

**FINANCIAL INDUSTRY REGULATORY AUTHORITY  
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT  
NO. 2021071543601**

TO: Department of Enforcement  
Financial Industry Regulatory Authority (FINRA)

RE: DriveWealth, LLC (Respondent)  
Member Firm  
CRD No. 165429

Pursuant to FINRA Rule 9216, Respondent DriveWealth, LLC submits this Letter of Acceptance, Waiver, and Consent (AWC) for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, FINRA will not bring any future actions against Respondent alleging violations based on the same factual findings described in this AWC.

**I.**

**ACCEPTANCE AND CONSENT**

A. Respondent accepts and consents to the following findings by FINRA without admitting or denying them:

**BACKGROUND**

DriveWealth has been a FINRA member since December 2013. The firm is headquartered in New York, New York, employs approximately 60 registered representatives, and has one branch office. DriveWealth provides brokerage services to correspondent broker-dealers and investment advisors to trade equity securities and exchange-traded funds.<sup>1</sup>

**OVERVIEW**

From June 2020 through October 2022, DriveWealth did not take timely action on 1,206 customer requests to transfer securities positions and money balances to another broker-dealer. As a result, DriveWealth violated FINRA Rules 11870(a) and 2010. For these violations, DriveWealth is censured and fined \$100,000.

**FACTS AND VIOLATIVE CONDUCT**

This matter originated from a FINRA exam.

FINRA Rule 11870(a)(1), which applies to the transfer of customer accounts from one brokerage firm (the carrying firm) to another (the receiving firm), requires the carrying firm and the receiving firm to expedite and coordinate activity with respect to the

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<sup>1</sup> For more information about the firm, visit BrokerCheck® at [www.finra.org/brokercheck](http://www.finra.org/brokercheck).

transfer. Timely processing of account transfer requests facilitates the fast and efficient transfer of customer accounts, which is of critical importance to both the industry and investors.

A violation of FINRA Rule 11870 is also a violation of FINRA Rule 2010, which requires a member, in the conduct of its business, to observe high standards of commercial honor and just and equitable principles of trade.

In June 2020, DriveWealth entered into an omnibus clearing arrangement with one of its clearing firms. Under the clearing agreement, DriveWealth and the clearing firm agreed that the clearing firm would handle the transfer of customer accounts on DriveWealth's behalf through the Automated Customer Account Transfer Service (ACATS) because DriveWealth was itself not eligible to do so. However, because it cleared for DriveWealth on an omnibus basis, the clearing firm did not know the identity of the customers, or the securities positions and money balances in the customers' accounts. DriveWealth and the clearing firm therefore agreed on a process and deadlines for DriveWealth to provide the necessary information regarding DriveWealth's customer transfer requests. Although DriveWealth and the clearing firm improved their process for providing necessary information over time, from June 2020 through October 2022, DriveWealth did not expedite 1,206 outgoing full transfer requests, which caused the ACATS system to purge those requests.

In October 2022, DriveWealth terminated its agreement with the clearing firm and began timely processing its own ACATS requests.

By failing to take timely action on customer transfer requests, Respondent violated FINRA Rules 11870(a) and 2010.

B. Respondent also consents to the imposition of the following sanctions:

- a censure and
- a \$100,000 fine

Respondent agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. Respondent has submitted an Election of Payment form showing the method by which it proposes to pay the fine imposed.

Respondent specifically and voluntarily waives any right to claim an inability to pay, now or at any time after the execution of this AWC, the monetary sanction imposed in this matter.

The sanctions imposed in this AWC shall be effective on a date set by FINRA.

## II.

### **WAIVER OF PROCEDURAL RIGHTS**

Respondent specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a complaint issued specifying the allegations against it;
- B. To be notified of the complaint and have the opportunity to answer the allegations in writing;
- C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made, and to have a written decision issued; and
- D. To appeal any such decision to the National Adjudicatory Council (NAC) and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, Respondent specifically and voluntarily waives any right to claim bias or prejudgment of the Chief Legal Officer, the NAC, or any member of the NAC, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.


Respondent further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of FINRA Rule 9143 or the separation of functions prohibitions of FINRA Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

## III.

### **OTHER MATTERS**

Respondent understands that:

- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs (ODA), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against Respondent; and
- C. If accepted:

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1. this AWC will become part of Respondent's permanent disciplinary record and may be considered in any future action brought by FINRA or any other regulator against Respondent;
  2. this AWC will be made available through FINRA's public disclosure program in accordance with FINRA Rule 8313;
  3. FINRA may make a public announcement concerning this agreement and its subject matter in accordance with FINRA Rule 8313; and
  4. Respondent may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. Respondent may not take any position in any proceeding brought by or on behalf of FINRA, or to which FINRA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects Respondent's right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party. Nothing in this provision affects Respondent's testimonial obligations in any litigation or other legal proceedings.
- D. Respondent may attach a corrective action statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondent understands that it may not deny the charges or make any statement that is inconsistent with the AWC in this statement. This statement does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA.

The undersigned, on behalf of Respondent, certifies that a person duly authorized to act on Respondent's behalf has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that Respondent has agreed to the AWC's provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth in this AWC and the prospect of avoiding the issuance of a complaint, has been made to induce Respondent to submit this AWC.

May 14, 2025  
\_\_\_\_\_  
Date

*Venu Palaparthi*  
\_\_\_\_\_  
DriveWealth, LLC  
Respondent


Print Name: venu palaparthi

Title: COO

Accepted by FINRA:

Signed on behalf of the  
Director of ODA, by delegated authority

June 6, 2025  
\_\_\_\_\_  
Date

  
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Alfred B. Jensen  
Senior Counsel  
FINRA, Department of Enforcement  
200 Liberty Street  
New York, NY 10281