

Overview of Broker-Dealer and Alternative Trading System Registration and Related Services

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Proskauer provides advice and counseling on how to register and commence operations as a broker-dealer or exchange, including an alternative trading system (ATS).

Registration as a broker-dealer is made by filing Form BD with the SEC and making application for membership in the appropriate self-regulatory organization, generally the Financial Industry Regulatory Authority, Inc. (FINRA). Form BD requires disclosure of the firm's chain of ownership, any affiliations with other entities in the securities business, officers and directors (including their backgrounds and any disciplinary history), and the types of business activities it plans to conduct. Application for FINRA membership consists of the requisite SEC filing plus a number of other administrative items, including a business plan, agreements with banks, clearing agents and service bureaus, financial information and sources of capital, a supervisory system (including written supervisory procedures), and a continuing education program. As part of the application process, principal officers and other persons associated with the member must register and take certain qualifying examinations. The process culminates with an interview of the entity's principals and managers by FINRA.

An ATS, although technically an exchange, is regulated as a broker-dealer, and must be registered as such with the SEC and a FINRA member. In addition to satisfying the prerequisites for broker-dealer registration, the prospective ATS must file Form ATS and prepare and submit to the SEC and FINRA detailed information regarding the types of subscribers it expects to admit to the system, the securities it expects to trade, the manner in which the system operates, including how orders are entered and transactions executed, reported, cleared and settled, as well as all relevant infrastructure and procedures concerning system access, capacity, supervision, security, contingency planning and subscriber compliance.

Our Broker-Dealer Regulation Group works with the prospective broker-dealer or ATS and its principals through every aspect of the registration and application process. We advise on the preparation of application documents, business plan, agreements, financial, operations and supervisory procedures, continuing education program and other core compliance infrastructure documents, represent the firm in communications with the SEC and FINRA and the firm's principals and managers at the FINRA interview.

CORE SERVICES	
BROKER-DEALER REGISTRATION AND FINRA MEMBERSHIP	ATS QUALIFICATION
<ul style="list-style-type: none"> • Prepare Forms BD, U-4 and other forms and supporting documents required for SEC registration and FINRA membership for the firm and its employees 	<ul style="list-style-type: none"> • Prepare Form ATS and other forms and supporting documents required for qualification to operate an ATS
<ul style="list-style-type: none"> • Advise on preparation of the firm's business plan 	<ul style="list-style-type: none"> • Advise on preparation of an ATS-specific business plan
<ul style="list-style-type: none"> • Assist in development and preparation of financial and operational systems and procedures 	<ul style="list-style-type: none"> • Document ATS system infrastructure
<ul style="list-style-type: none"> • Prepare or advise on key agreements with banks, clearing agents, service bureaus and any inter-company agreements 	<ul style="list-style-type: none"> • Assist in development and preparation of ATS-specific financial and operational systems and procedures
<ul style="list-style-type: none"> • Assist in development and preparation of a supervisory system and written supervisory procedures 	<ul style="list-style-type: none"> • Assist in development and preparation of systems and procedures for ATS system access, capacity, security, contingency planning and subscriber compliance
<ul style="list-style-type: none"> • Assist in development of an employee continuing education program (including preparing and delivering materials, programs and seminars as needed) 	<ul style="list-style-type: none"> • Assist in development and preparation of an ATS-specific supervisory system and written supervisory procedures for the firm and its employees
<ul style="list-style-type: none"> • Represent the firm in dealings with the SEC and FINRA throughout the registration and membership process 	<ul style="list-style-type: none"> • Assist in development of an ATS-specific continuing education program
<ul style="list-style-type: none"> • Accompany the firm and its managers and principals at the FINRA interview 	
<ul style="list-style-type: none"> • Provide on-going counseling and advice 	

This publication is a service to our clients and friends. It is designed only to give general information on the developments actually covered. It is not intended to be a comprehensive summary of recent developments in the law, treat exhaustively the subjects covered, provide legal advice, or render a legal opinion.

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