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FINRA Reminds Member Firms of Their Supervision Responsibilities of UTMA and UGMA Accounts

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On February 27, the Financial Industry Regulatory Authority (FINRA) released Regulatory Notice 20-07, reminding member firms of their supervisory responsibilities with respect to supervise Uniform Transfers to Minors Act and Uniform Gifts to Minors Act accounts (collectively, UTMA/UGMA Accounts). UTMA/UGMA Accounts are custodial accounts that allow a donor to transfer funds, securities and other assets to minors without the need for a trust. FINRA advised member firms to implement procedures to address termination of the custodianship upon the minor reaching the age of majority and to verify whether the custodian has authority thereafter (typically, the custodian's authority ends upon the minor reaching majority). Failure to have reasonably designed procedures in place that take into account the termination of custodianship and resulting change in authority may result in a mishandling of the UTMA/UGMA Account.

Regulatory Notice 20-07 is available [here](#).

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