

FINRA®

FINRA Perspectives

PCAOB Forum

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September 2020

AGENDA

- 01 | COVID-19 Related Regulatory Guidance
- 02 | Exemption Reporting Guidance
- 03 | Risk Monitoring & Examination Observations
- 04 | FINRA FAQs and Key Topic Pages



COVID-19 Related Regulatory Guidance

- Regulatory Notice 20-08 – Pandemic-related BCP Guidance and Regulatory Relief
- Information Notice – Cybersecurity Alert: Measures to Consider as Firms Respond to the COVID
- Regulatory Notice 20-12 – FINRA Warns of Fraudulent Phishing Emails Purporting to be from FINRA
- Regulatory Notice 20-13 – FINRA Reminds Firms to Beware of Fraud During the COVID Pandemic
- Regulatory Notice 20-16 - FINRA Shares Practices Implemented by Firms to Transition to, and Supervise in, a Remote Work Environment During the COVID-19 Pandemic



COVID-19 Related Regulatory Guidance

- [FAQs Related to Regulatory Relief Due to COVID](#)
 - Net Capital Treatment of Covered Loans Under the CARES Act
 - Annual Assessment and Net Capital
 - Business Continuity Planning (BCP)
 - Filing Extensions – Annual Reports and FOCUS Reports
- [FAQs Concerning the COVID-19 Pandemic and the Broker-Dealer Financial Responsibility Rules](#)
 - Prompt Transmittal
 - Physical Count
 - MMLF Program
- [SEC Division of Trading and Markets Staff Statement Regarding Requirements for Certain Paper Submissions in Light of COVID-19 Concerns](#)
 - Manual signature relief
 - Notary relief



Exemption Reporting Guidance

New and Updated:

- 7/1/2020: FAQs Concerning the July 30, 2013 Amendments to the Broker-Dealer Financial Reporting Rule
 - Exemption Reporting: New FAQs 8, 8.1, 12, 12.1, and 12.2
- 7/1/2020: FAQs Concerning the Amendments to Certain Broker-Dealer Financial Responsibility Rules
 - Reserve Formula Computation and Possession or Control: New FAQ 18
- July 2020: FAQs about Exemption Reporting Under SEA Rule 15c3-3(k) for Purposes of FOCUS Reporting and Updating of Membership Agreements
 - New FAQs 1, 2, and 3



Exemption Reporting Guidance

- Purpose of FAQs
- FINRA Outreach
 - (k)(2)(i) exemption and \$5,000 Minimum Net Capital Requirement
 - Prospective Changes to Membership Agreement, Exemption Report, FOCUS Report
 - Discuss with Risk Monitoring Analyst
- Non-Covered Firms (Footnote 74)

SEA Rule 15c3-3 Exemptive Provisions:

Footnote 74:

EXEMPTIVE PROVISIONS	
26. If an exemption from Rule 15c3-3 is claimed, identify below the section upon which such exemption is based:	
A. (k) (1)-Limited business (mutual funds and/or variable annuities only)	\$ <input type="text" value="4550"/>
B. (k) (2)(i)-"Special Account for the Exclusive Benefit of customers" maintained	<input type="text" value="4560"/>
C. (k) (2)(ii)-All customer transactions cleared through another broker-dealer on a fully disclosed basis.	
Name(s) of Clearing Firm(s) - Please separate multiple names with a semi-colon	
<input type="text" value="4335"/>	<input type="text" value="4570"/>
D. (k) (3)-Exempted by order of the Commission	<input type="text" value="4580"/>

“There may be circumstances in which a broker-dealer has not held customer securities or funds during the fiscal year, but does not fit into one of the exemptive provisions listed under Item 24 of Part IIa. Even though there is not a box to check on the FOCUS Report, these broker-dealers should file an exemption report and related accountant’s report.”

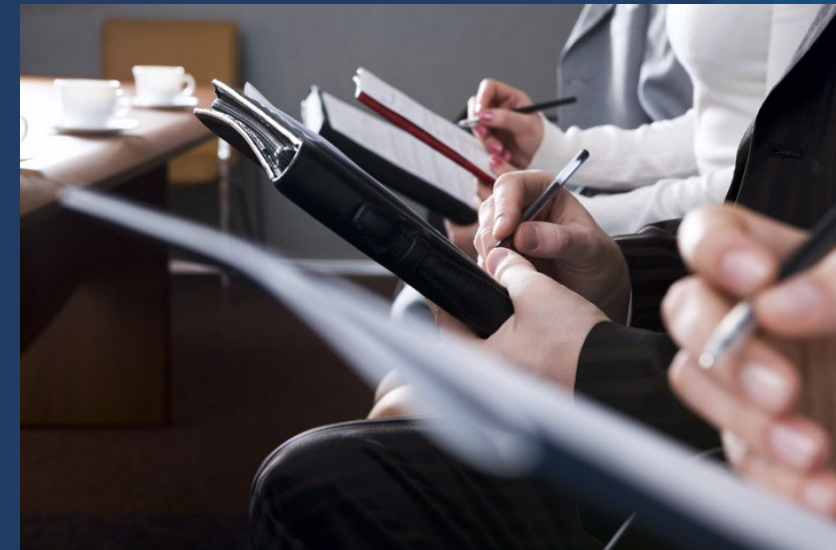
Exemption Reporting Guidance

- **(k)(1) Exemptive Provision**
 - Exclusive exemption
 - Not a SIPC member
 - Not for 529 plan business
- **Multiple Business Activities**
 - Exempt business under multiple exemptions
 - Exempt business + “non-covered” business
- **Non-Covered Firms/Footnote 74**
 - NOT exempt from 15c3-3
 - Firm has no possession or control obligations under SEA Rule 15c3-3(b) or reserve deposit obligations under SEA Rule 15c3-3(e) because of the limited business nature.



Risk Monitoring and Examination Observations

- FINRA Risk Monitoring & Examination Priorities
 - [2020 Risk Monitoring and Examination Priorities Letter](#)
- FINRA Risk Monitoring & Examination Observations
 - [2019 Report on Examination Findings and Observations](#)
- Other FINRA Risk Monitoring & Examination Observations



FINRA FAQs and Key Topic Pages

- [FINRA FAQs](#)
- [FINRA Key Topics](#)
 - [Annual Reports](#)
 - [Books and Records](#)
 - [Business Continuity Planning](#)
 - [COVID-19/Coronavirus](#)
 - [Cybersecurity](#)
 - [FinTech](#)
 - [Funding and Liquidity](#)



