

NEWS FROM THE ND SECURITIES COMMISSIONER

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SECURITIES COMMISSIONER OUTLINES TEN TIPS FOR ONLINE INVESTORS

Bismarck, ND – As a part of the “Facts on Saving and Investing Month” activities, securities regulators in North Dakota have unveiled a list of tips for online investors. Some 200 securities firms offer online brokerage services and there are an estimated 10 million-plus online accounts. Online firms are spending hundreds of millions of dollars on advertising to attract new customers, many new to investing and the stock market.

“Against this backdrop it is critical that online investors understand the playing field,” said Syver Vinje, North Dakota Securities Commissioner.

Regulators in North Dakota and the North American Securities Administrators Association (NASAA), which represents state and provincial securities regulators in the U.S., Canada and Mexico, developed “10 Tips for Online Investors” to educate investors and help them to think carefully about making an investment online.

“Online trading represents a radical change in the relationship between brokers and their customers,” said Commissioner Vinje. “These 10 tips lay out some of the things investors should expect in this new relationship.”

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Online investing was the subject of recent studies by the New York State Attorney General and the U. S. Securities and Exchange Commission. The NY report (http://www.oag.state.ny.us/investors/1999_online_brokers/brokers/html), for example, highlighted a number of complaints lodged by online investors, from delayed execution of orders to slow response times, inadequate customer support and possibly misleading advertising claims.

“As investing technology changes, investors have the responsibility to educate themselves in order to understand their choices and avoid mistakes,” said Commissioner Vinje.

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When You Invest Online, Be Sure To:

1. Get full disclosure, prior to opening your account, about the alternatives for buying and selling securities and how to obtain account information if you cannot access the firm's Web site.
2. Understand that most likely you are not linked directly to the market, and that the click of your mouse does not instantly execute the trade.
3. Get information from the firm to substantiate any advertised claims concerning the ease and speed of online trading.
4. Get information from the firm about significant Web site outages, delays and other interruptions to securities trading and account access.
5. Understand how orders are entered and cancelled (market, limit and stop loss), and the details and risks of margin accounts (borrowing to buy stocks).
6. Determine whether you are receiving delayed or real-time stock quotes and when your account information was last updated.
7. Review the firm's privacy and Web site security policies and whether your name may be used for mailing lists or other promotional activities by the firm or any other party.
8. Get clear information about sales commissions and fees and conditions that apply to any advertised discount on commissions.
9. Know how to contact a customer service representative with your concerns and request prompt attention and fair consideration.
10. Contact the North Dakota Office of the Securities Commissioner to verify the registration/licensing status and disciplinary history of the online brokerage firm, or to file a complaint, if appropriate.

For more information, contact the Office of the Securities Commissioner
1-800-297-5124 or 328-2910 or visit us on the Web at www.state.nd.us/securities.