

Proposed FINRA Rule Would Make Broker Misdeeds More Public

by Bettina Eckerle

Complaints about brokers, including allegations of minor misconduct, could soon be widely available to the public. The SEC recently published a proposed FINRA rule that would change how disciplinary and other information is released by FINRA to the public.

Under the [proposed amendments](#), FINRA would be able to publicize complaints against regulated entities. They would specifically be included in monthly notices of disciplinary actions and its online disciplinary action reporting system.

According to FINRA, “greater access to information regarding its disciplinary actions provides valuable guidance and information to members, associated persons, other regulators, and investors.”

FINRA also argues that the changes would better align FINRA’s publication standards with the practices of the SEC and other regulators. As it notes, the SEC publishes copies of enforcement actions, including administrative proceedings and complaints filed in federal court, on its website regardless of the type or nature of sanctions imposed.

FINRA has indicated that complaints released to the public will be accompanied by a “statement that alerts recipients that the alleged violations ... have not resulted in a decision or finding against the respondent.” Critics of the rule argue that allegations of minor misconduct could still have serious repercussions for brokers, even if later discredited.

The SEC is accepting comments on the proposed rule change until April 15.

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