

Disclosure Video Series

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Disclosure Video Series

Customer Complaints, Arbitrations, and Civil Litigations

March 10, 2022

Agenda

- 01 | FINRA Gateway Demo
- 02 | Customer Complaint Reporting
- 03 | Complaint DRP Demo
- 04 | 4530 Reporting
- 05 | FINRA Contacts

FINRA Gateway Demo



Complaint Disclosure Questions

U4 & U5 Customer Complaint / Arbitration / Civil Litigation – Questions 14I & 7E

- (1): Arbitrations & Civil Litigations – **Named Party**
- (2): Customer Complaint **Settlements**
- (3): Written Customer Complaints
- (4): Arbitrations & Civil Litigation Settlements – **Subject Of**
- (5): Arbitrations & Civil Litigations – **Subject Of**

Complaint Disclosure Reporting Page (DRP)

- **“Event Details” - Items 1-6**
 - All Questions
- **“CUSTOMER COMPLAINT OR ARBITRATION/CFTC REPARATION OR CIVIL LITIGATION IN WHICH YOU ARE NOT NAMED.” - Items 7-11**
 - All Customer Complaints – Disclosure Questions (2) & (3)
 - Arbitrations where the RR is not named but is the subject of allegations – Disclosure Questions (4) & (5)
 - Civil Litigation where the RR is not named but is the subject of allegations – Disclosure Questions (4) & (5)
- **Arbitration/CFTC Reparation In Which You Are Named As A Respondent – Items 12-16**
 - Disclosure Question (1)
- **Civil Litigation In Which You Are Named As A Respondent – Items 17-23**
 - Disclosure Question (1)

Tips and Best Practices

1. Ensure “Allegations” are accurate and reasonably understandable.
2. Enter the most accurate “Alleged Damage Amount” if not specified.
3. Determine if the RR is a Named Respondent or Subject of Allegations.
4. Determine if the RR is alleged to be involved in one or more sales practice violations (SPVs).
 - a. Senior firm personnel, including control persons, are *NOT* exempt from reporting matters in which they are named and alleged to be involved in SPVs.
5. **Complete a single DRP for each unique matter.**
 - a. After Initial disclosure, amend the existing occurrence until the matter is resolved.
6. Avoid reporting sensitive, personal, and/or confidential information.
7. Be mindful of DRP comments; amend/update when necessary.

Resources

Form U4 and Form U5 Instructions

- Important Instruction re: Named Respondents & Subjects of Allegations

Explanations of Terms

- *Investment-related*
- *Involved*
- *Sales Practice Violation*

Form U4 and U5 Interpretive Questions and Answers

- Please do not upload or email this document to Disclosure Review

Expungement of Customer Dispute Information

Any removal (“deleting”) of customer dispute information is governed by FINRA Rule 2080. Please review the “Frequently Asked Questions about FINRA Rule 2080 (Expungement)” page on [FINRA.org](https://www.finra.org) for details.

FINRA Disclosure Review staff do not provide legal guidance on obtaining an expungement of customer dispute information.

Complaint DRP Demo



Customer Complaints – Common Questions



Rule 4530 Reporting – Disclosure Events

FINRA Rule 4530 requires firms to report the events specified in section (a)(1)(A-H), (a)(2) and (b) promptly to FINRA after the member knows or should have known of the existence of the event:

- (a)(1)(A) External Finding
- (a)(1)(B) Customer Complaint involving Certain Allegations
- (a)(1)(C) Named in a Regulatory Proceeding
- (a)(1)(D) Subject to Other Regulatory Actions
- (a)(1)(E) Criminal Actions Involving Felonies and Certain Misdemeanors
- (a)(1)(F) Association with a Financial Entity Subject to Certain Actions
- (a)(1)(G) Civil Litigation; Arbitration Matters; or certain claims for damages (judgments, awards or settlements)
- (a)(1)(H) Statutory Disqualification
- (a)(2) Disciplinary Action Taken by a Firm against an Associated Person
- (b) – Internal Conclusion

Rule 4530 Reporting – Disclosure Events

How to Report Disclosure Events - Rule 4530 (a, b)

- Firms must submit the specified events electronically via the FINRA Gateway;
- Filings for these events received more than 30 calendar days will appear as late on the firm's [4530 Disclosure Timeliness Report Card](#).

Filers must provide the following information to submit a disclosure event report:

- Contact Name & Phone Number
- Event ([Rule 4530 Disclosure Event Codes](#))
- Allegation Activity Period
- Discovery Date
- "Related To" box must be checked
- Details of Disclosure Event

FINRA Rule 4530(e) provides an exception for specified events reported as part of the Form U4.

- See [Regulatory Notice 13-08](#) and [CRD Frequently Asked Questions](#).

Rule 4530 Reporting – Customer Complaints

FINRA Rule 4530(d)

- Requires firms to report quarterly statistical and summary information regarding written customer complaints.
- The information is due quarterly by the 15th calendar day from the end of the quarter. If the 15th falls on a weekend or holiday, the report is due the next business day following the 15th.
- Firms can submit customer complaints electronically via the FINRA Gateway where they can draft, delete drafts, submit filings, and amend filings for 30 days after submission.
- The complaints are part of the firm's Risk Monitoring Report Cards.

Rule 4530 Reporting – Customer Complaints

How to Report Complaints - Rule 4530(d)

- Firms can submit customer complaints electronically via the FINRA Gateway where they can draft, delete drafts, submit filings, and amend filings for 30 days after submission.
- Filers must provide the following information to submit a complaint report:
 - Contact Name
 - Contact Phone Number
 - Product Code and Problem Code
 - Complaint Date
 - Allegation Activity Period
 - Branch ID
 - Related Rep ID, Affiliate Name or Subject Name as relevant
 - Customer Last Name
 - Disputed Amount / Disputed Amount Indicator
 - Security Symbol

Rule 4530(f) Criminal & Civil matters & Non-FINRA Arb's

Rule 4530(f) requires firms to promptly file with FINRA copies of the following:

- specified criminal actions,
- civil complaints and
- arbitration claims filed in forums other than FINRA Dispute Resolution.

FINRA Rule 4530(g) gives firms the option of filing the documents required under Rule 4530(f) online via the FINRA Gateway. Firms must provide the following information at a minimum:

- Contact Name
- Contact Phone Number
- Complainant/Plaintiff Information
- Respondent/Defendant Information
- Matter Information
- Litigation Filing Date
- Alleged Compensatory Damages
- Litigation Documents in one of the following file formats: pdf, .doc (Word 2003), .docx (Word 2007), .xps (document print format), .gif, .jpg, and .jpeg

FINRA Contacts



For questions regarding specific Form U4/U5 disclosure reporting issues,
call **301-869-6699, Option 4** for Disclosure Review

For technical questions, concerns or entitlement issues regarding 4530 Reporting,
call **800-321-6273** for the Help Desk