SIFMA
Securities Industry and
Financial Markets Association

May 16, 2008

Ms. Nancy M. Morris
Secretary
U.S. Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090

Re: Reproposal of Amendments to Part 2 of Form ADV and Related Rules Under the Investment Advisers Act of 1940 [Release No. IA-2711; File No. S7-10-00]

Dear Ms. Morris:

The Securities Industry and Financial Markets Association ("SIFMA")[1] appreciates the opportunity to reply to the Commission's request for comment with respect to the above referenced reproposal of the amendments to Part 2 of Form ADV that were originally published by the Commission in April, 2000.[2] SIFMA, through one of its predecessor organizations (the Securities Industry Association), filed a comment letter in response to the original proposal on June 13, 2000.[3] Unfortunately, while some of the concerns expressed in our earlier letter have been addressed in the reproposal, many have not. Our unaddressed concerns relate to providing more meaningful and digestible disclosure to investors and easing regulatory and administrative burdens on registered investment advisers.

In addition, we question the desirability of moving forward with this proposal at a time when basic concepts regarding the regulatory framework for brokerage and investment advisory activities are being reassessed. The Commission staff is currently reviewing the RAND study findings and has presented, or is about to present, a report to SEC Chairman Cox on a range of options regarding the future regulatory landscape for investment services providers. Therefore, while we can appreciate that there may be some sense of urgency to

[1] The Securities Industry and Financial Markets Association brings together the shared interests of more than 650 securities firms, banks and asset managers. SIFMA's mission is to promote policies and practices that work to expand and perfect markets, foster the development of new products and services and create efficiencies for member firms, while preserving and enhancing the public's trust and confidence in the markets and the industry. SIFMA works to represent its members' interests locally and globally. It has offices in New York, Washington D.C., and London and its associated firm, the Asia Securities Industry and Financial Markets Association, is based in Hong Kong.

[2] See *Electronic Filing by Investment Advisers; Proposed Amendments to Form ADV*, Advisers Act Release No. 1862 (April 5, 2000).

[3] Available at http://www.sifma.org/regulatory/comment_letters/comment_letter_archives/30966555.pdf.

adopt a proposal given that it has been nearly eight years since the Commission originally proposed amendments to Part 2 of Form ADV, we respectfully suggest that action be deferred until the current reassessment is further developed.

Should the Commission nonetheless determine to move forward with some version of the current proposal, we request that it consider our comments on the following matters.

I. General Observations

While the reproposal contains some marginal changes from the 2000 proposal, it significantly falls short in taking into account the substantial marketplace, regulatory, and technological changes that have occurred over the past eight years.

SIFMA strongly believes that the Commission's approach to the content of the narrative brochure is fundamentally flawed, and if the approach is not significantly modified it will result in a document which is unfriendly to investors and may go largely unread. While we do not dispute that narrative disclosure is better than a "check-the-box" format, simply changing the format of the disclosure does not necessarily transform Part 2 of Form ADV into a document that investors will find helpful or easy to navigate. Rather than using the check-the-box format as a benchmark for determining the efficacy of the proposed narrative brochure, it should instead be compared to the SEC's recent mutual fund summary prospectus proposal.[4] To put this in perspective, the summary prospectus would include seven categories of information and is expected to be three to four pages in length, whereas the narrative brochure proposal would encompass nineteen general categories of information with numerous sub-parts. Several of our members have advised us that the proposed document would run dozens of pages in length. Particularly in light of the RAND study's findings[5] regarding investors' disinclination to read even plain English disclosure documents that are lengthy, we doubt that the proposed narrative disclosure document will achieve its goal of presenting clear and meaningful disclosure in its present form. We therefore strongly urge the Commission to considerably pare down the scope and content of the proposed firm brochure to reflect an approach closer to that being used for mutual fund summary prospectuses.

In framing an appropriate disclosure document the Commission also should take into account the significant impact of Rule 202(a)(11)-1 and the *Financial Planning Association v. SEC*[6] court decision and its aftermath. These developments resulted in the migration of hundreds of thousands of fee-based brokerage accounts to the advisory platform. Because these accounts typically are covered by the same financial professionals who provided fee-based brokerage services, the FPA decision has not only expanded the universe of account relationships subject to the Advisers Act, but also brought within that universe many

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[4] *Enhanced Disclosure and New Prospectus Delivery Option for Registered Open-end Management Investment Companies*, Securities Act Release No. 8861 (November 21, 2007).

[5] *Investor and Industry Perspectives on Investment Advisers and Broker-Dealers*, RAND Institute for Civil Justice, December 31, 2007.

[6] 482 F.3d 481 (D.C. Cir. 2007).

accounts and financial professionals that were already subject to extensive regulatory disclosure requirements under the Securities Exchange Act of 1934 and Financial Industry Regulatory Authority ("FINRA") rules.[7] These financial professionals are already subject to broker-dealer disclosure requirements, including those related to disciplinary history and conflicts of interest, among others. As discussed in more detail below, we do not believe that the Commission has considered the impact of the FPA decision, either in crafting disclosure items included in Part 2 of Form ADV or in evaluating the impact of the requirement to create, maintain and distribute the brochure supplements.

II. Delivery Requirements

In our June 2000 comment letter, we expressed significant concerns with the Commission proposal to replace the annual offer requirement with an affirmative delivery requirement. We continue to believe that the administrative burdens of an annual delivery requirement would be significant. Accordingly, we propose that the Commission move to a "notice and access" approach for updates to the firm brochure and eliminate the need to deliver interim updates or "stickers." We are also requesting clarification on the ability of investment advisers to delegate the responsibility to deliver their Form ADV to third parties.

A. Notice and Access

In order to reduce the administrative burden associated with the annual delivery requirement, we recommend that clients be provided with actual delivery of Part 2 of Form ADV at the time they enter into an advisory contract, but that the same type of "notice and access" standard that the Commission adopted in the context of the Internet availability of proxy materials[8] be applied to delivery of any updates to the firm brochure. Under this approach, clients would continue to receive actual delivery of the firm brochure at the time they enter into the advisory contract. Clients would then receive notice when subsequent updates to the firm brochure are available. The notice would provide a specific URL address through which clients could access the firm brochure online and would also provide or refer clients to a toll-free telephone number that clients could call to request a paper version of the firm brochure. We expect that advisers who elect to create a separate letter or other document summarizing changes since the last annual update would be able to deliver the summary in the same manner as the firm brochure, through a URL address or toll-free telephone number.

We believe this "bifurcation" of the delivery process strikes an appropriate balance between ensuring that clients receive actual delivery of the firm brochure at the time they enter into an advisory contract, and the substantial burden investment advisers would face in

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[7] By way of illustration, the experience of one of our members has been that the number of investment advisory representatives who are also licensed as registered representatives of a broker-dealer increased from 5% in 2000 to 42% in March of 2008. Other members report that in excess of 90% of their investment advisory representatives are also registered representatives of broker-dealers.

[8] *See Internet Availability of Proxy Materials*, Exchange Act Release No. 55146 (January 29, 2007).

delivering subsequent updates.[9] This approach also has several other advantages. First, it builds on the current regulatory model under which investment advisers are required to offer to deliver a copy of Part 2 of their Form ADV on an annual basis in accordance with Advisers Act Rule 204-3(c). Thus, advisers would be able to continue to rely on their current delivery mechanisms (*e.g.*, by including notices on statements or other client communications) to make the annual offer – with the added element of providing a URL or toll-free telephone number through which clients can access the updates. Second, this approach is consistent with the Commission's evolving approach, as reflected in a series of recent releases, which provides the flexibility to rely on electronic delivery of proxy materials, mutual fund prospectuses and other offering documents without affirmative consent to electronic delivery.[10] Finally, it reflects the increasing availability of Internet access[11] and the experience of our members that clients increasingly are interested in receiving communications and interacting with their financial professionals through electronic means.

B. Interim Updates for Addition of Disciplinary Events

We continue to question the need for the sticker or interim delivery requirement, despite the reproposal limiting the circumstances under which it would be required to those involving disciplinary events. While we do not dispute the importance of disciplinary information, we note in our comments below regarding the brochure supplement that such information is readily available to, and (due to recent improvements) easily accessible by, investors through other sources, including FINRA and the IARD. In addition, we note that investment advisers would have an ongoing obligation to update the disciplinary information contained in Part 1A and 2A and both portions of Form ADV would be continuously available through the IARD. Collectively, this provides a very rigorous disclosure regime for disciplinary information that provides clients with a mechanism to obtain up-to-date information, and negates the need for the burdensome sticker requirement.

C. Third-Party Delivery

Regardless of the outcome of the delivery requirements associated with the reproposal, we request clarification that an investment adviser may delegate the responsibility to deliver its firm brochure to other persons, including affiliated and unaffiliated broker-dealers. As drafted, proposed Rule 204-3(b) seems to contemplate that delivery must be made by the investment adviser or a supervised person acting on behalf of the investment adviser. In fact, the Commission staff has long recognized that an investment

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[9] This approach is also consistent with the "layered approach" to disclosure set forth in the recent mutual fund summary prospectus proposal. *See Enhanced Disclosure and New Prospectus Delivery Option for Registered Open-End Management Investment Companies*, Securities Act Release No. 8861 (November 30, 2007) at Section II.B (noting that mutual funds can satisfy their obligation to deliver a statutory prospectus by delivering a summary prospectus and making the statutory prospectus available online).

[10] *See, e.g.* Securities Act Release No. 8861 (November 30, 2007); Exchange Act Release No. 55146 (January 29, 2007); *Securities Offering Reform*, Securities Act Release No. 8591 (July 19, 2005).

[11] Securities Act Release No. 8861 (November 30, 2007) (noting that "current levels of access to the Internet merit adoption of the notice and access model").

adviser may delegate the task of delivering its Form ADV to other persons, such as sponsors of wrap programs.[12] Accordingly, we would like to clarify that delegation will continue to be permitted, even outside the wrap program context. We also request confirmation that an investment adviser may rely on the records retained by the person to whom it delegates the responsibility to distribute its brochure, without the need to transfer those records to "an appropriate office of the investment adviser" as currently required by Advisers Act Rule 204-2(e)(1).[13]

III. Proposed Brochure Supplement

In our June 2000 comment letter, we raised significant objections to the brochure supplement based, among other things, on the alternative availability of much of the information that would be contained in the supplement, and the significant, and perhaps insurmountable, administrative challenges and costs associated with the supplement. Given dialogue that we have had with the Commission staff since the original proposal was published, and intervening developments which we believe make the case against a brochure supplement even more compelling, we were hopeful that the supplement requirement would be deleted from any reproposal or final amendments. We strongly urge the Commission to eliminate the brochure supplement requirement.

The vast majority of SIFMA's broker-dealer members are dually registered as investment advisers, and all of their sales personnel who offer advisory as well as brokerage services are licensed as both investment adviser representatives and registered representatives. As such, investors who utilize the advisory services of dual registrants also have the benefit of the full spectrum of broker-dealer regulation, including reporting of disciplinary and other information through FINRA's Central Registration Depository System (CRD). This system enables investors to obtain detailed information on their financial professional's qualifications, training, registration, employment history, and customer dispute and disciplinary history by clicking on "FINRA Broker Check" on the FINRA home page (www.finra.org).[14] Attached as Exhibit A is a sample of a Broker Check report. Even if a firm is not a dual registrant, we believe that items 9, 10, and 11 of the firm brochure contain sufficient details regarding matters such as disciplinary history and conflicts so as to mitigate the need for a supplemental document.

As demonstrated in the RAND study's findings, considerable doubt exists as to whether investors are reading all of the documents they already receive from firms. In this context, the Commission should proceed very cautiously in adding new disclosure

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[12] *National Regulatory Services, Inc.* (pub. avail. December 2, 1992).

[13] *See American Bar Association* (pub. avail. December 8, 2005) (permitting an administrator to maintain records under Advisers Act Rule 204-2 on behalf of a private fund where: (i) the administrator was a service provider to the fund, and (ii) the records would be produced promptly upon request and provided to the staff at an appropriate office of the adviser or an office of the administrator).

[14] Investors lacking computer access may obtain this information by calling the toll-free FINRA BrokerCheck Hotline at (800) 289-9999.

requirements to Form ADV, particularly where, as here, the proposed additional information is readily available from other sources.

Further, the supplement requirement would pose daunting and perhaps insurmountable operational and cost burdens on investment advisers without providing significant added value for investors. For our members the requirement would result in having to create a new disclosure document (or disclosure section) for each individual representative. For some of our firms, this means thousands of new disclosure documents to create, manage and deliver to clients. That is hundreds of thousands of individualized disclosure documents industry-wide. For example, one of our members has advised us that their fee-based advisory program involves well over 1,000 investment adviser representatives organized into teams and that teams change frequently as new clients are added, account assignments change, and representatives join or leave the firm. Under this scenario, maintaining current brochure supplements and making them available to clients "before or at the same time" that a supervised person begins to provide advisory services to the client would be almost impossible to do accurately and would be prohibitively expensive. Many other members, both small and large, have expressed similar sentiments and challenges regarding the brochure supplement. The situation is further exacerbated by the fact that the brochure supplement requirement would now be extended to hundreds of thousands of former brokerage accounts that have been converted to non-discretionary advisory accounts as a result of the *Financial Planning Association v. SEC* court decision. Thus, a firm would have to prepare and keep current a brochure supplement for every representative who serviced even one non-discretionary advisory account. We believe the estimated burden industry-wide of implementing the brochure supplement requirement would be in excess of $100 million.

Finally, we take issue with the statement on pages 101-102 of the reproposing release that electronic delivery may significantly minimize the costs of delivering supplements. We estimate that the vast majority of operational and compliance costs would result from the need to prepare, track, and continually update supplements for hundreds of thousands of representatives industry-wide, rather than the actual delivery of the brochure supplements. Thus, electronic delivery would not meaningfully reduce these costs. It would be far more effective to simply require investment advisers to describe their supervisory controls, including with respect to additional compensation and outside business activities, generally in their firm brochure and invite clients to contact them for additional information.

For all of the foregoing reasons, we urge the SEC not to go forward with its brochure supplement proposal. Failing that, we urge that an exception to the supplement requirement be provided for non-discretionary advisory accounts and for dual registrants that are subject to FINRA's reporting requirements. With regard to the latter, it should be sufficient for Item 9 of the firm brochure to include a cross-reference to the BrokerCheck portion of the FINRA website.

IV. Brokerage Practices Including Soft Dollar Arrangements

To achieve SIFMA's recommended goal of developing a much more condensed firm brochure along the lines of the SEC's proposed mutual fund summary prospectus, it will be necessary to consider eliminating a number of the nineteen items described in the current firm brochure proposal. One, however, that should be retained is the discussion of brokerage and soft dollar practices. We strongly believe that since the core reason for directing brokerage, pursuant to soft dollar arrangements, is to enable an adviser to provide benefits to its clients, such clients are entitled to a plain English explanation of how they are expected to benefit from these arrangements. During the course of SIFMA meetings with SEC officials over the past year, we discussed some of the brokerage and soft dollar disclosure material we had encountered from a variety of sources. Some of the content of these disclosures is reflected in proposed Item 12, such as requiring disclosure of how advisers select brokers for client transactions and the conflicts that might apply. The need to include certain other information in a summary document, such as with respect to trade aggregation, possible consequences of client direction of brokerage, or lengthy discussions as to how conflicts are addressed, should be weighed against its impact on the length and user-friendliness of the document.

As we noted in our June 2000 comment letter, we are concerned that the specific disclosures mandated in Item 12.A.1 may create the misleading impression that all soft dollar arrangements are motivated by an investment adviser's desire to limit its research expenses, rather than an interest in obtaining research and other services that will improve investment decisions, thereby benefiting clients. For example, Item 12.A.1.b requires advisers to state that they may have an incentive to select or recommend a broker-dealer based on the adviser's interest in receiving soft dollar benefits, rather than a client's interest in receiving best execution. This statement seems to suggest that soft dollars and best execution are mutually exclusive, and that best execution requires an investment adviser to obtain the lowest possible commission cost. In fact, best execution is a more flexible standard that includes consideration of both quantitative and qualitative factors, including research services.[15] Further, as the SEC itself has recognized, the quantitative aspects of best execution such as transaction costs are themselves difficult to measure.[16] Furthermore, in

[15] In seeking to achieve best execution, the determinative factor is not the lowest possible commission cost, but whether the transaction represents the best qualitative execution. Accordingly, the investment adviser may consider the full range and quality of a broker's services, including the value of research provided, execution capability, commission rate, financial responsibility and responsiveness. *Interpretive Release Concerning the Scope of Section 28(e) of the Securities Exchange Act of 1934 and Related Matters*, Exchange Act Release No. 23170 (April 23, 1986).

[16] In considering ways to increase the disclosure of mutual fund transaction costs, the SEC noted that although explicit commission costs are readily identifiable and quantifiable, they do not fully reflect the overall costs associated with trading portfolio securities. Actual transaction costs include implicit costs such as spread, impact and opportunity costs that are difficult to measure. *Concept Release: Request for Comments on Measures to Improve Disclosures of Mutual Fund Transaction Costs*, Securities Act Release No. 8349 (December 18, 2003).

some cases, research and brokerage services, which include pre- and post-trade analytics, provide important tools to investment advisers to achieve best execution by providing guidance on pricing trends and liquidity as well as an objective means of analyzing execution prices. As a result, the use of soft dollars may help to achieve best execution. For these reasons, we recommend that this provision be eliminated from Item 12 and, more generally, that advisers be given the flexibility to describe their soft dollar practices and any resulting conflicts in a manner that is appropriate to their particular circumstances.

V. Clarifications

While adopting a condensed version of the firm brochure and/or eliminating the brochure supplement may obviate the need for some of the clarification requests set forth below, we request that the SEC address the following items currently included in the proposal.

A. Firm Brochure Item 1 – Cover Page

Given the wide variety of advisory services that may be available in a particular firm, and the number of people involved in their administration and oversight (which will change over time), we request that firms have the flexibility to determine the appropriate contact for more information, without limiting it to an individual or a service center. While we are supportive of the Commission's attempts to provide flexibility here, it is not clear what is meant by a "service center." In addition, the appropriate contact information may vary based on the type of advisory service offered or the nature and location of clients, thus requiring advisory firms to create different versions of their firm brochure (or at least, different cover pages) for different groups of clients. Rather than dictate the manner in which firms provide this information, we propose to allow firms to determine for themselves what the appropriate contact information would be based on the manner in which they service their customers.

B. Firm Brochure Item 2 – Material Changes

We propose that the Commission eliminate the requirement to identify any "material changes" since the last annual update. We believe the requirement to highlight material changes is problematic from a number of different perspectives. First, an investment adviser may have a client base composed of many different types of clients (*e.g.*, hedge fund clients, institutional investors, retail wrap clients). Accordingly, what may be "material" to one group of clients may not be relevant to another group of clients. Second, we are not aware of any analogous requirement under the securities laws to summarize material changes to disclosure documents. For example, mutual funds are not required to provide a summary of changes to prospectus updates on Form N-1A. Third, forcing an adviser to identify only material changes creates potential exposure for the adviser if the summary is later viewed as incomplete by regulators or the plaintiff's bar. Accordingly, we suspect that most investment advisers either will be over-inclusive, thereby negating the benefit of highlighting particular changes to clients, or will provide summaries laden with disclosure disclaiming a client's ability to rely on the summary and qualifying the summary in its entirety by reference to the full brochure.

If the Commission is not willing to eliminate this requirement, we respectfully request that it remove the reference to "material" changes and simply require advisers to identify any sections of the firm brochure that have been changed or updated since the last annual update.

C. Firm Brochure Item 9 – Disciplinary Information

The SEC requested comment on whether it is appropriate to require investment advisers to provide clients with copies of SEC administrative orders to which they are subject and whether arbitration awards, settlements or claims should be disclosed in response to Item 9. As to the first point, we agree that investment advisers should not be required to deliver copies of SEC orders to their clients. Instead, the SEC should continue to require that firms deliver copies of their orders (or make them available electronically) as part of individual settlement negotiations. In addition, information about SEC orders is publicly available in response to Item 11 of Part IA of Form ADV.

As to the second point, we do not believe it is appropriate to require disclosure of arbitration awards or damages in a civil proceeding in Part 2 of Form ADV. As the SEC points out, arbitration awards are not necessarily indicative of wrongdoing or violations of law. In addition, disclosure of arbitration awards would be particularly burdensome on large firms and could significantly lengthen brochures. Finally, we note that information about many civil proceedings and the resolution of those proceedings is available in response to Item 11 of Part 1A of Form ADV. We urge the SEC not to require disclosure that duplicates information already made available in Part 1A of Form ADV and through the CRD system (to the extent that a registered person was named in the complaint or contributed to the settlement).

D. Firm Brochure Item 13 – Review of Accounts

Our comment here is similar to that relating to item 1. The person or persons performing account reviews would seem to be less important than providing a brief description of the account review process. Furthermore, while this information may be "helpful," it would not seem to be a critical component of a more condensed version of the firm brochure and would likely result in firms having to create multiple versions of the document.

E. Brochure Supplement – Application to Supervised Persons

We believe the discussion on pages 55 and 56 of the reproposing release is intended to address the concerns expressed by SIFMA and other commentators that the original proposal would have required the creation of brochure supplements for thousands of intermediaries whose principal role is limited to being a communications conduit between those formulating advice and clients. We appreciate the Commission's efforts in this regard and suggest a further clarification that, if the brochure supplement is not completely eliminated as we request, it apply only to supervised persons who provide "discretionary" investment advice. This would better distinguish between a true portfolio manager who provides advice on specific investments, as opposed to a financial adviser who assists the

client in choosing an advisory program or portfolio manager. The proposal to limit the brochure supplement to supervised persons who provide discretionary advice is intended to provide a functional test that would be easier for firms to apply to their business and administer. In addition, it may help ease the burden on firms of having to prepare and distribute brochure supplements for supervised persons who provide services in connection with the hundreds of thousands of former brokerage accounts that have been converted to non-discretionary advisory accounts as a result of the *Financial Planning Association v. SEC* court decision. Even with this further clarification, however, we still have significant concerns about the substantial challenges and costs associated with preparing, tracking and continually updating brochure supplements for hundreds of thousands of representatives industry-wide. Accordingly, we reiterate our request, discussed in Section III above, to eliminate the brochure supplement.

VI. Summary

SIFMA is hopeful that the Commission will consider eliminating the brochure supplement requirement and significantly modifying the firm brochure to more closely replicate the very progressive approach being taken with respect to the mutual fund summary prospectus. With regard to the latter, we note that the Commission staff followed a very inclusive process in reaching out to industry participants, including SIFMA, consumer groups, and others, to assist them in developing the content of the summary prospectus. We would suggest a similar process be employed with respect to a summary firm brochure, and we would welcome the opportunity to once again be part of such a process.

If have any questions regarding this letter or related matters, please contact my colleague, Mike Udoff, at (212) 313-1209 or mudoff@sifma.org.

Sincerely,

Ira D. Hammerman
Senior Managing Director and
General Counsel

cc: The Hon. Christopher Cox, Chairman
The Hon. Paul S. Atkins, Commissioner
The Hon. Kathleen L. Casey, Commissioner
Andrew J. Donohue, Director, Division of Investment Management
David Blass, Assistant Director, Division of Investment Management
Jennifer Mchugh, Senior Adviser to the Director, Division of Investment Management

BrokerCheck Report

CRD#
Report #

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EXHIBIT A

Dear Investor:

FINRA has generated the following BrokerCheck report for . The information contained within this report has been provided by a FINRA brokerage firm(s) and securities regulators as part of the securities industry's registration and licensing process and represents the most current information reported to the Central Registration Depository (CRD®).

FINRA regulates the securities markets for the ultimate benefit and protection of the investor. FINRA believes the general public should have access to information that will help them determine whether to conduct, or continue to conduct, business with a FINRA member. To that end, FINRA has adopted a public disclosure policy to make certain types of information available to you. Examples of information FINRA provides include: regulatory actions, investment-related civil suits, customer disputes that contain allegations of sales practice violations against brokers, all felony charges and convictions, misdemeanor charges and convictions relating to securities violations, and financial events such as bankruptcies, compromises with creditors, judgments, and liens.

When evaluating this report, please keep in mind that it may include items that involve pending actions or allegations that may be contested and have not been resolved or proven. Such items may, in the end, be withdrawn or dismissed, or resolved in favor of the individual broker, or concluded through a negotiated settlement with no admission or finding of wrongdoing.

The information in this report is not the only resource you should consult. FINRA recommends that you learn as much as possible about the individual broker or firm from other sources, such as professional references, local consumer and investment groups, or friends and family members who already have established investment business relationships.

FINRA BrokerCheck is governed by federal law, Securities and Exchange Commission (SEC) regulations and FINRA rules approved by the SEC. State disclosure programs are governed by state law, and may provide additional information on brokers licensed by the state. Therefore, you should also consider requesting information from your state securities regulator. Refer to www.nasaa.org for a complete list of state securities regulators.

Thank you for using FINRA BrokerCheck.

Using this site/information means that you accept the FINRA BrokerCheck Terms and Conditions. A complete list of Terms and Conditions can be found at

brokercheck.finra.org

For additional information about the contents of this report, please refer to the User Guidance or www.finra.org/brokercheck. It provides a glossary of terms and a list of frequently asked questions, as well as additional resources. For more information about FINRA, visit www.finra.org.

Report Summary for this Broker

CRD#

Currently employed by and registered with the following FINRA Firms:

Registered with this firm since:

The report summary provides an overview of the broker's professional background and conduct. The individual broker, a FINRA-registered firm(s), and/or securities regulator(s) have provided the information contained in this report as part of the securities industry's registration and licensing process. The information contained in this report was last updated by either the broker, a previous employing brokerage firm, or a securities regulator on

Broker Qualifications

This broker is registered with:

- 8 Self-Regulatory Organizations
- 25 U.S. states and territories

Is this broker currently suspended or inactive with any regulator? **No**

This broker has passed:

- 0 Principal/Supervisory Exams
- 2 General Industry/Product Exams
- 2 State Securities Law Exams

Registration and Employment History

This broker was previously registered with the following FINRA firms:

For additional registration and employment history details as reported by the broker, refer to the Registration and Employment History section of this report.

Disclosure of Customer Disputes, Disciplinary, and Regulatory Events

This section includes details regarding disclosure events reported by or about this broker to CRD as part of the securities industry registration and licensing process. Examples of such disclosure events include formal investigations and disciplinary actions initiated by regulators, customer disputes, certain criminal charges and/or convictions, as well as financial disclosures, such as bankruptcies and unpaid judgments or liens.

Are there events disclosed about this broker? **Yes**

The following types of disclosures were reported:

Customer Dispute

Broker Qualifications

Registrations

This section provides the SROs, states and U.S. territories the broker is currently registered and licensed with, the category of each registration, and the date on which the registration status became effective. This section also provides information on the physical location of each branch that the broker is associated with, for each listed employment.

This individual is currently registered with 8 SROs and is licensed in 25 U.S. states and territories through his or her employer.

Employment 1 of 1

Firm Name:

Main Office Address:

Firm CRD#:

SRO	Category	Status	Date
FINRA	General Securities Representative	APPROVED	
American Stock Exchange	General Securities Representative	APPROVED	
Chicago Board Options Exchange	General Securities Representative	APPROVED	
International Securities Exchange	General Securities Representative	APPROVED	
NASDAQ Stock Market	General Securities Representative	APPROVED	
NYSE Arca, Inc.	General Securities Representative	APPROVED	
New York Stock Exchange	General Securities Representative	APPROVED	
Philadelphia Stock Exchange	General Securities Representative	APPROVED	

U.S. State/ Territory	Category	Status	Date	U.S. State/ Territory	Category	Status	Date
Alabama	Agent	APPROVED		Maine	Agent	APPROVED	
California	Agent	APPROVED		Maryland	Agent	APPROVED	
Colorado	Agent	APPROVED		Massachusetts	Agent	APPROVED	
Connecticut	Agent	APPROVED		Missouri	Agent	APPROVED	
Florida	Agent	APPROVED		Nevada	Agent	APPROVED	
Georgia	Agent	APPROVED		New Hampshire	Agent	APPROVED	
Illinois	Agent	APPROVED		New Jersey	Agent	APPROVED	

Broker Qualifications

Employment 1 of 1, continued

U.S. State/ Territory	Category	Status	Date
New York	Agent	APPROVED	
North Carolina	Agent	APPROVED	
Ohio	Agent	APPROVED	
Oklahoma	Agent	APPROVED	
Pennsylvania	Agent	APPROVED	
South Carolina	Agent	APPROVED	
Texas	Agent	APPROVED	
Vermont	Agent	APPROVED	
Virginia	Agent	APPROVED	
Washington	Agent	APPROVED	
Wisconsin	Agent	APPROVED	

Branch Office Locations

Broker Qualifications

Industry Exams this Broker has Passed

This section includes all current principal/supervisory, general product/industry, and/or state securities law exams that the broker has passed. Under certain, limited circumstances, a broker may receive a waiver of an exam requirement based on a combination of previous exams passed and qualifying work experience. Likewise, a new exam requirement may be grandfathered based on a broker's specific qualifying work experience. Information regarding instances of exam waivers or the grandfathering of an exam requirement are not included as part of the BrokerCheck report.

This individual has passed 0 principal/supervisory exams, 2 general industry/product exams, and 2 state securities law exams.

Principal/Supervisory Exams

Exam	Category	Date
No information reported.		

General Industry/Product Exams

Exam	Category	Date
National Commodity Futures Examination	Series 3	
General Securities Representative Examination	Series 7	

State Securities Law Exams

Exam	Category	Date
Uniform Securities Agent State Law Examination	Series 63	
Uniform Investment Adviser Law Examination	Series 65	

Additional information about the securities industry's qualifications and continuing education requirements, as well as the examinations administered by FINRA to brokers and other securities professionals can be found at http://www.finra.org/brokerqualifications/.

Registration and Employment History

Previously Registered with the Following FINRA Firms

FINRA records show this broker previously held FINRA registrations with the following firms:

Registration Dates	Firm Name	CRD#	Branch Location

Employment History

This section provides up to 10 years of a broker's employment history as reported by the individual broker, and includes all securities and non-securities related employment, full and part-time work, self-employment, military service, unemployment, and full-time education. Please note that this information is not updated after an individual ceases to be registered with a FINRA firm.

Employment Dates	Employer Name	Employer Location

Affiliations

This section includes information, if any, as provided by the broker regarding other business activities the broker is currently engaged in either as a proprietor, partner, officer, director, employee, trustee, agent or otherwise. This section does not include non-investment related activity that is exclusively charitable, civic, religious or fraternal and is recognized as tax exempt.

Disclosure of Customer Disputes, Disciplinary, and Regulatory Events

What you should know and/or consider regarding any reported disclosure events:

- Before reaching a conclusion regarding any of the reported disclosure information contained in your BrokerCheck report, you should ask the broker to clarify the specific event(s) listed, or to provide a response to any questions you may have.
- "Pending" actions involve unproven and/or unsubstantiated allegations.

Disclosures in BrokerCheck reports come from different sources:

- **Self-disclosure**: Brokers are required to answer a series of questions on their application requesting securities industry registration (commonly referred to as "Form U4"). For example, brokers are asked whether they have been involved in certain regulatory, civil, criminal and financial matters (e.g., bankruptcy), or been the subject of a customer dispute.
- **Regulator/Employer postings**: In addition, regulators and firms that have employed a broker also may contribute relevant information about such matters. All of this information is maintained in the CRD system.

Certain thresholds must be met before an event is reported to the CRD; for example:

- **A law enforcement agency** must file formal charges before a broker is required to report a particular criminal event.
- Likewise, **a regulatory agency** must meet established standards before initiating a regulatory action and/or issuing sanctions. These standards typically include a reasonable basis for initiating the action after engaging in a fact-finding process.

In order for a *customer* dispute to be reported to the CRD, a customer must:

- Allege that their broker engaged in activity that violates certain rules or conduct governing the industry; and
- Claim damages of $5,000 or more as a result of that activity.

(Note: *customer disputes may be more subjective in nature than a criminal or regulatory action*)

Certain customer disputes contained in your BrokerCheck report may no longer be required to be reported by the broker on Form U4.

- Generally, these will be written complaints that were initiated more than two years ago. Once an event is not required to be reported, a broker has no obligation to update the matter.

What you should consider when evaluating the status or disposition of a reported disclosure event:

- **Disclosure events may be *pending*, *on appeal*, or *final*.** *Pending and 'on appeal'* matters reflect allegations that (1) have not been proven or formally adjudicated, or (2) have been adjudicated but are currently being appealed. *Final* matters generally may be *adjudicated*, *settled* or *otherwise resolved*.
  - An ***adjudicated matter*** includes a disposition by (1) a court of law in a criminal or civil matter or (2) an administrative panel in an action brought by a regulator that is contested by the party charged with some alleged wrongdoing.

Possible multiple reporting sources -- please note:

Disclosure event details may be reported by more than one source (i.e., regulator, firm, or broker). When this occurs, all versions of the reported event will appear in the individual's BrokerCheck report. The different versions of the same reported disclosure event are separated by a solid line with the reporting source clearly labeled.

- A ***settled matter*** generally represents a disposition wherein parties involved in a dispute reach an agreement that resolves the matter.

(Note: brokers may choose to settle customer disputes or regulatory matters for business or other reasons)

- Customer disputes also may be ***resolved*** without any payment to the customer or any finding of wrongdoing on the part of the broker.

	Pending	Final	On Appeal
Customer Dispute	0	1	N/A

Disclosure Event Details

When evaluating this information, please keep in mind that a number of items may involve pending actions or allegations that may be contested and have not been resolved or proven. The items may, in the end, be withdrawn or dismissed, or resolved in favor of the individual broker, or concluded through a negotiated settlement for certain business reasons (e.g., to maintain customer relationships or to limit the litigation costs associated with disputing the allegations) with no admission or finding of wrongdoing.

This report provides the information exactly as it was reported to CRD by the broker, previous employing brokerage firm(s), and/or by securities industry regulators. Some of the specific data fields contained in this section of the report may be blank if the information was not provided to CRD.

Customer Dispute - Settled

This section provides details regarding a settled customer dispute as reported by the broker, a previous employing brokerage firm, and/or a securities regulator to CRD. The event may include a consumer-initiated complaint, investment-related arbitration proceeding or civil suit that contains allegations of sale practice violations against the broker and resulted in a monetary settlement to the customer(s).

Disclosure 1 of 1

Reporting Source:

Employing firm when activities occurred which led to the complaint:

Allegations:

Principal Product Type:

Alleged Damages: $

Customer Complaint Information

Date Complaint Received:

Complaint Pending? No

Status: Settled

Status Date:

Settlement Amount:

Individual Contribution Amount: $0.00

Summary:

About this BrokerCheck Report

BrokerCheck reports are part of a FINRA initiative to disclose information about FINRA-registered firms and brokers to help investors determine whether to conduct, or continue to conduct, business with these firms and brokers. The information contained within these reports is collected through the securities industry's registration and licensing process.

Who provides the information in BrokerCheck?
Information made available through FINRA BrokerCheck is derived from the Central Registration Depository (CRD®) as reported on the industry registration and licensing forms brokerage firms and brokers are required to complete.

The forms used by brokerage firms, Forms BD and BDW, are established by the Securities and Exchange Commission (SEC) and adopted by all state securities regulators and self-regulatory organizations (SROs). FINRA and the North American Securities Administrators Association (NASAA) establish the Forms U4 and U5, the forms that collect broker information. Regulators provide information via Form U6, which is used primarily to report certain history about brokerage firms and brokers. These forms are approved by the SEC.

How current is the information contained in BrokerCheck?
Brokerage firms and brokers are required to keep this information accurate and up-to-date (updates typically are required not later than 30 days after the broker/brokerage firm learns of an event). The report data is updated when a firm, broker, or regulator submits new or revised information to CRD. Generally, updated information is available on BrokerCheck Monday through Friday.

What information is NOT disclosed through BrokerCheck?
Information that has not been reported to the CRD system, or that is not required to be reported, is not disclosed through FINRA BrokerCheck. Examples of events that are not required to be reported or are no longer reportable include: judgments and liens originally reported as pending that subsequently have been satisfied and bankruptcy proceedings filed more than 10 years ago. Conversely, certain customer complaint information that is not required to be reported may be disclosed provided certain criteria are met.

Additional information not disclosed through BrokerCheck includes Social Security Numbers, residential history information, and physical description information. On a case-by-case basis, FINRA reserves the right to exclude information that contains confidential customer information, offensive and potentially defamatory language or information that raises significant identity theft or privacy concerns that are not outweighed by investor protection concerns. NASD Interpretive Material 8310-2 describes in detail what information is and is not disclosed through BrokerCheck.

Under FINRA's current public disclosure 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, 01-65, and 04-16 at www.finra.org.

For further information regarding FINRA's BrokerCheck program, please visit FINRA's Web Site at www.finra.org/brokercheck or call the FINRA BrokerCheck Hotline at (800) 289-9999. The hotline is open Monday through Friday from 8 a.m. to 8 p.m., Eastern Time (ET).

For more information about the following, select the associated link:

- About BrokerCheck Reports: http://www.finra.org/brokercheck_reports
- Glossary: http://www.finra.org/brokercheck_glossary
- Questions Frequently Asked about BrokerCheck Reports: http://www.finra.org/brokercheck_faq
- Terms and Conditions: http://brokercheck.finra.org/terms.aspx