

Overview of Financial Data

MACRS

Tom O'Donnell

Compliance Officer

Public Employee Retirement Administration Commission



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Overview of Sources of Publicly-Available Data (1)

- There is no single source of registration information regarding U.S. broker-dealers, investment advisers, and their associated persons. This reflects the fact that broker-dealers and investment advisers are regulated under two different regulatory regimes, with oversight shared among federal and state securities regulators and FINRA.

Overview of Sources of Publicly-Available Data (2)

- The IAPD database is comprised of information concerning all SEC-registered investment advisers, as well as most advisers that have registered or applied for registration with state regulators since 2001. IAPD provides online access to records for SEC and state-registered advisers, and was expanded in mid-2010 to include records for registered investment adviser representatives.

Overview of Sources of Publicly-Available Data (3)

- BrokerCheck is the online application, developed by FINRA, through which the public may obtain information regarding current and former FINRA member firms, and current and former associated persons of FINRA member firms.
- The Central Registration Depository (CRD[®]) is the securities industry online registration and licensing database developed by FINRA in consultation with the states. Information in CRD is obtained through forms that broker-dealers, registered representatives, and regulators complete as part of the securities industry registration and licensing process.

Overview of Sources of Publicly-Available Data (4)

- FINRA established BrokerCheck in 1988 to provide the public with information on the professional background, business practices, and conduct of FINRA-member firms and their associated persons. The information that FINRA releases to the public through BrokerCheck is derived from the Central Registration Depository (“CRD[®]”), the securities industry online registration and licensing database.

Overview of Sources of Publicly-Available Data (5)

- In 2009, the SEC approved FINRA's amendment to Rule 8312 to make available permanently in BrokerCheck information about former registered representatives who were the subject of a final regulatory action, such as an action brought by a federal, state, or foreign financial regulatory authority, or an SRO.

Overview of Sources of Publicly-Available Data (6)

- IAPD, which is owned by the SEC and operated by FINRA, is the repository of registration and disciplinary information about investment advisers and investment adviser representatives. Electronic public access to the information filed through IARD is available on the IAPD Web site. FINRA operates IARD and IAPD under contract with the Commission.

Overview of Sources of Publicly-Available Data (7)

- Fewer than 20% of registered broker-dealers were also registered as an investment adviser in 2010, and approximately 5% of SEC-registered advisory firms were registered as broker-dealers.
- Of the approximately 611 firms dually registered with the SEC generally constitute very large firms in terms of assets and number of employees.
- Of the approximately 275,675 investment adviser representatives identified in IAPD in October 2010, approximately 87.5% were registered as both investment adviser representatives and registered representatives, either for the same firm or multiple firms.

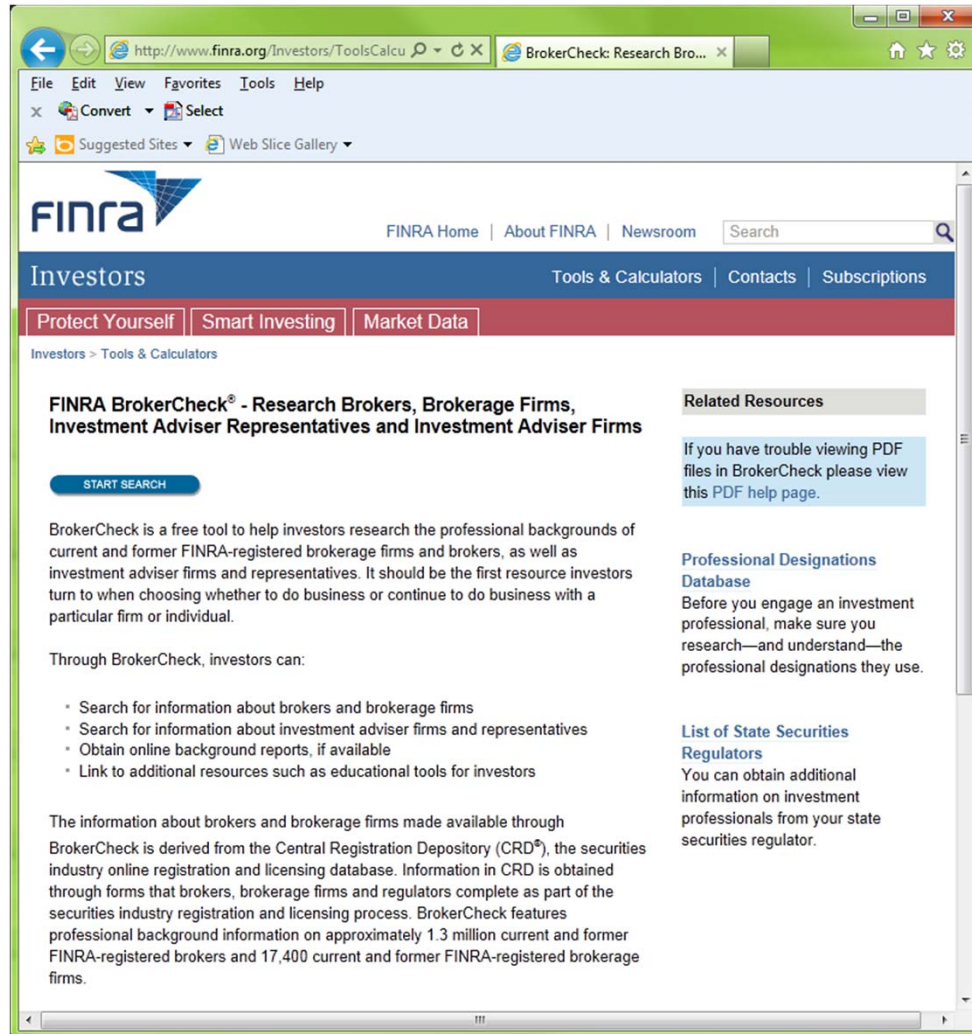
Overview of Sources of Publicly-Available Data (8)

- The SEC regulates large advisory firms exclusively, while smaller advisory firms are overseen by the states in which they do business.
- The dividing line between larger and smaller advisory firms is based on the amount of assets managed by the investment adviser and currently stands at \$25 million.
- Beginning July 21, 2011, investment advisers with assets under management (“AUM”) of over \$100 million must register with the Commission, while investment advisers with less than \$100 million in AUM register only with the states.

Overview of Sources of Publicly-Available Data (9)

- The current disclosure system comprises two distinct registration databases, requiring investors to know which database to search: BrokerCheck or IAPD
- For investors who do not know whether their financial services provider is registered as a broker-dealer or an investment adviser, knowing where to conduct a background search may be problematic.

Financial Industry Regulatory Authority (FINRA)



[http://www.finra.org/Investors/
ToolsCalculators/BrokerCheck/](http://www.finra.org/Investors/ToolsCalculators/BrokerCheck/)