Pandemic-Related Guidance in Connection with Company-Related Action Submissions

FINRA Rule 6490 relates to the processing of Company-Related Actions, which includes SEA Rule 10b-17 Actions and Other Company-Related Actions. Rule 6490 requires that issuers provide FINRA with notice of an SEA Rule 10b-17 Action in line with the timeframe set forth in SEA Rule 10b-17 and, similarly, requires that issuers provide FINRA with notice of an Other Company-Related Action at least 10 calendar days prior to the proposed effective date of the Company-Related Action. Notice of an SEA Rule 10b-17 Action or Other Company-Related Action submitted after these timeframes is deemed “late” by FINRA’s Market Operations Department (“Department”) and subject to a late fee, as set forth in Rule 6490(c).

Due to the recent outbreak of coronavirus disease (COVID-19), FINRA is issuing this Notice to advise issuers that the Department may deem a Company-Related Action submission as not “late” for purposes of assessing the late fees prescribed in Rule 6490(c) where, due to the COVID-19 outbreak, an issuer is unable to provide notice sufficiently in advance of the record or effective date.

FINRA encourages issuers to consider modifying record dates to avoid other complications that may result from late submissions, particularly concerning the declaration of an ex-date. The timeliness of receipt of information by the Department regarding a Company-Related Action can impact the timing of when the ex-date ultimately is announced on the Daily List, and in rare cases, a corporate action may be announced by FINRA without an ex-date.

Questions regarding this notice should be directed to: FINRA Market Operations: 1-866-776-0800.

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1. SEA Rule 10b-17 generally requires the issuer of a class of publicly-traded securities to provide FINRA with notice of an SEA Rule 10b-17 Action no later than 10 days prior to the record date of a dividend or distribution. See 17 CFR 240.10b-17.

2. This guidance shall not alter the obligations of an issuer under SEA Rule 10b-17 or relieve an issuer of any violations under such rule.

With respect to FINRA Rule 6490(c), in determining whether a Company-Related Action submission will be deemed late, the Department will request that the issuer or duly authorized representative provide adequate documentation substantiating the COVID-19 outbreak-related reasons for the delayed notice.