

Corporate & Financial Weekly Digest

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FINRA Requests Comments on Proposal to Require Carrying or Clearing Member Firms to Maintain and Keep Current Certain Records in a Central Location

The Financial Industry Regulatory Authority, Inc. has issued Regulatory Notice 11-48 (the Notice), which seeks comment on proposed new FINRA Rule 4516 (the Rule). The proposed rule would require each carrying or clearing member firm to maintain and keep current certain records in one central location. The comment period expires December 9.

According to the Notice, FINRA proposed the Rule because it is essential that regulators be able to take prompt action with respect to customer accounts of a carrying or clearing member firm that can no longer continue to operate due to financial or operational problems. To that end, FINRA believes it is critical that a carrying or clearing member firm maintain and keep current certain documents and information at a specially designated area in the firm's principal office that would be immediately available to representatives of FINRA, the Securities and Exchange Commission, and Securities Investor Protection Corporation. Specifically, the records to be maintained and kept current must contain: i) a description of all customer accounts and ranges on the general ledger and identification of the associated persons responsible for such accounts; ii) a mapping of the general ledger accounts; iii) a description of any system under FINRA Rule 4370(g) that is necessary to ensure processing of transactions; iv) a list of all bank accounts and related documentation; v) an identification of all accounts and ranges on the stock record; vi) an identification of all control locations; vii) copies of subordination agreements; viii) copies of clearing agency, clearing bank, and custodian agreements; ix) copies of agreements related to the outsourcing of functions critical to the transfer of customer accounts or member firm liquidation; and x) the most recent copy of a member firm's business continuity plan.

Click [here](#) to read Regulatory Notice 11-48.

Read through and enter the discussion with the form at the end
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