

Capital Acquisition Brokers Written Supervisory Procedures Checklist

Overview -- The Capital Acquisition Broker ("CAB") Written Supervisory Procedures Checklist ("WSP Checklist") is an outline of selected key topics representative of the business activities typically engaged in by CAB members and permissible under FINRA's CAB Rules. A complete copy of the CAB Rules can be found here: <https://www.finra.org/rules-guidance/rulebooks/capital-acquisition-broker-rules>

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Updates -- This tool was last reviewed, and updated as needed, on January 31, 2025. This tool does not reflect any regulatory changes since that date. FINRA periodically reviews and update these tools. FINRA reminds member firms to stay apprised of new or amended laws, rules and regulations, and update their WSPs and compliance programs on an ongoing basis.

Member firms seeking additional guidance on certain regulatory obligations should review the relevant FINRA Topic Pages.

Staff Contact(s) -- FINRA's Office of General Counsel (OGC) staff provides broker-dealers, attorneys, registered representatives, investors and other interested parties with interpretative guidance relating to FINRA's rules. Please see Interpreting the Rules for more information.
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| Section | Topic | Item(s) Required to be Addressed | Reference(s) | Applicable to Business? | Date Last Reviewed? |
|----------------------------------|--------------|----------------------------------|--|-------------------------|---------------------|
| I. GENERAL ADMINISTRATION | | | | | |
| General Administration | Form Filings | Form BD amendments | CAB Rule 014 ("Application of the By-Laws and the Capital Acquisition Broker Rules"); FINRA By-Laws, Art. IV, Section 1 ("Application for Membership"). | | |
| General Administration | Form Filings | Form U4/Form U5 | CAB Rule 014 ("Application of the By-Laws and the Capital Acquisition Broker Rules"); CAB Rule 453 ("Reporting Requirements"), which incorporates FINRA Rule 4530; FINRA By Laws, Art. V, Sections 2 ("Application for Registration") and 3 ("Notification of Termination; Amendments to Notification"). | | |
| General Administration | Form Filings | Fingerprint cards | CAB Rule 101 ("Electronic Filing Requirements for Universal Forms"), which incorporates FINRA Rule 1010(d); Securities Exchange Act of 1934 ("SEA") Rule 17f-2 ("Fingerprinting of securities industry personnel"). | | |

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| General Administration | Form Filings | Designation of principal responsible for supervision of Form filings | CAB Rule 101 ("Electronic Filing Requirements for Universal Forms"), which incorporates FINRA Rule 1010(b). | | |
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·Per CAB Rule 014, "All persons that have been approved for membership in FINRA as a capital acquisition broker and persons associated with capital acquisition brokers shall be subject to the FINRA By-Laws (including the schedules thereto), unless the context requires otherwise, and the Capital Acquisition Broker Rules. Persons associated with a capital acquisition broker shall have the same duties and obligations as a capital acquisition broker under the Capital Acquisition Broker Rules. "

·Id.

| Section | Topic | Item(s) Required to be Addressed | Reference(s) | Applicable to Business? | Date Last Reviewed? |
|--------------------------------|----------------------------|---|--|-------------------------|---------------------|
| Firm Supervision and Oversight | Designation of Supervisors | Designation of executive representative | CAB Rule 014 ("Application of the By-Laws and the Capital Acquisition Broker Rules"); CAB Rule 454 ("Member Filing and Contact Information Requirements"), which incorporates FINRA Rule 4517; FINRA By-Laws, Art. IV, Section 3 ("Executive Representative"). | | |
| Firm Supervision and Oversight | Designation of Supervisors | Updates to FINRA contact system | CAB Rule 454 ("Member Filing and Contact Information Requirements"), which incorporates FINRA Rule 4517. | | |
| General Administration | Regulatory Fees | FINRA fees and assessments | CAB Rule 014 ("Application of the By-Laws and the Capital Acquisition Broker Rules"); FINRA By-Laws, Schedule A. | | |

·Id.

·Id.

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| II. PERSONNEL | | | | | |
| A. Hiring Practices, Registration and Qualifications | | | | | |
| Personnel | Hiring Practices | Investigation of background and qualifications | CAB Rule 311(a) ("Capital Acquisition Broker Compliance and Supervision"), which incorporates FINRA Rule 3110(a)(6) and FINRA Rule 3110(e). | | |
| Personnel | Hiring Practices | Screening for statutorily disqualified persons hired in clerical or ministerial positions | CAB Rule 014 ("Application of the By-Laws and the Capital Acquisition Broker Rules"); FINRA By-Laws, Art. III ("Qualifications of Members and Associated Person"). | | |

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| Personnel | Qualification and Registration | Determine qualifications of supervisory personnel | CAB Rule 311(a) ("Capital Acquisition Broker Compliance and Supervision"), which incorporates FINRA Rule 3110(a)(6) and FINRA Rule 3110(e). <i>See also</i> Notice to Members 99-45. | | |
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.Id.

.Id.

| Section | Topic | Item(s) Required to be Addressed | Reference(s) | Applicable to Business? | Date Last Reviewed? |
|---------------|--------------------------------|--|--|-------------------------|---------------------|
| Personnel | Qualification and Registration | All Associated Persons are properly registered | CAB Rule 014 ("Application of the By-Laws and the Capital Acquisition Broker Rules"); CAB Rule 121 ("Registration Requirements"), which incorporates FINRA Rule 1210; CAB Rule 122 ("Registration Categories"), which incorporates FINRA Rule 1220; CAB Rule 123 ("Associated Persons Exempt from Registration"), which incorporates FINRA Rule 1230; FINRA By-Laws, Art. III, Sec. 2. | | |
| Recordkeeping | Associated Persons Records | Records for all Associated Persons | CAB Rule 451(a) ("Books and Records"), which incorporates FINRA Rule 4511; SEA Rule 17a-3(a)(12) ("Records to be Maintained by Certain Exchange Members, Brokers and Dealers"). <i>See also</i> Notice to Members 01-80. | | |

B. Continuing Education

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| Personnel | Continuing Education | CE contact person; Person responsible for Firm's continuing education program | CAB Rule 124 ("Continuing Education Requirements"), which incorporates FINRA Rule 1240; CAB Rule 454 ("Member Filing and Contact Information Requirements"), which incorporates FINRA Rule 4517. | | |
| Personnel | Continuing Education | Monitor compliance with the Regulatory Element of continuing education | CAB Rule 124 ("Continuing Education Requirements"), which incorporates FINRA Rule 1240. | | |

.Id.

| Section | Topic | Item(s) Required to be Addressed | Reference(s) | Applicable to Business? | Date Last Reviewed? |
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| Personnel | Continuing Education | Firm Element of continuing education | CAB Rule 124 ("Continuing Education Requirements"), which incorporates FINRA Rule 1240. | | |

III. Firm Supervision and Oversight

A. Supervisory System

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| Firm Supervision and Oversight | Designation of Supervisors | Designation of supervisors and supervisory duties | CAB Rule 311(a) ("Capital Acquisition Broker Compliance and Supervision"), which incorporates FINRA Rules 3110(a)(2) and (a)(3). <i>See also</i> Notice to Members 99-45. | | |
| Firm Supervision and Oversight | General Supervisory Obligations | Assign each registered rep to a supervisor and create a record of all reps supervised by a supervisor | CAB Rule 311(a) ("Capital Acquisition Broker Compliance and Supervision"), which incorporates FINRA Rule 3110(a)(5). | | |

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| Firm Supervision and Oversight | Designation of Supervisors | Designation of branch supervisor | CAB Rule 311(a) ("Capital Acquisition Broker Compliance and Supervision"), which incorporates FINRA Rule 3110(a)(4). | | |
| Firm Supervision and Oversight | General Supervisory Obligations | Distribution of procedures and amendments | CAB Rule 311(a) ("Capital Acquisition Broker Compliance and Supervision"), which incorporates FINRA Rule 3110(b)(7). | | |
| B. General Supervisory Obligations | | | | | |
| Firm Supervision and Oversight | General Supervisory Obligations | Payments to unregistered persons | CAB Rule 204 ("Payments to Unregistered Persons"), which incorporates FINRA Rule 2040. | | |
| Firm Supervision and Oversight | General Supervisory Obligations | Review of firm activities | CAB Rule 240 ("Engaging in Impermissible Activities"), which references CAB Rule 016(c). | | |
| Firm Supervision and Oversight | Employee Supervision | Gifts and gratuities | CAB Rule 322 ("Influencing or Rewarding Employees of Others"), which incorporates FINRA Rule 3220. | | |
| Firm Supervision and Oversight | Employee Supervision | Borrowing and lending between associated persons and customers | CAB Rule 324 ("Borrowing or Lending to Customers"), which incorporates FINRA Rule 3240; CAB Rule 311 ("Capital Acquisition Broker Compliance and Supervision"). | | |
| Firm Supervision and Oversight | Employee Supervision | Outside business activities | CAB Rule 327 ("Outside Business Activities of Registered Persons"), which incorporates FINRA Rule 3270. | | |
| Firm Supervision and Oversight | Employee Supervision | Private securities transactions | CAB Rule 328 ("Private Securities Transactions of an Associated Person"), which prohibits associated persons of CABs from participating in any manner in private securities transactions as defined in FINRA Rule 3280(e). | | |
| Firm Supervision and Oversight | General Supervisory Obligations | Supervision of outsourcing arrangements | CAB Rule 311 ("Capital Acquisition Broker Compliance and Supervision"). <i>See also</i> Notice to Members 05-48. | | |
| Firm Supervision and Oversight | Employee Supervision | Heightened supervision (including registered persons from a disciplined firm) | CAB Rule 311 ("Capital Acquisition Broker Compliance and Supervision"). <i>See also</i> Notice to Members 97-19. | | |
| Firm Supervision and Oversight | Employee Supervision | Supervision of statutorily disqualified individuals | CAB Rule 014 ("Application of the By-Laws and the Capital Acquisition Broker Rules"); CAB Rule 311 ("Capital Acquisition Broker Compliance and Supervision"); CAB Rule 453 ("Reporting Requirements"), which incorporates FINRA Rule 4530; FINRA By-Laws, Art. III, Sec. 3 and 4; Form MC-400. | | |
| C. Review of Accounts and Correspondence | | | | | |
| Firm Supervision and Oversight | Correspondence Review | Correspondence: incoming, outgoing, including facsimiles and electronic messages (email, instant messages, etc.) | CAB Rule 311(a) ("Capital Acquisition Broker Compliance and Supervision"), which incorporates FINRA Rule 3110(b)(4). | | |

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| Firm Supervision and Oversight | General Supervisory Obligations | Transactions involving FINRA employees | CAB Rule 207 ("Transactions Involving FINRA Employees"), which incorporates FINRA Rule 2070. | | |
| Firm Supervision and Oversight | Branch Supervision and Inspections | Designation of Offices of Supervisory Jurisdiction (OSJ) | CAB Rule 311(a) ("Capital Acquisition Broker Compliance and Supervision"), which incorporates FINRA Rule 3110(a)(3) and (f)(1). | | |
| D. Insider Trading | | | | | |
| Firm Supervision and Oversight | Monitoring for Insider Trading | Periodically reviewing employee trading | CAB Rule 201 ("Standards of Commercial Honor and Principles of Trade"), which incorporates FINRA Rule 2010; CAB Rule 202 ("Use of Manipulative, Deceptive, or Other Fraudulent Devices"), which incorporates FINRA Rule 2020; SEA Rule 10b-5 ("Employment of Manipulative and Deceptive Devices"). | | |

Supra at Note 1. Per CAB Rule 014, "All persons that have been approved for membership in FINRA as a capital acquisition broker and persons associated with capital acquisition brokers shall be subject to the FINRA By-Laws (including the schedules thereto), unless the context requires otherwise, and the Capital Acquisition Broker Rules. Persons associated with a capital acquisition broker shall have the same duties and obligations as a capital acquisition broker under the Capital Acquisition Broker Rules."

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| Firm Supervision and Oversight | Monitoring for Insider Trading | Criteria for investigating suspect trades | SEA Section 15(g) ("Prevention of Misuse of Material, Nonpublic Information"). <i>See also</i> Notice to Members 91-45. | | |
| Firm Supervision and Oversight | Monitoring for Insider Trading | Require employees to sign attestation | SEA Section 15(g) ("Prevention of Misuse of Material, Nonpublic Information"). <i>See also</i> Notice to Members 91-45. | | |
| Firm Supervision and Oversight | Monitoring for Insider Trading | Update employees on new or revised insider trading rules and regulations | SEA Section 15(g) ("Prevention of Misuse of Material, Nonpublic Information"). | | |
| Firm Supervision and Oversight | Monitoring for Insider Trading | Definition of material, non- public information, insiders, and other relevant terms and prohibitions | CAB Rule 201 ("Standards of Commercial Honor and Principles of Trade"), which incorporates FINRA Rule 2010; CAB Rule 202 ("Use of Manipulative, Deceptive, or Other Fraudulent Devices"), which incorporates FINRA Rule 2020; SEA Rule 10b-5 ("Employment of Manipulative and Deceptive Devices"). <i>See also</i> Notice to Members 89-05. | | |
| Firm Supervision and Oversight | Monitoring for Insider Trading | Policies and procedures on access to utilization of material, non-public information | CAB Rule 311(a) ("Capital Acquisition Broker Compliance and Supervision"); SEA Section 15(g) ("Prevention of Misuse of Material, Nonpublic Information"). | | |
| Firm Supervision and Oversight | Monitoring for Insider Trading | Tools and methods for inhibiting or monitoring transactions in restricted securities | CAB Rule 311 ("Capital Acquisition Broker Compliance and Supervision"); SEA Rule 144 ("Selling Restricted and Control Securities"). <i>See also</i> Notice to Members 09-05. | | |

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| Firm Supervision and Oversight | Monitoring for Insider Trading | Information barrier procedures including: 1) method for determining whether firm trading should be restricted; 2) determining and identifying activities that are restricted while security is on list; 3) monitoring associated persons' trading of restricted securities; 4) time period covered and frequency of review; 5) recording details of associated persons' trade in restricted security; and 6) creation and maintenance of documentation to evidence supervisory reviews | CAB Rule 311 ("Capital Acquisition Broker Compliance and Supervision"); SEA Rule 144 ("Selling Restricted and Control Securities"). <i>See also</i> Regulatory Notice 09-05 and Notice to Members 91-45. | | |
| Firm Supervision and Oversight | Monitoring for Insider Trading | Procedures to detect transactions in restricted/control securities, <i>e.g.</i> , compliance, gray, or watch lists, etc. | CAB Rule 311 ("Capital Acquisition Broker Compliance and Supervision"); SEA Rule 144 ("Selling Restricted and Control Securities"). <i>See also</i> Notice to Members 09-05 and Notice to Members 91-45. | | |
| Firm Supervision and Oversight | Monitoring for Insider Trading | Securities transactions for personal and family-related accounts | CAB Rule 201 ("Standards of Commercial Honor and Principles of Trade"), which incorporates FINRA Rule 2010. | | |
| E. Anti-Money Laundering Compliance Program | | | | | |
| Firm Supervision and Oversight | Anti-Money Laundering Policies and Procedures | Designate AML contact person | CAB Rule 331(d) ("Anti-Money Laundering Compliance Program"). | | |
| Firm Supervision and Oversight | Anti-Money Laundering Policies and Procedures | Written Anti-Money Laundering compliance program approved in writing by senior management | CAB Rule 331 ("Anti-Money Laundering Compliance Program"). | | |
| Firm Supervision and Oversight | Anti-Money Laundering Policies and Procedures | Establish and implement policies and procedures to detect and cause the reporting of suspicious transactions | CAB Rule 331(a) ("Anti-Money Laundering Compliance Program"). | | |
| Firm Supervision and Oversight | Anti-Money Laundering Policies and Procedures | Bank Secrecy Act policies and procedures | CAB Rule 331(b) ("Anti-Money Laundering Compliance Program"); Bank Secrecy Act (31 U.S.C. §5311 <i>et seq.</i>). | | |
| Firm Supervision and Oversight | Anti-Money Laundering Policies and Procedures | Independent testing of AML compliance program | CAB Rule 331(c) ("Anti-Money Laundering Compliance Program"). | | |
| Firm Supervision and Oversight | Anti-Money Laundering Policies and Procedures | On-going training of firm personnel | CAB Rule 331(e) ("Anti-Money Laundering Compliance Program"). | | |

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| Firm Supervision and Oversight | Anti-Money Laundering Policies and Procedures | Customer Identification Program and verification of customers' identity | CAB Rule 209 ("Know Your Customer"); CAB Rule 331(f) ("Anti-Money Laundering Compliance Program"); USA Patriot Act, Section 326; SEA Rule 17a-8 ("Financial Recordkeeping and Reporting of Currency and Foreign Transactions"). <i>See also</i> Notice to Members 03-34. | | |
| Firm Supervision and Oversight | Anti-Money Laundering Policies and Procedures | Determine whether customer appears on any list of known terrorists or terrorist organizations, such as those listed on the Treasury's OFAC web site, as well as those on the list of embargoed countries/regions on the OFAC List | CAB Rule 331(f) ("Anti-Money Laundering Compliance Program"); USA Patriot Act, Section 314; Bank Secrecy Act (31 U.S.C. §5311 <i>et seq.</i>). | | |
| Firm Supervision and Oversight | Anti-Money Laundering Policies and Procedures | Responding to information requests from FinCEN concerning money laundering or terrorist financing, including how the firm will protect the security and confidentiality of the information requests | CAB Rule 331 ("Anti-Money Laundering Compliance Program"); US Patriot Act, Section 314; Bank Secrecy Act (31 U.S.C. §5311 <i>et seq.</i>). | | |
| Firm Supervision and Oversight | Anti-Money Laundering Policies and Procedures | Sharing information with other financial institutions, if applicable (including requirement to provide annual sharing agreement to FinCEN) | CAB Rule 331 ("Anti-Money Laundering Compliance Program"); USA Patriot Act, Section 314; Bank Secrecy Act (31 U.S.C. §5311 <i>et seq.</i>). | | |
| Firm Supervision and Oversight | Anti-Money Laundering Policies and Procedures | Determine the identity of the nominal and beneficial account holders and the source of funds deposited into "private banking accounts," and to conduct enhanced scrutiny of accounts of a senior foreign political figure | CAB Rule 331 ("Anti-Money Laundering Compliance Program"); USA Patriot Act, Section 314; Bank Secrecy Act (31 U.S.C. §5311 <i>et seq.</i>). | | |
| Firm Supervision and Oversight | Anti-Money Laundering Policies and Procedures | Prohibit transactions with persons who are suspected of terrorist activities pursuant to Executive Order #13224 that was issued through OFAC | CAB Rule 331 ("Anti-Money Laundering Compliance Program"); USA Patriot Act, Section 314; Bank Secrecy Act (31 U.S.C. §5311 <i>et seq.</i>). <i>See also</i> Notice to Members 01-67. | | |
| Firm Supervision and Oversight | Anti-Money Laundering Policies and Procedures | If the firm prohibits the receipt of currency, procedures and internal controls to detect its receipt | CAB Rule 331(b) ("Anti-Money Laundering Compliance Program"). | | |
| Firm Supervision and Oversight | Anti-Money Laundering Policies and Procedures | Filing reports of international transportation of currency or monetary instruments | CAB Rule 331 ("Anti-Money Laundering Compliance Program"). | | |

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| Firm Supervision and Oversight | Anti-Money Laundering Policies and Procedures | Filing reports of foreign bank and financial accounts | CAB Rule 331(a) and(b) ("Anti-Money Laundering Compliance Program"); SEA Rule 17a-8 ("Financial Recordkeeping and Reporting of Currency and Foreign Transactions"); Bank Secrecy Act (31 U.S.C. §5311 <i>et seq.</i>). | | |
| Firm Supervision and Oversight | Anti-Money Laundering Policies and Procedures | Procedures to detect and report suspicious transactions by filing Suspicious Activity Reports (SAR-SF) | CAB Rule 331 ("Anti-Money Laundering Compliance Program"); SEA Rule 17a-8 ("Financial Recordkeeping and Reporting of Currency and Foreign Transactions"); Bank Secrecy Act (31 U.S.C. §5311 <i>et seq.</i>). <i>See also</i> Notice to Members 02-47. | | |
| Firm Supervision and Oversight | Anti-Money Laundering Policies and Procedures | Record keeping requirements (currently a 5-year requirement) | CAB Rule 331 ("Anti-Money Laundering Compliance Program"); SEA Rule 17a-8 ("Financial Recordkeeping and Reporting of Currency and Foreign Transactions"); Bank Secrecy Act (31 U.S.C. §5311 <i>et seq.</i>). | | |
| IV. SALES PRACTICES | | | | | |
| A. Communications with the Public | | | | | |
| Sales Practices | Communications with the Public | Advertising and sales literature (including email and web sites) | CAB Rule 221 ("Communications with the Public"). | | |
| Sales Practices | Communications with the Public | Speaking engagements; scripts; outlines; media participation; chat rooms | CAB Rule 221 ("Communications with the Public"). | | |
| Sales Practices | Communications with the Public | Sales literature review | CAB Rule 221 ("Communications with the Public"); CAB Rule 311 ("Capital Acquisition Broker Compliance and Supervision"). | | |
| B. Disclosures to Customers | | | | | |
| Sales Practices | Customer Information and Disclosures | Material event and customer complaint reporting | CAB Rule 453 ("Reporting Requirements"), which incorporates FINRA Rule 4530. | | |
| Sales Practices | Customer Information and Disclosures | Regulation S-P requirement to provide initial, annual, and revised privacy policy notice; description of how and when distributed to customers; administrative, technical, and physical safeguard of information; testing of firewalls | Regulation S-P ("Privacy of Consumer Financial Information"). | | |
| Sales Practices | Customer Information and Disclosures | Disclosures | SEA Rule 10b-9 ("Prohibited Representations in Connection with Certain Offerings"). | | |
| Firm Supervision and Oversight | General Supervisory Obligations | Conduct and fair dealing; fraud | CAB Rule 202 ("Use of Manipulative, Deceptive or Other Fraudulent Devices"), which incorporates FINRA Rule 2020. | | |
| C. Customer Information Controls | | | | | |

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| Sales Practices | Customer Information Controls | Customer records | CAB Rule 211 ("Suitability"); CAB Rule 451 ("Books and Records"); SEA Rule 17a-3 ("Records to be maintained by exchange members, brokers and dealers"). | | |
| D. Suitability/Regulation Best Interest (Reg BI) | | | | | |
| Sales Practices | Suitability | Suitability of recommendations to persons other than retail customers as defined in Reg BI | CAB Rule 201 ("Standards of Commercial Honor and Principles of Trade"), which incorporates FINRA Rule 2010; CAB Rule 211 ("Suitability"); CAB Rule 451 ("Books and Records"), which incorporates FINRA Rule 4511. | | |
| Sales Practices | Suitability and Reg BI | Review of subscription agreements | CAB Rule 211 ("Suitability"); SEA Rule 15l-1 (Reg BI). | | |
| Sales Practices | Reg BI | Recommendations of securities transactions or investment strategies involving securities to retail customers as defined in Reg BI | SEA Rule 15l-1 (Reg BI). | | |
| Sales Practices | Reasonable Investigations | Reasonable Investigations of prospective offerings | SEA Rule 10b-5 ("Employment of manipulative and deceptive devices"); SEA Rule 15l-1 (Reg BI). Refer to FINRA Notice 10-22 ("Obligation of Broker-Dealers to Conduct Reasonable Investigations in Regulation D Offerings"). | | |
| E. Transaction Review and Handling of Customer Complaints | | | | | |
| Sales Practices | Reviewing Transactions and Handling Customer Complaints | Customer complaints | CAB Rule 453 ("Reporting Requirements"), which incorporates FINRA Rule 4530; CAB Rule 451(c) ("Records of Written Customer Complaints"), which incorporates FINRA Rule 4513. | | |
| V. FINANCIAL AND OPERATIONAL ISSUES | | | | | |
| A. Financial Reporting | | | | | |
| Firm Supervision and Oversight | FinOp Responsibilities | FinOp's duties and responsibilities (including FinOps registered with multiple firms) | CAB Rule 122 ("Registration Categories"), which incorporates FINRA Rule 1220. <i>See also</i> Regulatory Notice 06- 23. | | |
| Financial and Operational | Filing of FOCUS and Related Forms | Financial reporting/backup - Net Capital computation, FOCUS filings | CAB Rule 014 ("Application of the By-Laws and the Capital Acquisition Broker Rules"); CAB Rule 451(a) ("Books and Records – General Requirements"), which incorporates FINRA Rule 4511; CAB Rule 452(b) ("Supplemental FOCUS Information"), which incorporates FINRA Rule 4524; CAB Rule 411 ("Capital Compliance"); FINRA By-Laws, Schedule A; SEA Rule 17a-5 ("Reports to be made by certain brokers and dealers"); SEA Rule 17a-11 ("Notification provisions for brokers and dealers"). | | |
| B. Financial and Operational Responsibilities | | | | | |
| Financial and Operational | Net Capital Requirements | Net Capital Rule | SEA Rule 15c3-1 ("Net capital requirements for brokers or dealers"); SEA Rule 17a-11 ("Notification provisions for brokers and dealers"). | | |

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| -Supra at Note 1. All CABs and their associated persons shall be subject to the FINRA By-Laws (including the schedules thereto) unless the context requires otherwise. | | | | | |
| C. Capital and Credit Regulation | | | | | |
| Financial and Operational | Capital & Credit Regulation | Disclosure of firm balance sheets upon customer request | SEA Rule 17a-5 ("Reports to be made by certain brokers and dealers"). | | |
| VI. RECORDKEEPING | | | | | |
| Recordkeeping | Maintenance of Books and Records | Maintenance of books and records (main office; other offices; and update customer account information) | CAB Rule 451(a) ("Books and Records – General Requirements"), which incorporates FINRA Rule 4511. | | |
| Recordkeeping | Electronic Communications | Instant messaging | CAB Rule 311 ("Capital Acquisition Broker Compliance and Supervision"), which incorporates FINRA Rule 3110(b)(1)(4) and .06 ("Supervision"); CAB Rule 451(a) ("Books and Records – General Requirements"), which incorporates FINRA Rule 4511. <i>See also</i> Regulatory Notice 11-39, Regulatory Notice 07-59 and Notice to Members 03-33. | | |
| Recordkeeping | Electronic Communications | Conditions and notification requirements | SEA Rule 17a-4(f) ("Records to be preserved by certain exchange members, broker and dealers"). | | |
| VII. INTERNAL CONTROLS | | | | | |
| Internal Controls | Systems and Operations Controls | Information security measures (e.g. , securing equipment, controls on system entitlements, limits on password sharing, administrative procedures to change passwords, audit trail for tracking changes in entitlements, etc.) | Regulation S-P, 17 CFR 248.30 ("Procedures to safeguard customer records and information; disposal of consumer report information"). | | |
| VIII. FIXED INCOME SECURITIES | | | | | |
| Municipal Securities | Municipal Securities | Solicitation of municipal securities business | CAB Rule 203 ("Engaging in Distribution and Solicitation Activities with Government Entities"), which incorporates FINRA Rule 2030. CAB Rule 458 ("Books and Records Requirements for Government Distribution and Solicitation Activities"). | | |
| IX. PRIVATE PLACEMENTS | | | | | |
| Private Placements | Advising on Offerings | Exemptions from registration | CAB Rule 512 ("Private Placements of Securities Issued by Members"), which incorporates FINRA Rule 5122; See also Securities Act Regulation A ("Conditional Small Issues Exemption"); Securities Act Regulation D ("Rules Governing the Limited Offer and Sale of Securities Without Registration Under the Securities Act of 1933"). | | |

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| Private Placements | Advising on Securities Registration | Public offerings (securities registration) | Securities Act of 1933, Section 5 (“Prohibitions Relating to Interstate Commerce and the Mails”). | | |
| Private Placements | Advising on Securities Registration | Misrepresentations as to registration | SEA Rule 15c1-3 (“Misrepresentation by brokers, dealers, and municipal securities dealers as to registration”). | | |
| Private Placements | Advising on Offerings | Regulation M - Rules 101 - 105 | Securities Act Regulation M (“Anti-Manipulation Rules Concerning Securities Offerings”). | | |