

## Instructions for Sellers

Thank you for choosing Broker Dealer Market as a partner in helping you achieve your goal. Selling a BD can be a time consuming and stressful process, particularly the first time. Broker Dealer Market has put together this package to help. In it, you will find the Check List, profiles and a detailed description of the selling process instructions. Please Note, Broker Dealer Market Inc. is a finder service and as such, we have no dealings in the due diligence or the 1017 package.

Please begin by filling out a profile form (Producing or Shell) and faxing it back to us. This form will allow us to evaluate your broker dealer and come up with a realistic price. Once we have determined the appropriate fair market value for your broker dealer, we will call you to discuss it. Once you have filled out the profile, please read the "procedures". These pages will tell you what to expect, and being so informed, you will have fewer surprises.

Should you have any questions, please do not hesitate to call. BDM will go the extra mile to meet your needs. Over the last 21 years, Broker Dealer Market has assisted thousands of people, and facilitated thousands of transactions. Our proprietary methods, when applied correctly, normally lead to a smooth, efficient transaction with minimal stress. We look forward to being of assistance and helping you achieve your goals.

Welcome to Broker Dealer Market Inc.

Sincerely Yours,  
 Mark Harris  
 Managing Director  
 Broker Dealer Market Inc.

### Table of Contents

|                               |
|-------------------------------|
| Introduction Page - Pg.1      |
| <b>Sell in 31 days</b> - Pg.2 |
| Sellers Check List - Pg.5     |
| Sellers Procedures - Pg.7     |
| Due Diligence Package - Pg.11 |
| Producing Profile - Pg.12     |
| Shell profile - Pg.14         |

PROSPECTIVE BUYERS, SELLERS AND AFFILIATED PERSONS THEREOF (COLLECTIVELY THE "PARTIES") SHALL NOT CONSTRUE THE CONTENTS HEREIN AS LEGAL ADVICE OR ANY OTHER KIND OF ADVICE. EACH PARTY SHOULD CONSULT ITS OWN LEGAL COUNSEL AND BUSINESS ADVISOR AS TO ALL OF THE MATTERS RECITED HEREIN. PRIOR TO THE CONSUMMATION OF ANY TRANSACTIONS, IN WHOLE OR IN PART, CONCERNING THE PURCHASE AND SALE OF BROKER DEALER'S, THE PARTIES WILL EACH BE REQUIRED TO REPRESENT THAT THEY HAVE SOLELY RELIED UPON THEIR OWN INDEPENDENT INVESTIGATION AND THEIR OWN INDEPENDENT LEGAL COUNSEL AND BUSINESS ADVISORS AND NOT ON ANY INFORMATION OR REPRESENTATIONS MADE HEREIN OR OTHERWISE BY BROKER DEALER MARKET INC.

## **Sell Your BD in 31 Days**

### **Change of Ownership or Control**

FINRA does not require prior approval of changes of ownership or control. The 30 day advance notice requirement specified in FINRA Rule 1017(c) is a method of giving the staff prior notice that the change will occur and permits the staff to analyze the change of ownership and render a decision based on the standards of FINRA Rule 1014. A member firm may effect the change before the decision is issued, but the District Office may impose interim restrictions on the member firm that would remain in effect until the application is decided. In the event of a denial or lapse, new owners (if the transaction has been consummated) may not conduct business.

What does this mean for you? This is great news and it comes direct from FINRA. A Seller of a broker dealer must have a clean record, no outstanding arbitrations or anything else that FINRA would look at and question. The Buyer of a broker dealer must know that there is nothing past or present that would cause FINRA to deny him from being approved at the CMI (Continuing Membership Interview). He must have a clean record, quality business plan and all pertinent licenses (7, 24, etc.) in place to conduct business. If the above items have been met, the broker dealer can be purchased on the 31<sup>st</sup> day following the receipt of the seller's letter of his intentions to sell his broker dealer. Does this apply to anyone purchasing a broker dealer? You must understand that this is not for everyone. A few things to consider are experience, licenses and net capital. FINRA requires you to have a minimum of two years supervisory experience. You cannot simply go out acquire your 24 license and expect to run a broker dealer. If the broker dealer you are considering buying is licensed to conduct business for a license that you do not have, you will most likely have restrictions placed on you. Net capital needs no explanation.

There are two things to remember. The first is, the seller MUST send his letter to FINRA of his intentions to sell his broker dealer and include in the letter the buyers information; Name, address, phone number, etc. The letter must be in the sellers FINRA district office a minimum of 30 days before any final closing can take place. The second is, the buyer needs to begin working on his 1017 package right away. The 1017 package is an extremely lengthy, tedious and important process. If not done correctly, this could slow down the entire approval process or stop it all together. Below are a few questions and answers to help clear up any questions you may have.

## FAQ's

1. **Question:** We have read and re-read the above paragraph. Is this the gospel of how a transaction can be completed?
  - **Answer:** Yes, this has been very carefully worded to avoid confusion.
2. **Question:** If a member firm is buying a member firm and both are in good standings with FINRA, can the transaction be completed after the 30 day notification period?
  - **Answer:** Yes, the transaction can be completed, pending review and approval. A restriction may be placed on the new owner if they do not have all of the necessary licenses with two years or more experience in each required principal, necessary net capital and a full business plan and an approved written compliance manual.
3. **Question:** Can the new owner conduct business upon completion of the transaction?
  - **Answer:** Yes, if all licenses are in place. I would suggest that the business conducted by both firms be done separately until final approval.
4. **Question:** If both Seller and Buyer have clean records with FINRA and they meet restriction and net capital requirements, is there any reason why the entire transaction cannot be completed following the 30-day period?
  - **Answer:** FINRA must review each change of ownership for all of the reasons discussed. If FINRA finds no problems - Yes it could be completed after the 30 day period. The main thing is to have all required documentation submitted in a timely fashion.
5. **Question:** What, if a Registered Rep wants to buy a Broker Dealer?
  - **Answer:** If the RR or a member of his group has the necessary licenses with two years experience and meets all of the criteria we have discussed, the transaction will be approved. However, it may take more time to receive an approval for an RR than it would for a member firm to a member firm. Again having the required documentation submitted in a timely fashion is the key.
6. **Question:** If the buyer is from outside the industry or as in question number 5 is a Registered Rep and wants to purchase an existing BD, can that individual take control of the BD after the 30-day period?
  - **Answer:** Yes, this individual can complete the purchase, but will be subject to full background checks, including the Patriot Act as well as all of the requirements we have discussed. Although a RR (series 7) can own a broker dealer, a RR (series 7) cannot run a broker dealer. One of two things must be in place for the broker dealer to operate:
    - a. The RR (series 7) must purchase a broker dealer where the present 24 license will stay on and run the broker dealer until the RR (series 7) acquires his own 24 license and the required minimum 2 years

experience or,

- b. The RR (series 7) must hire a 24 license with at least two years experience until the RR (series 7) can gain his 24 license and two years experience.

7. **Question:** We have discussed an outright 100% purchase, but what about a 20% - 80% purchase. If a full purchase can be completed what are the advantages of buying 20% and completing the other 80% at a later date?

- **Answer:** We see numerous 20% - 80% proposals. Since the purchase agreement states or should state the terms, we view that as a 100% transaction. It usually indicates that the purchaser does not have the full capitalization, licenses or their full plan in place and there is an urgency to continue existing business without interruption. This creates two transactions that may delay final approval. Once again, if your buyer and seller are members in good standing or the buyer has qualified principals and all of the other things we have discussed the new owner can take control subject to final approval which will be forthcoming unless we find a problem.

8. **Question:** What is one of the main reasons for a slow down in the approval process?

- **Answer:** As we have stated, be sure the entire package is complete before submitting it to your FINRA district office. Most delays are caused by having to go back to the BD or purchaser for items that were incorrect or missing. Make sure your documentation is correct, it is better to have a delay prior to submitting rather than having FINRA find a discrepancy, omission or background problem. This raises a red flag.

# BROKER DEALER MARKET INC.

2180 Satellite Boulevard, Ste 400-25

Duluth, GA 30097

Website: [www.bdmarket.com](http://www.bdmarket.com)

Tel: 678-835-9002 • Fax: 678-815-1524

## Sellers Check List

Please check the box's as you proceed through the process.

### 1. The Buyer.

- Broker Dealer Market (BDM) will get you in touch with prospective buyer (buyer).
- Help BDM Sell your BD by having a positive approach to the buyer.

### 2. Early Discussions

- Do your own personal verbal due diligence with buyer, whether by phone or in person, to make sure he/she is a fit for you and you feel comfortable with the buyer.
- Answer questions honestly. If you try to hide something or make your BD appear more than it is, it will come out when the buyer gets the due diligence package or checks out your CRD report.

### 3. Due diligence package.

- Once the buyer has placed a good faith deposit into BDM's escrow account, you will need to send him your due diligence package.
- \*\* DO NOT send out the due diligence package until BDM tells you the deposit is in. \*\*
- **\*\* DO NOT SEND ORIGINALS\*\*** You should make two copies of your due diligence package. A copy of what you should include are in the sellers instructions on our website under "client area" then "sellers instructions". If you don't have internet access, the instructions can be faxed to you by request
- You will have discussions with the buyer concerning any questions the buyer may have about the due diligence package.

### 4 Agree on terms of purchase.

- At this point, the buyer has done his due diligence and is ready to go ahead with purchase.
- All parties concerned must be involved in working out the details of the purchase. Keep in mind that if you are staying on and continuing to run the BD you should be compensated under a separate Management Agreement.
- Be realistic in your goals. Do not sink your own ship by asking for something that is not reasonable. This has been done before, and is offensive to the potential buyer and could result in intense arguments, which will go nowhere quick.

## 5. Notice to FINRA

- Now that you are serious about the sale, you must send a letter to your FINRA district announcing your 30 day notice of your intention to sell your BD.
  - FINRA must have this letter at least 30 days before any final closing can take place.
- You must include the buyers name, address, phone, etc. This lets FINRA know who the buyer is and your FINRA district will forward the info to the buyer's district that will then send the buyer the information needed for the 1017 Package.
- You should also thank your FINRA district for all they have done for you over the years.
- A sample copy of a typical letter can be found on our website under "Client Area" then "Sellers Instructions". DO NOT copy this letter verbatim. You must create your own letter with your own content.

## 6 Purchase Agreement

- Once the purchase details have been agreed upon, you will need to draw up a purchase agreement.
- BDM will be happy to supply you with a "Plain Vanilla" purchase agreement. Simply let us know whether you need a 100% or 20% - 80% agreement.
- BDM will also supply you with a "Plain Vanilla" management agreement if needed.
- Of course if you have your own attorney, he may provide them to you as well.

### IMPORTANT

- Although BDM is more than happy to send you these documents, we can only send them to you if we are informed by you or the buyer that you need them.
- BDM advises that if you use an attorney that it be a Securities Attorney or someone who is extremely familiar with the rules of FINRA.
- Before ANY purchase agreement is sent to FINRA, it must be sent to Mark Harris to review for items that may cause a flag and slow down the process.

## 7. Closing

- Before a closing can occur all of the companies stock as well as all of the purchase funds must be put into the escrow account.
- If it is a 20/80 purchase, the buyer and seller must inform Mark Harris (954) 565-2465 to release 20% of the net price agreed to on the agency agreement contract to Seller and 20% of Stock (Stock powers) to the buyer. BDM receives it's commission at the first closing, whether a 20% - 80% or a 100 % purchase.
  - Same applies when you are ready to close the remaining 80%.
- If it is a 100% purchase, the buyer and seller must inform Mark Harris (954) 565-2465 to release 100% of funds to Seller and 100% of Stock to the buyer.

### Special Notes:

- Before a 100% or the remaining 80% closings, you must have already sent the letter to FINRA as referenced in #5 above.
- BDM receives it's commission at the first closing, whether a 20% - 80% or a 100 % purchase.

## **BROKER DEALER MARKET INC.**

2180 Satellite Boulevard, Ste 400-25

Duluth, GA 30097

Website: [www.bdmarket.com](http://www.bdmarket.com)

Tel: 678-835-9002 • Fax: 678-815-1524

### **PROCEDURES FOR SELLERS OF A SHELL OR PRODUCING BROKER DEALER**

#### **IMPORTANT NOTICE TO SELLERS**

1. SELLERS OF **PRODUCING** BROKER DEALERS ARE OFFERED A NET SALES PRICE AGREED TO BY CONTRACT ON THE AGENCY AGREEMENT.
  - a. BROKER DEALER COMMISSION IS BASED ON A PERCENTAGE OF THE CLOSING PRICE.
  - b. THE ORIGINAL ASKING PRICE CAN ONLY BE CHANGED BY AN OFFER SUBMITTED TO BROKER DEALER MARKET INC. AND ACCEPTED BY BROKER DEALER MARKET AND THE SELLER.
  - c. SELLERS OF PRODUCING BROKER DEALERS SHOULD FILL OUT THE TWO-PAGE PRODUCING PROFILE.
  
2. SELLERS OF **NON-PRODUCING** BROKER DEALERS (SHELLS) ARE OFFERED A NET SALES PRICE AGREED TO BY CONTRACT ON THE AGENCY AGREEMENT.
  - a. THIS PRICE IS ***NOT NEGOTIABLE***. NO COMMISSION IS CHARGED TO SELLER ON THE AGREED UPON PRICE.
  - b. THE BUYER MUST PAY THE LISTED PRICE. ONCE AGAIN, THE LISTED PRICE IS FIRM AND NOT NEGOTIABLE.
  - c. SELLERS OF NON-PRODUCING BROKER DEALERS SHOULD FILL OUT THE ONE PAGE SHELL BROKER DEALERS PROFILE.
  
3. OUR ATTORNEYS HAVE CONSTRUCTED OUR AGREEMENTS AND THEY ARE LEGAL AND BINDING. ANY BROKER DEALERS THAT ATTEMPTS ANY CIRCUMVENTION (EITHER BUYER OR SELLER) WILL HAVE A LIEN FILED AGAINST THE BROKER DEALERS, WHICH WOULD FREEZE THE TRANSACTION.
  
4. **PLEASE NOTE:** THE BROKER DEALER MUST BE IN COMPLIANCE AND HAVE ALL FEES PAID UP TO DATE AND MUST BE ACTIVATED. (A FEW SALES WILL SUFFICE.)
  
5. AS SOON AS YOU HAVE FILLED OUT THE PROFILE AND AGENCY AGREEMENT, FAX THEM HERE AT (954) 323-0743. DIG OUT YOUR RESTRICTION LETTER FROM FINRA. (WHAT FINRA HAS GIVEN YOU AUTHORIZATION TO DO) AND FAX PROMPTLY. WE WILL START CALLING BUYERS.
  
6. IF YOU ARE SELLING A SHELL BROKER DEALER, WE WILL AGREE TO PAY YOU A BASE PRICE UPON THE COMPLETION OF THE SALE. THE SELLER MUST TAKE OUT THE NET CAPITAL AND OTHER ASSETS AND PASS ON RECORDKEEPING RESPONSIBILITIES TO THE BUYER AFTER CLOSING.
  - a. **NOTE WELL!!** NEVER REMOVE NET CAPITAL UNTIL BUYER HAS HIS NET CAPITAL ACCOUNT OPEN AND THE APPROPRIATE CAPITAL IN PLACE (2 OR 3 DAYS) AFTER CLOSING.
  - b. THE PRINCIPAL AND FINANCIAL PRINCIPAL WILL STAY ON UNTIL AFTER THE CHANGE IN MEMBERSHIP INTERVIEW (C.M.I.).
  - c. FEES MAY BE PAID TO SELLER BY BUYER.

7. IF YOU ARE SELLING A "PRODUCING" BROKER DEALER, IT MAY BE EASIER TO HAVE A SEPARATE "*CASH FOR CASH*" CHECK DRAWN UP ON CLOSING FOR NET CAPITAL, DEPOSITS, COMMISSIONS DUE AND OTHER CASH ASSETS.
8. WHEN THE BUYER CALLS TO GET DETAILS ON THE FIRM, GIVE HIM/HER HONEST ANSWERS AND THE ANSWERS HE/SHE REQUESTS.
  - a. **NEVER, NEVER**, TALK PRICE. THEY HAVE AGREED ON THE CONFIDENTIALITY THAT THEY WOULD MAKE THE OFFER THROUGH US AND WE WILL PRESENT AND EVALUATE IT WITH YOU.
  - b. SELLERS WHO TRY TO NEGOTIATE HAVE GIVEN UP AS MUCH AS \$100K ON A FIRM THAT WE HAD BUYERS WILLING TO PAY THE 300K LISTING PRICE. NEVER TALK PRICE WITH A SMOOTH BUYER, OR ANY BUYER.
9. PREPARE YOUR DUE DILIGENCE PACKAGE (SEE LIST).
  - a. MAKE AT LEAST TWO COPIES AND HAVE READY TO SEND VIA FED-EX.
  - b. **NEVER MAIL ORIGINALS**, ONLY SEND COPIES.
  - c. IT IS OK TO SEND OUT COPIES OF YOUR RESTRICTION LETTER, A FOCUS REPORT AND AUDITED FINANCIALS, SINCE THEY ARE ALL PUBLIC KNOWLEDGE.
10. ONLY SEND OUT A DUE DILIGENCE PACKAGE WHEN WE CALL YOU AND TELL YOU THAT THE POTENTIAL BUYER HAS MADE A DEPOSIT INTO AN ESCROW ACCOUNT.
  - a. REMEMBER THAT FOR EVERY REAL BUYER, THERE ARE FIVE CURIOSITY SEEKERS AND "TIRE KICKERS." YOU DO NOT WANT TO PLACE YOUR INFORMATION INTO THE WRONG HANDS. ONLY SERIOUS BUYERS WILL MAKE A DEPOSIT.
11. SEND A LETTER TO YOUR FINRA DISTRICT AFTER WE NOTIFY YOU THAT WE HAVE A SERIOUS BUYER WITH A DEPOSIT IN ESCROW.
  - a. THE LETTER MUST BE IN YOUR FINRA DISTRICT OFFICE AT LEAST 30 DAYS PRIOR TO THE CLOSING.
  - b. THE BUYER MAY REQUEST THAT YOU HOLD UP THAT LETTER OF NOTIFICATION FOR A WEEK OR TWO UNTIL THEY HAVE THEIR AMENDMENT PACKAGE PREPARED.
  - c. IF YOU ARE SELLING A PRODUCING BROKER DEALER, AND IF MANAGEMENT IS STAYING WITH THE NEW OWNER, YOU SHOULD STATE THIS IN THE LETTER.
  - d. YOUR LETTER SHOULD BE BRIEF AND TO THE POINT AND PREFERABLY, SENT TO AN EXAMINER YOU KNOW, FOR PLACEMENT IN YOUR FILE. THE LETTER SHOULD LOOK SOMETHING LIKE THE FOLLOWING, BUT PLEASE **DO NOT** MAKE IT EXACTLY LIKE THE ILLUSTRATION:

DEAR: \_\_\_\_\_,

ACCORDING TO INSTRUCTIONS ON MY RESTRICTION LETTER, I (WE) AM (ARE) NOTIFYING YOU THAT I (WE) AM (ARE) ENGAGED IN DISCUSSIONS WITH A QUALIFIED AND LICENSED MEMBER OF FINRA ABOUT THE PURCHASE OF A PORTION OR ALL OF THE EQUITY OF MY BROKER DEALER. MANAGEMENT WILL (WILL NOT) BE STAYING. THE POTENTIAL BUYERS CONTACT INFORMATION IS AS FOLLOWS:



COMPANY NAME: JOHN DOE'S BROKERAGE FIRM  
NAME: JOHN DOE  
ADDRESS: 123 SECURITIES ST. ANYWHERE, USA. 12345  
TELEPHONE: (555) 555-5555  
FAX: (555) 555-5555

THE REASON I AM SELLING IS .....

I WOULD LIKE TO EXPRESS MY APPRECIATION FOR .....

SIGNED: \_\_\_\_\_

12. SELLER MAY USE OUR ATTORNEY—RON BRESCIA (RONALD J. BRESCIA & ASSOC.) (516) 228-3214. RON IS NEUTRAL AND WILL BE OF ASSISTANCE TO EITHER BUYER OR SELLER.
13. IF YOU RECEIVE A REQUEST FROM THE BUYER FOR OTHER INFORMATION NOT INCLUDED IN THE DUE DILIGENCE PACKAGE, FAX IT TO BUYER OR HIS ATTORNEY PROMPTLY.
14. BUYER WILL PREPARE A PURCHASE AGREEMENT, SIGN IT AND FAX IT TO YOU.
  - a. IF YOU AGREE WITH THE PURCHASE AGREEMENT, SIGN IT AND FAX OR DELIVER IT TO US SO THAT WE CAN REVIEW IT FOR ITEMS WHICH MAY KEEP IT FROM BEING ACCEPTED BY FINRA OR,
  - b. IF YOU WISH TO MAKE CHANGES OR ADDITIONS, DO NOT SIGN.
    1. MAKE THE CHANGES OR ADDITIONS ON THE COPY OR A SEPARATE PIECE OF PAPER AND FAX OR DELIVER BACK TO PURCHASER.
  - c. CONTINUE THIS UNTIL BOTH YOU AND THE PURCHASER AGREE. THEN, WITH BOTH SIGNATURES ON THE AGREEMENT, FAX OR DELIVER THE FINISHED COPY TO BROKER DEALER MARKET INC. SO THAT WE CAN REVIEW IT FOR ITEMS, WHICH MAY KEEP IT FROM BEING ACCEPTED BY FINRA. IF NO ISSUES ARE FOUND, THE DOCUMENT WILL BE READY FOR THE BUYER TO MAKE THE FINAL COPIES (HARD COPIES).
15. WHEN YOU HAVE RECEIVED 5 (FIVE) HARD COPIES SIGNED BY BUYER, SIGN ALL FIVE COPIES AND
  - a. SEND 2 (TWO) COPIES TO THE BUYER.
  - b. SEND 1 (ONE) COPY TO YOUR FINRA DISTRICT OFFICE FOR YOUR FILE.
  - c. SEND 1 (ONE) COPY TO BROKER DEALER MARKET INC.
  - d. KEEP 1 (ONE) COPY FOR YOUR FILE.
16. THE SELLER SHOULD FEDEX ALL ISSUED AND OUTSTANDING STOCK TO ESCROW ACCOUNT BEFORE CLOSING AND THE BUYER SHOULD WIRE CLOSING FUNDS TO THE ESCROW ACCOUNT BEFORE CLOSING.
17. THE SELLER SHOULD PREPARE ALL BOOKS AND RECORDS FOR FEDEXING TO BUYER.
18. UPON CLOSING,
  - a. WE WILL FEDEX STOCK TO BUYER.
  - b. WE WILL FEDEX OR WIRE TRANSFER THE NET PURCHASE PRICE TO THE SELLER.

- c. **IF THE BUYER IS NOT APPROVED BY FINRA AT THE TIME OF CLOSING, RESTRICTIONS MAY BE PLACED AGAINST THE BUYER AND THE BROKER DEALER.**
- 19. ASSIST THE BUYER, IF HE NEEDS HELP, TO GET THE BROKER DEALERS DOORS OPEN.**
- 20. BROKER DEALER MARKET INC. STRONGLY URGES TO ALL SELLERS THAT IF THE SITUATION ARISES WHERE A POTENTIAL BUYER DESIRES TO BE REGISTERED IN A STATE THAT A SELLER IS NOT CURRENTLY REGISTERED IN, DO NOT USE YOUR OWN MONEY. IF THIS IS IMPORTANT TO THE POTENTIAL BUYER, HE NEEDS TO PUT UP THE FUNDS REQUIRED. ALTHOUGH WE ALL WANT TO BELIEVE THAT ONCE NEGOTIATIONS HAVE COME TO THE POINT OF ADDING STATES IN WHICH TO BE REGISTERED IT SHOULD BE A DONE DEAL, THINGS CAN STILL HAPPEN. PROTECT YOURSELF AND YOUR MONEY UNTIL THE DEAL HAS BEEN COMPLETED.**
- 21. BROKER DEALER MARKET INC. STRONGLY URGES TO ALL SELLERS THAT IF THE SITUATION ARISES WHERE A POTENTIAL BUYER ASKS YOU TO SPONSOR HIS PEOPLE TO WORK UNDER YOUR LICENSE (20/80 PURCHASE), DO NOT USE YOUR OWN MONEY. THE POTENTIAL BUYER SHOULD PUT UP ANY AND ALL MONEY FOR HIS PEOPLE.**

## **BROKER DEALER MARKET INC.**

2180 Satellite Boulevard, Ste 400-25  
Duluth, GA 30097  
Website: [www.bdmarket.com](http://www.bdmarket.com)  
Tel: 678-835-9002 • Fax: 678-815-1524

### **DUE DILIGENCE PACKAGE**

Please prepare copies (Digital Preferred) of the following items. Once the package is prepared, please email it to [duediligence@bdmarket.com](mailto:duediligence@bdmarket.com) or fax it to our dedicated due diligence fax number 678-815-1524. Thank you in advance for your cooperation.

1. Copy of Form (FINRA) BD, Current and Complete.
2. U4 of Principal(s) (Optional).
3. Most current Focus I and Focus IIA.
4. Most recent Audited Financials.
5. Copy of Corporate Charter, most recent "Filing Fee Payment", Articles and By-Laws.
6. Copy of most recent SIPC Fee Payment
7. Copy of Fidelity Bond and most recent payment receipt.
8. Copy of CRD Status Report stating that Fees for FINRA and State are paid.
9. SEC letter authorizing firm.
10. FINRA Certificate of Approval and Membership Agreement (Restriction Letter).
11. SIC (Lost or Stolen) Form.
12. One year of Tax Returns.
13. Copy of Clearing Agreement(s)

**BROKER DEALER MARKET INC.**

2180 Satellite Boulevard, Ste 400-25

Duluth, GA 30097

Website: [www.bdmarket.com](http://www.bdmarket.com)

Tel: 678-835-9002 • Fax: 678-815-1524

**COMPANY PROFILE, PRODUCING BD** (PLEASE PRINT OR TYPE)

**DATE:** \_\_\_\_\_

NAME OF FIRM: \_\_\_\_\_ CRD# \_\_\_\_\_

ADDRESS: \_\_\_\_\_

CITY: \_\_\_\_\_ STATE \_\_\_\_\_ ZIP \_\_\_\_\_

1. NAME OF OWNER/PRINCIPAL: \_\_\_\_\_

2. INCORPORATED WHERE: \_\_\_\_\_ WHEN: \_\_\_\_\_

3. TYPE OF BD (\$5K, \$25K, \$100K) NET CAPITOL: \_\_\_\_\_

4. IF SHELL, ARE THERE LIMITATIONS:  
\_\_\_\_\_  
\_\_\_\_\_

5. DO YOU MAKE MARKETS? \_\_\_\_\_

6. WHAT INSTRUMENTS ARE YOU AUTHORIZED TO SELL?  
\_\_\_\_\_  
\_\_\_\_\_

7. STATES THAT YOU ARE BLUE SKIED: \_\_\_\_\_

8. CLEARING ARRANGEMENT: \_\_\_\_\_

9. HOW MANY BRANCH OFFICES? \_\_\_\_\_

10. NUMBER OF OWNERS / SHAREHOLDERS? \_\_\_\_\_

11. NUMBER OF AUTHORIZED SHARES? \_\_\_\_\_

12. ARE YOU INTERESTED IN SELLING, MERGING, OTHER (EXPLAIN):  
\_\_\_\_\_  
\_\_\_\_\_

13. PRODUCT (%) MIX: STOCKS \_\_\_\_\_ BONDS \_\_\_\_\_ MUTUAL  
FUNDS \_\_\_\_\_ ANN. FIXED \_\_\_\_\_ VARIABLE \_\_\_\_\_  
OPTIONS \_\_\_\_\_ LP \_\_\_\_\_ FEE BASED \_\_\_\_\_  
OTHER \_\_\_\_\_

14. TOTAL NUMBER OF CLIENT ACCOUNTS: \_\_\_\_\_

15. TOTAL ASSETS UNDER MANAGEMENT \$ \_\_\_\_\_

16. CLIENTS AVERAGE DAILY CASH AVAILABLE \$ \_\_\_\_\_

17. CLIENTS AVERAGE DAILY MARGIN BALANCE \$ \_\_\_\_\_

18. MANAGED ASSETS (FEE BASED) \$ \_\_\_\_\_

19. GROSS REVENUES: 2008 \_\_\_\_\_ 2009 \_\_\_\_\_ YTD \_\_\_\_\_

20. TOTAL NET: 2008 \_\_\_\_\_ 2009 \_\_\_\_\_ YTD \_\_\_\_\_



**BROKER DEALER MARKET INC.**

2180 Satellite Boulevard, Ste 400-25

Duluth, GA 30097

Website: [www.bdmarket.com](http://www.bdmarket.com)

Tel: 678-835-9002 • Fax: 678-815-1524

**COMPANY PROFILE, SHELL BD** (PLEASE PRINT OR TYPE)

**DATE:** \_\_\_\_\_

1. NAME OF FIRM: \_\_\_\_\_ CRD# \_\_\_\_\_

2. ADDRESS: \_\_\_\_\_

3. CITY: \_\_\_\_\_ STATE \_\_\_\_\_ ZIP \_\_\_\_\_

4. INCORPORATED WHERE: \_\_\_\_\_ WHEN: \_\_\_\_\_

5. TYPE OF BD (\$5K, \$25K, \$100K) NET CAPITOL: \_\_\_\_\_

6. IF SHELL, IS IT LIMITED (MF, LIMITED PARTNERSHIP, MUNICIPALS)? \_\_\_\_\_

7. DO YOU MAKE MARKETS? \_\_\_\_\_

8. WHAT INSTRUMENTS ARE YOU AUTHORIZED TO SELL?

\_\_\_\_\_  
\_\_\_\_\_

9. STATES THAT YOU ARE BLUE SKIED: \_\_\_\_\_

10. WHOM DO YOU CLEAR THROUGH: \_\_\_\_\_

11. WHAT DO YOU GROSS (COMMISSION) A MONTH? \_\_\_\_\_

12. WHAT DO YOU NET A MONTH? \_\_\_\_\_

13. HAVE THERE BEEN ANY ACTIONS TAKEN AGAINST THE FIRM BY REGULATORY OR CLIENTS (IF YES , PLEASE DETAIL ON SEPARATE SHEET IF NECESSARY)

\_\_\_\_\_  
\_\_\_\_\_

14. ARE THERE ANY FEATURES THAT WOULD HELP US GIVE A SPECIAL ATTRACTION TO OUR BD?

\_\_\_\_\_  
\_\_\_\_\_

15. WILL PRINCIPALS STAY ON? \_\_\_\_\_ HOW LONG? \_\_\_\_\_

16. HAVE YOU INITIATED ANY IPOs? \_\_\_\_\_

17. HOW MANY LICENSED EMPLOYEES? \_\_\_\_\_

18. HOW MANY BRANCH OFFICES? \_\_\_\_\_

NAME OF OWNER/REPRESENTATIVE: \_\_\_\_\_

TELEPHONE: \_\_\_\_\_ FAX: \_\_\_\_\_

NUMBER OF OWNERS: \_\_\_\_\_ NUMBER OF SHARES: \_\_\_\_\_

YOUR EMAIL ADDRESS \_\_\_\_\_

NOTE: THIS INFORMATION IS TO PROVIDE A MEANS OF CONTACT THAT WILL NOT LEAK YOUR INTENTIONS TO YOUR ORGANIZATION AND ENABLE PROMPT COMMUNICATIONS DURING NEGOTIATIONS.

WHEN COMPLETED, FAX DIRECTLY TO MARK HARRIS FAX: 678-815-1524. PLEASE INCLUDE A COPY OF YOUR RESTRICTION LETTER (MEMBERSHIP AGREEMENT). THANK YOU