

Disclosure Video Series

Disclaimer

FINRA's webinars are the sole property of FINRA and the information provided is for informational and educational purposes only. The content of the webinar does not constitute any FINRA rule or amendment or interpretation to such rules. Compliance with any recommended conduct presented does not mean that a firm or person has complied with the full extent of their obligations under FINRA rules, the rules of any other SRO, or securities laws. Use of this webinar does not create a safe harbor from regulatory responsibility. This webinar is provided "as is". FINRA and its affiliates are not responsible for any human or mechanical errors or omissions. Parties may not reproduce the webinars in any form, nor reference them in any publication, without the express written consent of FINRA.



Disclosure Video Series

Financial Reporting

March 30, 2023

Agenda

- 01 | Disclosure Question 14K
- 02 | 'Bankruptcy/Compromise' DRP
- 03 | Disclosure Question 14M
- 04 | Judgment/Lien DRP
- 05 | Questions & Answers

Disclosure Question 14K

14K. Within the past 10 years:

(1) have you made a compromise with creditors, filed a bankruptcy petition or been the subject of an involuntary bankruptcy petition?

(2) based upon events that occurred while you exercised *control* over it, has an organization made a compromise with creditors, filed a bankruptcy petition or been the subject of an involuntary bankruptcy petition?

(3) based upon events that occurred while you exercised *control* over it, has a broker or dealer been the subject of an involuntary bankruptcy petition, or had a trustee appointed, or had a direct payment procedure initiated under the Securities Investor Protection Act?

Disclosure Question 14K

Key considerations for reportability:

- “The past 10 years” is 10 years preceding any registration period.
- “A compromise with creditors” generally involves an agreement between a RR and a creditor to settle a debt for less than 100% of the balance due.
 - Depending on the terms, a “charge-off” may not be reportable if there is no agreement between parties.
- Submission of a bankruptcy petition (i.e., filing for bankruptcy) - not the bankruptcy declaration - triggers a reporting obligation.

See [Form U4 and U5 Interpretive Questions and Answers](#) for published guidance.

'Bankruptcy/Compromise' DRP



Disclosure Question 14M

14M. Do you have any unsatisfied judgments or liens against you?

Key considerations for reportability:

- A judgment is generally filed in court after a proceeding or default. A lien is often recorded with state or county property or tax records.
- An unsatisfied judgment or lien triggers a reporting obligation.
- A judgment or lien that is unsatisfied at any time during a RR's registration period should be reported.

See [Form U4 and U5 Interpretive Questions and Answers](#) for published guidance.

Judgment/Lien DRP





For questions regarding specific disclosure reporting issues,
call [301-869-6699](tel:301-869-6699), [Option 4](#) for Disclosure Review.