

FINRA Wants to Make It Easier To Clear Your Good Name

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The Financial Industry Regulatory Authority (FINRA) is seeking comment on proposed new rules that would make it easier for [FINRA-regulated investment professionals](#) to clear their names in response to unfounded or inaccurate allegations. Under the proposed rulemaking, persons who are the “subject of” allegations of sales practice violations made in arbitration claims, but who are not named as parties to the arbitration (unnamed persons), would be able to seek expungement relief by initiating *In re* expungement proceedings at the conclusion of the underlying case.

FINRA received numerous inquiries from persons who want these records expunged from their Central Registration Depository (CRD) file because they believe that the allegations against them in the arbitration claims are unfounded or that they have been incorrectly identified as the person involved in alleged violation. Currently, FINRA rules do not provide unnamed persons with express procedures to seek expungement of these types of allegations.

According to FINRA, “the proposed *In re* expungement rules and accompanying forms provide unnamed persons with a remedy to seek redress concerning allegations that could impact their livelihoods, yet maintain the protections of FINRA’s expungement rules to ensure the integrity of the CRD records, on which the investing public relies.”

Under the proposed rules, FINRA would notify the unnamed person in writing, who could file a Notice of Intent to File to alert FINRA that it is considering filing a claim for expungement relief.

FINRA would notify the unnamed person that it has closed the underlying case. The person would then file a statement of claim and an *In re* Submission Agreement.

For full details of the proposed procedures, please see FINRA’s [Regulatory Notice](#).

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