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

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 8	4	WASHING	EXCHANGE COMMIS STON, D.C. 20549 orm 19b-4	SION File N Amendment No. (req.	o.* SR - 2012 - * 017 for Amendments *)		
Proposed R	Rule Change by Financ	rial Industry Regulato	ory Authority				
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Pursuant to	Rule 19b-4 under the	Securities Exchange	Act of 1934				
Initial *	Amendment *	Withdrawal	Section 19(b)(2) *	Section 19(b)(3)(A) *	Section 19(b)(3)(B) *		
✓				✓			
				Rule			
Pilot Ext	tension of Time Period	Data Evpiros *		19b-4(f)(1) 19b-4(f)	(4)		
for	Commission Action *	Date Expires *		19b-4(f)(2) 19b-4(f)	(5)		
				19b-4(f)(3) ✓ 19b-4(f)	(6)		
Exhibit 2 Sent	As Paper Document	Exhibit 3 Sent As Pap	er Document				
Description	n						
Provide a br	rief description of the pro	posed rule change (lir	nit 250 characters, requ	ired when Initial is checked *).		
Proposed R	Rule Change to Amend	Online Form NMA, th	e Standardized Memb	ership Application Form App	plicants		
Must File P	ursuant to NASD Rule	1013 (New Member A	Application and Intervie	ew)			
Contact In	formation						
			6.1				
	respond to questions ar			f of the self-regulatory organi	ization		
First Name	* Patricia		Last Name * Albrech	<u> </u>			
Title *	Associate General C	Associate General Counsel					
E-mail *	patricia.albrecht@finr	a.org					
Telephone *	* (202) 728-8026	Fax (202) 728-826	4				
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Signature							
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Pursuant to	the requirements of the S	Securities Exchange A	Ct 01 1934,				
has duly cau	used this filing to be signe	ed on its behalf by the	undersigned thereunto	duly authorized officer.			
D-1- 00/0	05/2012						
Date 03/0			Senior Vice President	and Deputy General Couns	al		
	ice M. Gliniecki				ei		
	ice M. Gliniecki				ei		
	(Name *)				ei		
By Patri	(Name *)			(Title *)	ei		
By Patri			Patric	(Title *)	ei		

SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 For complete Form 19b-4 instructions please refer to the EFFS website. The self-regulatory organization must provide all required information, presented in a Form 19b-4 Information (required) clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the Remove View proposal is consistent with the Act and applicable rules and regulations under the Act. The Notice section of this Form 19b-4 must comply with the guidelines for Exhibit 1 - Notice of Proposed Rule Change publication in the Federal Register as well as any requirements for electronic filing (required) as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Remove View Register Document Drafting Handbook, October 1998 Revision. For example, all Add 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) Copies of notices, written comments, transcripts, other communications. If such Exhibit 2 - Notices, Written Comments. documents cannot be filed electronically in accordance with Instruction F, they shall **Transcripts, Other Communications** be filed in accordance with Instruction G. Add Remove View Exhibit Sent As Paper Document Exhibit 3 - Form, Report, or Questionnaire 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 Add Remove View referred to by the proposed rule change. Exhibit Sent As Paper Document The full text shall be marked, in any convenient manner, to indicate additions to and **Exhibit 4 - Marked Copies** 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 Add Remove View it has been working. The self-regulatory organization may choose to attach as Exhibit 5 proposed **Exhibit 5 - Proposed Rule Text** 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 Add Remove View considered part of the proposed rule change. If the self-regulatory organization is amending only part of the text of a lengthy **Partial Amendment** 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 View 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. <u>Text of Proposed Rule Change</u>

(a) Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"), ¹ Financial Industry Regulatory Authority, Inc. ("FINRA") (f/k/a National Association of Securities Dealers, Inc. ("NASD")) is filing with the Securities and Exchange Commission ("SEC" or "Commission") a proposed rule change to amend online Form NMA, the standardized membership application form applicants must file pursuant to NASD Rule 1013 (New Member Application and Interview) as part of their new membership application. The proposed change would restructure the content of existing Form NMA to more closely align the requested information and documentation with the manner in which the standards are presented in NASD Rule 1014 (Department Decision).

The proposed rule change does not propose amendments to existing rule text.

- (b) Not applicable.
- (c) Not applicable.

2. <u>Procedures of the Self-Regulatory Organization</u>

At its meeting on September 21, 2011, the FINRA Board of Governors authorized the filing of the proposed rule change with the SEC. 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. The implementation date for the revised Form NMA will be July 23, 2012.

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

(a)	Purpose	

¹ 15 U.S.C. 78s(b)(1).

Pursuant to NASD Rule 1012 (General Provisions) and NASD Rule 1013 (New Member Application and Interview), each applicant for FINRA membership must complete and electronically file the standardized online Form NMA as part of its new member application. The standardized online Form NMA was implemented several years ago to streamline the new member application process and to assist applicants in compiling a complete application package by identifying and organizing the information and supporting documentation required by NASD Rule 1013 into eight major sections:

(1) Section I (General Information); (2) Section II (Business Lines); (3) Section III (Personnel); (4) Section IV (Net Capital and Sources of Funding); (5) Section V (Contractual and Business Arrangements); (6) Section VI (Policies and Procedures); (7) Section VII (Facilities); and (8) Section VIII (Recordkeeping).

Prior to FINRA's adoption of Form NMA, applicants would often submit inadequate or incomplete new member applications that were subject to rejection pursuant to NASD Rule 1013(a)(3) as not substantially complete.²

FINRA is now proposing to revise Form NMA to further streamline the new member application process and to organize Form NMA according to the 12 standards for membership enumerated in NASD Rule 1014 (Department Decision) and further

See Securities Exchange Act Release No. 53564 (March 29, 2006), 71 FR 16847 (April 4, 2006) (SR-NASD-2006-038) (Order Approving File No. SR-NASD-2006-038); NASD Notice to Members 06-16 (April 2006) (NASD Amends Rule 1013 to Adopt a Standardized Application Form (Form NMA) to be Used by All New Member Applicants); see also Securities Exchange Act Release No. 55412 (March 7, 2007), 72 FR 11414 (March 13, 2007) (Order Approving File No. SR-NASD-2007-015); NASD Notice to Members 07-20 (May 2007) (NASD Amends Rules 1012 and 1013 to Require Applicants for Membership to Submit Applications Using Online Form NMA).

detailed below.³ The revisions also seek to group information requests on specific topics that currently are located throughout existing Form NMA, as well as reduce current duplicative information requests in Form NMA. Additionally, revised Form NMA provides the following new user-friendly features intended to reduce the administrative burden placed on applicants:

- information fields, included in standards 1, 2, 8, and 12, that are pre-populated with information previously provided by applicants to FINRA in other submissions (e.g., Central Registration Depository ("CRD"®) entitlement forms and Form BD) or otherwise available to FINRA from CRD records (e.g., continuing education status), thereby minimizing the time necessary for applicants to complete the new form;
- information fields, included in standards 2, 3, 5, 6, 8, and 12, requesting information that applicants are currently required to provide during FINRA's review of the new member application that were not included in current Form NMA but rather obtained during application review through requests from FINRA for additional information. These information fields, which were added based on industry and staff feedback on existing Form NMA and the new member application process should reduce the need for extensive follow-up during the review process which currently results in processing delays; and

While NASD Rule 1014 sets forth 14 standards for membership, Form NMA does not elicit specific information from the applicant regarding standards 13 (FINRA does not possess information indicating that the applicant may circumvent the federal securities laws or FINRA rules) or 14 (the application is consistent with the federal securities laws and FINRA rules). See NASD Rule 1014(a)(13) and

(14).

information fields, included in all standards except standard 9, allowing applicants
to provide additional information, if applicable to their proposed business
activities, structures, or circumstances.

Below is a synopsis of the content of revised Form NMA, by standard, and its nexus to existing Form NMA:

• *Standard 1 (Overview of the Applicant)*:

This standard seeks certain applicant overview information currently contained primarily in Sections I (General Information) and VII (Facilities) of existing Form NMA (e.g., formation information, identification of business activities, types of customers (and/or counterparties), owners, officers, directors, and control persons, validation of clearing arrangements).

• *Standard 2 (Licenses and Registrations)*:

This standard consists of information requests regarding licenses and registrations (e.g., required licenses and registrations, two-principal requirement waiver, Securities Information Center exemption, other self-regulatory organization registrations) currently contained primarily in Sections I and III (Personnel) of existing Form NMA as well as incorporating additional information requests (e.g., intent to claim exemptions from registration or seek examination waivers for personnel).

• Standard 3 (Compliance with Securities Laws, Just and Equitable Principles of Trade):

This standard consists of specific requests for information (e.g., disciplinary history) contained in Sections I and III of existing Form NMA that FINRA considers necessary for the applicant to demonstrate compliance with the requirements of this

standard in the revised Form NMA and also incorporates additional information requests (e.g., state or federal orders or decrees, statements of claims, settlement agreements).

• *Standard 4 (Contractual and Business Relationships):*

This standard includes the information requests regarding an applicant's contractual and business relationships currently contained in Sections I, IV (Net Capital and Sources of Funding) and V (Contractual and Business Arrangements) of existing Form NMA (e.g., description of contractual arrangements, expense sharing agreements, financing arrangements, fidelity bonds or fidelity bond applications, support and service agreements, auditor information).

• *Standard 5 (Facilities):*

This standard consists of information requests regarding an applicant's facilities primarily contained in Section VII of existing Form NMA (e.g., space sharing arrangements, leasing or sub-leasing arrangements). This standard also incorporates requests for additional information (e.g., authorizations to sublet, deeds of ownership).

• Standard 6 (Communications and Operational Systems):

This standard includes information requests regarding an applicant's communications and operational systems currently in Sections VI (Policies and Procedures) and VII of existing Form NMA (e.g., communications and operational systems descriptions, supervision arrangements of multiple locations, business continuity plan documents). The standard also incorporates requests for additional information (e.g., information relating to the use of social media sites).

• Standard 7 (Maintaining Adequate Net Capital):

This standard includes information regarding an applicant's net capital requirements currently requested primarily in Section IV of existing Form NMA (e.g., information on the nature and source of capital, additional funding plans, minimum net capital requirements, future funding sources).

• Standard 8 (Financial Controls):

This standard seeks information regarding an applicant's financial controls currently requested primarily in Sections I, III, and VI of existing Form NMA (e.g., information regarding the FINOP's experience, financial controls, FINOP outside business activity notification) as well as incorporates requests for additional information (e.g., net capital deficiency plans).

• *Standard 9 (Written Procedures):*

This standard seeks information regarding an applicant's written procedures currently requested in Sections III, VI, and VIII (Recordkeeping System) of existing Form NMA (e.g., written supervisory procedures ("WSP"), WSP checklist, sample reports to support supervision and financial controls, heightened supervisory procedures attestation).

• Standard 10 (Supervisory Structure):

This standard seeks information regarding an applicant's supervisory structure currently requested in Sections I and III of the existing Form NMA (e.g., information regarding supervisors' experience and duties, chief compliance officers' experience, non-FINOP outside business activities notifications).

• Standard 11 (Books and Records):

This standard seeks information regarding an applicant's books and records currently requested primarily in Section VIII of existing Form NMA (e.g., recordkeeping system, sample books and records, recordkeeping service providers).

• *Standard 12 (Continuing Education):*

This standard seeks information regarding an applicant's continuing education ("CE") obligations currently requested in Section VI of existing Form NMA (e.g., firm element owner identification, CE checklist, CE needs assessment) as well as incorporates additional requests for information (e.g., information regarding the applicant's CE deficiency mitigation plan).

FINRA worked closely with an industry task force, comprised of seven representatives from small and large firms, several of whom also act as consultants, during the development of revised Form NMA. Among other things, the task force's input assisted FINRA to make changes intended to reduce applicants' administrative burden when completing Form NMA. Overall, FINRA believes that revised Form NMA will facilitate more effective and efficient application processing for applicants.

As noted in Item 2 of this filing, FINRA has filed the proposed rule change for immediate effectiveness. The implementation date will be July 23, 2012.

The task force also assisted FINRA in creating a new online Form CMA for continuing member applicants. See SR-FINRA-2012-018 (February 28, 2012) (proposed rule change amending NASD Rules 1012 and 1017 to adopt a new standardized online Form CMA).

(b) Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,⁵ 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 change restructures the content of existing Form NMA to more closely align the requested information and documentation with the manner in which the standards are presented in NASD Rule 1014. FINRA believes that revised Form NMA will reduce new member applicants' administrative burden and ensure a more streamlined and efficient membership application process for both FINRA and applicants.

4. <u>Self-Regulatory Organization's Statement on Burden on Competition</u>

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.

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

Written comments were neither solicited nor received.

6. Extension of Time Period for Commission Action

FINRA does not consent at this time to an extension of the time period for Commission action specified in Section 19(b)(2) of the Act.⁶

⁵ 15 U.S.C. 78<u>o</u>-3(b)(6).

⁶ 15 U.S.C. 78s(b)(2).

7. <u>Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)</u>

The proposed rule change is effective upon filing pursuant to Section 19(b)(3) of the Act⁷ and paragraph (f)(6) of Rule 19b-4 thereunder,⁸ 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.

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

Not applicable.

9. Exhibits

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

Exhibit 3. Form NMA.

⁷ 15 U.S.C. 78s(b)(3).

⁸ 17 CFR 240.19b-4(f)(6).

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION (Release No. 34- ; File No. SR-FINRA-2012-017)

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend Online Form NMA, the Standardized Membership Application Form Applicants Must File Pursuant to NASD Rule 1013 (New Member Application and Interview)

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² notice is hereby given that on , Financial Industry Regulatory Authority, Inc. ("FINRA") (f/k/a National Association of Securities Dealers, Inc. ("NASD")) filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I and II 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,³ 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. <u>Self-Regulatory Organization's Statement of the Terms of Substance of the</u> Proposed Rule Change

FINRA is proposing to amend online Form NMA, the standardized membership application form applicants must file pursuant to NASD Rule 1013 (New Member Application and Interview) as part of their new membership application.

¹⁵ U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 17 CFR 240.19b-4(f)(6).

II. <u>Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis</u> 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.

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

Pursuant to NASD Rule 1012 (General Provisions) and NASD Rule 1013 (New Member Application and Interview), each applicant for FINRA membership must complete and electronically file the standardized online Form NMA as part of its new member application. The standardized online Form NMA was implemented several years ago to streamline the new member application process and to assist applicants in compiling a complete application package by identifying and organizing the information and supporting documentation required by NASD Rule 1013 into eight major sections:

(1) Section I (General Information); (2) Section II (Business Lines); (3) Section III (Personnel); (4) Section IV (Net Capital and Sources of Funding); (5) Section V (Contractual and Business Arrangements); (6) Section VI (Policies and Procedures); (7) Section VII (Facilities); and (8) Section VIII (Recordkeeping).

Prior to FINRA's adoption of Form NMA, applicants would submit inadequate or incomplete new member applications that were subject to rejection pursuant to NASD Rule 1013(a)(3) as not substantially complete.⁴

FINRA is now proposing to revise Form NMA to further streamline the new member application process and to organize Form NMA according to the 12 standards for membership enumerated in NASD Rule 1014 (Department Decision) and further detailed below.⁵ The revisions also seek to group information requests on specific topics that currently are located throughout existing Form NMA, as well as reduce current duplicative information requests in Form NMA. Additionally, revised Form NMA provides the following new user-friendly features intended to reduce the administrative burden placed on applicants:

• information fields, included in standards 1, 2, 8, and 12, that are pre-populated with information previously provided by applicants to FINRA in other submissions (e.g., Central Registration Depository ("CRD"®) entitlement forms and Form BD) or otherwise available to FINRA from CRD records (e.g.,

See Securities Exchange Act Release No. 53564 (March 29, 2006), 71 FR 16847 (April 4, 2006) (SR-NASD-2006-038) (Order Approving File No. SR-NASD-2006-038); NASD Notice to Members 06-16 (April 2006) (NASD Amends Rule 1013 to Adopt a Standardized Application Form (Form NMA) to be Used by All New Member Applicants); see also Securities Exchange Act Release No. 55412 (March 7, 2007), 72 FR 11414 (March 13, 2007) (Order Approving File No. SR-NASD-2007-015); NASD Notice to Members 07-20 (May 2007) (NASD Amends Rules 1012 and 1013 to Require Applicants for Membership to Submit Applications Using Online Form NMA).

While NASD Rule 1014 sets forth 14 standards for membership, Form NMA does not elicit specific information from the applicant regarding standards 13 (FINRA does not possess information indicating that the applicant may circumvent the federal securities laws or FINRA rules) or 14 (the application is consistent with the federal securities laws and FINRA rules). See NASD Rule 1014(a)(13) and (14).

continuing education status), thereby minimizing the time necessary for applicants to complete the new form;

- information fields, included in standards 2, 3, 5, 6, 8, and 12, requesting information that applicants are currently required to provide during FINRA's review of the new member application that were not included in current Form NMA but rather obtained during application review through requests from FINRA for additional information. These information fields, which were added based on industry and staff feedback on existing Form NMA and the new member application process should reduce the need for extensive follow-up during the review process which currently results in processing delays; and
- information fields, included in all standards except standard 9, allowing applicants to provide additional information, if applicable to their proposed business activities, structures, or circumstances.

Below is a synopsis of the content of revised Form NMA, by standard, and its nexus to existing Form NMA:

• *Standard 1 (Overview of the Applicant):*

This standard seeks certain applicant overview information currently contained primarily in Sections I (General Information) and VII (Facilities) of existing Form NMA (e.g., formation information, identification of business activities, types of customers (and/or counterparties), owners, officers, directors, and control persons, validation of clearing arrangements).

• Standard 2 (Licenses and Registrations):

This standard consists of information requests regarding licenses and registrations (e.g., required licenses and registrations, two-principal requirement waiver, Securities Information Center exemption, other self-regulatory organization registrations) currently contained primarily in Sections I and III (Personnel) of existing Form NMA as well as incorporating additional information requests (e.g., intent to claim exemptions from registration or seek examination waivers for personnel).

 Standard 3 (Compliance with Securities Laws, Just and Equitable Principles of Trade):

This standard consists of specific requests for information (e.g., disciplinary history) contained in Sections I and III of existing Form NMA that FINRA considers necessary for the applicant to demonstrate compliance with the requirements of this standard in the revised Form NMA and also incorporates additional information requests (e.g., state or federal orders or decrees, statements of claims, settlement agreements).

• Standard 4 (Contractual and Business Relationships):

This standard includes the information requests regarding an applicant's contractual and business relationships currently contained in Sections I, IV (Net Capital and Sources of Funding) and V (Contractual and Business Arrangements) of existing Form NMA (e.g., description of contractual arrangements, expense sharing agreements, financing arrangements, fidelity bonds or fidelity bond applications, support and service agreements, auditor information).

• Standard 5 (Facilities):

This standard consists of information requests regarding an applicant's facilities primarily contained in Section VII of existing Form NMA (e.g., space sharing arrangements, leasing or sub-leasing arrangements). This standard also incorporates requests for additional information (e.g., authorizations to sublet, deeds of ownership).

• Standard 6 (Communications and Operational Systems):

This standard includes information requests regarding an applicant's communications and operational systems currently in Sections VI (Policies and Procedures) and VII of existing Form NMA (e.g., communications and operational systems descriptions, supervision arrangements of multiple locations, business continuity plan documents). The standard also incorporates requests for additional information (e.g., information relating to the use of social media sites).

• Standard 7 (Maintaining Adequate Net Capital):

This standard includes information regarding an applicant's net capital requirements currently requested primarily in Section IV of existing Form NMA (e.g., information on the nature and source of capital, additional funding plans, minimum net capital requirements, future funding sources).

• *Standard 8 (Financial Controls):*

This standard seeks information regarding an applicant's financial controls currently requested primarily in Sections I, III, and VI of existing Form NMA (e.g., information regarding the FINOP's experience, financial controls, FINOP outside business activity notification) as well as incorporates requests for additional information (e.g., net capital deficiency plans).

• *Standard 9 (Written Procedures):*

This standard seeks information regarding an applicant's written procedures currently requested in Sections III, VI, and VIII (Recordkeeping System) of existing Form NMA (e.g., written supervisory procedures ("WSP"), WSP checklist, sample reports to support supervision and financial controls, heightened supervisory procedures attestation).

• Standard 10 (Supervisory Structure):

This standard seeks information regarding an applicant's supervisory structure currently requested in Sections I and III of the existing Form NMA (e.g., information regarding supervisors' experience and duties, chief compliance officers' experience, non-FINOP outside business activities notifications).

• Standard 11 (Books and Records):

This standard seeks information regarding an applicant's books and records currently requested primarily in Section VIII of existing Form NMA (e.g., recordkeeping system, sample books and records, recordkeeping service providers).

• *Standard 12 (Continuing Education):*

This standard seeks information regarding an applicant's continuing education ("CE") obligations currently requested in Section VI of existing Form NMA (e.g., firm element owner identification, CE checklist, CE needs assessment) as well as incorporates additional requests for information (e.g., information regarding the applicant's CE deficiency mitigation plan).

FINRA worked closely with an industry task force, comprised of seven representatives from small and large firms, several of whom also act as consultants,

during the development of revised Form NMA. Among other things, the task force's input assisted FINRA to make changes intended to reduce applicants' administrative burden when completing Form NMA. Overall, FINRA believes that revised Form NMA will facilitate more effective and efficient application processing for applicants.

FINRA has filed the proposed rule change for immediate effectiveness. The implementation date for the revised Form NMA will be July 23, 2012.

2. Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act, ⁷ 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 change restructures the content of existing Form NMA to make the requested information and documentation more consistent with the standards in NASD Rule 1014 against which they are evaluated and elicits information that applicants are currently required to provide during FINRA's review of the new member application. FINRA believes that revised Form NMA will reduce new member applicants' administrative burden and ensure a more streamlined and efficient membership application process for both FINRA and applicants.

The task force also assisted FINRA in creating a new online Form CMA for continuing member applicants. See SR-FINRA-2012-018 (February 28, 2012) (proposed rule change amending NASD Rules 1012 and 1017 to adopt a new standardized online Form CMA).

⁷ 15 U.S.C. 78<u>o</u>-3(b)(6).

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.

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

Written comments were neither solicited nor received.

III. <u>Date of Effectiveness of the Proposed Rule Change and Timing for Commission</u>
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 Act⁸ and Rule 19b-4(f)(6) thereunder.⁹

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.

⁸ 15 U.S.C. 78s(b)(3)(A).

⁹ 17 CFR 240.19b-4(f)(6).

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 <u>rule-comments@sec.gov</u>. Please include File Number
 SR-FINRA-2012-017 on the subject line.

Paper Comments:

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

All submissions should refer to File Number SR-FINRA-2012-017. 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; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-FINRA-2012-017 and should be submitted on or before [insert date 21 days from publication in the <u>Federal Register</u>].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority. 10

Elizabeth M. Murphy
Secretary

¹⁷ CFR 200.30-3(a)(12).





Proposed New Membership Application Screenshots

Page: Introduction (screenshot 1 of 3)

Introduction

Applicant contact information

Standard 1: Overview of the Applicant

Standard 2: Licenses and Registrations

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

Standard 4: Contractual and business relationships

Standard 5: Facilities

Standard 6: Communications and operational systems

Standard 7: Maintaining adequate net capital

Standard 8: Financial controls

Standard 9: Written procedures

Standard 10: Supervisory structure Completing the Form

Standard 11: Books and records

Standard 12: Continuing education

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

The Form references information and documentation required under the Membership Rules of FINRA (see NASD Rule 1010 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 for admission contained in NASD 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. Applicants should also consider consulting Staff in advance of submitting its Form NMA, particularly for any Application involving novel or complex business arrangements.

Page: Introduction (screenshot 2 of 3)

Introduction

Applicant contact information

Standard 1: Overview of the Applicant

Standard 2: Licenses and Registrations

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

Standard 4: Contractual and business relationships

Standard 5: Facilities

Standard 6: Communications and operational systems

Standard 7: Maintaining adequate net capital

Standard 8: Financial controls

Standard 9: Written procedures

Standard 10: Supervisory structure

Standard 11: Books and records

Standard 12: Continuing education

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 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 business activities. It is also important to note that, since the Form is submitted exclusively on an electronic basis, it is critical 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 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 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 the source system for Form NMA to reflect such changes.)

Page: Introduction (screenshot 3 of 3)

Introduction

Applicant contact information

Standard 1: Overview of the Applicant

Standard 2: Licenses and Registrations

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

Standard 4: Contractual and business relationships

Standard 5: Facilities

Standard 6: Communications and operational systems

Standard 7: Maintaining adequate net capital

Standard 8: Financial controls

Standard 9: Written procedures

Standard 10: Supervisory structure

Standard 11: Books and records

Standard 12: Continuing education

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 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 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, an 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.

Page: Applicant contact information (screenshot 1 of 1)

Introduction	Applicant contact information
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
Standard 1: Overview of the Applicant	New Member Application. Note that this is the person to whom FINRA will direct Application related questions and correspondence.
Standard 2: Licenses and Registrations	Contact person
Standard 3: Compliance with	First name *
securities laws, just and equitable	Last name *
principles of trade	Email address *
Standard 4: Contractual and business relationships	Phone number *
Standard 5: Facilities	Fax number
Standard 6: Communications and operational systems	Mailing address
Standard 7: Maintaining adequate	Company name *
net capital	Street address, line 1 *
Standard 8: Financial controls	Street address, line 2
Standard 9: Written procedures	City *
Standard 10: Supervisory structure	State *
Standard 11: Books and records	ZIP Code *
Standard 12: Continuing education	
	Save Print Preview Submit

Page: Standard 1 (screenshot 1 of 22)

ntroduction	Stan	idard 1	: Overview of the Applicant			
Applicant contact information	NASD Rule 1014(a)(1): The application and all supporting documents are complete and accurate.					
Standard 1: Overview of the Applicant	Verify and describe business activities identified on Form BD					
Standard 2: Licenses and Registrations	BD. 1	The business activities identified below, which are grouped within categories, have been obtained from the Applicant's Form BD. Those business activities that 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.)				
Standard 3: Compliance with securities laws, just and equitable principles of trade	activi					
Standard 4: Contractual and	Exch	ange M	ember Activities (EMC, EMF)			
ousiness relationships		EMC	Exchange member engaged in exchange commission business other than floor activities			
Standard 5: Facilities		21110				
Standard 6: Communications and perational systems		EMF	Exchange member engaged in floor activities			
Standard 7: Maintaining adequate let capital	<u>Tradii</u>	ng and	Market Making (IDM, TRA)			
Standard 8: Financial controls	~	IDM	Broker or dealer making inter-dealer markets in corporate securities over-the-counter			
Standard 9: Written procedures	V	TRΔ	Trading securities for own account			
Standard 10: Supervisory structure						
Standard 11: Books and records	Acros	ss <u>all</u> bi	usiness lines within this category:			
Standard 12: Continuing education			a written narrative describing the scope of activities to be conducted as well as describing each step of a typical tion 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.			

Page: Standard 1 (screenshot 2 of 22)

Introduction	2.	Provide a detailed description of how a typical transaction will be settled and cleared, including handling of funds and			
Applicant contact information		securities. Be sure to indicate what, if any, exemption to SEA Rule 15c3-3 will be claimed.*			
Standard 1: Overview of the Applicant					
Standard 2: Licenses and Registrations					
Standard 3: Compliance with securities laws, just and equitable principles of trade		You have 4000 character(s) left. Provide a statement describing how the Applicant and its Associated Persons (registered and unregistered) will be			
Standard 4: Contractual and business relationships		compensated for the proposed activities.*			
Standard 5: Facilities					
Standard 6: Communications and operational systems					
Standard 7: Maintaining adequate net capital		You have 4000 character(s) left.			
Standard 8: Financial controls Standard 9: Written procedures Standard 10: Supervisory structure Standard 11: Books and records Standard 12: Continuing education		If any of the below business activity to be conducted by the Applicant: 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.			

Page: Standard 1 (screenshot 3 of 22)

Introduction		TRA :	Frading securities for own account
Applicant contact information			· ·
Standard 1: Overview of the Applicant			
Standard 2: Licenses and Registrations			
Standard 3: Compliance with securities laws, just and equitable principles of trade			You have 4000 character(s) left.
Standard 4: Contractual and business relationships			additional details regarding the noted business line(s) including, as applicable, the Applicant's plans to distribute tain securities products in proprietary positions; the number of markets to be made; the risks, volatility, degree of
Standard 5: Facilities		liquidity	, speculative nature and type of products; and the anticipated maximum inventory.*
Standard 6: Communications and operational systems			
Standard 7: Maintaining adequate net capital			
Standard 8: Financial controls			
Standard 9: Written procedures			You have 4000 character(s) left.
Standard 10: Supervisory structure	<u>Equit</u>	<u>y Secu</u>	rities (BDR, BIA, NEX)
Standard 11: Books and records Standard 12: Continuing education		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
	Corpo	orate D	ebt (BDD)
		BDD	Broker or dealer selling corporate debt securities

Page: Standard 1 (screenshot 4 of 22)

<u>Unde</u>	<u>rwriter (</u>	or Selling Group Member (USG, RES)
~	USG	Underwriter or selling group participant (corporate securities other than mutual funds)
	RES	Seller of real estate securities
Acros	ss <u>all</u> b	usiness lines within this category:
	transac	a written narrative describing the scope of activities to be conducted as well as describing each step of a typical tion to be conducted by the Applicant, beginning with any initial customer contact.*
		at this description should be independent of trading or other platforms. Those platforms are addressed in rd 6.
		Var. have 4000 ahave 44.7 lah
	.	You have 4000 character(s) left.
		a detailed description of how a typical transaction will be settled and cleared, including handling of funds and es. Be sure to indicate what, if any, exemption to SEA Rule 15c3-3 will be claimed.*
		You have 4000 character(s) left.
	Acros	✓ USG RES Across all but 1. Provide transact Note the Standa 2. Provide securities

Page: Standard 1 (screenshot 5 of 22)

ntroduction	3. Provide a statement describing how the Applicant and its Associated Persons (registered and unregistered) will be
Applicant contact information	compensated for the proposed activities.*
Standard 1: Overview of the Applicant	
Standard 2: Licenses and Registrations	
Standard 3: Compliance with securities laws, just and equitable principles of trade	You have 4000 character(s) left. Mutual Funds, Variable Products (MFU, MFR, VLA)
Standard 4: Contractual and ousiness relationships	■ MFU Mutual fund underwriter or sponsor
Standard 5: Facilities	
Standard 6: Communications and operational systems	✓ MFR Mutual fund retailer
Standard 7: Maintaining adequate net capital	▼ VLA Broker or dealer selling variable life insurance or annuities
Standard 8: Financial controls	Across <u>all</u> business lines within this category:
Standard 9: Written procedures	 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.*
Standard 10: Supervisory structure Standard 11: Books and records Standard 12: Continuing education	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.

Page: Standard 1 (screenshot 6 of 22)

Introduction	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.*			
Applicant contact information		secunities. De sure to indicate what, if any, exemption to SEA Rule 1505-3 will be claimed.			
Standard 1: Overview of the Applicant					
Standard 2: Licenses and Registrations					
Standard 3: Compliance with securities laws, just and equitable principles of trade		You have 4000 character(s) left. Provide a statement describing how the Applicant and its Associated Persons (registered and unregistered) will be			
Standard 4: Contractual and business relationships		compensated for the proposed activities.*			
Standard 5: Facilities					
Standard 6: Communications and operational systems					
Standard 7: Maintaining adequate net capital		You have 4000 character(s) left.			
Standard 8: Financial controls Standard 9: Written procedures Standard 10: Supervisory structure Standard 11: Books and records Standard 12: Continuing education		each individual business activity to be conducted by the Applicant: 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.			

Page: Standard 1 (screenshot 7 of 22)

Introduction	,	VLA (Broker or dealer selling variable life insurance or annuities
Applicant contact information			
Standard 1: Overview of the Applicant			
Standard 2: Licenses and Registrations			
Standard 3: Compliance with securities laws, just and equitable principles of trade	Covo	rnmont	You have 4000 character(s) left and Municipal Debt (GSD, GSB, MSD, MSB)
Standard 4: Contractual and business relationships	Gove		U.S. government securities dealer
Standard 5: Facilities			
Standard 6: Communications and operational systems		GSB	U.S. government securities broker
Standard 7: Maintaining adequate net capital		MSD	Municipal securities dealer
Standard 8: Financial controls		MSB	Municipal securities broker

Page: Standard 1 (screenshot 8 of 22)

Introduction	<u>Privat</u>	te Plac	ements/Private Offerings (OGI, NPB, TAP, TAS, PLA)				
Applicant contact information							
Standard 1: Overview of the Applicant		OGI	Broker or dealer selling oil and gas interests				
Standard 2: Licenses and Registrations		NPB	Broker or dealer selling securities of non-profit organizations (e.g., churches, hospitals)				
Standard 3: Compliance with securities laws, just and equitable		TAP	Broker or dealer selling tax shelters or limited partnerships in primary distributions				
principles of trade		TAS	Broker or dealer selling tax shelters or limited partnerships in the secondary market				
Standard 4: Contractual and business relationships		PLA	Private placement of securities				
Standard 5: Facilities			·				
Standard 6: Communications and operational systems	<u>Optio</u>	ns (PC	<u> </u>				
Standard 7: Maintaining adequate	~	PCB	Options broker or dealer or option writer				
net capital	Acros	Across <u>all</u> business lines within this category:					
Standard 8: Financial controls							
Standard 9: Written procedures			e a written narrative describing the scope of activities to be conducted as well as describing each step of a typica ction to be conducted by the Applicant, beginning with any initial customer contact.*				
Standard 10: Supervisory structure			nat this description should be independent of trading or other platforms. Those platforms are addressed in				
Standard 11: Books and records		Standa	rd 6.				
Standard 12: Continuing education							
			You have 4000 character(s) left.				
			e a detailed description of how a typical transaction will be settled and cleared, including handling of funds and ies. Be sure to indicate what, if any, exemption to SEA Rule 15c3-3 will be claimed.*				
		1					

Page: Standard 1 (screenshot 9 of 22)

Introduction			You have 4000 character(s) left	
Applicant contact information		Provide a statement describing how the Applicant and its Associated Persons (registered and unregistered) will be compensated for the proposed activities."		
Standard 1: Overview of the Applicant				
Standard 2: Licenses and Registrations				
Standard 3: Compliance with securities laws, just and equitable principles of trade				
Standard 4: Contractual and business relationships			You have 4000 changler(s) telt.	
	Netw	Networking Arrangements (BNA, INA)		
Standard 5: Facilities	-			
Standard 6: Communications and operational systems		BNA	Broker or dealer involved in networking, klosk or similar arrangement with a bank, savings bank or association, or credit union	
Standard 7: Maintaining adequate net capital		INA	Broker or dealer involved in networking, kiosk or similar arrangement with an insurance company or agency	
Standard 8; Financial controls				
Standard 9: Written procedures				
Standard 10: Supervisory structure				
Standard 11: Books and records				
Standard 12: Continuing education				

Page: Standard 1 (screenshot 10 of 22)

Introduction	Othe	r (SSL	IAO_MRI_OTH)			
Applicant contact information	T	SSL	Solicitor of time deposits in a financial institution			
Standard 1: Overview of the Applicant	E	IAD	Investment advisory services			
Standard 2: Licenses and Registrations		MATRI				
Standard 3: Compliance with securities laws, just and equitable		MRI	Broker or dealer selling interests in mortgages, receivables or other asset-backed securities			
principles of trade	E	отн	Other (description from Form BD is below)			
Standard 4. Contractual and business relationships	lden	tify an	d describe additional business activities			
Standard 5: Facilities		- 7	b business activities identified on Form BD (and described above), please specify whether the Applicant intends to			
Standard 6: Communications and operational systems	enga	ge in any of the below referenced business activities. If selected, describe how the Applicant Intends to conduct each less activity. (Note: This portion of the business activities of the Applicant, unlike the above section, must be entered and				
Standard 7: Maintaining adequate net capital			ly in the Form NMA, not by updating Form BD.)			
Standard 8: Financial controls	V	Broke	er or dealer that offers or engages in on-line trading / electronic trading			
Standard 9. Written procedures	10					
Standard 10. Supervisory structure			a written narrative describing the scope of activities to be conducted as well as describing each step of a transaction to be conducted by the Applicant, beginning with any initial customer contact. "			
Standard 11: Books and records Standard 12: Continuing education		Note th Standa	nat this description should be independent of trading or other platforms. Those platforms are addressed in and 6.			
			e a detailed description of how a typical transaction will be settled and cleared, including handling of funds and ies. Be sure to indicate what, if any, exemption to SEA Rule 15c3-3 will be claimed. **			

Page: Standard 1 (screenshot 11 of 22)

Provide a statement describing how the Applicant and its Associated Persons (registered and unregistered) will be compensated for the proposed activities. *
sempered ter the proposed definition.
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
Divers harbonness continue
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

Page: Standard 1 (screenshot 12 of 22)

Introduction

Applicant contact information

Standard 1: Overview of the Applicant

Standard 2: Licenses and Registrations

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

Standard 4: Contractual and business relationships

Standard 5: Facilities

Standard 6: Communications and operational systems

Standard 7: Maintaining adequate net capital

Standard 8: Financial controls

Standard 9: Written procedures

Standard 10: Supervisory structure

Standard 11: Books and records

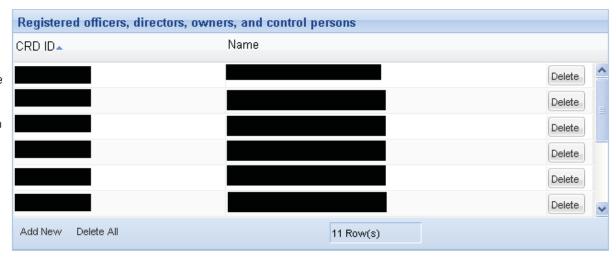
Standard 12: Continuing education

Describe customers and/or counterparties.

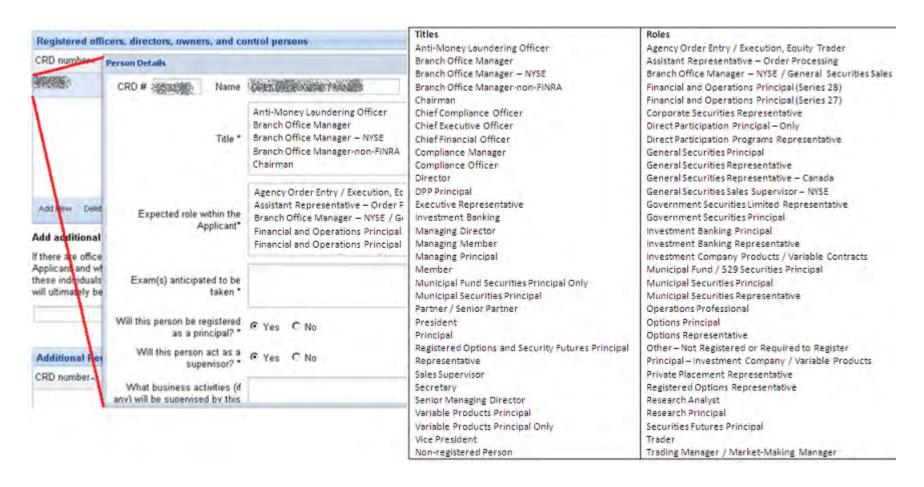
Provide a detailed description of the type of customers and counterparties with which the Applicant intends to conduct business as well as describe any minimum criteria the Applicant intends to utilize to determine acceptability of customers and/or counterparties for the Applicant. This description should 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 the CRD system to be reflected in this Form.)



Page: Standard 1 (screenshot 13 of 22: pop up for an associated individual, with options for title and role)



Page: Standard 1 (screenshot 14 of 22: continuation of pop up)

What business activities (if any) will be supervised by this person? *		b.ii. Where will this person's office be located?	
	Code - Date PC Fri May 06 1977	b.iii. Will this person be on or off-site where he or she is supervising?	
Registrations	S1 Wed Dec 28 1960	b.iv. Will this person have responsibilities other than supervision?	
	4 Row(s)	b.v. Will this person be full-time or part-time with the Applicant? If	
Continuing education	○ Active	part time, how many hours with the Applicant?	
Will the Applicant claim any exemptions from registration for this person? If so, list them.		b.vi. Will this person engage in any outside business activities? If so, how many hours per week?	
Will the Applicant apply for any waivers of required examinations for this person? If so, list them		b.vii. If part-time or off-site, explain how this person will discharge his or her designated functions.	
Scheduled examinations and dates		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	
Standard 10 (Supervisory Struct)	uny information	the percentage of time that will be spent there.	
a.i. Where was this person's prior experience obtained?		For each individual having a continuing education deficiency, provide the date by which it is anticipal he or she will complete the required certifications. *	ated that
a ii What was the duration of that experience?			
a in What positions were held by this person, and what were the responsibilities for each?			
b.i. What are the proposed duties for this person?			

Page: Standard 1 (screenshot 15 of 22: retrieval of an individual from CRD)

Introduction

Applicant contact information

Standard 1: Overview of the Applicant

Standard 2: Licenses and Registrations

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

Standard 4: Contractual and business relationships

Standard 5: Facilities

Standard 6: Communications and operational systems

Standard 7: Maintaining adequate net capital

Standard 8: Financial controls

Standard 9: Written procedures

Standard 10: Supervisory structure

Standard 11: Books and records

Standard 12: Continuing education

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 the CRD system 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 the CRD system; filings in CRD by the Applicant will ultimately be required for such individuals.)

Please enter a CRD ID:

	Retrieve	e this person					
Addition	al Registered	officers, dir	ectors, owne	ers, and	control persons		
CRD ID▲		Name					
							Delete
Add New	Delete All				1 Row(s)		

Page: Standard 1 (screenshot 16 of 22)

Introduction

Applicant contact information

Standard 1: Overview of the Applicant

Standard 2: Licenses and Registrations

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

Standard 4: Contractual and business relationships

Standard 5: Facilities

Standard 6: Communications and operational systems

Standard 7: Maintaining adequate net capital

Standard 8: Financial controls

Standard 9: Written procedures

Standard 10 Supervisory structure

Standard 11 Books and records

Standard 12 Continuing education

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

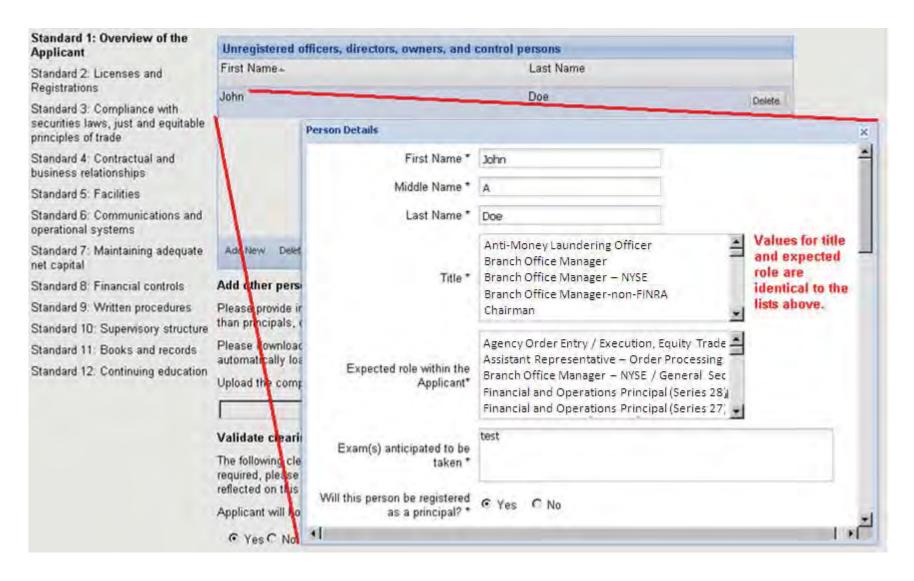
Does the Applicant have or anticipate any additional officers, directors, owners, and/or control persons of the Applicant who are not registered in CRD but are anticipated to be Associated Persons of the Applicant?*

🧭 Yes 🔘 No

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

Unregiste	ered officers, directors, owners, and control (persons
First Nam	8_	Last Name
Add New	Delete All	0 Row(s)
Add New	Delete All	0 Row(s)

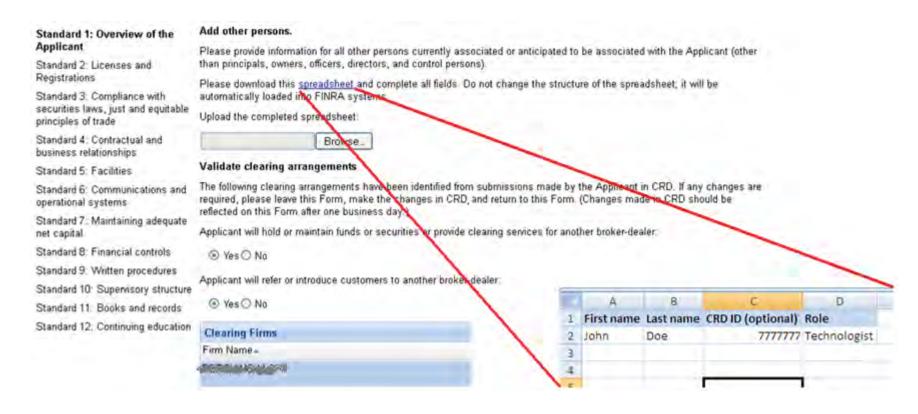
Page: Standard 1 (screenshot 17 of 22: pop up for unregistered individual)



Page: Standard 1 (screenshot 18 of 22: continuation of pop up)

What business activities (if any) will	b.i. What are the proposed duties for this person?
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 NASD Rules 1021, 1022 and 1060, as well as Notice to Members 99-49.). This description should include details regarding responsibilities performed:	5 ii. Where will the person's office be located?
at the Applicant; at any affiliated companies; and at any other companies anticipated to conduct business with the Applicant.*	b.m. Will this person be on or off-site where he or she is suppressing?
at any other companies anticipated to conduct dusiness with the Applicant.	mark in at the distribution
	b.iv. Will this person have responsibilities other than supervision?
Continuing education* ○ Active ⊙ Inactive	b.v. Will this person be full-time or part-time with the Applicant? If part time, how many hours with the
Will the Applicant claim any exemptions from registration for	Applicant?
this person? If so, list them.	b.vi. Will this person engage in any outside business activities? If so,
Will the Applicant apply for any waivers of required examinations for	how many hours per week?
this person? If so, list them.	b.vii. If part-time or off-site, explain how this person will discharge his or
Scheduled examinations and	her designated functions.
dates:	b.viii. If this person (if not a FinOp Principal) will be dually registered or
	associated with other entities, list
Standard 10 (Supervisory Structure) information:	those entities, this person's capacity
Statistical of Confession Confession (Confession)	there, and the percentage of time
a t Where was this person's prior experience obtained?	that will be spent there.
	Continuing education deficiency: provide the date by which it is anticipated that this person will complete the required certifications.*
a.s. What was life duration of that expenence?	
a iii. What positions were held by	Add Row Clear
this person, and what were the responsibilities for each?	

Page: Standard 1 (screenshot 19 of 22, including template for other persons)



Page: Standard 1 (screenshot 20 of 22)

Introduction	
Applicant contact information	Clearing Firms
Standard 1: Overview of the Applicant	Firm Name •
Standard 2: Licenses and Registrations	
Standard 3: Compliance with securities laws, just and equitable principles of trade	
Standard 4: Contractual and business relationships	
Standard 5: Facilities	
Standard 6: Communications and	0 Row(s)
operational systems	Provide additional information regarding the Applicant.
Standard 7: Maintaining adequate net capital	
Standard 8: Financial controls	 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.*
Standard 9: Written procedures	ownership of the Applicant held by each individual of entity.
Standard 10: Supervisory structure	
Standard 11: Books and records	
Standard 12: Continuing education	
	2. Identify the date and State of formation for the Applicant and any newly formed holding companies in the chain of
	ownership of the Applicant.*
	3. Describe the types of customers intended to be serviced by the Applicant. Describe the methods and media to be employed to develop a customer base and to offer and sell products and services to customers, including the use of the Internet, telephone solicitations, seminars, mailings, or otherwise.*

Page: Standard 1 (screenshot 21 of 22)

Introduction					
Applicant contact information		Identify by name all entities (including other broker-dealers and investment advisory firms) under common control with the			
Standard 1: Overview of the Applicant		Applicant, describe the nature of each such entity's business, and identify each entity's relationship to the Applicant.*			
Standard 2: Licenses and Registrations					
Standard 3: Compliance with securities laws, just and equitable principles of trade					
Standard 4: Contractual and business relationships	5.	Provide the number of branch offices and non-branch locations the Applicant intends to operate.*			
Standard 5: Facilities	6	Provide the number of personnel (registered and unregistered) the Applicant anticipates for the first year of operation.*			
Standard 6: Communications and operational systems	0. [Trevide the named of personner (registered and amegistered) the 7 spinoant anticipates for the mot year of operation.			
Standard 7: Maintaining adequate net capital	7.	Provide the number of registered representatives and supervisors of such persons that will be conducting business with the public that the Applicant anticipates for the first year of operation.*			
Standard 8: Financial controls					
Standard 9: Written procedures	0	Describe and additional information that would be useful for FIND® in evaluation this Chandral			
Standard 10: Supervisory structure	8.	Provide any additional information that would be useful for FINRA in evaluating this Standard.			
Standard 11: Books and records					
Standard 12: Continuing education					

Page: Standard 1 (screenshot 22 of 22)

Standard 7: Maintaining adequate net capital

Standard 8: Financial controls

Standard 9: Written procedures

Standard 10: Supervisory structure

Standard 11: Books and records

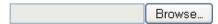
Standard 12: Continuing education

Provide supporting documents.

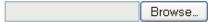
 Applicant's business organizational chart, identifying the Applicant's owners and affiliated entities (this chart should indicate all direct and indirect owners of the Applicant and percentage of ownership for each)*



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



3. 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*



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



Save Print Preview Submit

Page: Standard 2 (screenshot 1 of 4)

Introduction

Applicant contact information

Standard 1: Overview of the Applicant

Standard 2: Licenses and Registrations

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

Standard 4: Contractual and business relationships

Standard 5: Facilities

Standard 6: Communications and operational systems

Standard 7: Maintaining adequate net capital

Standard 8: Financial controls

Standard 9: Written procedures

Standard 10: Supervisory structure

Standard 11: Books and records

Standard 12: Continuing education

Standard 2: Licenses and Registrations

NASD 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 filling Form NMA and that all registration requirements be completed within the first 90 days of filling 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 NASD Rules 1021 (Registration Requirements) and 1022 (Categories of Principal Registration) for the appropriate categories of principal registration.

	seeking a waiver of the two	principal requirement	pursuant to NASD Rule 1	021?*
Yes ○ No				
	d explanation that demonst s where the sole General S			

Page: Standard 2 (screenshot 2 of 4)

ntroduction	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)?*
Applicant contact information		
Standard 1: Overview of the		
Applicant		List all existing or proposed registrations (e.g., MSRB, CFTC, NFA, state registrations, registrations with Exchanges).*
Standard 2: Licenses and Registrations		
Standard 3: Compliance with securities laws, just and equitable principles of trade		
Standard 4: Contractual and business relationships	3	Is the Applicant exempt from registration with the Securities Information Center (SIC) pursuant to SEA Rule 17f-1?*
Standard 5: Facilities	٥.	
Standard 6: Communications and		Yes ○ No
operational systems		Identify which exemption applies to the Applicant with a brief explanation.*
Standard 7: Maintaining adequate net capital		
Standard 8: Financial controls		
Standard 9: Written procedures		
Standard 10: Supervisory structure		
Standard 11: Books and records		

Page: Standard 2 (screenshot 3 of 4, showing popup)

Standard 2: Licenses and Registrations

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

Standard 4: Contractual and business relationships

Standard 5: Facilities

Standard 6: Communications and operational systems

Standard 7: Maintaining adequate net capital

Standard 8: Financial controls

Standard 9: Written procedures

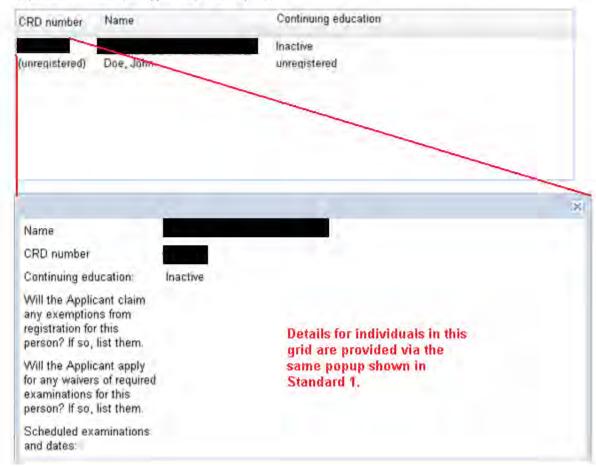
Standard 10: Supervisory structure

Standard 11: Books and records

Standard 12: Continuing education

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.



Page: Standard 2 (screenshot 4 of 4)

Standard 2: Licenses and Registrations

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

Standard 4. Contractual and business relationships

Standard 5. Facilities

Standard 6 Communications and operational systems

Standard 7: Maintaining adequate net capital

Standard 8: Financial controls

Standard 9. Written procedures

Standard 10: Supervisory structure

Standard 11: Books and records

Standard 12: Continuing education

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)



2. For personnel:

 A management organizational chart, identifying officers, principals, and supervisors of the Applicant and its proposed business activities and/or product lines



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



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



Page: Standard 3 (screenshot 1 of 3)

Introduction

Applicant contact information

Standard 1: Overview of the Applicant

Standard 2: Licenses and Registrations

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

Standard 4: Contractual and business relationships

Standard 5: Facilities

Standard 6: Communications and operational systems

Standard 7: Maintaining adequate net capital

Standard 8: Financial controls

Standard 9: Written procedures.

Standard 10: Supervisory structure

Standard 11: Books and records

Standard 12: Continuing education

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

NASD Rule 1014(a)(3): The Applicant and its Associated Persons are capable of complying with the federal securities laws, the rules and regulations thereunder, and FINRA 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, the Commodity Futures Trading Commission, a federal, state, or foreign regulatory agency, 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 an Applicant, its control persons, principals, registered representatives, other Associated Persons, any lender of 5% 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% lender of its net capital is subject to unpaid arbitration awards, other adjudicated customer awards, or unpaid arbitration settlements;
- (D) 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) 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) 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.

- Is the Applicant or any of its Associated Persons the subject of any of the following?"
 - Adverse actions by state or federal authority or self-regulatory organizations with respect to registration or license determinations
 - b. A sales practice event, pending arbitration or pending private civil action

Page: Standard 3 (screenshot 2 of 3)

Yes No

Introduction

Applicant contact information

Standard 1: Overview of the Applicant

Standard 2: Licenses and Registrations

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

Standard 4: Contractual and business relationships

Standard 5: Facilities

Standard 6: Communications and operational systems

Standard 7: Maintaining adequate net capital

Standard 8: Financial controls

Standard 9: Written procedures

Standard 10: Supervisory structure

Standard 11: Books and records

Standard 12: Continuing education

- Pending, adjudicated or settled regulatory action or investigation by any regulatory or self-regulatory authority, or any civil or criminal action resulting in quilty or no contest plea
- d. Unpaid arbitration awards involving the Applicant, its control persons, principals, registered representatives, any lender of 5% or more of the Applicant's net capital, or any other Associated Person of the Applicant
- e. 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. Regulatory imposed remedial action such as special training, continuing education requirements, or heightened supervision on an Associated Person by a state or federal authority or self-regulatory organization
- g. Information from an industry authority indicating the Applicant or its Associated Persons are a threat to public

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

	NASD Rule 1014(b)(1), where the history of the Applicant or its Associated Persons includes any of the thin NASD Rule 1014(a)(3)(A) and (C) through (E), there is a presumption that the Application should be
denied. The A	Applicant may overcome the presumption of denial by demonstrating that it can meet each of the standard:
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
capable of co	vide a detailed explanation, in light of the existence of such events, as to how the Applicant is nonetheless Implying with industry rules, regulations, laws, and observing high standards of commercial honor and just In principles of trade. Please reference any controls or systems put in place and refer to any specific pages
sections in th	ne Applicant's written supervisory procedures that address heightened supervisory requirements.*

Page: Standard 3 (screenshot 3 of 3)

Provide supporting documents.

1.	Copies of any state, federal, or other orders, decrees or formal actions
	Browse
2.	Relevant/supporting documents (e.g. statements of claim or settlement agreements)
	Browse
3.	Any other documentation that would be pertinent to FINRA's review of this Standard
	Browse
	Save Print Preview Submit

Page: Standard 4 (screenshot 1 of 4)

Introduction Standard 4: Contractual and business relationships Applicant contact information NASD Rule 1014(a)(4): The Applicant has established all contractual or other arrangements and business relationships with Standard 1: Overview of the banks, clearing corporations, service bureaus, or others necessary to: Applicant (A) initiate the operations described in the Applicant's business plan, considering the nature and scope of operations and Standard 2: Licenses and the number of personnel; and Registrations (B) comply with the federal securities laws, the rules and regulations thereunder, and FINRA Rules. Standard 3: Compliance with securities laws, just and equitable Explain how this Standard is met. principles of trade Standard 4: Contractual and 1. Provide a detailed description of each contractual or other arrangements and/or business relationships the Applicant has business relationships or will enter into, pertinent to the execution of the proposed business activities. In doing so, describe how each Standard 5: Facilities 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.)* Standard 6: Communications and operational systems Standard 7: Maintaining adequate net capital Standard 8: Financial controls Standard 9: Written procedures You have 4000 character(s) left. Standard 10: Supervisory structure Has or will the Applicant enter into an expense sharing agreement ("ESA")?* Standard 11: Books and records Standard 12: Continuing education 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.

Page: Standard 4 (screenshot 2 of 4, showing date and month pickers)

Intro duction	Provide auditor information.							
Applicant contact information	Accounting firm							
Standard 1: Overview of the	Accounting firm PCAOB number							
Applicant	Date accountant engaged							
Standard 2: Licenses and Registrations	Month of audit							
Standard 3: Compliance with securities laws, just and equitable principles of trade	Note that although auditor information may not be available to the Applicant at the it is required in order for FINDA to complete its review of the Application.	time	of t	he fil	rst s	ubm	is sic	n of f
Standard 4: Contractual and	January							
business relationships	February	•		Febru	uary 2	2012	▼	
Standard 5: Facilities	March	М	Т	W	Т	F	S	S
Standard 6: Communications and	April	30	31	1	2	3	4	5
operational systems	May	6	7	8	9	10	11	12
Standard 7: Maintaining adequate	June	13	14	15	16	17	18	19
	To also			22	23	24	25	26
net capital	July	20	21	22	23			
net capital Standard 8: Financial controls	August	20 27	21 28	29	1	2	3	4
Standard 8: Financial controls	August September				1 8	2	_	4 11
•	August September October	27		29 7	1	9	_	

Standard 12: Continuing education

Page: Standard 4 (screenshot 3 of 4)

Introduction

Applicant contact information

Standard 1: Overview of the Applicant

Standard 2: Licenses and Registrations

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

Standard 4: Contractual and business relationships

Standard 5: Facilities

Standard 6: Communications and operational systems

Standard 7: Maintaining adequate net capital

Standard 8: Financial controls

Standard 9: Written procedures

Standard 10: Supervisory structure

Standard 11: Books and records

Standard 12: Continuing education

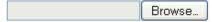
Provide supporting documents.

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

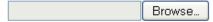
Note that although a fidelity bond may not be available at the time of the first submission of Form NMA, it is required in order for FINRA to complete its review of the Application.



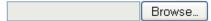
- 2. Agreements, such as:
 - a. Clearing agreements (either executed, or a letter of intent)



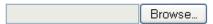
b. Expense sharing agreements (if applicable), including bank statements, tax returns, etc., to support the wherewithal of the party to the agreement to carry out its obligations



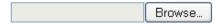
c. Administrative services agreement (if applicable)



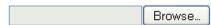
d. Agreement with FinOp principal (if applicable)



e. Commission sharing agreement (if applicable)



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



Page: Standard 4 (screenshot 4 of 4)

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

Standard 4: Contractual and business relationships

Standard 5: Facilities

Standard 6: Communications and operational systems

Standard 7: Maintaining adequate net capital

Standard 8: Financial controls

Standard 9: Written procedures

Standard 10: Supervisory structure

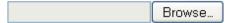
Standard 11: Books and records

Standard 12: Continuing education

g. Compliance services/support agreement (if applicable)



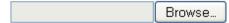
h. Other agreements that may be pertinent to the conduct of the proposed business activities (if applicable)



- 3. Auditor information (once known):
 - a. Evidence of valid state registration for the proposed auditor



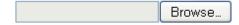
b. Designation of accountant form



c. Audit engagement letter



d. Proof of PCAOB registration for proposed auditor



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



Page: Standard 5 (screenshot 1 of 4)

Introduction	Star	ndard 5: Facilities
Applicant contact information	NAS	D Rule 1014(a)(5): The Applicant has or has adequate plans to obtain facilities that are sufficient to:
Standard 1: Overview of the Applicant		(A) initiate the operations described in the Applicant's business plan, considering the nature and scope of operations and the number of personnel; and
Standard 2: Licenses and Registrations		(B) comply with the federal securities laws, the rules and regulations thereunder, and FINRA Rules.
Standard 3: Compliance with securities laws, just and equitable principles of trade	Expl	ain how this Standard is met.
Standard 4: Contractual and business relationships	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
Standard 5: Facilities		conducted from each location, the square footage, business equipment, and secure storage for books and records.*
Standard 6: Communications and operational systems		
Standard 7: Maintaining adequate net capital		
Standard 8: Financial controls		
Standard 9: Written procedures		You have 4000 character(s) left.
Standard 10: Supervisory structure	2.	As applicable, identify whether various departments (e.g., research, investment banking, trading) of the Applicant are
Standard 11: Books and records		separated by appropriate information and physical barriers and describe the methods for maintaining such barriers.
Standard 12: Continuing education		

Page: Standard 5 (screenshot 2 of 4)

Introduction		
Applicant contact information	3. Will the Applicant, at any of its locations, share office space with an entity or an individual conducting activities other th the Applicant's business activities?*	ıan
Standard 1: Overview of the Applicant	Yes No	
Standard 2: Licenses and Registrations	Regarding the space sharing arrangements, provide a written description addressing the following:*	
Standard 3: Compliance with securities laws, just and equitable principles of trade	a. Provide a detailed explanation of how the Applicant will separate its space from the entity or individual with which is sharing space and ensure its customers have clarity about which entity or individual they are dealing with when the premises.	
Standard 4: Contractual and business relationships	 Explain how the Applicant will establish and maintain the integrity and confidentiality of its broker-dealer informatio in light of the shared space. 	n
Standard 5: Facilities	c. State how the Applicant's hard copy and electronic files (including emails), computers, copiers, and fax machines	
Standard 6: Communications and	will be segregated.	
operational systems	d. As the Applicant is sharing space, describe how the Applicant will prevent individuals not employed or associated	
Standard 7: Maintaining adequate net capital	with the Applicant from gaining access to Applicant's facilities, and describe any other restrictions imposed.	
Standard 8: Financial controls		
Standard 9: Written procedures		
Standard 10: Supervisory structure		
Standard 11: Books and records		

Page: Standard 5 (screenshot 3 of 4)

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Applicant contact information

Standard 1: Overview of the Applicant

Standard 2: Licenses and Registrations

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

Standard 4: Contractual and business relationships

Standard 5: Facilities

Standard 6: Communications and operational systems

Standard 7: Maintaining adequate net capital

Standard 8: Financial controls

Standard 9: Written procedures

Standard 10: Supervisory structure

Standard 11: Books and records

Standard 12: Continuing education

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



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?*



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.

Page: Standard 5 (screenshot 4 of 4)

Standard 4: Contractual and business relationships

Standard 5: Facilities

Standard 6: Communications and operational systems

Standard 7: Maintaining adequate net capital

Standard 8: Financial controls

Standard 9: Written procedures

Standard 10: Supervisory structure

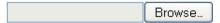
Standard 11: Books and records

Standard 12: Continuing education

Provide supporting documents.

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

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

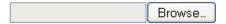


2. For each location, the draft or executed sub-lease (if applicable)

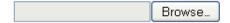


3. For each sub-lease, written authorization from landlord evidencing consent to sublet the premises (if required)

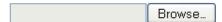
Note that the existence of an Expense Sharing Agreement does not negate the requirement to evidence that the Applicant has the right to operate from the premises.



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



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





Page: Standard 6 (screenshot 1 of 3)

		tion

Applicant contact information

Standard 1: Overview of the Applicant

Standard 2: Licenses and Registrations

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

Standard 4: Contractual and business relationships

Standard 5: Facilities

Standard 6: Communications and operational systems

Standard 7: Maintaining adequate net capital

Standard 8: Financial controls

Standard 9: Written procedures

Standard 10: Supervisory structure

Standard 11: Books and records

Standard 12: Continuing education

Standard 6: Communications and operational systems

NASD 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 Rule 1013(a)(1)(F)(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.*

Page: Standard 6 (screenshot 2 of 3)

Introduction	3	Will one or more of the Applicant's proposed locations be the residence of an Associated Person?*
Applicant contact information	J.	will one of those of the Applicant's proposed locations be the residence of all Associated Persons
Standard 1: Overview of the Applicant		
Standard 2: Licenses and Registrations		Explain the Applicant's plan regarding now information will be backed up and stoled for such residential locations
Standard 3: Compliance with securities laws, just and equitable principles of trade		
Standard 4: Contractual and business relationships	4	Will the Applicant or its Associated Barsans use social modio sites, such as blogs and social natural/ring sites to
Standard 5: Facilities	4.	Will the Applicant or its Associated Persons use social media sites, such as blogs and social networking sites business communications?*
Standard 6: Communications and operational systems		Yes ○ No
Standard 7: Maintaining adequate net capital		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
Standard 8: Financial controls		example, see Regulatory Notices 10-06 and 11-39).*
Standard 9: Written procedures		
Standard 10: Supervisory structure		
Standard 11: Books and records		
Standard 12: Continuing education		

Page: Standard 6 (screenshot 3 of 3)

Standard 6: Communications and operational systems

Standard 7: Maintaining adequate net capital

Standard 8: Financial controls

Standard 9: Written procedures

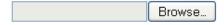
Standard 10: Supervisory structure

Standard 11: Books and records

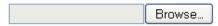
Standard 12: Continuing education

Provide supporting documents.

1. Business continuity plan*



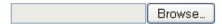
2. Business continuity disclosure statement*



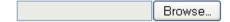
3. A step-by-step description of the order flow on the trading platforms, supported by screenshots or schematic diagrams (as applicable)



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)



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





Page: Standard 7 (screenshot 1 of 4)

Introduction

Applicant contact information

Standard 1: Overview of the Applicant

Standard 2: Licenses and Registrations

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

Standard 4: Contractual and business relationships

Standard 5: Facilities

Standard 6: Communications and operational systems

Standard 7: Maintaining adequate net capital

Standard 8: Financial controls

Standard 9: Written procedures

Standard 10: Supervisory structure

Standard 11: Books and records

Standard 12: Continuing education

Standard 7: Maintaining adequate net capital

NASD 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 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 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 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 months of the Applicant's operations.

- 2 Will the Applicant rely on any form of subordinated lending relating to its capital position?"
 - ⊕ Yes No.

Page: Standard 7 (screenshot 2 of 4)

Introduction	Describe the relationship between the anticipated lender and Applicant, the intended use of proceeds from the
Applicant contact information	subordination, and any business arrangements or agreements related to the subordination.
Standard 1: Overview of the Applicant	
Standard 2: Licenses and Registrations	
Standard 3: Compliance with securities laws, just and equitable principles of trade	Describe plans for additional funding of the Applicant, should such additional funding become necessary in the future
Standard 4: Contractual and business relationships	
Standard 5: Facilities	
Standard 6: Communications and operational systems	
Standard 7; Maintaining adequate net capital	4. Provide a statement of the Applicant's statutory minimum net capital requirement, pursuant to SEA Rule 15c3-1.
Standard 8: Financial controls	
Standard 9: Written procedures	
Standard 10. Supervisory structure	
Standard 11: Beoks and records	
Standard 12: Continuing education	 Does the Applicant propose to rely on a pre-existing stream of revenue to support its capitalization?
	▼ Yes C No
	Provide a detailed description of the revenue stream, how it is earned, and the entity or individual that is earning that revenue. *

Page: Standard 7 (screenshot 3 of 4, showing populated grid)

Introduction			infusions of capital to fur			
Applicant contact information			itities that have contributed formation regarding the nati			or debt financing to
Standard 1: Overview of the Applicant	A. P. C. C. C.	Contributions	ormandi regerang me nam	sie ar tild oak	igar ar a	
Standard 2: Licenses and Registrations	Date	Source	Recipient	Amount	Transfer Instrument	
Standard 3: Compliance with securities laws, just and equitable principles of trade	11/08/2011	Sample test firm	Sample applicant firm	\$10,000	Wire	Delete
Standard 4: Contractual and business relationships						
Standard 5: Facilities						
Standard 6' Communications and operational systems						
Standard 7: Maintaining adequate net capital	Add New	Delete All	31	Row(s)		
Standard 8: Financial controls	Provide s	upporting documents.				
Standard 9: Written procedures		appointing accountaines				
Standard 10: Supervisory structure	1. Net c	apital and supporting do	cuments, including:			
Standard 11: Books and records	a.	Current balance sheet*				
On the said of the said of the said						
Standard 12: Continuing education			Browse			
Standard 12: Continuing education			Browse.			
Standard 12; Continuing education	b.	Net capital computation				
Standard 12; Continuing education	b	Net capital computation				
Standard 12; Continuing education		Net capital computation Trial balance*				
Standard 12; Continuing education			Browse			
Standard 12; Continuing education	с.		Browse_			
Standard 12: Continuing education	с.	Trial balance*	Browse_			

Page: Standard 7 (screenshot 4 of 4)

Introduction

Applicant contact information

Standard 1: Overview of the Applicant

Standard 2: Licenses and Registrations

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

Standard 4: Contractual and business relationships

Standard 5: Facilities

Standard 6: Communications and operational systems

Standard 7: Maintaining adequate net capital

Standard 8: Financial controls

Standard 9: Written procedures

Standard 10: Supervisory structure

Standard 11: Books and records

Standard 12: Continuing education

- 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...

 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...

 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, 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...

Page: Standard 8 (screenshot 1 of 4)

Introduction

Applicant contact information

Standard 1: Overview of the Applicant

Standard 2: Licenses and Registrations

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

Standard 4: Contractual and business relationships

Standard 5: Facilities

Standard 6: Communications and operational systems

Standard 7: Maintaining adequate

Standard 8: Financial controls

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

Page: Standard 8 (screenshot 2 of 4, showing grid populated with FinOp)

Introduction	2. Will the Applicant's FinOp Principal be part-time with the Applicant or dually associated with another broker-dealer?*
Applicant contact information	
Standard 1: Overview of the Applicant	Yes No Fin On Politician I CRD ID
Standard 2: Licenses and Registrations	FinOp Principal CRD ID Retrieve this person Upon entering the CPD ID 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
Standard 3: Compliance with securities laws, just and equitable principles of trade	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:*
Standard 4: Contractual and business relationships	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.
Standard 5: Facilities	b. In the table provided, describe:
Standard 6: Communications and operational systems	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
Standard 7. Maintaining adequate net capital	ii. the type of broker-dealer the FinOp Prinicipal is associated with for each listed firm (examples might inslude introducing firm, wire order business, dealer activities firm, self-clearing firm).
FinOp Principals	
Principal Principa	l CRD ID▼ Associated firm(s) Associated firm CRD ID Percentage of time per week Capacities and firm type
	Delete
<	
Add New Delete All	7 R con(x)

c. Provide an explanation of how the FinOp Principal proposes to allot sufficient time to execute his or her duties for

g. Whether the Applicant will employ or associate with 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

Page: Standard 8 (screenshot 3 of 4)

otherwise

Introduction

Applicant contact information	the Applicant, given his or her responsibilities with other broker-dealers (e.g., contingency pla full-time).				
Standard 1: Overview of the Applicant					
Standard 2: Licenses and Registrations					
Standard 3: Compliance with securities laws, just and equitable principles of trade		Describe any system, policies and procedures that the Applicant will implement to enable the part-time or duall			
Standard 4: Contractual and business relationships		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.			
Standard 5: Facilities					
Standard 6: Communications and operational systems					
Standard 7: Maintaining adequate net capital					
Standard 8: Financial controls					
Standard 9: Written procedures					
Standard 10: Supervisory structure	Provide i	Provide information regarding financial controls			
Standard 11: Books and records Standard 12: Continuing education	3. Provide a detailed description of the financial controls to be employed by the Applicant, including:*				
, in the second	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 Principal 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			

Page: Standard 8 (screenshot 4 of 4)

Introduction		
Applicant contact information		
Standard 1: Overview of the Applicant		Describe the procedures the Applicant will follow in the event the Applicant encounters a situation that may cause a ne capital deficiency, including describing what action will be taken to comply with SEA Rules 17a-5 and 17a-11. (If the
Standard 2: Licenses and Registrations		Applicant's FinOp Principal is part-time or dually associated, the provided description should also address when and higher the Applicant's FinOp Principal will be made aware of potential deficiencies.)*
Standard 3: Compliance with securities laws, just and equitable principles of trade		
Standard 4: Contractual and business relationships		
Standard 5: Facilities	5.	Will the Applicant have more than one FinOp Principal?*
Standard 6: Communications and operational systems		Yes ○ No
Standard 7: Maintaining adequate net capital		Provide a statement explaining the rationale for the Applicant's use of more than one FinOp Principal and describe the duties that each will execute.*
Standard 8: Financial controls		
Standard 9: Written procedures		
Standard 10: Supervisory structure		
Standard 11: Books and records		
Standard 12: Continuing education		
	Prov	vide supporting documents.
	1.	FINRA Rule 3270 (Outside Business Activities; 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 Previews Submit

Page: Standard 9 (screenshot 1 of 2)

Introduction	Standard 9: Written procedures
Applicant contact information	NASD Rule 1014(a)(9): The Applicant has compliance, supervisory, operational, and internal control practices and standards
Standard 1. Overview of the Applicant	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.
Standard 2: Licenses and Registrations	Provide attestation
Standard 3: Compliance with securities laws, just and equitable principles of trade	 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.*
Standard 4: Contractual and business relationships	Acknowledgment of heightened supervision
Standard 5: Facilities	
Standard 6: Communications and operational systems	

Page: Standard 9 (screenshot 2 of 2)

Introduction

Registrations

Applicant contact information

Standard 1: Overview of the Applicant

Standard 2: Licenses and

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

Standard 4: Contractual and business relationships

Standard 5: Facilities

Standard 6: Communications and operational systems

Standard 7: Maintaining adequate net capital

Standard 8: Financial controls

Standard 9: Written procedures

Standard 10: Supervisory structure

Standard 11: Books and records

Standard 12: Continuing education

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) 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:

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; and

how evidenced: a statement as to how the Applicant will evidence the fact that the procedure has been conducted.

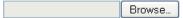
WSPs that do not conform to the above may be deemed inadequate under this Standard.*



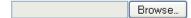
2. WSP checklist*



Sample reports used to support supervisory, AML, financial control, internal operating and internal control procedures*



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





Page: Standard 10 (screenshot 1 of 3)

Introduction

Applicant contact information

Standard 1: Overview of the Applicant

Standard 2: Licenses and Registrations

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

Standard 4: Contractual and business relationships

Standard 5: Facilities

Standard 6: Communications and operational systems

Standard 7: Maintaining adequate net capital

Standard 8: Financial controls

Standard 9: Written procedures

Standard 10: Supervisory structure

Standard 11: Books and records

Standard 12: Continuing education

Standard 10: Supervisory structure

NASD 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 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 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 Rules.

Page: Standard 10 (screenshot 2 of 3)

Introduction

Applicant contact information

Standard 1: Overview of the Applicant

Standard 2: Licenses and Registrations

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

Standard 4: Contractual and business relationships

Standard 5: Facilities

Standard 6: Communications and operational systems

Standard 7: Maintaining adequate net capital

Standard 8: Financial controls

Standard 9: Written procedures

Standard 10: Supervisory structure

Standard 11: Books and records

Standard 12: Continuing education

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)
 - The Supervisor/Principal's 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

Page: Standard 10 (screenshot 3 of 3)

Introduction Applicant contact information Standard 1: Overview of the Applicant Standard 2: Licenses and Registrations Standard 3: Compliance with securities laws, just and equitable principles of trade Standard 4: Contractual and

business relationships Standard 5: Facilities

Standard 6: Communications and operational systems

Standard 7: Maintaining adequate net capital

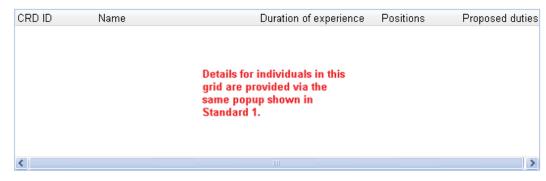
Standard 8: Financial controls

Standard 9: Written procedures

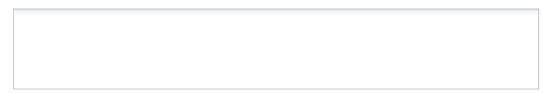
Standard 10: Supervisory structure

Standard 11: Books and records

Standard 12: Continuing education



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, rules and regulations thereunder, and FINRA rules.*

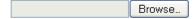


Provide supporting documents.

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



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





Page: Standard 11 (screenshot 1 of 2)

Introduction	Standard 11: Books and records	
Applicant contact information	NASD Rule 1014(a)(11): The Applicant has a recordkeeping system that enables Applicant to comply with federal, state, and	
Standard 1: Overview of the Applicant	self-regulatory organization recordkeeping requirements and a staff that is sufficient in qualifications and number to prepare and preserve required records.	
Standard 2: Licenses and Registrations	Explain how this Standard is met.	
Standard 3: Compliance with securities laws, just and equitable	Describe the Applicant's recordkeeping system, specifically identifying* .	
principles of trade	a. procedures,	
Standard 4: Contractual and business relationships	b. books and records,	
	c. communication systems, and	
Standard 5: Facilities	d. the software and systems to be used to prepare business and financial records, including general ledger, trial	
Standard 6: Communications and operational systems	balance, balance sheet, and net capital computation (e.g., PeopleSoft, ADP, Creative Solutions).	
Standard 7: Maintaining adequate net capital		
Standard 8: Financial controls		
Standard 9: Written procedures		
Standard 10: Supervisory structure		
Standard 11: Books and records	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.	
Standard 12: Continuing education		

Page: Standard 11 (screenshot 2 of 2)

Introduction	3. Describe how the Applicant's records (including email) will be stored, specifically identifying (for example)*
Applicant contact information	a. hardcopy,
Standard 1: Overview of the Applicant	b. microfilm/microfiche,
Standard 2: Licenses and Registrations	c. optical storage technology, or d. other media or methods.
Standard 3: Compliance with securities laws, just and equitable principles of trade	
Standard 4: Contractual and business relationships	
Standard 5: Facilities	
Standard 6: Communications and operational systems	List the types of proposed records to be maintained by the Applicant.
Standard 7: Maintaining adequate net capital	
Standard 8: Financial controls	
Standard 9: Written procedures	
Standard 10: Supervisory structure	
Standard 11: Books and records	Provide supporting documents.
Standard 12: Continuing education	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: custom 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

Page: Standard 12 (screenshot 1 of 2)

Introduction	Stan	idard 12: C	ontinuing educati	ion	
Applicant contact information	NASD Rule 1014(a)(12): The Applicant has completed a training needs assessment and has a written training plan that				
Standard 1: Overview of the Applicant	comp	nplies with the continuing education requirements imposed by the federal securities laws, the rules and regulations reunder, and FINRA Rules.			
Standard 2: Licenses and Registrations	Expl	lain how this Standard is met.			
Standard 3: Compliance with securities laws, just and equitable principles of trade			name and CRD ID of t ducation plan.*	the person responsible for the firm element and the regulatory element of the Applicant's	
Standard 4: Contractual and business relationships					
Standard 5: Facilities					
Standard 6: Communications and operational systems				You have 4000 abayeetay(a) left	
Standard 7: Maintaining adequate	_	o	1 - 1 - 1 - 1 - 1	You have 4000 character(s) left.	
net capital		certifications		provide the date by which it is anticipated that this person will complete the required	
Standard 8: Financial controls	1	ODD ID	. NI	0 11 01	
Standard 9: Written procedures		CRD ID	Name	Complete Date	
Standard 10: Supervisory structure					
Standard 11: Books and records					
Standard 12: Continuing education					

Page: Standard 12 (screenshot 2 of 2)

Provide supporting documents.

1. Continuing ed	lucation plan checklist *
	Browse
2. Continuing ed	lucation training needs assessment and written training plan *
	Browse
3. Any other do	cumentation that would be pertinent to FINRA's review of this Standard
1	Browse_