

Corporate & Financial Weekly Digest

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SEC Approves FINRA Rule Regarding Verification of Member Assets at Non-Member Financial Institutions

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New Financial Industry Regulatory Authority Rule 4160 will go into effect February 1 in an effort by FINRA to strengthen its ability to independently verify assets maintained by a FINRA member at a non-member financial institution. FINRA Rule 4160 will prohibit members from continuing to custody or retain record ownership of assets at non-member financial institutions that fail promptly to provide FINRA, upon FINRA's written request, with written verification of the FINRA member's assets maintained at such non-member financial institution. In the Regulatory Notice, FINRA encourages, although does not require, FINRA members to contract with non-member financial institutions maintaining the FINRA member's assets (whether proprietary or customer assets) to require such non-member financial institutions to oblige with verification requests from FINRA.

Click [here](#) to read FINRA Regulatory Notice 10-61.

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