

SEC approves amendment to FINRA IPO allocation rule 5131, easing compliance for fund investors 🛒

Charles S. Gittleman; Russell D. Sacks; Jennifer D. Morton

✚ Author & Article Information

Journal of Investment Compliance (2014) 15 (1): 52–57.

<https://doi.org/10.1108/JOIC-01-2014-0002>

Purpose

– The purpose of the paper is to describe the recent amendments to FINRA's IPO Allocation Rule that were approved by the US Securities and Exchange Commission.

Design/methodology/approach

– The paper provides a description of the IPO Allocation Rule and its operation, followed by a description of the IPO Allocation Rule amendments recently amended.

Findings

– On November 27, 2013, the Securities and Exchange Commission approved a change to FINRA's IPO allocation rule 5131 (the "amendment"). The amendment allows a fund of funds or other collective investment account that is investing in an IPO to rely on a written representation from an unaffiliated private fund investor that does not look through to its beneficial owners, provided that such unaffiliated private fund is managed by an investment adviser, has assets greater than \$50 million, and meets certain other indicia of independence that are described.

Originality/value

– The paper provides practical guidance from experienced regulatory lawyers regarding an amendment to an important rule governing IPO sales and allocation practices.

Keywords: [United States](#), [Securities and Exchange Commission \(SEC\)](#), [Allocation](#), [Financial Industry Regulatory Authority \(FINRA\)](#), [Initial public offering \(IPO\)](#), [Spinning](#)

You do not currently have access to this content.

Sign in

Don't already have an account? [Register](#)

Client Account

Email address / Username

Password

[Reset password](#)

[Register](#)



Access through your institution

Purchased this content as a guest? Enter your email address to restore access.

Email Address

Pay-Per-View Access €35.00

Buy This Article

This article is also available for rental through DeepDyve.

