

COMPLIANCE ALERT

2013-02

To: All Securities Licensed Personnel

From: Matthew Oholendt, CCO

RE: LATE Updates to your Form U-4

Date: **Thursday, March 7, 2013**

Last June the Compliance Department sent out “Compliance Alert 2012-02” (see attached) to all Feltl IEs and posted the Alert online. The focus of the Alert was to encourage IEs to report any U4 disclosures within 30 days of the disclosable event. Any item disclosed late would be subject to a fee from FINRA. Again we are reminding brokers to continue to report U4 changes and disclosures within 30 days or face costly fines. Below is a description of the maximum fines you could face by failing to report disclosable events in a timely manner. **Keep in mind that it only takes 59 days to hit the fine maximum.**

F&C is finding that the most overlooked disclosures are Unsatisfied Judgments/Liens and Compromise with Creditors. If you would like more information or a further description of a “Compromise with a Creditor” please see the attached “Form U4/U5 Q&A”.

Late Disclosure Fee Calculations/Assessments

1. How much is the late disclosure fee?

The late disclosure fee is \$100 for the first day a form filing is late and \$25 for each subsequent day, up to a maximum of \$1,575.

2. Is the late disclosure fee assessed in addition to the \$110 disclosure review fee?

Yes. The late disclosure fee is a separate fee and is assessed in addition to the \$110 disclosure review fee.

3. How is the late disclosure fee assessed?

FINRA assesses the late disclosure fee starting on the calendar day following the last date on which the event was required to be reported under FINRA rules. In most cases when a firm submits a late disclosure filing, the CRD system will calculate the late disclosure fee and debit the firm's CRD Daily Account \$100 for the first calendar day and \$25 per calendar day thereafter, up to a maximum charge of \$1,575. In certain cases, the late disclosure fee may be charged manually (for example, a disclosure event that subjects a person to a statutory disqualification must be reported within 10 days rather than 30 days).

4. Which DRP fields will be used to calculate the late disclosure fee?

The following table identifies the specific DRP fields, by DRP type, that will be used to assist in calculating the late disclosure fee:

DRP Type	New or Amended DRP	DRP Field
U4 Criminal DRP	New	Date First Charged
	Amended	Event Status Date
U4 Regulatory Action DRP	New	Date Initiated
	Amended	Resolution Date
U4 Investigation DRP	New	Notice Date
	Amended	Date Resolved
U4 Civil Judicial DRP	New	Filing Date of Court Action
	Amended	Resolution Date
U4 Customer Complaint/Arbitration/Civil Litigation DRP	New	Date Customer Complaint was Received (Customer Complaint) Date Notice/Process was Served (Arbitration) Date Notice Process was Served (Civil Litigation)
	Amended	Status Date (Customer Complaint) Disposition Date (Arbitration) Disposition Date (Civil Litigation)
U4 Termination DRP	New	Termination Date
	Amended	Termination Date
U4 Bankruptcy/SIPC/Compromise with Creditors DRP	New	Action Date
	Amended	Disposition Date
U4 Bond DRP	New	Disposition Date
	Amended	Disposition Date
U4 Judgment/Lien DRP	New	Date Filed or Comment (if date registered person learned of judgment/lien is different than date filed. See Information Notice 8/17/12).
	Amended	Status Date