

To conduct securities transactions and businesses with the investing public in the US, a broker-dealer and its associated persons must be registered with FINRA. An important step in the registration process is to seek approval for FINRA membership, which is initiated through the submission of the New Member Application (or Form NMA), which is reviewed by FINRA's Membership Application Program (MAP) Group. MAP's review of Form NMA is governed by Rules 1011 through 1019 (collectively, the MAP rules) under the FINRA Rule 1000 Series (Member Application and Associated Persons Registration). For purposes of this Checklist, a prospective applicant should carefully review in particular, Rules 1012 (General Provisions), 1013 (New Member Application and Interview), and 1014 (Department Decision).

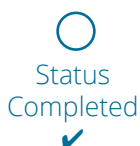
Form NMA is organized into sections that align with the standards for admission set forth under FINRA Rule 1014(a), followed by a series of questions related to that standard that are intended to help the applicant provide the responses needed to demonstrate that it can meet each of the Rule 1014(a) standards for FINRA membership, and to facilitate FINRA's review of the application. A common impediment to an efficient NMA review process pertains to missing or incomplete documentation and information in an application when it is first submitted to FINRA.¹ This guidance is intended to provide a prospective applicant basic information for preparing the Form NMA. FINRA reminds prospective applicants to carefully review the rules applicable to new FINRA membership.

Form NMA identifies certain information as mandatory or required submissions in the application. Please note that the information and documents listed in this Checklist are not exhaustive. Under Rule 1013, FINRA may request additional documents and information as necessary to render a decision on Form NMA. In addition, while the information and documents listed in this Checklist may not be identified in Form NMA as mandatory or required for submission of the application, including such information and documents with the submission may support a more efficient application review process. Finally, please note that redacted documents will not be accepted, and that responses and documentation in a foreign language must be certified and translated to English, and all foreign currencies converted to US dollars. For additional guidance or questions concerning the NMA process, a prospective applicant is encouraged to participate in a "pre-filing" meeting with MAP by contacting membership@finra.org or 212-858-4000 – Option 5 – Membership Applications.

1

STANDARD 1: OVERVIEW OF THE APPLICANT

Standard 1 requires an application and all supporting documents to be complete and accurate.



- Provide an overview of the proposed business activities, including:
 - A detailed business plan that describes the proposed business activities, including:
 - Identifying each proposed business activity on Form NMA;
 - A written narrative describing the scope of activities to be conducted;
 - A detailed description of how a typical transaction will be settled and cleared;
 - A statement describing how the applicant and its associated persons will be compensated for the proposed activities;
 - The types of customers or investors (retail vs. institutional) and the approximate percentage of each type of customer; and
 - The anticipated number of associated persons and offices in the first year of operation.

1. When FINRA receives an NMA, it will conduct an initial review to determine whether the application is substantially complete in order for FINRA to begin a meaningful review of it. An application that is not substantially complete will be rejected, and the applicant will lose a portion of the application fee. There also may be additional consequences for the submission of an NMA that is not substantially complete, such as the inability to use the prospective firm's Central Registration Depository (CRD®) number or name.

- Ownership information for the applicant, including:
 - The names of all the applicant's direct and indirect owners, regardless of the ownership interest that may be held; and
 - Specific ownership percentages for all direct and indirect owner(s).
- Chart(s) that reflect the ownership structure with exact ownership percentages. Ownership percentages must total 100%.
- Copies of all corporate resolutions, minutes and other equivalent documentation authorizing the formation of the applicant and its direct ownership entity, if applicable.
- Copies of all formation and governing documents for the applicant and its direct ownership.
- Copies of all formation and governing documents for all entities in the indirect ownership structure that own 10% or greater of the applicant.
- All exhibits, schedules, disclosure schedules, addendums, name change documents and relevant materials for the documents noted above, if applicable.

2

STANDARD 2: LICENSES AND REGISTRATIONS

Standard 2 requires an applicant and its associated persons to have all licenses and registrations required by FINRA, the SEC and state regulatory authorities.



Status
Completed
✓

- Identify the applicant's executives, officers, directors, and registered principals, including their direct or relevant experience and securities licenses, including licenses required to supervise the applicant's business.
- Address whether the individual owners or control persons will have day-to-day responsibilities relating to the applicant and if so, whether such persons have the required licenses and registrations.²
- If possible, provide an attestation for all non-registered owners and managing directors attesting that they will not be involved in the day-to-day operations of the broker-dealer. Day-to-day operations include, but are not limited to, hiring, firing, management, or any other activity that would require registration under FINRA Rule 1210.³

3

STANDARD 3: COMPLIANCE WITH SECURITIES LAWS, JUST AND EQUITABLE PRINCIPLES OF TRADE

Standard 3 requires a determination as to whether an applicant and its associated persons are "capable of complying with" the federal securities laws, the rules and regulations thereunder, and FINRA rules. Standard 3 takes into consideration whether any persons associated with the applicant have any disciplinary actions taken against them by other industry authorities, customer complaints, adverse arbitrations, pending or unadjudicated matters, civil actions, remedial actions imposed, or other industry-related matters that could pose a threat to public investors.



Status
Completed
✓

- An explanation of how the applicant may overcome the presumption to deny the NMA for the applicant and its associated persons notwithstanding the existence of the events set forth under Rule 1014(a)(3)(A), (C), (D), (F), (G) and (E).⁴
- In particular, an explanation of how the applicant can demonstrate compliance with Standard 3 in light of any investigation or pending, adjudicated, or settled regulatory action, including any disciplinary, regulatory, or enforcement action initiated by the US Securities and Exchange Commission (SEC), FINRA, or other federal or state regulators.

2. See [FINRA Qualification and Registration Requirements Frequently Asked Questions](#).

3. See FINRA Rule [1210](#), Registration Requirements

4. See [Regulatory Notice 20-15](#) (May 2020) (describing, among other things, the rebuttable presumption to deny an application); see also Notice to Members [04-10](#) (February 2004).

- If applicable, an applicant should also be prepared to provide information related to:
 - Adjudicated and pending disciplinary and regulatory actions (including pending FINRA Enforcement actions) and certain disciplinary and regulatory actions, which trigger the presumption to deny the application under Rule 1014(b); and
 - Pending and unpaid arbitrations for the applicant's associated persons.
- Identify any associated persons with a significant history of misconduct, including:
 - Providing details about any heightened supervisory plans for such persons; and
 - Addressing whether any natural person who will be an owner, control person, principal or registered person of the applicant have, in the prior five years, one or more "final criminal matters" or two or more "specified risk events" and a heightened supervisory plan.⁵

4

STANDARD 4: CONTRACTUAL AND BUSINESS RELATIONSHIPS

Standard 4 requires that, at the time the application is submitted or shortly thereafter, the applicant should be in a position to describe the contractual or other arrangements and other business relationships that will allow the applicant to operate in accordance with the business plan as submitted. The applicant is also required to submit copies of all draft or final agreements for the proposed business, including those with banks, clearing entities or service bureaus.



Status
Completed



- If possible, provide documentation of all business relationships, including copies of any service agreements or business contracts the applicant will execute as part of the NMA review process, including:
 - Clearing Agreement (if applicable).
 - *Please note that a Letter of Intent (LOI) from the clearing firm, if applicable, must be provided in order for the NMA to be deemed substantially complete under Rule 1013(a)(3).*
 - Fidelity Bond.
 - *Please note although a fidelity bond may not be available at the time of the first submission of Form NMA, an executed fidelity bond is required in order for FINRA to complete its review of the NMA.*
 - Although the following agreements or contracts may not be available at the time of the first submission of Form NMA, executed copies of such agreements and contracts must be provided for FINRA to complete its reviews of the NMA, if such agreements are applicable to the applicant's business plan. Until finalized, drafts of the following agreements may be submitted:
 - Administrative Services Agreement;
 - Agreement with Financial and Operations Principal (FinOp);
 - Commission Sharing Agreement;
 - Technology Services Agreement, including arrangements with third-party providers of electronic storage media;⁶
 - Compliance Services and Support Agreement; and
 - Expense Sharing Agreement that comports with Notice to Members 03-63.⁷

5. See *Regulatory Notice 21-09* (FINRA Adopts Rules to Address Brokers With a Significant History of Misconduct)

6. See Securities Exchange Act of 1934 (SEA) Rule [17a-4\(f\)](#)

7. See *Notice to Members 03-63, SEC Issues Guidance on the Recording of Expenses and Liabilities by Broker/Dealers* (October 2003)

5

STANDARD 5: FACILITIES

Standard 5 requires the applicant to demonstrate it has adequate facilities.



Status
Completed
✓

- Provide a statement regarding the adequacy of the applicant's facilities to conduct the proposed business activities and meet the applicant's personnel needs. Please provide documentation including:
 - Copies of the applicant's lease; and
 - If the applicant will be sharing space, the applicant must identify the names of any individual or entity with which it is sharing space. A detailed description evidencing how the applicant will ensure its books and records are segregated must be provided.

6

STANDARD 6: COMMUNICATIONS AND OPERATIONAL SYSTEMS

Standard 6 requires that the communications and operational systems that the applicant intends to employ for the purpose of conducting business with customers and other members must be adequate and provide reasonably for business continuity with respect to: system capacity to handle the anticipated level of usage; contingency plans in the event of systems or other technological or communications problems or failures that may impede customer usage or firm order entry or execution; system redundancies; disaster recovery plans; system security; disclosures to be made to potential and existing customers who may use such systems; and supervisory or customer protection measures that may apply to customer use of, or access to, such systems.



Status
Completed
✓

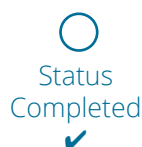
- If the applicant operates a communication platform, the applicant is expected to present a demonstration of the functionality of the platform as part of the application review process. In order for the initial NMA filing to be deemed substantially complete, the applicant must confirm it is operationally ready for a demonstration at the time of filing. MAP defines operationally ready as:
 - The version of the platform to be used in the conduct of its securities business is complete at the time matter is submitted to FINRA, which includes, but is not limited to, all quality assurance and similar testing as well as all proposed broker-dealer functions vis-à-vis use of the platform in the conduct of the applicant's business; and
 - The applicant is prepared to conduct the demonstration of its platform via video conference on the day the application is submitted as well as to provide screenshots of all relevant components as of the date of application submission to FINRA, which, at a minimum, includes:
 - A customer onboarding and the entire life cycle of a transaction from inception to completion, including clearance and settlement, as applicable;
 - An internal supervisory and operational review of components; and
 - A "customer-facing" view of the system.
- During the membership interview, or during a separate meeting, the applicant should expect to demonstrate:
 - Onboarding of customers;
 - Flow of a typical transaction from start to finish, including execution, clearance and settlement;
 - Trade reporting, if applicable; and
 - Risk management controls.
- Provide an overview of the applicant's surveillance and reporting functionality for the platform(s).

- If the platform is offering digital securities, the applicant must confirm if the platform will be an ATS. If yes, please provide clarification as to whether transactions on the platform will be affected in accordance with either the Four-Step Process or the Three-Step Process, as each is described in the [SEC No-Action Letter](#) regarding the role of a platform in the settlement of digital asset security trades dated September 25, 2020.
- The applicant must provide clarification as to the party that will provide custody of the digital asset securities traded on the platform.
- The applicant must provide criteria whereby the applicant has determined that the digital asset securities in which it proposes to engage in qualify as securities under applicable law, SEC rules and current guidance, including all opinions of counsel obtained by the applicant or its affiliates in connection with such determination.
- Include a business continuity plan (BCP), if applicable. The BCP plan should contain information on how the applicant will contact their customers in the event of a system outage, and how the customer can access their funds and securities in the event of a system outage (i.e., a phone number customers can call).⁸

7

STANDARD 7: MAINTAINING ADEQUATE NET CAPITAL

Standard 7 provides that FINRA may impose a reasonably determined higher net capital requirements beyond the minimum requirements after considering specified factors. An applicant must meet the provisions of SEA Rules 15c3-1 and 17a-11, the SEC's net capital rule and early warning rule, respectively, two of several financial responsibility rules of the SEC.



- Identify the applicant's required minimum net capital (MNCR).
- A pro forma net capital computation, trial balance and balance sheet.
- Provide a detailed description of the source(s) funds to be used for the capitalization of the applicant, as well as evidence of the source of funds (e.g., complete copies of the most current three months of bank statements for the accounts from which ownership provided, or will provide, the funding).
- A monthly projection of income and expenses for the applicant's first 12 months of operation (this document must also specify the amount of fixed expenses vs. variable expenses the applicant anticipates on a monthly basis.) Such projection must be provided with the initial submission in order for the NMA to be deemed substantially complete.
- Provide evidence of financial wherewithal to sustain the applicant for the first 12 months of operations, where financial wherewithal is, at a minimum, calculated as the first 12 months of fixed expenses plus 120% of the applicant's MNCR. Such evidence of financial wherewithal of the applicant's ownership to fund the capitalization of the applicant, and to meet net capital requirements would include complete copies of the three most recent monthly bank statements that have or will be utilized to fund the applicant.
- Evidence that a bank account has been established in the name of the applicant must be provided with the initial NMA filing, along with a copy of the signatory card for the applicant's bank account.
- FINRA reminds applicants that responses and documentation (including bank statements) in a foreign language will not be accepted and must be certified and translated to English. In addition, FINRA will not accept redacted documents. All provided bank (or brokerage) statements must be complete and contain copies of all pages, with no information redacted.

8. [See](#) FINRA Rule [4370](#). Business Continuity Plans and Emergency Contact Information. In order for Standard 6 of the NMA filing to be deemed substantially complete, a complete copy of the BCP must be provided with the initial submission.

8

STANDARD 8: FINANCIAL CONTROLS

Standard 8 requires the applicant to have financial controls to ensure compliance with the federal securities laws, the rules and regulations thereunder, and FINRA rules.



- Address the applicant's accounting system and identify its financial and operations principal (FinOp) by name and CRD number.
- Provide a copy of the applicant's financial control procedures and identify the section of the written supervisory procedures (WSPs) where such financial control procedures are contained.
- Describe the experience of the applicant's FinOp and how it meets the needs of the applicant's business.
- Provide the number of other broker-dealers that the FinOp is registered with, as well as any other outside business activities. Provide an estimate of the FinOp's allocated time to focus on the applicant, along with a statement as to why the applicant believes such allotted time will be adequate to ensure the applicant's financial controls are adequately supervised.

9

STANDARD 9: WRITTEN PROCEDURES

Standard 9 requires the applicant to have compliance, supervisory, operational, and internal control practices and standards that are consistent with practices and standards regularly employed in the investment banking or securities business, taking into account the nature and scope of the applicant's proposed business.

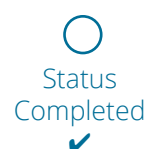


- Provide a complete copy of the applicant's WSPs that address each separate business line the applicant seeks for approval. WSPs must also include anti-money laundering procedures, financial control procedures, internal operations procedures, and internal control procedures.
- Confirm that all WSPs clearly state:
 - Who – Identify the principal or supervisor responsible for conducting the subject procedure;
 - What – Provide a description of the specific procedure that is to be conducted by the principal or supervisor;
 - When – State when or how often the specific procedure is to be conducted; and
 - How Evidenced – Address how the applicant will evidence the fact that the procedure has been conducted.
- A complete copy of the applicant's anti-money laundering (AML) procedures and identify what section of the WSPS contain the AML procedures.

10

STANDARD 10: SUPERVISORY STRUCTURE

Standard 10 requires the applicant to have a supervisory system, including written supervisory procedures, internal operating procedures (including operational and internal controls), and compliance procedures designed to prevent and detect, to the extent practicable, violations of the federal securities laws, the rules and regulations thereunder, and FINRA rules.



- Detail of the supervisory structure, including:
 - Providing a chart depicting names of executive officers and supervisors;
 - Addressing whether the supervisors are producing;
 - Describing in detail the direct or related experience of the proposed chief compliance officer (CCO);

- Describing in detail the direct or related experience of the proposed anti-money laundering compliance officer (AMLCO);
- Explaining the one-year-direct or two-years-related experience in the activity the individual(s) intend to supervise; and
- [FINRA Rule 3270](#). Outside Business Activities of Registered Persons notification(s) (for supervisors and principals, other than the FinOp principal (addressed in Standard 8), that have outside business activities), if applicable.
- If any executive officer or supervisory principal are registered with any other broker-dealer firms, or have any other outside business activities, the applicant must provide the name and firm CRD number of the other broker-dealers and any unregistered entities where the individual is employed; and
- The applicant should provide an estimate of how much weekly or monthly time the individual will devote to the applicant. The applicant should provide an explanation as to how such allotted time will be adequate to ensure that the time devoted to the applicant to ensure adequate supervision of the applicant.

11

STANDARD 11: BOOKS AND RECORDS

Standard 11 requires the applicant to have a recordkeeping system that enables the applicant to comply with federal, state, and self-regulatory organization recordkeeping requirements and a staff that is sufficient in qualifications and number to prepare and preserve required records.



Status
Completed
✓

- The applicant must provide a detailed description of the applicant's books and records, including the types of records maintained, service providers for recordkeeping and complying with recordkeeping requirements.
- If the applicant will have a foreign main office, if possible, provide a statement to confirm that it will remain in compliance with Standard 11, and FINRA will have access to all books and records.

12

STANDARD 12: CONTINUING EDUCATION

Standard 12 requires the applicant to have a training needs assessment and has a written training plan that complies with the continuing education requirements imposed by the federal securities laws, the rules and regulations thereunder, and FINRA rules.



Status
Completed
✓

- The applicant must provide the name and CRD number of the person responsible for the applicant's firm element and the regulatory element of the applicant's continuing education plan.
- The applicant must provide a copy of its continuing education training needs assessment and written training plan.

FINRA Compliance Tool Disclaimer

This optional tool is provided to assist member firms in fulfilling their regulatory obligations. This tool is provided as a starting point and you must tailor this tool to reflect the size and needs of your firm. Using this tool does not guarantee compliance with or create any safe harbor with respect to FINRA rules, the federal securities laws or state laws, or other applicable federal or state regulatory requirements. This tool does not create any new legal or regulatory obligations for firms or other entities.

Updates – This tool was last updated on April 7, 2023. This tool does not reflect any regulatory changes since that date. FINRA periodically reviews and updates 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.

Additional Guidance – Member firms seeking additional guidance on certain regulatory obligations should review the [Broker-Dealer Registration Topic Page](#), and other relevant FINRA [Topic Pages](#). Applicants are also encouraged to avail themselves of MAP's pre-filing meeting process by contacting MAP at membership@finra.org or 212-858-4000 – Option 5 – Membership Applications.

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.

OGC staff contacts:

[Kosha Dalal](#) and [Sarah Kwak](#)
1700 K Street, NW
Washington, DC 20006
(202) 728-8000

MAP staff contacts:

[Jante Turner](#)
(202) 728-8317

[MAP Intake](#)
membership@finra.org
(212) 858-4000 (Option 5 – Membership Applications)