

DEFINITIONS

CHARGED means being accused of a crime in a formal complaint, information, or indictment (or equivalent formal charge).

CONTROL means the power to direct or cause the direction of the management or policies of a company, whether through ownership of securities, by contract, or otherwise. Any individual *firm* that is a director, partner or officer exercising executive responsibility (or having similar status or functions) or that directly or indirectly has the right to vote 25 percent or more of the voting securities or is entitled to 25 percent or more of the profits is presumed to control that company.

ENJOINED includes being subject to a mandatory injunction, prohibitory injunction, preliminary injunction or a temporary restraining order.

FELONY, for *jurisdictions* that do not differentiate between felony or misdemeanor, is an offense punishable by a sentence of at least one year imprisonment and/or a fine of at least \$1,000. The term also includes a general court martial.

FINAL ORDER means a written directive or declaratory statement issued by a federal or state agency described in §230.506(d)(1)(iii) of Regulation D under applicable statutory authority that provides for notice and an opportunity for hearing, which constitutes a final disposition or action by that federal or state agency.

FINANCIAL SERVICES INDUSTRY means the commodities, securities, accounting, banking, finance, insurance, law or real estate industries.

FIRM means a broker-dealer, investment adviser or issuer, as appropriate.

FOREIGN FINANCIAL REGULATORY AUTHORITY includes a foreign securities authority; any other governmental body or foreign equivalent of a *self-regulatory organization* empowered by a foreign government to administer or enforce its laws relating to the regulation of *investment-related* activities; or a membership organization, a function of which is to regulate the participation of its members in *investment-related* activities listed above.

FOUND includes adverse final actions or determinations, including consent decrees in which the respondent has neither admitted nor denied the findings or settlement or record purposes only, but does not include agreements, deficiency letters, examination reports, memoranda of understanding, letters of caution, admonishments and similar informal resolutions of matters.

INVESTIGATION includes: (a) grand jury investigations; (b) U.S. Securities and Exchange Commission investigation after the “Wells” notice has been given; (c) FINRA investigations after the “Wells” notice has been given or after a person associated with a member, as defined in FINRA Bylaws, has been advised by the staff that it intends to recommend formal disciplinary action; (d) formal investigations by other *SROs*; or (e) actions or procedures designated as investigations by *jurisdictions*. The term *investigation* does not include subpoenas, preliminary or routine regulatory inquiries or requests for information, deficiency letters, “blue sheet” requests or other trading questionnaires or examinations.

INVESTMENT-RELATED pertains to securities, commodities, banking, insurance or real estate (including, but not limited to, acting as or being associated with a broker, dealer, issuer, investment company, investment adviser, municipal securities dealer, government securities broker or dealer, futures sponsor, bank, underwriter, paid solicitor or savings association).

INVESTMENT-RELATED STATUTE means the Commodity Exchange Act, the Securities Act of 1933, the Securities Exchange Act of 1934, the Public Utility Holding Company Act of 1935, the Trust Indenture Act of 1939, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Securities Investors Protection Act of 1970, the Foreign Corrupt Practices Act of 1977, Chapter 96 of Title 18 of the United States Code, any similar statute of any state or foreign jurisdiction.

INVOLVED means engaging in an act or omission or aiding, abetting, counseling, commanding, inducing, conspiring with or failing reasonably to supervise another in doing an act or omission.

JURISDICTION means a state, the District of Columbia, the Commonwealth of Puerto Rico, or any subdivision or regulatory body thereof.

MINOR RULE VIOLATION is a violation of a *self-regulatory organization* rule that has been designated as “minor” pursuant to a plan approved by the U.S. Securities and Exchange Commission. A rule violation **may** be designated as “minor” under a plan if the sanction imposed consists of a fine of \$2,500 or less, and if the sanctioned person does not contest the fine. Check with the appropriate *self-regulatory organization* to determine if a particular rule violation has been designated “minor” for these purposes.

ORDER means a written directive issued pursuant to statutory authority and procedures, including an order of denial, exemption, suspension or revocation but does not include special stipulations, undertakings or agreements relating to payments, limitations on activity or other restrictions unless they are included in an order.

PRINCIPAL means: (A) an individual who is: (i) a sole proprietor of a sole proprietorship; (ii) a general partner of a partnership; (iii) a director, president, chief executive officer, chief operating officer or chief financial officer of a corporation, limited liability company or limited partnership; (iv) in charge of a business unit, division or function of a corporation, limited liability company or limited partnership if the unit, division or function is subject to regulation by the CFTC; (v) a manager, managing member or a member vested with the management authority for a limited liability company or limited partnership; (vi) a chief compliance officer; (vii) an individual who directly or indirectly, through agreement, holding companies,

nominees, trusts or otherwise: (1) is the owner of 10% or more of the outstanding shares of any class of such entity's stock; (2) is entitled to vote 10% or more of any class of such entity's voting securities; (3) has the power to sell or direct the sale of 10% or more of any class of such entity's voting securities; (4) has contributed 10% or more of such entity's capital; (5) is entitled to receive 10% or more of such entity's net profits; or (6) has the power to exercise a controlling influence over a registrant's activities that are subject to regulation by the CFTC; or (B) an entity that: (i) is a general partner of a registrant; (ii) is the direct owner of 10% or more of any class of a registrant's securities; or (iii) has directly contributed 10% or more of a registrant's capital unless such capital contribution consists of subordinated debt contributed by: (1) an unaffiliated bank insured by the Federal Deposit Insurance Corporation; (2) a United States branch or agency of an unaffiliated foreign bank that is licensed under the laws of the United States and regulated, supervised and examined by United States government authorities having regulatory responsibility for such financial institutions; or (3) an insurance company subject to regulation by any State.

PROCEEDING includes a formal administrative or civil action initiated by a governmental agency, *self-regulatory organization* or *foreign financial regulatory authority*, a *felony* criminal indictment or information (or equivalent formal charge) or a *misdemeanor* criminal information (or equivalent formal charge), but does not include an arrest or similar charge effected in the absence of a formal criminal indictment or information (or equivalent formal charge).

RESIGN or **RESIGNED** relates to separation from employment with any employer, is **not** restricted to *investment-related* employment, and includes any termination in which the allegations are a proximate cause of the separation, even if you initiated the separation.

SALES PRACTICE VIOLATIONS shall include any conduct directed at or involving a customer which would constitute a violation of: any rules for which a person could be disciplined by any *self-regulatory organization*; any provision of the Securities Exchange Act of 1934; or any state statute prohibiting fraudulent conduct in connection with the offer, sale or purchase of a security or in connection with the rendering of investment advice.

SELF-REGULATORY ORGANIZATION ("SRO") means any national securities or commodities exchange, any national securities association (e.g., FINRA), any registered clearing agency, or any other private, non-governmental organization authorized to set and enforce standards of conduct for any industry.

