How to Launch an Investing App Without Becoming a Broker-Dealer

A Practical Guide for Fintech Founders and Financial Innovators

EXECUTIVE SUMMARY

Building an investing app no longer requires becoming a registered broker-dealer. Thanks to modern fintech infrastructure and compliant partnership models, startups and established institutions can offer trading and investing functionality without taking on the regulatory and operational burden of full broker-dealer status.

This whitepaper explains how to structure, build, and launch an investment app through your partnership with ChoiceTrade, using our APIs, and compliance frameworks—so you can focus on product innovation, user experience, and growth.

1. The Challenge: Regulation Meets Innovation

Every investment transaction in the U.S. must be executed through a registered broker-dealer. Traditionally, that meant any company offering investing features had to either:

1. Become a broker-dealer, a process that can take 12–24 months and require millions in capital and compliance investment, or
2. Partner with one, integrating their services into a user-facing application.

The second model—broker-dealer-as-infrastructure—is now the foundation of modern embedded investing platforms. It lets fintechs deliver regulated trading capabilities while avoiding the regulatory overhead of operating their own brokerage.

2. Why You Don't Need to Become a Broker-Dealer

Operating as a broker-dealer comes with significant requirements:

- FINRA and SEC registration
- Net capital maintenance and ongoing financial audits
- Dedicated compliance and supervision programs
- Books and records, trade reporting, and regulatory filings

For most fintech startups, these obligations are costly, and slow innovation.
Instead, partnering with ChoiceTrade allows you to:

- Offer live investing under a compliant regulatory umbrella
- Access APIs for account creation, funding, and trading
- Focus resources on design, marketing, and user experience
- Scale faster with ready-to-use compliance and operations infrastructure

3. The Modern Solution: Broker-Dealer Infrastructure Platforms

Today, fintech infrastructure providers make it possible to embed investment functionality into apps, websites, or digital ecosystems via developer-friendly APIs.

This approach separates regulation (handled by the broker-dealer) from innovation (driven by the fintech).

Layer	Responsibility
Front-End / App	User experience, branding, client engagement
Infrastructure Provider ChoiceTrade	APIs, order routing, clearing, custody, data
Broker-Dealer Partner ChoiceTrade	Supervision, compliance, regulatory filings
Fintech Company	Product vision, UX, growth, and client relationship management

4. The Partnership Model

There are three common structures for offering investing without becoming a broker-dealer:

1. Introducer / Referral Model
Your app introduces users to ChoiceTrade; we handle all trading and compliance.
- Fastest to market
- Limited customization
- Minor compliance responsibilities

2. White-Label Brokerage
You embed investing under your own brand while ChoiceTrade handles execution, custody, and supervision.
- Branded user experience
- Moderate integration effort
- Requires compliance coordination

3. API-Based Embedded Investing
Your team builds the front end, while APIs connect your app directly to ChoiceTrade's systems.
- Full control over UX
- Scalable and flexible
- Ideal for growth-stage fintechs and enterprise platforms

5. Compliance-by-Design

Even when partnering with a broker-dealer, compliance remains central. Successful fintechs follow a compliance-by-design approach that integrates controls from day one:

- KYC/AML automation through ChoiceTrade APIs
- Supervised communication and marketing to ensure regulatory alignment
- Audit-ready data management for user onboarding and transaction history
- Disclosure and consent frameworks embedded in the app experience

This model ensures that the fintech remains innovative while the broker-dealer provides the compliance "rails."

6. Technology Building Blocks

Launching an investing app without becoming a broker-dealer typically requires access to:

- Account onboarding APIs – for user registration and identity verification
- Funding APIs – to link and move money securely
- Trading APIs – for order entry, quotes, and execution
- Custody APIs – to display portfolio holdings and transaction history
- Reporting and compliance endpoints – for statements, confirmations, and regulatory reporting

With these components, a small fintech team can build and launch a compliant, production-ready investment app in as little as 90 days.

7.Business and Revenue Models

Without becoming a broker-dealer, fintechs can still participate in revenue generation by:

- Sharing in monthly fees
- Earning subscription or platform fees
- Offering premium services like robo-advisory or portfolio analytics
- Monetizing engagement and user data insights responsibly

The key is structuring agreements with the partner broker-dealer that define economics, responsibilities, and compliance boundaries clearly.

8. Case Study Snapshot

A personal finance app with a revolutionary and unique perspective on investing, catering to non-U.S. users, wanted to add U.S. investing features without becoming a broker-dealer in the U.S.

By integrating with our broker-dealer API platform, the app:
- Enabled users to open and fund brokerage accounts within its own interface
- Supported equity and ETF trading under the partner's supervision
- Launched its MVP in under 12 weeks
- Operated under full regulatory coverage through its broker-dealer partner, ChoiceTrade

The result: new revenue streams, higher engagement, and faster go-to-market with minimal compliance overhead.

CONCLUSION

Launching an investing app no longer requires becoming a broker-dealer. With modern fintech infrastructure and the right regulatory partnership, you can build a compliant, fully functional investing experience faster and more efficiently than ever before.

Focus on what matters—user experience, innovation, and growth—while your infrastructure and broker-dealer partner, ChoiceTrade, handles the complexity of regulation, trading, and compliance.

About ChoiceTrade

ChoiceTrade provides fintech infrastructure and compliance solutions that power digital investing experiences. We help innovators launch, scale, and operate investment platforms without the regulatory burden of becoming a broker-dealer—offering APIs, compliance support, and developer tools that make financial innovation faster and safer.

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