

COVID-19 Regulatory Actions and Developments Broker-Dealer

Securities and Exchange Commission (SEC)

Date: May 27, 2020

SEC Extends Conditional Exemptive Relief for Registered Transfer Agents and Certain Other Registrants

The SEC issued an order extending its March 20, 2020 order that (1) exempted transfer agents from various requirements related recordkeeping, reporting, and processing time; and (2) exempted various securities industry participants from the requirement to fingerprint personnel. The exemption is subject to certain conditions including the provision of notice to the Commission. The order extends the exemptive relief, which was set to expire on May 30th, to June 30, 2020.

[External Link](#)

Date: April 24, 2020

SEC Announces Cross-Divisional COVID-19 market Monitoring Group

The SEC announced the formation of a senior-level internal cross-divisional COVID-19 Market Monitoring Group to assist the Commission with respect to actions and analysis related to the effects of COVID-19 and to respond to requests for information and assistance from regulators and others.

[External Link](#)

Date: April 22, 2020

Division of Trading and Markets FAQs regarding Broker-Dealer Financial Responsibility Rules

SEC staff has published responses to certain questions related to provision of the broker-dealer financial responsibility rules during the COVID-19 crisis. Questions addressed in the FAQs include those asking if firms have additional time to transmit customer checks under SEC Rule 15c3-3 and whether firms have additional time to conduct quarterly securities counts of physical certificates as required by SEC Rule 17a-13.

[External Link](#)

Date: April 20, 2020

SEC Issues Conditional Exemption for CAT Reporting Compliance

The SEC issued an exemptive order establishing a phased Consolidated Audit Trail (CAT) reporting timeline that also allows a delayed start – June 20, 2020 for certain industry members

– to CAT reporting in light of the COVID-19 crisis. The SEC simultaneously issued a second exemptive order (available [here](#)) permitting introducing brokers that meet certain requirements to follow the small broker-dealer reporting timeline.

[External Link](#)

Date: April 10, 2020

Temporary Relief Allows Form 144 Filings via E-mail

The Division of Corporation Finance announced that it will not recommend enforcement if Forms 144 filed in paper are submitted via e-mail in lieu of mailing or delivering the paper form to the SEC if the filer attaches a complete Form 144 as a PDF attachment to the email. Additionally, the staff will not recommend enforcement if the filer is unable to provide a manual signature on the Form 144 submitted by e-mail if a typed form of signature is provided, subject to certain conditions. The relief covers those who submit Forms 144 for the period from and including April 10, 2020 to June 30, 2020.

[External Link](#)

Date: April 7, 2020

OCIE Publishes Regulation BI and Form CRS Risk Alerts

The SEC's Office of Compliance Inspection and Examinations issued two risk alerts regarding the contemplated scope and content of OCIE's initial examinations after the June 30, 2020 compliance date for Regulation Best Interest and Form CRS.

The Reg BI risk alert is [available here](#)

The Form CRS risk alert is [available here](#)

Date: April 7, 2020

Staff Guidance Regarding Delays in Printing and Mailing of Proxy Materials

The SEC staff issued guidance related to issuers encountering COVID-19-related delays in the printing and physical mailing of the "full set" of their proxy materials for forthcoming meetings. Subject to certain conditions, the staff indicated that it would not object to an issuer using the "notice-only" delivery option that, even if not entirely compliant with the Rule 14a-16 requirements, provides proxy materials sufficient to allow shareholders to vote in an informed manner. Affected intermediaries, such as broker-dealers, responsible for providing notice to shareholders should use their best efforts to send paper copies of proxy materials and annual reports to requesting shareholders, even if delayed.

[External Link](#)

Date: April 2, 2020

SEC Chairman Clayton Announces No Extension of Reg BI or Form CRS Compliance

SEC Chairman Jay Clayton issued a public statement addressing the SEC's approach to allocation of resources, oversight and rulemaking in the context of the COVID-19 crisis. In his statement, Chairman Clayton also announced that the June 30, 2020 compliance date for Reg BI, Form CRS, and other requirements will not be extended.

[External Link](#)

Date: April 2, 2020

SEC Staff Statement Regarding Certain Paper Submissions

The staff of the Division of Trading and Markets issued a statement indicating that it will not recommend enforcement action with respect to failures to comply with paper format submission requirements or manual signature requirements, subject to certain conditions. The relief covers submissions for the period from March 16 through June 30, 2020.

[External Link](#)

Date: March 25, 2020

Exemptive Relief under Rule 606 of Regulation NMS

The SEC granted temporary relief giving broker-dealers until May 29, 2020 to provide the Rule 606(a) public report covering the first quarter of 2020, until June 1, 2020 to collect monthly customer-specific data under Rule 606(b)(3), and until July 29, 2020 to provide a customer-specific report of June 2020 outsourced routing data within seven business days for customer requests for such customer-specific reports that are made on or before July 17, 2020.

[External Link](#)

Date: March 24, 2020

Staff Statement regarding Rule 302(b) of Regulation S-T

SEC staff issued a statement indicating that it would not recommend enforcement action with respect to a failure to comply with the requirement that signatories to certain electronically filed documents must manually sign a signature page at or prior to the submission of the electronic filing.

[External Link](#)

Date: March 23, 2020

Co-Directors of Enforcement Statement Regarding Insider Trading

The Co-Directors of Enforcement issued a statement addressing market participants' obligations relating to material non-public information in the context of the COVID-19 crisis, noting that material non-public information may be more prevalent and arise in less common circumstances.

[External Link](#)

Date: March 23, 2020

OCIE Statement on Examinations of SEC Registrants

The SEC's Office of Compliance Inspections and Examinations announced that it has moved to conducting examinations of registrants off-site through correspondence, unless it is absolutely necessary to be on-site.

[External Link](#)

Date: March 20, 2020

Order Exempting Transfer Agents from Various Obligations and Exempting Securities

Industry Participants from Fingerprinting Requirement

The SEC issued an order exempting transfer agents from various requirements related recordkeeping, reporting, and processing time. The order also exempts various securities industry participants from the requirement to fingerprint personnel. The exemption period is from March 16, 2020 through May 30, 2020

[External Link](#)

Date: March 16, 2020

No-Action Relief Granted from Consolidated Audit Trail Deadlines

SEC staff issued no-action relief to the Financial Industry Regulatory Authority and the national securities exchanges from enforcing their Consolidated Audit Trail (CAT) compliance rules with regard to CAT implementation deadlines against members of FINRA and of such exchanges.

The no-action relief applies through May 20, 2020, but could be extended.

[External Link](#)

Date: March 4 2020

No-Action Relief with respect to Fund Board Meetings and Unforeseen/Emergency Circumstances related to COVID-19 Deadlines

SEC staff extended no-action relief previously granted to fund boards that do not adhere to in-person voting requirements in the event of unforeseen or emergency circumstances affecting some or all directors. The extension of the no-action relief covers all board approvals and renewals of contracts, plans or arrangements under Section 15(c) or rules 12b-1 or 15a4(b)(2), and also the selection of a new independent public accountant for the fund.

[External Link](#)

Financial Industry Regulatory Authority (FINRA)

Date: May 28, 2020

NEW! Special Alert on Remote Work and Remote Supervision

FINRA has issued a special alert advising member broker-dealers of practices implemented by firms operating in a remote work environment during the COVID-19 pandemic. Among other things, the special alert addresses general supervision, trading supervision, supervision of communications with customers and branch inspections.

[External Link](#)

Date: May 21, 2020

Updated FAQs on COVID-19 Regulatory Relief

FINRA has updated its COVID-19 FAQ webpage to address questions relating to temporary extensions of time for Rule 3120 reports, Rule 3130 certifications, and examination requirements for principals who have not yet passed the appropriate examination. FINRA also has clarified that member firms must document their reliance on any temporary relief provided by FINRA during the COVID-19 pandemic.

[External Link](#)

Date: May 15, 2020

Updated FAQs on COVID-19 Regulatory Relief

FINRA has updated its COVID-19 FAQ webpage to address questions relating to (i) Form U4 information verification requirements and (ii) a temporary extension of time for operations professionals who have not yet passed the appropriate examination.

[External Link](#)

Date: May 12, 2020

New FINRA FAQ on Waiver Process for Qualification Examinations

FINRA has updated its COVID-19 FAQ webpage to address the availability of the waiver process for qualification examination requirements, noting that FINRA's waiver process is currently functioning as it would under normal circumstances.

[External Link](#)

Date: May 5, 2020

FINRA Warns of Fraud during Pandemic

FINRA issued a notice reminding member broker-dealers of the heightened threat of frauds and scams to which members and their customers may be exposed during the COVID-19 pandemic.

[External Link](#)

Date: April 24, 2020

New FINRA FAQ on Fixed Income Mark-Up Disclosure

FINRA has updated its COVID-19 FAQ webpage to address exception review processes that broker-dealers may employ in connection with fixed income mark-up disclosure requirements. In particular, FINRA reminds broker-dealers to review existing guidance on fixed income confirmation disclosure.

[External Link](#)

Date: April 23, 2020

Updated FAQs on COVID-19 Regulatory Relief

FINRA has updated its COVID-19 FAQ webpage to address questions relating to advertising regulation, annual assessments and net capital, fingerprinting, Forms U4/U5, continuing education, paycheck protection program loans, funding portal member relief, and branch office supervision.

[External Link](#)

Date: April 8, 2020

FINRA Statement on SEC's OCIE Risk Alerts

FINRA has issued a statement clarifying that it will take the same approach as set forth in the SEC's OCIE Risk Alerts when FINRA examines for compliance with Reg BI and Form CRS.

[External Link](#)

Date: March 26, 2020

FINRA Cybersecurity Alert

FINRA has published a notice addressing measures to strengthen broker-dealers' cybersecurity controls during the COVID-19 pandemic.

[External Link](#)

Date: March 9, 2020

FINRA Regulatory Relief and BCP Guidance

FINRA has published a notice that grants relief and provides guidance with respect to various regulatory requirements that may be difficult or impossible to comply with due to the COVID-19 pandemic, such as requirements relating to maintaining a business continuity plan, working from home and communicating with FINRA.

[External Link](#)

FINRA FAQs on COVID-19 Regulatory Relief

FINRA has published a webpage dedicated to responding to frequently asked questions relating to regulatory relief granted due to the COVID-19 pandemic.

[External Link](#)

Prometric Testing Centers

FINRA has announced that the administrator of its proficiency examinations, Prometric, has temporarily closed its testing centers for a minimum of 30 days, starting March 18, 2020.

[External Link](#)

Temporary Extension for Fingerprint Submissions

The SEC and FINRA each have issued relief from the fingerprinting requirements that, taken together, extend the deadline for submitting fingerprint information until June 29, 2020.

[External Link](#)

Date: October 12, 2009

FINRA Guidance on Pandemic Preparedness

In 2009, FINRA published general guidance on preparing for a pandemic.

[External Link](#)

Other Regulatory

Date: April 6, 2020

KOSPI 200 Index Transitions to Narrow-Based Security Index

Korea Exchange ("KRX") noted that the KOSPI 200 index was deemed a narrow-based security index under the U.S. Commodity Exchange Act and U.S. Securities Act since April 1, 2020, and

as such, futures on the KOSPI 200 index are now available for trading by certain U.S. persons only in accordance with applicable SEC and CFTC staff guidance. In addition, KOSPI 200 index futures are no longer available for trading via Globex pursuant to a 2014 KRX – CME Group Strategic Partnership.

[External Link](#) and [External Link](#)

Date: April 3, 2020

FinCEN Issues Special Notice

The Financial Crimes Enforcement Network has issued a notice to assist financial institutions in complying with anti-money laundering and related obligations during the COVID-19 pandemic.

The notice also includes a direct contact mechanism for urgent COVID-19-related issues.

[External Link](#)