Guidance for Applications for Mergers and Acquisitions 2026

The following Guidance is to assist applicants as they prepare and submit information and documentation to FINRA for new Mergers and Acquisition (M&A) business. This Guidance is designed to help applicants provide basic information FINRA staff may ask them to submit in order to begin a meaningful review.

A prospective FINRA member firm must seek approval for new FINRA membership through the submission of a New Member Application (NMA or Form NMA). An existing FINRA member firm that is contemplating a material change in business operations, among other changes specified by applicable FINRA rules, must submit a Continuing Membership Application (CMA or Form CMA).[1] Both types of applications are reviewed by FINRA's Membership Application Program (MAP) Group. MAP's review of Forms NMA and CMA are governed by Rules 1011 through 1019 (collectively, the MAP rules) under the FINRA Rule 1000 Series (Member Application and Associated Persons Registration). For purposes of this Guidance, a prospective applicant seeking to become a member for M&A business should carefully review, in particular, Rules 1012 (General Provisions), 1013 (New Member Application and Interview), 1014 (Department Decision); for an existing M&A member that is contemplating a change in ownership, control or business operations, or other material change in business (*e.g.*, removing or modifying a membership agreement restriction), the firm should carefully review Rules 1012, 1014, and 1017 (Application for Approval of Change in Ownership, Control, or Business Operations).

Forms CMA and NMA are organized into sections that align with the standards for admission set forth under 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 Rule 1014(a) standards for FINRA membership, and to facilitate FINRA's review of the application. A common impediment to an efficient review of an application (NMA or CMA) pertains to missing or incomplete documentation and information in an application when it is first submitted to FINRA. This Guidance is intended to provide applicants basic information that may help prepare an application for submission to FINRA.[2]

Forms NMA and CMA identify certain information as mandatory or required submissions in the applications. Please note that the information and documents listed in this Guidance are not exhaustive, and while there may be some items listed in this Guidance that may not be mandatory or required in the application, such information and documents are often provided to facilitate the review process. Rules 1013 and 1017 permit FINRA to request additional documents and information as necessary to render a decision on an application. In addition, applicants should review their submissions for consistency so that

[1] When FINRA receives an CMA or NMA, it will conduct an initial review to determine whether the application is substantially complete in order for FINRA to begin a meaningful review of it. An application that is not substantially complete will be rejected, and the applicant will lose a portion of the application fee. For NMAs, there also may be additional consequences for the submission of an application that is not substantially complete, such as the inability to use the prospective firm's Central Registration Depository (CRD®) number or name.

[2] *See* FINRA Guidance on Standards of Admission

various documents, such as transaction flows, written procedures, customer disclosures and other written submissions reconcile to one another. Finally, please note that redacted documents will not be accepted, and that responses and documentation in a foreign language must be certified and translated to English, and all foreign currencies converted to US dollars. For additional guidance or questions concerning the CMA or NMA processes, an applicant is encouraged to participate in a "pre-filing" meeting with the MAP Group by contacting membership@finra.org or 212-858-4000 – Option 5 – Membership Applications.

1	**STANDARD 1: OVERVIEW OF THE APPLICANTS** **Standard 1 requires an application and all supporting documents to be complete and accurate.**

Status
Completed
✓

- Provide an overview of the proposed business, which includes a description of:
  - The M&A services the applicant intends to offer.
  - The capacity in which the applicant intends to act.
  - How the applicant will be compensated for the M&A business.
  - Whether the applicant's M&A business line will focus on any specific sectors or industries, and, if so, which sectors or industries.
  - The number of M&A deals the applicant intends to engage in during its first 12 months of operations.
  - Whether the applicant's M&A business line will focus on the buy side, sell side, or both.
  - The intended customer base for the applicant's M&A services.
  - How the applicant will market and advertise its M&A activities to potential customers.
  - Whether the M&A activities involve affiliated issuers and, if so, how the personnel of the affiliate(s) will be involved.
  - Whether the applicant will engage in any of the activities defined by FINRA Rule 1220(b)(5)(A)(I), including but not limited to marketing, pricing or structuring offerings.
- Provide a detailed narrative as to how the applicant will conduct due diligence of prospective customers. The narrative should include:
  - Specific responses and examples as to the documents and information that will be reviewed when conducting due diligence.
  - Sample copies of internal forms or checklists (*e.g.*, due diligence checklist).
  - A description of how the applicant will determine if the M&A target is viable for its customer.
- Provide a copy of the subscription agreement that the applicant will use in M&A transactions.
- Provide a copy of the purchase agreement to be used in the M&A transactions, if different from the subscription agreement.
- Explain whether the applicant intends to offer valuation services.

- Describe each step of a typical M&A transaction to be conducted by the applicant beginning with any initial customer contact.
- Describe the process of the development of an offering memorandum.
- If applicable, provide a copy of any sample fairness opinions that it intends to use. The applicant should identify the methodology used for the fairness opinions.

2	**STANDARD 2: LICENSES AND REGISTRATIONS** **Standard 2 requires that an applicant and its associated persons to have all licenses and registrations required by FINRA, the SEC and state regulatory authorities.**

Status Completed ✓

- Identify the applicant's supervisors and their qualifications, including all securities licenses.
- Identify if any such supervisors will be taking any qualification examinations and the timeline for when staff will complete such examinations will be completed. If applicable, note open testing windows for relevant supervisors.
- For any proposed supervisor who is not qualified as a general securities principal of the applicant, provide a detailed explanation describing that individual's intended duties and state the principal capacity in which they will be registered.

3	**STANDARD 3: COMPLIANCE WITH SECURITIES LAWS, JUST AND EQUITABLE PRINCIPLES OF TRADE** **Standard 3 requires a determination as to whether an applicant and its associated persons are "capable of complying with" the federal securities laws, the rules and regulations thereunder, and FINRA rules. Standard 3 takes into consideration whether any persons associated with the applicant have any disciplinary actions taken against them by other industry authorities, customer complaints, adverse arbitrations, pending or unadjudicated matters, civil actions, remedial actions imposed, or other industry-related matters that could pose a threat to public investors.**



- If applicable, provide an explanation of how the applicant may overcome the presumption to deny the CMA or NMA, notwithstanding the existence of the events set forth under Rule 1014(a)(3)(A), (C), (D), (F) and (G) for a CMA, or Rule 1014(a)(3)(A), (C), (D), (E), (F) and (G) for an NMA.[3]
  - The explanation should demonstrate how the applicant can comply with this standard in light of any pending or potential regulatory actions, including those initiated by the US Securities and Exchange Commission (SEC), the Commodity Futures Trading Commission, a federal or state regulatory agency, a foreign financial regulatory authority, or a self-regulatory organization.
- If applicable, provide information related to:
  - Adjudicated and pending disciplinary and regulatory actions, including pending FINRA Enforcement actions and certain disciplinary and regulatory actions, which trigger the presumption to deny the application;
  - Pending and unpaid arbitrations for the applicant's associated persons; and
  - An explanation of how the applicant intends to pay for any pending and unpaid awards, which includes documentation supporting that funds are available to cover the awards, *i.e.,* arbitration plans or escrow agreements.[4]
- If applicable, identify any associated persons with a significant history of misconduct, including.
  - Providing details about any heightened supervisory plans for such associated persons; and
  - Addressing whether any natural person seeking to become an owner, control person, principal or registered person of the applicant have, in the prior five years, one or more "final criminal matters" or two or more "specified risk events" and a heightened supervisory plan.[5]
- Provide a description of any remedial action, such as special training, continuing education requirements or heightened supervision, imposed on a current or proposed associated person by a state or federal authority or self-regulatory organization.

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[3] *See generally* Regulatory Notice 20-15 (May 2020) (announcing amendments to the MAP rules to incentivize the payment of arbitration awards, including the rebuttable presumption to deny an application) (*Notice* 20-15); *see also* Notice to Members 04-10 (February 2004).

[4] *See* IM-1014-1 (Evidence of Ability to Satisfy Unpaid Arbitration Awards, Other Adjudicated Customer Awards, Unpaid Arbitration Settlements or, for New Member Applications, Pending Arbitration Claims); *see also* Regulatory Notice 20-15 (announcing amendments to the MAP rules to incentivize the payment of arbitration awards).

[5] *See* Regulatory Notice 21-09 (March 2021) (announcing the adoption of rules to address brokers with a significant history of misconduct).

4	**STANDARD 4: CONTRACTUAL AND BUSINESS RELATIONSHIPS** **Standard 4 requires that, at the time the application is submitted or shortly thereafter, the applicant should be in a position to describe the contractual or other arrangements and other business relationships that will allow the applicant to operate in accordance with the business plan as submitted. The applicant is also required to submit copies of all draft or final agreements for the proposed business, including those with banks, clearing entities, or service bureaus.**

Status Completed ✓

- For Form NMA, provide final versions or drafts of the applicant's:
  - Fidelity bond;
  - Auditor engagement letter;
  - Expense sharing agreement, if applicable;
  - Third-party vendor agreements; and
  - Undertaking as required by 17a-4(f) where applicable.
- For Form CMA, provide any new third-party vendor agreements regarding the new business activity.

5	**STANDARD 5: FACILITIES** **Standard 5 requires that the applicant has facilities that are sufficient to initiate the operations described in the applicant's business plan, considering the nature and scope of operations and the number of personnel.**

Status Completed ✓

- Provide a statement regarding the adequacy of the applicant's facilities to conduct the proposed business activities and meet the applicant's personnel needs. The statement should address:
  - 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 business equipment and secure storage for books and records; and
  - Whether the applicant, at any of its locations, will share office space with an entity or an individual conducting any activities other than the applicant's business activities.

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STANDARD 6: COMMUNICATIONS AND OPERATIONAL SYSTEMS
Standard 6 requires that the communications and operational systems that the applicant intends to employ for the purpose of conducting business with customers and other members must be adequate and provide reasonably for business continuity with respect to: system capacity to handle the anticipated level of usage; contingency plans in the event of systems or other technological or communications problems or failures that may impede customer usage or applicant order entry or execution; system redundancies; disaster recovery plans; system security; disclosures to be made to potential and existing customers who may use such systems; and supervisory or customer protection measures that may apply to customer use of, or access to, such systems.

Status
Completed
✓

- Provide an updated business continuity plan (BCP), if applicable. The BCP plan should contain information on how the applicant contacts its customers in the event of a system outage, and how customers access their funds and securities in the event of a system outage[6].
- For CMA's provide an updated BCP if applicable.

7

STANDARD 7: MAINTAINING ADEQUATE NET CAPITAL
Standard 7 provides that FINRA may impose reasonably determined higher net capital requirements beyond the minimum requirements after considering specified factors. An applicant must meet the provisions of SEA Rules 15c3-1 and 17a-11, the SEC's net capital rule and early warning rule, respectively, two of several financial responsibility rules of the SEC.

Status
Completed
✓

- Provide your firm's minimum net capital requirement pursuant to Exchange Act Rule 15c3-1 (Net Capital Requirements for Broker or Dealers), provide a written statement supporting the rationale for your firm's net capital requirement.
- Provide your firm's exemption status pursuant to customer protection Exchange Act Rule 15c3-3 (Customer Protection – Reserves and Custody of Securities). If your firm will not be operating pursuant to an exemption, (such as in reliance on Footnote 74 to SEC Release 34-70073, and as discussed in Q&A 8 of the related FAQ issued by SEC staff[7]), provide a written statement providing the supporting rationale for your firm's requested reporting and exemption status.
- Provide pro forma financial statements.

  –For the Form NMA, provide:

  - Pro forma financial statements listing fixed versus variable expenses and the projected revenue for each business activity for first 12 months;
  - Evidence that your firm's bank account has been established (*i.e.*, account opening documents evidencing date the account was established and the signatory(ies), copy of most recent bank statement);

[6] *See* FINRA Rule 4370 Business Continuity Plans and Emergency Contact Information.

[7] *See* FINRA FAQs About Exemption Reporting Under SEA Rule 15c3-3(k) for Purposes of FOCUS Reporting and Updating of Membership Agreements

- If your firm received funding, evidence of such funding covering one month of withdrawal of funds from source account(s) and three previous months., (*i.e.,* bank account statements or copies of checks (front and back)); and
- If your firm did not receive funding, provide most recent bank statements on behalf of source account evidencing that there is sufficient financial wherewithal to provide funding to meet 12 months of your firm's fixed expenses, plus 120% of net capital.

–For the Form CMA, provide:

- Pro forma financial statements indicating one-month projected revenue from your firm's business activity and any new expenses your firm expects (*i.e.*, new vendor agreements to be signed or new equipment to be purchased); and
- Evidence (such as bank statements) of financial wherewithal to fund new business activity and meet net capital requirements.

- Provide modified pro forma financials that detail revenues by product type for each month for the 12 months following approval of the CMA. The figures must be based on the number of associated persons the applicant plans to hire.
- If future capital contributions are needed, provide evidence of the financial wherewithal of the source of funding. For any individual that will provide funding, this should include the past three months of personal bank statements. For a corporate entity, financial wherewithal can be evidenced through audited financial statements or three months of bank statements.

8 STANDARD 8: FINANCIAL CONTROLS

Standard 8 requires the applicant to have financial controls to ensure compliance with the federal securities laws, the rules and regulations thereunder, and FINRA rules.

Status
Completed
✓

- Provide a detailed description of the prior work experience of the applicant's financial and operational principal (FinOp) in support of that individual's ability to maintain and oversee financial compliance of the applicant given the applicant's proposed business activities.
- Provide a detailed description of the financial controls to be employed by the applicant.
- Provide a description of 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 to comply with SEA Rules 17a-5 and 17a-11.

9	**STANDARD 9: WRITTEN PROCEDURES** **Standard 9 requires the applicant to have 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 the applicant's proposed business.**

Status
Completed
✓

- Provide a complete copy of the applicant's written supervisory procedures (WSPs) related to proposed M&A business, as well as any other new business the firm is proposing, including, but not limited to:
  - The firm's overall supervisory controls;
  - The scope and approach to the applicant's due diligence review;
  - The applicant's compensation and payments, including payments received in connection with underwritings;[8] and
  - The maintenance and retention of the applicant's books and records.
- Confirm that all WSPs clearly state:
  - Who – The principal or supervisor responsible for conducting the subject procedure;
  - What – A description of the specific procedure that is to be conducted by the principal or supervisor;
  - When – How often the specific procedure is to be conducted; and
  - How Evidenced – How the applicant will evidence the fact that the procedure has been conducted.

10	**STANDARD 10: SUPERVISORY STRUCTURE** **Standard 10 requires the applicant to have 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 rules.**

Status
Completed
✓

- Demonstrate an adequate supervisory system for M&A business, including evidence to demonstrate that the supervisors have one-year-direct or two-years-related experience supervision for the proposed business lines.
- Explain the one year of direct, or two years of related, experience in the activity the individual(s) intend to supervise.
- Provide comprehensive information relating to the background and qualification of the proposed supervisors of the applicant, particularly supervisory experience, related to the M&A business.

[8] *See* Exchange Act Rule 15c2-4 for regulations around transmission or maintenance of payments received in connection with underwritings.

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STANDARD 11: BOOKS AND RECORDS
Standard 11 requires the applicant to have a recordkeeping system that enables the 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.



- Describe the applicant's recordkeeping system, specifically identifying:
  - Procedures;
  - Books and records;
  - Communications systems; and
  - 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).
- Describe the entities and the scope of services provided by any recordkeeping services used by the applicant, specifically identifying any service bureaus, clearing or correspondent arrangements, or other arrangements involving the creation and retention of books and records.
- Describe how the applicant's records, including email, will be stored.
- List the types of proposed records to be maintained by the applicant.
- If the applicant will have a foreign main office, if possible, provide a statement to confirm that it will remain in compliance with this Standard, and FINRA will have access to all books and records.[9]

[9] Standard 12 requires that the applicant complete 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 rules. Standard 13 requires FINRA to assess whether it possesses any information indicating that the applicant may circumvent, evade, or otherwise avoid compliance with the federal securities laws, the rules and regulations thereunder, or FINRA rules. Standard 14 requires that the applicant's application and supporting documents are consistent with the federal securities laws, the rules and regulations thereunder, and FINRA rules. Although this guidance does not address Standards 12-14, FINRA may nevertheless require the applicant to provide materials to address Standards 12 and 14.

FINRA Compliance Tool Disclaimer – This optional tool is provided to assist member firms in fulfilling their regulatory obligations. This tool is provided as a starting point, and you must tailor this tool to reflect the size and needs of your applicant. Using this tool does not guarantee compliance with or create any safe harbor with respect to FINRA rules, the federal securities laws or state laws, or other applicable federal or state regulatory requirements. This tool does not create any new legal or regulatory obligations for applicants or other entities.

Updates – This tool was last reviewed and updated, as needed, on **February 12, 2026**. This tool does not reflect any regulatory changes since that date. FINRA periodically reviews and updates these tools. FINRA reminds member firms to stay apprised of new or amended laws, rules and regulations, and update their WSPs and compliance programs on an ongoing basis.

Additional Guidance – Member firms seeking additional guidance on certain regulatory obligations should review the Broker-Dealer Registration Topic Page and other relevant FINRA Topic Pages. Applicants are also encouraged to avail themselves of MAP's pre-filing meeting process by contacting MAP at membership@finra.org or (212) 858-4000 – Option 5 – Membership Applications

Staff Contacts – FINRA's Office of General Counsel (OGC) staff provides broker-dealers, attorneys, registered representatives, investors and other interested parties with interpretative guidance relating to FINRA's rules. Please see Interpreting the Rules for more information.

OGC Staff Contacts:
Kosha Dalal and *Sarah Kwak*
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