

Required fields are shown with yellow backgrounds and asterisks.

Filing by Financial Industry Regulatory Authority
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial *	Amendment *	Withdrawal	Section 19(b)(2) *	Section 19(b)(3)(A) *	Section 19(b)(3)(B) *
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Pilot <input type="checkbox"/>			Rule		
Extension of Time Period for Commission Action * <input type="checkbox"/>		Date Expires * <input type="text"/>	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
			<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input checked="" type="checkbox"/> 19b-4(f)(6)	

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 806(e)(1) * <input type="checkbox"/>	Section 806(e)(2) * <input type="checkbox"/>
	Section 3C(b)(2) * <input type="checkbox"/>

Exhibit 2 Sent As Paper Document <input type="checkbox"/>	Exhibit 3 Sent As Paper Document <input type="checkbox"/>
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Description

Provide a brief description of the action (limit 250 characters, required when Initial is checked *).

Proposed Rule Change to Temporarily Extend the Time to Complete Office Inspections under FINRA Rule 3110 (Supervision)

Contact Information

Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name * Sarah Last Name * Kwak
Title * Assistant General Counsel
E-mail * sarah.kwak@finra.org
Telephone * (202) 728-8471 Fax (202) 728-8264

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

(Title *)

Date 06/19/2020 Vice President & Associate General Counsel
By Philip Shaikun
(Name *)

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

Philip Shaikun, Philip.Shaikun@Finra.Org

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFF website.

Form 19b-4 Information *

Add Remove View

The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change *

Add Remove View

The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies *

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change, security-based swap submission, or advance notice being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications

Add Remove View

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit Sent As Paper Document

Exhibit 3 - Form, Report, or Questionnaire

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Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit Sent As Paper Document

Exhibit 4 - Marked Copies

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

Add Remove View

The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

Partial Amendment

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of the Proposed Rule Change

(a) Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act” or “Exchange Act”),¹ Financial Industry Regulatory Authority, Inc. (“FINRA”) is filing with the Securities and Exchange Commission (“SEC” or “Commission”) a proposed rule change to adopt temporary Supplementary Material .16 (Temporary Extension of Time to Complete Office Inspections) under FINRA Rule 3110 (Supervision) that, in light of the operational challenges member firms are facing due to the outbreak of the coronavirus disease (COVID-19), would extend the time by which member firms must complete their calendar year 2020 inspection obligations under Rule 3110(c) (Internal Inspections) to March 31, 2021.²

Below is the text of the proposed rule change. Proposed new language is underlined; proposed deletions are bracketed.

* * * * *

3000. SUPERVISION AND RESPONSIBILITIES RELATING TO ASSOCIATED PERSONS

* * * * *

3100. Supervisory Responsibilities

* * * * *

3110. Supervision

¹ 15 U.S.C. 78s(b)(1).

² The proposed rule change will automatically sunset on March 31, 2021. If FINRA seeks to provide additional temporary relief from the rule requirement identified in this proposal beyond March 31, 2021, FINRA will submit a separate rule filing to further extend the temporary extension of time.

* * * * *

(a) through (f) No Change.

••• **Supplementary Material:** -----

.01 through .15 No Change.

.16 Temporary Extension of Time to Complete Office Inspections. Each member obligated to complete an inspection of an office of supervisory jurisdiction, branch office or non-branch location in calendar year 2020 pursuant to, as applicable, paragraphs (c)(1)(A), (B) and (C) under Rule 3110, shall be deemed to have satisfied such obligation if the applicable inspection is completed on or before March 31, 2021.

* * * * *

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The Chief Legal Officer of FINRA authorized the filing of the proposed rule change with the SEC pursuant to delegated authority. No other action by FINRA is necessary for the filing of the proposed rule change.

FINRA has filed the proposed rule change for immediate effectiveness and has requested that the SEC waive the requirement that the proposed rule change not become operative for 30 days after the date of the filing, so that FINRA can implement the proposed rule change immediately.

3. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

(a) Purpose

FINRA is closely monitoring the impact of the COVID-19 pandemic on member firms, investors, and other stakeholders. FINRA recognizes that firms are experiencing operational challenges with much of their personnel working from home due to shelter-in-place orders, restrictions on businesses and social activity imposed in various states, and adhering to other social distancing guidelines consistent with the recommendations of public health officials.³ FINRA believes that these ongoing extenuating circumstances warrant sensible and tailored accommodations for member firms to meet their inspection obligations under Rule 3110(c) for calendar year 2020.

Rule 3110(c) requires on-site inspections of offices of supervisory jurisdiction (“OSJs”) and supervisory branch offices at least annually (on a calendar-year basis), non-supervisory branch offices at least every three years, and non-branch locations on a regular periodic schedule, presumed to be every three years.⁴ As a result of the compelling health and welfare concerns stemming from the COVID-19 pandemic, firms are facing potentially significant disruptions to their normal business operations that may include staff absenteeism, the increased use of remote offices or telework arrangements, travel or transportation limitations, and technology interruptions or slowdowns. These circumstances make it impracticable for firms in most cases to reach and conduct an on-site inspection of office locations. To provide firms an opportunity to better manage these operational challenges and the resources attendant to fulfilling these supervisory

³ See, e.g., Centers for Disease Control and Prevention, How to Protect Yourself & Others, <https://www.cdc.gov/coronavirus/2019-ncov/prevent-getting-sick/prevention.html> (last visited June 17, 2020).

⁴ See Rule 3110(c)(1)(A), (B), and (C). See also Rule 3110.13 (General Presumption of Three-Year Limit for Periodic Inspection Schedules).

obligations during these pressing times, FINRA is proposing to adopt Rule 3110.16 that would extend the time by which inspections must be completed in accordance with Rule 3110(c) for calendar year 2020 to March 31, 2021.⁵ FINRA emphasizes that this extension of time does not relieve firms from the on-site inspection requirement of branch offices and non-branch locations currently prescribed by the rule. FINRA also notes that this proposed extension of time would create further efficiencies for firms by aligning with the Municipal Securities Rulemaking Board's ("MSRB") temporary extension for meeting the inspection requirements of offices set forth under MSRB Rule G-27 (Supervision) to March 31, 2021.⁶

FINRA believes that this proposed extension of time is tailored to address the needs and constraints on a firm's operations during the COVID-19 pandemic, without significantly compromising critical investor protection. FINRA believes that potential risks that may arise from providing firms additional time to comply with their inspection obligations due in calendar year 2020 are mitigated by firms' ongoing supervisory obligations, off-site monitoring, and the temporary nature of the extension. FINRA will continue to monitor the situation and engage with member firms, other financial regulators, and governmental authorities to determine whether additional regulatory relief or guidance related to this rule may be appropriate. In particular, FINRA will consider

⁵ See supra note 2.

⁶ See Securities Exchange Act Release No. 88694 (April 20, 2020), 85 FR 23088 (April 24, 2020) (Notice of Filing and Immediate Effectiveness of File No SR-MSRB-2020-01). See also MSRB Notice 2020-09 (MSRB Amends Certain Rules to Provide Regulatory Relief During COVID-19 Pandemic) (April 9, 2020).

whether additional relief may be warranted to address any backlog of 2020 inspections that may continue to exist in light of ongoing public health and safety concerns.

As noted in Item 2 of this filing, FINRA has filed the proposed rule change for immediate effectiveness and has requested that the SEC waive the requirement that the proposed rule change not become operative for 30 days after the date of the filing, so FINRA can implement the proposed rule change immediately.

(b) Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,⁷ which requires, among other things, that FINRA rules must be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest. The proposed rule change is intended to provide firms additional time to comply with their Rule 3110(c) inspection obligations due in calendar year 2020 to March 31, 2021, and does not relieve firms from completing those obligations or from maintaining, under the circumstances, a reasonably designed system to supervise the activities of their associated persons to achieve compliance with applicable securities laws and regulations, and with applicable FINRA rules that directly serve investor protection. In a time when faced with unique challenges resulting from the COVID-19 pandemic, FINRA believes that the proposed rule change is a sensible accommodation that will afford firms the ability to observe the recommendations of public health officials to provide for the health

⁷ 15 U.S.C. 78o-3(b)(6).

and safety of its personnel, while continuing to serve and promote the protection of investors and the public interest in this unique environment.

4. Self-Regulatory Organization's Statement on Burden on Competition

FINRA does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed rule change is intended solely to provide temporary relief given the impacts of the COVID-19 pandemic crisis.⁸ As a result of the temporary nature of the proposed relief, an abbreviated economic impact assessment is appropriate.

Economic Impact Assessment

A. Regulatory Objective

FINRA is proposing Rule 3110.16 to address an issue that has arisen due to the impacts of the coronavirus outbreak and restrictions related to health and safety concerns. In addition to social distancing requirements that have been implemented across the United States to benefit the health and welfare of the populace, firms are facing potentially significant business disruptions that may include staff absenteeism, increased use of remote offices or telework arrangements, travel or transportation limitations, and technology interruptions or slowdowns. These limitations pose significant challenges for firms to satisfy the on-site inspection component of Rule 3110(c), which requires travel to visit offices and non-branch locations. In recognition of these circumstances, the proposed rule change would provide temporary relief by extending the date by which firms must complete their 2020 inspections.

B. Economic Baseline

⁸ See also FINRA Regulatory Notice 20-08.

The Economic Baseline of the proposed temporary relief is the obligation under Rule 3110(c), as described above, and the current number and types of FINRA member locations that require inspections.

C. Economic Impact

Proposed Rule 3110.16 is intended solely to provide an accommodation from the timing requirements set forth under Rule 3110(c) (as applicable to year 2020) due to the current pandemic-related limitations in place across the United States to benefit the health and welfare of the populace. FINRA believes that the proposed rule change will not impose any new costs on member firms. Moreover, the proposed rule change would align with similar temporary relief provided by the MSRB (as discussed above), and such coordination among regulators will provide for greater clarity and the efficient use of resources by firms during this public health crisis.

FINRA notes that even in the current environment, member firms have an ongoing obligation to supervise the activities of their associated persons at their branch offices and non-branch locations in a manner reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable FINRA rules. Any risks that may arise from providing firms additional time to comply with their Rule 3110(c) inspection obligations due in calendar year 2020 are mitigated by firms' ongoing supervisory obligations, off-site monitoring, and the temporary nature of the extension. As noted above, the proposed rule change would be limited in time, and in place to March 31, 2021, or until the conclusion of any extension thereof.⁹

5. **Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others**

⁹ See supra note 2.

Written comments were neither solicited nor received.

6. Extension of Time Period for Commission Action

Not applicable.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2) or Section 19(b)(7)(D)

The proposed rule change is effective upon filing pursuant to Section 19(b)(3) of the Act¹⁰ and paragraph (f)(6) of Rule 19b-4 thereunder,¹¹ in that the proposed rule change does not significantly affect the protection of investors or the public interest; does not impose any significant burden on competition; and does not become operative for 30 days after filing or such shorter time as the Commission may designate.

FINRA requests that the Commission waive the requirement that the rule change, by its terms, not become operative for 30 days after the date of the filing as set forth in Rule 19b-4(f)(6)(iii),¹² so that the proposed rule change may become operative immediately. Waiver of the operative delay would allow the proposed change to be in effect on the date of filing to provide immediate temporary relief to firms during these unique circumstances resulting from the COVID-19 pandemic. In accordance with Rule 19b-4(f)(6),¹³ FINRA submitted written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five

¹⁰ 15 U.S.C. 78s(b)(3).

¹¹ 17 CFR 240.19b-4(f)(6).

¹² 17 CFR 240.19b-4(f)(6)(iii).

¹³ 17 CFR 240.19b-4(f)(6).

business days prior to the date of filing, or such shorter time as the Commission may designate, as specified in Rule 19b-4(f)(6)(iii) under the Act.¹⁴

8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission

Not applicable.

9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act

Not applicable.

10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

Not applicable.

11. Exhibits

Exhibit 1. Completed notice of proposed rule change for publication in the Federal Register.

¹⁴ 17 CFR 240.19b-4(f)(6)(iii).

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-FINRA-2020-019)

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Temporarily Extend the Time to Complete Office Inspections under FINRA Rule 3110 (Supervision)

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act” or “Exchange Act”)¹ and Rule 19b-4 thereunder,² notice is hereby given that on , Financial Industry Regulatory Authority, Inc. (“FINRA”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by FINRA. FINRA has designated the proposed rule change as constituting a “non-controversial” rule change under paragraph (f)(6) of Rule 19b-4 under the Act,³ which renders the proposal effective upon receipt of this filing by the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

FINRA is proposing to adopt temporary Supplementary Material .16 (Temporary Extension of Time to Complete Office Inspections) under FINRA Rule 3110 (Supervision) that, in light of the operational challenges member firms are facing due to the outbreak of the coronavirus disease (COVID-19), would extend the time by which

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 17 CFR 240.19b-4(f)(6).

member firms must complete their calendar year 2020 inspection obligations under Rule 3110(c) (Internal Inspections) to March 31, 2021.⁴

Below is the text of the proposed rule change. Proposed new language is in italics; proposed deletions are in brackets.

* * * * *

3000. SUPERVISION AND RESPONSIBILITIES RELATING TO ASSOCIATED PERSONS

* * * * *

3100. Supervisory Responsibilities

* * * * *

3110. Supervision

* * * * *

(a) through (f) No Change.

••• Supplementary Material: -----

.01 through .15 No Change.

.16 Temporary Extension of Time to Complete Office Inspections. Each member obligated to complete an inspection of an office of supervisory jurisdiction, branch office or non-branch location in calendar year 2020 pursuant to, as applicable, paragraphs (c)(1)(A), (B) and (C) under Rule 3110, shall be deemed to have satisfied such obligation if the applicable inspection is completed on or before March 31, 2021.

⁴ The proposed rule change will automatically sunset on March 31, 2021. If FINRA seeks to provide additional temporary relief from the rule requirement identified in this proposal beyond March 31, 2021, FINRA will submit a separate rule filing to further extend the temporary extension of time.

* * * * *

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, FINRA included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. FINRA has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

FINRA is closely monitoring the impact of the COVID-19 pandemic on member firms, investors, and other stakeholders. FINRA recognizes that firms are experiencing operational challenges with much of their personnel working from home due to shelter-in-place orders, restrictions on businesses and social activity imposed in various states, and adhering to other social distancing guidelines consistent with the recommendations of public health officials.⁵ FINRA believes that these ongoing extenuating circumstances warrant sensible and tailored accommodations for member firms to meet their inspection obligations under Rule 3110(c) for calendar year 2020.

Rule 3110(c) requires on-site inspections of offices of supervisory jurisdiction (“OSJs”) and supervisory branch offices at least annually (on a calendar-year basis), non-

⁵ See, e.g., Centers for Disease Control and Prevention, How to Protect Yourself & Others, <https://www.cdc.gov/coronavirus/2019-ncov/prevent-getting-sick/prevention.html> (last visited June 17, 2020).

supervisory branch offices at least every three years, and non-branch locations on a regular periodic schedule, presumed to be every three years.⁶ As a result of the compelling health and welfare concerns stemming from the COVID-19 pandemic, firms are facing potentially significant disruptions to their normal business operations that may include staff absenteeism, the increased use of remote offices or telework arrangements, travel or transportation limitations, and technology interruptions or slowdowns. These circumstances make it impracticable for firms in most cases to reach and conduct an on-site inspection of office locations. To provide firms an opportunity to better manage these operational challenges and the resources attendant to fulfilling these supervisory obligations during these pressing times, FINRA is proposing to adopt Rule 3110.16 that would extend the time by which inspections must be completed in accordance with Rule 3110(c) for calendar year 2020 to March 31, 2021.⁷ FINRA emphasizes that this extension of time does not relieve firms from the on-site inspection requirement of branch offices and non-branch locations currently prescribed by the rule. FINRA also notes that this proposed extension of time would create further efficiencies for firms by aligning with the Municipal Securities Rulemaking Board's ("MSRB") temporary extension for meeting the inspection requirements of offices set forth under MSRB Rule G-27 (Supervision) to March 31, 2021.⁸

⁶ See Rule 3110(c)(1)(A), (B), and (C). See also Rule 3110.13 (General Presumption of Three-Year Limit for Periodic Inspection Schedules).

⁷ See supra note 4.

⁸ See Securities Exchange Act Release No. 88694 (April 20, 2020), 85 FR 23088 (April 24, 2020) (Notice of Filing and Immediate Effectiveness of File No SR-MSRB-2020-01). See also MSRB Notice 2020-09 (MSRB Amends Certain Rules to Provide Regulatory Relief During COVID-19 Pandemic) (April 9, 2020).

FINRA believes that this proposed extension of time is tailored to address the needs and constraints on a firm's operations during the COVID-19 pandemic, without significantly compromising critical investor protection. FINRA believes that potential risks that may arise from providing firms additional time to comply with their inspection obligations due in calendar year 2020 are mitigated by firms' ongoing supervisory obligations, off-site monitoring, and the temporary nature of the extension. FINRA will continue to monitor the situation and engage with member firms, other financial regulators, and governmental authorities to determine whether additional regulatory relief or guidance related to this rule may be appropriate. In particular, FINRA will consider whether additional relief may be warranted to address any backlog of 2020 inspections that may continue to exist in light of ongoing public health and safety concerns.

FINRA has filed the proposed rule change for immediate effectiveness and has requested that the SEC waive the requirement that the proposed rule change not become operative for 30 days after the date of the filing, so FINRA can implement the proposed rule change immediately.

2. Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,⁹ which requires, among other things, that FINRA rules must be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest. The proposed rule change is intended to provide firms additional time to comply

⁹ 15 U.S.C. 78o-3(b)(6).

with their Rule 3110(c) inspection obligations due in calendar year 2020 to March 31, 2021, and does not relieve firms from completing those obligations or from maintaining, under the circumstances, a reasonably designed system to supervise the activities of their associated persons to achieve compliance with applicable securities laws and regulations, and with applicable FINRA rules that directly serve investor protection. In a time when faced with unique challenges resulting from the COVID-19 pandemic, FINRA believes that the proposed rule change is a sensible accommodation that will afford firms the ability to observe the recommendations of public health officials to provide for the health and safety of its personnel, while continuing to serve and promote the protection of investors and the public interest in this unique environment.

B. Self-Regulatory Organization's Statement on Burden on Competition

FINRA does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed rule change is intended solely to provide temporary relief given the impacts of the COVID-19 pandemic crisis.¹⁰ As a result of the temporary nature of the proposed relief, an abbreviated economic impact assessment is appropriate.

Economic Impact Assessment

A. Regulatory Objective

FINRA is proposing Rule 3110.16 to address an issue that has arisen due to the impacts of the coronavirus outbreak and restrictions related to health and safety concerns. In addition to social distancing requirements that have been implemented across the

¹⁰ See also FINRA Regulatory Notice 20-08.

United States to benefit the health and welfare of the populace, firms are facing potentially significant business disruptions that may include staff absenteeism, increased use of remote offices or telework arrangements, travel or transportation limitations, and technology interruptions or slowdowns. These limitations pose significant challenges for firms to satisfy the on-site inspection component of Rule 3110(c), which requires travel to visit offices and non-branch locations. In recognition of these circumstances, the proposed rule change would provide temporary relief by extending the date by which firms must complete their 2020 inspections.

B. Economic Baseline

The Economic Baseline of the proposed temporary relief is the obligation under Rule 3110(c), as described above, and the current number and types of FINRA member locations that require inspections.

C. Economic Impact

Proposed Rule 3110.16 is intended solely to provide an accommodation from the timing requirements set forth under Rule 3110(c) (as applicable to year 2020) due to the current pandemic-related limitations in place across the United States to benefit the health and welfare of the populace. FINRA believes that the proposed rule change will not impose any new costs on member firms. Moreover, the proposed rule change would align with similar temporary relief provided by the MSRB (as discussed above), and such coordination among regulators will provide for greater clarity and the efficient use of resources by firms during this public health crisis.

FINRA notes that even in the current environment, member firms have an ongoing obligation to supervise the activities of their associated persons at their branch

offices and non-branch locations in a manner reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable FINRA rules. Any risks that may arise from providing firms additional time to comply with their Rule 3110(c) inspection obligations due in calendar year 2020 are mitigated by firms' ongoing supervisory obligations, off-site monitoring, and the temporary nature of the extension. As noted above, the proposed rule change would be limited in time, and in place to March 31, 2021, or until the conclusion of any extension thereof.¹¹

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

Written comments were neither solicited nor received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act¹² and Rule 19b-4(f)(6) thereunder.¹³

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the

¹¹ See supra note 4.

¹² 15 U.S.C. 78s(b)(3)(A).

¹³ 17 CFR 240.19b-4(f)(6).

Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-FINRA-2020-019 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-FINRA-2020-019. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for

website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 p.m. Copies of such filing also will be available for inspection and copying at the principal office of FINRA. All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-FINRA-2020-019 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁴

Jill M. Peterson
Assistant Secretary

¹⁴ 17 CFR 200.30-3(a)(12).