



## *FINRA's New "Know Your Customer" and Suitability Rules – Something Old, Something New, DRI's Riding the E&O Line*

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*In November 2010, the Financial Industry Regulatory Authority ("FINRA") promulgated new Rule 2090 (Know Your Customer) and Rule 2111 (Suitability). The new rules expand the scope of former NYSE Rule 405 (Know Your Customer) and NASD Rule 2310 (Suitability) and, as such, have the potential to create increased exposure for brokerage firms and associated persons who are regulated by FINRA. Interestingly, FINRA initially set October 7, 2011 as the effective date for these rules, and then extended that effective date until July 9, 2012, to ensure that firms had adequate time to prepare for the requirements of the new rules.*