

Policy Statement

Retiring Broker-Dealer Agents

The Tennessee Securities Division (“Division”) sets forth this Statement of Policy regarding the continuing registration of Broker-Dealer agents who receive continuing commissions after retirement (“Retiring Agent Policy Statement”).

Background:

In the past, the Division adhered to an informal policy requiring retired agents to maintain their registration with the Division if they were to receive continuing compensation. The Division’s interpretation was based upon the definition of “agent” pursuant to Tenn. Code Ann. § 48-1-102(3). The Division is now issuing this Retiring Agent Policy Statement to clear up any confusion regarding registration requirements.

Continued Registration is Not Required Under the Following Circumstances:

The Division will not require the continuing registration of retired agents who receive compensation from continuing commissions that are derived from accounts held for customers of the retiring agent. The payment must be made pursuant to a bona fide contract between a registered Broker-Dealer firm and the retiring agent entered into in good faith while the person was a registered Broker-Dealer agent of the firm. The contract should prohibit the retiring agent from soliciting new business, opening new accounts, or servicing the accounts generating the continuing commission payments.

For the purposes of this Policy Statement, the term “retiring agent” means an individual who retires from a registered firm (including as a result of total disability) and leaves the securities industry. In the case of death of the retiring agent, the retiring agent’s beneficiary designated in the written contract or the retiring agent’s estate if no beneficiary is designated may be the beneficiary of the respective firm’s agreement with the deceased agent.

Any questions about the positions set forth in or the intent of this Statement of Policy should be directed to the Tennessee Securities Division, Davy Crockett Tower, 8th Floor, 500 James Robertson Parkway, Nashville, Tennessee, 37243, or by telephone number (615) 741-2947 or email at Securities1@tn.gov.