

FINRA to Provide Rulebook Guidance for Limited Broker-Dealers

On June 11, 2013, FINRA's Chief Legal Officer, Bob Colby, discussed potential regulatory revisions for limited purpose broker-dealers during an interview series entitled "A Few Minutes with FINRA." Colby said that an internal review was underway to determine certain categories of broker dealers (i.e. broker-dealers that don't touch funds or securities or that have limited roles) who may not be subject to all of FINRA's rules. The initial category with a revised rulebook will be broker-dealers that "help sell hedge fund interests to institutional clients; no funds, no securities, institutional client base." Colby estimated that FINRA may be able to publish a request for comment by this fall.

During the interview, Colby acknowledged that FINRA rules don't apply evenly to all broker-dealers, which can result in uncertainty. Some rules are tiered and apply less weight to smaller broker-dealers while other rules don't apply at all.

FINRA will first categorize the limited broker-dealers and then provide a revised rulebook to each category that explicitly delineates which rules do or do not apply. As noted above, broker-dealers that help sell hedge fund interests to institutional clients will likely be the first completed rulebook.

Please [click here](#) for the full interview posted on FINRA's website.