



STATE OF ALASKA  
DEPARTMENT OF  
**COMMERCE**  
COMMUNITY AND  
ECONOMIC DEVELOPMENT

Division of Banking and Securities

*Sarah Palin, Governor*  
*Emil Notti, Commissioner*

**FOR IMMEDIATE RELEASE**

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**THE DIVISION OF BANKING AND SECURITIES, NASAA, SIPC OFFER ANSWERS TO INVESTORS  
CONCERNED ABOUT THE SAFETY OF THEIR BROKERAGE ACCOUNTS**

(Anchorage, AK)—In the wake of recent turbulence in the financial markets, the Division of Banking and Securities today joined with the North American Securities Administrators Association (NASAA) and the Securities Industry Protection Corporation (SIPC), to remind investors of the important and effective safeguards already in place to protect their brokerage account assets.

“In light of the recent financial impairment of a major Wall Street firm and the ongoing volatility in the U.S. securities markets, it is understandable that Main Street investors may have questions about the safety of assets in their brokerage accounts. The Division of Banking and Securities and SIPC want to ensure that investors are well informed about their rights and protections under our nation’s securities laws,” said Acting Securities Chief, Roger Prince.

SIPC president Stephen Harbeck said: “When a brokerage firm is closed due to bankruptcy or other financial difficulties and customer assets are missing, SIPC steps in as quickly as possible and, within certain limits, works to return customers cash, stock and other securities. Without SIPC, investors at financially troubled brokerage firms might lose their securities or money forever or wait for years while their assets are tied up in court.”

SIPC maintains a special reserve fund authorized by congress to help investors at failed brokerage firms. SIPC either acts as trustee or works with an independent court-appointed trustee in a brokerage insolvency case to recover funds. The statute that created SIPC provides that customers of a failed brokerage firm receive all non-negotiable securities – such as stocks or bonds – that are already registered in their names or in the process of being registered. At the same time, funds from the SIPC reserve are available to satisfy the remaining claims of each customer up to a maximum of \$500,000. This figure includes a maximum of \$100, 000 on claims for cash.

Rules of the U.S. Securities and Exchange Commission require registered broker-dealers to maintain net capital to provide financial resources so that customers will get their cash and securities back if the firm fails. According to the SEC, customer claims for their funds and securities are senior to other claims on the broker-dealer.

In addition to the protections provided by SIPC and the SEC’s net capital rule, the SEC requires registered broker-dealers to place client assets into accounts segregated from the brokers’ own proprietary funds and securities. As a result, clients are protected from the firm’s trading losses.

The phrases “MEMBER SECURITIES INVESTOR PROTECTION CORPORATION” or “MEMBER SIPC” appear in all signs and ads of SIPC members. If you have a question as to whether or not a particular firm is a member of SIPC, call the SIPC Membership Department at (202) 371-8300 or visit SIPC on the Web at [www.sipc.org](http://www.sipc.org).

For more information about SIPC, see “The Investor’s Guide to Brokerage Firm Liquidations” at [http://www.sipc.org/pdf/SIPC\\_brochure\\_Investors\\_Guide\\_To\\_BD\\_Liquidations.pdf](http://www.sipc.org/pdf/SIPC_brochure_Investors_Guide_To_BD_Liquidations.pdf).

The Division of Banking and Securities also urges investors to contact them at 1-800-925-2521 with any questions about an investment firm, professional or product.

The State of Alaska’s Division of Banking and Securities is a member of the North American Securities Administrators Association, the oldest international organization devoted to investor protection. NASAA’s membership consists of the securities administrators in the 50 states, the District of Columbia, Puerto Rico, the US Virgin Islands, the provinces and territories of Canada, and Mexico.

The Securities Investor Protection Corporation is the U.S. investor’s first line of defense in the event a brokerage firm fails, owing customer cash and securities that are missing from customer accounts. From the time Congress created it in 1970 through December 2006, SIPC has advanced \$505 million in order to make possible the recovery of \$15.7 billion in assets for an estimated 626,000 investors

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