

# **NASAA Seeks Public Comment on Proposed Model Rules to Combat Unpaid Arbitration Awards and Fines**

WASHINGTON, D.C. (October 5, 2021) – The North American Securities Administrators Association (NASAA) announced that its Board of Directors has approved the release for public comment of proposed model rules regarding unpaid arbitration awards and regulatory fines. The proposed model rules, if adopted by the NASAA membership, would provide NASAA members with additional tools to combat the problem of unpaid arbitration awards and fines by broker-dealers and agents or investment advisers and investment adviser representatives licensed in a state.

The proposed model rules would make it an unethical business practice for a broker-dealer, agent, investment adviser or investment adviser representative registered in a jurisdiction to fail to pay an arbitration award or fine entered against the person. The model rules could therefore serve as the basis for enforcement actions by NASAA members against such persons (including revocation of licensure).

“This proposal seeks comment on a model rule that would require financial professionals to meet their regulatory obligations including payment of arbitration awards and sanction those applicants or registrants who fail to fulfill those obligations,” said Melanie Senter Lubin, NASAA President and Maryland Securities Commissioner. “I wish to thank the members of NASAA’s Broker-Dealer Section Committee for their work in developing this rule proposal for comment.”

Specifically, the Model Rules would add the following provisions to the existing rules on dishonest or unethical business practices by broker-dealers, agents, investment advisers and investment-adviser representatives:

- Failing to satisfy an arbitration award resulting from a client or customer-initiated arbitration,
- Attempting to avoid payment of any client or customer-initiated arbitration; or,
- Failing to satisfy the terms of any order resulting from a regulatory action taken against the registrant.

The proposed model rules [is posted on the NASAA website](#) with instructions on how to submit comments and the deadline for the submission of any comments. Upon the conclusion of the public comment process, the model rules may be presented to the NASAA membership for approval, whereupon they could be adopted as new rules or regulations by NASAA members.

**—NASAA—**

**About NASAA:**

Formed in 1919, NASAA is a nonprofit association of state, provincial and territorial securities regulators in the United States, Canada and Mexico. NASAA has 67 members, including the securities regulators in all 50 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands with a shared mission of protecting investors from fraud and abuse in the offer and sale of securities. For information, visit: [www.nasaa.org](http://www.nasaa.org).

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