

## COVID-19 Update – FINRA Guidance and Regulatory Relief

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The Financial Industry Regulatory Authority (“FINRA”) has published multiple Regulatory and Information Notices and created a webpage within FINRA.org to address the COVID-19 outbreak.<sup>1</sup> Key highlights concerning FINRA guidance and regulatory relief are summarized below.

- **Review of Business Continuity Plans (“BCPs”).** Member firms are encouraged but not required to notify FINRA if they activate their BCPs. If they do decide to notify FINRA, member firms should reach out to their FINRA Risk Monitoring Analyst to discuss any issues they are facing such as disruption of business operations, whether resolved or ongoing.
- **Supervision of Remote Associated Persons.** Many member firms have implemented certain measures such as remote office locations and telework arrangements (e.g., working from home) to mitigate the pandemic. Importantly, member firms must maintain written supervisory procedures addressing how associated persons will be supervised from such temporary locations and document any changes to such procedures.<sup>2</sup> On-site inspections of branch offices may also be temporarily postponed (perhaps entirely) for 2020 depending on the pandemic’s duration and severity.
- **Form U4 and Form BR Suspensions.** FINRA has suspended the requirement that member firms update Form U4 to reflect an employee’s work address and file Form BR for new branch office locations provided that such locations are temporary and established due to the COVID-19 outbreak. From a practical standpoint, this means member firms do not have to file Form BR for certain non-branch offices where supervision is being conducted, provided such locations are temporary and due to the pandemic.
- **Emergency Office Locations.** If a member firm relocates multiple personnel to a temporary location that is not currently registered as a branch office or regular non-branch location, the firm should use its best efforts to provide written notification to its FINRA Risk Monitoring Analyst as soon as possible.
- **Filings and Regulatory Responses.** Member firms that require extra time to respond to open inquiries, investigations or upcoming filings (e.g., FOCUS filings, Form Custody filings and supplemental FOCUS information pursuant to FINRA Rule 4524) should contact their FINRA Risk Monitoring Analyst or the relevant FINRA department to seek extensions.

<sup>1</sup> For Regulatory and Information Notices, see Regulatory Notice 09-59 (FINRA Provides Guidance on Pandemic Preparedness), Regulatory Notice 20-08 (Pandemic-Related Business Continuity Planning, Guidance and Regulatory Relief) and Information Notice – 3/26/20 (Cybersecurity Alert: Measures to Consider as Firms Respond to the Coronavirus Pandemic (COVID-19)). For FINRA’s webpage dedicated to the COVID-19/Coronavirus, see <https://www.finra.org/rules-guidance/key-topics/covid-19>.

<sup>2</sup> The supervision of personnel working from remote office locations could include enhanced review of personnel’s communications and network access as well as personal trading activity.

Member firms are encouraged to review the “FAQ Related to Regulatory Relief Due to the Coronavirus Pandemic” within FINRA’s COVID-19 webpage as it is an especially useful tool in navigating through this crisis.<sup>3</sup> Additional topics discussed within the FAQ that could be helpful to members include the following: (i) issues related to advertising and customer communication; (ii) annual independent AML testing; (iii) best execution; (iv) issues related to fingerprinting requirements; (v) qualification exams; (vi) reporting of customer complaints; and (vii) annual submission of the Rule 3120 report to senior management.

If you have any questions regarding the topics discussed in this article, please contact **James A. Arpaia** at +1 (312) 609 7618, **David W. Soden** at +1 (312) 609 7793 or any Vedder Price attorney with whom you have worked. Please also review our [COVID-19 resource webpage](#) for additional information.

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<sup>3</sup> See <https://www.finra.org/rules-guidance/key-topics/covid-19/faq>.