

# Signature Guarantee Medallion Bond

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FINRA-sponsored Insurance Program ❖ c/o Seabury & Smith, Inc.  
1255 23rd St. NW ❖ Suite 300 ❖ Washington, DC 20037 ❖ Toll-Free 1-800-978-6273  
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## Signature Guarantee Medallion Bond Highlights:

- ❖ SEC Rule AD-15 requires all Transfer Agents to provide a guarantee of signature before a security can be sold to another individual or otherwise transferred.
- ❖ Seabury & Smith, Inc., FINRA's insurance program administrator, has partnered with The Hartford to provide a Signature Guarantee Medallion Bond program to satisfy this requirement at very competitive rates.
- ❖ Seabury & Smith has acted as a third-party provider of insurance products for FINRA member firms for more than two decades and has been a leading writer of the Signature Guarantee Medallion Bond since the program's inception.
- ❖ The Hartford is an A+ rated carrier by A.M. Best and an AA rated carrier by Standard & Poor's. It has more than 100 years of experience in the bond business, over 200 years experience in the insurance industry and is one of the nation's largest insurers.
- ❖ The Securities Transfer Agents Medallion Program (STAMP) and the Stock Exchange Medallion Program (SEMP) are both Signature Guarantee programs approved by the financial services industry.
- ❖ STAMP is open to all Signature Guarantors and is endorsed by the Securities Transfer Association (STA). SEMP is open to all members of the American Stock Exchange, New York Exchange, Boston Stock Exchange, Midwest Stock Exchange, Pacific Stock Exchange and the Philadelphia Stock Exchange, as well as clearing and trust companies.
- ❖ Members of the Securities Transfer Association and these various exchanges must carry a STAMP or SEMP Surety Bond. The Signature Guarantee Medallion Bond functions as a verification system used to authorize and guarantee the individual signatures applied to securities requiring transfers. **Both STAMP and SEMP are administered by Kemark Financial Services, Inc., and are eligible for participation in the Signature Guarantee Medallion Bond program offered through Seabury & Smith.**
- ❖ The Medallion seal provided by Kemark certifies the signature is genuine and has legal binding authority. The guarantee of the seal assumes any financial responsibility associated with the endorsement.
- ❖ The Medallion seal also ensures the financial institution that its guarantees will be immediately accepted for processing by transfer agents.

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## Frequently Asked Questions:

### Q. Does my firm need a Signature Guarantee Medallion Bond?

**A.** According to SEC Rule, AD-15, all transfer agents are required to have a guarantee of signature before a security can be sold or otherwise transferred. If your firm engages in such activities, a Signature Guarantee Medallion Bond would protect the investor, the issuer or transfer agent against fraud. By participating in one of these programs, your firm can be assured that your guarantees will be immediately accepted for processing.

### Q. What is the difference between a STAMP and SEMP Bond?

**A.** If your firm is a member of a particular stock exchange, your Medallion would identify the name of that stock exchange, and you would be required to carry a SEMP Surety Bond. However, if your firm is not a member of a particular stock exchange, you can apply for the STAMP program and would need to secure a STAMP Surety Bond.

### Q. How much coverage does my firm need?

**A.** The liability limit of your STAMP or SEMP Bond should be equal to the largest security transaction with a signature guarantee.

### Q. Why can't I just get a notary to guarantee the signatures?

**A.** Most notaries do not participate in the STAMP or SEMP Bond Program endorsed by the Securities Transfer Association and the Stock Exchanges. That means transfer agents can refuse to accept a signature from an institution that does not participate in the Medallion program. Also, the notary stamp would not protect the issuer, investor or transfer agent against fraud.

### Q. Why should I purchase this Signature Guarantee Medallion Bond from Seabury & Smith?

**A.** No matter where you obtain your SEMP or STAMP Surety Bond, the coverage will be the same since it is a mandatory form of coverage for transfer agents who guarantee signatures. However, Seabury & Smith, Inc., FINRA's insurance program administrator, has partnered with The Hartford, one of the nation's largest insurers, to offer this coverage at the most competitive premiums available in the marketplace.

### Q. Do I need to purchase both my Medallion Bond and hardware from the Program Administrator?

**A.** No—Kemark is the program administrator and provides your firm with the hardware to guarantee signatures once you have satisfied all their requirements and provided them with an acceptable Medallion Bond. The bond offered through Seabury & Smith and The Hartford satisfies their requirements.

### Q. How do I apply?

**A.** Complete the enclosed application and indemnity agreement, then fax them to **1-202-367-5062**.

Or, you can mail it to the following:

FINRA-sponsored Insurance Program  
C/O Seabury and Smith, Inc.  
1776 West Lakes Parkway  
Attn: TD-DC  
West Des Moines, IA 50398

One of our representatives will contact you. Should you have any questions, please call us at **1-800-978-6273**.

# Signature Guarantee Medallion Surety Bond Application

Broker-Dealer Name \_\_\_\_\_ BD# \_\_\_\_\_

Federal Tax ID \_\_\_\_\_ S.S. Number of Individual \_\_\_\_\_

Contact Name \_\_\_\_\_

Mailing Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ ZIP \_\_\_\_\_

Phone Number \_\_\_\_\_ Fax Number \_\_\_\_\_

E-mail \_\_\_\_\_ Web site \_\_\_\_\_

Broker-Dealer is:  Sole Proprietorship  LLC (Limited Liability Corporation)

Partnership  Subsidiary of \_\_\_\_\_

Corporation

## Required Underwriting Information

1. Name of your primary fidelity bond insurance company

\_\_\_\_\_

Please indicate your limits for each insuring agreement

Insuring Agreement A—Fidelity

\$ \_\_\_\_\_

Insuring Agreement B—On Premises

\$ \_\_\_\_\_

Insuring Agreement C—In Transit

\$ \_\_\_\_\_

Insuring Agreement D—Forgery or Alteration

\$ \_\_\_\_\_

Insuring Agreement E—Securities

\$ \_\_\_\_\_

2. Name to appear on bond as principal, if different from broker-dealer firm name

\_\_\_\_\_

3. Obligee Name (party requiring the bond) **Kemark Financial Services, Inc., designee of Obligees.**  
**Obligee Address: Kemark Financial Services, Inc., One Blue Hill Plaza, Suite 1820, Pearl River, NY 10965**

4. Estimated number of signature guarantees performed annually \_\_\_\_\_

- a. Will you lend STAMP/SEMP Medallion equipment to individuals from whom you do not receive W2s?  Yes  No
- b. Will you have arrangements with independent contractors or registered representatives to lend them STAMP/SEMP Medallion equipment?  Yes  No
5. STAMP/SEMP Bond Limit requested \$ \_\_\_\_\_
6. Does the Broker-Dealer have any other surety bonds in force?  Yes  No  
 If "Yes," who is the insurance company?  
 \_\_\_\_\_
7. Has another surety company declined to write a STAMP/SEMP Surety Bond or another surety bond?  Yes  No
8. Have you ever had a bond involuntarily terminated or cancelled?  Yes  No
9. Has there ever been a claim or legal action against any bond executed on your behalf?  Yes  No
10. Do you or any of your companies have any pending lawsuits, unsatisfied judgments or liens?  Yes  No
11. Have you or any of your companies declared bankruptcy or become insolvent?  Yes  No
12. Have you or any of your companies been the subject of any legal or administrative proceedings resulting in disciplinary action?  Yes  No
13. Have you ever been convicted of a felony?  Yes  No  
 If you answered 'Yes' to one or more of Questions 7 through 13, please attach a brief but detailed written explanation, a current FORM BD and a copy of your most recent CPA-prepared audited financial statement.

## Additional Information

If you are applying for a bond limit in excess of \$2 million, we will require copies of your:

- Latest regulatory report (FOCUS) and
- Most recent Audited Financials

STAMP/SEMP Surety Bond Limit	Minimum Required Fidelity Bond Limit	STAMP/SEMP Surety Bond Annual Premium	STAMP/SEMP Surety Bond 3-Year Prepaid Premium
\$100,000	\$25,000	\$200.00	\$520.00
\$250,000	\$250,000	\$500.00	\$1,300.00
\$500,000	\$500,000	\$1,000.00	\$2,600.00
\$750,000	\$750,000	\$1,500.00	\$3,900.00
\$1,000,000	\$1,000,000	\$2,000.00	\$4,992.00
\$2,000,000	\$2,000,000	\$4,000.00	\$9,984.00
\$5,000,000	\$5,000,000	\$7,438.00	not available
\$10,000,000	\$10,000,000	\$13,175.00	not available

**Include with your application both the STAMP/SEMP Surety Bond for Financial Institution Enrollees and the Indemnity Agreement.**

# Indemnity Agreement

The undersigned hereby expressly authorizes Hartford Fire Insurance Company and its affiliates, subsidiaries and parent (collectively "Surety") to access its credit records and to make such pertinent inquiries as may be necessary from third party sources for the following purposes:

- (a) To verify information supplied to Surety;
- (b) For underwriting purposes; and
- (c) In the event Surety issues any surety bonds for or on behalf of \_\_\_\_\_, upon receipt of a notice of claim or potential claim, for debt collection.

The undersigned Applicant and Indemnitor(s), (all hereinafter called the "Indemnitor(s)") hereby certify that the foregoing declarations made and answers given are the truth without reservation, and are made for the purpose of inducing the Surety to execute a certain bond or undertaking herein applied for, and any renewal, continuation or increase of the same, or any bond of similar nature given in substitution or renewal thereof (all comprehended in the word "bond" or "undertaking" as herein used).

If "Surety" shall execute or procure the execution of the bond or undertaking hereinbefore applied for, which bond and application are hereby referred to and made a part of this agreement, the undersigned, in consideration thereof, jointly and severally covenant and agree with Surety as follows:

The Indemnitor(s) will pay the premiums and renewal premiums for each bond issued hereunder, until the Surety has received written legal evidence, satisfactory to the Surety, of its discharge from all such bonds and all liability related thereto.

The Indemnitor(s) agree to indemnify the Surety and save it harmless from all loss and expense, including, but not limited to interest, court costs, attorney fees, incurred by the Surety by reason of any claims against the Surety under any such bond.

The undersigned Indemnitor(s) hereby agree to deposit upon demand with the Surety an amount sufficient to discharge any claim or any such bond.

IT IS A CRIME TO KNOWINGLY PROVIDE FALSE, INCOMPLETE OR MISLEADING INFORMATION TO AN INSURANCE COMPANY FOR THE PURPOSE OF DEFRAUDING THE COMPANY. PENALTIES MAY INCLUDE IMPRISONMENT, FINES AND DENIAL OF BENEFITS.

WITNESS the following signature(s) and seal(s) this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

If APPLICANT is an individual:

Witness \_\_\_\_\_  
(print above name here) \_\_\_\_\_  
Witness \_\_\_\_\_  
(print above name here) \_\_\_\_\_

Signature \_\_\_\_\_  
(print above name here) \_\_\_\_\_  
Signature \_\_\_\_\_  
(print above name here) \_\_\_\_\_

If APPLICANT is a partnership or corporation:

Witness \_\_\_\_\_  
(print above name here) \_\_\_\_\_

Name of Firm/Corporation \_\_\_\_\_ (Seal)  
By (Signature) \_\_\_\_\_  
(print above name here) \_\_\_\_\_  
Title (print) \_\_\_\_\_

Third-Party Indemnitors: (including personal indemnitors of S-Corporations)

In consideration of the Surety executing the bond hereinabove applied for, we jointly and severally join in the foregoing indemnity agreement.

Witness \_\_\_\_\_  
(print above name here) \_\_\_\_\_  
Witness \_\_\_\_\_  
(print above name here) \_\_\_\_\_  
Witness \_\_\_\_\_  
(print above name here) \_\_\_\_\_

Signature of Indemnitor \_\_\_\_\_ (Seal)  
S.S. or Fed. ID # \_\_\_\_\_  
Signature of Indemnitor \_\_\_\_\_ (Seal)  
S.S. or Fed. ID # \_\_\_\_\_  
Signature of Indemnitor \_\_\_\_\_ (Seal)  
S.S. or Fed. ID # \_\_\_\_\_

**Reminder—Please make sure the application has been SIGNED, WITNESSED and DATED in the appropriate areas.**

**Call**

**1-800-978-6273**

**Web**

[www.seaburyandsmith.com](http://www.seaburyandsmith.com)

**Fax**

**1-202-367-5020**

**Mail**

FINRA-sponsored Insurance Program  
c/o Seabury & Smith  
1776 West Lakes Parkway  
Attn: TD-DC  
West Des Moines, IA 50398

**E-mail**

**insuranceinfo@  
seaburyandsmith.com**