

## OMB APPROVAL

OMB Number: 3235-0045  
 Estimated average burden  
 hours per response.....38

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 146	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - 2020 - * 028 Amendment No. (req. for Amendments *)
Filing by Financial Industry Regulatory Authority Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934		
Initial * <input checked="" type="checkbox"/> Amendment * <input type="checkbox"/> Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input type="checkbox"/> Section 19(b)(3)(A) * <input checked="" type="checkbox"/> Section 19(b)(3)(B) * <input type="checkbox"/>	Rule <input type="checkbox"/> 19b-4(f)(1) <input type="checkbox"/> 19b-4(f)(4) <input type="checkbox"/> 19b-4(f)(2) <input type="checkbox"/> 19b-4(f)(5) <input type="checkbox"/> 19b-4(f)(3) <input checked="" type="checkbox"/> 19b-4(f)(6)
Pilot <input type="checkbox"/> Extension of Time Period for Commission Action * <input type="checkbox"/> Date Expires *		
Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010 Section 806(e)(1) * <input type="checkbox"/> Section 806(e)(2) * <input type="checkbox"/>		Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934 Section 3C(b)(2) * <input type="checkbox"/>
Exhibit 2 Sent As Paper Document <input type="checkbox"/>	Exhibit 3 Sent As Paper Document <input type="checkbox"/>	
<b>Description</b> Provide a brief description of the action (limit 250 characters, required when Initial is checked *). <div style="border: 1px solid black; padding: 5px; margin-top: 10px;">           Proposed Rule Change to Amend Form NMA and Form CMA to Conform to Amendments to the Membership Application Program Rules as Described in SR-FINRA-2019-030         </div>		
<b>Contact Information</b> Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.		
First Name * Sarah Last Name * Kwak Title * Assistant General Counsel E-mail * sarah.kwak@finra.org Telephone * (202) 728-8471 Fax (202) 728-8264		
<b>Signature</b> Pursuant to the requirements of the Securities Exchange Act of 1934, has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized. <div style="text-align: right;">(Title *)</div> <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div>           Date 09/11/2020            By Patrice Gliniecki            (Name *)         </div> <div style="border: 1px solid black; padding: 5px; text-align: center;">           Senior Vice President and Deputy General Counsel  <div style="background-color: #cccccc; padding: 2px 10px; margin-top: 5px;">Patrice Gliniecki,</div> </div> </div>		
NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.		

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFT website.

**Form 19b-4 Information \***

Add Remove View

The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

**Exhibit 1 - Notice of Proposed Rule Change \***

Add Remove View

The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

**Exhibit 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies \***

Add Remove View

The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change, security-based swap submission, or advance notice being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

**Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications**

Add Remove View

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit Sent As Paper Document

☐

**Exhibit 3 - Form, Report, or Questionnaire**

Add Remove View

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit Sent As Paper Document

☐

**Exhibit 4 - Marked Copies**

Add Remove View

The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

**Exhibit 5 - Proposed Rule Text**

Add Remove View

The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

**Partial Amendment**

Add Remove View

If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

**1. Text of the Proposed Rule Change**

(a) Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act” or “SEA”),<sup>1</sup> the Financial Industry Regulatory Authority, Inc. (“FINRA”) is filing with the Securities and Exchange Commission (“SEC” or “Commission”) a proposed rule change to: (1) amend the standardized membership application forms—Form NMA (New Membership Application Form) and Form CMA (Continuing Membership Application Form)—required under Rule 1013 (New Member Application and Interview) and Rule 1017 (Application for Approval of Change in Ownership, Control, or Business Operations), respectively, to conform to amendments to the Membership Application Program (“MAP”) rules<sup>2</sup> as described in File No. SR-FINRA-2019-030;<sup>3</sup> and (2) make non-substantive and technical changes to Form NMA and Form CMA.<sup>4</sup>

The proposed rule change does not make any changes to the text of FINRA rules.

(b) Not applicable.

---

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> The MAP rules consist of Rules 1011 through 1019, which reside under the FINRA Rule 1000 Series (Member Application and Associated Person Registration).

<sup>3</sup> See Securities Exchange Act Release No. 88482 (March 26, 2020), 85 FR 18299 (April 1, 2020) (Order Approving File No. SR-FINRA-2019-030). FINRA is separately developing comprehensive changes to the MAP rules in connection with the retrospective review of this rule set, which will also require conforming amendments to the standardized forms. See Regulatory Notice 18-23 (July 2018) (“Notice 18-23”) (requesting comment on a proposal regarding the MAP rules).

<sup>4</sup> Such proposed changes would include updating the rule references throughout the forms. For example, FINRA is proposing to replace references to “NASD” with “FINRA.”

(c) Not applicable.

**2. Procedures of the Self-Regulatory Organization**

The FINRA Board of Governors authorized the filing of the proposed rule change. No other action by FINRA is necessary for the filing of the proposed rule change.

FINRA has filed the proposed rule change for immediate effectiveness and has requested that the SEC waive the requirement that the proposed rule change not become operative for 30 days after the date of the filing, so that FINRA can implement the proposed rule change on September 14, 2020, consistent with the effective date for the amendments to the MAP rules.<sup>5</sup>

**3. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change**

(a) Purpose

Background

The MAP rules require an applicant for new or continuing membership to file an application that includes a Form NMA or Form CMA, as applicable.<sup>6</sup> Form NMA and Form CMA streamline the new and continuing membership application review process by setting forth the documents and information an applicant must gather to produce a complete application package for FINRA's review.<sup>7</sup>

---

<sup>5</sup> See Regulatory Notice 20-15 (May 2020).

<sup>6</sup> See Rule 1013(a)(1)(A) and Rule 1017(b)(2).

<sup>7</sup> See Securities Exchange Act Release No. 66555 (March 9, 2012), 77 FR 15445 (March 15, 2012) (Notice of Filing and Immediate Effectiveness of File No. SR-FINRA-2012-017) and Securities Exchange Act Release No. 67082 (May 31, 2012), 77 FR 33539 (June 6, 2012) (Notice of Filing of Amendment No. 1 and

In general, Form NMA and Form CMA are organized into sections that align with the standards for admission set forth in Rule 1014(a) (Standards for Admission). Each section begins with a description of the applicable standard in Rule 1014(a), followed by a series of questions related to that standard that are intended to help the applicant provide the responses needed to demonstrate that it can meet each of the standards described under Rule 1014(a), and to facilitate FINRA's review of the application.<sup>8</sup> An applicant is able to provide its documents and information by attaching files in various formats (e.g., .docx, .pdf, .xlsx) or by entering free form text in text boxes, and making selections through screen components such as drop-down menus and radio buttons, among others. While both forms are organized by standard, the underlying questions, and the documents and information that an applicant may need to provide vary based on whether the application is for new or continuing membership.<sup>9</sup>

A. Standard 3 in Form NMA and Form CMA

Rule 1014(a)(3) ("Standard 3") is one of the standards for admission FINRA must consider in determining whether to approve an NMA or CMA. Standard 3 requires FINRA to determine whether an applicant for new or continuing membership and its

---

Order Granting Approval of File No. SR-FINRA-2012-018 as Modified by Amendment No. 1).

<sup>8</sup> The portions of the forms that are marked with a red asterisk require the applicant to provide a response.

<sup>9</sup> For example, in Form NMA's Standard 1 section, titled "Overview of the Applicant," there are questions that focus on verifying the business activities the applicant identifies on Form BD (Uniform Application For Broker-Dealer Registration). On the other hand, the questions grouped in Form CMA's Standard 1 section, titled "Overview of the Applicants," focus on understanding the circumstances surrounding the contemplated change or event set forth under Rule 1017(a) (Events Requiring an Application).

associated persons “are capable of complying with” the federal securities laws, the rules and regulations thereunder, and FINRA rules. Standard 3 sets forth several factors, including past and current disciplinary actions and customer claims, that FINRA must consider in making that determination. The existence of specified factors “[raises] a question of capacity to comply with the federal securities laws and the rules of [FINRA],” which results in a rebuttable presumption to deny the application. Form NMA and Form CMA describe the specified factors in Standard 3, as well as the specified factors that trigger a rebuttable presumption to deny an application.

In addition, both forms require the applicant to provide a “yes” or “no” answer as to whether the applicant or any of its associated persons are subject to any of the specified factors described in Standard 3,<sup>10</sup> and directs the applicant to provide information (e.g., subject party, nature of the activity, any findings, any fine, or other dispositions) for each factor involving the applicant or its associated persons, unless details of a particular factor have been reported to the Central Registration Depository (CRD®).<sup>11</sup>

The forms require the applicant to explain in detail how, even with the existence of any of the specified factors that trigger the presumption to deny the application, it is nonetheless capable of complying with industry rules, regulation, laws, and observing

---

<sup>10</sup> See Form NMA, Standard 3, Question 1 (within the category titled “Explain how this Standard is met.”) and Form CMA, Standard 3, Question 1 (within the category titled “Explain how this Standard is met.”).

<sup>11</sup> See Form NMA, Standard 3, Question 1 (within the category titled “Explain how this Standard is met.”) and Form CMA, Standard 3, Question 1 (within the category titled “Explain how this Standard is met.”).

high standards of commercial honor and just and equitable principles of trade.<sup>12</sup> In addition, to the extent that any of the triggering events under Standard 3 exist, the forms require the applicant to reference any controls or systems put in place and refer to any specific pages or sections in the applicant's written supervisory procedures that address heightened supervisory requirements.<sup>13</sup> Finally, the forms give the applicant the option of providing any other documentation that would be pertinent to FINRA's review of Standard 3.<sup>14</sup>

#### B. Recent Amendments to the MAP Rules

FINRA has amended the MAP rules to create further incentives for the timely payment of arbitration awards by preventing an individual from switching firms, or a firm from using asset transfers or similar transactions, to avoid payment of arbitration awards.<sup>15</sup> The amendments address situations where: (1) a FINRA member firm hires individuals with pending arbitration claims, where there are concerns about the payment of those claims should they go to award or result in a settlement, and the supervision of those individuals; and (2) a member firm with substantial arbitration claims seeks to avoid payment of the claims should they go to award or result in a settlement by shifting

---

<sup>12</sup> See Form NMA, Standard 3 (within the category titled "Explain how this Standard is met.") and Form CMA, Standard 3, Question 2 (within the category titled "Explain how this Standard is met.").

<sup>13</sup> See Form NMA, Standard 3 (within the category titled "Explain how this Standard is met.") and Form CMA, Standard 3, Question 2 (within the category titled "Explain how this Standard is met.").

<sup>14</sup> See Form NMA, Standard 3, Question 3 (within the category titled "Provide supporting documents.") and Form CMA, Standard 3, Question 3 (within the category titled "Provide supporting documents.").

<sup>15</sup> See supra note 3.

its assets, which are typically customer accounts, or its managers and owners, to another firm and closing down. The amendments become effective on September 14, 2020.<sup>16</sup>

As a result of the amendments to the MAP rules, FINRA is proposing to amend Form NMA and Form CMA to: (1) align the description of Standard 3 used in the forms with the amended language in Rule 1014(a)(3); (2) align the description of the rebuttable presumption to deny an application with amended Rules 1014(b)(1) and 1017(i)(1), which set forth the Standard 3 factors that trigger the presumption to deny an NMA and CMA, respectively; (3) incorporate into Form NMA relevant arbitration-related questions that currently appear in Form CMA but not in Form NMA, to create consistency between the forms; (4) incorporate into Form NMA arbitration-related documentation options that currently appear in Form CMA but not in Form NMA to create consistency between the forms, and amend these options, as applicable, to conform to new IM-1014-1; and (5) make other non-substantive and technical changes throughout both standardized forms.

#### Proposed Amendments to Form NMA and Form CMA

##### A. Align Description of Standard 3 in Form NMA and Form CMA with Amended Rule 1014(a)(3)

Once an application is deemed filed, FINRA evaluates an applicant's financial, operational, supervisory and compliance systems to ensure that the applicant meets Standard 3, among other standards. As noted above, in determining whether an applicant for new or continuing membership and its associated persons are able to meet Standard 3, FINRA must consider a variety of factors, such as past and current disciplinary actions, in making that determination.

---

<sup>16</sup> See Regulatory Notice 20-15 (May 2020).



FINRA is proposing to amend Form NMA and Form CMA such that the language to describe Standard 3 reflects the language in Rule 1014(a)(3), as amended.

Specifically, the proposed amendments would reflect that the specified factors now appear in eight subparagraphs, rather than six.<sup>17</sup>

B. Align Description of the Rebuttable Presumption to Deny an Application in Form NMA and Form CMA with Amended Rules 1014(b)(1) and 1017(i)(1), Respectively

An applicant for new or continuing membership will trigger a presumption to deny the application if the applicant or its associated persons are subject to certain of the factors specified in Standard 3.<sup>18</sup> As amended, Rule 1014(b)(1) creates a presumption to deny an NMA where the new member applicant or its associated persons are the subject of a pending arbitration claim.<sup>19</sup>

Currently, both forms include a description of the presumption to deny an application, referencing the language in Rule 1014(b)(1) prior to its amendment.<sup>20</sup>

---

<sup>17</sup> See generally subparagraphs (A) through (H) under Rule 1014(a)(3), as amended. The amendments reorganized the factors in Rule 1014(a)(3), but did not change the factors substantively.

<sup>18</sup> See Rule 1014(b)(1) and Rule 1017(i), which pertain to NMAs and CMAs, respectively.

<sup>19</sup> This presumption of denial for a pending arbitration claim does not apply to an existing member firm filing a CMA.

<sup>20</sup> See Form NMA and Form CMA, Standard 3 (within their respective categories titled “Explain how this Standard is met”): “Pursuant to NASD Rule 1014(b)(1), where the history of the Applicant or its Associated Persons includes any of the events set forth in Rule 1014(a)(3)(A) and (C) through (E), there is a presumption that the Application should be denied. The Applicant may overcome the presumption of denial by demonstrating that it can meet each of the standards for admission in NASD Rule 1014(a), notwithstanding the existence of any of the events set forth in NASD Rule 1014(a)(3)(A) and (C) through (E). To the extent that any of the referenced events exist for the Applicant or its Associated Persons,

FINRA is proposing to amend both forms to conform to amended Rule 1014(b)(1). For Form NMA, FINRA is proposing to amend the form to reflect the new presumption of denial for an NMA where the new member applicant or its associated persons are the subject of a pending arbitration claim, consistent with amended Rule 1014(b)(1).<sup>21</sup> For Form CMA, FINRA is proposing to amend the form to align with the amended rule cross-references in Rule 1017(i)(1).<sup>22</sup>

---

provide a detailed explanation, in light of the existence of such events, as to how the Applicant is nonetheless capable of complying with industry rules, regulations, laws, and observing high standards of commercial honor and just and equitable principles of trade. Please reference any controls or systems put in place and refer to any specific pages or sections in the Applicant's written supervisory procedures that address heightened supervisory requirements.\*"

<sup>21</sup> The proposed change to Form NMA's Standard 3 section would read: "Pursuant to FINRA Rule 1014(b)(1), where the history of the Applicant or its Associated Persons includes any of the events set forth in Rule 1014(a)(3)(A), (C), (D), (F), (G), and (E) for new member applications, there is a presumption that the Application should be denied. The Applicant may overcome the presumption of denial by demonstrating that it can meet each of the standards for admission in FINRA Rule 1014(a), notwithstanding the existence of any of the events set forth in FINRA Rule 1014(a)(3)(A), (C), (D), (F), (G), and (E) for new member applications. To the extent that any of the referenced events exist for the Applicant or its Associated Persons, provide a detailed explanation, in light of the existence of such events, as to how the Applicant is nonetheless capable of complying with industry rules, regulations, laws, and observing high standards of commercial honor and just and equitable principles of trade. Please reference any controls or systems put in place and refer to any specific pages or sections in the Applicant's written supervisory procedures that address heightened supervisory requirements.\*"

<sup>22</sup> The proposed change to Form CMA's Standard 3 section would read: "Pursuant to FINRA Rule 1014(b)(1), where the history of the Applicant or its Associated Persons includes any of the events set forth in Rule 1014(a)(3)(A), (C), (D), (F), and (G), there is a presumption that the Application should be denied. The Applicant may overcome the presumption of denial by demonstrating that it can meet each of the standards for admission in FINRA Rule 1014(a), notwithstanding the existence of any of the events set forth in FINRA Rule 1014(a)(3)(A), (C), (D), (F), and (G). To the extent that any of the referenced events exist for the Applicant or its Associated Persons, provide a detailed

C. Incorporate Provisions from Form CMA to Form NMA to Require an Applicant for New Membership to Explain How Standard 3 is Met

Form CMA's Standard 3 section contains requirements that FINRA believes are relevant to new membership applications, but are not currently included in Form NMA.<sup>23</sup> Accordingly, FINRA is proposing amendments that would incorporate these requirements into Form NMA.

Specifically, Form CMA directs the applicant to indicate whether it or any associated persons have been found to have repeat violations of the same federal securities laws or regulations, the rules thereunder, or FINRA rules and if so, to identify the nature of the repetitive occurrences, the corrective action the applicant has taken to prevent future violations, and the specific persons with responsibility for supervision in the areas noted with repeat violations or associated persons who have been found to have repeat violations.<sup>24</sup>

In addition, Form CMA directs the applicant to provide details regarding any pending arbitration claims or closed or settled arbitration matters by providing a summary of each claim, including the amounts claimed for pending matters, the current status, and

---

explanation, in light of the existence of such events, as to how the Applicant is nonetheless capable of complying with industry rules, regulations, laws, and observing high standards of commercial honor and just and equitable principles of trade. Please reference any controls or systems put in place and refer to any specific pages or sections in the Applicant's written supervisory procedures that address heightened supervisory requirements.\*"

<sup>23</sup> See generally Form CMA, Standard 3, Questions 1 and 2 (within the category titled "Provide supporting documents").

<sup>24</sup> See Form CMA, Standard 3, Question 3 (within the category titled "Explain how this Standard is met").

the amount of settled matters.<sup>25</sup> Form CMA directs the applicant to provide a statement detailing the treatment of unpaid and pending arbitration claims on the applicant's financial statements, and if pending arbitration claims are classified as contingent liabilities, the applicant should explain its method for calculating their amounts on its financial statements, and if such claims are not disclosed on the financial statements, an explanation for the nondisclosure.<sup>26</sup> The applicant must also promptly update the information provided in the application regarding pending arbitration claims that are awarded, settled, or become unpaid before FINRA renders its decision on the CMA.<sup>27</sup>

FINRA is proposing to incorporate these requirements into Form NMA, without substantive modification, but would include some clarifying language that would also be reflected in Form CMA.<sup>28</sup> These requirements should also apply to an applicant for new membership as they are relevant to whether such applicant is "capable of complying with" applicable federal securities laws and FINRA rules and do not impose new

---

<sup>25</sup> See Form CMA, Standard 3, Question 4.a. (within the category titled "Explain how this Standard is met").

<sup>26</sup> See Form CMA, Standard 3, Question 4.b. (within the category titled "Explain how this Standard is met").

<sup>27</sup> See supra note 26.

<sup>28</sup> In the Standard 3 section of Form NMA and Form CMA, Question 4.b. (within the category "Explain how this Standard is met") would read: "A statement detailing the treatment of unpaid and pending arbitration claims on the Applicant's financial statements. If pending arbitrations are classified as contingent liabilities, the Applicant should explain its method for calculating amounts on its financial statements. If pending arbitrations are not disclosed on the financial statements, explain why they are not disclosed. Additionally, the Applicant must promptly update information provided in the Application regarding pending arbitration claims that are awarded, settled or become unpaid before the Department renders its decision on the Application. The updates should include new arbitrations filed, settlements made and awards granted against the Applicant.\*"

requirements beyond the scope of Standard 3, as amended. In addition, incorporating these requirements into Form NMA would be helpful in providing an applicant for new membership the opportunity to address, at the outset of the review process, any repetitive occurrences of violative conduct and arbitration-related matters. Further, the proposed alignments to Form NMA would improve consistency between the two forms.

D. Incorporate Documentation Options from Form CMA into Form NMA and Amend These Options to Align with New IM-1014-1

Currently, Form NMA and Form CMA provide, within the category titled, “Provide supporting documents[,]” that an applicant may provide additional documents to evidence its ability to meet Standard 3. This category of the forms is not marked with a red asterisk, indicating that the applicant is not required to provide documents.<sup>29</sup> There are more documentation options in Form CMA than in Form NMA due to the underlying distinction between an application for new membership and continuing membership. FINRA is proposing to expand Form NMA’s “Provide supporting documents[,]” category to include documentation options that mirror those described in Form CMA, where appropriate, and to modify the documentation options in both forms to align with new IM-1014-1. With respect to an applicant for new membership, establishing documentation options in Form NMA that parallel the options in Form CMA would not impose additional obligations upon such applicant; rather, incorporating these options into Form NMA would provide an applicant for new membership with a clear indication of the documentation that such applicant may choose to prepare to demonstrate that it can meet Standard 3, as amended. Further, the proposed incorporation of the documentation

---

<sup>29</sup> See supra note 8 and accompanying text.

options, including the corresponding changes to align with IM-1014-1, would bring consistency between the forms.

1. Form CMA and Form NMA, Question 1, Providing Supporting Documents

Form NMA's Question 1 within the category titled "Provide supporting documents" permits an applicant for new membership to provide copies of any state, federal, or other orders, decrees or formal actions.<sup>30</sup> Form CMA's Question 1, within the same category, however, permits an applicant for continuing membership to provide documentation of any of the events described in Rule 1014(a)(3), unless the event has been reported to the CRD system.<sup>31</sup> FINRA is proposing to replace the language in Form NMA's Question 1 with the language in Form CMA's Question 1. The proposed change would make this supporting documents question in both forms consistent and would help ensure that the documents provided are more directly relevant to explaining the events, as applicable, under Rule 1014(a)(3).<sup>32</sup>

2. Form CMA and Form NMA, Question 2, Providing Supporting Documents and New IM-1014-1

Within the "Providing Supporting Documents" category, Form NMA's Question 2 permits an applicant to provide relevant and supporting documents, citing as examples

---

<sup>30</sup> See Form NMA, Standard 3, Question 1 (within the category titled "Provide supporting documents").

<sup>31</sup> See Form CMA, Standard 3, Question 1 (within the category titled "Provide supporting documents").

<sup>32</sup> The question would read the same as in Form CMA's Question 1, subject to one technical amendment to change the reference from "NASD" to "FINRA."

statements of claim or settlement agreements.<sup>33</sup> Form CMA currently sets forth more detailed documentation options than Form NMA that an applicant may provide in support of Standard 3, but these options are framed in the context of an application that involves a transfer of assets without a corresponding transfer of associated liabilities, and where there are pending arbitration claims or closed or settled arbitration matters. They include: (1) evidence that the applicant has satisfied the arbitration award in full (e.g., copies of front and back of cancelled checks), and in cases of unpaid awards, the applicant is required to pay the awards before closing the transaction,<sup>34</sup> and for matters that have been settled, a copy of the settlement documentation and evidence that the settlement payments have been made in full;<sup>35</sup> (2) an opinion from counsel and any documentation from the applicant's financial operations principal, accountant or auditor that support the applicant's treatment of unpaid and pending arbitration or civil litigation claims;<sup>36</sup> and (3) a written "Arbitration Plan," a "Relationship Statement," and a "Statement of Future Plans."<sup>37</sup>

---

<sup>33</sup> See Form NMA, Standard 3, Question 2 (within the category titled "Provide supporting documents").

<sup>34</sup> See Form CMA, Standard 3, Question 2.a. (within the category titled "Provide supporting documents").

<sup>35</sup> See Form CMA, Standard 3, Question 2.b. (within the category titled "Provide supporting documents.>").

<sup>36</sup> See Form CMA, Standard 3, Question 2.c. (within the category titled "Provide supporting documents").

<sup>37</sup> Currently, Form CMA indicates that an Arbitration Plan should include the expected date for concluding the arbitration, the method by which the Applicant expects to resolve the arbitrations (e.g., mediation, settlement, hearing), and the provision that the Applicant will make for payment of awards (e.g., reserve fund, retention of proceeds of asset transfer, no provision for payment). A Relationship

New IM-1014-1 expressly provides that an applicant may demonstrate its ability to satisfy an unpaid arbitration award, other adjudicated customer award, unpaid arbitration settlement or a pending arbitration claim, through an escrow agreement, insurance coverage, a clearing deposit, a guarantee, a reserve fund, or the retention of proceeds from an asset transfer, or such other forms of documentation that FINRA may determine to be acceptable. In addition, an applicant may provide a written opinion of an independent, reputable U.S. licensed counsel knowledgeable in the area as to the value of the arbitration claims (which might be zero). IM-1014-1 also provides that to overcome the presumption to deny the application due to unpaid arbitration awards, other adjudicated customer awards, unpaid arbitration settlements, or pending arbitration claims, as applicable, the applicant must guarantee that any funds used to evidence the applicant's ability to satisfy any awards, settlements, or claims will be used for that purpose. Any demonstration by an applicant of its ability to satisfy these outstanding obligations would be subject to a reasonableness assessment by FINRA.

FINRA is proposing to add to Form NMA the more detailed documentation options set forth in Form CMA, but modify the options in both forms, as appropriate, to align them with new IM-1014-1. Specifically, FINRA is proposing to remove the reference to a specific type of business change in Form CMA (i.e., asset transfer); instead, Form CMA would direct the applicant to provide additional information where

---

Statement should describe the relationship of the firms involved in the transaction; specifically, whether the firms are affiliated or have common (direct or indirect) ownership greater than five percent, and the plans of key personnel or owners to associate with the acquiring firm. A Statement of Future Plans should describe the intended use of the proceeds of the transaction and future plans in the business of the owners and key personnel. See Form CMA, Standard 3, Question 2.d.i., ii., and iii. (within the category titled "Provide supporting documents.").



the applicant or its associated person is subject to unpaid arbitration awards, other adjudicated customer awards, unpaid arbitration settlements, or pending arbitration claims. In addition to incorporating Form CMA's documentation options relating to evidence that the applicant has satisfied an arbitration award or settlement, without substantive change, FINRA is proposing to incorporate this documentation option into Form NMA.<sup>38</sup>

Further, FINRA is proposing to modify the documentation option in Form CMA to specify that an applicant may provide a written opinion of counsel from an independent, reputable U.S. licensed counsel knowledgeable in the value of the arbitration claims and any other documentation developed by the applicant's financial operations principal, accountants, or auditors that support the applicant's treatment of unpaid and pending arbitration or civil litigation claims. FINRA is proposing to incorporate this documentation option into Form NMA.<sup>39</sup>

Finally, FINRA is proposing to modify the Arbitration Plan requirements in Form CMA to provide that the Arbitration Plan should include the provision the applicant will make and guarantee for payment of awards, settlements or claims. In addition, the

---

<sup>38</sup> In the Standard 3 section of Form NMA and Form CMA, the proposed question stem in Question 2 (within the category "Provide supporting documents.") would read: "To the extent that the Applicant or its Associated Person is subject to unpaid arbitration awards, other adjudicated customer awards, unpaid arbitration settlements, pending arbitration claims, provide the following:".

<sup>39</sup> In the Standard 3 section of Form NMA and Form CMA, Question 2.c. (within the category "Provide supporting documents.") would read: "Written opinion(s) of an independent, reputable U.S. licensed counsel knowledgeable in the value of the claim(s) and any other documentation developed by the Applicant's FinOp Principal, accountants, or auditors that support the Applicant's treatment of unpaid and pending arbitration or civil litigation claims."

Arbitration Plan would include more examples of how an applicant may demonstrate its ability to satisfy awards, including through an escrow agreement, insurance coverage, clearing deposit or guarantee. In addition to incorporating Form CMA's documentation options relating to the Relationship Statement and Statement of Future Plans, without substantive change, FINRA is also proposing to incorporate the Arbitration Plan requirements, as modified, into Form NMA.<sup>40</sup>

The proposed changes to Form NMA and Form CMA would conform the forms to the amendments to the MAP rules. Incorporating the provisions and documentation options, as modified, from Form CMA to Form NMA would not impose additional requirements on an applicant for new membership beyond the scope of the amended MAP rules; instead, the proposed changes would help the applicant prepare to address, as applicable, the areas pertaining to meeting Standard 3, as amended. Moreover, the proposed changes to these standardized forms would make the forms more consistent as to the documents and information FINRA would need to determine whether a new or continuing membership applicant would be able to meet Standard 3, as amended.

E. Amend Form NMA and Form CMA to Make Other Non-Substantive and Technical Changes to Forms

In 2019, as part of the process of completing a consolidated FINRA rulebook, FINRA transferred the remaining legacy NASD rules, without substantive change, as

---

<sup>40</sup> In the Standard 3 section of Form NMA and Form CMA, Question 2.d.i. (within the category "Provide supporting documents.") would read: "The Arbitration Plan should include (i) the expected date for concluding the arbitration, (ii) the method by which the Applicant expects to resolve the arbitrations (e.g., mediation, settlement hearing), and (iii) the provision that the Applicant will make and guarantee for payment of awards, settlements or claims (e.g., escrow agreement, insurance coverage, clearing deposit, guarantee, reserve fund, retention of proceeds of asset transfer, no provision for payment." See also supra note 377.

FINRA rules in the consolidated FINRA rulebook and the remaining Incorporated NYSE Rules and Incorporated NYSE Rule Interpretations, without substantive change, in the consolidated FINRA rulebook as a separate Temporary Dual FINRA-NYSE Member Rules Series.<sup>41</sup> The rule references in Form NMA and Form CMA still refer to NASD rules. FINRA is proposing to amend the forms to reflect the correct FINRA rule cross-references, and make other technical changes as appropriate.<sup>42</sup>

As noted in Item 2 of this filing, FINRA has filed the proposed rule change for immediate effectiveness and has requested that the SEC waive the requirement that the proposed rule change not become operative for 30 days after the date of the filing, so that FINRA can implement the proposed rule change on September 14, 2020, consistent with the effective date for the amendments to the MAP rules.<sup>43</sup>

(b) Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,<sup>44</sup> which requires, among other things, that FINRA rules must be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest.

---

<sup>41</sup> See Securities Exchange Act Release No. 85589 (April 10, 2019), 84 FR 15646 (April 16, 2019) (Notice of Filing and Immediate Effectiveness of File No. SR-FINRA-2019-009).

<sup>42</sup> For example, Form NMA still refers to a \$350 processing fee though the NMA processing fee was increased to \$500 in 2012. See Regulatory Notice 12-32 (June 2012). FINRA is not proposing to change this \$500 fee at this time.

<sup>43</sup> See supra note 5.

<sup>44</sup> 15 U.S.C. 78o-3(b)(6).

The proposed changes to Form NMA and Form CMA will conform the forms to the amendments to the MAP rules, as described in File No. SR-FINRA-2019-030, that are intended to create further incentives for the timely payment of customer arbitration awards by preventing an individual from switching firms, or a firm from using asset transfers or similar transactions, to avoid payment of customer arbitration awards. The proposed changes to Form NMA and Form CMA will help ensure that applicants for new and continuing membership provide the information and documentation to produce a complete application package for FINRA's review. In addition, the proposed changes to Form NMA and Form CMA will provide more consistency, where applicable, between the forms.

**4. Self-Regulatory Organization's Statement on Burden on Competition**

FINRA does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. FINRA's recent amendments to the MAP rules necessitate conforming changes to the Standard 3 section of Form NMA and Form CMA to reflect the documents and information that may be necessary for applicants to demonstrate their ability to meet Standard 3, as amended. The proposed conforming changes to the forms effectuate the recent amendments to the MAP rules as described in File No. SR-FINRA-2019-030. FINRA believes that the proposed conforming changes to the forms would not result in new material economic effects. FINRA considered and discussed the potential economic impact of the recent amendments in File No. SR-FINRA-2019-030, including the burden imposed on some applicants to address in the application arbitration-related questions and documentation options.

5. **Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others**

Written comments were neither solicited nor received.

6. **Extension of Time Period for Commission Action**

Not applicable.

7. **Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2) or Section 19(b)(7)(D)**

The proposed rule change is effective upon filing pursuant to Section 19(b)(3) of the Act<sup>45</sup> and paragraph (f)(6) of Rule 19b-4 thereunder,<sup>46</sup> in that the proposed rule change does not significantly affect the protection of investors or the public interest; does not impose any significant burden on competition; and does not become operative for 30 days after filing or such shorter time as the Commission may designate.

FINRA requests that the Commission waive the requirement that the rule change, by its terms, not become operative for 30 days after the date of the filing as set forth in Rule 19b-4(f)(6)(iii).<sup>47</sup> Waiver of the operative delay would allow the proposed changes, which are designed to minimize disruptions to FINRA's operations in order to maintain fair processes and continue to meet its investor protection goals, to be implemented on September 14, 2020, consistent with the effective date for the amendments to the MAP rules.<sup>48</sup>

---

<sup>45</sup> 15 U.S.C. 78s(b)(3).

<sup>46</sup> 17 CFR 240.19b-4(f)(6).

<sup>47</sup> 17 CFR 240.19b-4(f)(6)(iii).

<sup>48</sup> See supra note 5.

In accordance with Rule 19b-4(f)(6),<sup>49</sup> FINRA submitted written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing, or such shorter time as the Commission may designate, as specified in Rule 19b-4(f)(6)(iii) under the Act.<sup>50</sup>

**8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission**

Not applicable.

**9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act**

Not applicable.

**10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act**

Not applicable.

**11. Exhibits**

Exhibit 1. Completed notice of proposed rule change for publication in the Federal Register.

Exhibits 3a and 3b. Amended Forms NMA and CMA, respectively.

---

<sup>49</sup> 17 CFR 240.19b-4(f)(6).

<sup>50</sup> 17 CFR 240.19b-4(f)(6)(iii).

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34- ; File No. SR-FINRA-2020-028)

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend the Standardized Membership Application Forms—Form NMA and Form CMA—to Conform to Amendments to the Membership Application Program Rules as Described in SR-FINRA-2019-030

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on , the Financial Industry Regulatory Authority, Inc. (“FINRA”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by FINRA. FINRA has designated the proposed rule change as constituting a “non-controversial” rule change under paragraph (f)(6) of Rule 19b-4 under the Act,<sup>3</sup> which renders the proposal effective upon receipt of this filing by the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

FINRA is proposing to (1) amend the standardized membership application forms—Form NMA (New Membership Application Form) and Form CMA (Continuing Membership Application Form)—required under Rule 1013 (New Member Application

---

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> 17 CFR 240.19b-4(f)(6).

and Interview) and Rule 1017 (Application for Approval of Change in Ownership, Control, or Business Operations), respectively, to conform to amendments to the Membership Application Program (“MAP”) rules<sup>4</sup> as described in File No. SR-FINRA-2019-030;<sup>5</sup> and (2) make non-substantive and technical changes to Form NMA and Form CMA.<sup>6</sup> The proposed rule change does not make any changes to the text of FINRA rules.

The text of the proposed rule change is available on FINRA’s website at <http://www.finra.org>, at the principal office of FINRA and at the Commission’s Public Reference Room.

II. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, FINRA included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. FINRA has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

---

<sup>4</sup> The MAP rules consist of Rules 1011 through 1019, which reside under the FINRA Rule 1000 Series (Member Application and Associated Person Registration).

<sup>5</sup> See Securities Exchange Act Release No. 88482 (March 26, 2020), 85 FR 18299 (April 1, 2020) (Order Approving File No. SR-FINRA-2019-030). FINRA is separately developing comprehensive changes to the MAP rules in connection with the retrospective review of this rule set, which will also require conforming amendments to the standardized forms. See Regulatory Notice 18-23 (July 2018) (“Notice 18-23”) (requesting comment on a proposal regarding the MAP rules).

<sup>6</sup> Such proposed changes would include updating the rule references throughout the forms. For example, FINRA is proposing to replace references to “NASD” with “FINRA.”



A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

Background

The MAP rules require an applicant for new or continuing membership to file an application that includes a Form NMA or Form CMA, as applicable.<sup>7</sup> Form NMA and Form CMA streamline the new and continuing membership application review process by setting forth the documents and information an applicant must gather to produce a complete application package for FINRA's review.<sup>8</sup>

In general, Form NMA and Form CMA are organized into sections that align with the standards for admission set forth in Rule 1014(a) (Standards for Admission). Each section begins with a description of the applicable standard in Rule 1014(a), followed by a series of questions related to that standard that are intended to help the applicant provide the responses needed to demonstrate that it can meet each of the standards described under Rule 1014(a), and to facilitate FINRA's review of the application.<sup>9</sup> An applicant is able to provide its documents and information by attaching files in various formats (e.g., .docx, .pdf, .xlsx) or by entering free form text in text boxes, and making

---

<sup>7</sup> See Rule 1013(a)(1)(A) and Rule 1017(b)(2).

<sup>8</sup> See Securities Exchange Act Release No. 66555 (March 9, 2012), 77 FR 15445 (March 15, 2012) (Notice of Filing and Immediate Effectiveness of File No. SR-FINRA-2012-017) and Securities Exchange Act Release No. 67082 (May 31, 2012), 77 FR 33539 (June 6, 2012) (Notice of Filing of Amendment No. 1 and Order Granting Approval of File No. SR-FINRA-2012-018 as Modified by Amendment No. 1).

<sup>9</sup> The portions of the forms that are marked with a red asterisk require the applicant to provide a response.

selections through screen components such as drop-down menus and radio buttons, among others. While both forms are organized by standard, the underlying questions, and the documents and information that an applicant may need to provide vary based on whether the application is for new or continuing membership.<sup>10</sup>

A. Standard 3 in Form NMA and Form CMA

Rule 1014(a)(3) (“Standard 3”) is one of the standards for admission FINRA must consider in determining whether to approve an NMA or CMA. Standard 3 requires FINRA to determine whether an applicant for new or continuing membership and its associated persons “are capable of complying with” the federal securities laws, the rules and regulations thereunder, and FINRA rules. Standard 3 sets forth several factors, including past and current disciplinary actions and customer claims, that FINRA must consider in making that determination. The existence of specified factors “[raises] a question of capacity to comply with the federal securities laws and the rules of [FINRA],” which results in a rebuttable presumption to deny the application. Form NMA and Form CMA describe the specified factors in Standard 3, as well as the specified factors that trigger a rebuttable presumption to deny an application.

In addition, both forms require the applicant to provide a “yes” or “no” answer as to whether the applicant or any of its associated persons are subject to any of the

---

<sup>10</sup> For example, in Form NMA’s Standard 1 section, titled “Overview of the Applicant,” there are questions that focus on verifying the business activities the applicant identifies on Form BD (Uniform Application For Broker-Dealer Registration). On the other hand, the questions grouped in Form CMA’s Standard 1 section, titled “Overview of the Applicants,” focus on understanding the circumstances surrounding the contemplated change or event set forth under Rule 1017(a) (Events Requiring an Application).

specified factors described in Standard 3,<sup>11</sup> and directs the applicant to provide information (e.g., subject party, nature of the activity, any findings, any fine, or other dispositions) for each factor involving the applicant or its associated persons, unless details of a particular factor have been reported to the Central Registration Depository (CRD®).<sup>12</sup>

The forms require the applicant to explain in detail how, even with the existence of any of the specified factors that trigger the presumption to deny the application, it is nonetheless capable of complying with industry rules, regulation, laws, and observing high standards of commercial honor and just and equitable principles of trade.<sup>13</sup> In addition, to the extent that any of the triggering events under Standard 3 exist, the forms require the applicant to reference any controls or systems put in place and refer to any specific pages or sections in the applicant's written supervisory procedures that address heightened supervisory requirements.<sup>14</sup> Finally, the forms give the applicant the option

---

<sup>11</sup> See Form NMA, Standard 3, Question 1 (within the category titled "Explain how this Standard is met.") and Form CMA, Standard 3, Question 1 (within the category titled "Explain how this Standard is met.").

<sup>12</sup> See Form NMA, Standard 3, Question 1 (within the category titled "Explain how this Standard is met.") and Form CMA, Standard 3, Question 1 (within the category titled "Explain how this Standard is met.").

<sup>13</sup> See Form NMA, Standard 3 (within the category titled "Explain how this Standard is met.") and Form CMA, Standard 3, Question 2 (within the category titled "Explain how this Standard is met.").

<sup>14</sup> See Form NMA, Standard 3 (within the category titled "Explain how this Standard is met.") and Form CMA, Standard 3, Question 2 (within the category titled "Explain how this Standard is met.").

of providing any other documentation that would be pertinent to FINRA's review of Standard 3.<sup>15</sup>

B. Recent Amendments to the MAP Rules

FINRA has amended the MAP rules to create further incentives for the timely payment of arbitration awards by preventing an individual from switching firms, or a firm from using asset transfers or similar transactions, to avoid payment of arbitration awards.<sup>16</sup> The amendments address situations where: (1) a FINRA member firm hires individuals with pending arbitration claims, where there are concerns about the payment of those claims should they go to award or result in a settlement, and the supervision of those individuals; and (2) a member firm with substantial arbitration claims seeks to avoid payment of the claims should they go to award or result in a settlement by shifting its assets, which are typically customer accounts, or its managers and owners, to another firm and closing down. The amendments become effective on September 14, 2020.<sup>17</sup>

As a result of the amendments to the MAP rules, FINRA is proposing to amend Form NMA and Form CMA to: (1) align the description of Standard 3 used in the forms with the amended language in Rule 1014(a)(3); (2) align the description of the rebuttable presumption to deny an application with amended Rules 1014(b)(1) and 1017(i)(1), which set forth the Standard 3 factors that trigger the presumption to deny an NMA and CMA, respectively; (3) incorporate into Form NMA relevant arbitration-related questions

---

<sup>15</sup> See Form NMA, Standard 3, Question 3 (within the category titled "Provide supporting documents.") and Form CMA, Standard 3, Question 3 (within the category titled "Provide supporting documents.").

<sup>16</sup> See supra note 5.

<sup>17</sup> See Regulatory Notice 20-15 (May 2020).

that currently appear in Form CMA but not in Form NMA, to create consistency between the forms; (4) incorporate into Form NMA arbitration-related documentation options that currently appear in Form CMA but not in Form NMA to create consistency between the forms, and amend these options, as applicable, to conform to new IM-1014-1; and (5) make other non-substantive and technical changes throughout both standardized forms.

Proposed Amendments to Form NMA and Form CMA

- i. Align Description of Standard 3 in Form NMA and Form CMA with Amended Rule 1014(a)(3)

Once an application is deemed filed, FINRA evaluates an applicant's financial, operational, supervisory and compliance systems to ensure that the applicant meets Standard 3, among other standards. As noted above, in determining whether an applicant for new or continuing membership and its associated persons are able to meet Standard 3, FINRA must consider a variety of factors, such as past and current disciplinary actions, in making that determination.

FINRA is proposing to amend Form NMA and Form CMA such that the language to describe Standard 3 reflects the language in Rule 1014(a)(3), as amended. Specifically, the proposed amendments would reflect that the specified factors now appear in eight subparagraphs, rather than six.<sup>18</sup>

- ii. Align Description of the Rebuttable Presumption to Deny an Application in Form NMA and Form CMA with Amended Rules 1014(b)(1) and 1017(i)(1), Respectively

---

<sup>18</sup> See generally subparagraphs (A) through (H) under Rule 1014(a)(3), as amended. The amendments reorganized the factors in Rule 1014(a)(3), but did not change the factors substantively.

An applicant for new or continuing membership will trigger a presumption to deny the application if the applicant or its associated persons are subject to certain of the factors specified in Standard 3.<sup>19</sup> As amended, Rule 1014(b)(1) creates a presumption to deny an NMA where the new member applicant or its associated persons are the subject of a pending arbitration claim.<sup>20</sup>

Currently, both forms include a description of the presumption to deny an application, referencing the language in Rule 1014(b)(1) prior to its amendment.<sup>21</sup> FINRA is proposing to amend both forms to conform to amended Rule 1014(b)(1). For Form NMA, FINRA is proposing to amend the form to reflect the new presumption of denial for an NMA where the new member applicant or its associated persons are the subject of a pending arbitration claim, consistent with amended Rule 1014(b)(1).<sup>22</sup> For

---

<sup>19</sup> See Rule 1014(b)(1) and Rule 1017(i), which pertain to NMAs and CMAs, respectively.

<sup>20</sup> This presumption of denial for a pending arbitration claim does not apply to an existing member firm filing a CMA.

<sup>21</sup> See Form NMA and Form CMA, Standard 3 (within their respective categories titled “Explain how this Standard is met”): “Pursuant to NASD Rule 1014(b)(1), where the history of the Applicant or its Associated Persons includes any of the events set forth in Rule 1014(a)(3)(A) and (C) through (E), there is a presumption that the Application should be denied. The Applicant may overcome the presumption of denial by demonstrating that it can meet each of the standards for admission in NASD Rule 1014(a), notwithstanding the existence of any of the events set forth in NASD Rule 1014(a)(3)(A) and (C) through (E). To the extent that any of the referenced events exist for the Applicant or its Associated Persons, provide a detailed explanation, in light of the existence of such events, as to how the Applicant is nonetheless capable of complying with industry rules, regulations, laws, and observing high standards of commercial honor and just and equitable principles of trade. Please reference any controls or systems put in place and refer to any specific pages or sections in the Applicant’s written supervisory procedures that address heightened supervisory requirements.\*”

<sup>22</sup> The proposed change to Form NMA’s Standard 3 section would read: “Pursuant to FINRA Rule 1014(b)(1), where the history of the Applicant or its Associated

Form CMA, FINRA is proposing to amend the form to align with the amended rule cross-references in Rule 1017(i)(1).<sup>23</sup>

- iii. Incorporate Provisions from Form CMA to Form NMA to Require an Applicant for New Membership to Explain How Standard 3 is Met

Form CMA's Standard 3 section contains requirements that FINRA believes are relevant to new membership applications, but are not currently included in Form NMA.<sup>24</sup>

---

Persons includes any of the events set forth in Rule 1014(a)(3)(A), (C), (D), (F), (G), and (E) for new member applications, there is a presumption that the Application should be denied. The Applicant may overcome the presumption of denial by demonstrating that it can meet each of the standards for admission in FINRA Rule 1014(a), notwithstanding the existence of any of the events set forth in FINRA Rule 1014(a)(3)(A), (C), (D), (F), (G), and (E) for new member applications. To the extent that any of the referenced events exist for the Applicant or its Associated Persons, provide a detailed explanation, in light of the existence of such events, as to how the Applicant is nonetheless capable of complying with industry rules, regulations, laws, and observing high standards of commercial honor and just and equitable principles of trade. Please reference any controls or systems put in place and refer to any specific pages or sections in the Applicant's written supervisory procedures that address heightened supervisory requirements.\*"

<sup>23</sup> The proposed change to Form CMA's Standard 3 section would read: "Pursuant to FINRA Rule 1014(b)(1), where the history of the Applicant or its Associated Persons includes any of the events set forth in Rule 1014(a)(3)(A), (C), (D), (F), and (G), there is a presumption that the Application should be denied. The Applicant may overcome the presumption of denial by demonstrating that it can meet each of the standards for admission in FINRA Rule 1014(a), notwithstanding the existence of any of the events set forth in FINRA Rule 1014(a)(3)(A), (C), (D), (F), and (G). To the extent that any of the referenced events exist for the Applicant or its Associated Persons, provide a detailed explanation, in light of the existence of such events, as to how the Applicant is nonetheless capable of complying with industry rules, regulations, laws, and observing high standards of commercial honor and just and equitable principles of trade. Please reference any controls or systems put in place and refer to any specific pages or sections in the Applicant's written supervisory procedures that address heightened supervisory requirements.\*"

<sup>24</sup> See generally Form CMA, Standard 3, Questions 1 and 2 (within the category titled "Provide supporting documents").

Accordingly, FINRA is proposing amendments that would incorporate these requirements into Form NMA.

Specifically, Form CMA directs the applicant to indicate whether it or any associated persons have been found to have repeat violations of the same federal securities laws or regulations, the rules thereunder, or FINRA rules and if so, to identify the nature of the repetitive occurrences, the corrective action the applicant has taken to prevent future violations, and the specific persons with responsibility for supervision in the areas noted with repeat violations or associated persons who have been found to have repeat violations.<sup>25</sup>

In addition, Form CMA directs the applicant to provide details regarding any pending arbitration claims or closed or settled arbitration matters by providing a summary of each claim, including the amounts claimed for pending matters, the current status, and the amount of settled matters.<sup>26</sup> Form CMA directs the applicant to provide a statement detailing the treatment of unpaid and pending arbitration claims on the applicant's financial statements, and if pending arbitration claims are classified as contingent liabilities, the applicant should explain its method for calculating their amounts on its financial statements, and if such claims are not disclosed on the financial statements, an explanation for the nondisclosure.<sup>27</sup> The applicant must also promptly update the

---

<sup>25</sup> See Form CMA, Standard 3, Question 3 (within the category titled "Explain how this Standard is met").

<sup>26</sup> See Form CMA, Standard 3, Question 4.a. (within the category titled "Explain how this Standard is met").

<sup>27</sup> See Form CMA, Standard 3, Question 4.b. (within the category titled "Explain how this Standard is met").



information provided in the application regarding pending arbitration claims that are awarded, settled, or become unpaid before FINRA renders its decision on the CMA.<sup>28</sup>

FINRA is proposing to incorporate these requirements into Form NMA, without substantive modification, but would include some clarifying language that would also be reflected in Form CMA.<sup>29</sup> These requirements should also apply to an applicant for new membership as they are relevant to whether such applicant is “capable of complying with” applicable federal securities laws and FINRA rules and do not impose new requirements beyond the scope of Standard 3, as amended. In addition, incorporating these requirements into Form NMA would be helpful in providing an applicant for new membership the opportunity to address, at the outset of the review process, any repetitive occurrences of violative conduct and arbitration-related matters. Further, the proposed alignments to Form NMA would improve consistency between the two forms.

- iv. Incorporate Documentation Options from Form CMA into Form NMA and Amend These Options to Align with New IM-1014-1

Currently, Form NMA and Form CMA provide, within the category titled, “Provide supporting documents[.]” that an applicant may provide additional documents

---

<sup>28</sup> See supra note 27.

<sup>29</sup> In the Standard 3 section of Form NMA and Form CMA, Question 4.b. (within the category “Explain how this Standard is met”) would read: “A statement detailing the treatment of unpaid and pending arbitration claims on the Applicant's financial statements. If pending arbitrations are classified as contingent liabilities, the Applicant should explain its method for calculating amounts on its financial statements. If pending arbitrations are not disclosed on the financial statements, explain why they are not disclosed. Additionally, the Applicant must promptly update information provided in the Application regarding pending arbitration claims that are awarded, settled or become unpaid before the Department renders its decision on the Application. The updates should include new arbitrations filed, settlements made and awards granted against the Applicant.\*”

to evidence its ability to meet Standard 3. This category of the forms is not marked with a red asterisk, indicating that the applicant is not required to provide documents.<sup>30</sup> There are more documentation options in Form CMA than in Form NMA due to the underlying distinction between an application for new membership and continuing membership. FINRA is proposing to expand Form NMA's "Provide supporting documents[.]" category to include documentation options that mirror those described in Form CMA, where appropriate, and to modify the documentation options in both forms to align with new IM-1014-1. With respect to an applicant for new membership, establishing documentation options in Form NMA that parallel the options in Form CMA would not impose additional obligations upon such applicant; rather, incorporating these options into Form NMA would provide an applicant for new membership with a clear indication of the documentation that such applicant may choose to prepare to demonstrate that it can meet Standard 3, as amended. Further, the proposed incorporation of the documentation options, including the corresponding changes to align with IM-1014-1, would bring consistency between the forms.

a. Form CMA and Form NMA, Question 1, Providing Supporting Documents

Form NMA's Question 1 within the category titled "Provide supporting documents" permits an applicant for new membership to provide copies of any state, federal, or other orders, decrees or formal actions.<sup>31</sup> Form CMA's Question 1, within the same category, however, permits an applicant for continuing membership to provide

---

<sup>30</sup> See supra note 9 and accompanying text.

<sup>31</sup> See Form NMA, Standard 3, Question 1 (within the category titled "Provide supporting documents").

documentation of any of the events described in Rule 1014(a)(3), unless the event has been reported to the CRD system.<sup>32</sup> FINRA is proposing to replace the language in Form NMA's Question 1 with the language in Form CMA's Question 1. The proposed change would make this supporting documents question in both forms consistent and would help ensure that the documents provided are more directly relevant to explaining the events, as applicable, under Rule 1014(a)(3).<sup>33</sup>

b. Form CMA and Form NMA, Question 2, Providing Supporting Documents and New IM-1014-1

Within the "Providing Supporting Documents" category, Form NMA's Question 2 permits an applicant to provide relevant and supporting documents, citing as examples statements of claim or settlement agreements.<sup>34</sup> Form CMA currently sets forth more detailed documentation options than Form NMA that an applicant may provide in support of Standard 3, but these options are framed in the context of an application that involves a transfer of assets without a corresponding transfer of associated liabilities, and where there are pending arbitration claims or closed or settled arbitration matters. They include: (1) evidence that the applicant has satisfied the arbitration award in full (e.g., copies of front and back of cancelled checks), and in cases of unpaid awards, the applicant is

---

<sup>32</sup> See Form CMA, Standard 3, Question 1 (within the category titled "Provide supporting documents").

<sup>33</sup> The question would read the same as in Form CMA's Question 1, subject to one technical amendment to change the reference from "NASD" to "FINRA."

<sup>34</sup> See Form NMA, Standard 3, Question 2 (within the category titled "Provide supporting documents").

required to pay the awards before closing the transaction,<sup>35</sup> and for matters that have been settled, a copy of the settlement documentation and evidence that the settlement payments have been made in full;<sup>36</sup> (2) an opinion from counsel and any documentation from the applicant's financial operations principal, accountant or auditor that support the applicant's treatment of unpaid and pending arbitration or civil litigation claims;<sup>37</sup> and (3) a written "Arbitration Plan," a "Relationship Statement," and a "Statement of Future Plans."<sup>38</sup>

New IM-1014-1 expressly provides that an applicant may demonstrate its ability to satisfy an unpaid arbitration award, other adjudicated customer award, unpaid arbitration settlement or a pending arbitration claim, through an escrow agreement, insurance coverage, a clearing deposit, a guarantee, a reserve fund, or the retention of proceeds from an asset transfer, or such other forms of documentation that FINRA may

---

<sup>35</sup> See Form CMA, Standard 3, Question 2.a. (within the category titled "Provide supporting documents").

<sup>36</sup> See Form CMA, Standard 3, Question 2.b. (within the category titled "Provide supporting documents").

<sup>37</sup> See Form CMA, Standard 3, Question 2.c. (within the category titled "Provide supporting documents").

<sup>38</sup> Currently, Form CMA indicates that an Arbitration Plan should include the expected date for concluding the arbitration, the method by which the Applicant expects to resolve the arbitrations (e.g., mediation, settlement, hearing), and the provision that the Applicant will make for payment of awards (e.g., reserve fund, retention of proceeds of asset transfer, no provision for payment). A Relationship Statement should describe the relationship of the firms involved in the transaction; specifically, whether the firms are affiliated or have common (direct or indirect) ownership greater than five percent, and the plans of key personnel or owners to associate with the acquiring firm. A Statement of Future Plans should describe the intended use of the proceeds of the transaction and future plans in the business of the owners and key personnel. See Form CMA, Standard 3, Question 2.d.i., ii., and iii. (within the category titled "Provide supporting documents").

determine to be acceptable. In addition, an applicant may provide a written opinion of an independent, reputable U.S. licensed counsel knowledgeable in the area as to the value of the arbitration claims (which might be zero). IM-1014-1 also provides that to overcome the presumption to deny the application due to unpaid arbitration awards, other adjudicated customer awards, unpaid arbitration settlements, or pending arbitration claims, as applicable, the applicant must guarantee that any funds used to evidence the applicant's ability to satisfy any awards, settlements, or claims will be used for that purpose. Any demonstration by an applicant of its ability to satisfy these outstanding obligations would be subject to a reasonableness assessment by FINRA.

FINRA is proposing to add to Form NMA the more detailed documentation options set forth in Form CMA, but modify the options in both forms, as appropriate, to align them with new IM-1014-1. Specifically, FINRA is proposing to remove the reference to a specific type of business change in Form CMA (i.e., asset transfer); instead, Form CMA would direct the applicant to provide additional information where the applicant or its associated person is subject to unpaid arbitration awards, other adjudicated customer awards, unpaid arbitration settlements, or pending arbitration claims. In addition to incorporating Form CMA's documentation options relating to evidence that the applicant has satisfied an arbitration award or settlement, without substantive change, FINRA is proposing to incorporate this documentation option into Form NMA.<sup>39</sup>

---

<sup>39</sup> In the Standard 3 section of Form NMA and Form CMA, the proposed question stem in Question 2 (within the category "Provide supporting documents.") would read: "To the extent that the Applicant or its Associated Person is subject to unpaid arbitration awards, other adjudicated customer awards, unpaid arbitration settlements, pending arbitration claims, provide the following:".

Further, FINRA is proposing to modify the documentation option in Form CMA to specify that an applicant may provide a written opinion of counsel from an independent, reputable U.S. licensed counsel knowledgeable in the value of the arbitration claims and any other documentation developed by the applicant's financial operations principal, accountants, or auditors that support the applicant's treatment of unpaid and pending arbitration or civil litigation claims. FINRA is proposing to incorporate this documentation option into Form NMA.<sup>40</sup>

Finally, FINRA is proposing to modify the Arbitration Plan requirements in Form CMA to provide that the Arbitration Plan should include the provision the applicant will make and guarantee for payment of awards, settlements or claims. In addition, the Arbitration Plan would include more examples of how an applicant may demonstrate its ability to satisfy awards, including through an escrow agreement, insurance coverage, clearing deposit or guarantee. In addition to incorporating Form CMA's documentation options relating to the Relationship Statement and Statement of Future Plans, without substantive change, FINRA is also proposing to incorporate the Arbitration Plan requirements, as modified, into Form NMA.<sup>41</sup>

---

<sup>40</sup> In the Standard 3 section of Form NMA and Form CMA, Question 2.c. (within the category "Provide supporting documents.") would read: "Written opinion(s) of an independent, reputable U.S. licensed counsel knowledgeable in the value of the claim(s) and any other documentation developed by the Applicant's FinOp Principal, accountants, or auditors that support the Applicant's treatment of unpaid and pending arbitration or civil litigation claims."

<sup>41</sup> In the Standard 3 section of Form NMA and Form CMA, Question 2.d.i. (within the category "Provide supporting documents.") would read: "The Arbitration Plan should include (i) the expected date for concluding the arbitration, (ii) the method by which the Applicant expects to resolve the arbitrations (e.g., mediation, settlement hearing), and (iii) the provision that the Applicant will make and guarantee for payment of awards, settlements or claims (e.g., escrow agreement,

The proposed changes to Form NMA and Form CMA would conform the forms to the amendments to the MAP rules. Incorporating the provisions and documentation options, as modified, from Form CMA to Form NMA would not impose additional requirements on an applicant for new membership beyond the scope of the amended MAP rules; instead, the proposed changes would help the applicant prepare to address, as applicable, the areas pertaining to meeting Standard 3, as amended. Moreover, the proposed changes to these standardized forms would make the forms more consistent as to the documents and information FINRA would need to determine whether a new or continuing membership applicant would be able to meet Standard 3, as amended.

v. Amend Form NMA and Form CMA to Make Other Non-Substantive and Technical Changes to Forms

In 2019, as part of the process of completing a consolidated FINRA rulebook, FINRA transferred the remaining legacy NASD rules, without substantive change, as FINRA rules in the consolidated FINRA rulebook and the remaining Incorporated NYSE Rules and Incorporated NYSE Rule Interpretations, without substantive change, in the consolidated FINRA rulebook as a separate Temporary Dual FINRA-NYSE Member Rules Series.<sup>42</sup> The rule references in Form NMA and Form CMA still refer to NASD

---

insurance coverage, clearing deposit, guarantee, reserve fund, retention of proceeds of asset transfer, no provision for payment.” See also supra note 38.

<sup>42</sup> See Securities Exchange Act Release No. 85589 (April 10, 2019), 84 FR 15646 (April 16, 2019) (Notice of Filing and Immediate Effectiveness of File No. SR-FINRA-2019-009).

rules. FINRA is proposing to amend the forms to reflect the correct FINRA rule cross-references, and make other technical changes as appropriate.<sup>43</sup>

FINRA has filed the proposed rule change for immediate effectiveness and has requested that the SEC waive the requirement that the proposed rule change not become operative for 30 days after the date of the filing, so that FINRA can implement the proposed rule change on September 14, 2020, consistent with the effective date for the amendments to the MAP rules.<sup>44</sup>

## 2. Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,<sup>45</sup> which requires, among other things, that FINRA rules must be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest.

The proposed changes to Form NMA and Form CMA will conform the forms to the amendments to the MAP rules, as described in File No. SR-FINRA-2019-030, that are intended to create further incentives for the timely payment of customer arbitration awards by preventing an individual from switching firms, or a firm from using asset transfers or similar transactions, to avoid payment of customer arbitration awards. The proposed changes to Form NMA and Form CMA will help ensure that applicants for new

---

<sup>43</sup> For example, Form NMA still refers to a \$350 processing fee though the NMA processing fee was increased to \$500 in 2012. See Regulatory Notice 12-32 (June 2012). FINRA is not proposing to change this \$500 fee at this time.

<sup>44</sup> See Regulatory Notice 20-15 (May 2020).

<sup>45</sup> 15 U.S.C. 78o-3(b)(6).



and continuing membership provide the information and documentation to produce a complete application package for FINRA's review. In addition, the proposed changes to Form NMA and Form CMA will provide more consistency, where applicable, between the forms.

B. Self-Regulatory Organization's Statement on Burden on Competition

FINRA does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. FINRA's recent amendments to the MAP rules necessitate conforming changes to the Standard 3 section of Form NMA and Form CMA to reflect the documents and information that may be necessary for applicants to demonstrate their ability to meet Standard 3, as amended. The proposed conforming changes to the forms effectuate the recent amendments to the MAP rules as described in File No. SR-FINRA-2019-030. FINRA believes that the proposed conforming changes to the forms would not result in new material economic effects. FINRA considered and discussed the potential economic impact of the recent amendments in File No. SR-FINRA-2019-030, including the burden imposed on some applicants to address in the application arbitration-related questions and documentation options.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

Written comments were neither solicited nor received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on

competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>46</sup> and Rule 19b-4(f)(6) thereunder.<sup>47</sup>

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

#### IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

##### Electronic Comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-FINRA-2020-028 on the subject line.

##### Paper Comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

---

<sup>46</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>47</sup> 17 CFR 240.19b-4(f)(6).

All submissions should refer to File Number SR-FINRA-2020-028. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 p.m. Copies of such filing also will be available for inspection and copying at the principal office of FINRA. All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-FINRA-2020-028 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>48</sup>

Jill M. Peterson  
Assistant Secretary

---

<sup>48</sup> 17 CFR 200.30-3(a)(12).

## **Proposed New Membership Application<sup>1</sup>**

---

---

<sup>1</sup> The text of the proposed new language in Form NMA is double-underlined and deletions are in brackets.

## **Introduction**

The New Member Application Form ("Form NMA," "Form" or "Application") is designed to assist Applicants in the preparation of an Application for registration as a broker-dealer with the Financial Industry Regulatory Authority, Inc. ("FINRA"). The completed Form, with all required questions answered, and all required supporting documentation attached, must be filed electronically with FINRA.

To assist in the completion of Form NMA, important information is provided below concerning the following:

### **Completing the Form**

Substantially Complete Requirement

Form Structure and Using the Form

Mandatory Information

Terms Used in the Form

Saving the Form Prior to Submission

Submitting the Form

### **Maintaining the Accuracy of the Application**

## **Completing the Form**

The Form references information and documentation required under the Membership Rules of FINRA (see the [NASD]FINRA Rule 1000 Series). Form NMA is structured to capture information and documentation pertinent to the Applicant's proposed business activities. However, additional information and documentation may be requested once the FINRA Staff ("Staff") has had an opportunity to review the Application.

Applicants are encouraged to include as much of the requested information and documentation in their initial Form NMA submission as possible. Experience has shown that Applications containing well thought out, detailed, and complete information and documentation can be processed more efficiently with less need for Staff to seek out supplemental information. Complete Applications help the Staff to gain a prompt understanding of the Applicant's business plan, which facilitates FINRA's ability to review whether the Applicant meets the standards of admission contained in [NASD]FINRA Rule 1014, against which applications submitted utilizing the Form NMA are evaluated. Applicants are encouraged to review additional materials about the New Member Application process, available on [www.finra.org](http://www.finra.org). Applicants should also consider consulting Staff in advance of submitting its Form NMA, particularly for any Application involving novel or complex business arrangements.

### **Substantially Complete Requirement**

Form NMA is intended to provide an Applicant with information and requests that are required of it in the Application process. Applicants should note that an Application will not be accepted for processing unless it is deemed substantially complete. While the Form identifies information and documentation that is minimally required in order to file Form

NMA, an Applicant is urged to not limit itself to completion of the required fields if and when any optional questions are applicable or if additional information can be provided that is material to the Applicant's planned business activities. It is also important to note that, since the Form is submitted exclusively on an electronic basis, it is critical that the Applicant ensure that each document attached is actually the document indicated and contains relevant information.

Every Form NMA will be reviewed initially for content by Staff. Should an Applicant fail to provide accurate material information or documentation relevant to the Applicant's proposed business activities, a submitted Form NMA may be rejected as "not substantially complete." If an Application is deemed not substantially complete, FINRA shall refund the Application fee, less a \$[350]500 processing fee. If the Applicant determines to continue to seek registration as a broker-dealer member of FINRA, the Applicant must submit a new Application and associated fee.

### **Form Structure and Using the Form**

The Form is structured to collect information, data and documentation from the Applicant in order for FINRA Staff to evaluate the Application against the standards for admission contained in [NASD]FINRA Rule 1014. The Form requests that information be provided in formats including narrative text, fields that require a selection or mouse-click (e.g. drop-down lists, radio buttons), data entered directly into the Form, information entered into tables in the Form or connected to the Form, and attachments of supporting documents.

The Form is designed to leverage, where possible, certain information provided by the Applicant to FINRA through means other than the Form itself, in particular, information submitted via the Central Registration Depository (CRD® or WebCRD® system). In instances where information from other sources is leveraged, if any such information presented to the Applicant in the Form is inaccurate, an Applicant must update the source system before ultimately submitting or amending the Form NMA. (Typically it takes one business day from updating of the source system for Form NMA to reflect such changes.)

### **Mandatory Information**

Certain aspects of the Form are indicated with a red asterisk (\*), indicating that such aspect (e.g., question, data field, information or document request) of the Form is a required field. A system completeness check is conducted on every Form NMA attempted to be submitted to FINRA. Any Form NMA that fails to address each of the required fields will not be permitted to proceed with submission. Failure to address required fields will, when attempting to submit the Form, result in identification of the missing or unanswered information to the Applicant who will be responsible for addressing the missing information before attempting to resubmit the Application.

While certain aspects of the Form are indicated as required, Applicants are strongly encouraged to address any optional information fields of the Form that are applicable to the conduct of the Applicant's intended business activities.

### **Terms Used in the Form**

Unless otherwise stated, the terms used in this Form (e.g., "Applicant," "Associated Person") have the same definition as prescribed in [NASD]FINRA Rule 1011. Additionally, the Form makes certain references that should be construed in a consistent manner. Please note the following references have the meaning prescribed here:

"CRD system" means the Central Registration Depository, the central licensing and registration system for the U.S. securities industry and its regulators.

"SEA" means the Securities Exchange Act of 1934

"SEA Rule" means a rule or regulation promulgated under the SEA.

### **Saving the Form Prior to Submission**

An Applicant may review, enter, and otherwise prepare Form NMA and save the most recent version of the Form prior to submitting the Application for review by Staff. The Form need not be fully prepared or completed in order to be saved. The most recent saved version of a draft Form NMA is retained on FINRA's electronic filing platform until a final version is submitted to FINRA.

### **Submitting the Form**

After completing the Form NMA, an Applicant must submit the Form for review by Staff. An electronic completeness check is run on the Form NMA upon attempting submission to determine whether all required fields have been addressed. Upon successfully passing the electronic completeness check, the Form is routed to Staff for a determination of whether the Application is substantially complete. If determined to be substantially complete, the Application will be assigned for continuing review. After submission, the Applicant will be able to view its submitted Form NMA via FINRA's electronic filing system.

### **Maintaining the Accuracy of the Application**

Each Applicant for membership with FINRA must, at all times, ensure the accuracy of its Application. The Applicant is responsible for keeping its Application current and accurate throughout the Application review process. The Applicant must amend or otherwise notify Staff of any information in, or any information omitted from, its Application that is or makes the application inaccurate, incomplete or misleading.

**Applicant contact information**

Provide the following information for the person who will be the primary contact for the Applicant during FINRA's review of the New Membership Application. Note that this is the person to whom FINRA will direct application-related questions and correspondence.

**Contact Person**

First name*	
Last name*	
Email address*	
Phone number*	
Fax number*	

**Mailing Address**

Company name*	
Street address, line 1*	
Street address, line 2	
City*	
State*	
ZIP Code*	



## Standard 1: Overview of the Applicant

[NASD]FINRA Rule 1014(a)(1): The application and all supporting documents are complete and accurate.

### Verify and describe business activities identified on Form BD

The business activities identified below, which are grouped within categories, have been obtained from the Applicant's Form BD. Those business activities which contain a checkmark in the box next to the business activity description were selected by the Applicant on its Form BD. Please verify that the indicated activities accurately represent the Applicant's intended business activities. If any changes are required, please leave this Form, make the changes on the Form BD, and return to this Form. (Please allow one business day for the changes made on Form BD to be reflected in this Form.)

#### Exchange Member Activities (EMC, EMF)

- ☐ **EMC** Exchange member engaged in exchange commission business other than floor activities
- ☐ **EMF** Exchange member engaged in floor activities

#### Trading and Market Making (IDM, TRA)

- ☐ **IDM** Broker or dealer making inter-dealer markets in corporate securities over-the-counter
- ☐ **TRA** Trading securities for own account

Across all business lines within this category:

1. Provide a written narrative describing the scope of activities to be conducted as well as describing each step of a typical transaction to be conducted by the Applicant, beginning with any initial customer contact.\*

*Note that this description should be independent of trading or other platforms. Those platforms are addressed in Standard 6.*

You have 4000 character(s) left.

2. Provide a detailed description of how a typical transaction will be settled and cleared, including handling of funds and securities. Be sure to indicate what, if any, exemption to SEA Rule 15c3-3 will be claimed.\*

You have 4000 character(s) left.

3. Provide a statement describing how the Applicant and its Associated Persons (registered and unregistered) will be compensated for the proposed activities.\*

You have 4000 character(s) left.

For each individual business activity to be conducted by the Applicant:

4. If any of the below business activities deviates from the description entered above, please describe the nature of the deviation underneath the appropriate business activity.

**IDM** Broker or dealer making inter-dealer markets in corporate securities over-the-counter

You have 4000 character(s) left.

**TRA** Trading securities for own account

You have 4000 character(s) left.

5. Provide additional details regarding the noted business line(s) including, as applicable, the Applicant's plans to distribute or maintain securities products in proprietary positions; the number of market to be made; the risks, volatility, degree of liquidity, speculative nature and type of products; and the anticipated maximum inventory.\*

You have 4000 character(s) left.

Equity Securities (BDR, BIA, NEX)

- ☐ **BDR** Broker or dealer retailing corporate equity securities over-the-counter
- ☐ **BIA** Broker or dealer selling securities of only one issuer or associated issuers (other than mutual funds)
- ☐ **NEX** Non-exchange member effecting transactions in listed securities through exchange member

Corporate Debt (BDD)

- ☐ **BDD** Broker or dealer selling corporate debt securities

Underwriter or Selling Group Member (USG, RES)

- ☐ **USG** Underwriter or selling group participant (corporate securities other than mutual funds)
- ☐ **RES** Seller of real estate securities

Across all business lines within this category:

1. Provide a written narrative describing the scope of activities to be conducted as well as describing each step of a typical transaction to be conducted by the Applicant, beginning with any initial customer contact.\*

*Note that this description should be independent of trading or other platforms. Those platforms are addressed in Standard 6.*

You have 4000 character(s) left.

2. Provide a detailed description of how a typical transaction will be settled and cleared, including handling of funds and securities. Be sure to indicate what, if any, exemption to SEA Rule 15c3-3 will be claimed.\*

You have 4000 character(s) left.

3. Provide a statement describing how the Applicant and its Associated Persons (registered and unregistered) will be compensated for the proposed activities.\*

You have 4000 character(s) left.

Mutual Funds, Variable Products (MFU, MFR, VLA)

- ☐ **MFU** Mutual fund underwriter or sponsor
- ☐ **MFR** Mutual fund retailer
- ☐ **VLA** Broker or dealer selling variable life insurance or annuities

Across all business lines within this category:

1. Provide a written narrative describing the scope of activities to be conducted as well as describing each step of a typical transaction to be conducted by the Applicant, beginning with any initial customer contact.\*

*Note that this description should be independent of trading or other platforms. Those platforms are addressed in Standard 6.*

You have 4000 character(s) left.

2. Provide a detailed description of how a typical transaction will be settled and cleared, including handling of funds and securities. Be sure to indicate what, if any, exemption to SEA Rule 15c3-3 will be claimed.\*

You have 4000 character(s) left.

3. Provide a statement describing how the Applicant and its Associated Persons (registered and unregistered) will be compensated for the proposed activities.\*

You have 4000 character(s) left.

For each individual business activity to be conducted by the Applicant:

4. If any of the below business activities deviates from the description entered above, please describe the nature of the deviation underneath the appropriate business activity.

**MFR** Mutual fund retailer

You have 4000 character(s) left.

**VLA** Broker or dealer selling variable life insurance or annuities

You have 4000 character(s) left.

Government and Municipal Debt (GSD, GSB, MSD, MSB)

- ☐ **GSD** U.S. government securities dealer
- ☐ **GSB** U.S. government securities broker
- ☐ **MSD** Municipal securities dealer
- ☐ **MSB** Municipal securities broker

Private Placements/Private Offerings (OGI, NPB, TAP, TAS, PLA)

- ☐ **OGI** Broker or dealer selling oil and gas interests
- ☐ **NPB** Broker or dealer selling securities of non-profit organizations (e.g., churches, hospitals)
- ☐ **TAP** Broker or dealer selling tax shelters or limited partnership in primary distributions
- ☐ **TAS** Broker or dealer selling tax shelters or limited partnerships in the secondary market
- ☐ **PLA** Private Placement of securities

Options (PCB)

- ☐ **PCB** Options broker or dealer or option writer

Across all business lines within this category:

1. Provide a written narrative describing the scope of activities to be conducted as well as describing each step of a typical transaction to be conducted by the Applicant, beginning with any initial customer contact.\*

*Note that this description should be independent of trading or other platforms. Those platforms are addressed in Standard 6.*

You have 4000 character(s) left.

2. Provide a detailed description of how a typical transaction will be settled and cleared, including handling of funds and securities. Be sure to indicate what, if any, exemption to SEA Rule 15c3-3 will be claimed.\*

You have 4000 character(s) left.

3. Provide a statement describing how the Applicant and its Associated Persons (registered and unregistered) will be compensated for the proposed activities.\*

You have 4000 character(s) left.

Networking Arrangements (BNA, INA)

- ☐ **BNA** Broker or dealer involved in networking, kiosk or similar arrangement with a bank, savings bank or association, or credit union
- ☐ **INA** Broker or dealer involved in networking, kiosk or similar arrangement with an insurance company or agency

Other (SSL, IAD, MRI, OTH)

- ☐ **SSL** Solicitor or time deposits in a financial institution
- ☐ **IAD** Investment advisory services
- ☐ **MRI** Broker or dealer selling interests in mortgages, receivables or other asset-backed securities
- ☐ **OTH** Other (description from Form BD is below)

**Identify and describe additional business activities**

In addition to business activities identified on Form BD (and described above), please specify whether the Applicant intends to engage in any of the below referenced business activities. If selected, describe how the Applicant intends to conduct each business activity. (Note: This portion of the business activities of the Applicant, unlike the above section, must be entered and edited directly in the Form NMA, not by updating Form BD.)

- ☐ Broker or dealer that offers or engages in on-line trading / electronic trading

1. Provide a written narrative describing the scope of activities to be conducted as well as describing each step of a typical transaction to be conducted by the Applicant, beginning with any initial customer contact.\*

*Note that this description should be independent of trading or other platforms. Those platforms are addressed in Standard 6.*

2. Provide a detailed description of how a typical transaction will be settled and cleared, including handling of funds and securities. Be sure to indicate what, if any, exemption to SEA Rule 15c3-3 will be claimed.\*

3. Provide a statement describing how the Applicant and its Associated Persons (registered and unregistered) will be compensated for the proposed activities.\*

- ☐ Broker or dealer selling securities futures products
- ☐ Broker or dealer selling interests in unregistered private investment funds
- ☐ Underwriter of municipal securities
- ☐ Securities clearance and settlement
- ☐ Prime brokerage services
- ☐ Securities lending
- ☐ Research and/or soft dollar activities
- ☐ Repurchase/reverse repurchase transactions
- ☐ Operation of alternative trading systems, including electronic communications networks
- ☐ Mergers and acquisitions

**Describe customers and/or counterparties.**

Provide a detailed description of the type of customers and counterparties with which the Applicant intends to conduct business as well as describe any minimum criteria the Applicant intends to utilize to determine acceptability of customers and/or counterparties for the Applicant. This description should also identify whether activity will be solicited or unsolicited.\*

Verify registered officers, directors, owners, and control persons.

The personnel listed below have been identified from submissions to the CRD system made by the Applicant. Please verify that the identified individuals are associated with the Applicant and provide the requested information. If any change(s) to the identified Associated Person(s) is required, please leave this Form, make the change(s) in the CRD system, and return to this Form. (Please allow one business day for any changes made in CRD to be reflected in this Form.)

Registered officers, directors, owners, and control persons			
CRD ID	Name		
		Delete	
		Delete	
		Delete	
		Delete	
Add New	Delete All	#N Row(s)	



**Pop-Up for an Associated Individual, with Options for Title and Role**

Person Details	
CRD ID	Name
	Title <input type="text" value="Provide a title"/>
Expected role within the Applicant*	<input type="text" value="Provide a role"/>
Exam(s) anticipated to be taken*	
Will this person be registered as a principal?*	<input checked="" type="radio"/> Yes <input type="radio"/> No
Will this person act as a supervisor?*	<input checked="" type="radio"/> Yes <input type="radio"/> No
What business activities (if any) will be supervised by this person?*	
Registrations	Code   Date
Continuing education	<input checked="" type="radio"/> Active <input type="radio"/> Inactive
Will the Applicant claim any exemptions from registration for this person? If so, list them	
Scheduled examination and dates	
<b>Standard 10 (Supervisory Structure) information</b>	
a.i.	Where was this person's prior experience obtained?
a.ii.	What was the duration of that experience?
a.iii.	What positions were held by this person, and what were the responsibilities for each?
b.i.	What are the proposed duties for this person?
b.ii.	Where will this person's office be located?
b.iii.	Will this person be on or off-site where he or she is supervising?
b.iv.	Will this person have responsibilities other than supervision?
b.v.	Will this person be full-time or part-time with the Applicant?
	If part time, how many hours with the Applicant?
b.vi.	Will this person engage in any outside business activities?
	If so, how many hours per week?
b.vii.	If part-time or off-site, explain how this person will discharge his or her designated functions.
b.viii.	If this person (if not a FinOp Principal) will be dually registered or associated with other entities, list those entities, this person/s capacity there, and the percentage of time that will be spent there.
For each individual having a continuing education deficiency, provide the date by which it is anticipated that he or she will complete the required certifications.*	
[MM/DD/YYYY] <input type="text"/>	

**Commented [NMA1]:** Anti-Money Laundering Officer  
 Branch Office Manager  
 Branch Office Manager – NYSE  
 Branch Office Manager – non-FINRA  
 Chairman  
 Chief Compliance Officer  
 Chief Executive Officer  
 Chief Financial Officer  
 Compliance Manager  
 Compliance Officers  
 Director  
 DPP Principal  
 Executive Representative  
 Investment Banking  
 Managing Director  
 Managing Member  
 Managing Principal  
 Municipal Fund Securities Principal Only  
 Municipal Securities Principal  
 Partner/Senior Partner  
 President  
 Principal  
 Registered Options and Securities Futures Principal  
 Representative  
 Sales Supervisor  
 Secretary  
 Senior Managing Director  
 Variable Products Principal  
 Variable Products Principal Only  
 Vice President  
 Non-registered Person  
 Agency Order Entry/Execution, Equity Trader

**Commented [NMA2]:** Agency Order Entry/Execution, Equity Trader  
 Assistant Representative – Order Processing  
 Branch Office Management – NYSE/General Securities Sales  
 Financial and Operations Principal (Series 28)  
 Financial and Operations Principal (Series 27)  
 Corporate Securities Representative  
 Direct Participation Principal – Only  
 Direct Participation Programs Representative  
 General Securities Principal  
 General Securities Representative  
 General Securities Representative – Canada  
 General Securities Limited Representative  
 General Securities Sales Supervisor – NYSE  
 Government Securities Limited Representative  
 Government Securities Principal  
 Investment Banking Principal  
 Investment Banking Representative  
 Investment Company Products / Variable Contracts  
 Municipal Fund / 529 Securities Principal  
 Municipal Securities Principal  
 Municipal Securities Representative  
 Operations Professional  
 Options Principal  
 Options Representative  
 Other – Not Registered or Required to Register  
 Principal – Investment Company / Variable Products  
 Private Placement Representative  
 Registered Options Representative  
 Research Analyst



**Add additional officers, directors, owners, and control persons who will be registered with the Applicant.**

If there are officers, directors, owners, and control persons currently registered in CRD but not yet associated with the Applicant and who are anticipated to be associated with the Applicant, please identify them here. (Please note that identifying these individuals on this Form will NOT associate such individuals with the Applicant in CRD; filings in CRD by the Applicant will ultimately be required for such individuals.)

Please enter a CRD ID:

Retrieve this person



Additional Registered officers, directors, owners, and control persons		
CRD ID	Name	
-----	-----	[Delete]
Add New   Delete All   1 Row(s)		

**Add unregistered officers, directors, owners, and control persons.**

Does the applicant have or anticipate any additional officers, directors, owners and/or control persons of the Applicant who are not registered in CRD but are anticipated to be associated persons of the Applicant?\*

☒ Yes   ☐ No

Provide information regarding any unregistered officers, directors, owners and/or control persons not registered in CRD:



Unregistered officers, directors, owners, and control persons	
First Name	Last Name
Add New   Delete All   0 Row(s)	



**Pop-Up for Unregistered Individual**

Person Details	
	First Name*
	Middle Name*
	Last Name*
	Title
	<div>Provide a title</div>

**Commented [NMA3]:** Same choices as Pop-Up above.

Expected <b>role</b> within the Applicant*	Provide a role 
Exam(s) anticipated to be taken*	
Will this person be registered as a principal?*	<input type="radio"/> Yes <input type="radio"/> No
Will this person act as a supervisor?*	<input type="radio"/> Yes <input type="radio"/> No
What business activities (if any) will be supervised by this person?*	
Provide a description of the duties and responsibilities of any non-registered officers, directors, owners, and control persons, along with an explanation for why they should not be required to register with the Applicant (please refer to the [NASD Rules 1020, 1021, 1022 and 1060] <b>FINRA Rule 1200 Series</b> , as well as Notice to Members 99-49.)). This description should include details regarding responsibilities performed:  at the Applicant firm; at any affiliated companies; and at any other companies anticipated to conduct business with the Applicant.*	
Continuing education	<input type="radio"/> Active <input type="radio"/> Inactive
Will the Applicant claim any exemptions from registration for this person? If so, list them.	
Will the Applicant apply for any waivers of requirement examinations for this person? If so, list them.	
Scheduled examination and dates	
<b>Standard 10 (Supervisory Structure) information</b>	
a.i. Where was this person's prior experience obtained?	
a.ii. What was the duration of that experience?	
a.iii. What positions were held by this person, and what were the responsibilities for each?	
b.i. What are the proposed duties for this person?	
b.ii. Where will this person's office be located	
b.iii. Will this person be on or off-site where he or she is supervising?	
b.iv. Will this person have responsibilities other than supervision?	
b.v. Will this person be full-time or part-time with the Applicant?	
If part time, how many hours with the Applicant?	
b.vi. Will this person engage in any outside business activities?	
If so, how many hours per week?	
b.vii. If part-time or off-site, explain how this person will discharge his or her designated functions.	
b.viii. If this person (if not a FinOp Principal) will be dually registered or associated with other entities, list those entities, this person/s capacity there, and the percentage of time that will be spent there.	
Continuing education deficiency: provide the date by which it is anticipated that he or she will complete the required certifications.*	
[MM/DD/YYYY] 	

**Commented [NMA4]:** Same choices as Pop-Up above.

### Add other persons.

Please provide information for all other persons currently associated or anticipated to be associated with the Applicant (other than principals, owners, officers, directors and control persons).

Please download this [spreadsheet](#) and complete all fields. Do not change the structure of the spreadsheet; it will be automatically loaded into FINRA systems.

Upload the completed spreadsheet:

	Browse
---	--------

**Commented [NMA5]:** This spreadsheet includes the following fields:

- First Name
- Last Name
- CRD ID (optional)
- Role

The following clearing arrangements have been identified from submissions made by the Applicant in CRD. If any changes are required, please leave this Form, make the changes in CRD, and return to this Form. (Changes made in CRD should be reflected on this Form after one business day.)

☒ Yes ☒ No

☒ Yes ☒ No

Clearing Firms	
Firm Name	
#N Row(s)	

1. Provide a statement describing both the direct and indirect ownership structure of the Applicant, including the percentage ownership of the Applicant held by each individual or entity.\*

--

--

--

4. Identify, by name, all entities (including other broker-dealers and investment advisory firms) under common control with the Applicant, describe the nature of the each such entity's business, and identify each entity's relationship to the Applicant.\*

5. Provide the number of branch offices the Applicant intends to operate.\*

6. Provide the number of personnel (registered and unregistered) the Applicant anticipates for the first year of operation.\*

7. Provide the number of registered representatives, and supervisors of such persons, that will be conducting business with the public which the Applicant anticipates for the first year of operation.\*

8. Provide any additional information that would be useful for FINRA in evaluating this Standard.

**Provide supporting documents.**

1. Applicant's business organizational chart, identifying the Applicant's owners and affiliated entities (this chart should indicate all direct and indirect owners of the Applicant and percentage of ownership for each)\*

 Browse

2. Applicant's and all owners' (if non-natural persons (e.g. corporations, partnership, trusts), including holding companies) formation documents.\*

 Browse

3. For all transactions to be conducted by the Applicant that will not involve a clearing firm, graphical depiction of the steps involved in the transactions, including but not limited to order receipt, execution, and clearance and settlement.\*

	Browse
--	--------

4. Any other documentation that would be pertinent to FINRA's review of this Standard

	Browse
--	--------

Save	Print Preview	Submit
------	---------------	--------

## Standard 2: Licenses and Registrations

[NASD]FINRA Rule 1014(a)(2): The Applicant and its Associated Persons have all licenses and registrations required by state and federal authorities and self-regulatory organizations.

*The Applicant is reminded that failure of its Associated Persons to schedule and successfully complete any required qualification examinations in a timely manner may result in a significant delay of the Application review process, or a lapse or denial of the Application. It is strongly suggested that any qualification examination(s) be scheduled within the first 45 days of filing Form NMA and that all registration requirements be completed within the first 90 days of filing Form NMA to avoid delays in processing of the Application.*

### Two principal requirement and Applicant's other registrations

Each Applicant, except a sole proprietorship, is required to have a minimum of two registered principals with respect to each aspect of its investment banking and securities business. Pursuant to the FINRA Rule 9600 Series, FINRA may waive the requirement in situations that indicate conclusively that only one person associated with an Applicant should be required to register as a principal. Each Applicant must also have a Financial and Operations (FinOp) Principal (or Introducing Broker-Dealer FinOp Principal, as applicable). Additionally, an Applicant engaged in certain activities must have other appropriately registered principals (for example, an Applicant that will be engaged in options transactions with the public must have a Registered Options Principal). Please refer to the [NASD Rules 1021 (Registration Requirements) and 1022 (Categories of Principal Registration)]FINRA Rule 1200 Series (Registration and Qualification) for the appropriate categories of principal registration.

1. Is the Applicant seeking a waiver of the two principal requirement pursuant to [NASD]FINRA Rule [1021]1210.01?\*

☒ Yes ☐ No

Provide a detailed explanation that demonstrates the reason(s) for the exemption. Additionally, provide a contingency plan for situations where the sole General Securities Principal is unavailable to carry out his or her responsibilities.\*

2. Is the Applicant currently registered (or does the Applicant anticipate being registered) with any other regulatory or self-regulatory organization(s) and/or state(s)?\*

☒ Yes ☐ No

List all existing or proposed registrations (e.g., MSRB, CFTC, NFA, state registrations, registrations with Exchanges).\*

3. Is the Applicant exempt from registration with the Securities Information Center (SIC) pursuant to SEA Rule 17f-1)?\*

☒ Yes ☐ No

Identify which exemption applies to the Applicant with a brief explanation.\*

Provide specific information regarding registrations, examinations and exemptions.

4. The list of personnel below is derived from the Applicant's responses to Standard 1 above. (If the information presented here is inaccurate or incomplete, please update Standard 1 accordingly before completing this section.) Provide the requested information, as applicable, for each person.

CRD number	Name	Continuing Education
		Inactive
(unregistered)	Doe, John	Unregistered



Pop-Up

Name

CRD number

Continuing education

Will the Applicant claim any exemptions from registration for this person? If so, list them.

Will the Applicant apply for any waivers of required examinations for this person? If so, list them.

Scheduled examinations and dates:

Active | Inactive

Details for individuals in this grid are provided via the same popup shown in Standard 1.

Details for individuals in this grid are provided via the same popup shown in Standard 1.

Provide supporting documents.

1. For the Applicant:

- a. Options allocation form (if applicable)

Browse

- b. Lost and stolen securities registration (if applicable)

	Browse
--	--------

c. Evidence of registration with MSRB (if applicable)

	Browse
--	--------

**2. For personnel:**

a. Management organizational chart, identifying officers, principals and supervisors of the Applicant and its proposed business activities and/or product lines\*

	Browse
--	--------

b. An attestation for officers, directors, owners and control persons who will not participate in the day-to-day securities or investment banking operations of the Applicant or act in any capacity that would require that these individuals become registered

	Browse
--	--------

3. Any other documentation that would be pertinent to FINRA's review of this Standard

	Browse
--	--------

Save	Print Preview	Submit
------	---------------	--------



### Standard 3: Compliance with securities laws, just and equitable principles of trade

[NASD]FINRA Rule 1014(a)(3): The Applicant and its Associated Persons are capable of complying with [the federal]applicable securities laws[, the rules] and regulations, [thereunder,] and with applicable FINRA [R]rules, including observing high standards of commercial honor and just and equitable principles of trade. In determining whether this standard is met, the Department shall take into consideration whether:

(A) a state or federal authority or self-regulatory organization has taken permanent or temporary adverse action with respect to a registration or licensing determination regarding the Applicant or an Associated Person;

(B) an Applicant's or Associated Person's record reflects a sales practice event[, a pending arbitration,] or a pending private civil action;

(C) an Applicant or Associated Person is the subject of a pending, adjudicated, or settled regulatory action or investigation by the [Commission]SEC, the Commodity Futures Trading Commission, a federal[, or state regulatory agency, [or]a foreign financial regulatory [agency]authority, or a self-regulatory organization; an adjudicated[, or settled investment-related private civil action for damages or an injunction; or a criminal action (other than a minor traffic violation) that is pending, adjudicated, or that has resulted in a guilty or no contest plea; [or]

(D) an Applicant, its control persons, principals, registered representatives, other Associated Persons, any lender of [5%]five percent or more of the Applicant's net capital, and any other member with respect to which these persons were a control person or a [5%]five percent lender of its net capital is subject to unpaid arbitration awards, other adjudicated customer awards, or unpaid arbitration settlements;

(E) an Applicant or Associated Person is the subject of a pending arbitration claim:

[(D)](F) an Associated Person was terminated for cause or permitted to resign after an investigation of an alleged violation of a federal or state securities law, a rule or regulation thereunder, a self-regulatory organization rule, or industry standard of conduct;

[(E)](G) a state or federal authority or self-regulatory organization has imposed a remedial action, such as special training, continuing education requirements, or heightened supervision, on an Associated Person; and

[(F)](H) a state or federal authority or self-regulatory organization has provided information indicating that the Applicant or an Associated Person otherwise poses a threat to public investors.

#### Explain how this Standard is met.

1. Is the Applicant or any of its Associated Persons the subject of any of the following?\*
- a. A permanent or temporary [A]adverse action[s] taken by a state or federal [authority]regulatory agency or self-regulatory organization[s] with respect to registration or license determination[s].

- b. A sales practice event[, pending arbitration] or pending private civil action;
- c. A [P]pending, adjudicated, or settled regulatory action or investigation by any regulatory or self-regulatory authority, or any civil or criminal action resulting in guilty or no contest plea;
- d. An [U]unpaid arbitration award[s] involving the Applicant, its control persons, principals, registered representatives, other Associated Persons, any lender of [5%]five percent or more of the Applicant's net capital, [or any other Associated Person of the Applicant]and any other member with respect to which these persons were a control person or a five percent lender of its net capital;
- e. A pending arbitration claim;
- [e]f. Termination for Cause or permitted to resign after an investigation of an alleged violation of federal or state securities law, rules or regulations or a self-regulatory rule or industry standard of conduct;
- [f]g. [Regulatory imposed] [r]Remedial action such as special training, continuing education requirements, or heightened supervision on an Associated Person imposed by a state or federal authority or self-regulatory organization; and
- [g]h. Information from an industry authority indicating the Applicant or its associated persons are a threat to public.

☒ Yes ☐ No

Regarding the event(s), unless details of a particular event have been reported to the CRD system, provide information (e.g., subject party, nature of the activity, any findings, any fine, or other dispositions) for each event involving the Applicant and/or its Associated Persons.\*

--

2. Pursuant to [NASD]FINRA Rule 1014(b)(1), where the history of the Applicant or its Associated Persons includes any of the events set forth in Rule 1014(a)(3)(A), [and] (C), (D), (F), [through] (E)G, and (E) for new member applications, there is a presumption that the Application should be denied. The Applicant may overcome the presumption of denial by demonstrating that it can meet each of the standards for admission in [NASD]FINRA Rule 1014(a), notwithstanding the existence of any of the events set forth in [NASD]FINRA Rule 1014(a)(3)(A), [and] (C), (D), (F), and[through] (E)G, and (E) for new member applications. To the extent that any of the referenced events exist for the Applicant or its Associated Persons, provide a detailed explanation, in light of the existence of such events, as to how the Applicant is nonetheless capable of complying with industry rules, regulations, laws, and observing high standards of commercial honor and just and equitable principles of trade. Please reference any controls or systems put in place and refer to any specific pages or sections in the Applicant's written supervisory procedures that address heightened supervisory requirements.\*

--

3. Indicate whether the Applicant or any Associated Persons have been found to have violated the same federal securities laws or regulations, the rules thereunder, or FINRA rules on more than one occasion. In such instances, identify the nature of the repetitive occurrences, the corrective action the Applicant has taken or will take to prevent future violations, and the specific persons with responsibility for supervision in the areas noted with repeat violations and Associated Persons who have been found to have repeat violations.\*

4. Provide details regarding any pending arbitration claims or closed or settled arbitration matters as follows:

- a. A summary that clearly describes each claim, including the amounts claimed for pending matters, the current status, and the amount of settled matters.\*

- b. A statement detailing the treatment of unpaid and pending arbitration claims on the Applicant's financial statements. If pending arbitrations are classified as contingent liabilities, the Applicant should explain its method for calculating amounts on its financial statements. If pending arbitrations are not disclosed on the financial statements, explain why they are not disclosed. Additionally, the Applicant must promptly update information provided in the Application regarding pending arbitration claims that are awarded, settled or become unpaid before the Department renders its decision on the Application. The updates should include new arbitrations filed, settlements made and awards granted against the Applicant.\*

**Provide supporting documents.**

1. [Copies of any state, federal, or other orders, decrees or formal actions] Documentation of any of the events described in FINRA Rule 1014(a)(3), unless the event has been reported to the CRD system.

Browse

2. [Relevant/supporting documents (e.g. statements of claim or settlement agreements)]To the extent that the Applicant or its Associated Person is subject to

unpaid arbitration awards, other adjudicated customer awards, unpaid arbitration settlements, pending arbitration claims, provide the following:

- a. For claims pursuant to which an award was granted, documentation (e.g., copies of the front and back of cancelled checks) evidencing that the Applicant has satisfied the award in full (in cases of unpaid awards, the Applicant must pay the awards before closing the transaction).

	Browse
--	--------

- b. For matters that have been settled, a copy of the settlement documentation and evidence that the required settlement payments have been made in full.

	Browse
--	--------

- c. Written opinion(s) of an independent, reputable U.S. licensed counsel knowledgeable in the value of the claim(s) and any other documentation developed by the Applicant's FinOp Principal, accountants, or auditors that support the Applicant's treatment of unpaid and pending arbitration or civil litigation claims.

	Browse
--	--------

- d. Three additional documents: a written "Arbitration Plan" explaining how the Applicant will handle the arbitrations and awards that may result; a statement describing the relationship of the firms involved in the transaction ("Relationship Statement"); and a statement of the plans of key personnel of the Applicant and the Applicant's owners ("Statement of Future Plans").

	Browse
--	--------

- i. The Arbitration Plan should include (i) the expected date for concluding the arbitrations, (ii) the method by which the Applicant expects to resolve the arbitrations (e.g., mediation, settlement, hearing), and (iii) the provision that the Applicant will make and guarantee for payment of awards, settlements or claims (e.g., escrow agreement, insurance coverage, clearing deposit, guarantee, reserve fund, retention of proceeds of asset transfer, no provision for payment).

	Browse
--	--------

- ii. The Relationship Statement should cover (i) whether the firms are affiliated or have common (direct or indirect) ownership greater than five percent and (ii) plans of key personnel or owners to associate with the acquiring firm.

--	--

	Browse
--	--------

iii. The Statement of Future Plans should describe (i) intended use of proceeds of the transaction; and (ii) future plans in the securities business of owners and key personnel (if known) (e.g., Will they associate with another firm? Do they plan to start a new firm?).

	Browse
--	--------

3. Any other documentation that would be pertinent to FINRA's review of this Standard

	Browse
--	--------

Save	Print Preview	Submit
------	---------------	--------

## Standard 4: Contractual and business relationships

[NASD]FINRA Rule 1014(a)(4): The Applicant has established all contractual or other arrangements and business relationships with banks, clearing corporations, service bureaus, or others necessary to:

(A) initiate the operations described in the Applicant's business plan, considering the nature and scope of operations and the number of personnel; and

(B) comply with the federal securities laws, the rules and regulations thereunder, and FINRA [R]ules.

### Explain how this Standard is met.

1. Provide a detailed description of each contractual or other arrangements and/or business relationships the Applicant has or will enter into, pertinent to the execution of the proposed business activities. In doing so, describe how each agreement supports the Applicant's ability to conduct the proposed securities business. (Please do not include lease and/or floor plans in response to this question as they will be requested below in Standard 5.)\*

You have 4000 character(s) left.


2. Has or will the Applicant enter into an expense sharing agreement ("ESA")?\*

☒ Yes ☐ No

Provide a detailed description of the financial wherewithal of the parties to the ESA to support their obligations under the ESA. (Be sure to attach documentary supports, including bank statements, tax returns, etc., if appropriate, to support this.)\*

You have 4000 character(s) left.

### Provide auditor information.

Accounting firm		
Accounting firm PCAOB number		
Date accountant engaged		
Month of audit		

*Note that although auditor information may not be available to the Applicant at the time of the first submission of Form NMA, it is required in order for FINRA to complete its review of the Application.*

**Provide supporting documents.**

1. Fidelity bond (or the application for the bond), including cancellation rider\*

*Note that although a fidelity bond may not be available at the time of the first submission of Form NMA, it is required in order for FINRA to complete its review of the Application.*

	Browse
--	--------

2. Agreements, such as:

- a. Clearing agreements (either executed, or a letter of intent)

	Browse
--	--------

- b. Expense sharing agreements (if applicable) including bank statements, tax returns, etc., to support the wherewithal of the party to the agreement to carry out its obligations

	Browse
--	--------

- c. Administrative services agreement (if applicable)

	Browse
--	--------

- d. Agreement with FinOp principal (if applicable)

	Browse
--	--------

- e. Commission sharing agreement (if applicable)

	Browse
--	--------

- f. Technology services agreement, including arrangements with third-party providers of electronic storage media (see SEA Rule 17a-4(f)) (if applicable)

	Browse
--	--------

- g. Compliance services/ support agreement (if applicable)

	Browse
--	--------

- h. Other agreements that may be pertinent to the conduct of the proposed business activities (if applicable)

	Browse
--	--------

3. Auditor information (once known):

- a. Evidence of valid state registration for the proposed auditor

	Browse
--	--------

- b. Designation of accountant form

	Browse
--	--------

- c. Audit engagement letter

	Browse
--	--------

- d. Proof of PCAOB registration for proposed auditor

	Browse
--	--------

4. Any other documentation that would be pertinent to FINRA's review of this Standard

	Browse
--	--------

Save	Print Preview	Submit
------	---------------	--------



## Standard 5: Facilities

[NASD]~~FINRA~~ Rule 1014(a)(5): The Applicant has or has adequate plans to obtain facilities that are sufficient to:

(A) initiate the operations described in the Applicant's business plan, considering the nature and scope of operations and the number of personnel; and

(B) comply with the federal securities laws, the rules and regulations thereunder, and FINRA ~~[R]~~rules.

### Explain how this standard is met.

1. Provide a statement regarding the adequacy of the Applicant's facilities to conduct the proposed business activities and meet the Applicant's personnel needs. This description must address, among other things, the designated supervisor for each office, the total number of Associated Persons that will be located in each office, the business activities to be conducted from each location, the square footage, business equipment, and secure storage for books and records.\*

You have 4000 character(s) left.

2. As applicable, identify whether various departments (e.g., research, investment banking, trading) of the Applicant are separated by appropriate information and physical barriers and describe the methods for maintaining such barriers.

3. Will the Applicant, at any of its locations, share office space with an entity or an individual conducting activities other than the Applicant's business activities?\*

☒ Yes ☐ No

Regarding the space sharing arrangements, provide a written description addressing the following:\*

- a. Provide a detailed explanation of how the Applicant will separate its space from the entity or individual with which it is sharing space and ensure its customers have clarity about which entity or individual they are dealing with when on the premises.

- b. Explain how the Applicant will establish and maintain the integrity and confidentiality of its broker-dealer information in light of the shared space.

- c. State how the Applicant's hard copy and electronic files (including emails), computers, copiers, and fax machines will be segregated.

- d. As the Applicant is sharing space, describe how the Applicant will prevent individuals not employed or associated with the Applicant from gaining access to Applicant's facilities, and describe any other restrictions imposed.

4. Will the Applicant be party to any lease and/or sublease arrangements?\*

☒ Yes ☐ No

Regarding the lease and/or sublease arrangements, provide a written description addressing the following:\*

- a. Are premises currently, or will the premises be, leased directly to the Applicant? If no, are they leased to a parent, affiliate or other entity? Identify the lessor, tenant, sublessee, and describe the relationship, if any, to the Applicant.
- b. If the premises are or will be leased to an entity other than the Applicant or to an individual, does the lease permit the sublet without landlord's consent? And, if not, was consent to sublet obtained, if required?

5. Will the Applicant's facilities include owned premises or the use of private residences?\*

☒ Yes ☐ No

Regarding the Applicant's owned premises and/or use of private residence locations, provide a written description addressing the following:\*

- a. Will any of the proposed offices of the broker-dealer be located in a residence of any of the proposed principals? If so, state whether any costs of using the space, including rent and utilities, will be charged to the Applicant. State also whether the Applicant has obtained the appropriate landlord or other consent to use the residential location for business purposes.
- b. Describe the intended use of any private residence locations for the Applicant's business.

**Provide supporting documents.**

(Note: At least one attachment supporting this standard must be supplied by the Applicant in order to submit Form NMA.)

1. For each location, the draft or executed master lease (the agreement between the owner of the property and the initial lessee)

Browse

2. For each location, the draft or executed sub-lease (if applicable)

Browse

3. For each sub-lease, written authorization from landlord evidencing consent to sublet the premises (if required)

*Note that the existence of an Expense Sharing Agreement does not negate the requirement to evidence that the Applicant has the right to operate from the premises.*

Browse

4. Draft or executed deed of ownership (if applicable)

Browse

5. Any other documentation that would be pertinent to FINRA's review of this Standard

Browse

Save

Print Preview

Submit

## Standard 6: Communications and operational systems

[NASD]FINRA Rule 1014(a)(6): The communications and operational systems that the Applicant intends to employ for the purpose of conducting business with customers and other members are adequate and provide reasonably for business continuity pursuant in each area set forth in [NASD]FINRA Rule 1013(a)(1)([F]E)(xii).

### Explain how this Standard is met.

1. Proposed Systems: provide a description of the communications and operational systems the Applicant will employ to conduct business with customers or other members, and explain how the Applicant's communications and operational systems appear adequate for the proposed business. This includes, but is not limited to, trading platforms to be used by the Applicant.\*

2. Will the Applicant conduct business from multiple locations?\*

☒ Yes ☐ No

Describe how the Applicant will carry out supervision and monitoring of the electronic communications taking place at the Applicant's multiple locations and describe any systems used to assist the Applicant in doing so.\*

3. Will one or more of the Applicant's proposed locations be the residence of an Associated Person?\*

☒ Yes ☐ No

Explain the Applicant's plan regarding how information will be backed up and stored for such residential locations.\*

4. Will the Applicant or its Associated Persons use social media sites, such as blogs and social networking sites for business communications?\*

☒ Yes ☐ No

Describe how the Applicant will employ social media sites to conduct business with customers or other financial institutions, and describe the steps to be taken by the Applicant to ensure compliance with FINRA guidance (for example, see Regulatory Notices [10-06][17-18](#) and [11-39][19-31](#).)\*

**Provide supporting documents.**

1. Business continuity plan\*

Browse

2. Business continuity disclosure statement\*

Browse

3. A step-by-step description of the order flow on the trading platforms, supported by screenshots or schematic diagrams (as applicable)

Browse

4. Screenshots of both Applicant-facing and outward-facing pages of the social media sites, showing the flow from one screen to another (if applicable)

Browse

5. Any other documentation that would be pertinent to FINRA's review of this Standard

Browse

## Standard 7: Maintaining adequate net capital

[NASD]FINRA Rule 1014(a)(7): The Applicant is capable of maintaining a level of net capital in excess of the minimum net capital requirements set forth in SEA Rule 15c3-1 adequate to support the Applicant's intended business operations on a continuing basis, based on information filed under [NASD]FINRA Rule 1013(b)(5). The Department may impose a reasonably determined higher net capital requirement for the initiation of operations after considering:

(A) the amount of net capital sufficient to avoid early warning level reporting requirements, such as SEA Rule 17a-11;

(B) the amount of capital necessary to meet expenses net of revenues for at least [twelve]12 months, based on reliable projections agreed to by the Applicant and the Department;

(C) any planned market making activities, the number of markets to be made, the type and volatility of products, and the anticipated maximum inventory positions;

(D) any plan to enter into other contractual commitments, such as underwritings or other securities-related activities;

(E) any plan to distribute or maintain securities products in proprietary positions, and the risks, volatility, degree of liquidity, and speculative nature of the products; and

(F) any other activity that the Applicant will engage in that reasonably could have a material impact on net capital within the first [twelve]12 months of business operations.

### Explain how this standard is met.

1. Provide a detailed description of\*
  - a. the nature and source of the Applicant's capital
  - b. the terms and conditions of all financing arrangements, and
  - c. any activity, agreements or arrangements that are anticipated to have a material impact on capital during the first [twelve]12 months of the Applicant's operation

2. Will the Applicant rely on any form of subordinated lending relating to its capital position?\*

☒ Yes ☐ No

Describe the relationship between the anticipated lender and Applicant, the intended use of proceeds from the subordination, and any business arrangements or agreements related to the subordination.\*

3. Describe plans for additional funding of the Applicant, should such additional funding become necessary in the future.\*

4. Provide a statement of the Applicant's statutory minimum net capital requirement, pursuant to SEA Rule 15c3-1.\*

5. Does the Applicant propose to rely on a pre-existing stream of revenue to support its capitalization?\*

☒ Yes ☐ No

Provide a detailed description of the revenue stream, how it is earned, and the entity or individual that is earning that revenue.\*

Provide specific data regarding infusions of capital to fund the Applicant.

6. Provide a list of all persons or entities that have contributed or plan to contribute equity capital or debt financing to the Applicant's business and provide information regarding the nature of the capital and/or financing.\*

Capital Contributions				
Date	Source	Recipient	Amount	Transfer Instrument
MM/DD/YYYY	Sample Test Firm	Sample Applicant Firm	\$10,000	Wire
Add New		Delete All	1 Row(s)	

Provide supporting documents.

1. Net capital and supporting documents, including:

a. Current balance sheet\*

	Browse
--	--------

b. Net capital computation\*

	Browse
--	--------

c. Trial balance\*

	Browse
--	--------

d. Other supporting documents

	Browse
--	--------

2. Documentation reflecting all funding/capitalization of the Applicant. The information submitted must provide Staff with a clear picture of the movement of funds from its ultimate source of origin to the Applicant. The documentation provided to reflect funding/capitalization should include:

a. For each source of funding, bank statements, checks (front and back), or wire advices (or the equivalent) covering the month of the withdrawal of funds from the source account(s), and also the three prior months\*

	Browse
--	--------

b. For the Applicant: bank statements, checks (front and back), or wire advices (or the equivalent) covering the month of the deposit of funds into the Applicant's account(s), and also the three prior months\*

	Browse
--	--------

c. For both the source and receiving entities, the corporate minutes (or equivalent) reflecting the authorization of funding

	Browse
--	--------

3. Evidence of the financial wherewithal of anticipated sources of future funding, such as bank statements (or the equivalent)

	Browse
--	--------



4. A monthly projection of income and expenses for the Applicant's first twelve months of operation (this document must also specify the amount of fixed expenses vs. variable expenses the Applicant anticipates on a monthly basis)\*

	Browse
--	--------

5. The supporting rationale, including any assumptions for the monthly projections of the Applicant's first twelve months of operation.\*

	Browse
--	--------

6. If the Applicant plans to be a party to a subordination agreement, provide a draft of the anticipated agreement and related supporting documentation (as detailed in Regulatory Notice 10-15)\*

	Browse
--	--------

7. Any other documentation that would be pertinent to FINRA's review of this Standard

	Browse
--	--------

Save	Print Preview	Submit
------	---------------	--------

## Standard 8: Financial controls

[NASD]FINRA Rule 1014(a)(8): The Applicant has financial controls to ensure compliance with the federal securities laws, the rules and regulations thereunder, and FINRA [R]rules.

**Provide specific information regarding the Applicant's FinOp Principal(s).**

1. Provide a detailed description of the prior work experience of the Applicant's FinOp Principal in support of his or her ability to maintain and oversee financial compliance of the Applicant given the Applicant's proposed business activities. This description must also address how the individual's experience satisfies [NASD]FINRA Rule 1014(a)(10)(D), which requires one year of direct or two years of related experience in the subject area to be supervised.\*

You have 4000 character(s) left.

2. Will the applicant's FinOp Principal be part-time with the Applicant or dually associated with another broker-dealer?\*

☒ Yes ☐ No

FinOp Principal CRD ID	Retrieve this person
------------------------	----------------------



**Pop-Up Showing Grid Populated with FinOp**

FinOp Principals						
Principal	Principal CRD ID	Associated firm(s)	Associated firm CRD ID	Percentage of time per week	Capacities and firm type	
						Delete Delete Delete
Add New		Delete All		#N Row(s)		

Upon entering the CRD Number of the FinOp principal(s) of the Applicant, certain information will be populated in the table below, such as information obtained from submissions made through CRD. Regarding the Applicant's proposed FinOp Principal, complete the table by providing the requested information with respect to each broker-dealer with which the FinOp principal(s) is (are) associated and provide additional information as follows.\*

- a. In the table provided, identify the percentage of time that the principal(s) will spend at each applicable broker-dealer carrying out his or her responsibilities on a weekly basis.
- b. In the table provided, describe:

- i. the capacities (both FinOp and non-FinOp) in which the FinOp Principal(s) will be serving (examples might include general securities principal, chief compliance officer, others) for each listed firm; and
  - ii. the type of broker-dealer the FinOp Principal is associated with for each listed firm (examples might include introducing firm, wire order business, dealer activities firm, self-clearing firm).
- c. Provide an explanation of how the FinOp principal proposes to allot sufficient time to execute his or her duties for the Applicant, given his or her responsibilities with other broker-dealers (e.g., contingency plan, part-time vs. full-time).

- d. Describe any system, policies and procedures that the Applicant will implement to enable the part-time or dually associated FinOp Principal to promptly access the Applicant's books and records, and to keep abreast of any financial and related problems occurring at the Applicant.

**Provide information regarding financial controls**

3. Provide a detailed description of the financial controls to be employed by the Applicant, including:\*
- a. Accounting system, and whether it is manual or electronic
  - b. Hardcopy and/or electronic books and records
  - c. Authorized signatories on bank and trading accounts
  - d. Individual(s) responsible for daily journal entries and monthly closing of books and records
  - e. Authorizations required and procedures regarding withdrawals of capital
  - f. (If the Applicant's FinOp works offsite or remotely) whether he or she will have online or otherwise independent access to bank accounts, clearing accounts, etc., and whether that access will be read-only or otherwise
  - g. Whether the Applicant will employ or associate other persons who will support the financial and operation functions (e.g. internal bookkeeping staff)—if so, identify each such person and their roles and responsibilities.

4. Describe the procedures the Applicant will follow in the event the Applicant encounters a situation that may cause a net capital deficiency, including describing what action will be taken in order to comply with SEA Rules 17a-5 and 17a-11. (If the Applicant's FinOp principal is part-time or dually associated, the provided description should also address when and how the Applicant's FinOp Principal will be made aware of potential deficiencies.)\*

5. Will the Applicant have more than one FinOp principal?\*

☒ Yes ☐ No

Provide a statement explaining the rationale for the Applicant's utilization of more than one FinOp Principal and describe the duties that each will execute.\*

#### Provide supporting documents

1. FINRA Rule 3270 (Outside Business Activities of Registered Persons); formerly NASD Rule 3030]) notifications for the FinOp principal (if applicable)

Browse

2. Any other documentation that would be pertinent to FINRA's review of this Standard

Browse

Save Print Preview Submit

## Standard 9: Written procedures

[NASD]FINRA Rule 1014(a)(9): The Applicant has compliance, supervisory, operational, and internal control practices and standards that are consistent with practices and standards regularly employed in the investment banking or securities business, taking into account the nature and scope of Applicant's proposed business.

### Provide attestation

1. The Applicant acknowledges that heightened supervisory procedures and special educational programs may be required pursuant to Notice to Members 97-19 for an Associated Person whose record reflects disciplinary actions or sales practice events.\*

☐ Acknowledgement of heightened supervision

### Provide supporting documents

1. Written Supervisory Procedures ("WSPs"), including:\*
- a. Written supervisory control procedures
- b. Anti-money laundering procedures
- c. Financial control procedures
- d. Internal operating procedures
- e. Internal control procedures

*Ensure that the WSPs contain a Designation of Principals identifying the principal(s) responsible for each area (e.g., AML, Supervisory Controls, etc.) and type of business (including those categorized as OTH or Other that require broker-dealer registration).*

*As a reminder, please ensure that the WSPs clearly state:*

*[w]Who: the identification of the principal/supervisor responsible for conducting the subject procedure;*

*[w]What: a description of the specific procedure that is to be conducted by the principal/supervisor;*

*[w]When: a statement as to when or how often the specific procedure is to be conducted; and*

*[h]How evidenced: a statement as to how the Applicant will evidence the fact that the procedure has been conducted.*

*WSPs that do not conform to the above may be deemed inadequate under this Standard.\**

	Browse
--	--------

2. WSP checklist\*

	Browse
--	--------

3. Sample reports utilized to support supervisory, AML, financial control, internal operating, and internal control procedures\*

	Browse
--	--------

4. Any other documentation that would be pertinent to FINRA's review of this Standard

	Browse
--	--------

Save	Print Preview	Submit
------	---------------	--------

## Standard 10: Supervisory structure

[NASD]FINRA Rule 1014(a)(10): The Applicant has a supervisory system, including written supervisory procedures, internal operating procedures (including operational and internal controls), and compliance procedures designed to prevent and detect, to the extent practicable, violations of the federal securities laws, the rules and regulations thereunder, and FINRA [R]rules. In evaluating the adequacy of a supervisory system, the Department shall consider the overall nature and scope of the Applicant's intended business operations and shall consider whether:

(A) the number, location, experience, and qualifications of supervisory personnel are adequate in light of the number, location, experience, and qualifications of persons to be supervised; the Central Registration Depository record or other disciplinary history of supervisory personnel and persons to be supervised; and the number and locations of the offices that the Applicant intends to open and the nature and scope of business to be conducted at each office;

(B) the Applicant has identified specific Associated Persons to supervise and discharge each of the functions in the Applicant's business plan, and to supervise each of the Applicant's intended offices, whether or not such offices are required to be registered under FINRA [R]rules;

(C) the Applicant has identified the functions to be performed by each Associated Person and has adopted procedures to assure the registration with FINRA and applicable states of all persons whose functions are subject to such registration requirements;

(D) each Associated Person identified in the business plan to discharge a supervisory function has at least one year of direct experience or two years of related experience in the subject area to be supervised;

(E) the Applicant will solicit retail or institutional business;

(F) the Applicant will recommend securities to customers;

(G) the location or part-time status of a supervisor or principal will affect such person's ability to be an effective supervisor;

(H) the Applicant should be required to place one or more Associated Persons under heightened supervision pursuant to Notice to Members 97-19;

(I) any remedial action, such as special training or continuing education requirements or heightened supervision, has been imposed on an Associated Person by a state or federal authority or self-regulatory organization; and

(J) any other condition that will have a material impact on the Applicant's ability to detect and prevent violations of the federal securities laws, the rules and regulations thereunder, and FINRA [R]rules.

**Explain how this Standard is met.**

1. For each Supervisor/Principal, use the grids below to provide:
  - a. A detailed description of professional background and prior experience that must, at a minimum, address all prior work experience as it relates (directly or indirectly) to the proposed business activities including the following:
    - i. Where such experience was obtained
    - ii. Duration of the experience
    - iii. Positions held and responsibilities for each position
  - b. A detailed description of how he or she will conduct activities for the Applicant, including:
    - i. His or her proposed duties
    - ii. The office location of the Supervisor/Principal
    - iii. Whether the individual will be on or off-site of the location which he or she is supervising
    - iv. Any responsibilities of the Supervisor/Principal other than supervision (e.g., if they will also be producing supervisors, provide a detailed description of how they will be able to effectively carry out their supervisory duties while also acting as a producing principal)
    - v. The Supervisor/Principals full-time or part-time status with the Applicant (including the number of hours to be devoted to the Applicant in case of part-time status)
    - vi. Any outside business activities that the Supervisor/Principal may engage in beyond their employment or association with the Applicant (including employment/association with any affiliated entities of the Applicant), and the hours per week devoted to such activities
    - vii. If applicable, an explanation of how a part-time or off-site Supervisor/Principal will be able to discharge his or her designated functions given his or her part-time and/or off-site status (note: this description must also address any tools, systems, reports of other mechanisms to be used to assist them in this regard)
    - viii. If any of the Applicant's proposed Supervisor/Principal (other than the FinOp Principal) are or will be dually registered or associated with other entities, list those broker-dealers or entities with which the principals are associated, in what capacity, and state the percentage of time that will be spent at the Applicant in carrying out their responsibilities on a weekly basis.

CRD ID	Name	Duration of experience	Positions	Proposed duties



Details for individuals in this grid are provided via the same pop-up shown in Standard 1.

2. Provide a detailed description of the direct experience of the proposed Chief Compliance Officer ("CCO"). Additionally, if the proposed CCO does not possess prior direct experience in the business activities proposed by the Applicant, provide a detailed description of the proposed CCO's related experience, and how, in the Applicant's view, that experience qualifies him/her as CCO. In the description provided, be sure to specify whether the proposed CCO has experience with products, with business activities, with compliance, and experience with the SEA, and rules and regulations thereunder, as well as the FINRA [R]ules.\*

**Provide supporting documents.**

1. FINRA Rule 3270 (Outside Business Activities of Registered Persons) notification(s) (for Supervisors/Principals, other than the FinOp Principal (addressed in Standard 8), that have outside business activities) (if applicable)\*

Browse

2. Any other documentation that would be pertinent to FINRA's review of this Standard

Browse

## Standard 11: Books and records

[NASD]FINRA Rule 1014(a)(11): The Applicant has a recordkeeping system that enables Applicant to comply with federal, state, and self-regulatory organization recordkeeping requirements and a staff that is sufficient in qualifications and number to prepare and preserve required records.

### Explain how this standard is met.

1. Describe the Applicant's recordkeeping system, specifically identifying\*
  - a. procedures,
  - b. books and records,
  - c. communication systems, and
  - d. the software and systems to be used to prepare business and financial records, including general ledger, trial balance, balance sheet, and net capital computation (e.g., PeopleSoft, ADP, Creative Solutions).

2. Describe the entities and the scope of services provided by any recordkeeping services used by the Applicant, specifically identifying any service bureaus, clearing/correspondent arrangements, or other arrangements involving the creation and retention of books and records.

3. Describe how the Applicant's records (including email) will be stored, specifically identifying (for example)\*
  - a. hardcopy,
  - b. microfilm/microfiche,
  - c. optical storage technology, or
  - d. other media or methods.

4. List the types of proposed records to be maintained by the Applicant.

**Provide supporting documents.**

1. A copy of the proposed electronic storage notification pursuant to SEA Rule 17a-4(f) (if applicable)

Browse

2. Copies of sample books and records intended for use by the Applicant (this shall include, but is not limited to: customer account forms, blotters, ledgers, order tickets, confirmations, subscription agreements, and customer statements)\*

Browse

3. Any other documentation that would be pertinent to FINRA's review of this Standard

Browse

Save	Print Preview	Submit
------	---------------	--------

Standard 12: Continuing education

[NASD]FINRA Rule 1014(a)(12): The Applicant has completed a training needs assessment and has a written training plan that complies with the continuing education requirements imposed by the federal securities laws, the rules and regulations thereunder, and FINRA [R]ules.

Explain how this standard is met.

- 1. Provide the name and CRD ID of the person responsible for the firm element and the regulatory element of the Applicant's continuing education plan.\*

You have 4000 character(s) left.

- 2. Continuing education deficiency: provide the date by which it is anticipated that this person will complete the required certifications.\*

CRD ID	Name	Complete Date

Provide supporting documents.

- 1. Continuing education plan checklist\*

Browse

- 2. Continuing education training needs assessment and written training plan\*

Browse

- 3. Any other documentation that would be pertinent to FINRA's review of this Standard

Browse



## **Proposed Continuing Membership Application<sup>1</sup>**

---

---

<sup>1</sup> The text of the proposed new language in Form CMA is double-underlined and deletions are in brackets.

## Introduction

The Continuing Member Application Form ("Form CMA," "Form," or "Application") is designed to assist Applicants in the preparation of an Application filed pursuant to [NASD]~~FINRA~~ Rule 1017 in which the Applicant seeks approval from the Financial Industry Regulatory Authority, Inc. ("FINRA") for a change in ownership, control or business operations. The completed Form, with all required questions answered, and all required supporting documentation attached, must be filed electronically with FINRA.

To assist in the completion of Form CMA, important information is provided below concerning the following:

### Completing the Form

- Substantially Complete Requirement

- Form Structure and Using the Form

- Mandatory Information

- Terms Used in the Form

- Saving the Form Prior to Submission

- Submitting the Form

### Maintaining the Accuracy of the Application

## Completing the Form

The Form references information and documentation required under the Membership Rules of FINRA (see the [NASD 1010]~~FINRA~~ Rule 1000 Series). Form CMA is structured to capture information and documentation pertinent to the Applicant's proposed change in ownership, control or business operations. However, additional information and documentation may be requested once the FINRA Staff ("Staff") has had an opportunity to review the Application.

Applicants are encouraged to include as much of the requested information and documentation in their initial Form CMA submission as possible. Experience has shown that Applications containing well thought out, detailed, and complete information and documentation can be processed more efficiently with less need for Staff to seek out supplemental information. Complete Applications help the Staff to gain a prompt understanding of the Applicant's proposed change, which facilitates FINRA's ability to review whether the Applicant meets the standards of admission contained in [NASD]~~FINRA~~ Rule 1014, against which applications submitted utilizing the Form CMA are evaluated. Applicants are encouraged to review additional materials about the Continuing Membership Application process, available on [www.finra.org](http://www.finra.org). Applicants should also consider consulting Staff in advance of submitting Form CMA, particularly for any Application involving novel or complex business arrangements.

## Substantially Complete Requirement

Form CMA is intended to provide an Applicant with information and requests that are required of it in the Application process. Applicants should note that an Application will not be accepted for processing unless it is deemed substantially complete. While the Form identifies information

and documentation that is minimally required in order to file Form CMA, an Applicant is urged not to limit itself to completion of the required fields if and when any optional information fields are applicable or if additional information can be provided that is material to the Applicant's planned change. It is also important to note that, since the Form is submitted exclusively on an electronic basis, it is critical that the Applicant ensure that each attached document is actually the document indicated and contains relevant information.

Every Form CMA will be reviewed initially for content by Staff. Should an Applicant fail to provide accurate material information or documentation relevant to the Applicant's proposed change, a submitted Form CMA may be rejected as "not substantially complete."

### **Form Structure and Using the Form**

The Form is structured to collect information, data and documentation from the Applicant in order for Staff to evaluate the Application against the standards for admission contained in [NASD]FINRA Rule 1014. The Form requests that information be provided in formats including narrative text, fields that require a selection or mouse-click (e.g. drop-down lists, radio buttons), data entered directly into the Form, information entered into tables in the Form or connected to the Form, and attachments of supporting documents.

The Form is designed to leverage, where possible, certain information provided by the Applicant to FINRA through means other than the Form itself, in particular, information submitted via the Central Registration Depository (CRD®). In instances where information from other sources is leveraged, if any such information presented to the Applicant in the Form is inaccurate, an Applicant must update the source record before ultimately submitting or amending the Form CMA. (Typically it takes one business day from updating of the source system for Form CMA to reflect such changes.)

### **Mandatory Information**

Certain aspects of the Form are indicated with a red asterisk (\*), indicating that such aspect (e.g., question, data field, information, document request) of the Form is a required field. A system completeness check is conducted on every Form CMA attempted to be submitted to FINRA. Any Form CMA that fails to address each of the required fields will not be permitted to proceed with submission. Failure to address required fields will, when attempting to submit the Form, result in identification of the missing or unanswered information to the Applicant who will be responsible for addressing the missing information before attempting to resubmit the Application.

While certain aspects of the Form are indicated as required, Applicants are strongly encouraged to address any optional information fields of the Form that are applicable to the Applicant's proposed change.

### **Terms Used in the Form**

Unless otherwise stated, the terms used in this Form (e.g., "Applicant," "Associated Person") have the same definition as prescribed in [NASD]FINRA Rule 1011. Additionally, the Form makes certain references that should be construed in a consistent manner. Please note the following references have the meaning prescribed here:

"Associated Person" has the meaning prescribed to such term in [NASD]FINRA Rule 1011(b).

"CRD system" means the Central Registration Depository, the central licensing and registration system for the U.S. securities industry and its regulators.

"SEA" means the Securities Exchange Act of 1934

"SEA Rule" means a rule or regulation promulgated under the SEA.

### **Saving the Form Prior to Submission**

An Applicant may review, enter, and otherwise prepare Form CMA and save the most recent version of the Form prior to submitting the Application for review by Staff. The Form need not be fully prepared or completed in order to be saved. The most recent saved version of a draft Form CMA is retained on FINRA's electronic filing platform until a final version is submitted to FINRA.

### **Submitting the Form**

After completing the Form CMA, an Applicant must submit the Form for review by Staff. An electronic completeness check is run on the Form CMA upon attempting submission to determine whether all required fields have been addressed. Upon successfully passing the electronic completeness check, the Form is routed to Staff for a determination of whether the Application is substantially complete. If determined to be substantially complete, the Application will be assigned for continuing review. After submission, the Applicant will be able to view its submitted Form CMA via FINRA's electronic filing system.

### **Maintaining the Accuracy of the Application**

Each Applicant for membership with FINRA must, at all times, ensure the accuracy of its Application. The Applicant is responsible for keeping its Application current and accurate throughout the Application review process. The Applicant must amend or otherwise notify Staff of any information in, or any information omitted from, its Application that is or makes the application inaccurate, incomplete or misleading.

Save	Print Preview	Submit
------	---------------	--------



## Type of Continuing Membership Application

Identify the type of change that is contemplated (select all that apply).

### Ownership of asset transfer changes

- ☐ Merger of the member with another member
- ☐ Direct or indirect acquisition by the member of another member
- ☐ Direct or indirect acquisition or transfer of 25% or more in the aggregate of the member's assets or any asset, business or line of operation that generates revenues comprising 25% or more in the aggregate of the member's earnings measured on a rolling 36 month basis
- ☐ Change in the equity ownership or partnership capital of the member resulting in one person or entity directly or indirectly owning or controlling 25% or more of the equity or partnership capital

### Change(s) in business operations

- ☐ Material change in business operations
  - ☐ Removal or modification of a membership agreement restriction
  - ☐ Market making, underwriting or acting as a dealer for the first time
  - ☐ Adding a business activity that requires a higher minimum net capital under [Securities Exchange Act (SEA)][SEA](#) Rule 15c3-1
  - ☐ Expansion of Associated Persons, offices, or number of markets made
  - ☐ Other

Save	Print Preview	Submit
------	---------------	--------

**Applicant contact information**

Provide the following information for the person who will be the primary contact for the Applicant during FINRA's review of the Continuing Membership Application. Note that this is the person to whom FINRA will direct application-related questions and correspondence.

**Contact person**

First Name*	
Last name*	
Email address*	
Phone number*	
Fax number*	

**Mailing address**

Company Name*	
Street address, line 1*	
Street address, line 2	
City*	
State*	
ZIP Code*	

Save	Print Preview	Submit
------	---------------	--------

## Standard 1: Overview of the Applicants

[NASD]FINRA Rule 1014(a)(1): The application and all supporting documents are complete and accurate.

### Overview of the proposed change

1. Provide a complete description of the proposed change, identifying\*
  - a. the terms and nature of the proposed change,
  - b. the date the transaction is expected to be completed,
  - c. the business reason(s) for the change,
  - d. the financing for the transaction, including the source of funding for the purchase and recapitalization (as applicable), and
  - e. an overview of the impact(s) (e.g., financial, operational, managerial, supervisory), or lack thereof, to the Applicant as a result of the change.

You have 4000 character(s) left.

2. For any persons or entities, including other broker-dealers and investment advisory firms, that will become associated or affiliated with the Applicant, through ownership, employment, or otherwise, as a result of the proposed transaction, please provide the name of the person or entity, describe the relationship such person or entity will have with the Applicant, for any entity describe the business conducted by such entity, and identify whether the Applicant will be conducting business with or on behalf of the person or entity.\*

You have 4000 character(s) left.

3. Regarding the transfer of assets or line of business, please provide\*
  - a. a statement indicating whether the assets or line of business being transferred will also include the liabilities pertaining to that asset or line of business, and
  - b. for liabilities that will not be transferred, provide a detailed description of each liability and provide a statement of how each will be satisfied.

--

You have 4000 character(s) left.

**Specify the changes in direct ownership.**

Below is a read-only review of the current direct ownership of the Applicant (information obtained from the CRD system).

Current direct owners			
Full Legal Name	CRD number	Domestic or Foreign Entity, or Individual	Role
1 Row(s)			

Please edit the chart below to describe the proposed changes in the Applicant's direct ownership. (Information provided here will be used solely for the review of this Application, and will not update the CRD system.)

Proposed changes in direct ownership			
Full Legal Name	CRD number	Domestic or Foreign Entity, or Individual	Role
Add New	Delete All	#N Row(s)	

**Pop-Up for Proposed Changes in Direct Ownership**

Person Details	
CRD ID	Name
	Domestic or Foreign Entity, or Individual
	Roles
	Date role acquired
	Ownership percentage
	Control person? <input checked="" type="radio"/> Yes <input type="radio"/> No
	Registrations
	Continuing education
	Will the Applicant claim any exemptions from registration for this person? If so, list them.
	Will the Applicant apply for any waivers of requirement examinations for this person? If so, list them.
	Scheduled examination and dates
<p>Provide a description of the duties and responsibilities of any non-registered officers, directors, owners, and control persons, along with an explanation for why they should not be required to register with the Applicant (refer to the [Rule 1020-1022 and 1060] <a href="#">FINRA Rule 1200 Series</a>, and Notice to Members 99-49.)). This description should include details regarding responsibilities performed:</p> <p>at the Applicant firm;  at any affiliated companies; and  at any other companies anticipated to conduct business with the Applicant.*</p>	

**Specify the changes in indirect ownership.**

Below is a read-only review of the current indirect owners of the Applicant (information obtained from the CRD system).

Current indirect owners		
Full Legal Name	Domestic or Foreign Entity, or Individual	Entity in which interest is owned
0 Row(s)		

Please edit the chart below to describe the proposed changes in the Applicant's indirect ownership. (Information provided here will be used solely for the review of this Application, and will not update the CRD system.)

Proposed changes in indirect ownership		
Full Legal Name	Domestic or Foreign Entity, or Individual	Entity in which interest is owned
Add New	Delete All	#N Row(s)



**Pop-Up for Proposed Changes in Indirect Ownership**

Person Details	
CRD ID	Name
Domestic or Foreign Entity, or Individual	Entity in which interest is owned
Roles	Date role acquired
Ownership percentage	Control person?
	<input checked="" type="radio"/> Yes <input type="radio"/> No

**Provide supporting documents.**

1. Pre- and post-change business organizational charts, identifying the Applicant's owners and affiliated entities (indicate all direct and indirect owners of the Applicant and percentage of ownership for each)\*

2. Any modified formation documents of the Applicant stemming from the change\*

3. Formation documents for any entities (e.g. corporations, partnership, trusts), including holding companies, that are or will be new owners, directly or indirectly, of the Applicant\*

4. As applicable, if this Application is filed on behalf of multiple firms: a signed statement, from a principal officer of each Applicant, indicating this Application is being filed on the firm's behalf

	Browse
--	--------

5. Any other documentation that would be pertinent to FINRA's review of this Standard

	Browse
--	--------

**Verify current business activities.**

The business lines noted below have been obtained from information submitted to the CRD system by the Applicant. Please verify the business activities of the Applicant, selecting the appropriate status for each business line. If the Applicant's contemplated change in business operations for which this Form CMA is being filed relates to one of these business lines, select "Change" for the respective business line and answer the required questions.

*(Note that any changes to business lines indicated here will not automatically flow to the Form BD; they are captured here solely for the CMA process. Upon completion of the CMA process, Applicants must update Form BD appropriately.)*

Equity Securities (BDR, BIA, NEX)

**BDR** Broker or dealer retailing corporate equity securities over-the-counter \*

☐ No Change    ☐ Change    ☐ Remove

Mutual Funds, Variable Products (MFU, MFR, VLA)

**MFR** Mutual fund retailer \*

☐ No Change    ☐ Change    ☐ Remove

**VLA** Broker or dealer selling variable life insurance or annuities \*

☐ No Change    ☐ Change    ☐ Remove

1. Provide a written narrative describing the scope of activities to be conducted as well as describing each step of a typical transaction to be conducted by the Applicant, beginning with any initial customer contact.\*

*Note that this description should be independent of trading or other platforms. Those platforms are addressed in Standard 6.*

--

2. Provide a detailed description of how a typical transaction will be settled and cleared including handling of funds and securities. Be sure to indicate what, if any, exemption to SEA Rule 15c3-3 will be claimed.\*

3. Provide a statement describing how the Applicant and its Associated Persons (registered and unregistered) will be compensated for the proposed activities.\*

Please describe any changes unique to the MFR business line.

Please describe any changes unique to the VLA business line.

Government and Municipal Debt (GSD, GSB, MSD, MSB)

**GSD** U.S. government securities dealer\*

☐ No Change    ☐ Change    ☐ Remove

**GSB** U.S. government securities broker\*

☐ No Change    ☐ Change    ☐ Remove

**MSB** Municipal securities broker\*

☐ No Change    ☐ Change    ☐ Remove

Other (SSL, IAD, MRI, OTH)

**IAD** Investment advisory services\*

☐ No Change    ☐ Change    ☐ Remove

**Indicate which business lines are being added.**

Please select the business activities in which the Applicant intends to engage as a result of the change.

*(Note that any changes to business lines indicated here will not automatically flow to the Form BD; they are captured here solely for the CMA process. Upon completion of the CMA process, Applicants must update Form BD appropriately.)*

Exchange Member Activities (EMC, EMF)

☐ **EMC** Exchange member engaged in exchange commission business other than floor activities

☐ **EMF** Exchange member engaged in floor activities

Across all business lines within this category:

1. Provide a written narrative describing the scope of activities to be conducted as well as describing each step of a typical transaction to be conducted by the Applicant, beginning with any initial customer contact.\*

*Note that this description should be independent of trading or other platforms. Those platforms are addressed in Standard 6.*

You have 4000 character(s) left.



2. Provide a detailed description of how a typical transaction will be settled and cleared, including handling of funds and securities. Be sure to indicate what, if any, exemption to SEA Rule 15c3-3 will be claimed.\*

You have 4000 character(s) left.

3. Provide a statement describing how the Applicant and its Associated Persons (registered and unregistered) will be compensated for the proposed activities.\*

You have 4000 character(s) left.

4. If any of the below business activities deviates from the description entered above, please describe the nature of that deviation underneath the appropriate business activity.

Please describe any change unique to the EMC business line.

You have 4000 character(s) left.

Please describe any change unique to the EMF business line.

You have 4000 character(s) left.

Trading and Market Making (IDM, TRA)

- ☐ **IDM** Broker or dealer making inter-dealer markets in corporate securities over-the-counter
- ☐ **TRA** Trading securities for own account

Across all business lines within this category:

1. Provide a written narrative describing the scope of activities to be conducted as well as describing each step of a typical transaction to be conducted by the Applicant, beginning with any initial customer contact.\*

*Note that this description should be independent of trading or other platforms. Those platforms are addressed in Standard 6.*

You have 4000 character(s) left.

2. Provide a detailed description of how a typical transaction will be settled and cleared, including handling of funds and securities. Be sure to indicate what, if any, exemption to SEA Rule 15c3-3 will be claimed.\*

You have 4000 character(s) left.

3. Provide a statement describing how the Applicant and its Associated Persons (registered and unregistered) will be compensated for the proposed activities.\*

You have 4000 character(s) left.

4. If any of the below business activities deviates from the description entered above, please describe the nature of that deviation underneath the appropriate business activity.

Please describe any change unique to the IDM business line.

You have 4000 character(s) left.

Please describe any change unique to the TRA business line.

You have 4000 character(s) left.

5. Provide additional details regarding the noted business line(s) including, as applicable, the Applicant's plans to distribute or maintain securities products in proprietary positions, and the risks, volatility, degree of liquidity, speculative nature and type of products; the number of market to be made; the type and volatility of the products; and the anticipated maximum inventory positions.\*

You have 4000 character(s) left.

Equity Securities (BDR, BIA, NEX)

- ☐ **BDR** Broker or dealer retailing corporate equity securities over-the-counter
- ☐ **BIA** Broker or dealer selling securities of only one issuer or associated issuers (other than mutual funds)
- ☐ **NEX** Non-exchange member effecting transactions in listed securities through exchange member

Corporate Debt (BDD)

- ☐ **BDD** Broker or dealer selling corporate debt securities

Underwriter or Selling Group Member (USG, RES)

- ☐ **USG** Underwriter or selling group participant (corporate securities other than mutual funds)
- ☐ **RES** Seller of real estate securities

Mutual Funds, Variable Products (MFU, MFR, VLA)

- ☐ **MFU** Mutual fund underwriter or sponsor
- ☐ **MFR** Mutual fund retailer
- ☐ **VLA** Broker or dealer selling variable life insurance or annuities

Government and Municipal Debt (GSD, GSB, MSD, MSB)

- ☐ **GSD** U.S. government securities dealer
- ☐ **GSB** U.S. government securities broker
- ☐ **MSD** Municipal securities dealer
- ☐ **MSB** Municipal securities broker

Private Placements/Private Offerings (OGI, NPB, TAP, TAS, PLA)

- ☐ **OGI** Broker or dealer selling oil and gas interests

- ☐ **NPB** Broker or dealer selling securities of non-profit organizations (e.g., churches, hospitals)
- ☐ **TAP** Broker or dealer selling tax shelters or limited partnership in primary distributions
- ☐ **TAS** Broker or dealer selling tax shelters or limited partnerships in the secondary market
- ☐ **PLA** Private Placement of securities

Options (PCB)

- ☐ **PCB** Options broker or dealer or option writer

Networking Arrangements (BNA, INA)

- ☐ **BNA** Broker or dealer involved in networking, kiosk or similar arrangement with a bank, savings bank or association, or credit union
- ☐ **INA** Broker or dealer involved in networking, kiosk or similar arrangement with an insurance company or agency

Other (SSL, IAD, MRI, OTH)

- ☐ **SSL** Solicitor of time deposits in a financial institution
- ☐ **IAD** Investment advisory services
- ☐ **MRI** Broker or dealer selling interests in mortgages, receivables or other asset-backed securities
- ☐ **OTH** Other (description from Form BD is below)
  - ☐ Broker or dealer that offers or engages in on-line trading / electronic trading
  - ☐ Broker or dealer selling securities futures products
  - ☐ Broker or dealer selling interests in unregistered private investment funds
  - ☐ Underwriter of municipal securities
  - ☐ Securities clearance and settlement
  - ☐ Prime brokerage services
  - ☐ Securities lending
  - ☐ Research and/or soft dollar activities
  - ☐ Repurchase/ reverse repurchase transactions
  - ☐ Operation of alternative trading systems, including electronic communications networks

☐ Mergers and acquisitions

☐ Other

### Specify supervisors for new business lines

Please enter individual CRD IDs for registered persons who will be supervising the proposed new business lines.

*Note that this information is solely for purposes of the CMA review: any association of individuals with this Form CMA will not flow through to the CRD system.*

	Retrieve this person
--	----------------------

Business Line Supervisors		
CRD ID	Name	
-----	-----	[Delete]
Add New	Delete All	#N Row(s)



### Pop-Up for Supervising Principals

Supervisor Details	
CRD ID	Name
	Title* <input type="text" value="Provide a title"/>
Intended exams*	
What business activities (if any) will be supervised by this person/	
Registrations	Code   Date
Continuing education*	<input type="radio"/> Active <input type="radio"/> Inactive
Will the Applicant claim any exemptions from registration for this person? If so, list them	
Will the Applicant apply for any waivers of required examinations for this person? If so, list them	
Scheduled examinations and dates	

### Specify other persons associated with this change.

Please provide information on other persons associated with this change. This includes registered persons and other associated persons.

Please download this [spreadsheet](#) and complete all fields. Do not change the structure of the spreadsheet; it will be automatically loaded into FINRA systems.

Upload the completed spreadsheet:\*

	Browse
--	--------


### Provide supporting documents.

**Commented [Form CMA1]:** Anti-Money Laundering Officer  
 Branch Office Manager  
 Branch Office Manager – NYSE  
 Branch Office Manager – non-FINRA  
 Chairman  
 Chief Compliance Officer  
 Chief Executive Officer  
 Chief Financial Officer  
 Compliance Manager  
 Compliance Officers  
 Director  
 DPP Principal  
 Executive Representative  
 Investment Banking  
 Managing Director  
 Managing Member  
 Managing Principal  
 Municipal Fund Securities Principal Only  
 Municipal Securities Principal  
 Partner/Senior Partner  
 President  
 Principal  
 Registered Options and Securities Futures Principal  
 Representative  
 Sales Supervisor  
 Secretary  
 Senior Managing Director  
 Variable Products Principal  
 Variable Products Principal Only  
 Vice President  
 Non-registered Person


**Commented [Form CMA2]:** This spreadsheet includes the following fields:

- First Name
- Last Name
- CRD ID (optional)
- Role

1. For all transactions to be conducted by the Applicant that will not involve a clearing firm: a graphical depiction of the steps involved in the transactions, including but not limited to order receipt, execution, and clearance and settlement

	Browse
---	--------

2. Any other documentation that would be pertinent to FINRA's review of this Standard

	Browse
---	--------

Save	Print Preview	Submit
------	---------------	--------

## Standard 2: Licenses and Registrations

[NASD]FINRA Rule 1014(a)(2): The Applicant and its Associated Persons have all licenses and registrations required by state and federal authorities and self-regulatory organizations.

*The Applicant is reminded that failure of its Associated Persons to schedule and successfully complete any required qualification examinations in a timely manner may result in a significant delay of the Application review process, or a lapse or denial of the Application. It is strongly suggested that any qualification examination(s) be completed in advance of the filing of the Form CMA where possible or be scheduled within the first 30 days of filing Form CMA, and that all registration requirements be completed within the first 60 days of filing Form CMA in order to avoid delays in processing of the Application.*

### Provide information regarding direct owners

The list of direct owners below is repeated from the Applicant's input in Standard 1 above. If the information displayed is incomplete or inaccurate, please edit Standard 1 before completing this section of the Form.

Please provide the information below for all direct owners who will have an ownership stake in the Applicant after the proposed change.

CRD ID	Name	Continuing education



### Pop-Up for Direct Owners

<b>Name</b>	
<b>CRD number</b>	
<b>Roles</b>	
<b>Current Registrations</b>	
<b>Continuing education</b>	<input type="radio"/> Active <input type="radio"/> Inactive
Will the Applicant claim any exemptions from registration for this person? If so, list them.	
Will the Applicant apply for any waivers of required examinations for this person? If so, list them.	
<b>Scheduled examinations and dates:</b>	
Provide a description of the duties and responsibilities of any non-registered officers, directors, owners, and control persons, along with an explanation for why they should not be required to register with the Applicant (refer to <a href="#">the [NASD Rule 1020-1022 and 1060]FINRA Rule 1200 Series</a> , and Notice to Members 99-49.)). This description should include details regarding responsibilities performed:	
at the Applicant firm; at any affiliated companies; and at any other companies anticipated to conduct business with the Applicant.*	

**Provide information about the Applicant following the proposed change**

1. Does the Applicant anticipate being registered with or withdrawing registration from any other regulatory or self-regulatory organization(s) and/or state(s) as a result of the change?\*

☒ Yes ☐ No

List all proposed registrations (e.g., MSRB, CFTC, NFA, state registrations, registrations with Exchanges).\*

2. Each Applicant, except a sole proprietorship, is required to have a minimum of two registered principals with respect to each aspect of its investment banking and securities business. Pursuant to the FINRA Rule 9600 Series, FINRA may waive the requirement in situations that indicate conclusively that only one person associated with an Applicant should be required to register as a principal. Each Applicant must also have a Financial and Operations (FinOp) Principal (or Introducing Broker-Dealer FinOp Principal, as applicable). Additionally, an Applicant engaged in certain activities must have other appropriately registered principals (for example, an Applicant that will be engaged in options transactions with the public must have a Registered Options Principal). Please refer to the [NASD Rules 1021 (Registration Requirements) and 1022 (Categories of Principal Registration)]FINRA Rule 1200 Series (Registration and Qualification) for the appropriate categories of principal registration.

Is the Applicant seeking a waiver, or seeking to maintain a waiver already in place, of the two principal requirement under [NASD]FINRA Rule [1021]1210.01?\*

☒ Yes ☐ No

Provide a detailed explanation that demonstrates the reason(s) for the waiver. Additionally, provide a contingency plan for situations where the sole General Securities Principal is unavailable to carry out his or her responsibilities.\*

3. Will the Applicant have any non-registered officers, directors, owners, or control persons following the change?\*

☒ Yes ☐ No

Provide a description of duties and responsibilities of any non-registered officers, directors, owners, and control persons, along with an explanation for why they should not be required to register with the Applicant. (Please refer to the applicable registration provision, such as the [NASD Rules 1021, 1022 and 1060]FINRA Rule 1200 Series], as



well as Notice to Members 99-49].) This description should include responsibilities performed

- a. at the Applicant;
- b. at any affiliated companies; and
- c. at any other companies anticipated to conduct business with the Applicant\*

**Provide supporting documents.**

1. Management organizational chart, identifying officers, principals and supervisors of the Applicant and the proposed business activities and/or product lines supervised by each person following the change\*

Browse

2. An attestation for officers, directors, owners and control persons who will not participate in the day-to-day securities or investment banking operations of the Applicant or act in any capacity that would require that these individuals become registered

Browse

3. Any other documentation that would be pertinent to FINRA's review of this Standard

Browse

**Provide specific information regarding supervisors**

The list of personnel below is repeated from the Applicant's input in Standard 1 above. If the information listed is incomplete or inaccurate, please edit Standard 1 before completing this section of the Form.

CRD ID	Name	Continuing education



**Pop-Up for Supervisor Group**

Name	
CRD ID	
Title	
Current Registrations	Code   Date
Continuing education	<input type="radio"/> Active <input type="radio"/> Inactive
Will the Applicant claim any exemptions from registration for this person? If so, list them.	
Will the Applicant apply for any waivers of required examinations for this person? If so, list them.	
Scheduled examinations and dates:	

1. Does the Applicant anticipate being registered with any other regulatory or self-regulatory organization(s) and/or state(s) as a result of the change?\*

☒ Yes ☐ No

List all proposed registrations (e.g., MSRB, CFTC, NFA, state registrations, registrations with Exchanges)\*

You have 4000 character(s) left.

2. Does the Applicant anticipate being exempt from registration with the Securities Information Center, pursuant to SEA Rule 17f-1, following implementation of the proposed change?\*

☒ Yes ☐ No

Identify the exemption which applies to the Applicant with a brief explanation of its application in light of the proposed change).\*

You have 4000 character(s) left.

#### Provide supporting documents.

1. For the Applicant:

- a. Options allocation form (if applicable)

- b. Lost and stolen securities registration (if applicable)

- c. Evidence of registration with MSRB (if applicable)

	Browse
--	--------

2. For personnel:

- a. A management organizational chart, identifying officers, principals and supervisors of the Applicant and the proposed business activities and/or product lines supervised by each person following the proposed change\*

	Browse
--	--------

3. Any other documentation that would be pertinent to FINRA's review of this Standard

	Browse
--	--------

Save	Print Preview	Submit
------	---------------	--------

### Standard 3: Compliance with securities laws, just and equitable principles of trade

[NASD]FINRA Rule 1014(a)(3): The Applicant and its Associated Persons are capable of complying with [the federal]applicable securities laws[, the rules] and regulations, [thereunder,] and with applicable FINRA [R]rules, including observing high standards of commercial honor and just and equitable principles of trade. In determining whether this standard is met, the Department shall take into consideration whether:

(A) a state or federal authority or self-regulatory organization has taken permanent or temporary adverse action with respect to a registration or licensing determination regarding the Applicant or an Associated Person;

(B) an Applicant's or Associated Person's record reflects a sales practice event[, a pending arbitration,] or a pending private civil action;

(C) an Applicant or Associated Person is the subject of a pending, adjudicated, or settled regulatory action or investigation by the [Commission]SEC, the Commodity Futures Trading Commission, a federal[, or state regulatory agency, or foreign financial regulatory [agency]authority, or a self-regulatory organization; an adjudicated[, or settled investment-related private civil action for damages or an injunction; or a criminal action (other than a minor traffic violation) that is pending, adjudicated, or that has resulted in a guilty or no contest plea; [or]

(D) an Applicant, its control persons, principals, registered representatives, other Associated Persons, any lender of [5%]five percent or more of the Applicant's net capital, and any other member with respect to which these persons were a control person or a [5%]five percent lender of its net capital is subject to unpaid arbitration awards, other adjudicated customer awards, or unpaid arbitration settlements;

(E) an Applicant or Associated Person is the subject of a pending arbitration claim:

[(D)](F) an Associated Person was terminated for cause or permitted to resign after an investigation of an alleged violation of a federal or state securities law, a rule or regulation thereunder, a self-regulatory organization rule, or industry standard of conduct;

[(E)](G) a state or federal authority or self-regulatory organization has imposed a remedial action, such as special training, continuing education requirements, or heightened supervision, on an Associated Person; and

[(F)](H) a state or federal authority or self-regulatory organization has provided information indicating that the Applicant or an Associated Person otherwise poses a threat to public investors.

#### Explain how this Standard is met.

1. Is the Applicant or any of its Associated Persons the subject of any of the following?\*
- a. A permanent or temporary adverse action[s] taken by a state or federal [authority]regulatory agency or self-regulatory organization[s] with respect to registration or license determination[s];

- b. [a]~~A~~ sales practice event[, pending arbitration] or pending private civil action;
- c. A pending, adjudicated, or settled regulatory action or investigation by any regulatory or self-regulatory authority, or any civil or criminal action resulting in guilty or no contest plea;
- d. An unpaid arbitration award[s] involving the Applicant, its control persons, principals, registered representatives, other Associated Persons, any lender of [5%]five percent or more of the Applicant's net capital, [or any other Associated Person of the Applicant]and any other member with respect to which these persons were a control person or a five percent lender of its net capital;
- e. A pending arbitration claim;
- [e]~~f~~. [t]~~T~~ermination for Cause or permitted to resign after an investigation of an alleged violation of federal or state securities law, rules or regulations or a self-regulatory rule or industry standard of conduct;
- [f]~~g~~. [regulatory imposed] [r]~~R~~emedial action such as special training, continuing education requirements, or heightened supervision on an Associated Person imposed by a state or federal authority or self-regulatory organization; and
- [g]~~h~~. Information from an industry authority indicating the Applicant or its associated persons are a threat to public[?]

☒ Yes ☐ No

Regarding the event(s), unless details of a particular event have been reported to the CRD system, provide information (e.g., subject party, nature of the activity, any findings, any fine, or other dispositions) for each event involving the Applicant and/or its Associated Persons.\*

You have 4000 character(s) left.

2. Pursuant to [NASD]FINRA Rule 1014(b)(1), where the history of the Applicant or its Associated Persons includes any of the events set forth in Rule 1014(a)(3)(A) [and] (C) (D), (F), and [through] (E)G, there is a presumption that the Application should be denied. The Applicant may overcome the presumption of denial by demonstrating that it can meet each of the standards for admission in [NASD]FINRA Rule 1014(a), notwithstanding the existence of any of the events set forth in [NASD]FINRA Rule 1014(a)(3)(A) [and] (C) (D), (F), and [through] (E)G. To the extent that any of the referenced events exist for the Applicant or its Associated Persons, provide a detailed explanation, in light of the existence of such events, as to how the Applicant is nonetheless capable of complying with industry rules, regulations, laws, and observing high standards of commercial honor and just and equitable principles of trade. Please reference any controls or systems put in place and refer to any specific pages or sections in the Applicant's written supervisory procedures that address heightened supervisory requirements.\*

You have 4000 character(s) left.

3. Indicate whether the Applicant or any Associated Persons have been found to have violated the same federal securities laws or regulations, the rules thereunder, or FINRA [R]ules on more than one occasion. In such instances, identify the nature of the repetitive occurrences, the corrective action the Applicant has taken or will take to prevent future violations, and the specific persons with responsibility for supervision in the areas noted with repeat violations and/or Associated Persons who have been found to have repeat violations.\*

You have 4000 character(s) left.

4. Will this Application involve a transfer of assets without a corresponding transfer of liabilities?\*

☒ Yes ☐ No

Provide details regarding any pending arbitration claims or closed or settled arbitration matters as follows:

- a. A summary that clearly describes each claim, including the amounts claimed for pending matters, the current status, and the amount of settled matters.\*

- b. A statement detailing the treatment of unpaid and pending arbitration claims on the Applicant's financial statements. If pending arbitrations are classified as contingent liabilities, the Applicant should explain its method for calculating amounts on its financial statements. If pending arbitrations are not included on its financial statements, explain why they are not disclosed. Additionally, the Applicant must promptly update information provided in the Application regarding pending arbitration claims that are awarded, settled or become unpaid before the Department renders its decision on the Application. The updates should include new arbitrations filed, settlements made and awards granted against the Applicant.\*

**Provide supporting documents.**

1. Documentation of any of the events described in [NASD]FINRA Rule 1014(a)(3), unless the event has been reported to the CRD system.

	Browse
--	--------

2. [If this Application involves a transfer of assets with no corresponding transfer of associated liabilities, and there are pending arbitration claims or closed or settled arbitration matters]To the extent that the Applicant or its Associated Person is subject to unpaid arbitration awards, other adjudicated customer awards, unpaid arbitration settlements, pending arbitration claims, provide the following:

- a. For claims pursuant to which an award was granted, documentation (e.g., copies of the front and back of cancelled checks) evidencing that the Applicant has satisfied the award in full (in cases of unpaid awards, the Applicant must pay the awards before closing the transaction).

	Browse
--	--------

- b. For matters that have been settled, a copy of the settlement documentation and evidence that the required settlement payments have been made in full.

	Browse
--	--------

- c. Written [O]pinion(s) of an independent, reputable U.S. licensed counsel knowledgeable in the value of the claim(s) and any other documentation developed by the Applicant's FinOp Principal, accountants, [and/]or auditors that support the Applicant's treatment of unpaid and pending arbitration or civil litigation claims.

	Browse
--	--------

- d. Three additional documents: a written "Arbitration Plan" explaining how the Applicant will handle the arbitrations and awards that may result; a statement describing the relationship of the firms involved in the transaction ("Relationship Statement"); and a statement of the plans of key personnel of the Applicant and the Applicant's owners ("Statement of Future Plans").

	Browse
--	--------

- i. The Arbitration Plan should include (i) the expected date for concluding the arbitrations, (ii) the method by which the Applicant expects to resolve the arbitrations (e.g., mediation, settlement, hearing), and (iii) the provision that the Applicant will make and guarantee for payment of awards, settlements or claims (e.g., escrow agreement, insurance coverage, clearing deposit,

guarantee, reserve fund, retention of proceeds of asset transfer, no provision for payment).

	Browse
--	--------

- ii. The Relationship Statement should cover (i) whether the firms are affiliated or have common (direct or indirect) ownership greater than [5%]five percent and (ii) plans of key personnel or owners to associate with the acquiring firm.

	Browse
--	--------

- iii. The Statement of Future Plans should describe (i) intended use of proceeds of the transaction; and (ii) future plans in the securities business of owners and key personnel (if known) (e.g., Will they associate with another firm? Do they plan to start a new firm?).

	Browse
--	--------

3. Any other documentation that would be pertinent to FINRA's review of this Standard

	Browse
--	--------

Save	Print Preview	Submit
------	---------------	--------



## Standard 4: Contractual and business relationships

[NASD]FINRA Rule 1014(a)(4): The Applicant has established all contractual or other arrangements and business relationships with banks, clearing corporations, service bureaus, or others necessary to:

(A) initiate the operations described in the Applicant's business plan, considering the nature and scope of operations and the number of personnel; and

(B) comply with the federal securities laws, the rules and regulations thereunder, and FINRA [R]rules.

### Explain how this Standard is met.

1. Identify whether any new agreements or business relationships are being established or whether existing agreements are being modified in order to effectuate the proposed change. Such agreements may include, but are not limited to, expense sharing, clearing, custody, outsourcing, independent contractor, etc.\*

You have 4000 character(s) left.

2. Identify any dependencies or conditions (e.g. shareholder approval, regulatory approval) that must be satisfied prior to conducting the proposed change.\*

You have 4000 character(s) left.

3. Will the proposed change result in the creation of an expense sharing agreement ("ESA") or amendment to an existing ESA?\*

☒ Yes ☐ No

Provide a detailed description of the financial wherewithal of the parties to the ESA to support their obligations under the ESA. (Be sure to attach documentary supports, including bank statements, tax returns, etc., if appropriate, to support this.)\*

**Provide supporting documents.**

1. Copies of the Applicant's Fidelity bond and cancellation rider (if impacted by the proposed change)\*

Browse

2. Agreements, to the extent any such agreements are put in place, replaced or amended as a result of the proposed change, including:

- a. Clearing agreements

Browse

- b. Administrative services agreement

Browse

- c. Agreement with FinOp principal

Browse

- d. Commission sharing agreement

Browse

- e. Technology services agreement, including arrangements with third-party providers of electronic storage media (SEC Rule 17a-4(f))

Browse

- f. Compliance services/support agreement

Browse

- g. Expense sharing agreements and supporting documents, including bank statements, tax returns, etc., as applicable

Browse

- h. Other agreements pertinent to the conduct of the proposed change

Browse

3. Transaction documents (e.g., letter(s) of intent, asset purchase agreements, share purchase agreements, merger agreements, board resolutions)

Browse

4. Any other documentation that would be pertinent to FINRA's review of this Standard

Browse

Save	Print Preview	Submit
------	---------------	--------

## Standard 5: Facilities

[NASD]FINRA Rule 1014(a)(5): The Applicant has or has adequate plans to obtain facilities that are sufficient to:

(A) initiate the operations described in the Applicant's business plan, considering the nature and scope of operations and the number of personnel; and

(B) comply with the federal securities laws, the rules and regulations thereunder, and FINRA [R]rules.

### Explain how this standard is met.

1. Is the Applicant making any material changes to existing facilities or locations, or will any proposed change in business require additional space and/or locations?\*

☒ Yes ☐ No

Regarding changes to existing facilities or locations or the addition of space\*

- a. Describe the contemplated changes, including the location of any additional branch offices and non-branch locations.
- b. Provide a statement regarding the adequacy of the Applicant's facilities to conduct the proposed business activities and meet the Applicant's personnel needs. This description must address, among other things, the designated supervisor for each office, the total number of Associated Persons that are anticipated to be located in each office, the business activities to be conducted from each location, the square footage, business equipment, and secure storage for books and records.

You have 4000 character(s) left.

2. As applicable, identify whether various departments (e.g., research, investment banking, trading) of the Applicant are separated by appropriate information and physical barriers and describe the methods for maintaining such barriers.

You have 4000 character(s) left.

3. Will the Applicant, as a result of the proposed change, at any of its locations share office space with an entity or an individual conducting activities other than the Applicant's business?\*

☒ Yes ☐ No

Regarding the space sharing arrangements:\*

- a. Provide a detailed explanation of how the Applicant will separate its space from the entity with which it is sharing space and ensure its customers have clarity about which entity they are dealing with when on the premises.
- b. Explain how the Applicant will establish and maintain the integrity and confidentiality of its information in light of the shared space.
- c. State how the Applicant's hard copy and electronic files (including emails), computers, copiers, scanners, and fax machines will be segregated.
- d. As the Applicant is sharing space, describe, in detail, how the Applicant will prevent individuals not employed by, or associated with, the Applicant from gaining access to Applicant's facilities, and describe any other restrictions imposed.

4. Will the Applicant entered into or acquire any new lease or sublease arrangements as a result of the proposed change?\*

☒ Yes ☐ No

Regarding the lease and/or sublease arrangements:\*

- a. Are premises currently or will the premises be leased to the Applicant? If no, are they leased to a parent, affiliate or other person or entity? Identify the lessor, tenant, sublessee, and describe the relationship, if any, to the Applicant.
- b. If the premises are/will be leased to an entity or person other than the Applicant, does the lease permit the sublet without landlord's consent? And, if not, was consent to sublet obtained, if required?

You have 4000 character(s) left.

5. Will the proposed change result in any change in locations of the Applicant that are owned premises, or result in the addition of private residences used as offices of the Applicant?\*

☒ Yes ☐ No

Regarding the Applicant's owned premises and/or use of private residence locations:\*

- Will any of the proposed offices of the broker-dealer be located in a residence of any of the proposed principals? If so, state whether any costs of using the space, including rent and utilities, will be charged to the Applicant. State also whether the Applicant has obtained the appropriate landlord or other consent to utilize the residential location for business purposes.
- Describe the intended use of any private residence locations for the Applicant's business.
- Describe any change to Applicant owned premises as a result of the change.

You have 4000 character(s) left.

**Provide supporting documents.**

1. For each leased location impacted by the proposed change, the master lease (the agreement between the owner of the property and the initial lessee)

Browse

2. For each sub-leased location impacted by the proposed change, the sub-lease

Browse

3. For each sub-lease impacted by the proposed change, written authorization from landlord evidencing consent to sublet the premises (if required)

Browse

4. For each owned premises impacted by the proposed change, draft or executed deed of ownership

Browse

*Note that the existence of an Expense Sharing Agreement does not negate the requirement to evidence that the Applicant has the right to operate from the premises.*

5. Space sharing agreements impacted by or implemented as a result of the proposed change

	Browse
--	--------

6. A supervisory chart or listing which evidences the supervisory structure, the location of each designated supervisor, the number of Associated Persons currently supervised by each, and the anticipated additional number of Associated Persons to be supervised as a result of the proposed change

	Browse
--	--------

7. Any other documentation that would be pertinent to FINRA's review of this Standard

	Browse
--	--------

Save	Print Preview	Submit
------	---------------	--------

## Standard 6: Communications and operational systems

[NASD]FINRA Rule 1014(a)(6): The communications and operational systems that the Applicant intends to employ for the purpose of conducting business with customers and other members are adequate and provide reasonably for business continuity in each area set forth in [NASD]FINRA Rule 1013(a)(1)([F]E)(xii).

### Explain how this Standard is met.

1. Describe (i) the impact, if any, on the communication and operational systems of the Applicant which are utilized for the purpose of conducting business with customers and other firms, (ii) the adequacy of such systems in light of the proposed change, and (iii) the impact on plans in place to ensure business continuity.\*

You have 4000 character(s) left.

2. Describe how the systems and equipment of the Applicant will be impacted by the proposed change, and how the Applicant will address potential issues (e.g., adding new systems/equipment, modifying existing systems).\*

You have 4000 character(s) left.

3. Regarding business continuity, describe how the proposed change impacts capacity in light of any anticipated increase in usage levels as well as describe in detail any changes to contingency plans to address system failures, disaster recovery plans, system security, etc.\*

You have 4000 character(s) left.

4. Will the Applicant conduct business from multiple locations as a result of the proposed change?\*

☒ Yes ☐ No

Describe how the Applicant will supervise and monitor the electronic communications taking place at the Applicant's impacted locations, describing any systems used to assist the Applicant in doing so.\*



You have 4000 character(s) left.

5. Will, as a result of the proposed change, one or more of the Applicant's proposed locations be the residence of an Associated Person?\*

☒ Yes ☐ No

Explain the Applicant's plan regarding how information will be secured, backed up, and stored at residential locations.\*

You have 4000 character(s) left.

6. Will the proposed change affect or result in the Applicant's use of social media sites, such as blogs and social networking sites, for business communications?\*

☒ Yes ☐ No

Describe how the Applicant will employ social media sites to conduct business with customers or other financial institutions, and describe the steps to be taken by the Applicant to ensure compliance with FINRA guidance regarding such mediums (see for example, Regulatory Notices [10-06]17-18 and [11-39]19-31.)\*

You have 4000 character(s) left.

**Provide supporting documents.**

1. Business continuity plan (if impacted)

Browse

2. Business continuity disclosure statement (if available)

Browse

3. A step-by-step description of the order flow on the trading platforms, supported by screenshots or schematic diagrams (as applicable to the proposed change)

	Browse
--	--------

4. Screenshots of both Applicant-facing and outward-facing pages of the social media sites, showing the flow from one screen to another (if applicable)

	Browse
--	--------

5. A systems conversion timeline, testing plan, and implementation schedule for proposed changes (if applicable)

	Browse
--	--------

6. Any other documentation that would be pertinent to FINRA's review of this Standard.

	Browse
--	--------

Save	Print Preview	Submit
------	---------------	--------

## Standard 7: Maintaining adequate net capital

[NASD]FINRA Rule 1014(a)(7): The Applicant is capable of maintaining a level of net capital in excess of the minimum net capital requirements set forth in SEA Rule 15c3-1 adequate to support the Applicant's intended business operations on a continuing basis, based on information filed under Rule 1013(b)(5). The Department may impose a reasonably determined higher net capital requirement for the initiation of operations after considering:

(A) the amount of net capital sufficient to avoid early warning level reporting requirements, such as SEA Rule 17a-11;

(B) the amount of capital necessary to meet expenses net of revenues for at least [twelve]12 months, based on reliable projections agreed to by the Applicant and the Department;

(C) any planned market making activities, the number of markets to be made, the type and volatility of products, and the anticipated maximum inventory positions;

(D) any plan to enter into other contractual commitments, such as underwritings or other securities-related activities;

(E) any plan to distribute or maintain securities products in proprietary positions, and the risks, volatility, degree of liquidity, and speculative nature of the products; and

(F) any other activity that the Applicant will engage in that reasonably could have a material impact on net capital within the first [twelve]12 months of business operations.

### Explain how this standard is met.

1. Provide a detailed description of\*

- a. the nature and source of the Applicant's capital;
- b. the terms and conditions of all financing arrangements; and
- c. any impact to the Applicant's ability to maintain net capital in excess of the Applicant's existing (or revised) minimum net capital requirement, and to support, on a continuing basis the business operations as proposed by the Applicant.

2. Will the Applicant, in connection with the proposed change, rely on any form of subordinated lending relating to its capital position?\*

☒ Yes ☐ No

Describe the relationship between the anticipated lender and Applicant, the intended use of proceeds from the subordination, and any business arrangements or agreements related to the subordination.\*

3. Describe plans for additional funding of the Applicant, should such additional funding become necessary in the future.\*

4. Provide a statement of the Applicant's statutory minimum net capital requirement, pursuant to SEA Rule 15c3-1, and any change in net capital calculation methodology by the Applicant, as a result of the proposed change.\*

5. Does the Applicant propose to rely on a pre-existing stream of revenue to support its capitalization in light of proposed change?\*

☒ Yes ☐ No

Provide a detailed description of the revenue stream, how it is earned, and the entity or individual which is earning that revenue.\*

**Provide specific data regarding infusions of capital to fund the Applicant.**

6. In connection with the proposed change, provide a list of all persons or entities that have contributed or plan to contribute equity capital or debt financing to the Applicant's business and provide information regarding the nature of the capital and/or financing.

Capital Contributions				
Date	Source	Recipient	Amount	Transfer Instrument
12/25/11	ABC Ventures	XYZ Securities	\$100,000	Wire
Add New Delete All 1 Row(s)				

**Provide supporting documents.**

1. Verification of all funding, including but not limited to the below list. The information provided must provide Staff with a clear picture of the movement of funds from their origin to the Applicant, including any movement between intermediary and/or holding companies.

- a. For each source of funding: bank statements, checks (front and back), or wire advices (or the equivalent) covering the month of the withdrawal of funds from the source account, and also the three prior months

	Browse
--	--------

- b. For the Applicant: bank statements, checks (front and back), or wire advices (or the equivalent) covering the month of the deposit of funds into the Applicant's account, and also the three prior months

	Browse
--	--------

- c. For both the source and receiving entities, the corporate minutes (or equivalent) reflecting the authorization of funding

	Browse
--	--------

- d. Evidence of the financial wherewithal of anticipated sources of future funding, such as bank statements (or the equivalent)

	Browse
--	--------

- e. As applicable to the proposed change: pro forma financial statements of the Applicant for twelve months, specifically identifying revenues and expenses related to the proposed change as well as the impact to equity, net capital, and projected profit or loss

	Browse
--	--------

- f. Financial assumptions supporting the monthly projections\*

	Browse
--	--------

2. If the Applicant proposes to use a form of subordinated lending: a draft of the anticipated agreement and related supporting documentation (as detailed in Regulatory Notice 10-15)

	Browse
--	--------

3. Any other documentation that would be pertinent to FINRA's review of this Standard.

Browse

Save	Print Preview	Submit
------	---------------	--------

## Standard 8: Financial controls

[NASD]FINRA Rule 1014(a)(8): The Applicant has financial controls to ensure compliance with the federal securities laws, the rules and regulations thereunder, and FINRA [R]rules.

### Provide specific information regarding the financial controls.

1. Identify the impact of the proposed change on the financial controls, systems, policies, and procedures that the Applicant will use to enable the FinOp principal to promptly access the Applicant's books and records, and to keep abreast of any financial and related problems occurring at the Applicant.\*

You have 4000 character(s) left.

2. Describe how the proposed change will affect any of the following items:\*

  - a. Accounting system
  - b. Hardcopy and/or electronic books and records
  - c. Authorized signatories on bank and trading accounts
  - d. Individual(s) responsible for daily journal entries and monthly closing of books and records
  - e. Authorizations required and procedures regarding withdrawals of capital
  - f. If the FinOp works offsite or remotely: whether he or she will have online access to bank accounts, clearing accounts, etc., and whether that access will be read-only
  - g. Whether the Applicant will employ or associate other persons who will support the financial and operation functions (e.g. internal bookkeeping staff); if so, identify each such person and their roles and responsibilities

You have 4000 character(s) left.

### Provide specific information regarding the Applicant's FinOp Principal(s).

3. Will the FinOp Principal change as a result of this Application?\*

☒ Yes ☐ No

Provide the name and CRD ID of the Applicant's proposed FinOp Principal\*

You have 4000 character(s) left.

4. Will the Applicant have more than one FinOp Principal as a result of the change?\*

☒ Yes ☐ No

Provide a statement explaining the rationale for more than one FinOp Principal and the duties that each will execute.\*

You have 4000 character(s) left.

5. Provide a detailed description of the prior work experience of the Applicant's FinOp Principal relative to the business activities the Applicant will conduct following the change. (This description must also address how the individual satisfies Rule 1014(a)(10)(D) which requires one-year of direct or two-years related experience in the subject area to be supervised.)\*

6. Will the Applicant's FinOp Principal be either part-time with the Applicant or dually associated with another broker-dealer?\*

☒ Yes ☐ No

FinOp Principal CRD ID		Retrieve this person
------------------------	--	----------------------

Upon entering the CRD ID of the part-time or dually associated FinOp principal(s) of the Applicant, certain information will be populated in the table below, such as information obtained from submissions made through the CRD system. Regarding the Applicant's proposed FinOp Principal, complete the table by providing the requested information with respect to each broker-dealer with which the FinOp principal(s) is (are) associated and provide additional information as follows.\*

- In the table provided, identify the percentage of time that the FinOp Principal(s) will spend at each applicable broker-dealer carrying out his or her responsibilities on a weekly basis.
- In the table provided, describe:



- i. The capacities (both FinOp Principal and non-FinOp principal) in which the FinOp Principal(s) will be serving (examples might include general securities principal, chief compliance officer, others) for each listed firm
- ii. The type of broker-dealer the FinOp Principal is associated with for each listed firm (examples might include introducing firm, wire order business, dealer activities firm, self-clearing firm, etc.)

Principal	Principal CRD ID	Associated firm(s)	Associated firm CRD ID	Percentage of time per week	Capacities and firm type	
						Delete
						Delete

- c. Provide an explanation of how the FinOp principal proposes to allot sufficient time to execute his or her duties for the Applicant, given his or her responsibilities with other broker-dealers, particularly in light of the proposed change.

You have 4000 character(s) left.

- d. Describe any system, policies and procedures that the Applicant will implement to enable the part-time or dually associated FinOp Principal to promptly access the Applicant's books and records, and to keep abreast of any financial and related problems occurring at the Applicant, particularly in light of the proposed change.

You have 4000 character(s) left.

#### Provide supporting documents

1. Rule 3270 [(formerly Rule 3030)](Outside Business Activities of Registered Persons) notifications for the FinOp Principal (if applicable)

Browse

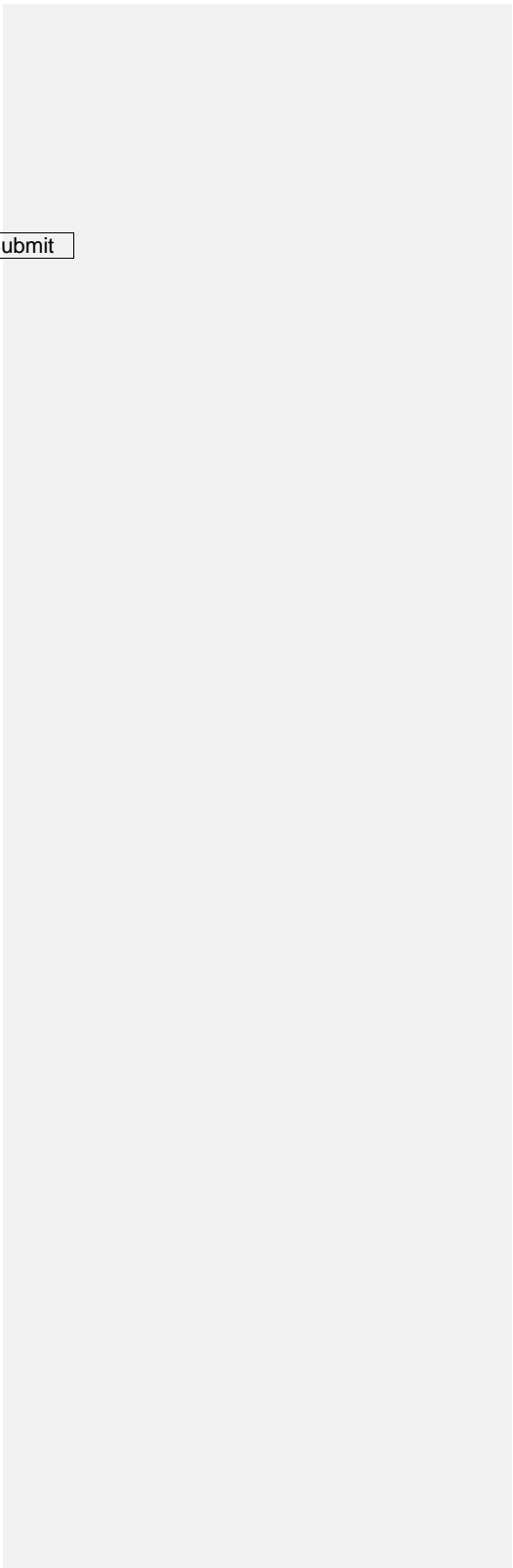
2. Financial control procedures (if altered by the proposed change)

Browse

3. Any other documentation that would be pertinent to FINRA's review of this Standard.

	Browse
--	--------

Save	Print Preview	Submit
------	---------------	--------



## Standard 9: Written procedures

[NASD]FINRA Rule 1014(a)(9): The Applicant has compliance, supervisory, operational, and internal control practices and standards that are consistent with practices and standards regularly employed in the investment banking or securities business, taking into account the nature and scope of Applicant's proposed business.

### Explain how this Standard is met.

1. Describe any impact upon the Applicant's compliance, supervisory, operational, and internal control practices and standards in light of the proposed change.\*

You have 4000 character(s) left.

### Provide supporting documents

1. Written Supervisory Procedures ("WSPs") impacted by the proposed change, including:

- a. Written supervisory control procedures

Browse

- b. Anti-money laundering procedures

Browse

- c. Financial control procedures

Browse

- d. Internal operating procedures

Browse

- e. Internal control procedures

Browse

*Ensure that the WSPs contain a Designation of Principals identifying the principal(s) responsible for each area (e.g., AML, Supervisory Controls) and business activity or product line (including activities or products categorized as OTH or Other that require broker-dealer registration).*

As a reminder, please ensure that the WSPs clearly state:

- *Who: the identification of the principal/supervisor responsible for conducting the subject procedure;*
- *What: a description of the specific procedure that is to be conducted by the principal/supervisor;*
- *When: a statement as to when or how often the specific procedure is to be conducted*
- *How evidenced: a statement as to how the Applicant will evidence the fact that the procedure has been conducted*

WSPs that do not conform to the above may not be deemed adequate under this Standard.

2. WSP checklist, as it pertains to procedures impacted by the change

	Browse
--	--------

3. Sample of the reports (if impacted by the proposed change) utilized to support supervisory, AML, financial control, internal operating, and internal control procedures\*

	Browse
--	--------

4. Any other documentation that would be pertinent to FINRA's review of this Standard

	Browse
--	--------

Save	Print Preview	Submit
------	---------------	--------

## Standard 10: Supervisory structure

[NASD]FINRA Rule 1014(a)(10): The Applicant has a supervisory system, including written supervisory procedures, internal operating procedures (including operational and internal controls), and compliance procedures designed to prevent and detect, to the extent practicable, violations of the federal securities laws, the rules and regulations thereunder, and FINRA [R]ules. In evaluating the adequacy of a supervisory system, the Department shall consider the overall nature and scope of the Applicant's intended business operations and shall consider whether:

(A) the number, location, experience, and qualifications of supervisory personnel are adequate in light of the number, location, experience, and qualifications of persons to be supervised; the Central Registration Depository record or other disciplinary history of supervisory personnel and persons to be supervised; and the number and locations of the offices that the Applicant intends to open and the nature and scope of business to be conducted at each office;

(B) the Applicant has identified specific Associated Persons to supervise and discharge each of the functions in the Applicant's business plan, and to supervise each of the Applicant's intended offices, whether or not such offices are required to be registered under FINRA [R]ules;

(C) the Applicant has identified the functions to be performed by each Associated Person and has adopted procedures to assure the registration with FINRA and applicable states of all persons whose functions are subject to such registration requirements;

(D) each Associated Person identified in the business plan to discharge a supervisory function has at least one year of direct experience or two years of related experience in the subject area to be supervised;

(E) the Applicant will solicit retail or institutional business;

(F) the Applicant will recommend securities to customers;

(G) the location or part-time status of a supervisor or principal will affect such person's ability to be an effective supervisor;

(H) the Applicant should be required to place one or more Associated Persons under heightened supervision pursuant to Notice to Members 97-19;

(I) any remedial action, such as special training or continuing education requirements or heightened supervision, has been imposed on an Associated Person by a state or federal authority or self-regulatory organization; and

(J) any other condition that will have a material impact on the Applicant's ability to detect and prevent violations of the federal securities laws, the rules and regulations thereunder, and FINRA [R]ules.

### Explain how this Standard is met.

1. Describe any changes or additions to\*

a. management or supervisory personnel (including heads of business lines),

- b. addition of offices,
- c. changes to supervisory responsibilities,
- d. changes involving heightened supervision, and
- e. any changes to supervisory systems or to the supervisory framework.

2. Persons identified in Form CMA who are or will be responsible for discharging supervisory functions must have a minimum of one year of direct experience or two years of related experience in the area to be supervised. (See [NASD]FINRA Rule 1014(a)(10)) In light of the noted requirement, describe the relevant experience of personnel to supervise new or expanded areas of the Applicant's business relating to the proposed change, including (at a minimum)\*

- a. where such experience was obtained,
- b. duration of the experience, and
- c. positions held and responsibilities.

3. Will the proposed change to the Applicant result in a change in Chief Compliance Officer?\*

☒ Yes ☐ No

- a. Provide the name, CRD ID and a detailed description of the direct experience of the proposed Chief Compliance Officer in light of the proposed business activities the Applicant will conduct following implementation of the proposed change. If the proposed CCO does not possess prior direct experience, provide a detailed description of the proposed CCO's related experience, and how, in the Applicant's view, that experience qualifies him/her as CCO. In the description provided, be sure to specify whether the proposed CCO has experience with products, with business activities, with compliance, and experience with the SEA, and rules and regulations thereunder, and FINRA [R]rules.\*

You have 4000 character(s) left.

- b. If the proposed change will result in the expansion of the product or business areas for which the existing CCO is responsible, provide a description of the current CCO's direct experience (related to the new product or business area). If the current CCO does not possess prior direct experience, provide a detailed description of the current CCO's related experience, and how, in the Applicant's view, that experience qualifies him/her as CCO. In the description provided, be sure to specify whether the current CCO has experience with products, with business activities, with compliance, and experience with the SEA, the rules and regulations thereunder, and the FINRA [R]ules.\*

You have 4000 character(s) left.

**Provide supporting documents.**

1. Rule 3270 [(formerly Rule 3030)](Outside Business Activities of Registered Persons) notification(s) for principals other than the FinOp Principal (addressed in Standard 8), that have outside business activities (if applicable)

Browse

2. Any other documentation that would be pertinent to FINRA's review of this Standard.

Browse

Save	Print Preview	Submit
------	---------------	--------

## Standard 11: Books and records

[NASD]FINRA Rule 1014(a)(11): The Applicant has a recordkeeping system that enables Applicant to comply with federal, state, and self-regulatory organization recordkeeping requirements and a staff that is sufficient in qualifications and number to prepare and preserve required records.

### Explain how this standard is met.

1. Describe any changes to the Applicant's recordkeeping system as a result of the proposed change, specifically identifying any impact to<sup>\*</sup>
  - a. procedures,
  - b. books and records,
  - c. communication systems, and
  - d. the software and systems to be used to prepare business and financial records, including general ledger, trial balance, balance sheet, and net capital computation (e.g., PeopleSoft, ADP, Creative Solutions).

You have 4000 character(s) left.

2. Describe any changes to, or to the scope of services provided by, any entities providing recordkeeping services to the Applicant, specifically identifying any service bureaus, clearing/correspondent arrangements, or other arrangements involving the creation and retention of books and records.<sup>\*</sup>

You have 4000 character(s) left.

3. Describe how the Applicant's records storage (including email) will be impacted by the proposed change, specifically identifying (for example)<sup>\*</sup>
  - a. hardcopy,
  - b. microfilm/microfiche,
  - c. optical storage technology, or
  - d. other media or methods.



You have 4000 character(s) left.

4. Describe any changes to the location where the Applicant's electronic records will be maintained (including email archives).\*

You have 4000 character(s) left.

5. Identify all new types of records to be created and maintained as a result of the proposed change.\*

You have 4000 character(s) left.

**Provide supporting documents.**

1. A conversion timeline, testing plan, and implementation schedule for the proposed recordkeeping system changes (if applicable)

Browse

2. Sample of relevant books and records that will be created and maintained relating to the new business activities or as a result of the proposed change

Browse

3. Any other documentation that would be pertinent to FINRA's review of this Standard

Browse

Save	Print Preview	Submit
------	---------------	--------

## Standard 12: Continuing education

[NASD]FINRA Rule 1014(a)(12): The Applicant has completed a training needs assessment and has a written training plan that complies with the continuing education requirements imposed by the federal securities laws, the rules and regulations thereunder, and FINRA [R]ules.

### Explain how this standard is met.

1. Identify any changes to the Applicant's Continuing Education ("CE") program, including the Firm Element needs assessment and written training plan as a result of the proposed change. This should include identification of what additional courses may be required, which personnel will be required to participate, and the timeline for implementing the planned modification to the CE Firm Element.\*

2. Identify any changes to the person(s) responsible for the Firm Element and the Regulatory Element of the Applicant's CE program.\*

### Provide supporting documents.

1. Revised continuing education training needs assessment and written training plan (if applicable)

 Browse

2. Any other documentation that would be pertinent to FINRA's review of this Standard

 Browse

Save	Print Preview	Submit
------	---------------	--------