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FINRA Establishes New Limited Registration Regime for "Capital Acquisition Brokers," Including Private Fund Placement Agents

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The SEC recently **approved** a FINRA proposal to establish a new limited membership category for broker-dealers engaged solely in certain corporate financing advisory and capital raising activities, referred to as "capital acquisition brokers" or "CABs." Under the new regime, firms that engage only in these limited activities can elect to be regulated as CABs, subject to a streamlined set of FINRA rules, including significantly less burdensome and restrictive rules governing communications with the public. Notably, unlike FINRA's 2014 **proposal** to establish a "limited corporate financing broker" category, certain firms that act as placement agents for private investment funds may be eligible to be CABs.

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If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

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