



Internal Control Questionnaire for FINRA Registered Representatives

Please answer the following questions. If a question does not apply, please mark N/A next to each question.

Application is hereby made by _____

Principal Address _____ City _____ State _____ Zip _____

Policy Effective Period _____ to _____

Limit of Insurance _____ Deductible _____

I. Audit Procedures

Yes No

- | | | |
|---|--------------------------|--------------------------|
| 1. Is your firm audited annually by a Certified Public Accountant? (<i>*Please provide the name of the firm</i>) | <input type="checkbox"/> | <input type="checkbox"/> |
| _____ | | |
| If yes , does the outside auditor review the effectiveness of your Internal Control Procedures? | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Is a report of the outside audit rendered to the Board of Directors and/or Principal of your firm for their review? | <input type="checkbox"/> | <input type="checkbox"/> |
| _____ | | |
| 3. Does your firm conduct an internal audit at least annually? | <input type="checkbox"/> | <input type="checkbox"/> |
| If yes , does the internal audit include a review of the business activity of all departments, employees and registered representatives with a report to management? | <input type="checkbox"/> | <input type="checkbox"/> |

II. Internal Controls

Yes No

- | | | |
|--|--------------------------|--------------------------|
| 1. Are bank accounts reconciled monthly? | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Is the person that reconciles bank statements prohibited from making deposits and withdrawals? | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Are all checks countersigned? | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Are all checks made payable to the firm or a mutual fund being purchased and never in the name of an employee or a registered representative? | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. Are customers reminded in writing to send all checks to a central location and never to a registered representative? | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. Are customers mailed confirmations of all business activity/trades within 48 hours of completion? | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. Are customer and/or shareholder statements mailed at least quarterly? | <input type="checkbox"/> | <input type="checkbox"/> |
| 8. Do customer and shareholder statements provide specific instructions as to whom to contact to report an error or make a complaint? | <input type="checkbox"/> | <input type="checkbox"/> |

III. Supervision

Yes No

- | | | |
|---|--------------------------|--------------------------|
| 1. Are all employees and registered representatives screened for prior acts of dishonesty or a violation of Securities Laws prior to employment? | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Does the review of prospective registered representatives include an examination of all U-4 documents? | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. How often are compliance reviews conducted over registered representatives to see that securities violations do not occur and that there is an adherence to your designated internal control procedures? _____ | | |

III. Supervision Continued

Yes No

4.	Is your firm self-clearing or fully disclosed clearing through an investment bank or stockbrokerage firm? If you are a fully disclosed firm, whom do you clear your trades through? _____	<input type="checkbox"/>	<input type="checkbox"/>
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5. Who has the authority to clear trades on behalf of your firm (**Please describe your segregation of duties and limits)?

***Add an additional sheet if necessary.*

The Insured represents that the information furnished in this questionnaire is complete, true and correct. Any misrepresentation, omission, concealment or incorrect statement of a material fact, in this questionnaire or otherwise, shall be grounds for the rescission of any Financial Institution Bond or Policy issued in reliance upon such information.

Dated at _____ this _____ day of _____, 20 _____

By _____

(Insured)

(Name and Title)