

How to Choose the
Right Broker-Dealer



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INTRODUCTION

Are you looking for a broker-dealer to grow your business?

Before making a decision, ensure they meet the key compliance, cost, and operational criteria.

Choosing the right broker-dealer not only impacts your financial results but also your ability to operate efficiently and comply with industry regulations.

In this guide, you'll discover:

- Essential regulatory requirements
- Cost breakdown & hidden fees to watch for
- Alternative options if full registration isn't feasible

Why Broker-Dealer *Registration Matters*

Regulatory Requirements:

Any firm or individual looking to operate in the U.S. private capital markets needs a broker-dealer for most transactions. They must also comply with FINRA and SEC requirements.

Compliance Obligations:

Registration not only authorizes you to buy and sell securities but also involves an ongoing commitment to regulatory compliance.

Legal and Financial Implications:

Without proper registration, you cannot earn success fees on a wide range of securities transactions, exposing your business to significant legal and financial risks.

Key Considerations When Choosing a Broker-Dealer

01.

BUSINESS GOALS AND REGULATORY OBLIGATIONS

- Evaluate your strategic objectives, available resources, and the regulatory obligations you must fulfill.
- If you seek independence and full control, consider starting your own broker-dealer.
- If you prefer to minimize administrative burden, affiliating with an external broker-dealer allows you to focus on business growth.

02.

COSTS AND COMPLEXITY

- Starting Your Own Broker-Dealer: Over \$56,000 in startup costs and up to \$393,000 annually in maintenance, with a process that can take up to 18 months.
- Affiliating with an External Broker-Dealer: Lower startup and ongoing costs, with access to regulatory and operational expertise.

03.

ADMINISTRATIVE AND OPERATIONAL BURDEN

- Starting your own broker-dealer requires continuous regulatory compliance, management, audits, and regulatory updates. This can divert your focus from your core business activities.
- Affiliating with an external broker-dealer reduces this burden, allowing you to concentrate on closing deals rather than managing regulatory compliance.

Available Options:

Starting Your Own Broker-Dealer vs. Partnering with a Third Party

Option 1:

STARTING YOUR OWN BROKER-DEALER

WHAT IT INVOLVES:

- Establishing a new entity and registering it with the SEC and FINRA, giving you full control over operations and compliance.
- Requires passing rigorous exams (Series 24 and Series 27) and a New Membership Application (NMA) process that can take up to 18 months.

PROS:

- Full control over operations and compliance.
- Retain 100% of your commissions without sharing them with third parties.

CONS:

- High Startup and Maintenance Costs: Over \$56,000 to start and up to \$393,000 annually.
- Significant Administrative Burden: Requires dedicated resources for ongoing compliance.
- Distraction from Core Operations: Diverts focus from business growth to regulatory management.

Available Options:

Starting Your Own Broker-Dealer vs. Partnering with a Third Party

Option 2

PARTNERING WITH A THIRD-PARTY BROKER-DEALER

WHAT IT INVOLVES:

- Affiliating with an established broker-dealer, leveraging their compliance framework and expertise.

PROS:

- Lower Startup and Ongoing Costs: Access to an established operational and compliance framework.
- Reduced Administrative Workload: The broker-dealer handles most regulatory and compliance responsibilities.
- Expert Support: Access to experienced compliance professionals and established systems.

CONS:

- Sharing Commissions: A portion of the revenue generated is shared with the broker-dealer.
- Dependence on Broker-Dealer's Compliance Processes: You don't have full control over compliance decisions.

Why Choose *Finalis?*

Finalis offers a broker-dealer solution that allows you to operate within regulatory frameworks without the heavy compliance burden.

By partnering with Finalis, you gain:

- Cost Efficiency: Avoid high startup and ongoing costs by leveraging our compliance and operational framework.
- Focus on Growth: Spend more time on client relationships and closing deals, and less on compliance and regulatory issues.
- Access to Expert Support: Collaborate with experienced compliance professionals and benefit from an established system for managing regulatory requirements.
- Security and Reliability: Finalis helps you navigate the complex securities market safely and reliably.



Ready to Make an *Informed Decision?*

If you are considering your broker-dealer registration options or looking for a more efficient way to operate in the securities market, Finalis is here to help.

- Contact Finalis today to learn more about how we can help you navigate broker-dealer registration and compliance.
- Schedule a demo or reach out at www.finalis.com/contact to explore how Finalis can be your strategic partner in compliance and business growth.

