Consolidated Audit Trail

UGMA/UTMA Accounts

11/16/2021

Introduction

➢ The industry has asked for more information regarding the various scenarios illustrated in the CAIS Reporting Scenarios document.

➢ Today, we will illustrate the original reporting of UGMA/UTMA accounts and how to report updates to the account, but the same concepts apply to various account types.

➢ These concepts are also illustrated in the Scenarios document v2.1.

Reporting UGMA/UTMA Accounts to CAIS

➢ CAIS can support various UGMA/UTMA reporting configurations.

➢ Initial reporting of an Industry Member's UGMA/UTMA account will reflect how the account is structured at the Industry Member.

➢ Reporting updates to the UGMA/UTMA account will depend on the business process of the Industry Member when the minor reaches the age of majority.

➢ Considerations
- *role* of the CAT Customers
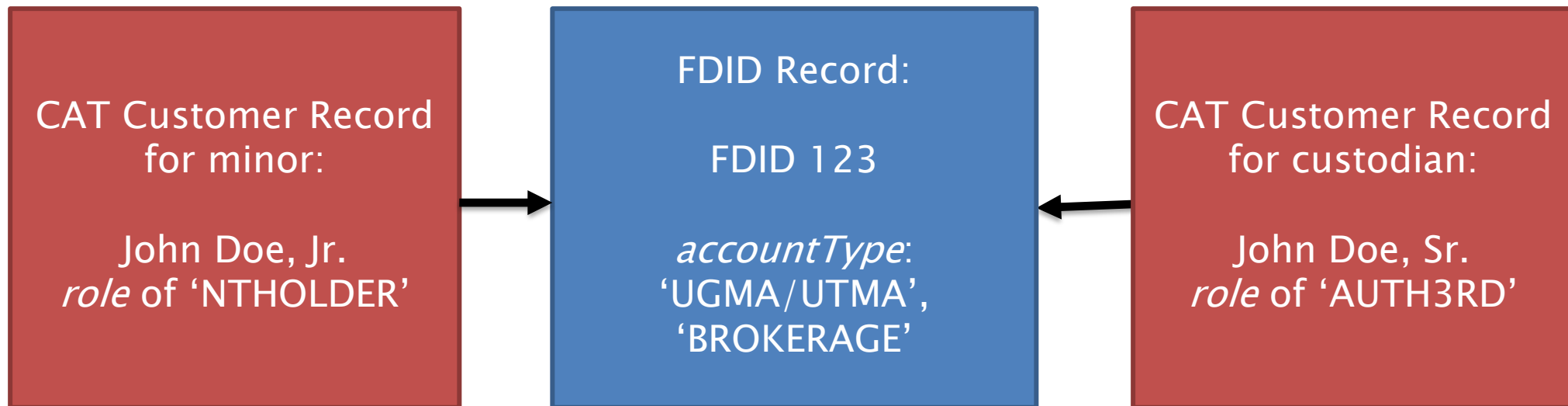- How the account is transitioned upon age of majority

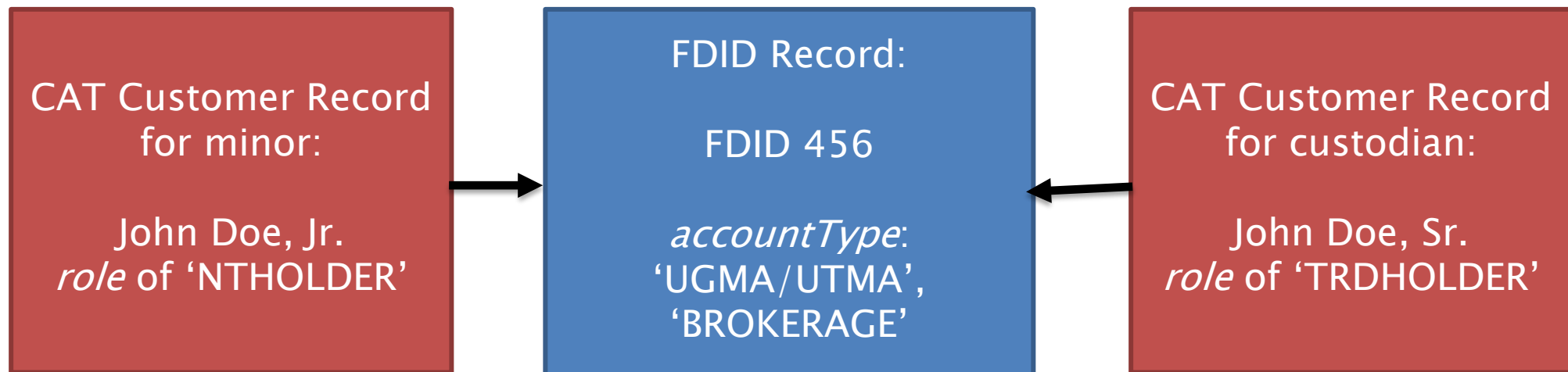# UGMA/UTMA Account Structure Examples

Account Structure Example 1

➢ In this scenario:

- The custodian is an authorized trader but not an account holder.
- The minor is the holder of the account but does not have authorization to trade.

| CAT Customer Record for minor:

 John Doe, Jr.
 role of 'NTHOLDER' | → | FDID Record:

 FDID 123

 accountType:
 'UGMA/UTMA',
 'BROKERAGE' | ← | CAT Customer Record for custodian:

 John Doe, Sr.
 role of 'AUTH3RD' |

Account Structure Example 2

➢ In this scenario:

- The custodian is an account holder that also has authorization to trade.
- The minor is the holder of the account but does not have authorization to trade.

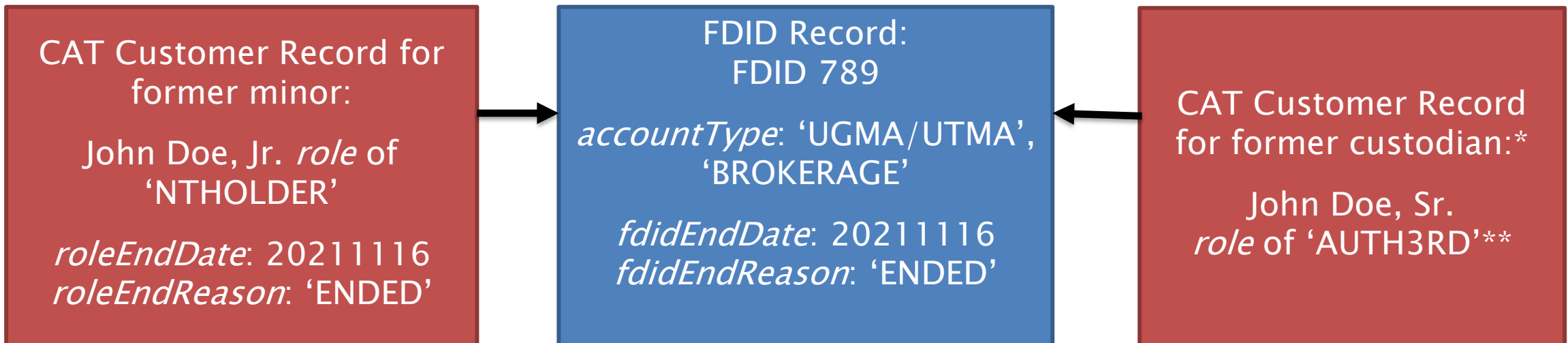| CAT Customer Record for minor: John Doe, Jr. *role* of 'NTHOLDER'	FDID Record: FDID 456 *accountType*: 'UGMA/UTMA', 'BROKERAGE'	CAT Customer Record for custodian: John Doe, Sr. *role* of 'TRDHOLDER'

Also, see Scenario 4.2.6 UGMA/UTMA Custodied Account.

UGMA/UTMA Transition At The Age of Majority Examples

Age of Majority Example 1

➢ In this scenario:

  • When the minor reaches the age of majority, the Industry Member's business process is to 1) close the underlying UGMA/UTMA account, and 2) open a new account in the name of the account holder (formerly the minor).

  • As the original UGMA/UTMA account was closed, the FDID 789 was 'ENDED.' *fdidEndReason* of 'REPLACED' value must not be used. See [FAQ M16](#).

Step 1) Close the underlying UGMA/UTMA account:

| CAT Customer Record for former minor:

 John Doe, Jr. *role* of 'NTHOLDER'

 roleEndDate: 20211116
 roleEndReason: 'ENDED' | → | FDID Record:
 FDID 789

 accountType: 'UGMA/UTMA', 'BROKERAGE'

 fdidEndDate: 20211116
 fdidEndReason: 'ENDED' | ← | CAT Customer Record for former custodian:*

 John Doe, Sr.
 role of 'AUTH3RD'** |

*At least one customer record must be included in the resubmission, however any customer records included in the original submission with an association to the FDID will also be ended upon resubmission, regardless of whether they were included.
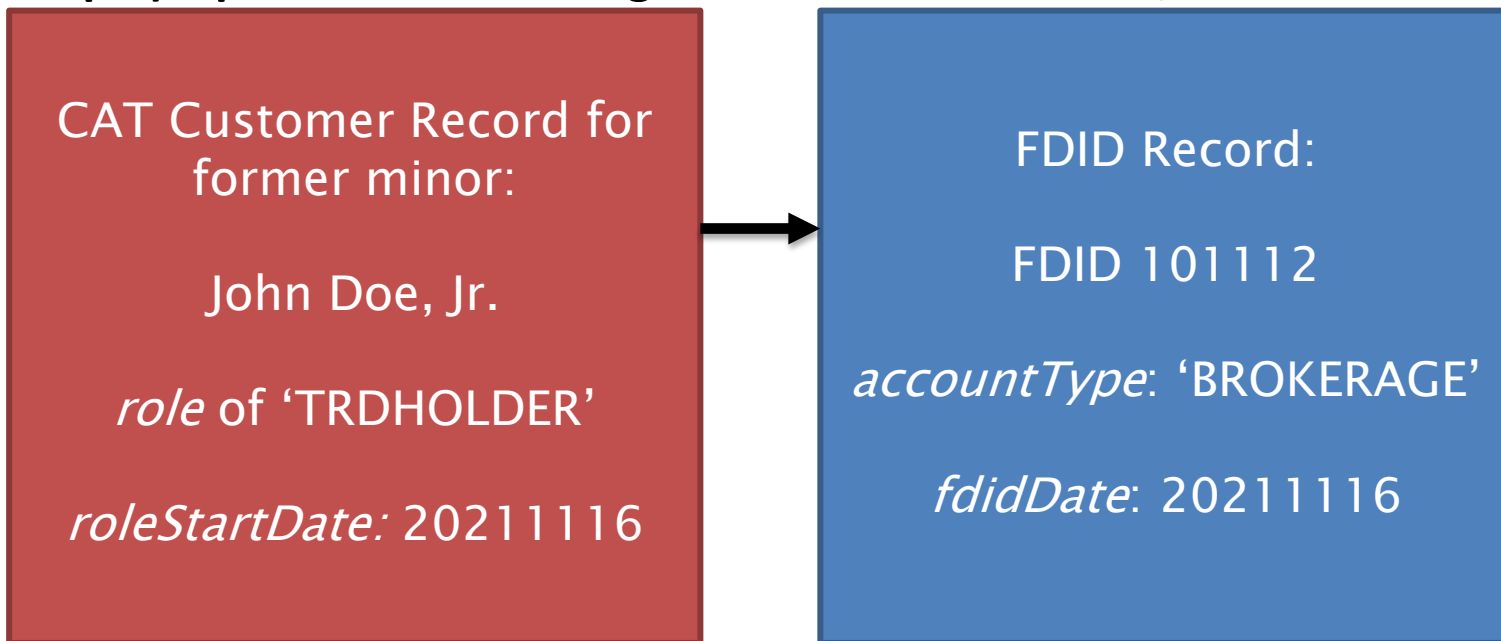
**Unless otherwise specified, the *fdidEndDate* will be applied as the *roleEndDate* and, the *fdidEndReason* will be applied as the *roleEndReason*.
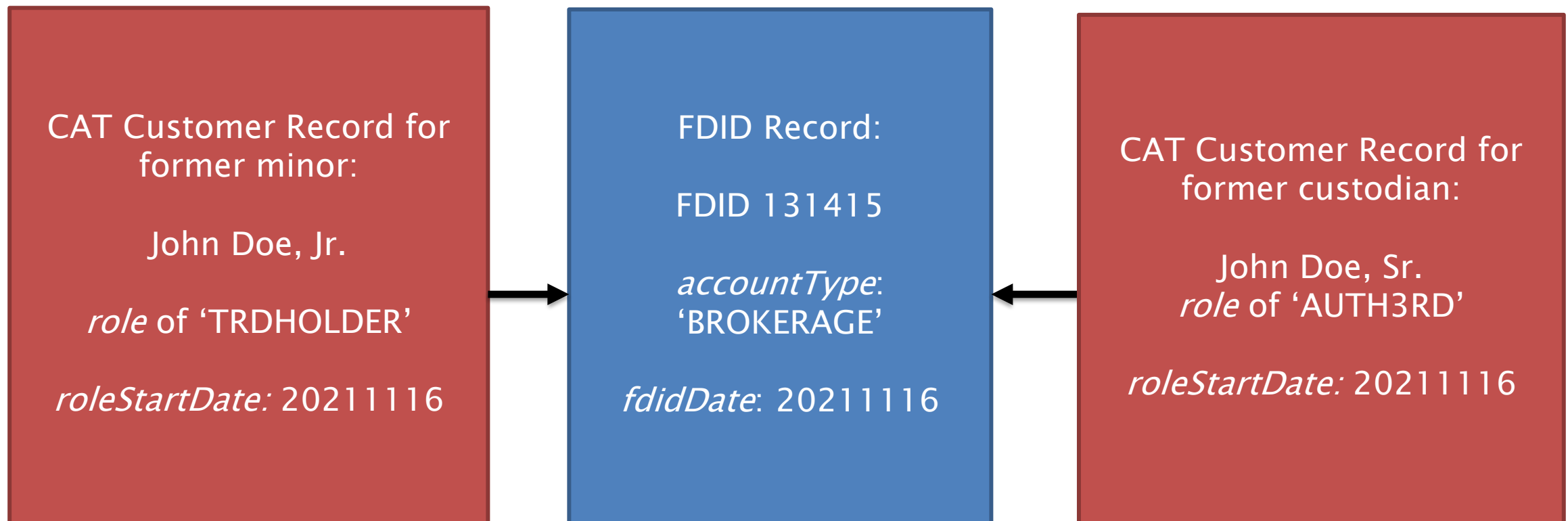
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Age of Majority Example 1: Alternative 1

- In Alternative 1, John Doe, Jr., formerly the minor on the UGMA/UTMA account, is the account holder on the new brokerage account and has authorization to trade on the account.

- John Doe, Sr., formerly the custodian on the UGMA/UTMA account, is not a CAT Customer on the new account.

- The 'UGMA/UTMA' value is not applicable as an *accountType* value on the new brokerage account.

Step 2) Open a new brokerage account for John Doe, Jr.:

CAT Customer Record for former minor:

John Doe, Jr.

role of 'TRDHOLDER'

roleStartDate: 20211116

→

FDID Record:

FDID 101112

accountType: 'BROKERAGE'

fdidDate: 20211116

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Age of Majority Example 1: Alternative 2

➢ In Alternative 2, John Doe, Jr., formerly the minor on the UGMA/UTMA account, is the account holder on the new brokerage account and has authorization to trade on the account.

➢ John Doe, Sr., formerly the custodian on the UGMA/UTMA account, is as an authorized trader on the new brokerage account but is not an account holder.

CAT Customer Record for former minor:

John Doe, Jr.

role of 'TRDHOLDER'

roleStartDate: 20211116

⟶

FDID Record:

FDID 131415

accountType: 'BROKERAGE'

fdidDate: 20211116

⟵

CAT Customer Record for former custodian:

John Doe, Sr.
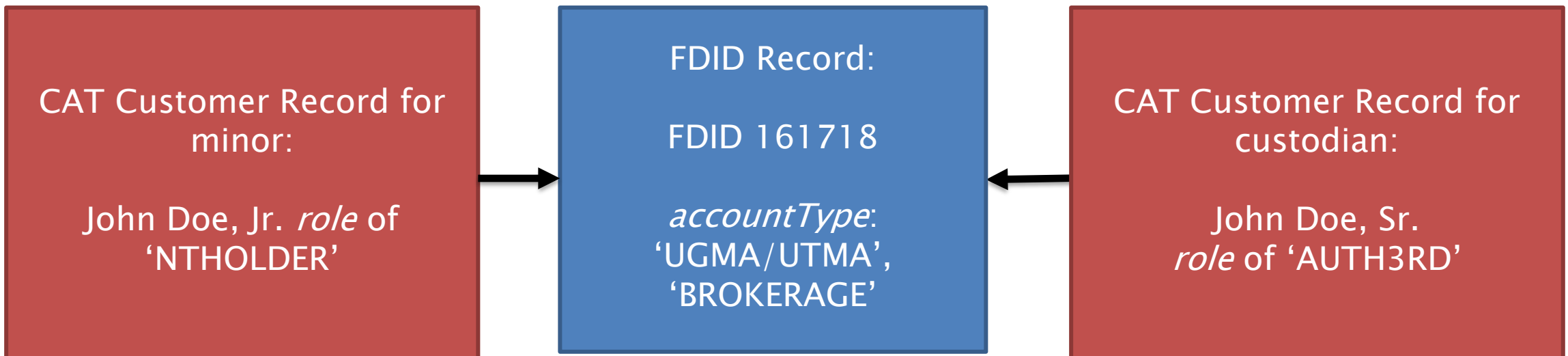*role* of 'AUTH3RD'

roleStartDate: 20211116

Age of Majority Example 2

➤ In this scenario:

- When the minor reaches the age of majority, the Industry Member's business process is to maintain the same account but A) remove the former custodian from the account, and B) name the former minor as the account holder who also has authorization to trade on the account.
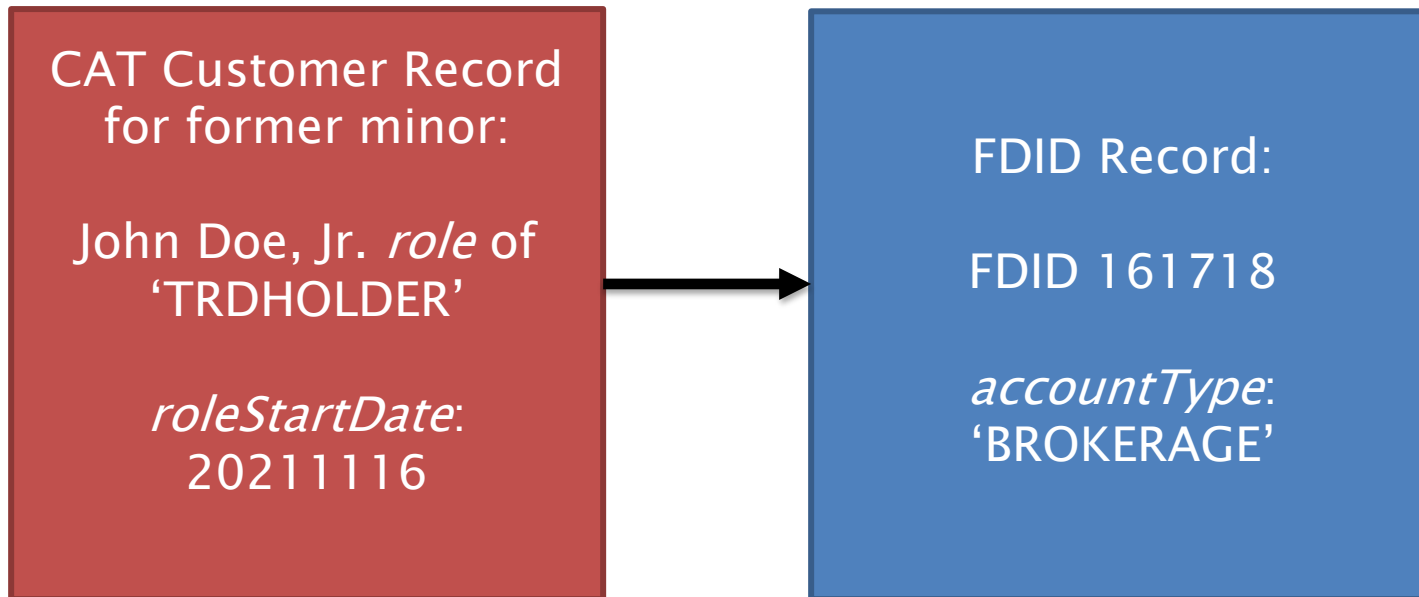
Initial Submission for UGMA/UTMA Account:

CAT Customer Record for minor: John Doe, Jr. *role* of 'NTHOLDER'	→	FDID Record: FDID 161718 *accountType*: 'UGMA/UTMA', 'BROKERAGE'	←	CAT Customer Record for custodian: John Doe, Sr. *role* of 'AUTH3RD'

Age of Majority Example 2

Resubmission of the FDID Record upon age of majority:

- The *accountType* value of 'UGMA/UTMA' is *not* included in the resubmission.

CAT Customer Record
for former minor:

John Doe, Jr. *role* of
'TRDHOLDER'

roleStartDate:
20211116

FDID Record:

FDID 161718

accountType:
'BROKERAGE'

FINRA CAT Helpdesk

Questions may be directed to the FINRA CAT Helpdesk at 888-696-3348 or help@finracat.com

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  - A visual prompt will indicate that your line has been unmuted.

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