Securities Investor Protection Corporation (SIPC)

The United States Congress established the Securities Investor Protection Corporation (SIPC) in 1970. The corporation was created to protect investors from losses if a brokerage firm fails. The SIPC operates as an individual entity overseen by the Securities Exchange Corporation (SEC).

SIPC works as a "safety net" for individuals by protecting up to $500,000 per customer, including $250,000 in cash. It is important to note that the SIPC does not protect investors from market losses due to fluctuations or bad investment decisions. The SIPC also does not protect investors from broker theft or fraud.

Not all investments are protected under SIPC. SIPC only safeguards stocks, bonds, Mutual Funds, and ETFs. Commodities, currencies, investment contracts, and fixed annuities are not protected under the SIPC.

It is recommended to verify your brokerage is a member of SIPC before investing with them. Not all firms are members of SIPC, and certain firms may provide additional protection that safeguards their investors.