

FINRA (and selected SEC) regulatory matters at a glance – What compliance officers need to know

FINRA notices, rule filings and guidance and selected SEC materials for
November 2021

By Glen Barrentine

Internal links

<u>Items of Note</u>	<u>FINRA Regulatory Notices</u>	<u>Other FINRA Notices</u>
<u>FINRA Rule Filings</u>	<u>SEC Rule Filings</u>	<u>FINRA Guidance</u>
<u>No Action Letters</u>	<u>Selected Enforcement and Litigation</u>	<u>Other matters of interest</u>

Chart color key	Action may be required (does not include continuing education items)	Administrative	Arbitration	Continuing education	No action needed
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Item	Subject matter	Heading	Relevant rule*	Comments	Relevant date	Impact on member
<u>This month's item(s) of note</u>						
FINRA Regulatory Notice 21-41	Continuing Education	FINRA Amends Rules 1210 and 1240 to Enhance the Continuing Education Program for Securities Industry Professionals	FINRA Rule 1210 (Registration Requirements) FINRA Rule 1240 (Continuing Education Requirements)	The changes to Rules 1210 and 1240 (1) require registered persons to complete CE Regulatory Element annually for each representative or principal registration category that they hold; (2) provide eligible individuals	Effective Dates: March 15, 2022 (MQP (paragraph (c) of Rule 1240) and FSAWP (Rule 1210.09)); January 1, 2023 (all other rule changes)	Firms should revise their policies and procedures relating to their continuing education programs to comply with the announced amendments.

* Other rules may also apply

Item	Subject matter	Heading	Relevant rule*	Comments	Relevant date	Impact on member
				who terminate any of their representative or principal registration categories the option of maintaining their qualification for any terminated registration categories by completing annual CE through a new program, the Maintaining Qualifications Program (MQP); and (3) expressly allow firms to consider other required training toward satisfying an individual's annual CE Firm Element and extend the Firm Element requirement to all registered persons.		
Information Notice 11/12/21	Annual Report, Focus and Related Filings	2022 and First Quarter of 2023 Report Filing Due Dates	SEA Rule 17a-5 (Reports to be Made by Certain Brokers and Dealers) FINRA Rule 4524 (Supplemental Focus Information)	The Notice sets forth the due dates for the listed reports in 2022 and the first quarter of 2023.	Immediately	Firms are advised to make note of the referenced due dates.
SR-FINRA-2021-028 34-93630	Margin Mortgage Backed Securities	Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Extend the Implementation Date of Certain Amendments to FINRA Rule 4210 Approved Pursuant to SR-FINRA-2015-036	FINRA Rule 4210 (Margin Requirements)	The rule change extends to April 26, 2022 the implementation date of certain margin rule changes relating to mortgage backed securities.	Newly Extended Implementation Date: April 26, 2022	Members that provide margin on mortgage backed securities should take note of the new implementation date.

FINRA Regulatory Notices

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FINRA Regulatory Notice 21-41	Continuing Education	FINRA Amends Rules 1210 and 1240 to Enhance the Continuing Education Program for Securities Industry Professionals	FINRA Rule 1210 (Registration Requirements) FINRA Rule 1240 (Continuing Education Requirements)	The changes to Rules 1210 and 1240 (1) require registered persons to complete CE Regulatory Element annually for each representative or principal registration category that they hold; (2) provide eligible individuals who terminate any of their representative or principal registration categories the option of maintaining their qualification for any terminated registration categories by completing annual CE through a new program, the Maintaining Qualifications Program (MQP); and (3) expressly allow firms to consider other required training toward satisfying an individual's annual CE Firm Element and extend the Firm Element requirement to all registered persons.	Effective Dates: March 15, 2022 (MQP (paragraph (c) of Rule 1240) and FSAWP (Rule 1210.09)); January 1, 2023 (all other rule changes)	Firms should revise their policies and procedures relating to their continuing education programs to comply with the announced amendments.
FINRA Regulatory Notice 21-40	Underwritings Corporate Debt Securities Syndicate Accounts Settlement	FINRA Requests Comment on Amendments to Rule 11880 Shortening the Settlement of Syndicate Accounts	FINRA Rule 11880 (Settlement of Syndicate Accounts)	The Notice solicits comments on a proposed amendment that would reduce the maximum time for the final settlement of syndicate accounts in a public offering of corporate debt	Comment Period Expires: January 18, 2022	None The Notice is merely for the purpose of soliciting comments on a possible rule amendment.

* Other rules may also apply

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				securities from 90 days to 30 days.		
<u>Other FINRA Notices</u>						
Information Notice 11/12/21	Annual Report, Focus and Related Filings	2022 and First Quarter of 2023 Report Filing Due Dates	SEA Rule 17a-5 (Reports to be Made by Certain Brokers and Dealers) FINRA Rule 4524 (Supplemental Focus Information)	The Notice sets forth the due dates for the listed reports in 2022 and the first quarter of 2023.	Immediately	Firms are advised to make note of the referenced due dates.
<u>FINRA Rule Filings</u>						
SR-FINRA-2021-029 34-93651	Trade Reporting Trace Alternative Trading Systems (ATSS) Exemptions	Notice of Filing of a Proposed Rule Change to Amend FINRA Rule 6732 and Expand the Scope of Exemptions that FINRA May Grant ATSS from the TRACE Reporting Requirements	FINRA Rule 6732 (Exemption from Trade Reporting Obligation for Certain Transactions on an Alternative Trading System)	This proposal would amend the referenced rule to provide FINRA with additional authority to exempt transactions by member alternative trading systems from TRACE transaction reporting obligations.	Comment Due Date: December 21, 2021	None The Notice extends the date of an existing pilot program.
SR-FINRA-2021-028 34-93630	Margin Mortgage Backed Securities	Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Extend the Implementation Date of Certain Amendments to FINRA Rule 4210 Approved Pursuant to SR-FINRA-2015-036	FINRA Rule 4210 (Margin Requirements)	The rule change extends to April 26, 2022 the implementation date of certain margin rule changes relating to mortgage backed securities.	Newly Extended Implementation Date: April 26, 2022	Members that provide margin on mortgage backed securities should take note of the new implementation date.
<u>Relevant SEC Rule Filings</u>						
34-93614	Books and Records Electronic Preservation	Electronic Recordkeeping Requirements for Broker-Dealers, Security-Based Swap Dealers, and	SEA Rule 17a-4 (Records to be preserved by certain exchange members, brokers and dealers)	The proposal would amend current rules relating to the preservation of electronic records	Comment Due Date: January 3, 2023	None. The filing merely solicits comments on a proposed rule amendment.

* Other rules may also apply

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		Major Security-Based Swap Participants	SEA Rule 18a-6 (Records to be preserved by certain security-based swap dealers and major security-based swap participants)	by broker-dealers, security-based swap dealers and major security-based swap participants and provide an audit-trail alternative to the current WORM (non-rewritable, non-erasable) format.		
34-93613	Transaction Reporting Securities Loans	Reporting of Securities Loans	Proposed SEA Rule 10c-1	The proposal would require lenders of securities to reports the material terms of such loans to FINRA, which would then make such reports available to the public.	Comment Due Date: January 3, 3033	None. The filing merely solicits comments on a proposed rule amendment.
FINRA Guidance						
COVID-19 Guidance and Relief	Firms are urged to monitor updates to the guidance and relief set forth on FINRA’s COVID-19 Page .					
Podcast	Enhanced BR Filing Process FINRA is currently working to make an enhanced Form BR filing process available in FINRA Gateway in early 2022. The referenced webinar will preview the key features of this enhanced process.					
SEC Guidance						
COVID-19 Guidance and Relief	Firms are urged to monitor updates to the guidance and relief set forth on the SEC’s COVID-19 page .					
No Action Letters of particular relevance to Broker-Dealers						
None						
Other matters of interest including materials from the SEC’s Division of Examinations and other SEC press releases , SEC public statements , and FINRA press releases						

* Other rules may also apply

Item	Subject matter	Heading	Relevant rule*	Comments	Relevant date	Impact on member
SEC Press Release 2021-242	SEC Appoints Haoxiang Zhu Director of Division of Trading and Markets					

Information about this chart

The information set forth herein is for general informational purposes only and is not meant as a full analysis of any particular matter and should not be relied upon as legal advice regarding any factual situation.



About Glen Barrentine

Glen Barrentine has extensive experience involving regulatory, compliance and enforcement issues affecting financial service companies, particularly broker-dealers, investment advisers, municipal advisors, and securities exchanges. Glen frequently represents and advises clients in connection with SEC and FINRA enforcement proceedings and other regulatory inquiries, such as inspections and examinations, as well as on transactions involving the purchase, sale or restructuring of financial service companies. Glen also provides clients with counseling and advice across the full range

of regulatory and compliance issues arising under the rule sets issued by the SEC, FinCEN, FINRA and the various securities exchanges, e.g., the NYSE.

Particular areas of focus include insider trading, registration and membership, anti-money laundering, broker-dealer net capital requirements, sales practices, research, trading and trade reporting, Rule 15a-6 and cross boarder activities by foreign broker-dealers, pay to play restrictions, supervision, and soft dollars. Other areas of focus include the preparation of supervisory and compliance procedures and drafting and negotiating clearing, account, prime brokerage, and other industry agreements.

Glen was previously a member of the Board of Directors of the National Society of Compliance Professionals (NSCP), the largest organization in the US devoted exclusively to compliance in the financial services industries. He currently hosts NSCP's monthly Broker-Dealer Forum and previously chaired the NSCP's Governance Committee and Investment Advisers Forum.

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