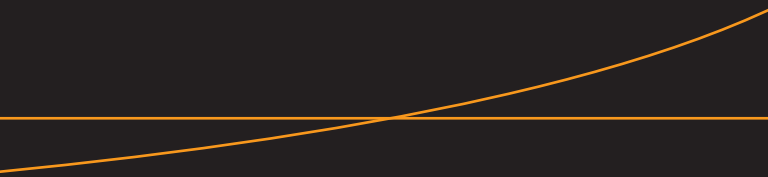




NASD

# BrokerCheck

Providing Investors with Information on  
the Professional Background of Brokers  
and Firms



NASD

# BrokerCheck

## An Information Service For Investors

NASD is dedicated to creating a safer environment for investors in today's complex investment landscape. Toward that end, NASD BrokerCheck gives investors convenient access to information about securities firms and their brokers. NASD encourages investors to use this valuable resource to learn about the professional background, business practices, and conduct of the NASD-registered firms and brokers with whom they invest.

# What is NASD

## Who is NASD and who is covered by NASD BrokerCheck?

Under federal law, virtually every securities firm doing business with the U.S. public is required to register with NASD, as are the brokers associated with those firms. NASD writes rules to govern firms' behavior, examines them for compliance, and disciplines those that fail to comply. Roughly 5,300 brokerage firms and more than 660,000 securities representatives are registered with NASD, and covered by NASD BrokerCheck.

## What is NASD BrokerCheck?

Created by NASD in 1988, and formerly known as the Public Disclosure Program, NASD BrokerCheck provides investors with an easy, free way to learn about the professional background, business practices, and conduct of NASD-registered firms and their brokers. To request information under this program, visit the NASD Web site at [www.nasdbrokercheck.com](http://www.nasdbrokercheck.com), or call (800) 289-9999. Through our Internet site or hotline, you can request a public report of background information on NASD-registered firms and their brokers. This report reflects information provided by the broker, the firms, and regulators as part of the securities industry's registration and licensing process. The important investor protection service provided by NASD BrokerCheck has been recognized by Congress, the Securities and Exchange Commission (SEC), and the North American Securities Administrators Association.

# BrokerCheck?

What information is disclosed through NASD BrokerCheck?

NASD BrokerCheck provides information about NASD-registered firms and their brokers, (*i.e.*, persons currently registered with an NASD-registered firm and persons who have been registered with an NASD-registered firm within the last two years). NASD BrokerCheck provides information that is required to be reported on the Form U4 (the Uniform Application for Securities Industry Registration or Transfer) and the Form BD (the Uniform Application for Broker-Dealer Registration). This brochure describes the information that is available through NASD BrokerCheck.

## Information Available

# For Individual

(For persons currently registered with an NASD-registered firm and persons who have been registered within the last two years)

### Administrative Information

- ➔ current employing firm
- ➔ employment experience for the past 10 years (this includes full- and part-time work, self-employment, military service, unemployment, and full-time education)
- ➔ “other business” engaged in by the individual (excluding non-investment-related activity that is exclusively charitable, civic, religious, or fraternal, and is recognized as tax-exempt)
- ➔ all approved registrations (provided the individual is currently NASD-registered)

### Disclosure Information

- ➔ criminal events (all felony charges and convictions, specified investment-related misdemeanor charges and convictions)
- ➔ regulatory actions taken against an individual by the SEC, Commodity Futures Trading Commission (CFTC), other federal regulatory agencies, states, self-regulatory organizations (SROs), or foreign financial regulatory authorities that result in a finding of a violation and/or sanction or the issuance of an order
- ➔ certain types of final orders entered against an individual by a state securities commission; a state authority that supervises or examines banks, savings associations, or credit unions; a state insurance commission; an appropriate federal banking agency; or the National Credit Union Administration
- ➔ revocations or suspensions of authorization to act as an attorney, accountant, or federal contractor

# Brokers:

- civil judicial actions (for example, injunctions entered in connection with investment-related activity)
- pending civil proceedings that could result in a reportable civil judicial action
- pending investigations and regulatory proceedings that could result in a regulatory action as described above
- written investor complaints reported within the past 24 months alleging sales practice violations and damages of \$5,000 or more
- written investor complaints reported within the past 24 months alleging forgery, theft, misappropriation, or conversion of funds or securities
- investor complaints alleging sales practice violations which are settled for \$10,000 or more
- investor-initiated arbitration proceedings and civil litigation alleging sales practice violations which are either pending, resulted in an award or civil judgment against the individual, or were settled for \$10,000 or more
- bonding company denials, payouts, or revocations
- unsatisfied judgments and liens
- bankruptcy proceedings, compromises with creditors, and direct payment procedures initiated under the Securities Investor Protection Act within the past 10 years
- employment terminations after allegations of:
  - a violation of investment-related statutes, regulations, rules, or industry standards of conduct
  - fraud or wrongful taking of property or
  - failure to supervise in connection with investment-related activity

## Information Available

# For NASD-Registered

### Administrative Information

- ➔ certain administrative information about the firm (for example, address, legal status, types of business engaged in)
- ➔ all approved registrations (provided the firm is currently NASD-registered)

### Disclosure Information

- ➔ criminal events (all felony charges and convictions that occurred within the past 10 years, specified investment-related misdemeanor charges and convictions that occurred within the past 10 years)
- ➔ regulatory actions initiated by the SEC, CFTC, other federal regulatory agencies, states, SROs, or foreign financial regulatory authorities that result in a finding of a violation and/or sanction or the issuance of an order
- ➔ revocations or suspensions of authorization to act as an attorney, accountant, or federal contractor
- ➔ pending regulatory proceedings that could result in a regulatory action as described above
- ➔ civil judicial actions (for example, injunctions entered in the past 10 years in connection with investment-related activity; findings involving violations of investment-related statutes or regulations)
- ➔ pending civil proceedings that could result in a reportable civil judicial action
- ➔ bankruptcy proceedings and direct payment procedures initiated under SIPC within the past 10 years
- ➔ bonding company denials, payouts, and revocations
- ➔ unsatisfied judgments or liens

# Securities Firms:

- ➔ summary information on arbitration awards rendered in NASD's arbitration forum that involve securities (or commodities) disputes between NASD-registered firms and public customers pursuant to NASD Rule 10330(f)

## Exceptions

Information that has not been reported to the Central Registration Depository (CRD<sup>®</sup>) system, or that is not required to be reported or is no longer reportable on Form U4 or Form BD, is not disclosed through NASD BrokerCheck. Examples of information that are not required to be reported or are no longer reportable include non-investment-related misdemeanors originally reported in error (only specified investment-related misdemeanors are required to be reported); judgments and liens originally reported as pending that subsequently have been satisfied; bankruptcy proceedings filed more than 10 years ago; and written investor complaints that are settled for less than \$10,000, or that have not resulted in arbitration claims or civil litigation. Such written investor complaints are, however, required to be reported on the Form U4 and disclosed through NASD BrokerCheck for two years. Under NASD's current policy, in certain limited circumstances, most often pursuant to a court order, information is expunged from the CRD system. Further information about expungement from the CRD system is available in *NASD Notices to Members 99-09, 99-54, and 01-65*.

# Source of

## What's the source of the information?

Before individuals can work in the securities industry, they must complete a comprehensive application form and satisfy certain qualification requirements.

As part of the registration process, these candidates provide information about their background and prior employment (*i.e.*, “administrative information”). Candidates also must disclose whether they have been subject to certain matters including criminal events, regulatory or judicial actions involving securities matters or consumer-initiated complaints. Candidates also are required to report terminations involving allegations of investment-related violations, and certain types of financial information (for example, whether they have filed for bankruptcy or have unsatisfied judgments and liens). Collectively known as “disclosure information,” this information is filed with the CRD system—the licensing and registration system operated by NASD and used by the industry, state and federal regulators, and SROs for purposes of registering and regulating securities firms and their brokers. The information provided through NASD BrokerCheck is derived primarily from information contained in the CRD system.

Individuals who have met all the qualification, regulatory, and reporting requirements are eligible to conduct securities business with the public. Today there are more than 660,000 persons actively registered. NASD estimates that more than 90% of these securities industry professionals have no reportable disclosure information.

# Information

If my broker has reported disclosure information, what does it mean to me?

First, when evaluating the information in an NASD BrokerCheck Report, please note that a number of items that qualify for disclosure involve pending actions or allegations that may be or are being contested and that have not been resolved or proven. Such items may, in the end, be withdrawn or dismissed, resolved in favor of the broker, or concluded through a negotiated settlement with no admission or conclusion of wrongdoing.

NASD BrokerCheck should be your first resource tool to learn about the professional background, registration/license statuses, and conduct of NASD-registered firms and their registered brokers. At the same time, you should also consider requesting information from your state securities regulator. State disclosure programs are governed by state law, and may provide additional information on brokers licensed by the state. You can find a list of state regulators at [www.nasaa.org](http://www.nasaa.org).

## NASD BrokerCheck:

# How it Works

How can I request information about a firm or broker?

Visit our Web site at [www.nasdbrokercheck.com](http://www.nasdbrokercheck.com) or simply call the toll-free hotline at (800) 289-9999.

When visiting our Web site or calling, you will need:

- ➔ For firms, the full name of the firm
- ➔ For brokers, the first and last name of the broker and the name or CRD Number of either the broker's current or previous employing brokerage firm

If you don't have this information, ask for it. Make every effort to learn what you can before you entrust your money to anyone.

For NASD BrokerCheck Report requests made via the toll-free hotline, NASD BrokerCheck will confirm whether reportable disclosure information may exist. If requested, a BrokerCheck Report will be sent to you via mail or e-mail (depending on the delivery method you specify) within two to three business days of your request. Some reports will take a little longer to deliver when, for example, new information has been recently filed.

NASD BrokerCheck Report requests made via the Internet will be delivered by e-mail. In most cases, an e-mail report will be sent out within two business days. In addition, Internet requesters may view administrative information regarding brokers and firms online.

## What's the cost?

NASD BrokerCheck Reports are free.

## Where can I obtain information about Investment Advisers?

NASD does not regulate Investment Advisers (IAs). NASD regulates the broker-dealer profession, including NASD-registered firms and their associated persons.

Investment Adviser firms are regulated by either the SEC or by state regulators. The SEC regulates IA firms with more than \$25 million in assets under management (and certain other IA firms that meet other statutory criteria). IA firms regulated by the SEC must submit their required registration forms (Form ADV) to the SEC via the Investment Adviser Registration Depository (IARD<sup>SM</sup>). Some state-regulated IA firms also submit their registration forms (also on Form ADV) through the IARD system.

You can search the SEC's Investment Adviser Public Disclosure Web site at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) for information about SEC-regulated IA firms and state-regulated IA firms that have submitted Form ADVs through the IARD system, including the information that the IA firm submitted on its Form ADV. To check out a specific Investment Adviser Representative, contact your state regulator. You can find a list of state regulators at [www.nasaa.org](http://www.nasaa.org).

Furthermore, some investment professionals may not be required to be registered in the above categories. You may request information about such individuals or firms by contacting your state securities regulator.

NASD  
**Investor Resources**

Web site: *www.nasd.com*

Toll-free hotline: (800) 289-9999

**NASD Investor Information**

*www.nasd.com/investor*

Phone: (202) 728-6964



Investor protection. Market integrity.



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