

Information Notice

New Account Application Template

Executive Summary

FINRA has developed a new account application template—a voluntary model brokerage account form—as a resource that firms may use when they design or update their new account forms for single or joint accounts. It is intended to serve as an example of the type of application that brokerage firms may provide to their customers.

Firms may use the template in its entirety or select portions or language, but there is no regulatory requirement to use it, or to use any portion of it. The purpose of this template is to help firms create easy-to-use, easy-to-read, plain-English new account forms.

The template and other related documents are available at www.finra.org/newaccount.

Questions regarding this *Notice* should be directed to Julie Hoffman, Director, Office of Emerging Regulatory Issues, at (202) 728-8448, or by email at julie.hoffman@finra.org.

Discussion

Working with input from the industry, FINRA has developed a model brokerage account application that firms can use—at their own discretion—as a resource when developing or updating their own individual or joint account applications. The new template was developed in order to provide firms with a structure that is customizable and written in plain-English language that has been tested with investors.

October 21, 2008

Suggested Routing

- Operations
- Senior Management

Key Topics

- Brokerage Account Applications

FINRA worked with a firm that specializes in presenting investor information in a clear, intuitive format. Upon development of the application template, the firm conducted multiple tests with potential brokerage customers to evaluate the effectiveness of the form and customers' ability to navigate it. The result is a 10-page, five-section account application that includes instructions that are easy to understand, highlights of key disclosures and related investor education information.

Firms may use the application in its entirety or choose to use only portions of it, but firms are under no regulatory obligation to use any of it.

Template Options and Documentation

FINRA has posted two separate versions of the voluntary template in two formats: a template that incorporates all of the sections FINRA developed in both Word and PDF formats, and a shorter version that demonstrates how a firm that gathers additional background information from customers after account opening would customize the template (this version is only available in PDF format). Firms are free to customize either version to accommodate their own needs.

FINRA has also produced and posted a demonstration that illustrates how a firm that offers online account opening, or is thinking of offering online account opening, can use layered disclosures, click-throughs, rollovers and hyperlinks to educate investors and customize the questions for each customer based on their responses to previous questions.

The templates and additional documentation are available at www.finra.org/newaccount.

Customization

The template is fully customizable so that firms can make the form their own. Firms can include their own logo or branding elements, and can include additional sections or exclude portions that they find do not apply to them.

Additional information and suggestions around customization are available at www.finra.org/newaccount.

Voluntary Use

Firms are under no regulatory obligation to use the template, either in whole or in part. FINRA recognizes that firms may continue to use their proprietary application forms, methods and processes, as long as they meet all applicable regulatory requirements.

Compliance with Appropriate Rules and Regulations

Use of the voluntary template in whole or in part does not guarantee compliance with or create any safe harbor with respect to FINRA Rules, the federal securities laws or state laws. Firms are responsible for ensuring that their forms meet regulatory requirements. Firms are responsible for attaching all relevant disclosures, agreements and other required information as part of their new account opening process, such as margin or options agreements, disclosure of identity to issuers, privacy policies, business continuity plans, etc.