

Did You Know Foreside Offers More Than One Broker-Dealer Service Option?

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Foreside provides broker-dealer services to more than 275 asset managers chaperoning, legal underwriting, registered representative licensing services, NSCC, marketing material review and various other compliance functions. As described below, asset managers have a variety of choices when determining the type of Foreside service and structure that best fits their business model.

Broker-Dealer Chaperoning – Foreside offers chaperoning services for firms that seek to market private funds in the United States without registering as a broker-dealer. Foreside provides this service to non-U.S. investment firms to enable their associated persons to market unregistered funds to U.S. Institutional Investors and Major U.S. Institutional Investors in accordance with SEC Rule 15a-6. Provided the investment manager complies with this Rule, the firm will not need to register as a Broker-Dealer in the U.S. In addition, marketing personnel associated with the foreign investment firm will not be required to register as associated persons with Foreside or otherwise be subject to various FINRA member rules. Chaperoning can serve as a cost-effective first step when entering the U.S. marketplace and, depending on the success of that marketing, lead to the asset manager seeking a more

permanent solution which involves registering employees with a Foreside Broker-Dealer.

Generic Branded Commingled Broker-Dealer – Foreside’s commingled Broker-Dealer’s are labeled with a Foreside name (e.g., Foreside Fund Services) or generic name (Funds Distributor) and provide legal underwriting, registered representative licensing, NSCC, marketing material review and various other compliance services to foreign and U.S. domiciled asset managers. In this model, the asset manager would be part of a Foreside branded or generic named Broker-Dealer which provides services to multiple Foreside clients. Compared to a private label Broker-Dealer or consulting relationship, this model is provided at a lower cost. Foreside provides this service to Registered Investment Advisors, Broker-Dealers, U.S. and non-U.S. Asset Managers, Third-Party Marketing Firms, Private Equity Firms and Private/Hedge Fund Managers.

Private Label Broker-Dealer – Foreside maintains ten private label Broker-Dealers meaning that Foreside and the asset manager will enter into a License Agreement whereby the asset manager grants Foreside permission to use the asset manager’s name for the Foreside owned and operated Broker-Dealer. In this arrangement, the asset manager is the only client in the Broker-Dealer and has a Right to Purchase Agreement permitting the asset manager to acquire the Broker-Dealer if they choose to at some future date. Asset managers who choose this option have an interest in branding the Broker-Dealer with their name, but we note there is no difference in service between a commingled Broker-Dealer and a private label Broker-Dealer. Foreside can provide this service to Registered Investment Advisors, Broker-Dealers, U.S. and non-U.S. Asset Managers, Third-Party Marketing Firms, Private Equity Firms, and Private/Hedge Fund Managers.

Broker – Dealer Consulting – The fourth option is to provide compliance support to an existing Broker-Dealer that is owned by the asset manager. If the asset manager does not own a Broker-Dealer Foreside can manage the SEC registration and FINRA New Member Application process. For asset managers that may be thinly staffed or require Broker-Dealer specific experience Foreside can provide in-depth consulting services which support the Broker-Dealer’s CCO. Additionally, Foreside can provide annual reviews/inspections, FINRA marketing material review, financial consulting support, FinOp support, regulatory filings and examination support. Foreside can and has provided this service to Registered Investment Advisors, Broker-Dealers, U.S. and non-U.S. Asset Management Firms, and Third Party Marketers.

We have purposely customized our services to be as accommodating and flexible to our clients as possible. To learn more about these Broker-Dealer Solutions, please reach out to your Relationship Manager or email busdev@foreside.com.

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