

# Disclosure Video Series

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# Disclosure Video Series

Financial Reporting

March 30, 2023

# Agenda

- 01 | Disclosure Question 14K
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- 03 | Disclosure Question 14M
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- 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.