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Registration of Broker-Dealers Pursuant to Section 15(b)(11) of the Securities Exchange Act of 1934; Proposed Rules

SECURITIES AND EXCHANGE COMMISSION

17 CFR Parts 240, 248, and 249

[Release No. 34–44455; File No. S7–13–01]

RIN 3235–AI21

Registration of Broker-Dealers Pursuant to Section 15(b)(11) of the Securities Exchange Act of 1934

AGENCY: Securities and Exchange Commission.

ACTION: Proposed rule.

SUMMARY: The Securities and Exchange Commission (''Commission'') is publishing for comment proposed rules to implement certain provisions of the Commodity Futures Modernization Act of 2000 (''CFMA''). First, the Commission is proposing amendments to its broker-dealer registration requirements and to Form BD. These amendments would implement section 203 of the CFMA, which permits futures commission merchants and introducing brokers that are registered with the Commodity Futures Trading Commission (''CFTC'') to register as broker-dealers for the limited purpose of effecting transactions in certain security futures products by filing a notice with the Commission.

Second, the Commission is proposing a conditional exemption from registration under section 15(a) of the Securities Exchange Act of 1934. The proposed exemption would provide guidance on the extent to which a broker-dealer registered by notice may trade security futures products. Under the proposed exemption, a broker-dealer registered by notice would be able to trade any security futures products as long as it did not become a member of a registered national securities exchange or national securities association.

Third, the Commission is proposing amendments to Regulation S–P, which was adopted under the Gramm-Leach-Bliley Act. These amendments would revise certain provisions of Regulation S–P in light of section 124 of the CFMA, which makes the privacy provisions of the Gramm-Leach-Bliley Act applicable to activity regulated by the CFTC. These amendments would also allow futures commission merchants and introducing brokers registered by notice with the Commission as broker-dealers to comply with Regulation S–P by complying with the CFTC's financial privacy rules.

DATES: Comments must be submitted on or before July 26, 2001.

ADDRESSES: Interested persons should submit three copies of their written data, views, and opinions to Jonathan G. Katz, Secretary, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549–0609. Comments also may be submitted electronically at the following e-mail address: rule-comments@sec.gov. All comment letters should refer to File No. S7–13–01; this file number should be used on the subject line if e-mail is used. Comment letters will be available for public inspection and copying at the Commission's Public Reference Room, 450 Fifth Street, NW., Washington, DC 20549. Electronically submitted comment letters will be posted on the Commission's website (*http://www.sec.gov*). Personal identifying information, such as names or e-mail addresses, will not be edited from electronic submission. Submit only information that you wish to make publicly available.

FOR FURTHER INFORMATION CONTACT: Catherine McGuire, Chief Counsel, Theodore R. Lazo, Special Counsel, Brice D. Prince, Attorney, or Christina K. McGlosson, Attorney, at 202/942–0073, Office of Chief Counsel, Division of Market Regulation, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549–1001.

SUPPLEMENTARY INFORMATION: The Commission today is proposing Rules 15a–10, 15b11–1, and 15b11–2 under the Securities Exchange Act of 1934 (''Exchange Act''),[1] and amendments to Rule 15b2–2 under the Exchange Act[2] and to Form BD to provide for the registration by notice of certain broker-dealers for the limited purpose of effecting transactions in certain security futures products. In addition, the Commission is proposing amendments to Regulation S–P[3] in light of the CFMA's application of the privacy provisions of the Gramm-Leach-Bliley Act (''GLBA'') to the CFTC and its regulated entities.

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I. Introduction

A. Security Futures Products

The CFMA permits the trading of security futures, *i.e.*, futures contracts on individual securities and on narrow-based security indexes.[4] The CFMA defines security futures both as ''securities'' under the federal securities laws,[5] and as futures contracts for purposes of the Commodity Exchange Act (''CEA'').[6] Accordingly, the CFMA establishes a regulatory framework under which the Commission and the CFTC have joint jurisdiction over the intermediaries and markets that trade security futures products.

Because they are subject to regulation both as securities and as futures contracts, security futures products

[1] 17 CFR 240.15a–10, 240.15b11–1, and 240.15b11–2.

[2] 17 CFR 240.15b2–2.

[3] 17 CFR Part 248.

[4] Pub. L. No. 106–554, 114 Stat. 2763. Under Exchange Act section 3(a)(55)(A), the term ''security future'' is defined as a contract of sale for future delivery of a single security or of a narrow-based security index. 15 U.S.C. 78c(a)(55)(A). Under Exchange Act section 3(a)(56), the term ''security futures product'' is defined as a security future or an option on a security future. 15 U.S.C. 78c(a)(56).

[5] *See, e.g.,* Exchange Act section 3(a)(10), 15 U.S.C. 78c(a)(10).

[6] The term ''security future'' is defined in CEA section 1a(31) (7 U.S.C. 1a(31)) as a contract of sale for future delivery of a single security or of a narrow-based security index. Under CEA section 1a(33) (7 U.S.C. 1a(33)), the term ''security futures product'' is defined as a security future or an option on a security future.

must be traded on trading facilities and through intermediaries that are registered with both the Commission and the CFTC. In order to avoid duplicative regulation, however, the CFMA establishes a system of notice registration under which trading facilities and intermediaries that are already registered with either the Commission or the CFTC may register with the other agency on an expedited basis for the limited purpose of trading security futures products. Specifically, markets and intermediaries that are registered with one agency may register with the other by submitting a written notice that is effective upon filing.[7] A ''notice registrant'' is then subject to the primary oversight by one agency, and is exempted under the CFMA from all but the core provisions of the laws administered by the other agency.

Exchange Act section 15(b)(11) provides for the notice registration of broker-dealers for the limited purpose of effecting transactions in certain security futures products (''Security Futures Product Broker-Dealers''). We are proposing Rules 15b11–1, 15b11–2, and 15a–10 under the Exchange Act to establish the procedure for notice registration of Security Futures Product Broker-Dealers. Proposed Rule 15b11–1 would provide the terms and conditions under which futures commission merchants and introducing brokers that are registered with the CFTC (collectively, ''CFTC Registrants'') could use the notice registration provisions.[8] In addition, Proposed Rule 15b11–1 would provide that a CFTC Registrant eligible for notice registration must file the notice on Form BD. Proposed Rule 15b11–2 would provide that a Security Futures Product Broker-Dealer could apply to become registered under Exchange Act section 15(b)(1), and therefore conduct business in securities other than security futures products, by filing an amendment to its Form BD.

Proposed Rule 15a–10 would permit Security Futures Product Broker-Dealers to trade security futures products regardless of the market on which they are listed or traded. Under the proposed rule, a Security Futures Product Broker-Dealer would be permitted, subject to certain conditions, to act as a broker or a dealer in security futures products traded on any national securities exchange, national securities association, or alternative trading system[9] without being subject to the registration requirements of Exchange Act section 15(a)(1).[10]

In addition, we are proposing amendments to Form BD. The proposed amendments would elicit information as to whether Security Futures Product Broker-Dealers satisfy the conditions for notice registration. The proposed amendments are also intended to inform the Commission about all registered broker-dealers' activities in security futures products.

We are also proposing to amend Exchange Act Rule 15b2–2,[11] which provides that broker-dealers must be inspected by a self-regulatory organization within six months of becoming registered. The proposed amendment would provide an exception from this requirement for Security Futures Product Broker-Dealers.

B. Privacy

Section 124 of the CFMA amended the CEA to provide that Title V of the GLBA applies to the CFTC and certain of the entities that it regulates. We adopted Regulation S–P to implement Title V of the GLBA in June 2000, before the CFMA was enacted.[12] As a result, certain provisions of Regulation S–P do not reflect section 124 of the CFMA, which amended the CEA. In light of these amendments, we are proposing amendments to update Regulation S–P.

II. Discussion of Proposed Rulemaking

A. Notice Registration of Broker-Dealers to Conduct Business in Security Futures Products

Security futures are expressly defined as securities under the Exchange Act.[13] As a result, for purposes of the Exchange Act, any person who is engaged in the business of effecting transactions in security futures products for the account of another is a broker.[14] Similarly, any person who is engaged in the business of buying and selling security futures products for the person's own account is a dealer.[15] With limited exceptions, brokers and dealers are required by Exchange Act section 15(a) to register with the Commission.[16]

The CFMA amended the broker-dealer registration requirements with respect to certain security futures products by adding section 15(b)(11) to the Exchange Act.[17] Section 15(b)(11)(A) provides that a broker or dealer required to register with the Commission only because it effects transactions in security futures products on an exchange registered pursuant to Exchange Act section 6(g) (''Security Futures Product Exchange'')[18] may register by filing a written notice with the Commission.[19] We are proposing Exchange Act Rules 15b11–1, 15b11–2, and 15a–10 to establish the procedure for submitting that notice to the Commission, and to provide guidance on the extent to which a Security Futures Product Broker-Dealer may act as a broker or a dealer in security futures products.

1. Proposed Rule 15b11–1 under the Exchange Act: Procedure for Notice Registration

Proposed Rule 15b11–1 would specify how a CFTC Registrant could register with the Commission by notice to effect transactions in security futures products. Specifically, the proposed rule would provide that a CFTC Registrant must file Form BD to become a Security Futures Product Broker-Dealer pursuant to Exchange Act section 15(b)(11)(A).[20]

Form BD is the uniform application form for traditional broker-dealer

[7] *See* Exchange Act sections 6(g) and 15(b)(11) (15 U.S.C. 78f(g) and 78o(b)(11)) and CEA sections 5f and 4f(a)(2) (7 U.S.C. 7b–1 and 6f(a)(2)).

[8] When used in this release, the terms ''futures commission merchant'' and ''introducing broker'' have the meanings in CEA sections 1a(20) and 1a(23) (7 U.S.C. 1a(20) and 1a(23)), respectively.

[9] The term ''alternative trading system'' is defined in section 300(a) of Regulation ATS (17 CFR 242.300(a)).

[10] 15 U.S.C. 78o(a)(1). Section 15(a)(1) provides that a broker or dealer must be registered pursuant to section 15(b) in order to ''effect any transaction in, or to induce or attempt to induce the purchase or sale of, any security (other than an exempted security or commerical paper, bankers' acceptances, or commercial bills) . . . .''

[11] 17 CFR 240.15b2–2.

[12] 17 CFR part 248. *See* Securities Exchange Act Release No. 42905 (June 22, 2000), 65 FR 40334.

[13] Exchange Act section 3(a)(10), 15 U.S.C. 78c(a)(10).

[14] *See* Exchange Act section 3(a)(4), 15 U.S.C. 78c(a)(4).

[15] *See* Exchange Act section 3(a)(5), 15 U.S.C. 78c(a)(5).

[16] 15 U.S.C. 78o(a).

[17] 15 U.S.C. 78o(b)(11).

[18] Exchange Act section 6(g) (15 U.S.C. 78f(g)) provides that designated contract markets and derivatives transaction execution facilities that are registered with the CFTC under CEA sections 5 and 5a (7 U.S.C. 7 and 7a), respectively, may register by notice with the Commission to trade security futures products as a Security Futures Product Exchange. We have proposed rules to establish the procedures for such notice registration. *See* Securities Exchange Act Release No. 44279 (May 8, 2001), 66 FR 26978.

[19] Section 15(b)(11)(A) further states that the written notice filed with the Commission must be in such form and contain such information concerning such broker or dealer and any persons associated with such broker or dealer as the Commission by rule, may prescribe as necessary or appropriate in the public interest or for the protection of investors.

[20] Form BD is filed with the Central Registration Depository (''CRD''), which is operated and maintained by the National Association of Securities Dealers, Inc. (''NASD''). When a Form BD is filed with the CRD, the information on the form is entered into the CRD and then transmitted electronically to the Commission. Even though Form BD is not filed directly with the Commission, it is considered a ''report'' filed with the Commission for purposes of Exchange Act sections 15(b), 17(a), 18(a), 32(a) (15 U.S.C. 78o(b), 78q(a), 78r(a), 78ff(a)), and other applicable provisions of the Exchange Act.

registration used by the Commission, state securities regulators, and self-regulatory organizations.[21] Form BD requires an applicant to provide information concerning the nature of its business, as well as information regarding its principals, controlling persons, and employees. In addition, Form BD is designed to permit the Commission to determine whether the applicant meets the statutory requirements to engage in the securities business.

Under Exchange Act section 15(b)(11), however, Security Futures Product Broker-Dealers will not be subject to the same statutory requirements as other applicants for broker-dealer registration. In particular, a complete application for notice registration will be effective upon filing.[22] In addition, a Security Futures Product Broker-Dealer will be exempt from certain provisions of the Exchange Act with respect to transactions in security futures products.[23] In light of this alternative registration and regulatory scheme, section 15(b)(11) provides several conditions for notice registration. First, the Security Futures Product Broker-Dealer must be registered with the CFTC as a futures commission merchant or as an introducing broker.[24] Second, the Security Futures Product Broker-Dealer must be a member of the National Futures Association (''NFA'') or another national securities association registered pursuant to Exchange Act section 15A(k).[25] Third, the Security Futures Product Broker-Dealer must limit its business in securities to security futures products that are listed or traded on Security Futures Product Exchanges, except to the extent that it is permitted to conduct business in other types of securities without registering as a broker-dealer.[26] Proposed Rule 15b11–1(b) would require a broker-dealer registering by notice to indicate where appropriate on Form BD that it meets the conditions for notice registration.[27]

Under Exchange Act section 15(b)(11)(A)(iv), the registration of a Security Futures Product Broker-Dealer will terminate by operation of law if it is no longer registered with the CFTC or is no longer a member of the NFA.[28] In addition, Security Futures Product Broker-Dealers will be subject to Exchange Act Rule 15b3–1,[29] which requires a registered broker-dealer to promptly file an amendment to its Form BD if any of the information contained in the form is or becomes inaccurate for any reason.[30] A Security Futures Product Broker-Dealer would be obligated under Rule 15b3–1 to amend its Form BD if it no longer met the statutory conditions for notice registration.

We request comment on Proposed Rule 15b11–1. Should CFTC Registrants be permitted to register by notice as Security Futures Product Broker-Dealers on a form other than Form BD? Can the Commission rely on information that CTFC Registrants file with the CFTC and the NFA if it needs information regarding Security Futures Product Broker-Dealers?

In addition, we note in general that Security Futures Product Broker-Dealers will be broker-dealers for purposes of the Exchange Act. As a result, they will be subject to the rules under the Exchange Act that apply to broker-dealers except for rules adopted under the sections of the Exchange Act from which Security Futures Product Broker-Dealers are exempted by Exchange Act section 15(b)(11)(B). We invite commenters to identify other rules that should not be applicable to Security Futures Product Broker-Dealers. Should the Commission amend any of its rules or use its exemptive authority to except or exempt Security Futures Product Broker-Dealers from any rule?

2. Proposed Rule 15b11–2 under the Exchange Act: Procedure for Application to Convert Registration

Proposed Rule 15b11–2 would permit a Security Futures Product Broker-Dealer to apply to become registered under Exchange Act section 15(b)(1) by filing an amendment to its Form BD.[31] The proposed rule would specify how a Security Futures Product Broker-Dealer may apply to become a full broker-dealer.[32] For example, a Security Futures Product Broker-Dealer that

[21] Form BD is the form filed by an applicant to become registered pursuant to Exchange Act section 15(b)(1). *See* Exchange Act Rule 15b1–1, 17 CFR 240.15b1–1. In addition, intrastate nonbank municipal securities dealers required to register under section 15B(a) must file an application for registration with the Commission on Form BD, as must government securities brokers and dealers required to register under Exchange Act section 15C(a). *See* Exchange Act Rules 15Ba2–2 and 15C2–1, 17 CFR 240.15Ba2–2 and 240.15Ca2–1.

[22] *See* Exchange Act section 15(b)(11)(A)(ii), 15 U.S.C. 78o(b)(11)(A)(ii). However, an application for notice registration will not take immediate effect if it is subject to suspension or revocation under Exchange Act section 15(b)(4). 15 U.S.C. 78o(b)(4). In addition, under Rule 202.3(b)(1) of the Commission's Procedural Rules (17 CFR 202.3), applications on Form BD that are not complete ''may be returned with a request for correction or held until corrected before being accepted as a filing.''

[23] Exchange Act section 15(b)(11)(B), 15 U.S.C. 78o(b)(11)(B). Specifically, a Security Futures Product Broker-Dealer will be exempt from sections 8, 11, 15(c)(3), 15(c)(5), 15B, 15C, and 17(d)–(i) of the Exchange Act (15 U.S.C. 78h, 78k, 78o(c)(3), 78o(c)(5), 78o–4, 78o–5, and 78q(d)(i)).

[24] As noted above, section 15(b)(11) provides that notice registration is available only to broker-dealers that fall within the registration requirements of section 15 by effecting transactions in security futures products on a Security Futures Product Exchange. CEA section 4d)(a)(1) (7 U.S.C. 6d(a)(1)) provides that futures commission merchants and introducing brokers must be registered with the CFTC before ''soliciting orders or accepting orders for the purchase or sale of any commodity for future delivery, or involving any contracts of sale of any commodity for future delivery, on or subject to the rules of any contract market or derivatives transaction execution facility.''

[25] 15 U.S.C. 78o–3(k). Under section 15A(k), a futures association registered under CEA section 17 (7 U.S.C. 21) will become a registered national securities association for the limited purpose of regulating the activity of members who are Security Futures Product Broker-Dealers as long as the limited purpose national securities association implements certain rules and procedures. *See* Exchange Act section 15A(k)(2)(A)–(D) (15 U.S.C. 78o–3(k)(2)(A)–(D)). Our subsequent discussion refers specifically to the NFA, which is the only organization currently eligible to become a limited purpose national securities association. However, the discussion would apply equally to any other limited purpose national securities association.

[26] For example, Exchange Act Rules 3a43–1 and 3a44–1 (17 CFR 240.3a43–1 and 240.3a44–1) allow futures commission merchants that are registered with the CFTC to effect transactions in government securities that are incidental to their futures-related business without being considered government securities brokers or government securities dealers. As explained in more detail below, we are also proposing Rule 15a–10 under the Exchange Act, which would conditionally permit Security Futures Product Broker-Dealers to trade security futures products regardless of the market on which they are listed or traded without having to register under Exchange Act 15(b)(1) (15 U.S.C. 78o(b)(1)).

[27] As explained below, we are proposing to amend Form BD in order to elicit the information necessary to determine whether the broker-dealer meets the conditions for notice registration.

[28] In addition, Exchange Act section 15(b)(11(A)(iii) provides that the registration of a Security Futures Product Broker-Dealer will be suspended immediately if its membership with the NFA is suspended.

[29] 17 CFR 240.15b3–1.

[30] The CFTC has issued a proposal to amend CEA Rule 3.10 (17 CFR 3.10) to provide for the notice registration of futures commission merchants and introducing brokers. *Notice Registration as a Futures Commission Merchant or Introducing Broker for Certain Securities Broker-Dealers,* 66 FR 27476 (May 17, 2001). Under the CFTC's proposal, broker-dealers that are registered by notice with the CFTC would not be subject to Rule 3.10(d), which requires futures commission merchants and introducing brokers to file annually updated registration forms. We believe, however, that it is appropriate for Security Futures Product Broker-Dealers to keep the information in Form BD current. In addition, we believe that requiring Security Futures Product Broker Dealers to comply with Exchange Act Rule 15b3–1 is consistent with our authority under Exchange Act section 17(a) (15 U.S.C. 78q(a)) to prescribe reporting and recordkeeping requirements for broker-dealers, which is one of our sources of authority for rule 15b3–1.

[31] Broker-dealers registered under Exchange Act section 15(b)(1) (15 U.S.C. 78o(b)(1)) are referred to as ''full broker-dealers.''

[32] Alternatively, we could have required a Security Futures Product Broker-Dealer to submit a new Form BD and pursue a separate registration if it chose to apply to become a full broker-dealer. Because this alternative could be more costly and time consuming for applicants, we are not proposing to require it.

wanted to conduct business in securities other than security futures products could amend its Form BD to indicate that it planned to conduct additional securities business. This amended Form BD, therefore, would be an application for registration to conduct business as a full broker-dealer.[33]

Under Proposed Rule 15b11–2, the amendment to Form BD would be considered an application to become a full broker-dealer. The notice registration of a broker-dealer that filed an application by amendment under Proposed Rule 15b11–2 would remain effective while its application to become a full broker-dealer was pending. However, the broker-dealer would not be permitted to engage in securities business other than that permitted under section 15(b)(11) until it had satisfied all of the conditions under section 15(b) to become a full broker-dealer.[34]

Proposed Rule 15b11–2 would also provide that when the broker-dealer's registration pursuant to section 15(b)(1) became effective it would no longer be a Security Futures Product Broker-Dealer. Accordingly, the broker-dealer would no longer be eligible for the exemptions in section 15(b)(11)(B). As a result, the broker-dealer would be subject to all of the provisions of the Exchange Act and the regulations thereunder applicable to its activity, including its activity in security futures products. We request comment on Proposed Rule 15b11–2.

3. Proposed Rule 15a–10 under the Exchange Act: Conditional Exemption from Full Broker-Dealer Registration for Security Futures Product Broker-Dealers

Exchange Act section 15(b)(11)(A) provides that notice registration is available for ''a broker or dealer required to register only because it effects transactions in security futures products *on an exchange registered pursuant to section 6(g) [of the Exchange Act]* (emphasis added).'' Accordingly, notice registration is available to a CFTC registrant that would meet the definition of a broker or a dealer simply by effecting transactions in security futures products on a Security Futures Product Exchange.

We believe that the plain language of section 15(b)(11)(A) of the Exchange Act limits a Security Futures Product Broker-Dealer to effecting transactions in security futures products only on Security Futures Products Exchanges. Therefore, a Security Futures Product Broker-Dealer must be registered pursuant to Exchange Act section 15(b)(1) as a full broker-dealer in order to effect transactions in security futures products that are listed or traded on a national securities exchange registered pursuant to Exchange Act section 6(a) (''Registered National Securities Exchange'')[35] or on a national securities association registered pursuant to Exchange Act section 15A(a).[36]

We note that CEA section 4f(a)(2)[37] permits a full broker-dealer that registers by notice with the CFTC to trade security futures products on any designated contract market or derivatives trading execution facility, regardless of whether it is fully registered or registered by notice with the CFTC.[38] However, we believe that the two provisions were intentionally worded in different fashions because of the different regulatory structures for markets and intermediaries under the Exchange Act and the CEA.

In particular, we believe that these two provisions are distinct because the Exchange Act and the CEA provide different standards with respect to the ability of an intermediary to become a member of a market or an exchange. Specifically, Exchange Act section 6(b)(2)[39] provides that a Registered National Securities Exchange must permit any registered broker-dealer to become a member of the exchange. Similarly, Exchange Act section 15A(b)(3)[40] provides that the rules of a national securities association must permit any registered broker-dealer to become a member of the association.[41] A Security Futures Product Broker-Dealer will be a registered broker-dealer for purposes of the Exchange Act.[42] Without the statutory limitation on their activities, Registered National Securities Exchanges and registered national securities associations would be required to permit Security Futures Product Broker-Dealers (which are exempt from significant portions of the Exchange Act) to effect transactions in security futures products as members.

In contrast, the CEA permits designated contract markets and derivatives transaction execution facilities to set fitness standards for their members and does not require them to accept any specific type of person or entity as a member.[43] Accordingly, a Security Futures Product Exchange may deny membership to broker-dealers that are registered by notice with the CFTC (which are exempt from significant portions of the CEA). In addition, Exchange Act section 6(g)(4)(A)(i) exempts Security Futures Product Exchanges from the requirements of Exchange Act section 6(b)(2).[44]

The CFMA's system of joint regulation of security futures products is intended to prevent competitive advantages from arising solely out of differences between futures regulation and securities regulation. We believe that this concept is reflected in the fact that the CFMA provides different standards for CFTC Registrants that register by notice with the Commission than for broker-dealers that register by notice with the CFTC. Regulatory disparities would result if Security Futures Product Broker-Dealers were able to effect transactions in security futures products as members of Registered National Securities Exchanges or registered national securities associations along with fully registered (and fully regulated) broker-dealers. We believe that the different standards established by the CFMA for

[33] As discussed below, we are proposing to amend Form BD to add an item in which a Security Futures Product Broker-Dealer could indicate that it was amending its Form BD to apply for registration as a full broker-dealer.

[34] Among other requirements, a full broker-dealer must either be a member of national securities association registered pursuant to Exchange Act section 15A(a) (15 U.S.C. 78o–3(a)) or limit its securities activities to a Registered National Securities Exchange of which it is a member. Exchange Act section 15(b)(8), 15 U.S.C. 78o(b)(8).

[35] 15 U.S.C. 78f(a).

[36] Exchange Act section 6(h)(1) provides that ''[i]t shall be unlawful for any person to effect transactions in security futures products that are not listed on a national securities exchange or a national securities association registered pursuant to section 15A(a).''

[37] 7 U.S.C. 6f(a)(2).

[38] Specifically, CEA section 4f(a)(2)(A) provides that a broker-dealer may register by notice with the CFTC if it ''limits its solicitation of orders, acceptance of orders, or execution of orders, or placing of orders on behalf of others involving any contracts of sale of any commodity for future delivery, on or subject to the rules of any contract market or registered derivatives transaction execution facility to security futures products.''

[39] 15 U.S.C. 78f(b)(2).

[40] 15 U.S.C. 78o–3(b)(3).

[41] There are limited exceptions to sections 6(b)(2) and 15A(b)(3). For example, Exchange Act sections 6(c)(2) and 15A(g)(2) (15 U.S.C. 78f(c)(2) and 78o–3(g)(2)) permit Registered National Securities Exchanges and national securities associations to deny membership to any registered broker-dealer that is subject to a ''statutory disqualification,'' as defined in Exchange Act sections 3(a)(39) (15 U.S.C. 78c(a)(39)). In addition, Exchange Act section 6(c)(3)(A) (15 U.S.C. 78f(c)(3)(A) permits a Registered National Securities Exchange to deny membership to a registered broker-dealer that does not meet the exchange's standards for financial responsibility or operational capability.

[42] The term ''registered broker or dealer'' is defined (in relevant part) in Exchange Act section 3(a)(48) as ''a broker or dealer registered or required to register pursuant to section 15 or 15B of [the Exchange Act]. . . .'' 15 U.S.C. 78c(a)(48).

[43] *See* CEA sections 5(d)(12) and 5a(d)(6) (7 U.S.C. 7(d)(12) and 7a(d)(6)).

[44] In its capacity as a limited purpose national securities association pursuant to Exchange Act section 15A(k), the NFA will be exempt from Exchange Act section 15A(b)(3). Under Exchange Act section 6(h)(1), however, the NFA is not permitted to list or trade security futures products.

notice registration of intermediaries address this potential for regulatory disparity.

However, we also believe that it would be consistent with the purposes of the CFMA for the Commission to permit Security Futures Product Broker-Dealers to trade security futures products that are listed or traded on Security Futures Product Exchanges as well as on Registered National Securities Exchanges, registered national securities associations, or alternative trading systems. The CFMA's regulatory scheme provides that Security Futures Product Broker-Dealers are subject to primary regulation by the CFTC and regulation on core securities law issues by the Commission. At the same time, the CFMA preserves the Commission's primary regulatory authority over broker-dealers that are members of Registered National Securities Exchanges and national securities associations registered pursuant to Exchange Act section 15A(a).[45] In light of this regulatory scheme, we believe that a Security Futures Product Broker-Dealer that is not a member of a Registered National Securities Exchange or a registered national securities association should be permitted to effect transactions in any type of security futures product. In addition, we believe that permitting Security Futures Product Broker-Dealers to effect transactions in security futures products traded on all markets should promote competition. Accordingly, we are proposing Exchange Act Rule 15a–10 to conditionally permit Security Futures Product Broker-Dealers to trade in security futures products regardless of the market on which the products are listed or traded.

Specifically, Proposed Exchange Act Rule 15a–10 would provide a conditional exemption from the registration requirements of Exchange Act section 15(a)(1) for Security Futures Product Broker-Dealers. However, the exemption in Proposed Rule 15a–10 would not apply to a Security Futures Product Broker-Dealer that became a member of a Registered National Securities Exchange or a registered national securities association. Accordingly, the proposed rule would prevent a Security Futures Product Broker-Dealer from effecting transactions in security futures products as a member of a Registered National Securities Exchange or a registered national securities association unless it was a full broker-dealer. As a result, Proposed Rule 15a–10 would permit Security Futures Product Broker-Dealers to effect transactions in security futures products that are listed or traded on a Registered National Securities Exchange, on registered national securities associations, or on alternative trading systems by effecting the transactions through a full broker-dealer.[46]

We request comment on Proposed Rule 15a–10. Is it appropriate to permit Security Futures Product Broker-Dealers to effect transactions in security futures products that are listed or traded on Registered National Securities Exchanges, registered national securities associations, or alternative trading systems?

4. Proposed Revisions to Rule 15b2–2 under the Exchange Act: Inspection of Newly Registered Brokers and Dealers

Exchange Act section 15(b)(2)(C) generally requires the Commission or a self-regulatory organization to inspect a newly registered broker-dealer within six months of its registration. The purpose of this inspection is to determine whether the broker-dealer is operating in conformity with the federal securities laws. Exchange Act Rule 15b2–2 [47] implements section 15(b)(2)(C).

In adopting Rule 15b2–2, we noted that section 15(b)(2)(C) was added to the Exchange Act because of concern over the financial and operational difficulties that new broker-dealers may encounter in their early months of operation.[48] Accordingly, Rule 15b2–2 contains an exception for broker-dealers that were already registered when the rule took effect.

CFTC Registrants currently are and will continue to be subject to examinations by the CFTC.[49] In addition, the CFMA provides a specific scheme for the examination of Security Futures Product Broker-Dealers by the Commission under which the Commission consults with the CFTC with respect to its examinations of Security Futures Product Broker-Dealers.[50] Moreover, under the terms of the CFMA the Commission generally defers to the CFTC with respect to financial and operational matters involving Security Futures Product Broker-Dealers. In particular, Exchange Act section 15(b)(11)(B)(iii) exempts Security Futures Product Broker-Dealers from Exchange Act section 15(c)(3) [51] and the rules thereunder, which provide the financial responsibility standards for broker-dealers.[52]

In light of the statutory scheme of joint regulation, we believe that it is not necessary at this time to apply Rule 15b2–2 to Security Futures Product Broker-Dealers. Accordingly, we are proposing to amend Rule 15b2–2 to provide that it does not apply to Security Futures Product Broker-Dealers.

We request comment on the proposed amendments to Rule 15b2–2. Is it appropriate to provide an exception from the rule for Security Futures Product Broker-Dealers?

B. Proposed Amendments to Form BD

1. Amended Form BD

We are proposing to amend Form BD so that it may be used to provide notice of registration as a broker-dealer by a CFTC Registrant pursuant to Exchange Act section 15(b)(11)(A). Specifically, we are proposing to add new items 2E through 2H. These items would require a CFTC Registrant that is registering as a broker-dealer by notice to indicate that it is filing a notice registration, and to indicate that it satisfies the statutory conditions for notice registration. Proposed items 2E through 2H would also enable the Commission, other regulators, and the public to identify Security Futures Product Broker-Dealers registering pursuant to section 15(b)(11)(A). This identification will allow the Commission to determine the Security Futures Product Broker-Dealers' compliance with other applicable requirements.[53] In addition, we are proposing to add new Item 5B, by which a Security Futures Product Broker-Dealer can indicate that it is applying to convert its registration status to become a full broker-dealer.

[45] 15 U.S.C. 78o–3(a).

[46] A Security Futures Product Broker-Dealer relying on Proposed Rule 15a–10 could act in the capacity of a futures commission merchant, but would have to effect and clear the transactions through a full broker-dealer.

[47] 17 CFR 240.15b2–2.

[48] Securities Exchange Act Release No. 18556 (March 10, 1982), 47 FR 11267.

[49] *See* CEA section 4g(a) (7 U.S.C. 6g(a)).

[50] Section 204 of the CFMA amended Exchange Act section 17(b) to provide that the Commission must notify the CFTC before it examines a Security Futures Product Broker-Dealer. Section 17(b) also requires the Commission to provide the CFTC with any reports that the Commission prepares in connection with an examination of a Security Futures Product Broker-Dealer. In addition, section 17(b) specifically provides that Security Futures Product Broker-Dealers are not subject to routine periodic examinations by the Commission.

[51] 15 U.S.C. 78o(c)(3).

[52] *See, e.g.,* Exchange Act Rule 15c3–1 (17 CFR 240.15c3–1) (Net capital requirements for brokers or dealers).

[53] As noted above, Security Futures Product Broker-Dealers are exempt from a number of provisions of the Exchange Act. However, Security Futures Product Broker-Dealers must limit their securities business to security futures products and to securities activities that do not require full broker-dealer registration. *See* Exchange Act section 15(b)(11)(A) (15 U.S.C. 78o(b)(11)(A)).

We are also proposing to amend Form BD so that all broker-dealers may use it to notify the Commission of their security futures products activities. Broker-dealers would notify the Commission of their security futures products activities by checking new Item 12Z.[54] Depending on the volume of their business in security futures products, broker-dealers already registered with the Commission may have to amend their Forms BD to complete new Item 12Z. Specifically, the proposed new item would require both full broker-dealers and Security Futures Product Broker-Dealers to indicate that they are doing business in securities futures products if that business accounts for (or if they expect it to account for) 1 percent or more of their annual revenue.[55] In addition to these new items, we are also proposing amendments to the instructions for Form BD, which would describe the procedure for becoming a Security Futures Product Broker-Dealer. We request comment on the proposed amendments to Form BD.

2. Interim Schedule to Form BD

Form BD is filed with the CRD, which is operated and maintained by the NASD. Our staff has consulted with the staff of the NASD regarding the general need to amend Form BD in order to provide for notice registration. We understand that amending Form BD will require programming and systems changes to the CRD, and that it is possible that the NASD may not be able to complete the necessary programming and systems changes before August 21, 2001, the earliest date on which trading in security futures products may begin. We recognize, however, that we must have a process for notice registration established by August 21, 2001.

As a result, we anticipate that it may be necessary to adopt an interim form of notice under section 15(b)(11) until the appropriate amendments to Form BD can be incorporated into the CRD. Currently, we expect that if we do have to adopt an interim form of notice, it would be an interim schedule to the current Form BD. A CFTC Registrant that wanted to become a Security Futures Product Broker-Dealer would therefore file both the existing Form BD and the interim schedule. We further expect that the interim schedule would contain items and questions substantially similar to the questions and items that we are proposing to incorporate into Form BD.

C. Proposed Amendments to Regulation S–P

Title V of the GLBA directed the Commission and certain other federal agencies to adopt rules regarding the disclosure of customers' personal financial information by the financial institutions subject to the agencies' respective jurisdictions. Under this authority, we adopted Regulation S–P, which generally requires broker-dealers, investment companies, and registered investment advisers to: (1) Notify customers of their privacy policies and practices; (2) describe the conditions under which they may disclose customer information to nonaffiliated third parties; and (3) provide a method for their customers to prevent such disclosure of that information.[56] Title V does not apply to the CFTC or any of its regulated entities.[57]

As a result of the CFMA, however, some of the entities that the CFTC regulates are now subject to Title V of the GLBA.[58] Accordingly, the CFTC has adopted its own set of financial privacy rules.[59] Because we adopted Regulation S–P before the CFMA was enacted, certain of its provisions do not include the CFTC or its regulated entities. Therefore, we are proposing to update Regulation S–P.

Specifically, we are proposing to amend the definition of the term ''Federal functional regulator'' in section 248.3(m) of Regulation S–P[60] to add the CFTC to the list of regulators contained in the current definition. We are also proposing to amend the definition of the term ''financial institution'' in section 248.3(n) of Regulation S–P[61] to eliminate the exclusion for persons or entities with respect to financial activities subject to the jurisdiction of the CFTC under the CEA.

In addition, we are proposing to amend section 248.2 of Regulation S–P[62] to provide that Security Futures Product Broker-Dealers subject to and in compliance with the CFTC's financial privacy rules would also be in compliance with Regulation S–P. This proposed amendment to Regulation S–P would mirror a similar provision in the financial privacy rules that the CFTC has adopted.[63]

III. General Request for Comments

Any interested person wishing to submit comments on Proposed Rules 15a–10, 15b11–1, and 15b11–2, and the proposed amendments to Rule 15b2–2, Form BD, and Regulation S–P is requested to do so. In addition to the specific requests for comment throughout the release, we request comments on all aspects of the proposal. Further, we invite comment on other matters that might have an effect on the proposals contained in this release.

IV. Paperwork Reduction Act Analysis

Certain provisions of our proposals regarding notice registration of broker-dealers contain ''collection of information'' requirements within the meaning of the Paperwork Reduction Act of 1995 (44 U.S.C. section 3501 *et seq.*) (''PRA''). The Commission has submitted the proposal to the Office of Management and Budget (''OMB'') for review in accordance with the PRA requirements in effect at this time. The title for this collection of information: ''Application for Registration as a Broker or Dealer,'' which the Commission is proposing to amend, contains a currently approved collection of information under OMB control number 3235–0012. The information required by Form BD is mandatory and the responses are not kept confidential. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid control number.

The proposed amendments to Form BD are intended to provide the Commission with information about Security Futures Product Broker-Dealers, particularly with respect to

[54] Current Item 12Z would be renumbered as Item 12AA.

[55] Item 12 of Form BD requires broker-dealers to indicate the types of business that account for (or that they expect to account for) 1% or more of their annual revenue from the securities or investment advisory business.

[56] 17 CFR Part 248. *See* Securities Exchange Act Release No. 42905 (June 22, 2000), 65 FR 40334.

[57] Specifically, section 504 of the GLBA does not include the CFTC in the list of agencies required to adopt financial privacy rules. In addition, section 509(2) of the GLBA does not include the CFTC in the definition of the term ''Federal functional regulator. Moreover, section 509(3)(B) of the GLBA specifically excludes from the definition of the term ''financial institution'' any person or entity with respect to any financial activity that is subject to the jurisdiction of the CFTC under the CEA.

[58] Specifically, section 124 of the CFMA added section 5g to the CEA (7 U.S.C. 7b–2), which makes Title V of the GLBA applicable to activity regulated by the CFTC. CEA section 5g(a) provides that notwithstanding section 509(3)(B) of the GLBA, futures commission merchants, commodity trading advisors, commodity pool operators and introducing brokers subject to the jurisdiction of the CFTC are to be treated as ''financial institutions'' for purposes of Title V of the GLBA. CEA section 5g(b) provides that the CFTC is to be treated as a ''Federal functional regulator'' under section 509(2) of the GLBA, and directs the CFTC to issue its own financial privacy regulations under Title V of the GLBA.

[59] *Privacy of Customer Information,* 66 FR 21236 (April 27, 2001) (''CFTC Privacy Release'').

[60] 17 CFR 248.3(m).

[61] 17 CFR 248.3(n).

[62] 17 CFR 248.2.

[63] *See* CFTC Privacy Release, 66 FR at 21252.

their satisfaction of the statutory conditions for notice registration. The proposed amendments are also intended to elicit specific information about the activities of broker-dealers regarding security futures products.[64] In addition the Commission and self-regulatory organizations use the information in Form BD for investigatory purposes. Moreover, members of the public use the information in Form BD to obtain relevant, up-to-date information about broker-dealers.

As discussed above, the proposed amendments to Form BD are primarily intended to implement Exchange Act section 15(b)(11).[65] Specifically, the proposed amendments would provide a mechanism for futures commission merchants and introducing brokers that are registered with the CFTC to register by notice with the Commission as broker-dealers in order to effect transactions in security futures products.

There are approximately 200 futures commission merchants registered with the CFTC; Commission staff estimates that 89 of those are also full broker-dealers. In addition, there are approximately 1,610 introducing brokers registered with the CFTC; Commission staff estimates that 322 of those are also full broker-dealers.[66] Therefore, the Commission staff estimates that approximately 1,399 futures commission merchants and introducing brokers ((200–89 futures commission merchants) + (1610–322 introducing brokers)) may potentially become Security Futures Product Broker-Dealers.

We have previously estimated that the average time necessary to complete the initial Form BD is approximately 2.75 hours.[67] The time necessary to complete Form BD will vary depending on the nature and complexity of the Security Futures Product Broker-Dealer's business. However, we believe that it will take less time for a Security Futures Product Broker-Dealer to complete Form BD than it does for an applicant for registration as a full broker-dealer because Security Futures Product Broker-Dealers are already required to submit registration information to the CFTC on Form 7–R that is substantially similar to the information required by Form BD. As a result, a Security Futures Product Broker-Dealer should be able to complete Form BD in large part by transposing information that already appears on its Form 7–R. Accordingly, we estimate that the average time necessary to complete Form BD by a Security Futures Product Broker-Dealer will be 2 hours. Therefore, we estimate that total annual burden hours for all Security Futures Product Broker-Dealers filing Form BD is 2,798 hours (2.0 hours × 1399 potential registrants).

Security Futures Product Broker-Dealers will be required to file amendments to Form BD when information originally reported on Form BD changes or becomes inaccurate. We have previously estimated that the average time necessary to complete an amendment to Form BD is approximately 20 minutes.[68] For fiscal year 2000, the Commission received approximately 26,000 amendments from a potential total of approximately 8,000 registered broker-dealers. Assuming approximately 1,399 new broker-dealers as a result of notice registration, the number of registered broker-dealers would increase by approximately 17.5% from 8,000 to 9,399. Accordingly, we estimate that there will be 17.5% more amendments to Form BD, or 4,550 (26,000 amendments × 17.5%), as a result of notice registration. Therefore, we estimate that the total annual burden hours for filing Form BD amendments by broker-dealers registered by notice is 1,501 (4550 amendments per year × 0.33 hours per amendment).

In 1999, we estimated that the total annual cost burden to registered broker-dealers for filing Form BD and Form BD amendments was approximately $195,000.[69] Providing for an annual inflation rate of approximately 3%, we currently estimate that the annual cost to registered broker-dealers for filing Form BD and Form BD amendments is approximately $206,876. As noted above, we estimate that the number of registered broker-dealers will increase by approximately 17.5% as a result of notice registration. We believe that the cost burden for broker-dealers registered by notice should be the same as it is for full broker-dealers. Accordingly, we estimate that the annual cost for filing Form BD and Form BD amendments will be approximately 17.5% of the current annual cost. As a result, we estimate that the total annual cost burden for filing Form BD and Form BD amendments by Security Futures Product Broker-Dealers will be approximately $36,203 ($206,876 × 17.5%).

Pursuant to 44 U.S.C. 3506(c)(2)(B), the Commission solicits comments to—(i) Evaluate whether the proposed collections of information are necessary for the proper performance of the functions of the agency, including whether the information shall have practical utility; (ii) Evaluate the accuracy of the agency's estimate of the burden of the proposed collections of information; (iii) Enhance the quality, utility, and clarity of the information to be collected; (iv) Minimize the burden of the collections of information on those who are to respond, including through the use of automated collection techniques or other forms of information technology.

Persons desiring to submit comments on the collection of information requirements proposed above should direct them to the following persons: (1) Desk Officer for the Securities and Exchange Commission, Office of Information and Regulatory Affairs, Office of Management and Budget, Room 10102, New Executive Office Building, Washington, DC 20503; and Jonathan G. Katz, Secretary, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549–0609 with reference to File No. S7–13–01. OMB is required to make a decision concerning the collections of information between 30 and 60 days after publication, so a comment to OMB is best assured of having its full effect if OMB receives it within 30 days of publication. The Commission has submitted the proposed collections of information to OMB for approval. Requests for the materials submitted to OMB by the Commission with regard to these collections of information should be in writing, refer to File No. S7–13–01, and be submitted to the Securities and Exchange Commission, Records Management, Office of Filings and Information Services, 450 Fifth Street, NW, Washington, DC 20549.

V. Costs and Benefits of the Proposed Rulemaking

The Commission is considering the costs and benefits of Proposed Rules 15a–10, 15b11–1, and 15b11–2, and the proposed amendments to Form BD, Rule

[64] The Commission uses the information disclosed by applicants in Form BD to: (i) Determine whether broker-dealer applicants meet the standards for registration set forth in the provisions of the Exchange Act; (ii) develop and maintain a central information resource where members of the public may obtain relevant, current information about broker-dealers, municipal securities dealers, and government securities brokers or government securities dealers, and where the Commission and other securities regulators may obtain information for investigatory purposes; and (iii) develop statistical information concerning broker-dealers, municipal securities dealers, and government securities brokers or government securities dealers.

[65] 15 U.S.C. 78o(b)(11).

[66] These estimates are based on conversations between Commission staff and CFTC staff.

[67] Securities Exchange Act Release No. 41594 (July 2, 1999), 64 FR 37586.

[68] Securities Exchange Act Release No. 41594 (July 2, 1999), 64 FR 37586.

[69] Securities Exchange Act Release No. 41594 (July 2, 1999), 64 FR 37586.

15b2–2 and Regulation S–P. We are sensitive to the costs and benefits that might arise from compliance with our rules and amendments, and we understand that some of the proposals we are announcing today will impose costs on some persons or entities. The majority of our proposals, however, are necessary to implement provisions of the CFMA.[70] We believe that these proposals will not impose any significant costs other than those that result from compliance with the CFMA.

A. Proposals Related to Security Futures Products

We are proposing Exchange Act Rules 15b11–1 and 15b11–2 and amendments to Form BD to prescribe the requirements for futures commission merchants and introducing brokers that are registered with the CFTC to register as broker-dealers pursuant to Exchange Act section 15(b)(11)(A)[71] in order to effect transactions in security futures products. We are also proposing Exchange Act Rule 15a–10 to provide Security Futures Product Broker-Dealers with a conditional exemption from registration as full broker-dealers pursuant to Exchange Act section 15(a)(1). In addition, we are proposing conforming amendments to Exchange Act Rule 15b–2.[72]

The proposed rules, form amendments, and conforming amendments respond to the mandate of the CFMA which, among other things, requires the Commission to prescribe, by rule, the process for notice registration to be used by Security Futures Product Broker-Dealers. Our proposals relating to security futures products are being made primarily pursuant to Exchange Act section 15(b)(11), which was added to the Exchange Act by the CFMA.

B. Proposed Amendments to Regulation S–P

We are proposing amendments to update Regulation S–P to make it consistent with CEA section 5g.[73] Specifically, we are proposing to amend the definitions of the terms ''Federal functional regulator'' and ''financial institution.'' In addition, we are proposing to amend Regulation S–P to provide that Security Futures Product Broker-Dealers may comply with Regulation S–P by complying with the CFTC's financial privacy rules.

C. Costs and Benefits of the Proposed Rulemaking

1. Costs and Benefits of Proposed Rules 15a–10, 15b11–1, and 15b11–2, Proposed Amendments to Form BD, and Conforming Amendments to Rule 15b2–2

We are proposing Rule 15b11–1 to set forth the information that a registered futures commission merchant or introducing broker (collectively, ''CFTC Registrants'') must submit to register as a Security Futures Product Broker-Dealer. Proposed Rule 15b11–1 would require a CFTC Registrant registering as a Security Futures Product Broker-Dealer pursuant to Exchange Act section 15(b)(11)(A)[74] to file Form BD with the Commission. Proposed Rule 15b11–2 would allow a Security Futures Product Broker-Dealer to apply to become registered as a full broker-dealer pursuant to Exchange Act section 15(b)(1)[75] by filing an amendment to its existing Form BD. The proposed amendments to Form BD would conform the form to Proposed Rules 15b11–1 and 15b11–2. Proposed Rule 15a–10 would conditionally permit Security Futures Product Broker-Dealers to effect transactions in security futures products regardless of where they are listed or traded without being subject to the registration requirements of Exchange Act section 15(a)(1).[76] The proposed amendments to Rule 15b2–2 would provide an exception for Security Futures Product Broker-Dealers from the requirements of that rule.

a. *Benefits.* Proposed Rule 15b11–1 provides for an expedited filing process for a CFTC Registrant to become registered with the Commission as a Security Futures Product Broker-Dealer. A Form BD submitted by a CFTC Registrant as a notice of registration as a Security Futures Product Broker-Dealer will not require approval from the Commission. In addition, the information that a CFTC Registrant will be required to submit on Form BD will be substantially similar to the information it must submit on its registration form with the CFTC. Therefore, we expect that it will take less time for a CFTC Registrant to complete Form BD than it would for a broker-dealer filing an initial application to become registered pursuant to section 15(b)(1). Proposed Rule 15b11–2 would permit a Security Futures Product Broker-Dealer to apply for registration as a full broker-dealer by filing an amended Form BD with the Commission, rather than having to prepare a new Form BD. As a result, the proposed rule should simplify the registration process for Security Futures Product Broker-Dealers that want to become full broker-dealers. In addition, Proposed Rules 15b11–1 and 15b11–2 would provide us with the information that we need to ensure that Security Futures Product Broker-Dealers meet the statutory conditions for notice registration.

Proposed Rule 15a–10 would conditionally exempt Security Futures Product Broker-Dealers from the statutory requirement that they register as full broker-dealers in order to effect transactions in security futures products that are listed or traded on a national securities exchange or a national securities association. This exemption would relieve Security Futures Product Broker-Dealers from a statutory limit on their ability to effect transactions in security futures products under their notice registrations. In addition, we are proposing an exception for Security Futures Product Broker-Dealers from the requirement in Rule 15b2–2 that they be inspected within 6 months of becoming registered. These proposals should increase the types of business that Security Futures Product Broker-Dealers may engage in under their notice registrations and reduce their regulatory burdens.

In addition, our proposals regarding security futures products will provide us with information about Security Futures Product Broker-Dealers that we believe is crucial to know about any broker-dealer. This information should in turn enhance our ability to oversee Security Futures Product Broker-Dealers that effect transactions in security futures products, which is critical to the continued integrity of our markets. We believe that our oversight of trading activities in security futures products, in conjunction with that of the CFTC, should benefit the public and the markets generally by helping to prevent fraud and manipulation.

b. *Costs.* Proposed Rules 15b11–1 and 15b11–2 and the proposed amendments to Form BD would require CFTC Registrants to gather the information to file with the Commission in order to become Security Futures Product Broker-Dealers. However, CFTC Registrants are already required to provide most of the information required by Form BD to the CFTC on Form 7–R. In addition, Security Futures Product Broker-Dealers would be required to file amendments to Form BD when information originally reported on Form BD changes or becomes inaccurate. While the proposed rules

[70] Pub. L. No. 106–554, Appendix E, 114 Stat. 2763.

[71] 15 U.S.c. 78o(b)(11)(A).

[72] 17 CFR 240.15b2–2.

[73] 7 U.S.C. 7b–2. Section 5g was added to the CEA by the CFMA.

[74] 15 U.S.C. 78o(b)(11)(A).

[75] 15 U.S.C. 78o(b)(1).

[76] 15 U.S.C. 78o(a)(1).

only address the process for notice registration, a CFTC Registrant that decides to effect transactions in security futures products will, of course, have expenses associated with being registered as a broker-dealer.

Full broker-dealers that are currently registered with the Commission would have to amend Form BD if they engaged in business in security futures products that accounted for (or that they expected to account for) 1% or more of their annual revenue. However, those broker dealers would have to amend their forms simply to indicate that they were engaged in that activity.

We believe that the proposed rules and the proposed amendments to Form BD have been designed to minimize costs and should not result in significant costs to any person or entity. In addition, CFTC Registrants and full broker-dealers would only be subject to the proposals if they choose to engage in business in security futures products.

2. Costs and Benefits of the Proposed Amendments to Regulation S–P

We are proposing amendments to Regulation S–P to update it in light of amendments that the CFMA made to the CEA. Specifically, the CFMA added section 5g to the CEA to make the privacy provisions of Title V of the Gramm-Leach-Bliley Act (''GLBA'') applicable to certain activity regulated by the CFTC. We adopted Regulation S–P pursuant to Title V of the GLBA and before the CFMA was enacted. We are proposing to amend the definition of the term ''Federal functional regulator'' in section 248.3(m) of Regulation S–P to add the CFTC to the list of regulators contained in the current definition. We are also proposing to amend the definition of the term ''financial institution'' in section 248.3(n) of Regulation S–P to eliminate the exclusion relating to the CFTC and its regulated entities. In addition, we are proposing to amend section 248.2 of Regulation S–P to provide that Security Futures Product Broker-Dealers may comply with Regulation S–P by complying with the CFTC's financial privacy rules.[77]

a. *Benefits.* The proposed amendments to Regulation S–P would clarify its application and reduce uncertainty that might result if the definitions of the terms ''federal financial regulator'' and ''financial institution'' in Regulation S–P were not amended in light of section 5g of the CEA. Moreover, the proposed amendments should benefit Security Futures Product Broker-Dealers by making it clear that they will be in compliance with Regulation S–P if the comply with the CFTC's financial privacy rules.

b. *Costs.* The proposed amendments would not affect the operation of Regulation S–P or impose any new requirements on any person or entity. As a result, we believe that the proposed amendments to Regulation S–P would not result in any additional costs to any person or entity.

D. Request for Comment

To assist us in our evaluation of the costs and benefits, we request comment on the estimated costs and benefits that might result from Proposed Rules 15a–10, 15b11–1, and 15b11–2, and the proposed amendments to Form BD, Rule 15b2–2 and Regulation S–P. In addition, we request that commenters provide analysis and data relating to the anticipated costs and benefits associated with our proposals, including any other costs and benefits that have not been considered here. In order to fully evaluate the costs and benefits associated with our proposals, we request that commenters' estimates of the costs and benefits of the proposals be accompanied by specific empirical data supporting the estimates.

VI. Consideration of the Burden on Competition, Promotion of Efficiency, and Capital Formation

Section 3(f) of the Exchange Act[78] requires the Commission, when engaging in a rulemaking requiring the Commission to consider or determine whether an action is necessary or appropriate in the public interest, to consider also whether the action will promote efficiency, competition, and capital formation. Proposed Rules 15b11–1 and 15b11–2, the proposed amendments to Rule 15b2–2, and the proposed amendments to Form BD would provide CFTC Registrants with an expedited process to register with the Commission, which we preliminarily believe would serve as an efficient and cost-effective means for those entities to meet their registration obligations with respect to security futures products. In addition, Proposed Rule 15a–10 should improve the efficiency of the marketplace by providing CFTC Registrants the ability to effect transactions in security futures products on all markets on which the products are listed and traded. We believe that the rule is designed to bolster investor confidence by increasing competition in the markets for security futures products, and to ensure that all qualified market participants have the opportunity to participate in those markets. This should promote market efficiency, competition and capital formation.

Our proposal to amend Regulation S–P should promote efficiency by providing that Security Futures Product Broker-Dealers will have to comply with the financial privacy rules of only their primary regulator. Because the only purpose of the proposed amendments is to update Regulation S–P in light of the CFMA, we preliminarily believe that our proposals will not adversely affect capital formation.

Section 23(a)(2) of the Exchange Act[79] requires the Commission, in making rules under the Exchange Act, to consider the impact that any such rule would have on competition. In addition, section 23(a)(2) prohibits the Commission from adopting any rule that would impose a burden on competition not necessary or appropriate in furtherance of the purposes of the Exchange Act. The proposed rules and amendments that we are announcing today, which implement provisions of the CFMA, would apply equally to all affected entities. The proposals also would provide the mechanism for Security Futures Product Broker-Dealers to enter the new market for security futures products. All CFTC Registrants that intend to effect transactions in security futures products would use the same procedures to register by notice with the Commission, and the conditions for notice registration would apply equally to all CFTC Registrants. In addition, the proposals would permit Security Futures Product Broker-Dealers to effect transactions in security futures products regardless of the market on which the products are listed or traded, thereby allowing them to compete evenly with full broker-dealers. As a result, we preliminarily believe that the proposals would not create any anticompetitive effects and in fact should promote competition. Moreover, the proposed amendments to Regulation S–P would not impact competition because their only purpose is to update Regulation S–P in light of the CFMA.

The Commission requests comment on whether the proposed amendments are expected to promote efficiency, competition, and capital formation.

[77] This proposed amendment to Regulation S–P would mirror a similar provision in the financial privacy rules that the CFTC has adopted. *See Privacy of Customer Information,* 66 FR 21236 (April 27, 2001).

[78] 15 U.S.C. 78c(f).

[79] 15 U.S.C. 78w(a).

VII. Regulatory Flexibility Act Certification

Section 3(a) of the Regulatory Flexibility Act [80] requires the Commission to undertake an initial regulatory flexibility analysis of the effects of proposed rules and rule amendments on small entities, unless the Chairman certifies that the rules and rule amendments, if adopted, would not have a significant economic impact on a substantial number of small entities.[81] Proposed Rules 15b11–1, 15b11–2 and 15a–10, the proposed amendments to Rule 15b2–2, and the proposed amendments to Form BD would apply to CFTC Registrants (including small introducing brokers) that choose to effect transactions in security futures products. The Commission believes that some small entities could be affected by the proposals, but that the proposals would not have a significant economic impact on a substantial number of small entities.

The proposed amendments to Regulation S–P would apply to Security Futures Product Broker-Dealers. The proposed amendments would not affect the operation of Regulation S–P or impose any new requirements on any entity. As a result, the Commission believes that the proposed amendments would not have a significant economic impact on a substantial number of small entities.

The Acting Chairman has certified that the proposed rules and amendments, if adopted, would not have a significant economic impact on a substantial number of small entities. A copy of the certification is attached as Appendix A.

For purposes of the Small Business Regulatory Enforcement Fairness Act of 1996, the Commission is also requesting information regarding the potential impact of the proposed rules and rule amendments on the economy on an annual basis. Commenters should provide empirical data to support their views.

VIII. Statutory Basis

The Commission is proposing Rules 15a–10, 15b11–1, and 15b11–2 under the Exchange Act and amendments to Rule 15b2–2 and to Form BD under the Exchange Act, pursuant to the Exchange Act, particularly sections 15(a), 15(b), and 23(a).[82] The Commission is proposing amendments to Regulation S–P pursuant to section 504 of the GLBA [83] and Exchange Act sections 17 and 23(a).[84]

List of Subjects

17 CFR Part 240

Brokers, Confidential business information, Fraud, Reporting and recordkeeping requirements, Securities.

17 CFR Part 248

Brokers, Consumer protection, Investment companies, Privacy, Reporting and recordkeeping requirements, Securities.

17 CFR Part 249

Brokers, Reporting and recordkeeping requirements, Securities.

Text of Proposed New Rules and Amendments

In accordance with the foregoing, Title 17, Chapter II of the Code of Federal Regulations is proposed to be amended as follows:

PART 240—GENERAL RULES AND REGULATIONS, SECURITIES EXCHANGE ACT OF 1934

1. The authority citation for part 240 continues to read in part as follows:

Authority: 15 U.S.C. 77c, 77d, 77g, 77j, 77s, 77z–2, 77z–3, 77eee, 77ggg, 77nnn, 77sss, 77ttt, 78c, 78d, 78f, 78i, 78j, 78j–1, 78k, 78k–1, 78*l*, 78m, 78n, 78o, 78p, 78q, 78s, 78u–5, 78w, 78x, 78*ll*, 78mm, 79q, 79t, 80a–20, 80a–23, 80a–29, 80a–37, 80b–3, 80b–4 and 80b–11, unless otherwise noted.

* * * * *

2. By adding § 240.15a–10 to read as follows:

§ 240.15a–10 Exemption of certain brokers or dealers with respect to security futures products.

(a) A broker or dealer that is registered by notice with the Commission pursuant to section 15(b)(11)(A) of the Act (15 U.S.C. 78o(b)(11)(A)) will be exempt from the registration requirement of section 15(a)(1) of the Act (15 U.S.C. 78o(a)(1)) solely to act as a broker or a dealer in security futures products.

(b) The exemption in paragraph (a) of this section is not available to any broker or dealer that is:

(1) A member of a national securities exchange registered pursuant to section 6(a) of the Act (15 U.S.C. 78f(a)); or

(2) A member of a national securities association registered pursuant to section 15A(a) of the Act (15 U.S.C. 78o–3(a)).

3. By amending § 240.15b2–2 by:

a. At the end of paragraph (e)(2), removing the word ''or'';

b. At the end of paragraph (e)(3), removing the period and in its place adding ''; or''; and

c. Adding paragraph (e)(4).

The addition reads as follows:

§ 240.15b2–2 Inspection of newly registered brokers and dealers.

* * * * *

(e) * * *

(4) The member is registered with the Commission pursuant to section 15(b)(11)(A) of the Act (15 U.S.C. 78o(b)(11)(A)).

4. By adding §§ 240.15b11–1 and 240.15b11–2 before the undesignated center heading ''Rules Relating to Over-the-Counter Markets'' to read as follows:

§ 240.15b11–1 Registration by notice of security futures product broker-dealers.

(a) A broker or dealer may register by notice pursuant to section 15(b)(11)(A) of the Act (15 U.S.C. 78o(b)(11)(A)) if it:

(1) Is registered with the Commodity Futures Trading Commission as a futures commission merchant or an introducing broker, as those terms are defined in the Commodity Exchange Act (7 U.S.C. 1, *et seq.*), respectively;

(2) Is a member of the National Futures Association or another national securities association registered under section 15A(k) of the Act (15 U.S.C. 78o–3(k));

(3) Is not a member of a national securities exchange registered pursuant to section 6(a) of the Act (15 U.S.C. 78f(a)) or of the National Association of Securities Dealers, Inc. or another national securities association registered pursuant to section 15A(a) of the Act (15 U.S.C. 78o–3(a)); and

(4) Is not required to register as a broker or dealer in connection with transactions in securities other than security futures products.

(b) A broker or dealer registering by notice pursuant to section 15(b)(11)(A) of the Act (15 U.S.C. 78o(b)(11)(A)) must file Form BD (17 CFR 249.501) with the Central Registration Depository (operated by the National Association of Securities Dealers, Inc.) in accordance with the instructions to the form. A broker or dealer registering by notice pursuant to this section must indicate where appropriate on Form BD that it satisfies all of the conditions in paragraph (a) of this section.

(c) An application for registration by notice that is filed on Form BD (17 CFR 249.501) with the Central Registration Depository pursuant to this section will be considered a ''report'' filed with the Commission for purposes of sections 15(b), 17(a), 18(a), 32(a) (15 U.S.C. 78o(b), 78q(a), 78r(a), 78ff(a)) and other applicable provisions of the Act.

[80] 5 U.S.C. 603(a).

[81] 5 U.S.C. 605(b).

[82] 15 U.S.C. 78o(a), 78o(b), 78o–4(a)(2), 78o–5(a)(2), and 78w(a).

[83] 15 U.S.C. 6804.

[84] 15 U.S.C. 78q and 78w(a).

§ 240.15b11–2 Conversion of notice registration of security futures product broker-dealers.

(a) A broker or dealer registered by notice pursuant to section 15(b)(11)(A) of the Act (15 U.S.C. 78o(b)(11)(A)) may apply for registration pursuant to section 15(b)(1) of the Act (15 U.S.C. 78o(b)(1)) by filing an amendment to Form BD (17 CFR 249.501) with the Central Registration Depository (operated by the National Association of Securities Dealers, Inc.) and indicating where appropriate on Form BD that it is making such an application.

(b) The registration by notice of a broker or dealer that applies for registration pursuant to paragraph (a) of this section will remain in effect until the broker or dealer has satisfied all of the requirements for registration under section 15(b)(1) of the Act (15 U.S.C. 78o(b)(1)). The broker or dealer may not effect transactions in securities except as permitted by section 15(b)(11) of the Act (15 U.S.C. 78o(b)(11)) and §§ 240.3a43–1, 240.3a44–1 and 240.15a–10 until:

(1) The Commission issues an order granting the registration of the broker or dealer;

(2) The broker or dealer has been approved for membership in a national securities exchange registered under section 6(a) of the Act (15 U.S.C. 78f(a)) or a national securities association registered under section 15A(a) of the Act (15 U.S.C. 78o–3(a)); and

(3) The broker or dealer has satisfied any other conditions necessary to make its registration effective.

(c) When the registration of the broker or dealer pursuant to section 15(b)(1) of the Act (15 U.S.C. 78o(b)(1)) has become effective, the broker or dealer will no longer be registered pursuant to section 15(b)(11)(A) of the Act (15 U.S.C. 78o(b)(11)(A)) and will be subject to all provisions of the Act and regulations thereunder applicable to it, including with respect to its activity in security futures products.

PART 248—REGULATION S–P: PRIVACY OF CONSUMER FINANCIAL INFORMATION

5. The authority citation for Part 248 continues to read as follows:

Authority: 15 U.S.C. 6801–6809; 15 U.S.C. 78q, 78w, 80a–30(a), 80a–37, 80b–4, and 80b–11.

6. By amending § 248.2 by designating the current text as paragraph (a) and adding paragraph (b) to read as follows:

§ 248.2 Rule of construction.

* * * * *

(b) Substituted Compliance with CFTC Financial Privacy Rules by Futures Commission Merchants and Introducing Brokers. Any futures commission merchant or introducing broker (as those terms are defined in the Commodity Exchange Act (7 U.S.C. 1, *et seq.*)) registered by notice with the Commission for the purpose of conducting business in security futures products pursuant to section 15(b)(11)(A) of the Securities Exchange Act of 1934 (15 U.S.C. 78o(b)(11)(A)) that is subject to and in compliance with the financial privacy rules of the Commodity Futures Trading Commission (17 CFR part 160) will be deemed to be in compliance with this part.

7. By amending § 248.3 by:

a. At the end of paragraph (m)(5), removing the word ''and';

b. At the end of paragraph (m)(6), removing the period and in its place adding ''; and';

c. Adding paragraph (m)(7);

d. Removing paragraph (n)(2)(i); and

e. Redesignating paragraphs (n)(2)(ii) and (n)(2)(iii) as paragraphs (n)(2)(i) and (n)(2)(ii).

The addition reads as follows:

§ 248.3 Definitions.

* * * * *

(m) * * *

(7) The Commodity Futures Trading Commission.

* * * * *

PART 249—FORMS, SECURITIES EXCHANGE ACT OF 1934

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

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

* * * * *

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

Note: Form BD does not and the revisions will not appear in the Code of Federal Regulations. Revised Form BD is attached as appendix B to this document.

By the Commission.

Dated: June 20, 2001.

Margaret H. McFarland,

Deputy Secretary.

Appendix A

Note: Appendix A to the preamble will not appear in the Code of Federal Regulations.

Regulatory Flexibility Act Certification

I, Laura S. Unger, Acting Chairman of the Securities and Exchange Commission (''Commission''), hereby certify pursuant to 5 U.S.C. 605(b) that Proposed Rules 15b11–1, 15b11–2, and 15a–10 under the Securities Exchange Act of 1934 (''Exchange Act''), the proposed amendments to Rule 15b2–2 under the Exchange Act, the proposed amendments to Form BD, and the proposed amendments to Regulation S–P, would not, if adopted, have a significant economic impact on a substantial number of small entities. Proposed Rules 15b11–1, 15b11–2, and 15a–10, and the proposed amendments to Form BD would permit futures commission merchants and introducing brokers registered with the Commodity Futures Trading Commission (''CFTC Registrants'') to register with the Commission by notice as broker-dealers for the purpose of effecting transactions in security futures products (''Security Futures Product Broker-Dealers''). Proposed Rule 15b11–1 would provide that a CFTC Registrant must file its notice of registration as a Security Futures Product Broker-Dealer on Form BD. Proposed Rule 15b11–2 would provide that a notice registrant broker-dealer could apply under section 15(b)(1) of the Exchange Act to become registered as a full broker-dealer by filing an amendment to its Form BD. Proposed Rule 15a–10 would provide Security Futures Product Broker-Dealers with an exemption from section 15(a)(1) of the Exchange Act that would conditionally permit them to effect transactions in security futures products regardless of the market on which they are listed or traded. The proposed amendment to Rule 15b2–2 would provide an exception for Security Futures Product Broker-Dealers from the requirement that broker-dealers be inspected by a self-regulatory organization within six months of becoming registered. The proposed amendments to Form BD would conform the form to Proposed Rules 15b11–1 and 15b11–2 and would provide information about all registered broker-dealers' activities in security futures products. The only impact of these proposals would be on broker-dealers, futures commission merchants, and introducing brokers that choose to do business in security futures products. In addition, the only requirement of the proposals would be to provide information. Accordingly the proposals, if adopted, would not have a significant economic impact on a substantial number of small entities.

The proposed amendments to Regulation S–P would revise the definitions of the terms ''Federal functional regulator'' and ''financial institution,'' in accordance with section 124 of the CFMA. In addition, the proposed amendments to Regulation S–P would provide that a notice registrant broker-dealer could comply with Regulation S–P by complying with the CFTC's financial privacy rules. The proposed amendments to Regulation S–P would not have any effect on the operation of Regulation S–P or impose any new requirements on any entity. Accordingly the proposed amendments to Regulation S–P, if adopted, would not have a significant economic impact on a substantial number of small entities.

Dated: June 19, 2001.

Laura S. Unger,

Acting Chairman, Appendix B.

BILLING CODE 8010–01–P

Appendix B

Form BD

Note: Appendix B to the preamble will not appear in the Code of Federal Regulations.

OMB APPROVAL	
OMB Number:	3235-0012
Expires:	TBD
Estimated average burden hours per response	2.75
per amendment	0.33

Uniform Application for Broker-Dealer Registration

SEC 1490 (06-01)

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

FORM BD INSTRUCTIONS

A. GENERAL INSTRUCTIONS

1. Form BD is the Uniform Application for Broker-Dealer Registration. Broker-Dealers must file this form to register with the Securities and Exchange Commission, the *self-regulatory organizations,* and *jurisdictions* through the Central Registration Depository ("CRD") system, operated by the NASD.
2. **UPDATING** – By law, the *applicant* must promptly update Form BD information by submitting amendments whenever the information on file becomes inaccurate or incomplete for any reason.
3. **CONTACT EMPLOYEE** – The individual listed 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.
4. **GOVERNMENT SECURITIES ACTIVITIES**
   - A. Broker-dealers registered or *applicants* applying for registration under Section 15(b) 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 2B.
   - B. Section 15C of the Securities Exchange Act of 1934 requires sole government securities broker-dealers to register with the SEC. To do so, answer "yes" to Item 2C if conducting *only* a government securities business.
   - C. Broker-dealers registered under Section 15(b) 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 2D.

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 2A and 2D. By doing so, broker-dealer expressly consents to withdrawal of broker-dealer's registration under 15C of the Exchange Act.

5. **SECURITY FUTURES PRODUCTS ACTIVITIES**
   - A. An *applicant* registering by notice as permitted by Section 15(b)(11)(A) of the Securities Exchange Act of 1934 in order to conduct business in security futures products must file a notice on Form BD by answering "yes" to Item 2E. Such an *applicant* is referred to below as a "security futures product broker-dealer."
   - B. A security futures product broker dealer must be registered with the Commodity Futures Trading Commission as a futures commission merchant or an introducing broker. An *applicant* registering as a security futures product broker-dealer must state that it is registered with the Commodity Futures Trading Commission as a futures commission merchant or an introducing broker by answering "yes" to Item 2F.
   - C. A security futures product broker-dealer must be a member of the National Futures Association or another national securities association registered under Section 15A(k) of the Securities Exchange Act of 1934. To indicate such membership, an *applicant* registering as a security futures product broker-dealer must answer "yes" to Item 2G.
   - D. Except for securities transactions that do not require broker-dealer registration (such as transactions in government securities that are incidental to its futures-related business as defined in Rules 3a43-1 and 3a44-1 under the Securities Exchange Act of 1934), a security futures product broker-dealer must limit its business in securities to security futures products. An *applicant* registering as a security futures product broker-dealer must indicate that it will properly limit its securities business by answering "no" to Item 2H.

NOTE: A security futures product broker-dealer may apply for registration as a "full" broker-dealer pursuant to Section 15(b)(1) of the Securities Exchange Act of 1934 to conduct business in securities other than security futures products by filing an amendment to Form BD and answering "yes" to Items 2A, 2H and 5B and answering "no" to Item 2E. The notice registration of the security futures product broker-dealer will remain effective while its application to become a full broker-dealer is pending. However, the security futures product broker-dealer must continue to limit its business in securities to security futures products until it has satisfied all of the requirements under the Securities Exchange Act of 1934 to become a full broker-dealer. A security futures product broker-dealer's application to become a full broker-dealer constitutes express consent to withdrawal of its notice registration once its registration as a full broker-dealer is complete. In addition, a full broker-dealer is not subject to the exemptions contained in Section 15(b)(11)(B) of the Securities Exchange Act of 1934, even with respect to its business in security futures products.

6. **FEDERAL INFORMATION LAW AND REQUIREMENTS** – An agency may not conduct or sponsor, and a *person* is not required to respond to, a collection of information unless it displays a currently valid control number. Section 15, 15c, 17(a) and 23(a) of the Exchange Act authorize the Commission to collect the Information on this Form from registrants. See 15 U.S.C. §§78o, 78o-5, 78-q and 78w. Filing of this Form is mandatory; however the social security number information, which aids in identifying the *applicant*, is voluntary. The principal purpose of this Form is to permit the Commission to determine whether the *applicant* meets the statutory requirement to engage in the securities business. The Form also is used by *applicants* to register as broker-dealers with certain *self-regulatory organizations* and all of the states. The Commission and the National Association of Securities Dealers, Inc. maintain the files of the information on this Form and will make the information publicly available. Any member of the public may direct to the Commission any comments concerning the accuracy of the burden estimate on application facing page of this Form, and any suggestions for reducing this burden. This collection of information has been reviewed by the Office of Management and Budget in accordance with the clearance requirements of 44 U.S.C. §3507. The information contained in this form is part of a system of records subject to the Privacy Act of 1974, as amended. The Securities and Exchange Commission has published in the Federal Register the Privacy Act Systems of Records Notice for these records.

B. PAPER FILING INSTRUCTIONS (FIRST TIME *APPLICANTS* FILING WITH CRD AND WITH SOME *JURISDICTIONS)*

1. **FORMAT**
   - A. A full paper Form BD is required when the *applicant* is filing with the CRD for the first time. In addition, some *jurisdictions* may require a separate paper filing of Form BD. The *applicant* should contact the appropriate *jurisdiction(s) for* specific filing requirements.

B. Attach an Execution Page (Page 1) with original manual signatures to the initial Form BD filing.
C. Type all information.
D. Give the name of the broker-dealer and date on each page.
E. Use only the current version of Form BD and its Schedules or a reproduction of them.

2. **DISCLOSURE REPORTING PAGE (DRP)** – Information concerning the *applicant or control affiliate* that relates to the occurrence of an event reportable under Item 11 must be provided on the *applicant's* appropriate DRP(BD). If a *control affiliate* is an individual or organization registered through the CRD, such *control affiliate* need only complete Part I of the *applicant's* appropriate DRP(BD). Details of the event must be submitted on the *control affiliate's* appropriate DRP(BD) or DRP(U-4). Attach a copy of the fully completed DRP(BD), or DRP(U-4) previously submitted. If a *control affiliate* is an individual or organization not registered through the CRD, provide complete answers to all of the items on the *applicant's* appropriate DRP(BD).

3. **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 CRD system 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 20 or 21. Signatures are not required.

4. **SCHEDULE D** – Schedule D provides additional space for explaining answers to Item 1C(2), and "yes" answers to items 5, 7, 8, 9,10,12, and 13 of Form BD.

C. ELECTRONIC FILING INSTRUCTIONS *(APPLICANTS/* REGISTERED BROKER-DEALERS FILING AMENDMENTS WITH CRD)

1. **FORMAT**

A. Items 1-13 must be answered and all fields requiring a response must be completed before the filing will be accepted.
B. *Applicant* must complete the execution screen certifying that Form BD and amendments thereto have been executed properly and that the information contained therein is accurate and complete.
C. To amend information, *applicant* must update the appropriate Form BD screens.
D. A paper copy, with original manual signatures, of the initial Form BD filing and amendments to Disclosure Reporting Pages (DRPs BD) must be retained by the *applicant* and be made available for inspection upon a regulatory request.

2. **DISCLOSURE REPORTING PAGE (DRP)** – Information concerning the *applicant* or *control affiliate* that relates to the occurrence of an event reportable under Item 11 must be provided on the *applicant's* appropriate DRP(BD). If a *control affiliate* is an individual or organization registered through the CRD, such *control affiliate* need only complete the *control affiliate* name and CRD number of the *applicant's* appropriate DRP(BD). Details for the event must be submitted on the *control affiliate's* appropriate DRP(BD) or DRP(U-4). If a *control affiliate* is an individual or organization not registered through the CRD, provide complete answers to all of the questions and complete all fields requiring a response on the *applicant's* appropriate DRP(BD) screen.

3. **DIRECT AND INDIRECT OWNERS** – Amend the Direct Owners and Executive Officers screen and the Indirect Owners screen when changes in ownership occur. *Control affiliates* that are individuals who are not required to file a Form U-4 (individual registration) with the CRD must complete page 2 of Form U-4 (i.e., submit/file the information elicited by the Personal Data, Residential History, and Employment and Personal History sections of that Form). The *applicant* broker-dealer must be listed in Form U-4 Item 20 or 21.

The CRD mailing address for questions and correspondence is:

NASAA/NASD CENTRAL REGISTRATION DEPOSITORY
P.O. BOX 9495
GAITHERSBURG, MD 20898-9495

EXPLANATION OF TERMS

(The following terms are italicized throughout this form.)

1. **GENERAL**

APPLICANT – The broker-dealer applying on or amending this form.

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.)

JURISDICTION – A state, the District of Columbia, the Commonwealth of Puerto Rico, or any subdivision or regulatory body thereof.

PERSON – An individual, partnership, corporation, trust, or other organization.

SELF-REGULATORY ORGANIZATION – Any national securities or commodities exchange or registered securities association, or registered clearing agency.

2. **FOR THE PURPOSE OF ITEM 5 AND SCHEDULE D**

SUCCESSOR - An unregistered entity that assumes or acquires substantially all of the assets and liabilities, and that continues the business of, a registered predecessor broker-dealer, who ceases its broker-dealer activities. [See Securities Exchange Act Release No. 31661 (December 28, 1992), 58 FR 7 (January 4, 1993)]

3. **FOR THE PURPOSE OF ITEM 11 AND THE CORRESPONDING DISCLOSURE REPORTING PAGES (DRPs)**

CONTROL AFFILIATE – A *person* named in Items 1A, 9 or in Schedules A, B or C as a *control* person 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, performs no executive duties or has no senior policy making authority.

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, municipal securities dealer, government securities broker or dealer, issuer, investment company, investment adviser, futures sponsor, bank, or savings association).

INVOLVED – Doing an act or aiding, abetting, counseling, commanding, inducing, conspiring with or failing reasonably to supervise another in doing an act.

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 foreign membership organization, a function of which is to regulate the participation of its members in the activities listed above.

PROCEEDING – Includes a formal administrative or civil action initiated by a governmental agency, *self-regulatory organization* or a *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).

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 – For *jurisdictions* that do not differentiate between a *felony* and a *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. The term also includes a general court martial.

MISDEMEANOR – For *jurisdictions* that do not differentiate between a *felony* and a *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. The term also includes a special court martial.

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.

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).

ENJOINED – Includes being subject to a mandatory injunction, prohibitory injunction, preliminary injunction, or a temporary restraining order.

FORM BD PAGE 1 (Execution Page) (REV. 7/1999)	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, Page1, Section I 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 new 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 (MM/DD/YYYY) Name of Applicant

By: _____ _____

Signature Print Name and Title

Subscribed and sworn before me this _____ day of _____, _____ by _____

Year Notary Public

My Commision 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. 7/1999)

Applicant Name: _____
Date: _____ Firm CRD No.: _____

OFFICIAL USE (OFFICIAL USE ONLY)

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.

SECURITIES AND EXCHANGE COMMISSION

If *applicant* is registered or registering with the SEC, check here and answer Items 2A through 2H below. ☐

	YES	NO
A. Is *applicant* registered or registering as a broker-dealer under Section 15(b) or Section 15B of the Securities Exchange Act of 1934?	☐	☐
B. Is *applicant* registered or registering as a broker-dealer under Section 15(b) of the Securities Exchange Act of 1934 and also acting or intending to act as a government securities broker or dealer?	☐	☐
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 Item 2C if applicant answered "yes" to Item 2A or Item 2B.		
D. Is *applicant* ceasing its activities as a government securities broker or dealer?	☐	☐
If applicant answers "yes" to Items 2A and 2D, applicant expressly consents to the withdrawal of its registration as a government securities broker or dealer under Section 15C of the Securities Exchange Act of 1934. See "Instructions."		
E. Is *applicant* registered or registering by notice pursuant to Section 15(b)(11)(A) of the Securities Exchange Act of 1934 in order to conduct business in security futures products?	☐	☐
F. If *"Yes"* to Item 2E, is *applicant* registered with the Commodity Futures Trading Commission as a futures commission merchant or an introducing broker?	☐	☐
G. If *"Yes"* to Item 2E, is *applicant* a member of the National Futures Association or another national securities association registered under Section 15A(k) of the Securities Exchange Act of 1934?	☐	☐
H. If *"Yes" to* Item 2E, does *applicant* conduct or will *applicant* conduct business in securities that requires *applicant* to register under Section 15(b)(1), Section 15B, or Section 15C of the Securities Exchange Act of 1934?	☐	☐

SRO

☐ AMEX ☐ BSE ☐ CBOE ☐ CHX ☐ CSE ☐ ISE ☐ NASD ☐ NYSE ☐ PHLX ☐ PCX ☐ 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. Month *applicant's* fiscal year ends: _____

C. If other than a sole proprietor, 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)

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.

FORM BD PAGE 3 (REV. 7/1999)	*Applicant* Name: _____ Date: _____ Firm CRD No.: _____	OFFICIAL USE (OFFICIAL USE ONLY)

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. A. Is *applicant* at the time of this filing *succeeding* to the business of a currently registered broker-dealer? *Do not report previous successions already reported on Form BD.* *If "Yes," contact CRD prior to submitting form; complete appropriate items on Schedule D, Page 1, Section III.*	☐	☐
B. Is *applicant* at the time of this filing applying to convert its registration from notice registration pursuant to Section 15(b)(11)(A) of the Securities Exchange Act of 1934 to full registration under Section 15(b)(1) of the Securities Exchange Act of 1934 in order to conduct business in securities other than security futures products?	☐	☐
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, Page 1, Section IV.*	☐	☐
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 8B and 8C, 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). *if "Yes" to any part of Item 8, complete appropriate items on Schedule D, Page 1, Section IV.*		
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, Page 1, Section IV.*		
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? *If "Yes" to Item 10A, complete appropriate items on Schedule D, Page 2, Section V.*	☐	☐
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? *If "Yes" to Item 10B, complete appropriate items on Schedule D, Page 3, Section VI.*	☐	☐
11. Use the appropriate DRP for providing details to "yes" answers to the questions in Item 11. Refer to the Explanation of Terms section of Form BD Instructions for explanations of italicized terms.		
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)?	☐	☐

FORM BD PAGE 4 (REV. 7/1999)	*Applicant* Name: _____ Date: _____ Firm CRD No.: _____	OFFICIAL USE	OFFICIAL USE ONLY

		YES	NO
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?	☐	☐
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 as 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. 7/1999)	*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. Broker or dealer effecting transactions in security futures products	☐SFP
AA. Other *(give details on Schedule D, Page 1, Section II)*	☐OTH

	YES	NO
13. A. Does *applicant* effect transactions in commodity futures (other than security futures products), 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, Page 1, Section II.*	☐	☐

Schedule A of FORM BD **DIRECT OWNERS AND EXECUTIVE OFFICERS** (Answer for Form BD Item 3) (REV. 7/1999)	*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.

   (e) in the case of an *applicant* that is a Limited Liability Company ("LLC"), (i) those members that have the right to receive upon dissolution, or have contributed, 5% or more of the LLC's capital, and (ii) if managed by elected managers, all elected managers.

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

4. 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.

5. Complete the "Title or 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).

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

7. (a) 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".

   (b) 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.

FULL LEGAL NAME (Individuals: Last Name, First Name, Middle Name)	DE/FE/I	Title or Status	Date Title or Status Acquired		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. 7/1999)	*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.

   (d) in the case of an owner that is a Limited Liability Company ("LCC"), (i) those members that have the right to receive upon dissolution, or have contributed, 25% or more of the LLC's capital, and (ii) if managed by elected managers, all elected managers.

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. 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.

5. 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).

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

7. (a) 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"*.

   (b) 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.

FULL LEGAL NAME (Individuals: Last Name, First Name, Middle Name)	DE/FE/I	Entity in Which Interest is Owned	Status	Date Status Acquired		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. 7/1999)	*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 schedules for specific instructions for completing this Schedule C. **Complete each column.** File with a completed Execution Page (Page 1).
2. In the Type of Amendment ("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.	Title or Status	Date Title or Status Acquired		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	Status	Date Status Acquired		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 **Page 1** (REV. 7/1999)	*Applicant* Name:_____ Date:_____ Firm CRD No.: _____	**OFFICIAL USE**	OFFICIAL USE ONLY

Use this Schedule D Page 1 to report details for items listed below. Report only 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*	2. Name	*Jurisdiction*
3. Name	*Jurisdiction*	4. Name	*Jurisdiction*

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 reverse side of this sheet for additional comments if necessary.

SECTION III ***Successions***

(Check if applicable) ☐ Item 5

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

Briefly describe details of the *succession* including any assets or liabilities not assumed by the *successor*. Use reverse side of this sheet for additional comments if necessary.

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 or agreement became effective. When reporting a change or termination of an arrangement or agreement, enter the effective date of the change.

Firm or Organization Name	CRD Number (if any)	
Business Address *(Street, City, State/Country, Zip+4 Postal Code)*	Effective Date MM DD YYYY / /	Termination Date MM DD YYYY / /
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 reverse side of this sheet for additional comments if necessary.

Schedule D of FORM BD
Page 2
(REV. 7/1999)

Applicant Name:_____

Date:_____ Firm CRD No.: _____

OFFICIAL USE

OFFICIAL USE ONLY

Use this Schedule D Page 2 to report details for Item 10A. Report only 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.

Use the "Effective Date" box to enter the Month, Day, and Year that the affiliation was effective or the date of the most recent change in the affiliation.

This is an ☐ INITIAL ☐ AMENDED detail filing for Form BD Item 10A

☐ 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?

SECTION V ***Complete this section for control issues relating to ITEM 10A only.***

The details supplied relate to:

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

(check only one)

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

Business Address *(Street, City, State/Country, Zip+4/Postal Code)*	Effective Date MM DD YYYY / /	Termination Date MM DD YYYY / /

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

Briefly describe the *control* relationship. Use reverse side of this sheet for additional comments if necessary.

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

(check only one)

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

Business Address *(Street, City, State/Country, Zip+4/Postal Code)*	Effective Date MM DD YYYY / /	Termination Date MM DD YYYY / /

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

Briefly describe the *control* relationship. Use reverse side of this sheet for additional comments if necessary.

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

(check only one)

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

Business Address *(Street, City, State/Country, Zip+4/Postal Code)*	Effective Date MM DD YYYY / /	Termination Date MM DD YYYY / /

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

Briefly describe the *control relationship*. Use reverse side of this sheet for additional comments if necessary

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

Schedule D of FORM BD Page 3 (REV. 7/1999)	*Applicant* Name:_____ Date:_____ Firm CRD No.: _____	OFFICIAL USE	OFFICIAL USE ONLY

Use this Schedule D Page 3 to report details for Item 10B. Report only 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 3 if necessary.

Use the "Effective Date" box to enter the Month, Day, and Year that the affiliation was effective or the date of the most recent change in the affiliation.

This is an ☐ INITIAL ☐ AMENDED detail filing for Form BD Item 10B

☐ 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 VI ***Complete this section for control issues relating 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)
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)*	Effective Date MM DD YYYY / /	
	Termination Date MM DD YYYY / /	
Business Address *(Street, City, State/Country, Zip+4/Postal Code)*	If foreign, country of domicile or incorporation	
Briefly describe the *control* relationship. Use reverse side of this sheet for additional comments if necessary.		

2	Financial Institution Name	CRD Number (if applicable)
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)*	Effective Date MM DD YYYY / /	
	Termination Date MM DD YYYY / /	
Business Address *(Street, City, State/Country, Zip+4/Postal Code)*	If foreign, country of domicile or incorporation	
Briefly describe the *control* relationship. Use reverse side of this sheet for additional comments if necessary.		

3	Financial Institution Name	CRD Number (if applicable)
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)*	Effective Date MM DD YYYY / /	
	Termination Date MM DD YYYY / /	
Business Address *(Street, City, State/Country, Zip+4/Postal Code)*	If foreign, country of domicile or incorporation	
Briefly describe the *control* relationship. Use reverse side of this sheet for additional comments if necessary.		

4	Financial Institution Name	CRD Number (if applicable)
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)*	Effective Date MM DD YYYY / /	
	Termination Date MM DD YYYY / /	
Business Address *(Street, City, State/Country, Zip+4/Postal Code)*	If foreign, country of domicile or incorporation	
Briefly describe the *control* relationship. Use reverse side of this sheet for additional comments if necessary.		

If *applicant* has more than 4 organizations/institutions to report, complete additional Schedule D page 3s.

Schedule E of FORM BD (REV. 7/1999)	*Applicant* Name: _____ Date: _____ Firm CRD No.: _____	OFFICIAL USE

INSTRUCTIONS

General: Use this schedule to register or report branch offices or other business locations of the *applicant*. Repeat Items 1-12 for each branch office or other business location. Each item must be completed unless otherwise noted. Use additional copies of this schedule as necessary. If this branch office or other business location is using a name in connection with securities activities other than the *applicant's* name, such name must be reported under Item 1C(2) on Page 1 of this Form.

Specific:

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

Item 2. CRD will assign this branch number when the *applicant* adds a branch office or other business location as discussed in Item 1 above. If known, complete this item for all deletions and amendments.

Item 3. The Billing Code is an alpha/numeric value consisting of up to eight characters. It is the responsibility of the firm to establish and maintain its own unique billing codes. This is not a required field.

Item 4. Complete this item for all entries. A physical location must be included; post office box designations alone are not sufficient.

Item 5. Complete this item only when the *applicant* changes the address of an existing branch office or other business location.

Item 6. If the branch office or other business location occupies or shares space on premises within a bank, savings bank or association, credit union, or other financial institution, enter the name of the institution in the space provided.

Item 7. Complete this item for all entries. Enter the name of the supervisor or registered representative in charge who is physically at this location.

Item 8. Provide the CRD number for the branch office supervisor named in Item 7.

Item 9. Complete this item for all entries. Provide the date that the branch office or other business location was opened (ADD), closed (DELETE), or the effective date of the change (AMENDMENT).

Item 10. Check "Yes" or "No" to denote whether the location will be an Office of Supervisory Jurisdiction (OSJ) as defined in NASD Rule 3010.

Item 11. 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 12. Check the appropriate box(es) if the branch or other business location is registering with the NASD or registering or reporting with a *jurisdiction.*

1. *Check only one box:* ☐ Add ☐ Delete ☐ Amendment
2. CRD Branch Number _____
3. Billing Code _____
4. _____ Street
   _____ P.O. Box (if applicable), Suite, Floor
   _____ City, State/Country, Zip Code + 4/Postal Code

If applicant is changing the address, enter the new address in Item 5.

5. _____ Street
   _____ P.O. Box (if applicable), Suite, Floor
   _____ City, State/Country, Zip Code + 4/Postal Code
6. _____ Institution Name (if applicable)
7. _____ Supervisor Name
8. _____ CRD Number of Supervisor
9. _____ Effective Date (MM/DD/YYYY)
10. OSJ ☐ Yes ☐ No
11. ☐ Yes ☐ No
    If Yes, indicate each Item 11 subset that applies:
    ☐ A ☐ B ☐ C ☐ D
12. ☐ NASD ☐ *Jurisdiction*

1. *Check only one box:* ☐ Add ☐ Delete ☐ Amendment
2. CRD Branch Number _____
3. Billing Code _____
4. _____ Street
   _____ P.O. Box (if applicable), Suite, Floor
   _____ City, State/Country, Zip Code + 4/Postal Code

If applicant is changing the address, enter the new address in Item 5.

5. _____ Street
   _____ P.O. Box (if applicable), Suite, Floor
   _____ City, State/Country, Zip Code + 4/Postal Code
6. _____ Institution Name (if applicable)
7. _____ Supervisor Name
8. _____ CRD Number of Supervisor
9. _____ Effective Date (MM/DD/YYYY)
10. OSJ ☐ Yes ☐ No
11. ☐ Yes ☐ No
    If Yes, indicate each Item 11 subset that applies:
    ☐ A ☐ B ☐ C ☐ D
12. ☐ NASD ☐ *Jurisdiction*

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 and 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)?

Use a separate DRP for each event or *proceeding*. An event or *proceeding* may be reported for more than one *person* or entity using one DRP. File with a completed Execution Page.

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.

If a *control affiliate* is an individual or organization registered through the CRD, such *control affiliate* need only complete Part I of the *applicant's* appropriate DRP (BD). Details of the event must be submitted on the *control affiliate's* appropriate DRP (BD) or DRP (U-4). If a *control affiliate* is an individual or organization not registered through the CRD, provide complete answers to all the items on the *applicant's* appropiate DRP (BD). The completion of this DRP does not relieve the *control affiliate* of its obligation to update its CRD records.

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. Documents will not be accepted as disclosure in lieu of answering the questions on this DRP.

PART I

A. The *person(s)* or entity(ies) for whom this DRP is being filed is (are):

☐ The *Applicant*

☐ *Applicant* and one or more *control affiliate(s)*

☐ One or more *control affiliate(s)*

If this DRP is being filed for a *control affiliate*, give the full name of the *control affiliate* below (for individuals, Last name, First name, Middle name).

If the *control affiliate* is registered with the CRD, provide the CRD number. If not, Indicate "non-registered" by checking the appropriate checkbox.

NAME OF APPLICANT	*APPLICANT CRD NUMBER*

BD DRP - *CONTROL AFFILIATE*

CRD NUMBER

This *Control Affiliate* is ☐ Firm ☐ Individual

Registered: ☐ Yes ☐ No

NAME (For individuals, Last, First, Middle)

☐ This DRP should be removed from the BD record because the *control affiliate(s)* are no longer associated with the BD.

B. If the *control affiliate* is registered through the CRD, has the *control affiliate* submitted a DRP (with Form U-4) or BD DRP to the CRD System for the event? If the answer is "Yes," no other information on this DRP must be provided.

☐ Yes ☐ No

NOTE: The completion of this Form does not relieve the *control affiliate* of its obligation to update its CRD records.

(continued)

CRIMINAL DISCLOSURE REPORTING PAGE (BD)

(continuation)

PART II

1. If charge(s) were brought against an organization over which the *applicant* or *control affiliate* exercise(d) *control*: Enter organization name, whether or not the organization was an *investment-related* business and the *applicant's* or *control affiliate's* position, title or relationship.

2. Formal Charge(s) were brought in: (include name of Federal, Military, State or Foreign Court, Location of Court - City or County and State or Country, Docket/Case number).

3. **Event Disclosure Detail** (Use this for both organizational and individual charges.)

   A. Date First Charged (MM/DD/YYYY): ☐ Exact ☐ Explanation

   If not exact, provide explanation:

   B. Event Disclosure Detail (include Charge(s)/Charge Description(s), and for each charge provide: 1. number of counts, 2. *felony* or *misdemeanor*, 3. plea for each charge, and 4. product type if charge is *investment-related*):

   C. Did any of the Charge(s) within the Event involve a *Felony*? ☐ Yes ☐ No

   D. Current status of the Event? ☐ Pending ☐ On Appeal ☐ Final

   E. Event Status Date (complete unless status is Pending) (MM/DD/YYYY): ☐ Exact ☐ Explanation

   If not exact, provide explanation:

4. **Disposition Disclosure Detail:** Include for each charge, A. Disposition Type [e.g., convicted, acquitted, dismissed, pretrial, etc.], B. Date, C. Sentence/Penalty, D. Duration [if sentence-suspension, probation, etc.], E. Start Date of Penalty, F. Penalty/Fine Amount and G. Date Paid.

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. (The information must fit within the space provided.)

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 ***Items 11C, 11D, 11E, 11F or 11G*** of Form BD;
Check ☑ 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 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?

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 as 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?

Use a separate DRP for each event or *proceeding*. An event or *proceeding* may be reported for more than one *person* or entity using one DRP. File with a completed Execution Page.

One event may result in more than one affirmative answer to Items 11C, 11D, 11E, 11F or 11G. 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 for each action on a separate DRP.

It is not a requirement that documents be provided for each event or *proceeding*. Should they be provided, they will not be accepted as disclosure in lieu of answering the questions on this DRP.

If a *control affiliate* is an individual or organization registered through the CRD, such *control affiliate* need only complete Part I of the *applicant's* appropriate DRP (BD). Details of the event must be submitted on the *control affiliate's* appropriate DRP (BD) or DRP (U-4). If a *control affiliate* is an individual or organization not registered through the CRD, provide complete answers to all the items on the *applicant's* appropriate DRP (BD). The completion of this DRP does not relieve the *control affiliate* of its obligation to update its CRD records.

PART I

A. The *person(s)* or entity(ies) for whom this DRP is being filed is (are):

☐ The *Applicant*
☐ *Applicant* and one or more *control affiliate(s)*
☐ One or more *control affiliate(s)*

If this DRP is being filed for a *control affiliate*, give the full name of the *control affiliate* below (for individuals, Last name, First name, Middle name).

If the *control affiliate* is registered with the CRD, provide the CRD number. If not, indicate "non-registered" by checking the appropriate checkbox.

NAME OF *APPLICANT*	*APPLICANT* CRD NUMBER

BD DRP - *CONTROL AFFILIATE*

CRD NUMBER	This *Control Affiliate* is ☐ Firm ☐ Individual

Registered: ☐ Yes ☐ No

NAME (For individuals, Last, First, Middle)

☐ This DRP should be removed from the BD record because the *control affiliate(s)* are no longer associated with the BD.

B. If the *control affiliate* is registered through the CRD, has the *control affiliate* submitted a DRP (with Form U-4) or BD DRP to the CRD System for the event? If the answer; "Yes," no other information on this DRP must be provided.

☐ Yes ☐ No

NOTE: The completion of this form does not relieve the *control affiliate* of its obligation to update its CRD records.

(continued)

REGULATORY ACTION DISCLOSURE REPORTING PAGE (BD)

(continuation)

PART II

1. Regulatory Action initiated by:
   ☐ SEC ☐ Other Federal ☐ State ☐ *SRO* ☐ Foreign
   (Full name of regulator, *foreign financial regulatory authority*, federal, state or *SRO*)

2. Principal Sanction: (check appropriate item)

   ☐ Civil and Administrative Penalty(ies)/Fine(s)
   ☐ Bar
   ☐ Cease and Desist
   ☐ Censure
   ☐ Denial
   ☐ Disgorgement
   ☐ Expulsion
   ☐ Injunction
   ☐ Prohibition
   ☐ Reprimand
   ☐ Restitution
   ☐ Revocation
   ☐ Suspension
   ☐ Undertaking
   ☐ Other _____

   Other Sanctions:

3. Date Initiated (MM/DD/YYYY): ☐ Exact ☐ Explanation

   If not exact, provide explanation: _____

4. Docket/Case Number:

5. *Control Affiliate* Employing Firm when activity occurred which led to the regulatory action (if applicable):

6. Principal Product Type: (check appropriate item)

   ☐ Annuity(ies) - Fixed
   ☐ Annuity(ies) - Variable
   ☐ CD(s)
   ☐ Commodity Option(s)
   ☐ Debt - Asset Backed
   ☐ Debt - Corporate
   ☐ Debt - Government
   ☐ Debt - Municipal
   ☐ Derivative(s)
   ☐ Direct Investment(s) - DPP & LP Interest(s)
   ☐ Equity - OTC
   ☐ Equity Listed (Common & Preferred Stock)
   ☐ Futures - Commodity
   ☐ Futures - Financial
   ☐ Index Option(s)
   ☐ Insurance
   ☐ Investment Contract(s)
   ☐ Money Market Fund(s)
   ☐ Mutual Fund(s)
   ☐ No Product
   ☐ Options
   ☐ Penny Stock(s)
   ☐ Unit Investment Trust(s)
   ☐ Other _____

   Other Product Types:

7. Describe the allegations related to this regulatory action. (The information must fit within the space provided.):

8. Current Status? ☐ Pending ☐ On Appeal ☐ Final

9. If on appeal, regulatory action appealed to: (SEC, *SRO*, Federal or State Court) and Date Appeal Filed:

(continued)

REGULATORY ACTION DISCLOSURE REPORTING PAGE (BD)

(continuation)

If Final or On Appeal, complete all items below. For Pending Actions, complete Item 13 only.

10. How was matter resolved: (check appropriate item)

☐ Acceptance, Waiver & Consent (AWC) ☐ Decision & Order of Offer of Settlement ☐ Settled
☐ Consent ☐ Dismissed ☐ Stipulation and Consent
☐ Decision ☐ Order ☐ Vacated

11. Resolution Date (MM/DD/YYYY): ☐ Exact ☐ Explanation

If not exact, provide explanation:

12. A. Were any of the following Sanctions Ordered? (Check all appropriate items):

☐ Monetary/Fine ☐ Revocation/Expulsion/Denial ☐ Disgorgement/Restitution
Amount: $ ☐ Censure ☐ Cease and Desist/Injunction ☐ Bar ☐ Suspension

B. Other Sanctions Ordered:

C. Sanction detail: If suspended, *enjoined* or barred, provide duration including start date and capacities affected (General Securities Principal, Financial Operations Principal, etc.). If requalification by exam/retraining was a condition of the sanction, provide length of time given to requalify/retrain, type of exam required and whether condition has been satisfied. If disposition resulted in a fine, penalty, restitution, disgorgement or monetary compensation, provide total amount, portion levied against *applicant* or *control affiliate,* date paid and if any portion of penalty was waived:

13. Provide a brief summary of details related to the action status and (or) disposition and include relevant terms, conditions and dates. (The information must fit within the space provided.)

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 the *applicant* or a *control affiliate* 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?

Use a separate DRP for each event or *proceeding*. An event or *proceeding* may be reported for more than one *person* or entity using one DRP. File with a completed Execution Page.

One event may result in more than one affirmative answer to Item 11H. Use only one DRP to report details related to the same event. Unrelated civil judicial actions must be reported on separate DRPs.

It is not a requirement that documents be provided for each event or *proceeding*. Should they be provided, they will not be accepted as disclosure in lieu of answering the questions on this DRP.

If a *control affiliate* is an individual or organization registered through the CRD, such *control affiliate* need only complete Part I of the *applicant's* appropriate DRP (BD). Details of the event must be submitted on the *control affiliate's* appropriate DRP (BD) or DRP (U-4). If a *control affiliate* is an individual or organization not registered through the CRD, provide complete answers to all the items on the *applicant's* appropriate DRP (BD). The completion of this DRP does not relieve the *control affiliate* of its obligation to update its CRD records.

PART I

A. The *person(s)* or entity(ies) for whom this DRP is being filed is (are):

- ☐ The *Applicant*
- ☐ *Applicant* and one or more *control affiliate(s)*
- ☐ One or more *control affiliate(s)*

If this DRP is being filed for a *control affiliate*, give the full name of the *control affiliate* below (for individuals, Last name, First name, Middle name).

If the *control affiliate* is registered with the CRD, provide the CRD number. If not, indicate "non-registered" by checking the appropriate checkbox.

NAME OF *APPLICANT*	*APPLICANT* CRD NUMBER

BD DRP - *CONTROL AFFILIATE*

CRD NUMBER

This *Control Affiliate* is ☐ Firm ☐ Individual

Registered: ☐ Yes ☐ No

NAME (For individuals, Last, First, Middle)

☐ This DRP should be removed from the BD record because the *control affiliate(s)* are no longer associated with the BD.

B. If the *control affiliate* is registered through the CRD, has the *control affiliate* submitted a DRP (with Form U-4) or BD DRP to the CRD System for the event? If the answer is "Yes," no other information on this DRP must be provided.

☐ Yes ☐ No

NOTE: The completion of this Form does not relieve the *control affiliate* of its obligation to update its CRD records.

PART II

1. Court Action initiated by: (Name of regulator, *foreign financial regulatory authority*, *SRO*, commodities exchange, agency, firm, private plaintiff, etc.)

_____

(continued)

CIVIL JUDICIAL ACTION DISCLOSURE REPORTING PAGE (BD)

(continuation)

2. Principal Relief Sought: (check appropriate item)

☐ Cease and Desist ☐ Disgorgement ☐ Money Damages (Private/Civil Complaint) ☐ Restraining Order
☐ Civil Penalty(ies)/Fine(s) ☐ Injunction ☐ Restitution ☐ Other _____

Other Relief Sought:

_____

_____

3. Filing Date of Court Action (MM/DD/YYYY): _____ ☐ Exact ☐ Explanation

If not exact, provide explanation: _____

4. Principal Product Type: (check appropriate item)

☐ Annuity(ies) - Fixed ☐ Derivative(s) ☐ Investment Contract(s)
☐ Annuity(ies) - Variable ☐ Direct Investment(s) - DPP & LP Interest(s) ☐ Money Market Fund(s)
☐ CD(s) ☐ Equity - OTC ☐ Mutual Fund(s)
☐ Commodity Option(s) ☐ Equity Listed (Common & Preferred Stock) ☐ No Product
☐ Debt - Asset Backed ☐ Futures - Commodity ☐ Options
☐ Debt - Corporate ☐ Futures - Financial ☐ Penny Stock(s)
☐ Debt - Government ☐ Index Option(s) ☐ Unit Investment Trust(s)
☐ Debt - Municipal ☐ Insurance ☐ Other _____

Other Product Types:

_____

5. Formal Action was brought in (include name of Federal, State or Foreign Court, Location of Court - City or County and State or Country, Docket/Case Number):

_____

6. *Control Affiliate* Employing Firm when activity occurred which led to the civil judicial action (if applicable):

_____

7. Describe the allegations related to this civil action. (The information must fit within the space provided.):

_____

_____

_____

_____

_____

8. Current Status? ☐ Pending ☐ On Appeal ☐ Final

9. If on appeal, action appealed to (provide name of court): Date Appeal Filed (MM/DD/YYYY):

_____

10. If pending, date notice/process was served (MM/DD/YYYY): _____ ☐ Exact ☐ Explanation

If not exact, provide explanation: _____

(continued)

CIVIL JUDICIAL ACTION DISCLOSURE REPORTING PAGE (BD)

(continuation)

If Final or On Appeal, complete all items below. For Pending Actions, complete Item 14 only.

11. How was matter resolved: (check appropriate item)

☐ Consent ☐ Judgment Rendered ☐ Settled
☐ Dismissed ☐ Opinion ☐ Withdrawn ☐ Other _____

12. Resolution Date (MM/DD/YYYY): [ ] ☐ Exact ☐ Explanation

If not exact, provide explanation: _____

13. **Resolution Detail:**

A. Were any of the following Sanctions Ordered or Relief Granted? (Check appropriate items):

☐ Monetary/Fine ☐ Revocation/Expulsion/Denial ☐ Disgorgement/Restitution
Amount $ [ ] ☐ Censure ☐ Cease and Desist/injunction ☐ Bar ☐ Suspension

B. Other Sanctions:

_____
_____
_____

C. Sanction detail: if suspended, *enjoined* or barred, provide duration including start date and capacities affected (General Securities Principal, Financial Operations Principal, etc.). If requalification by exam/retraining was a condition of the sanction, provide length of time given to requalify/retrain, type of exam required and whether condition has been satisfied. If disposition resulted in a fine, penalty, restitution, disgorgement or monetary compensation, provide total amount, portion levied against *applicant* or *control affiliate,* date paid and if any portion of penalty was waived:

_____
_____
_____
_____

14. Provide a brief summary of circumstances related to action(s), allegation(s), disposition(s) and/or finding(s) disclosed above. (The information must fit within the space provided.):

_____
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BANKRUPTCY / SIPC 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 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?

☐ (2) has had a trustee appointed or a direct payment procedure initiated under the Securities Investor Protection Act?

Use a separate DRP for each event or *proceeding*. An event or *proceeding* may be reported for more than one *person* or entity using one DRP. File with a completed Execution Page.

It is not a requirement that documents be provided for each event or *proceeding*. Should they be provided, they will not be accepted as disclosure in lieu of answering the questions on this DRP.

If a *control affiliate* is an individual or organization registered through the CRD, such *control affiliate* need only complete Part I of the *applicant's* appropriate DRP (BD). Details of the event must be submitted on the *control affiliate's* appropriate DRP (BD) or DRP (U-4). If a *control affiliate* is an individual or organization not registered through the CRD, provide complete answers to all the items on the *applicant's* appropriate DRP (BD). The completion of this DRP does not relieve the *control affiliate* of its obligation to update its CRD records.

PART I

A. The *person(s)* or entity(ies) for whom this DRP is being filed is (are):

☐ The *Applicant*

☐ *Applicant* and one or more *control affiliate(s)*

☐ One or more *control affiliate(s)*

If this DRP is being filed for a *control affiliate*, give the full name of the *control affiliate* below (for individuals, Last name, First name, Middle name).

If the *control affiliate* is registered with the CRD, provide the CRD number. If not, indicate "non-registered" by checking the appropriate checkbox.

NAME OF *APPLICANT*	*APPLICANT* CRD NUMBER

BD DRP - CONTROL *AFFILIATE*

CRD NUMBER

This *Control Affiliate* is ☐ Firm ☐ Individual

Registered: ☐ Yes ☐ No

NAME (For individuals, Last, First, Middle)

☐ This DRP should be removed from the BD record because the *control affiliate(s)* are no longer associated with the BD.

B. If the *control affiliate* is registered through the CRD, has the *control affiliate* submitted a DRP (with Form U-4) or BD DRP to the CRD System for the event? If the answer is "Yes," no other information on this DRP must be provided.

☐ Yes ☐ No

NOTE: The completion of this Form does not relieve the *control affiliate* of its obligation to update its CRD records.

PART II

1. Action Type: (check appropriate item)

☐ Bankruptcy ☐ Declaration ☐ Receivership

☐ Compromise ☐ Liquidated ☐ Other _____

2. Action Date (MM/DD/YYYY): [ ] ☐ Exact ☐ Explanation

If not exact, provide explanation: _____

(continued)

BANKRUPTCY / SIPC DISCLOSURE REPORTING PAGE (BD)

(continuation)

3. If the financial action relates to an organization over which the *applicant* or *control affiliate* exercise(d) *control*, enter organization name and the *applicant's* or *control affiliate's* position, title or relationship:

Was the Organization *investment-related*? ☐ Yes ☐ No

4. Court action brought in (Name of Federal, State or Foreign Court), Location of Court (City or County and State or Country), Docket/Case Number and Bankruptcy Chapter Number (if Federal Bankruptcy Filing):

5. Is action currently pending? ☐ Yes ☐ No

6. If not pending, provide Disposition Type: (check appropriate item)

☐ Direct Payment Procedure ☐ Dismissed ☐ Satisfied/Released
☐ Discharged ☐ Dissolved ☐ SIPA Trustee Appointed ☐ Other _____

7. Disposition Date (MM/DD/YYYY): ☐ Exact ☐ Explanation

If not exact, provide explanation: _____

8. Provide a brief summary of events leading to the action and if not discharged, explain. (The information must fit within the space provided.):

9. If a SIPA trustee was appointed or a direct payment procedure was begun, enter the amount paid or agreed to be paid by you; or the name of the trustee:

Currently Open? ☐ Yes ☐ No

Date Direct Payment Initiated/Filed or Trustee Appointed (MM/DD/YYYY): ☐ Exact ☐ Explanation

If not exact, provide explanation: _____

10. Provide details to any status/disposition. Include details as to creditors, terms, conditions, amounts due and settlement schedule (if applicable). (The information must fit within the space provided.)

BOND 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 11J*** 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*?

Use a separate DRP for each event or *proceeding*. An event or *proceeding* may be reported for more than one *person* or entity using one DRP. File with a completed Execution Page.

It is not a requirement that documents be provided for each event or *proceeding*. Should they be provided, they will not be accepted as disclosure in lieu of answering the questions on this DRP.

NAME OF *APPLICANT*	*APPLICANT* CRD NUMBER

1. Firm Name: (Policy Holder)

2. Bonding Company Name:

3. Disposition Type: (check appropriate item)

☐ Denied ☐ Payout ☐ Revoked

4. Disposition Date (MM/DD/YYYY): ☐ Exact ☐ Explanation

If not exact, provide explanation: _____

5. If disposition resulted in Payout, list Payout Amount and Date Paid:

6. Summarize the details of circumstances leading to the necessity of the bonding company action: (The information must fit within the space provided.)

JUDGMENT / LIEN 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 11K*** of Form BD;
Check ☑ item(s) being responded to:

11K ☐ Does the *applicant* have any unsatisfied judgments or liens against it?

Use a separate DRP for each event or *proceeding*. An event or *proceeding* may be reported for more than one *person* or entity using one DRP. File with a completed Execution Page.

It is not a requirement that documents be provided for each event or *proceeding*. Should they be provided, they will not be accepted as disclosure in lieu of answering the questions on this DRP.

NAME OF *APPLICANT*	*APPLICANT* CRD NUMBER

1. Judgment/Lien Amount:

2. Judgment/Lien Holder:

3. Judgment/Lien Type: (check appropriate item)

☐ Civil ☐ Default ☐ Tax

4. Date Filed (MM/DD/YYYY): ☐ Exact ☐ Explanation

If not exact, provide explanation: _____

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

If No, provide status date (MM/DD/YYYY): ☐ Exact ☐ Explanation

If not exact, provide explanation: _____

If No, how was matter resolved? (check appropriate item)

☐ Discharged ☐ Released ☐ Removed ☐ Satisfied

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

7. Provide a brief summary of events leading to the action and any payment schedule details including current status (if applicable). (The information must fit within the space provided.):

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