

# **FINRA Reminds Members About Options Account Approval, Supervision and Margin Requirements**

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On April 9, the Financial Industry Regulatory Authority (FINRA) issued Regulatory Notice 21-15 (Notice) in response to the recent increase in the number of customers seeking to open brokerage accounts and trade options.

FINRA published the Notice to remind members of the requirements to determine whether to approve a customer to trade options. Those requirements include performing due diligence on the customer, regardless of whether the account is self-directed or options are being recommended, collecting information on the customer to determine if options trading is appropriate and considering the appropriateness of the full range of options trading approved for the customer. FINRA also reminded members to establish policies and procedures for options account approval and to subject the options accounts to supervisory reviews. Further, FINRA reminded members of margin requirements for options transactions, anti-money laundering rules, and customer identification requirements.

More specifically, the Notice emphasized several existing FINRA rules members must observe when deciding whether to approve a customer for options trading.

- FINRA Rule 2360 establishes the approval process members must comply with when opening a customer's brokerage account for options, as well as the requirement of ongoing supervisory reviews for options accounts.
- FINRA Rule 4512 specifies the information a member must maintain regarding a customer.
- FINRA Rule 2090 requires a member use "reasonable diligence" when opening and maintaining each account and to know the "essential facts" about each customer.
- FINRA Rule 3310(b) requires broker-dealers to establish and maintain a written Customer Identification Program to verify the identity of its customers.
- FINRA Rule 4210 sets forth the maintenance margin requirements for options transactions.

Additionally, the Notice reminded members to furnish the customer with the options disclosure document available on the Options Clearing Corporation's website. The Notice also reminded members of their obligations under Regulation Best Interest when making recommendations of options transactions to retail customers.

[Regulatory Notice 21-15](#)

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