
New FINRA Rule 5123 Requires Notice Filing for Certain Private Placements

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On December 3, 2012, Rule 5123 of the Financial Industry Regulatory Authority ("FINRA") became effective. Rule 5123 requires FINRA members that participate in a private placement of securities of a nonmember, subject to certain exceptions, to submit a notice filing to FINRA within 15 calendar days of the first sale in the private placement. As a result of exemptions from the Rule relating to institutional investors, the Rule should primarily apply to private offerings to retail investors. Note that there is no exemption from Rule 5123 for private placements to accredited investors who are natural persons.

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