 11.

If the Commission adopts the amendments to Form BD, the Commission, at the same time, will adopt technical amendments to the registration rules to remove obsolete instructions. For example, Commission Rules 15b3–1 (17 CFR 240.15b3–1) and 15b6–1 (17 CFR 240.15b6–1) currently contain temporary filing instructions for the CRD that are obsolete and will be removed.

[4] According to the NASD, software will be developed to support off-line personal computer or firm system entry of application information. The new CRD system will include commentary screens that can be attached to specific items to provide information to applicants relating to the type or nature of the information being requested. Clarification of disclosure information also may be included with these commentary screens, including explanations of certain terms.

[5] NASAA approved amendments to Form U–4 at the 1994 NASAA Spring Conference. After the NASD Board of Governors adopts proposed amendments to Form U–4, they will be filed with the Commission pursuant to Section 19(b)(2) of the Exchange Act (15 U.S.C. § 78s(b)(2)) and Rule 19b-4 thereunder (17 CFR 240.19b-4).

In addition, the Commission is proposing new items to Form BD to enhance the disclosure with respect to U.S. broker-dealers that have foreign owners, broker-dealers that are affiliated with U.S. or foreign banks, and broker-dealers that conduct securities activities on the premises of financial institutions. Finally, the Commission is proposing several technical amendments to Form BD.

The amendments proposed by the Commission are the culmination of discussions between the staff of the Commission, NASAA's Forms Revision Committee, the NASD, the New York Stock Exchange, and representatives of the securities industry. The proposed amendments are discussed below in the order of significance.

II. Proposed Amendments to Form BD

A. Disciplinary History

The principal changes to Form BD concern proposed amendments to current Item 7. This item requests information about the disciplinary history of the applicant and its control affiliates, including information relating to statutory disqualifications,[6] other relevant history, and the applicant's financial soundness. Under the proposed amendments, Item 7 will be renumbered as Item 11. Consistent with proposed changes to Form U–4, new Item 11 will be reorganized to group related information under four broad disclosure categories: criminal, civil, regulatory, and financial. For example, in the criminal disclosure section, the proposed amendments group pending charges and final convictions, and separate the questions relating to felonies and misdemeanors in order to elicit more precise information from applicants and to facilitate the retrieval of such information from the CRD.[7] Moreover, in order to make the criminal history disclosure more comprehensive and complete, military court convictions, perjury, and conspiracy to commit certain misdemeanor offenses will be added to Items 11A and B. At the suggestion of NASAA, settlement agreements in investment-related civil actions brought against the applicant or control affiliate by a state or foreign financial regulatory authority will be added to Item 11H(1).

Currently, disclosure of bankruptcy proceedings has no time limitation. Because bankruptcy is not a basis for statutory disqualification under Sections 3(a)(39) and 15(b)(4) of the Exchange Act,[8] the Commission is proposing to require disclosure of bankruptcy proceedings in Item 11I(1) only for those occurring in the past ten years. Finally, technical amendments, such as revising the instructions and renumbering several questions, are proposed.[9]

The Commission also is proposing amendments to the corresponding DRPs, which are required to be completed when an applicant answers in the affirmative one of the disciplinary questions. Currently, Form BD includes one generic DRP for all disciplinary history questions. The proposed amendments would replace the single generic DRP with several customized DRPs to reflect more accurately the different classifications of disclosures that are required to be reported under proposed Item 11. For example, the proposed Regulatory DRP will contain specific sections that inquire into whether the applicant is or has been suspended or barred. If the applicant answers in the affirmative, the proposed DRP requires the applicant to specify the duration and capacity affected (*e.g.*, general securities principal, financial and operations principal, or options trading) by the suspension or bar. Moreover, the proposed Regulatory DRP, as well as the proposed Criminal and Civil Judicial DRPs, group together, under the same part and on the same page, final and pending disciplinary actions.

Although these amendments may increase the number of DRPs to be provided, they should not increase the cost and burden of filing Form BD, unless an applicant has an extensive disciplinary history. As discussed above, federal and state securities regulators will have greater access to enhanced regulatory information maintained in the CRD system and will be able to sort and retrieve disciplinary information by category on a more timely and specialized, *ad hoc* basis. In addition, the proposed new DRPs are largely the same as those recently proposed to be added to Form U–4 by NASAA.

B. Bank Securities Activities

In recent years, banks have become increasingly active in selling securities to the public.[10] The Commission believes that most bank sales of securities are being conducted through registered broker-dealers that are subsidiaries or affiliates of banks.[11] The

[6] Sections 15(b)(4) and 15(b)(6) of the Exchange Act authorize the Commission to deny registration to a broker-dealer if the broker-dealer or an associated person of the broker-dealer has engaged in the activities listed in those sections. 15 U.S.C. §§ 78*o*(b)(4) and (b)(6).

Section 3(a)(39) of the Exchange Act cross-references the activities enumerated in Section 15(b)(4) (B), (C), (D), (E), and (G). Section 3(a)(39) generally provides that a person is subject to a ''statutory disqualification'' if, among other things, that person: has been expelled or suspended from membership in an SRO or barred or suspended from association with an SRO member; has had his or her registration or association denied or suspended by the Commission or other appropriate regulatory agency; has willfully violated the federal securities laws or aided, abetted, or counselled others to do so; is permanently or temporarily enjoined by a court from acting in any capacity within the securities industry; has willfully made or caused to be made a false or misleading statement of material fact in filings required by the SROs; or has been convicted of any felony within the past ten years. 15 U.S.C. § 78c(a)(39).

[7] Current Item 7A(1) asks ''in the past ten years, has the applicant or a control affiliate been convicted of or plead guilty or nolo contendere (''no contest'') in a domestic or foreign court to: (1) a felony or misdemeanor involving: investment or an investment-related business; fraud, false statements, or omissions; wrongful taking of property; or bribery, forgery, counterfeiting, or extortion.'' Current Item 7G asks about pending proceedings. New Item 11A would ask ''in the past ten years has the applicant or a control affiliate: (1) been convicted of or plead guilty or nolo contendere (''no contest'') in a domestic, foreign or military court to any felony?; and (2) been charged with any felony?'' New Item 11B would ask ''in the past ten years, has the applicant or a control affiliate: (1) been convicted of or plead guilty or nolo contendere (''no contest'') in a domestic, foreign or military court to a misdemeanor involving: investments or an investment-related business, or any fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses?; and (2) been charged with a misdemeanor specified in 11B(1)?''

[8] *See supra* note 6.

[9] Under the amendments, current Items 7B (1) and (2) are proposed Items 11H1 (a) and (b), respectively. Also, current Item 7D(6) will be renumbered as proposed Item 11F. Item 7D(6) currently requests information about whether the applicant or control affiliate's authorization to act as an attorney or accountant has been revoked or suspended. New Item 11F will add federal contractor licenses to this question. In addition, information requested in current Item 7F, relating to whether a foreign government, court, regulatory agency, or exchange has ever entered an order against the applicant or control affiliate related to investments or fraud not previously reported in other Item 7 questions, has been incorporated into other questions in proposed Item 11. Finally, current Items 7H, 7I, and 7J are proposed as Items 11J, 11K, and 11I, respectively.

[10] *See* Testimony of Arthur Levitt, Chairman, U.S. Securities and Exchange Commission, Concerning H.R. 3447 and Related Functional Regulation Issues, Before the Subcommittee on Telecommunications and Finance Committee on Energy and Commerce, U.S. House of Representatives, April 14, 1994.

[11] Presently, banks can structure their securities sales operations in a number of different ways. First, banks may engage directly in selling activities, outside the regulatory framework established for broker-dealers under the federal securities laws. Second, banks may conduct sales activities through subsidiaries or affiliates registered with the Commission. Finally, banks may enter into contractual arrangements with unaffiliated broker-dealers (*i.e.*, ''networking'' or ''kiosk'' arrangements), whereby the registered broker-dealer sells securities and provides brokerage services to bank customers on (and off)

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Commission, however, currently does not have the means to identify accurately broker-dealers affiliated with U.S. or foreign banks. Accordingly, in order to gather information that may be useful, for example, in evaluating the scope and nature of bank securities activities, and in conducting an effective inspection program of broker-dealers selling securities on behalf of banks, the amendments propose adding Item 10B. Proposed Item 10B will elicit information concerning all financial institutions or organizations, including bank holding companies, that control the applicant. Specifically, proposed Item 10B asks whether the applicant is controlled, directly or indirectly, by a bank holding company, national bank, state member bank of the Federal Reserve System, state non-member bank, savings bank or association, credit union, or foreign bank. If the applicant answers in the affirmative, the applicant will be required to complete Section II of proposed Schedule D,[12] which requests general information about the financial institution, such as name, type (*e.g.*, bank holding company), and business address.

If the proposed amendments to Form BD are adopted, the Commission proposes to delete these questions from Schedule I of Form X–17A–5, the FOCUS report.[13] Disclosure on Schedule I is required *only* at the end of each calendar year, and, unlike the redesigned CRD system, is incapable of being queried and sorted by special category.

In addition to identifying bank affiliated broker-dealers, the amendments propose adding Item 12Y(1), which is intended to elicit information concerning securities activities conducted on bank premises by third-party broker-dealers.[14] Specifically, proposed Item 12Y(1) will require an applicant to indicate whether it is involved (or will be involved) in any networking, kiosk, or similar arrangement with a bank, savings bank or association, or credit union.

C. Broker-Dealer Arrangements

The Commission is proposing revisions to Item 8 in order to simplify and clarify the question. Item 8A currently asks, in pertinent part, ''does applicant have any arrangements with any other person, firm or organization under which: (1) any of the accounts or records of applicant are kept or maintained by such person, firm or organization; or (2) the funds or securities of applicant or any of its customers are held or maintained by such other person, firm or organization.'' Under the proposed amendments, current Items 8A (1) and (2) will be revised and separated out as Items 8A, 8B, and 8C. Item 8A will continue to inquire about arrangements to maintain books and records. Items 8B and C will ask about arrangements to maintain the accounts, funds, or securities of the *applicant*, and the accounts, funds, or securities of *customers* of the applicant, respectively.[15]

While Item 8 contains a question that asks whether the applicant is an introducing broker-dealer, it currently does not contain the same question about clearing broker-dealers. Information about clearing broker-dealers is important for regulatory purposes, including identifying clearing broker-dealers that will be responsible for paying certain transaction fees pursuant to Section 31 of the Exchange Act.[16] Accordingly, new Item 6 will be added to ask ''does applicant hold or maintain any funds or securities or provide clearing services for any other broker or dealer?'' [17]

D. Instructions

The Commission is proposing to add to the filing instructions of Form BD an ''Explanation of Terms,'' containing definitions of the following words: charged, order, felony, misdemeanor, found, minor rule violation, and enjoined.[18] The definitions contained in this section are intended to assist applicants in responding to disciplinary-related questions, and are consistent with the definitions recently proposed to be added to Form U–4 by NASAA.

III. Proposed Amendments to the Schedules to Form BD

A. Schedules A, B, and C—Direct and Indirect Ownership Disclosure

The proposed changes revise Schedules A, B, and C to elicit more relevant and accurate information concerning an applicant and its control affiliates. Schedules A, B, and C currently require applicants to disclose the identity of their executive officers, directors, partners, and direct and indirect owners.[19] In response to

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the bank's premises in exchange for a percentage of the commissions earned.

[12] *See* discussion *infra* part III.B.1.

[13] In Securities Exchange Act Release No. 31398 (Nov. 4, 1992), 57 FR 53261, the Commission adopted an amendment to Schedule I of Form X–17A–5 (the ''FOCUS'' report) to require registered broker-dealers to disclose their affiliations, if any, with U.S. banks. Broker-dealers already were required to disclose their affiliations with foreign banks.

[14] *See supra* note 11. Revised Item 12Y(2) also would ask whether the applicant has entered into a networking arrangement with an insurance company or agency. Insurance companies increasingly are selling securities without registering as broker-dealers under Section 15(a) of the Exchange Act through networking arrangements. New Item 12Y(2) is proposed to assist the Commission, SROs, and state securities regulators in conducting an effective examination program to ensure that broker-dealers involved in networking arrangements with an insurance company or agency are complying with the federal securities laws, including certain conditions set forth in staff no-action letters. *See, e.g.*, Letters regarding: *FIMCO Securities Group, Inc.* (July 16, 1993); *Delta First Financial* (Sept. 21, 1992); and *The Wolper Ross Corporation* (Oct. 16, 1991).

[15] These items also have been reorganized because accounts generally are associated with funds and securities, rather than with records.

[16] 15 U.S.C. § 78ee.

[17] Because a clearing broker-dealer may provide such services for multiple broker-dealers, details of clearing arrangements would not be required to be provided by the clearing broker-dealer on Schedule D.

[18] The proposed definitions are set out below:

Charged: Being accused of a crime in a formal complaint, information, or indictment (or equivalent formal charge).

Order: A written directive issued pursuant to statutory authority and procedures, including orders of denial, suspension, or revocation; does not include special stipulations, undertakings or agreements relating to payments, limitations on activity or other restrictions unless they are included in an order.

Felony: Includes a general court martial. For jurisdictions that do not differentiate between a felony or misdemeanor, a felony is an offense punishable by a sentence of at least one year imprisonment and/or a fine of at least $1,000.

Misdemeanor: Includes a special court martial. For jurisdictions that do not differentiate between a felony or misdemeanor, a misdemeanor is an offense punishable by a sentence of less than one year imprisonment and/or a fine of less than $1,000.

Found: Includes adverse final actions, including consent decrees in which the respondent has neither admitted nor denied the findings, but does not include agreements, deficiency letters, examination reports, memoranda of understanding, letters or caution, admonishments, and similar informal resolutions of matters. This term is discussed in Securities Exchange Act Release No. 22468 (Sept. 26, 1985), 50 FR 41867.

Minor Rule Violation: A violation of a self-regulatory organization rule that has been designated as ''minor'' pursuant to a plan approved by the U.S Securities and Exchange Commission. A rule violation may be designated as ''minor'' under a plan if the sanction imposed consists of a fine of $2,500 or less, and if the sanctioned person does not contest the fine. This term is discussed in Securities Exchange Act Release No. 30958 (July 27, 1992), 57 FR 34028.

Enjoined: Includes being subject to a mandatory injunction, prohibitory injunction, preliminary injunction, or a temporary restraining order.

In addition, the proposed amendments move current definitions, such as control affiliate, investment or investment-related, foreign financial regulatory authority, and proceeding to the section containing the proposed ''Explanation of Terms.''

[19] Schedule A currently requires disclosure of all five percent owners. Schedule B requires disclosure of all twenty-five percent owners of direct owners, their twenty-five percent owners, and each successive twenty-five percent owner of a twenty-five percent owner, continuing up the chain of ownership until a reporting company is reached. Similar provisions apply to limited partners that

heightened interest in national treatment of foreign international markets, including foreign ownership of U.S. broker-dealers,[20] the Commission is proposing to collect on Schedules A, B, and C information concerning foreign ownership of U.S. broker-dealers.

In some instances, because of their complex organizational structures, U.S. applicants may not know or may not be able to obtain detailed information regarding remote foreign owners. Accordingly, rather than require applicants to provide on Schedule D detailed information concerning their foreign owners, which may be unavailable to the applicant, the Commission is proposing to require only that the applicant check a box on Schedules A and B to indicate if an owner is a domestic entity, an entity incorporated or domiciled in a foreign country, or an individual.

B. Other Schedules

1. Schedule D—Miscellaneous Disclosure

The proposed amendments restructure the contents and increase the specificity of the information required to be reported on Schedule D, which currently requires disclosure of details relating to Items 1C(2), 5, 7, 8, 9, 10, 12Z, and 13B. Descriptions of events resulting in an affirmative answer to these Form items currently are set forth in free form, non-structured text in Schedule D.[21] In order to organize this information into a format useful for electronic filing and retrieving, Schedule D will be revised to add separate sections for each Form item that requires applicants to disclose details of an event or occurrence. For example, an applicant providing an affirmative answer to Items 7 and 8, relating to introducing and clearing arrangements, will be required to complete Section IV of proposed Schedule D. Section IV will require the applicant to include the clearing or custodial entity's name, business address, CRD number (if applicable), and the effective and termination date of the arrangement.

2. Schedule E—Branch Office Disclosure

The proposed amendments would add two new items to Schedule E, which requires applicants to disclose information regarding all business locations apart from the applicant's main office, including the location and name of the supervisor of each branch office, and any closing or opening of an office. The Commission is proposing amendments to Schedule E that are designed to elicit information concerning branch offices and other business locations that are considered by the broker-dealer to be franchised[22] or that employ a significant number of independent contractors engaging in securities activities.[23] The use of franchised branch offices or large numbers of independent contractors raises concerns that such offices may not be properly supervised and may be operating outside the scope of federal and state securities laws.[24] By identifying and monitoring so-called franchised branch offices through disclosure in Schedule E, the Commission and the SROs' examination and enforcement functions will be enhanced.

Accordingly, the proposed amendment to Item 10 in Schedule E will ask if a business location will operate pursuant to a written agreement or contract (other than an insurance agency agreement)[25] with the main office, and the location: (a) assumes liability for its own expenses or has its expenses paid by a party other than the applicant; (b) has primary responsibility for decisions relating to the employment and remuneration of its registered representatives; (c) deems 5% or more of its total registered representatives to be ''independent contractors'' for tax purposes; or (d) engages in separate market making and/or underwriting activities.

In addition, the amendments to Schedule E propose revisions to Item 5, which will require an applicant to provide the name of the financial institution if the branch office or other business location occupies or shares space within a bank, savings bank or association, or credit union.

IV. Other Proposed Amendments

In addition to the substantive amendments to Form BD discussed above, the Commission is proposing several technical amendments to the Form. Item 1 will be revised to expressly inform applicants that branch offices and other business locations from which an applicant may be conducting business must be reported on Schedule E. Also, current Items 12 and 13, concerning government securities activities, will become a subset of SEC registration under Item 2.[26] In addition, the proposed

have contributed twenty-five percent or more of a partnership's capital. Schedule C is used to amend Schedules A and B.

[20] For example, the Treasury Department, with the assistance of the Commission, prepares, on a periodic basis, a study for Congress entitled the *National Treatment Study: Report to Congress on Foreign Government Treatment of U.S. Commercial Banking and Securities Organizations* (Nov. 30, 1990) (''National Treatment Study''). This report is required to include information about foreign ownership of U.S. broker-dealers.

In recent years, a growing number of broker-dealers with foreign owners have applied for registration in the United States. In 1990, foreign persons had equity interests of 25 percent or more in approximately 130 registered broker-dealers. See National Treatment Study at 86.

[21] For example, details regarding a succession reported under Item 5 must be disclosed on Schedule D.

[22] Typically, in a franchise arrangement, the registered broker-dealer allows the franchised office to use its broker-dealer registration and its name to conduct a securities business in return for a percentage of the commissions and fees generated from the securities transactions executed by the franchised office. The registered broker-dealer generally is not responsible under the agreement for paying any of the operating expenses of the franchised office, including licensing fees for registered representatives.

[23] The designation of registered representatives as independent contractors has no effect on a broker-dealer's responsibilities under the federal securities laws, including Section 15(b) of the Exchange Act [15 U.S.C. § 78o(b)]. *See, e.g., Letter regarding Titan Capital Corporation* (Sept. 30, 1988); and *Hollinger* v. *Titan Capital Corp.*, 914 F.2d 1564, 1572–76 (9th Cir. 1990), *cert. denied,* 111 S.Ct. 1621 (1991).

[24] Section 15(a) of the Exchange Act provides that it is unlawful for a broker or dealer that is a person other than a natural person to use the means of interstate commerce to effect transactions in securities, unless such broker or dealer is registered in accordance with Section 15(b) of the Exchange Act, or unless an exemption applies. The registration requirements of Section 15(a)(1) of the Exchange Act apply only to brokerage firms or natural persons not associated with a brokerage firm. Natural persons associated with a broker-dealer are not required to register separately as broker-dealers.

Section 3(a)(18) of the Exchange Act defines ''associated person of a broker or dealer'' in relevant part to mean ''any person directly or indirectly controlling, controlled by, or under common control with such broker or dealer.'' Thus, under a franchised branch office arrangement, where the branch manager and registered representatives are not subject to the supervisory control of the registered broker-dealer, they are not associated persons of such broker-dealer, and accordingly the franchised branch office would be required to register separately as a broker-dealer. *See Roth* v. *Securities and Exchange Commission,* 22 F.3d 1108 (D.C. Cir. 1994), Fed.Sec. L. Rep. ¶98,206, *cert. denied,* 115 S.Ct. 575 (1994) (upholding the Commission's interpretation of Section 15(a) of the Exchange Act that the exclusion from registration for associated persons of a broker-dealer only applies to the extent associated persons act within the scope of their employment with a registered broker-dealer and are subject to supervisory control of such broker-dealer).

[25] Proposed Item 12Y(2) relates to securities activities of broker-dealers that have networking arrangements with an insurance company or agency. *See supra* note 14. The Commission requests comment on whether insurance agency agreements should be required to be disclosed in proposed Item 10 of Schedule E.

[26] Proposed changes to Item 2 also remove the instruction ''if any registration, license, or membership listed is of a restricted nature, explain fully on Schedule D.'' The redesigned CRD system will allow the Commission, SROs, and states to enter directly in the CRD system any restrictions placed on an applicant's securities business.

amendments renumber Item 3 as Items 3A and 3B. Proposed Item 3A adds limited liability companies as a choice of legal form of organization the applicant may select. The proposed changes move successor identification and effective date of succession information currently in Item 5 to Schedule D. Finally, the amendments propose clarifying changes to Item 6B, which requests disclosures of control persons of the applicant.[27]

V. Request for Comment

The Commission is soliciting comment on whether the changes to Form BD described above will provide more meaningful information to the Commission and other securities regulators without increasing the regulatory burden on broker-dealers. The Commission further requests comment on each of the changes to the Form. In particular, the Commission request comment on whether the disclosure of bankruptcy proceedings should be limited to ten years or some other period of time, and whether proposed Item 10B (relating to bank affiliations) covers the universe of bank-affiliated broker-dealers. The Commission also requests comment on the definition of franchise office in Schedule E. Electronic filing of Form U–4 currently is in the planning stages and the Commission expects that, upon completion of the redesign, the CRD system also will have the capability of accepting electronic filing of Form BD. Thus, the system, when implemented, contemplates full electronic filing of Form U–4 and Form BD. As noted above, the NASD will ensure that all broker-dealers will have full access to electronic filing facilities.[28] The Commission therefore requests comment on the feasibility of electronic filing of Form BD, and in particular, whether electronic filing should be mandatory.

VI. Effective Date

The Commission anticipates that the proposed amendments to Form BD will not become effective until the redesigned CRD system is fully operational. The NASD, which will convert existing information to a new format conforming to the redesigned CRD system, currently anticipates that the initial phase of the redesigned CRD system will become operational in early 1996. Details on how to file revised Form BD, if adopted, will be determined when the CRD redesign is closer to completion.

VII. Effects on Competition and Regulatory Flexibility Act Considerations

Sections 23(a)(2) of the Exchange Act[29] requires the Commission, in adopting rules under the Exchange Act, to consider the anticompetitive effects of such rules, if any, and to balance any anticompetitive impact against the regulatory benefits gained in terms of furthering the purpose of the Exchange Act. The Commission is preliminarily of the view that the proposed amendments to Form BD would not result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Exchange Act. The Commission requests comment, however, on any competitive burdens that might result from adoption of the form revisions described in this release.

In addition, the Commission has prepared an Initial Regulatory Flexibility Analysis (''IRFA''), pursuant to the requirements of the Regulatory Flexibility Act,[30] regarding the proposed revisions to Form BD. The IRFA indicates that the proposed revisions are intended to respond to design updates to the CRD system by expanding it to serve as an information resource allowing securities regulators to run reports and retrieve information through searches by subject category, and by enabling registrants to file Form BD electronically with the CRD system. Thus, adoption of the proposed revisions to Form BD not only will provide benefits to securities regulators in the retrieval of information, but also will ease the burden of registration by future registrants. The IRFA also indicates that the proposed revisions to Form BD will decrease the cost and lessen the time required to register for small broker-dealers that do not have an extensive disciplinary history.

In addition, the IRFA indicates the proposed revisions ultimately could impose an additional one-time reporting requirement on broker-dealers. The burden of this one-time reporting requirement, however, will fall only on those broker-dealers that have an extensive disciplinary history. Finally, because the proposed amendments generally are intended to lessen the burden of registration, the IRFA further indicates that small broker-dealers will be affected in the same manner as other registrants. Thus, exempting small broker-dealers from Form BD disclosures will be unwarranted.

A copy of the IRFA may be obtained from Terry R. Young, Attorney, Office of Chief Counsel, Division of Market Regulation, Securities and Exchange Commission, 450 Fifth Street, N.W., Mail Stop 7–10, Washington, D.C. 20549, (202) 942–0073.

VIII. Statutory Basis

15 U.S.C. §§ 78*o*, 78q, 78w.

List of Subjects in 17 CFR Part 249

Reporting and recordkeeping requirements, Securities, Broker-Dealers.

For the reasons set out in the preamble, the commission is proposing to amend Title 17, Chapter II, Part 249 of the Code of Federal Regulations as follows:

PART 249—FORMS, SECURITIES EXCHANGE ACT OF 1934

1. The authority citation for Part 249 continues to read in part as follows:

Authority: 15 U.S.C. 78a, *et seq.*, unless otherwise noted;

* * * * *

2. By revising Form BD (referenced in § 249.501) to read as set forth below:

Note: Form BD does not and the revision will not appear in the Code of Federal Regulations. The proposed revised Form BD is attached as Appendix I to this document.

3. By amending Schedule I to Form X–17A–5 (referenced in § 249.617) by removing Specific Instructions 19a, b & c and Question 19, redesignating Questions 20 through 24 as Questions 19 through 23, and revising newly designated Question 19 to read as follows:

Form X–17A–5

* * * * *

Schedule I

* * * * *

19. Respondent is an affiliate or subsidiary of a foreign broker-dealer.

By the Commission.

Dated: January 12, 1995.

Margaret H. McFarland,

Deputy Secretary.

BILLING CODE 8010–01–P

[27] The amendments propose to renumber current Item 6B as Item 9B and make explicit that disclosure of financing through public offerings, credit obtained in the ordinary course of business, or a satisfactory subordination agreement, as defined under Rule 15c3–1 of the Exchange Act [17 CFR 240.15c3–1], is unnecessary.

[28] The NASD will provide access to electronic filing through terminals and other means. *See supra* note 4 and accompanying text.

[29] 15 U.S.C. § 78w(a)(2).

[30] 5 U.S.C. § 603 (1990).

Appendix I

INSTRUCTIONS FOR FORM BD
* (Paper filings only)

1. **Updating** -- By law, the applicant must update the Form BD information by submitting amendments whenever the information on file becomes inaccurate or incomplete for any reason. Complete all amended pages in full and, except for Schedule C, circle the number of the item being changed.

2. **Contact Employee** -- The individual listed on page 1 as the contact employee must be authorized to receive all compliance information, communications, and mailings and be responsible for disseminating it within the applicant's organization.

3. **Format**

   - o Attach an Execution Page (Page 1) with original manual signatures to the initial Form BD filing and each amendment to the form. Amendments to Schedules C, D and the DRPs also must be accompanied by an Execution Page (Page 1). Schedules A & B are amended by filing Schedule C.

   - o Type all information.

   - o Give the name of the broker-dealer and date on each page.

   - o Use only the current version of Form BD and its Schedules or a reproduction of them.

4. **Schedules A, B and C** -- File Schedules A and B only with initial applications for registration. Use Schedule C to update Schedules A and B. Individuals not required to file a Form U-4 (individual registration) with the Central Registration Depository (CRD) who are listed on Schedules A, B, or C must attach page 2 of Form U-4. The applicant broker-dealer must be listed in Form U-4 Item 20A or 20B. Signatures are not required.

5. **Schedule D** -- Schedule D provides additional space for explaining answers to Item 1.C.(2) , and "yes" answers to Items 5, 7, 8, 9, 10, 12, and 13 to Form BD, but not for continuing Schedules A, B or C. To continue Schedules A, B or C, use copies of the Schedule being continued.

6. **Disclosure Reporting Page (DRP)** -- All information relating to an event reportable under Item 11 must be provided on the appropriate DRP (BD). Applicant may submit a partially completed DRP (BD) (as specified in the DRP) only if the applicant or control affiliate for whom the DRP (BD) is being filed has submitted a fully completed DRP (BD) (in connection with another Form BD filing) or a DRP (U-4) (in connection with a Form U-4 filing) relating to the occurrence of the same event to the Central Registration Depository (CRD) system of the NASD. In such cases, this fully completed DRP (BD) or DRP (U-4) must be attached to the applicant's DRP (BD).

7. **Schedule E** -- Branch offices or other business locations must be reported on Schedule E. Schedule E amendments may be submitted without an execution page.

8. **Government Securities Activities**

   A. Broker-dealers registered or applicants applying for registration under Section 15(b) or 15B of the Exchange Act that conduct (or intend to conduct) a government securities business in addition to other broker-dealer activities (if any) must file a notice on Form BD by answering "yes" to Item 2.B.

   B. Section 15C of the Securities Exchange Act of 1934 requires sole government securities broker-dealers to register with the SEC. To do so, use Form BD and answer "yes" to Item 2.C. if conducting only a government securities business.

   C. Broker-dealers registered under Section 15(b) or 15B of the Exchange Act that cease to conduct a government securities business must file notice when ceasing their activities in government securities. To do so, file an amendment to Form BD and answer "yes" to Item 2.D.

   Note: Broker-dealers registered under Section 15C may register under Section 15(b) by filing an amendment to Form BD and answering "yes" to Items 2.A and 2.D. By doing so, applicant expressly consents to withdrawal of applicant's registration under 15C of the Exchange Act.

9. **Federal Information Law and Requirements** -- The Securities Exchange Act of 1934, Sections 15, 15C, 17(a) and 23(a), authorize the SEC to collect the information on this form from applicants for registration as a broker or dealer (and persons associated with applicants). The information is used for regulatory purposes, including deciding whether to grant registration. The SEC maintains files of the information on this form and makes it publicly available. Only the Social Security Number information, which aids in identifying the applicant, is voluntary.

* Instructions for electronic filings will be incorporated as soon as the CRD system is fully redesigned.

EXPLANATION OF TERMS

1. GENERAL

- o Applicant -- The broker-dealer applying on or amending this form.
- o Control -- The power, directly or indirectly, to direct the management or policies of a company, whether through ownership of securities, by contract, or otherwise. Any person that (i) is a director, general partner or officer exercising executive responsibility (or having similar status or functions); (ii) directly or indirectly has the right to vote 25% or more of a class of a voting security or has the power to sell or direct the sale of 25% or more of a class of voting securities; or (iii) in the case of a partnership, has the right to receive upon dissolution, or has contributed, 25% or more of the capital, is presumed to control that company. (This definition is used solely for the purpose of Form BD.)
- o Jurisdiction -- A state, the District of Columbia, the Commonwealth of Puerto Rico, or any subdivision or non-federal government regulatory body thereof.
- o Person -- An individual, partnership, corporation, trust, or other organization.
- o Self-regulatory organization -- Any national securities or commodities exchange or registered securities association, or registered clearing agency.

2. FOR PURPOSES OF ITEM 11 AND THE CORRESPONDING DISCLOSURE REPORTING PAGE (DRP)

- o Control affiliate -- A person named in Items 1.A., 9. or in Schedules A, B or C as control persons or any other individual or organization that directly or indirectly controls, is under common control with, or is controlled by, the applicant, including any current employee except one performing only clerical, administrative, support or similar functions, or who, regardless of title, perform no executive duties or have no senior policy making authority.
- o Investment or investment-related -- Pertaining to securities, commodities, banking, insurance, or real estate (including, but not limited to, acting as or being associated with a broker-dealer, issuer, municipal securities dealer, government securities broker or dealer, investment company, investment adviser, futures sponsor, bank, or savings and loan association).
- o Involved -- Doing an act or aiding, abetting, counseling, commanding, inducing, conspiring with or failing reasonably to supervise another in doing an act.
- o Foreign financial regulatory authority -- Includes (1) a foreign securities authority; (2) other governmental body or foreign equivalent of a self-regulatory organization empowered by a foreign government to administer or enforce its laws relating to the regulation of investment or investment-related activities; and (3) a membership organization, a function of which is to regulate the participation of its members in the activities listed above.
- o Proceeding -- Includes a formal administrative or civil action initiated by a governmental agency, self-regulatory organization or foreign financial regulatory authority, a felony criminal indictment or information (or equivalent formal charge), or a misdemeanor criminal information (or equivalent formal charge). Does not include other civil litigation, investigations, or arrests or similar charges effected in the absence of a formal criminal indictment or information (or equivalent formal charge).
- o Charged -- Being accused of a crime in a formal complaint, information, or indictment (or equivalent formal charge).
- o Order -- A written directive issued pursuant to statutory authority and procedures, including orders of denial, suspension, or revocation; does not include special stipulations, undertakings or agreements relating to payments, limitations on activity or other restrictions unless they are included in an order.
- o Felony -- Includes a general court martial. For jurisdictions that do not differentiate between a felony or misdemeanor, a felony is an offense punishable by a sentence of at least one year imprisonment and/or a fine of at least $1,000.
- o Misdemeanor -- Includes a special court martial. For jurisdictions that do not differentiate between a felony or misdemeanor, a misdemeanor is an offense punishable by a sentence of less than one year imprisonment and/or a fine of less than $1,000.
- o Found -- Includes adverse final actions, including consent decrees in which the respondent has neither admitted nor denied the findings, but does not include agreements, deficiency letters, examination reports, memoranda of understanding, letters of caution, admonishments, and similar informal resolutions of matters.
- o Minor Rule Violation -- A violation of a self-regulatory organization rule that has been designated as "minor" pursuant to a plan approved by the U.S. Securities and Exchange Commission. A rule violation may be designated as "minor" under a plan if the sanction imposed consists of a fine of $2,500 or less, and if the sanctioned person does not contest the fine. (Check with the appropriate self-regulatory organization to determine if a particular rule violation has been designated as "minor" for these purposes).
- o Enjoined -- Includes being subject to a mandatory injunction, prohibitory injunction, preliminary injunction, or a temporary restraining order.

FORM BD
PAGE 1
(Execution Page)
(REV. 11/94)

UNIFORM APPLICATION FOR BROKER-DEALER REGISTRATION

Date: _____ SEC File No.: 8– _____ Firm CRD No.: _____

OFFICIAL USE | OFFICIAL USE ONLY

WARNING: Failure to keep this form current and to file accurate supplementary information on a timely basis, or the failure to keep accurate books and records or otherwise to comply with the provisions of law applying to the conduct of business as a broker-dealer would violate the Federal securities laws and the laws of the jurisdictions and may result in disciplinary, administrative, injunctive or criminal action.

INTENTIONAL MISSTATEMENTS OR OMISSIONS OF FACTS MAY CONSTITUTE CRIMINAL VIOLATIONS.

☐ APPLICATION ☐ AMENDMENT

1. Exact name, principal business address, mailing address, if different, and telephone number of applicant:
   A. Full name of applicant (if sole proprietor, state last, first and middle name):
   _____
   B. IRS Empl. Ident. No.:
   _____
   C. (1) Name under which broker-dealer business primarily is conducted, if different from Item 1A.
   _____
   (2) List on Schedule D Page 1 any other name by which the firm conducts business and where it is used.
   D. If this filing makes a name change on behalf of the applicant, enter the previous name and specify whether the name change is of the; ☐ applicant name (1A) or ☐ business name (1C):
   (Please check above.) _____
   E. Firm main address: (Do not use a P.O. Box)
   _____
   (Number and Street) (City) (State/Country) (Zip+4/Postal Code)
   Branch offices or other business locations must be reported on Schedule E.
   F. Mailing address, if different:
   _____
   G. Business Telephone Number:
   _____ _____
   (Area Code) (Telephone Number)
   H. Contact Employee:
   _____ _____ _____
   (Name and Title) (Area Code) (Telephone Number)

EXECUTION:

For the purposes of complying with the laws of the State(s) designated in Item 2 relating to either the offer or sale of securities or commodities, the undersigned and applicant hereby certify that the applicant is in compliance with applicable state surety bonding requirements and irrevocably appoint the administrator of each of those State(s) or such other person designated by law, and the successors in such office, attorney for the applicant in said State(s) upon whom may be served any notice, process, or pleading in any action or proceeding against the applicant arising out of or in connection with the offer or sale of securities or commodities, or out of the violation or alleged violation of the laws of those State(s), and the applicant hereby consents that any such action or proceeding against the applicant may be commenced in any court of competent jurisdiction and proper venue within said State(s) by service of process upon said appointee with the same effect as if applicant were a resident in said State(s) and had lawfully been served with process in said State(s).

The applicant consents that service of any civil action brought by or notice of any proceeding before the Securities and Exchange Commission or any self-regulatory organization in connection with the applicant's broker-dealer activities, or of any application for a protective decree filed by the Securities Investor Protection Corporation, may be given by registered or certified mail or confirmed telegram to the applicant's contact employee at the main address, or mailing address if different, given in Items 1E and 1F.

The undersigned, being first duly sworn, deposes and says that he/she has executed this form on behalf of, and with the authority of, said applicant. The undersigned and applicant represent that the information and statements contained herein, including exhibits attached hereto, and other information filed herewith, all of which are made a part hereof, are current, true and complete. The undersigned and applicant further represent that to the extent any information previously submitted is not amended such information is currently accurate and complete.

_____ _____
Date Name of Applicant

By: _____ _____
Signature and Title Print Name

Subscribed and sworn before me this _____ day of _____, _____ by _____
Year Notary Public

My Commission expires _____ County of _____ State of _____

This page must always be completed in full with original, manual signature and notarization.
To amend, circle items being amended. Affix notary stamp or seal where applicable.

DO NOT WRITE BELOW THIS LINE – FOR OFFICIAL USE ONLY

FORM BD
PAGE 2
(REV. 1/94)

Applicant Name: _____

Date: _____ Firm CRD No.: _____

OFFICIAL USE

2. Indicate by checking the appropriate box(es) each governmental authority, organization, or jurisdiction in which the applicant is registered or registering as a broker-dealer.

SEC

☐ SECURITIES AND EXCHANGE COMMISSION

If you have checked the SEC box, please answer Items 2.A through 2.D below.

	YES	NO
2.A Is applicant registered or registering as a broker-dealer under Section 15(b) or Section 15B of the Securities Exchange Act of 1934?	☐	☐
2.B Is applicant registered or registering as a broker-dealer under Section 15(b) or Section 15B of the Securities Exchange Act of 1934 and also acting or intending to act as a government securities broker or dealer?	☐	☐
2.C Is applicant registered or registering solely as a government securities broker or dealer under Section 15C of the Securities Exchange Act of 1934? (Do not answer "Yes" to 2.C if applicant answered "Yes" to Item 2.A or Item 2.B)	☐	☐
2.D Is applicant ceasing its activities as a government securities broker or dealer? (If applicant answers "Yes" to Item 2.A and 2.D, applicant expressly consents to the withdrawal of applicant's registration as a government securities broker or dealer under Section 15C of the Securities Exchange Act of 1934. See "Instructions".)	☐	☐

SRO

☐ ASE ☐ BSE ☐ CBOE ☐ CHX ☐ CSE ☐ NASD ☐ NYSE ☐ PHLX ☐ PSE ☐ OTHER (specify) _____

JURISDICTION

☐ Alabama	☐ Hawaii	☐ Michigan	☐ North Carolina	☐ Texas
☐ Alaska	☐ Idaho	☐ Minnesota	☐ North Dakota	☐ Utah
☐ Arizona	☐ Illinois	☐ Mississippi	☐ Ohio	☐ Vermont
☐ Arkansas	☐ Indiana	☐ Missouri	☐ Oklahoma	☐ Virginia
☐ California	☐ Iowa	☐ Montana	☐ Oregon	☐ Washington
☐ Colorado	☐ Kansas	☐ Nebraska	☐ Pennsylvania	☐ West Virginia
☐ Connecticut	☐ Kentucky	☐ Nevada	☐ Puerto Rico	☐ Wisconsin
☐ Delaware	☐ Louisiana	☐ New Hampshire	☐ Rhode Island	☐ Wyoming
☐ District of Columbia	☐ Maine	☐ New Jersey	☐ South Carolina	
☐ Florida	☐ Maryland	☐ New Mexico	☐ South Dakota	
☐ Georgia	☐ Massachusetts	☐ New York	☐ Tennessee	

3. A. Indicate legal status of applicant:

☐ Corporation ☐ Sole Proprietorship ☐ Other (specify) _____
☐ Partnership ☐ Limited Liability Company

B. Indicate date and place applicant obtained its legal status (i.e., state or country where incorporated, where partnership agreement was filed, or where applicant entity was formed):

State/Country of formation: _____ Date of formation: _____ (MM/DD/YYYY) Applicant's fiscal year ends: _____ (MM/DD)

(Schedule A and, if applicable, Schedule B must be completed as part of all initial applications. Amendments to these schedules must be provided on Schedule C.)

4. If applicant is a sole proprietor, state full residence address and Social Security Number.

Social Security Number: ___ ___ ___ - ___ ___ - ___ ___ ___ ___

(Number and Street) (City) (State/Country) (Zip+4/Postal Code)

	YES	NO
5. Is applicant at the time of this filing successor to the business of a currently registered broker-dealer? *Do not report previous successorships already reported on Form BD.* *(If "Yes", complete appropriate items on Schedule D.)*	☐	☐
6. Does applicant hold or maintain any funds or securities or provide clearing services for any other broker or dealer?	☐	☐
7. Does applicant refer or introduce customers to any other broker or dealer? *(If "Yes", complete appropriate items on Schedule D.)*	☐	☐
8. Does applicant have any arrangement with any other person, firm, or organization under which: A. any books or records of applicant are kept or maintained by such other person, firm or organization?	☐	☐
B. accounts, funds, or securities of the applicant are held or maintained by such other person, firm, or organization?	☐	☐
C. accounts, funds, or securities of customers of the applicant are held or maintained by such other person, firm or organization?	☐	☐

For purposes of 8.B. and 8.C., do not include a bank or satisfactory control location as defined in paragraph (c) of Rule 15c3-3 under the Securities Exchange Act of 1934, (17 CFR 240.15c3-3.)

15c3-3 under the Securities Exchange Act of 1934, (17 CFR 240.15c3-3.)

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Applicant Name: _____

Date: _____ Firm CRD No.: _____

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	YES	NO
9. Does any person not named in Item 1 or Schedules A, B, or C, directly or indirectly:		
A. control the management or policies of the applicant through agreement or otherwise?	☐	☐
B. wholly or partially finance the business of applicant?	☐	☐
Do not answer "yes" to 9B if the person finances the business of the applicant through: 1) a public offering of securities made pursuant to the Securities Act of 1933; 2) credit extended in the ordinary course of business by suppliers, banks, and others; or 3) a satisfactory subordination agreement, as defined in Rule 15c3-1 under the Securities Exchange Act of 1934 (17 CFR 240.15c3-1).		
(If "Yes" to any part of Item 9, complete appropriate items on Schedule D.)		
10. A. Directly or indirectly, does applicant control, is applicant controlled by, or is applicant under common control with, any partnership, corporation, or other organization that is engaged in the securities or investment advisory business?	☐	☐
B. Directly or indirectly, is applicant controlled by any bank holding company, national bank, state member bank of the Federal Reserve System, state non-member bank, savings bank or association, credit union, or foreign bank?	☐	☐
Do not answer "yes" to 10C if you have previously reported a foreign organization under Item 10A or Item 10B.		
(If "Yes" to any part of Item 10, complete appropriate items on Schedule D.)		
11. Use the appropriate DRP for providing details to "yes" answers to the questions in Item 11. Refer to "Instructions" and "Explanation of Terms" for definitions.		
CRIMINAL DISCLOSURE		
A. In the past ten years has the applicant or a control affiliate:		
(1) been convicted of or pled guilty or nolo contendere ("no contest") in a domestic, foreign or military court to any felony?	☐	☐
(2) been charged with any felony?	☐	☐
B. In the past ten years has the applicant or a control affiliate:		
(1) been convicted of or pled guilty or nolo contendere ("no contest") in a domestic, foreign or military court to a misdemeanor involving: investments or an investment-related business, or any fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses?	☐	☐
(2) been charged with a misdemeanor specified in 11B(1)?	☐	☐
REGULATORY ACTION DISCLOSURE		
C. Has the U.S. Securities and Exchange Commission or the Commodity Futures Trading Commission ever:		
(1) found the applicant or a control affiliate to have made a false statement or omission?	☐	☐
(2) found the applicant or a control affiliate to have been involved in a violation of its regulations or statutes?	☐	☐
(3) found the applicant or a control affiliate to have been a cause of an investment-related business having its authorization to do business denied, suspended, revoked, or restricted?	☐	☐
(4) entered an order against the applicant or a control affiliate in connection with investment-related activity?	☐	☐
(5) imposed a civil money penalty on the applicant or a control affiliate, or ordered the applicant or a control affiliate to cease and desist from any activity?	☐	☐

FORM BD
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(REV. 11/94)

Applicant Name: _____

Date: _____ Firm CRD No.: _____

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		YES	NO
REGULATORY ACTION DISCLOSURE	D. Has any other federal regulatory agency, any state regulatory agency, or foreign financial regulatory authority:		
	(1) ever found the applicant or a control affiliate to have made a false statement or omission or been dishonest, unfair, or unethical?	☐	☐
	(2) ever found the applicant or a control affiliate to have been involved in a violation of investment-related regulations or statutes?	☐	☐
	(3) ever found the applicant or a control affiliate to have been a cause of an investment-related business having its authorization to do business denied, suspended, revoked, or restricted?	☐	☐
	(4) in the past ten years, entered an order against the applicant or a control affiliate in connection with an investment-related activity?	☐	☐
	(5) ever denied, suspended, or revoked the applicant's or a control affiliate's registration or license or otherwise, by order, prevented it from associating with an investment-related business or restricted its activities?	☐	☐
	E. Has any self-regulatory organization or commodities exchange ever:		
	(1) found the applicant or a control affiliate to have made a false statement or omission?	☐	☐
	(2) found the applicant or a control affiliate to have been involved in a violation of its rules (other than a violation designated a "minor rule violation" under a plan approved by the U.S. Securities and Exchange Commission)?	☐	☐
	(3) found the applicant or a control affiliate to have been the cause of an investment-related business having its authorization to do business denied, suspended, revoked, or restricted?	☐	☐
	(4) disciplined the applicant or a control affiliate by expelling or suspending it from membership, barring or suspending its association with other members, or otherwise restricting its activities?	☐	☐
	F. Has the applicant's or a control affiliate's authorization to act as an attorney, accountant, or federal contractor ever been revoked or suspended?	☐	☐
	G. Is the applicant or a control affiliate now the subject of any regulatory proceeding that could result in a "yes" answer to any part of 11C, D, or E?	☐	☐
CIVIL JUDICIAL DISCLOSURE	H. (1) Has any domestic or foreign court:		
	(a) in the past ten years, enjoined the applicant or a control affiliate in connection with any investment-related activity?	☐	☐
	(b) ever found that the applicant or a control affiliate was involved in a violation of investment-related statutes or regulations?	☐	☐
	(c) ever dismissed, pursuant to a settlement agreement, an investment-related civil action brought against the applicant or control affiliate by a state or foreign financial regulatory authority?	☐	☐
	(2) Is the applicant or a control affiliate now the subject of any civil proceeding that could result in a "yes" answer to any part of 11H(1)?	☐	☐
FINANCIAL DISCLOSURE	I. In the past ten years has the applicant or a control affiliate of the applicant ever been a securities firm or a control affiliate of a securities firm that:		
	(1) has been the subject of a bankruptcy petition?	☐	☐
	(2) has had a trustee appointed or a direct payment procedure initiated under the Securities Investor Protection Act?	☐	☐
	J. Has a bonding company ever denied, paid out on, or revoked a bond for the applicant?	☐	☐
	K. Does the applicant have any unsatisfied judgments or liens against it?	☐	☐

FORM BD
PAGE 5
(REV. 11/94)

Applicant Name: _____

Date: _____ Firm CRD No.: _____

OFFICIAL USE | OFFICIAL USE ONLY

12. Check types of business engaged in (or to be engaged in, if not yet active) by applicant. Do not check any category that accounts for (or is expected to account for) less than 1% of annual revenue from the securities or investment advisory business.

A. Exchange member engaged in exchange commission business other than floor activities	☐ EMC
B. Exchange member engaged in floor activities	☐ EMF
C. Broker or dealer making inter-dealer markets in corporate securities over-the-counter	☐ IDM
D. Broker or dealer retailing corporate equity securities over-the-counter	☐ BDR
E. Broker or dealer selling corporate debt securities	☐ BDD
F. Underwriter or selling group participant (corporate securities other than mutual funds)	☐ USG
G. Mutual fund underwriter or sponsor	☐ MFU
H. Mutual fund retailer	☐ MFR
I. 1. U.S. government securities dealer	☐ GSD
2. U.S. government securities broker	☐ GSB
J. Municipal securities dealer	☐ MSD
K. Municipal securities broker	☐ MSB
L. Broker or dealer selling variable life insurance or annuities	☐ VLA
M. Solicitor of time deposits in a financial institution	☐ SSL
N. Real estate syndicator	☐ RES
O. Broker or dealer selling oil and gas interests	☐ OGI
P. Put and call broker or dealer or option writer	☐ PCB
Q. Broker or dealer selling securities of only one issuer or associate issuers (other than mutual funds)	☐ BIA
R. Broker or dealer selling securities of non-profit organizations (e.g., churches, hospitals)	☐ NPB
S. Investment advisory services	☐ IAD
T. 1. Broker or dealer selling tax shelters or limited partnerships in primary distributions	☐ TAP
2. Broker or dealer selling tax shelters or limited partnerships in the secondary market	☐ TAS
U. Non-exchange member arranging for transactions in listed securities by exchange member	☐ NEX
V. Trading securities for own account	☐ TRA
W. Private placements of securities	☐ PLA
X. Broker or dealer selling interests in mortgages or other receivables	☐ MRI
Y. Broker or dealer involved in a networking, kiosk or similar arrangement with a:	
1. bank, savings bank or association, or credit union	☐ BNA
2. insurance company or agency	☐ INA
Z. Other (give details on Schedule D)	☐ OTH

	YES	NO
13. A. Does applicant effect transactions in commodity futures, commodities or commodity options as a broker for others or as a dealer for its own account?	☐	☐
B. Does applicant engage in any other non-securities business? (If "yes", describe each other business briefly on Schedule D.)	☐	☐

CRIMINAL DISCLOSURE REPORTING PAGE (BD)

GENERAL INSTRUCTIONS

This Disclosure Reporting Page (DRP BD) is an ☐ INITIAL *OR* ☐ AMENDED response used to report details for affirmative responses to *Items 11A or 11B* of Form BD;

Check ☑ item(s) being responded to:

11A In the past ten years has the applicant or a control affiliate:

- ☐ (1) been convicted of or pled guilty or nolo contendere ("no contest") in a domestic, foreign, or military court to any felony?
- ☐ (2) been charged with any felony?

11B In the past ten years has the applicant or a control affiliate:

- ☐ (1) been convicted or pled guilty or nolo contendere ("no contest") in a domestic, foreign or military court to a misdemeanor involving: investments or an investment-related business, or any fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses?
- ☐ (2) been charged with a misdemeanor specified in 11B(1)?

If the control affiliate is an individual registered through the CRD, complete only Part I. The control affiliate must submit details for this event on an appropriate DRP (U-4). If the control affiliate is not an individual registered through the CRD provide complete answers for appropriate items on this DRP. The completion of this DRP does not relieve the control affiliate of its obligation to update its CRD records. If more than one control affiliate, complete a separate DRP for each.

Multiple counts of the same charge arising out of the same event(s) should be reported on the same DRP. Unrelated criminal actions, including separate cases arising out of the same event, must be reported on separate DRPs. Use this DRP to report all charges arising out of the same event. One event may result in more than one affirmative answer to the above items.

Applicable court documents (i.e., criminal complaint, information or indictment as well as judgment of conviction or sentencing documents) must be provided to the CRD if not previously submitted.

PART I

NAME OF APPLICANT	APPLICANT CRD NUMBER

PART II

Name of Control Affiliate:	Is control affiliate in an investment-related business? ☐ Yes ☐ No	Control Affiliate's Title or Relationship:	CRD Number (if any):

1. Formal charge(s) were brought in:

Court: *(Name of Federal, Military, State or Foreign Court)*	Location of Court: *(City or County and State or Country)*	Docket / Case Number:

2. Charge Detail Disclosure: (Continue on additional Criminal Disclosure Reporting Page BD if more than three charges arise out of the same event.)

Chg #	Formal Charge(s) Description:	Number of Counts	Charge Type *(check one only)*		Plea *(check one only)*			Are Charge(s) Currently Pending?	Charge Date (MM/DD/YYYY)	Product Type (if charge is investment-related)
			Misdemeanor	Felony	Guilty	Not Guilty	Nolo Contendere			
1.								☐ Yes ☐ No		
2.								☐ Yes ☐ No		
3.								☐ Yes ☐ No		

3. Is action currently on appeal? ☐ Yes ☐ No	If Yes, date appeal was filed: MM / DD / YYYY

IF FINAL OR ON APPEAL, COMPLETE ITEMS 4 AND 5. FOR EACH CHARGE THAT IS PENDING, COMPLETE ONLY ITEM 1.

4. Disposition Detail Disclosure: (Continue on another Criminal Disclosure Reporting Page BD if more than three charges.)

Chg #	Disposition Type: (Conviction, Acquittal, Dismissal, Deferred Adjudication, Pre-Trial Intervention, etc.)	Disposition Date: (MM/DD/YYYY)	Disposition Detail: Sentence / Penalty (if applicable)	Duration: (if sentence, suspension, probation, etc.)	Start Date: (MM/DD/YYYY)	Penalty/Fine Amount: (if applicable)	Date Paid: (MM/DD/YYYY)
1.							
2.							
3.							

5. Provide a brief summary of circumstances leading to the charge(s) as well as the disposition. Include the relevant dates when the conduct which was the subject of the charge(s) occurred. (Use reverse side of this sheet for additional comments if necessary.)

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REGULATORY ACTION DISCLOSURE REPORTING PAGE (BD)

GENERAL INSTRUCTIONS

This Disclosure Reporting Page (DRP BD) is an ☐ INITIAL *OR* ☐ AMENDED response used to report details for affirmative responses to *Item 11C, 11D, 11E, 11F or 11G* of Form BD;

Check the item(s) being responded to:

11C Has the U.S. Securities and Exchange Commission or the Commodity Futures Trading Commission ever:
- ☐ (1) found the applicant or a control affiliate to have made a false statement or omission?.
- ☐ (2) found the applicant or a control affiliate to have been involved in a violation of its regulations or statutes?
- ☐ (3) found the applicant or a control affiliate to have been a cause of an investment-related business having its authorization to do business denied, suspended, revoked, or restricted?.
- ☐ (4) entered in order against the applicant or a control affiliate in connection with investment-related activity?.
- ☐ (5) imposed a civil money penalty on the applicant or a control affiliate, or ordered the applicant or a control affiliate to cease and desist from any activity?.

11D Has any other federal regulatory agency, any state regulatory agency, or foreign financial regulatory authority:
- ☐ (1) ever found the applicant or a control affiliate to have made a false statement or omission or been dishonest, unfair, or unethical?.
- ☐ (2) ever found the applicant or a control affiliate to have been involved in a violation of investment-related regulations or statutes?.
- ☐ (3) ever found the applicant or a control affiliate to have been a cause of an investment-related business having its authorization to do business denied, suspended, revoked, or restricted?.
- ☐ (4) in the past ten years, entered an order against the applicant or a control affiliate in connection with an investment-related activity?.
- ☐ (5) ever denied, suspended, or revoked the applicant's or a control affiliate's registration or license or otherwise, by order, prevented it from associating with an investment-related business or restricted its activities?.

11E Has any self-regulatory organization or commodities exchange ever:
- ☐ (1) found the applicant or a control affiliate to have made a false statement or omission?.
- ☐ (2) found the applicant or a control affiliate to have been involved in a violation of its rules (other than a violation designated a "minor rule violation" under a plan approved by the U.S. Securities and Exchange Commission)?.
- ☐ (3) found the applicant or a control affiliate to have been the cause of an investment-related business having its authorization to do business denied, suspended, revoked, or restricted?.
- ☐ (4) disciplined the applicant or a control affiliate by expelling or suspending it from membership, barring or suspending its association with other members, or otherwise restricting its activities?.

11F ☐ Has the applicant's or a control affiliate's authorization to act as an attorney, accountant, or federal contractor ever been revoked or suspended?.

11G ☐ Is the applicant or a control affiliate now the subject of any regulatory proceeding that could result in a "yes" answer to any part of 11C, D, or E?.

If the control affiliate is an individual registered through the CRD, complete only Part I. The control affiliate must submit details for this event on an appropriate DRP (U-4). If the control affiliate is not an individual registered through the CRD, provide complete answers for appropriate items on this DRP. The completion of this DRP does not relieve the control affiliate of its obligation to update its CRD records. If more than one control affiliate, complete a separate DRP for each.

One event may result in more than one affirmative answer within each of the above items. Use only one DRP to report details related to the same event. If an event gives rise to actions by more than one regulator, provide details to each action on a separate DRP.

PART I

NAME OF APPLICANT	APPLICANT CRD NUMBER
NAME OF CONTROL AFFILIATE (if applicable)	CONTROL AFFILIATE CRD NUMBER

PART II

1. Regulatory Action initiated by: *(Name the regulator, foreign financial regulatory authority, SRO or commodities exchange, etc.)*

2. Regulatory Action Type:

3. Date Initiated: MM / DD / YYYY

4. Docket / Case Number:

5. Employing Firm when events occurred:

6. Product Type(s):

7. Describe the allegations related to this regulatory action: (Use reverse side of this sheet for additional comments if necessary.)

8. Is regulatory action currently: *(check one)* ☐ Pending ☐ On Appeal ☐ Final

9. If on appeal, regulatory action appealed to: *(SEC, SRO, U.S. Court of Appeals, etc.)*

10. If on appeal, date filed: MM / DD / YYYY

IF FINAL OR ON APPEAL, COMPLETE ALL ITEMS BELOW. FOR PENDING ACTIONS, COMPLETE ITEM 19 ONLY

11. How was the matter resolved? *(Settlement, Consent, etc.)*

12. Resolution Date: MM / DD / YYYY

13. Sanctions: *(Suspension, Censure, Bar, Requalification, etc.)*

14. If Suspended or Barred: ▶ Is suspension/bar of a fixed duration? ☐ Yes ☐ No (If No, provide details in Item 19)

Suspension/Bar Start Date: MM / DD / YYYY

Suspension/Bar Duration:

Suspension/Bar capacity affected: *(General Securities Principal, Financial & Operations Principal, Options Trading, etc.)*

15. If requalification by exam/retraining was a condition of the sanction: ▶ Is requalification/retraining time-related? ☐ Yes ☐ No

If Yes, length of time given to requalify/retrain: *(If No, provide details in Item 19)*

Type of Exam required for requalification:

Has condition been satisfied? ☐ Yes ☐ No

16. If disposition resulted in a fine, penalty, restitution, disgorgement or monetary compensation: *(Fill in amount on appropriate line)* ▶

		Date Paid: MM / DD / YYYY
Penalty/Fine:	$	
Restitution:	$	
Disgorgement:	$	
Other:	$	

17. Was the control affiliate named in Part I required to pay any part of the monetary items disclosed in 16? ☐ Yes ☐ No ▶ *(If "yes", fill in amount on appropriate line)*

		Date Paid: MM / DD / YYYY
Penalty/Fine:	$	
Restitution:	$	
Disgorgement:	$	
Other:	$	

18. Was payment of all or any part of a monetary award, penalty or fine waived? ☐ Yes ☐ No If yes, provide details of Waiver in 19 below.

19. Provide a summary of details related to the action status and (or) disposition and include relevant terms, conditions, [illegible] sheet for additional comments if necessary.

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CIVIL JUDICIAL ACTION DISCLOSURE REPORTING PAGE (BD)

GENERAL INSTRUCTIONS

This Disclosure Reporting Page (DRP BD) is an ☐ INITIAL *OR* ☐ AMENDED response used to report details for affirmative responses to ***Item 11H*** of Form BD;

Check ☑ item(s) being responded to:

11H(1) Has any domestic or foreign court:

- ☐ (a) in the past ten years, enjoined the applicant or a control affiliate in connection with any investment-related activity?
- ☐ (b) ever found that the applicant or a control affiliate was involved in a violation of investment-related statutes or regulations?
- ☐ (c) ever dismissed, pursuant to a settlement agreement, an investment-related civil action brought against you by a state or foreign financial regulatory authority?

11H(2) ☐ Is the applicant or a control affiliate now the subject of any civil proceeding that could result in a "yes" answer to any part of 11H?

If the control affiliate is an individual registered through the CRD, complete only Part I. The control affiliate must submit details for this event on an appropriate DRP (U-4). If the control affiliate is not an individual registered through the CRD, provide complete answers for appropriate items on this DRP. The completion of this DRP does not relieve the control affiliate of its obligation to update its CRD records. If more than one control affiliate, complete a separate DRP for each.

One event may result in more than one affirmative answer to the above items. Use only one DRP to report details related to the same event. Unrelated civil judicial actions must be reported on separate DRPs.

PART I

NAME OF APPLICANT	APPLICANT CRD NUMBER
NAME OF CONTROL AFFILIATE (if applicable)	CONTROL AFFILIATE CRD NUMBER

PART II

1. Court Action initiated by: *(Name the Regulator, foreign financial regulatory authority, SRO, commodities exchange, Agency, Firm, Private Plaintiff, etc.)*

2. Court Action Type: *(Temporary Restraining Order, Mandatory Injunction, Prohibitive Injunction, etc.)*

3. Filing Date of Court Action: MM / DD / YYYY

4. Product Type(s):

5. Court formal action was brought in: *(Name of Federal, Military, State or Foreign Court)*

6. Location of Court: *(City or County and State or Country)*

7. Docket / Case Number:

8. Control Affiliate Employing Firm when events occurred (if applicable):

9. Describe Allegations relating to this court action:

10. Is action currently: *(check one)* ☐ Pending ☐ On Appeal ☐ Final

11. If pending, date notice was served: MM / DD / YYYY

12. If on appeal, action appealed to: *(provide name of court)*

13. If on appeal, date filed: MM / DD / YYYY

IF FINAL OR ON APPEAL, COMPLETE ALL ITEMS BELOW. FOR PENDING ACTIONS, COMPLETE ITEM 21 ONLY.

14. How was the matter resolved? *(Settlement, Consent, Litigation, etc.)*

15. Resolution Date: MM / DD / YYYY

16. Sanctions: *(Suspension, Censure, etc.)*

17. If Suspended, Enjoined or Barred: ▶ Is suspension/injunction/bar of a fixed duration? ☐ Yes ☐ No (If No, provide details in Item 21) | Suspension/Injunction/Bar Start Date: MM / DD / YYYY | Suspension/Injunction/Bar Duration: | Suspension/Injunction/Bar capacity affected: *(General Securities Principal, Financial & Operations Principal, Options Trading, etc.)*

18. If requalification by exam is/was a condition of the disposition: ▶ Is requalification time-related? ☐ Yes ☐ No | If Yes, length of time given to requalify: *(If No, provide details in Item 21)* | Type of exam required for requalification: | Has condition been satisfied? ☐ Yes ☐ No

19. If disposition resulted in a fine, penalty, restitution, disgorgement or monetary compensation: *(Fill in amount on appropriate line)* ▶

		Date Paid: MM / DD / YYYY
Penalty/Fine:	$	/ /
Restitution:	$	/ /
Disgorgement:	$	/ /
Other:	$	/ /

20. Was the control affiliate named in Part I required to pay any part of the monetary items disclosed in 19? ☐ Yes ☐ No ▶ *(If "yes", fill in amount on appropriate line)*

		Date Paid: MM / DD / YYYY
Penalty/Fine:	$	/ /
Restitution:	$	/ /
Disgorgement:	$	/ /
Other:	$	/ /

21. Provide a brief [illegible]

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FINANCIAL DISCLOSURE REPORTING PAGE 1 (BD)
(Bankruptcy and SIPC)

GENERAL INSTRUCTIONS

This Disclosure Reporting Page (DRP BD) is an ☐ INITIAL *OR* ☐ AMENDED response used to report details for affirmative responses to ***Item 11I*** of Form BD;

Check ☑ item(s) being responded to:

11I In the past ten years has the applicant or a control affiliate of the applicant ever been a securities firm or a control affiliate of a securities firm that:

☐(1) has been the subject of a bankruptcy petition? ***(Please fill out SECTION I below.)***

☐(2) has had a trustee appointed or a direct payment procedure initiated under the Securities Investor Protection Act? ***(Please fill out SECTION II below.)***

If the control affiliate is an individual registered through the CRD, complete only Part I. The control affiliate must submit details for this event on an appropriate DRP (U-4). If the control affiliate is not an individual registered through the CRD, provide complete answers for appropriate items on this DRP. The completion of this DRP does not relieve the control affiliate of its obligation to update its CRD records. If more than one control affiliate, complete a separate DRP for each one.

Disclose details to only one item of 11I on this DRP. Complete Section I and/or Section II as well as Item 18 to complete this DRP.

PART I

NAME OF APPLICANT	APPLICANT CRD NUMBER
NAME OF CONTROL AFFILIATE (if applicable)	CONTROL AFFILIATE CRD NUMBER

PART II

SECTION I — If in the past 10 years, the applicant or control affiliate has ever been a securities firm or a control affiliate of a securities firm that has been the subject of a bankruptcy petition:

1. Action Type: *(Compromise, Bankruptcy, Declaration, etc.)*		2. Action Date: MM / DD / YYYY
3. Securities firm name when events occured:		4. Position, Title, or Relationship (if applicable):
5. Court: *(Name of Federal, State, or Foreign Court)*		6. Location of Court: *(City or County and State or Country)*
7. Docket / Case Number:	8. Chapter Number: *(If Federal Bankruptcy Filing)*	9. Is action currently pending? ☐ Yes ☐ No
10. Disposition Type: *(Discharged, Released, Dismissed, etc.)*		11. Disposition Date: MM / DD / YYYY
12. Provide brief summary of events leading to action. If not dismissed or closed, explain: (Use reverse side of this sheet for additional comments if necessary.)		

SECTION II — If in the past 10 years, the applicant or control affiliate has ever been a securities firm or a control affiliate of a securities firm that has had a trustee appointed or a direct payment procedure initiated under the Securities Investor Protection Act:

1. Action Type: *(Compromise, Bankruptcy, Declaration etc.)*		2. Action Date: MM / DD / YYYY
3. Securities firm name when events occured:		4. Position, Title, or Relationship (if applicable):
5. Court: *(Name of Federal, State, or Foreign Court)*		6. Location of Court: *(City or County and State or Country)*
7. Docket / Case Number:	8. Chapter Number: *(If Federal Bankruptcy Filing)*	9. Is action currently pending? ☐ Yes ☐ No
10. Disposition Type: *(Discharged, Released, Dismissed, etc.)*		11. Disposition Date: MM / DD / YYYY
12. Provide brief summary of events leading to action: (Use reverse side of this sheet for additional comments if necessary.)		

If a SIPA trustee was appointed, complete Items 13, 16 and 17. If a direct payment procedure was begun, complete Items 13, 14 and 15.

13. Currently Open? ☐ Yes ☐ No	14. The Amount Paid Or Agreed To Be Paid By Applicant or Control Affiliate: $	15. Date Initiated or Filed: MM / DD / YYYY
16. Trustee Name:		17. Trustee Appointment Date: MM / DD / YYYY

18. Please provide details in narrative form. Include details [illegible]

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FINANCIAL DISCLOSURE REPORTING PAGE 2 (BD)

(Bonding Payout and Liens)

GENERAL INSTRUCTIONS

This Disclosure Reporting Page (DRP BD) is an ☐ INITIAL ***OR*** ☐ AMENDED response used to report details for affirmative responses to ***Items 11J or 11K*** of Form BD;

Check ☑ item(s) being responded to:

11J ☐ Has a bonding company ever denied, paid out on, or revoked a bond for the applicant?
(Please fill out SECTION I below)

11K ☐ Does the applicant have any unsatisfied judgments or liens against it?
(Please fill out SECTION II below)

If multiple, unrelated events result in the same affirmative answer, details must be provided on separate DRPs.

NAME OF APPLICANT	APPLICANT CRD NUMBER

SECTION I If a bonding company ever denied, paid out on, or revoked a bond for the applicant:

1. Firm Name: *(Policyholder)*

2. Bonding Company Name:

3. Disposition Type: *(Denial, Revocation, Payout)*

4. Disposition Date: MM / DD / YYYY

5. If disposition resulted in Payout: ▶ Payout Amount: $ Date Paid: MM / DD / YYYY

6. Summarize details of circumstances leading to the necessity of the bonding company action:

SECTION II If the applicant has an unsatisfied judgment or lien: (Disclose details for only one judgment or lien per DRP.) When the judgment/lien has been satisfied or otherwise disposed of, amend the Form BD and this section to report the outcome.

1. Judgment / Lien Amount: $

2. Judgment or Lien Holder:

3. Judgment / Lien Type: *(Tax, Civil, Default, Liquidated Damages, etc.)*

4. Date Filed: MM / DD / YYYY

5. Is Judgment/Lien Outstanding? ☐ Yes ☐ No

If No, provide status date: MM / DD / YYYY

If No, how was matter resolved? *(Released, Discharged, Removed, Paid)*

6. Court: *(Name of Federal, State or Foreign Court)*

7. Location of Court: *(City or County and State or Country)*

8. Docket / Case Number:

9. Provide a brief summary of events leading to the action and any payment schedule details including current status (if applicable). (Use reverse side of this sheet for additional comments if necessary.)

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Schedule A of FORM BD

DIRECT OWNERS AND EXECUTIVE OFFICERS

(Answer for Form BD Item 3)

(REV. 11/94)

Applicant Name: _____

Date: _____ Firm CRD No.: _____

OFFICIAL USE

1. Use Schedule A only in new applications to provide information on the **direct** owners and executive officers of the applicant. Use Schedule B in new applications to provide information on **indirect** owners. File all amendments on Schedule C. **Complete each column.**

2. List below the names of:

   (a) each Chief Executive Officer, Chief Financial Officer, Chief Operations Officer, Chief Legal Officer, Chief Compliance Officer, Director, and individuals with similar status or functions;

   (b) in the case of an applicant that is a corporation, each shareholder that directly owns 5% or more of a class of a voting security of the applicant, unless the applicant is a public reporting company (a company subject to Sections 12 or 15(d) of the Securities Exchange Act of 1934);

   Direct owners include any person that owns, beneficially owns, has the right to vote, or has the power to sell or direct the sale of, 5% or more of a class of a voting security of the applicant. For purposes of this Schedule, a person beneficially owns any securities (i) owned by his/her child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, sharing the same residence; or (ii) that he/she has the right to acquire, within 60 days, through the exercise of any option, warrant or right to purchase the security.

   (c) in the case of an applicant that is a partnership, **all** general partners and those limited and special partners that have the right to receive upon dissolution, or have contributed, 5% or more of the partnership's capital; and

   (d) in the case of a trust that directly owns 5% or more of a class of a voting security of the applicant, or that has the right to receive upon dissolution, or has contributed, 5% or more of the applicant's capital, the trust and **each trustee.**

3. Are there any indirect owners of the applicant required to be reported on Schedule B? ☐ Yes ☐ No

4. Complete the "Status" column by entering board/management titles; status as partner, trustee, sole proprietor, or shareholder; and for shareholders, the class of securities owned (if more than one is issued).

5. (a) In the "DE/FE/I" column, enter "DE" if the owner is a domestic entity, or enter "FE" if owner is an entity incorporated or domiciled in a foreign country, or enter "I" if the owner is an individual.

   (b) In the "Control Person" column, enter "Yes" if person has "control" as defined in the instructions to this form, and enter "No" if the person does not have control. Note that under this definition most executive officers and all 25% owners, general partners, and trustees would be "control persons".

   (c) In the "PR" column, enter "PR" if the owner is a public reporting company under Sections 12 or 15(d) of the Securities Exchange Act of 1934.

6. Ownership codes are:

   NA – less than 5%
   A – 5% but less than 10%
   B – 10% but less than 25%
   C – 25% but less than 50%
   D – 50% but less than 75%
   E – 75% or more

FULL LEGAL NAME (Individuals: Last Name, First Name, Middle Name)	DE/FE/I	Date Title or Status Acquired		Title or Status	Ownership Code	Control Person		CRD No. If None: S.S. No., IRS Tax No. or Employer ID.	Official Use Only
		MM	YYYY			PR			

Schedule B of FORM BD

INDIRECT OWNERS

(Answer for Form BD Item 3)
(REV. 11/94)

Applicant Name: _____

Date: _____ Firm CRD No.: _____

OFFICIAL USE

1. Use Schedule B only in new applications to provide information on the **indirect** owners of the applicant. Use Schedule A in new applications to provide information on **direct** owners. File all amendments on Schedule C. **Complete each column.**

2. With respect to each owner listed on Schedule A, (except individual owners), list below:
   (a) in the case of an owner that is a corporation, each of its shareholders that beneficially owns, has the right to vote, or has the power to sell or direct the sale of, 25% or more of a class of a voting security of that corporation;

   For purposes of this Schedule, a person beneficially owns any securities (i) owned by his/her child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, sharing the same residence; or (ii) that he/she has the right to acquire, within 60 days, through the exercise of any option, warrant or right to purchase the security.

   (b) in the case of an owner that is a partnership, **all** general partners and those limited and special partners that have the right to receive upon dissolution, or have contributed, 25% or more of the partnership's capital; and
   (c) in the case of an owner that is a trust, the trust and each trustee.

3. Continue up the chain of ownership listing all 25% owners at each level. Once a public reporting company (a company subject to Sections 12 or 15(d) of the Securities Exchange Act of 1934) is reached, no ownership information further up the chain of ownership need be given.

4. Complete the "Status" column by entering status as partner, trustee, shareholder, etc., and if shareholder, class of securities owned (if more than one is issued).

5. (a) In the "DE/FE/I" column, enter "DE" if the owner is a domestic entity, or enter "FE" if owner is an entity incorporated or domiciled in a foreign country, or enter "I" if the owner is an individual.
   (b) In the "Control Person" column, enter "Yes" if person has "control" as defined in the instructions to this form, and enter "No" if the person does not have control. Note that under this definition most executive officers and all 25% owners, general partners, and trustees would be "control persons".
   (c) In the "PR" column, enter "PR" if the owner is a public reporting company under Sections 12 or 15(d) of the Securities Exchange Act of 1934.

6. Ownership codes are: C – 25% but less than 50% D – 50% but less than 75% E – 75% or more F – Other General Partners

FULL LEGAL NAME (Individuals: Last Name, First Name, Middle Name)	DE/FE/I	Entity in Which Interest is Owned	Date Title or Status Acquired		Status	Ownership Code	Control Person		CRD No. If None: S.S. No., IRS Tax No. or Employer ID.	Official Use Only
			MM	YYYY				PR		

Schedule C of FORM BD

AMENDMENTS TO SCHEDULES A & B

(Amendments to answers for Form BD Item 3)
(REV. 11/94)

Applicant Name: _____

Date: _____ Firm CRD No.: _____

OFFICIAL USE

1. This Schedule C is used to amend Schedules A and B of Form BD. Refer to those schdeules for specific instructions for completing this Schedule C. **Complete each column.** File with a completed Execution Page (Page 1).

2. In the "Type of Amd." column, indicate "A" (addition), "D" (deletion), or "C" (change in information about the same person).

3. Ownership codes are:
NA – less than 5%
A – 5% but less than 10%
B – 10% but less than 25%
C – 25% but less than 50%
D – 50% but less than 75%
E – 75% or more
F – Other General Partners

4. **List below all changes to Schedule A: (DIRECT OWNERS AND EXECUTIVE OFFICERS)**

FULL LEGAL NAME (Individuals: Last Name, First Name, Middle Name)	DE/FE/I	Type of Amd.	Date Title or Status Acquired		Title or Status	Ownership Code	Control Person		CRD No. If None: S.S. No., IRS Tax No. or Employer ID.	Official Use Only
			MM	YYYY			PR			

5. **List below all changes to Schedule B: (INDIRECT OWNERS)**

FULL LEGAL NAME (Individuals: Last Name, First Name, Middle Name)	DE/FE/I	Type of Amd.	Entity in Which Interest is Owned	Date Title or Status Acquired		Status	Ownership Code	Control Person		CRD No. If None: S.S. No., IRS Tax No. or Employer ID.	Official Use Only
				MM	YYYY			PR			

Schedule D of FORM BD

CONTINUATION SHEET
Page 1
(FEX 11/94)

Applicant Name: _____

Date: _____ Firm CRD No.: _____

OFFICIAL USE (OFFICIAL USE ONLY)

Use this Schedule D Page 1 to report details for items listed below. Only report new information or changes/updates to previously submitted details. Do not repeat previously submitted information.

This is an ☐ INITIAL ☐ AMENDED detail filing for the Form BD items checked below:

SECTION I — *Other Business Names*

(Check if applicable) ☐ Item 1C(2)

List each of the "other" names and the jurisdiction(s) in which they are used.

1. Name	JURISDICTION CODE	2. Name	JURISDICTION CODE
3. Name	JURISDICTION CODE	4. Name	JURISDICTION CODE

SECTION II — *Other Business*

(Check one) ☐ Item 12Z ☐ Item 13B

Applicant must complete a separate Schedule D Page 1 for each affirmative response in this section.

Briefly describe any other business (ITEM 12Z); or any other non-securities business (ITEM 13B). Use only the space provided.

SECTION III — *Successions*

(Check if applicable) ☐ Item 5

Date of Succession MM / DD / YYYY	Name of Predecessor	
IRS Employer Identification Number	Firm CRD Number (if any)	SEC File Number (if any)

Briefly describe details of the succession. Use only the space provided.

SECTION IV — *Introducing and Clearing Arrangements / Control Persons / Financings*

(Check one) ☐ Item 7 ☐ Item 8A ☐ Item 8B ☐ Item 8C ☐ Item 9A ☐ Item 9B

Applicant must complete a separate Schedule D Page 1 for each affirmative response in this section including any multiple responses to any Item. Complete the "Effective Date" box with the Month, Day and Year that the arrangement agreement, or affiliation became effective. Complete the "Termination Date" box with the Month, Day and Year that the arrangement, agreement, or affiliation was terminated.

Firm or Organization Name	CRD Number (if any)
Business Address *(Street, City, State/Country, Zip+4/Postal Code)*	
Individual Name (if applicable) *(Last, First, Middle)*	CRD Number (if any)
Business Address (if applicable) *(Street, City, State/Country, Zip+4/Postal Code)*	
Effective Date MM / DD / YYYY	Termination Date MM / DD / YYYY

Briefly describe the nature of reference or arrangement (ITEM 7 or ITEM 8); the nature of the control or agreement (ITEM 9A); or the method and amount of financing (ITEM 9B). Use only the space provided.

Schedule D of FORM BD

CONTINUATION SHEET

Page 2

(REV. 11/94)

Applicant Name: _____

Date: _____ Firm CRD No.: _____

OFFICIAL USE

Use this Schedule D Page 2 to report details for items listed below. Only report new information or changes/updates to previously submitted details. Do not repeat previously submitted information. Supply details for all partnerships, corporations, organizations, institutions and individuals necessary to answer each item completely. Use additional copies of Schedule D Page 2 if necessary.

Complete the "Effective Date" field with the Month, Day and Year that the affiliation became effective. Complete the "Termination Date" field with the Month, Day and Year that the affiliation was terminated.

This is an ☐ INITIAL ☐ AMENDED detail filing for the Form BD items checked below:

☐ 10A. Directly or indirectly, does applicant control, is applicant controlled by, or is applicant under common control with, any partnership, corporation, or other organization that is engaged in the securities or investment advisory business?

☐ 10B. Directly or indirectly, is applicant controlled by any bank holding company, national bank, state member bank of the Federal Reserve System, state non-member bank, savings bank or association, credit union, or foreign bank?

SECTION I ***Complete this section for affirmative responses to ITEM 10A only.***

The details supplied relate to:

1 Partnership, Corporation, or Organization Name | CRD Number (if any)

Effective Date MM / DD / YYYY | Termination Date MM / DD / YYYY

(check only one)

This Partnership, Corporation, or Organization ☐ controls, ☐ is controlled by, ☐ is under common control with applicant.

Business Address *(Street, City, State/Country, Zip+4/Postal Code)*

Is Partnership, Corporation or Organization a foreign entity? ☐ Yes ☐ No | If Yes, provide country of domicile or incorporation: | Check "Yes" or "No" for activities of this partnership, corporation, or organization: ▶ Securities Activities: ☐ Yes ☐ No | Investment Advisory Activities: ☐ Yes ☐ No

2 Partnership, Corporation, or Organization Name | CRD Number (if any)

Effective Date MM / DD / YYYY | Termination Date MM / DD / YYYY

(check only one)

This Partnership, Corporation, or Organization ☐ controls, ☐ is controlled by, ☐ is under common control with applicant.

Business Address *(Street, City, State/Country, Zip+4/Postal Code)*

Is Partnership, Corporation or Organization a foreign entity? ☐ Yes ☐ No | If Yes, provide country of domicile or incorporation: | Check "Yes" or "No" for activities of this partnership, corporation, or organization: ▶ Securities Activities: ☐ Yes ☐ No | Investment Advisory Activities: ☐ Yes ☐ No

3 Partnership, Corporation, or Organization Name | CRD Number (if any)

Effective Date MM / DD / YYYY | Termination Date MM / DD / YYYY

(check only one)

This Partnership, Corporation, or Organization ☐ controls, ☐ is controlled by, ☐ is under common control with applicant.

Business Address *(Street, City, State/Country, Zip+4/Postal Code)*

Is Partnership, Corporation or Organization a foreign entity? ☐ Yes ☐ No | If Yes, provide country of domicile or incorporation: | Check "Yes" or "No" for activities of this partnership, corporation, or organization: ▶ Securities Activities: ☐ Yes ☐ No | Investment Advisory Activities: ☐ Yes ☐ No

If applicant has more than 3 organizations to report, complete additional Schedule D Page 2s.

Schedule D of FORM BD

CONTINUATION SHEET
Page 2 (continued)
(REV. 11/94)

Applicant Name: _____

Date: _____ Firm CRD No.: _____

OFFICIAL USE

SECTION II ***Complete this section for affirmative responses to ITEM 10B only.***

Provide the details for each organization or institution that controls the applicant, including each organization or institution in the applicant's chain of ownership. The details supplied relate to:

1	Financial Institution Name	CRD Number (if applicable)
Effective Date MM / DD / YYYY	Termination Date MM / DD / YYYY	
Institution Type (i.e., bank holding company, national bank, state member bank of the Federal Reserve System, state non-member bank, savings association, credit union, or foreign bank)		
Business Address (Street, City, State/Country, Zip+4/Postal Code)	If foreign, country of domicile or incorporation	

2	Financial Institution Name	CRD Number (if applicable)
Effective Date MM / DD / YYYY	Termination Date MM / DD / YYYY	
Institution Type (i.e., bank holding company, national bank, state member bank of the Federal Reserve System, state non-member bank, savings association, credit union, or foreign bank)		
Business Address (Street, City, State/Country, Zip+4/Postal Code)	If foreign, country of domicile or incorporation	

3	Financial Institution Name	CRD Number (if applicable)
Effective Date MM / DD / YYYY	Termination Date MM / DD / YYYY	
Institution Type (i.e., bank holding company, national bank, state member bank of the Federal Reserve System, state non-member bank, savings association, credit union, or foreign bank)		
Business Address (Street, City, State/Country, Zip+4/Postal Code)	If foreign, country of domicile or incorporation	

4	Financial Institution Name	CRD Number (if applicable)
Effective Date MM / DD / YYYY	Termination Date MM / DD / YYYY	
Institution Type (i.e., bank holding company, national bank, state member bank of the Federal Reserve System, state non-member bank, savings association, credit union, or foreign bank)		
Business Address (Street, City, State/Country, Zip+4/Postal Code)	If foreign, country of domicile or incorporation	

If applicant has more than 4 organizations/institutions to report, complete additional Schedule D Page 2s.

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Schedule E of FORM BD

OFFICIAL USE

Applicant Name: _____

Date: _____ Firm CRD No.: _____

INSTRUCTIONS

General: Use this schedule to report branch offices or other business locations of the applicant.
Repeat Items 1-11 for each branch office or other business location. Each item must be completed unless otherwise noted.
Use additional copies of this schedule as necessary.

Specific:

Item 1. Specify only one box. Check "Add" when a branch office or other business location is opened and you are filing the initial notice, "Delete" when a branch office is closed, and "Amendment" to indicate any other change to previously filed information.

Item 2. CRD will assign this branch number when you "Add" a branch office or other business location as discussed in Item 1 above. If known, complete this item for all "Deletes" and "Amendments."

Item 3. Complete this item for all entries. A physical location must be included; post office box designations, alone, are not sufficient.

Item 4. Complete this item only when the applicant changes the address of an existing branch office or other business location.

Item 5. If the branch office or other business location occupies or shares space on premises within a bank, savings bank or association, or credit union, enter the name of the institution in the space provided.

Item 6. Complete this item for all entries. If applicable, provide the supervisor's name as it appears on the most recent Form U-4 filing.

Item 7. If applicable, provide the CRD number for the branch office supervisor named in Item 4.

Item 8. Complete this item for all entries. Provide the date that the branch office was opened (ADD), closed (DELETE), or the effective date of the change (AMENDMENT).

Item 9. Check "Yes" or "No" to denote whether location will be an Office of Supervisory Jurisdiction (OSJ) as defined in the NASD Rules of Fair Practice, Article III Section 27.

Item 10. Check "Yes" or "No" to denote whether the location is a business location that will operate pursuant to a written agreement or contract (other than an insurance agency agreement) with the main office and any one or more of the following will apply: the location (A) assumes liability for its own expenses or has its expenses paid by a party other than the applicant; (B) has primary responsibility for decisions relating to the employment and remuneration of its registered representatives; (C) deems 5% or more of its total registered representatives to be "independent contractors" for tax purposes; or (D) engages in separate market making and/or underwriting activities.

Item 11. Check "Yes" or "No" to denote whether this location is a jurisdiction branch registration only.

1. (Check only one box.)

☐ Add ☐ Delete ☐ Amendment

2. CRD Branch Number _____.

3. _____
Street

_____
P O Box (if applicable), Suite, Floor

_____
City, State/Country, Zip Code + 4/Postal Code

If you are changing the address enter the new address in Item 4.

4. _____
Street

_____
P O Box (if applicable), Suite, Floor

_____
City, State/Country, Zip Code + 4/Postal Code

5. _____
Institution Name (if applicable)

6. _____
Supervisor Name (Last, First, Middle)

7. _____
CRD Number of Supervisor

8. Effective Date: MM DD YYYY
_____/_____/_____

9. OSJ

☐ Yes ☐ No

10. ☐ Yes ☐ No

If yes, indicate each Item 10 subset that applies:

☐ A ☐ B ☐ C ☐ D

11. Jurisdiction Only

☐ Yes ☐ No

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