

Corporate & Financial Weekly Digest

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SEC Approves Proposed Rule Changes to FINRA Rule 5131

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The Securities and Exchange Commission has approved the Financial Industry Regulatory Authority's proposed rule changes to Rule 5131 that delete paragraph (b)(1) and delay the implementation date of paragraphs (b) and (d)(4) until September 26. Removal of paragraph (b)(1) of Rule 5131, which would have required members to establish, maintain and enforce policies and procedures reasonably designed to ensure that "investment banking personnel" have no involvement or influence (directly or indirectly) in the members' new issue allocation decisions, simplifies the spinning prohibitions on FINRA members and eliminates potential constraints on certain necessary functions traditionally performed by syndicate personnel. Postponing the implementation date will enable FINRA members to develop a reliable identification process for new issues allocations and to modify existent order handling systems to prevent the acceptance of market orders in new issue shares, thereby promoting effective compliance with Rule 5131 in the future.

Click [here](#) to read the SEC's release.

Click [here](#) to read a summary of FINRA's proposed changes to Rule 5131 in the May 6 edition of *Corporate and Financial Weekly Digest*.

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