

FINRA Amendments to Rule 8311 to become effective August 24, 2015

The amendments to FINRA Rule 8311 clarify the scope of the rule on payments by member firms to persons subject to sanctions and eliminate duplicative provisions in NASD IM-2420-2.

Under the Rule, members may not make payments to any person subject to a sanction or disqualification that may accrue during the applicable sanction period. A member firm may, however, make payments to a person subject to a sanction that are consistent with the scope of activities permitted under the sanction (e.g., if the sanction only limits the person's activities in some areas, but not others). Furthermore, an addition to Rule 8311 expressly permits a member firm to pay to a person that is subject to a sanction or disqualification any remuneration pursuant to an insurance or medical plan, indemnity agreement relating to legal fees, or as required by an arbitration award or court judgment.

To see Regulatory Notice 15-07, please [click here](#).