

**NASD**  
**Public Disclosure Program**

**An Information Service  
For Investors**



**QUESTIONS—About Your Broker?**  
**ANSWERS—Are Available Inside!**

# NASD Public Disclosure Program

## An Information Service For Investors

**The National Association of Securities Dealers, Inc. (NASD®)** is dedicated to creating a safer environment for the investor in today's complex investment landscape. Toward that end, the Public Disclosure Program (PDP) 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 member firms and brokers with whom they invest.

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## What is the Public Disclosure Program?

Created by the NASD in 1988, the PDP allows you, the investor, to learn about the professional background, business practices, and conduct of NASD member firms or their brokers. To request disclosable information under this program, visit the NASD Regulation Web Site at [www.nasdr.com](http://www.nasdr.com)—or call (800) 289-9999—a toll-free hotline operated by the NASD.

Through our Internet site or hotline, you can request a public report of background information that is disclosable under the PDP. This information is provided by the broker, NASD member firms, and regulators as part of the securities industry's registration and licensing process.

The important investor protection service provided by PDP has been recognized by Congress,<sup>1</sup> the Securities and Exchange Commission, and the North American Securities Administrators Association (NASAA).

<sup>1</sup> In 1990 Congress enacted amendments to the Securities Exchange Act of 1934 to mandate the Public Disclosure Program. See 15 USCS Section 78o-3(i).

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## What information is disclosed through the Public Disclosure Program?

The PDP provides information about NASD members and their brokers, (*i.e.*, persons currently associated with a member and persons who have been associated with a member within the last two years). The PDP provides information that is required to be reported on the Form U-4 (the Uniform Application for Securities Industry Registration and Transfer) and the Form BD (the Uniform Application for Broker/Dealer Registration). Much of the information required to be reported on those forms that is available through the PDP is mentioned on the following pages.

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## For Individual Brokers:

### Administrative Information

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- X current employing firm
- X employment experience for the past 10 years (this includes full- and part-time work, self-employment, military service, unemployment, and full-time education)
- X “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)
- X all approved registrations (provided the individual is currently NASD-registered)

### Disclosure Information

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- X criminal events (all felony charges and convictions, specified investment-related misdemeanor charges and convictions)
- X regulatory actions taken against an individual by the Securities and Exchange Commission (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
- X revocations or suspensions of authorization to act as an attorney, accountant, or federal contractor
- X civil judicial actions (e.g., injunctions entered in connection with investment-related activity)
- X pending civil proceedings that could result in a reportable civil judicial action
- X pending investigations and regulatory proceedings that could result in a regulatory action as described above
- X written consumer-initiated complaints reported within the past 24 months alleging sales practice violations and damages of \$5,000 or more

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## For Individual Brokers:

(continued)

- ✘ written consumer-initiated complaints reported within the past 24 months alleging forgery, theft, misappropriation, or conversion of funds or securities
- ✘ consumer-initiated complaints alleging sales practice violations which are settled for \$10,000 or more
- ✘ consumer-initiated arbitration proceedings and civil litigations 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

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## For NASD Registered Securities Firms:

### Administrative Information

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- ✘ certain administrative information about the firm (e.g., address, legal status, types of business engaged in)
- ✘ all approved registrations (provided the firm is currently NASD registered)

### Disclosure Information

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- ✘ 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

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## For NASD Registered Securities Firms: (continued)

- ✘ civil judicial actions (e.g., injunctions entered in the past 10 years in connection with investment-related activity; findings involving violation 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
- ✘ summary information on arbitration awards rendered in the NASD's arbitration forum that involve securities (or commodities) disputes between member firms and public customers pursuant to NASD Rule 10330(f)

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## 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 U-4 or Form BD is not disclosed through the PDP. Examples of information that is not required to be reported or is 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 consumer-initiated written complaints that are settled for less than \$10,000 or that have not resulted in arbitration claims or civil litigation. Such consumer-initiated written complaints are, however, required to be reported on the Form U-4 and disclosed through the PDP for two years.

Under certain limited circumstances, most often pursuant to a court order, information is expunged from the CRD system. Further information about expungement is available in *NASD Notices to Members 99-09, 99-54, and 01-65*.

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## What's the source of the information?

Before individuals can work in the securities industry, they must successfully complete qualification examinations. As part of the registration process, these candidates answer a number of questions about their background and prior employment (administrative information). They also must answer questions about criminal, regulatory, or judicial actions involving securities matters, consumer-initiated complaints, terminations involving allegations of investment-related violations, and financial information (e.g., unsatisfied judgments and liens) [disclosure information].

This information is filed with the CRD system—the licensing and registration system operated by the NASD and used by the industry, and state, federal, and self-regulators for purposes of registering and regulating securities firms and their brokers. The information provided through the PDP is derived 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 over 670,000 persons actively registered. Over 90 percent of these securities industry professionals have no reportable disclosure information.

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

First, when evaluating the information in the PDP Report, please note that a number of items that qualify for disclosure 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, resolved in favor of the broker, or concluded through a negotiated settlement with no admission or conclusion of wrongdoing.

Also, remember that the information in the PDP Report is not the only resource an investor should consult, and the NASD encourages you to learn as much as possible about brokers and firms from all sources. Ask the broker for references. Ask family members or friends who already have established investment business relationships. Get in touch with local consumer and investor groups. You also may want to contact your state securities regulator.

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## How can I request information about a firm or broker?

Visit our Internet Web Site at [www.nasdr.com](http://www.nasdr.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 broker's, 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.

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## How long will it take to get a response?

Once the firm or individual is identified, the PDP System or NASD will confirm the possibility that reportable disclosure information may exist. If there is disclosable information on the record, it 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.

Internet requesters will receive these PDP Reports via e-mail. Other functionality includes a query system that allows viewers to find the broker or firm online and view their administrative information. Once the individual or firm has been identified, the requester can submit an online request for a PDP Report. In most cases, an e-mail report will be sent out within two business days.

## What's the cost?

PDP Reports are free.

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## Where can I obtain information about Investment Advisers?

The NASD does not have regulatory authority over Investment Advisers (IAs). The NASD regulates the broker/dealer profession, including firms and their associated persons.

Investment Adviser (IA) 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.

You can search the SEC's Investment Adviser Public Disclosure Web Site at <http://adviserinfo.sec.gov> for information about the IA firms it regulates and the 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. For more information, visit the IARD Web Site ([www.iard.com](http://www.iard.com)).

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

**Web Site: [www.nasdr.com](http://www.nasdr.com)**

**Toll-free hotline: (800) 289-9999**

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