Disclosure Explanations

Overview/Policy

State regulators expect licensees and applicants to explain events that must be disclosed through a "Yes" response to any of the existing *Disclosure Questions*. In addition, clarification can be provided for a "No" response. These explanations are to be submitted through NMLS instead of provided outside of the System. A separate explanation should be provided for each event related to a disclosure question. A single explanation can be associated to multiple questions and multiple explanations may be provided if multiple events are related to a single question. Each explanation allows a single PDF to be uploaded in support of the explanation. It is expected that this PDF will contain relevant official documentation related to the explanation (e.g., finding issued by a state regulatory agency, a court order, civil judgment)

NMLS requires all Disclosure Questions to be answered. An explanation may be provided for Disclosure Questions with a "Yes" or "No" response.

Definitions and Charts

Reference Guide	Description
Individual Disclosure Explanations – Document Upload Reference Guide	This document provides guidance regarding the types of documents regulators generally expect individuals to upload as part of a disclosure explanation on an Individual Form.

How To

Add Explanation for "Yes" Responses:

1. Click **Add Explanation for "Yes" Responses**.

2. Complete all required fields.
3. Check all applicable disclosure questions.
4. Click **Browse** to locate Supporting PDF file, and then click **Open**. (optional)
5. Click **Save.**

> NOTE: Text for the *Event Explanation Detail* may be proofed by clicking the **Spell Check** icon ( ) below the textbox.

Disclosure Explanation for "Yes" Response(s)

Scotti Hill (38181) MU4 filing created 10/15/2013 by HillS.

Total Charges: $0.00

Provide the requested information regarding the event resulting in a "Yes" response to one or more disclosure questions below. The explanation for a single event can be associated to more than one disclosure question, if applicable. Do not provide details for more than one disclosable event in the Explanation fields below, including the Supporting File Upload. View the Disclosure Explanation Reference Guide for more information about entering, amending, or deleting disclosure explanations.

Event Explanation Detail

Brief Description of Explanation: Cease and Desist

Disposition: Final

Provide Description only if Disposition is 'Other':

Event Explanation Detail (Required):
Details of Cease and Desisit...

Applicable Questions

Check the box(es) next to the appropriate disclosure question(s) that apply to the explanation you are providing.

Explanation Provided For	Current Response	Question(s)
		Regulatory Action
		(K) Has any State or federal regulatory agency or foreign financial regulatory authority or self-regulatory organization (SRO) ever:
☑	Yes	(1) found you to have made a false statement or omission or been dishonest, unfair or unethical?
☐	Yes	(4) entered an order against you in connection with a financial services-related activity?

Supporting File

You can include a supporting PDF file (not exceeding 8 MB) with this explanation by clicking **Browse**, selecting the file, and clicking **Save**. Only one file is allowed per explanation. If you have multiple documents they must be combined in a single file. Only documents related to the event described above should be included in the file.

File: C:\Users\BradleY\Documents\disclosures.pdf   Browse...

Save   Cancel

Repeat steps to add additional explanations.

Add Explanation for "No" Response:
1. Click **Add Explanations for "No" Responses**.

Disclosure Explanations

Scotti Hill (38181) MU4 filing created 10/15/2013 by HillS.   ??? HELP

Total Charges: $0.00

If you answered "Yes" to one or more disclosure questions, you must provide an explanation for each event that resulted in a "Yes" response.

You should provide an Explanation for a "No" Response only if you answer "No" to a disclosure question and have information to provide to the regulator to clarify the response.

AVAILABLE ACTIONS	FUNCTION
Add Explanation For "Yes" Responses	Add a new explanation for an event that resulted in a "Yes" response.
Add Explanation for "No" Responses	Add a new explanation to clarify a "No" response.
	Amend or delete an explanation.
	Undo the changes made to an existing explanation.

Explanations for "Yes" Responses

Description	Applicable Question(s)	Date Updated	Supporting File	Date Uploaded	Explanation Status
Cease and Desist	K(1)	10/15/2013 10:46:37 PM		10/15/2013 10:46:38 PM	New

Add Explanation for "Yes" Responses   Add Explanation for "No" Responses

2. Complete all required fields.
3. Check all *Applicable Disclosure Questions Category*.
4. (Optional) Click **Browse** to locate supporting PDF file, and then click **Open**.
5. Click **Save.**

> NOTE: Text for the *Event Explanation Detail* may be proofed by clicking the **Spell Check** icon below the textbox.

Disclosure Explanation for "No" Response(s)

Scotti Hill (38181) MU4 filing created 10/15/2013 by HillS.   ??? HELP

Total Charges: $0.00

Provide the requested information regarding the event related to one or more "No" responses. The explanation for a single event can be associated to more than one disclosure question category, if applicable. Do not provide details for more than one disclosable event in the Explanation fields below, including the Supporting File Upload. View the Disclosure Explanation Reference Guide for more information about entering, amending, or deleting disclosure explanations.

Event Explanation Detail

Brief Description of Explanation: Adjudication Withdrawn

Event Explanation Detail (Required):

Adjudication Withdrawn details...

Applicable Disclosure Question Category

Check the box(es) next to the appropriate disclosure question category that applies to the explanation you are providing.

Explanation
Provided
For   Category

☐ Financial Disclosure
☑ Criminal Disclosure
☐ Civil Judicial Disclosure
☐ Regulatory Action
☐ Customer Arbitration/Civil Litigation Disclosure
☐ Termination Disclosure
☐ NMLS or SRR Testing Rules of Conduct Disclosure

Supporting File

You can include a supporting PDF file (not exceeding 8 MB) with this explanation by clicking **Browse**, selecting the file, and clicking **Save**. Only one file is allowed per explanation. If you have multiple documents they must be combined in a single file. Only documents related to the event described above should be included in the file.

File: C:\Users\BradleY\Documents\disclosures.pdf   Browse...

Save   Cancel

Repeat steps to add additional explanations.

Amend or Delete a Disclosure Explanation:

1. Click the **Edit** icon to the left of the explanation.

2. Click either **Amend** or **Delete**.
3. If amending, enter the updated information, *Amendment Reason (Required),* and click **Save**.
4. If deleting, enter *Reason for Deleting the Explanation (Required)* and click **Save**.

Undo Changes to an Existing Explanation:

1. From the *Disclosure Explanations* screen, click the **Undo** icon ( ) to the left of the explanation.

Click **OK** to confirm.

Helpful Hints

1. All questions regarding the interpretation of Disclosure Questions, and whether certain events are covered by disclosure questions, should be directed to the state regulator.
2. The **Add Explanation for "Yes" Responses** button will only become active if the user answers "Yes" to at least one disclosure question in the *Disclosure Questions* section.
3. Each disclosure explanation allows only one PDF to be uploaded. If there are multiple documents, please combine in a single PDF.
4. Do not combine documentation for multiple events into one file. If you need to explain multiple events, submit separate PDFs for each event. It is expected that each PDF will only contain documentation related to the specific event being explained.
5. *Some states may require companies to provide an explanation and/or supporting documentation for previous "yes" responses or to clarify "No" responses. Consult state licensing requirements for this information.*
6. One explanation can be associated to multiple questions if applicable.

Additional Resources:

- Quick Guide:
  - Disclosure Explanations Reference Guide
  - Individual Disclosure Explanations – Document Upload Reference Guide

See Individual Help Table of Contents