

How to Implement Payments to Unregistered Persons Rule

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Broker/dealers are frequently asked to make payments to finders, service providers and other intermediaries in connection with securities transactions or services. Effective Aug. 24, 2015, new Financial Industry Regulatory Authority rules will prohibit member firms from making certain types of payments to persons other than registered B/Ds—unless the member determines that the recipient of the payment would not be required to register as a B/D on account of receiving the payment. Firms will need to have “reasonable support” for determining that the recipient can receive the payment without B/D registration, and will have to maintain records of that determination.

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