

# Asset management discussion post 6

Law



Asset Management affiliation Asset Management For a client to be able to make the investment of \$200, 000 in a portfolio for Walmart Stores (WMT) there are certain questions that a broker must ask. They are mainly for record keeping, checking suitability, and whether the client is legally allowed to invest.

The first set of questions to ask in this case should be personal information.

Personal information includes financial and tax identification. According to Ganor (2011) this information helps the deal to be in compliance with US laws, rules, and those enforced by self- regulatory organizations (SROs)

For purposes of recording keeping, a broker may inquire about the customer's name, address, and date of birth, driver's license, employment status, annual income, and net worth. This information helps to verify identification of the client and check whether the client appears in any known or suspected terrorists groups or agencies. Other questions would be whether a brokerage firm and their annual income employ them. Details of telephone number and account investment objectives are also crucial questions.

This information must be obtained in good faith but if the customer neglects to provide such information then a broker can break the rule of good faith in obtaining such information. As a broker, questions asked must be periodically repeated to check accuracy over a certain period. According to the SECs, rules every brokerage firm is required to send information obtained from a client periodically for verification (Markham, 2014).

There are certain characteristics that a client must possess for the investment to make sense. The main characteristic of the client is the suitability for investments. The broker might inquire about the income of the

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client and their net worth. The broker may inquire about security holdings, risk tolerance, and investment objectives of the client. All this is contents that must be there for one to be deemed suitable to create a portfolio in any company.

#### References

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Ganor, M. (2011). Power to Issue Stock, The. Wake Forest L. Rev., 46, 701.

In Markham, J. W., & In Gjyshi, R. (2014). Research handbook on securities regulation in the United States. Cheltenham: Edward Elgar Publishing

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