



March 2025

# Firm Element Needs Analysis Quarterly Highlights

## Introduction

### **New Content Quick Reference** **2**

### **Sales & Trading** **2**

#### Margin **2**

#### Regulation Best Interest **2**

#### Complex Products **3**

#### Municipal Securities **3**

### **Firm Operations** **4**

#### Guidance **4**

#### Reporting **4**

### **Conduct** **5**

### **Additional Resources** **5**

## Introduction

The Securities Industry/Regulatory Council on Continuing Education (Council) publishes the Firm Element Needs Analysis Quarterly Highlights to assist industry participants with identification of potential topics to include in Firm Element training plans. Topics are identified from a review of industry, regulatory and self-regulatory organization (SRO) announcements, publications of significant events, and the annual report from FINRA's Examination and Risk Monitoring Program, and the adoption by the U.S. Securities and Exchange Commission (SEC or Commission) of new rules or amendments.

The Council suggests that firms use the Firm Element Needs Analysis Quarterly Highlights as an aid in evaluating and prioritizing their Firm Element needs and developing written training plans.

Firms are reminded not to rely on the Firm Element Needs Analysis Quarterly Highlights as a comprehensive list of all areas they should consider. The Council recommends using all available tools to make Firm Element planning as efficient and effective as possible.

For more information, contact

[cecounciladmin@finra.org](mailto:cecounciladmin@finra.org)

## New Content Quick Reference

- [FINRA Regulatory Notice 25-02 \(January 27, 2025\)](#): Guidance to Members Affected by California Wildfires

## Sales & Trading

### Margin

#### **FINRA Announces Publication of Updated Interpretations of FINRA's Margin Rule with Guides to the Updates**

FINRA is updating the set of interpretations of the margin rule. The new, updated set of interpretations is available on the FINRA website and is effective upon publication of this Notice. To assist members, FINRA is simultaneously making available a [guide](#) to the updated interpretations that includes a text comparison with the previous interpretations and other information about the updates.

- [FINRA Regulatory Notice: 24-11 \(August 9, 2024\)](#): FINRA Announces Publication of Updated Interpretations of FINRA's Margin Rule with Guides to the Updates

\* \* \* \* \*

### Regulation Best Interest

#### **FINRA Highlights Available Guidance and Resources Related to Regulation Best Interest**

*Regulatory Notice 23-20* discusses the guidance and other resources available to assist members with their compliance efforts in connection with the SEC's Regulation Best Interest (Reg BI). In particular, FINRA highlights the SEC's series of Staff Bulletins (Bulletins) reiterating standards of conduct for broker-dealers (BDs or members) and investment advisers (IAs): [SEC Staff Bulletin: Standards of Conduct for Broker-Dealers and Investment Advisers Account Recommendations for Retail Investors](#); [SEC Staff Bulletin: Standards of Conduct for Broker-Dealers and Investment Advisers Conflicts of Interest](#); and [SEC Staff Bulletin: Standards of Conduct for Broker-Dealers and Investment Advisers Care Obligations](#). FINRA encourages members to review these Bulletins closely, along with the Reg BI Adopting Release and the other guidance and resources identified in this Notice, as part of their ongoing efforts to meet their best interest obligations.

- [FINRA Regulatory Notice: 23-20 \(December 5, 2023\)](#): FINRA Highlights Guidance and Resources Related to Regulation Best Interest

\* \* \* \* \*

## Complex Products

### **FINRA Adopts Amendments Relating to Protected Option and Warrant Positions Under FINRA Rule 4210**

FINRA amended FINRA Rule 4210 (Margin Requirements) to establish a specified exception under the margin rules with respect to certain short option or warrant positions on indexes that are written against products that track the same underlying index. Referred to as “protected” option or warrant positions, the new exception conforms with similar provisions Cboe recently adopted. The amendments became effective on March 19, 2024.

- [FINRA Regulatory Notice 24-08 \(March 19, 2024\)](#): FINRA Adopts Amendments Relating to Protected Option and Warrant Positions Under FINRA Rule 4210

\* \* \* \* \*

## Municipal Securities

### **SEC Approves Amendments to MSRB Rule G-14 to Shorten Timeframe for Reporting Transactions in Municipal Securities**

On September 20, 2024, the Municipal Securities Rulemaking Board (the “MSRB”) received approval from the Commission to amend Rule G-14 RTRS Procedures under MSRB Rule G-14, on reports of sales or purchases, to shorten the amount of time within which brokers, dealers and municipal securities dealers must report most transactions to the MSRB, require dealers to report certain transactions with a new trade indicator, and make certain clarifying amendments, and make conforming amendments to MSRB Rule G-12, on uniform practice, and the MSRB’s Real-Time Transaction Reporting System (“RTRS”) Information Facility (“IF-1”) to reflect the shortened reporting timeframe (collectively, the “rule amendments”).

- [MSRB Reg Notice 2024-12 \(September 20, 2024\)](#): SEC Approves Amendments to MSRB Rule G-14 to Shorten Timeframe for Reporting Transactions in Municipal Securities

\* \* \* \* \*

## Firm Operations

### Guidance

#### **(New) Guidance to Members Affected by California Wildfires**

FINRA recognizes that member firms and their personnel have been experiencing significant disruptions to their business operations due to the devastating impact of the California wildfires, which started on January 7, 2025. The wildfires have also had a major impact on customers. For instance, customers may be unable to communicate with their financial professional or receive mail during this time. This Notice provides guidance to those members and other affected persons, including relief from certain regulatory requirements, in such areas as emergency office relocations, regulatory filings and inquiries, fees, customer communications, holding customer mail, delivery of customer checks, donations, examination windows and registered personnel engaged in active military duty.

FINRA will continue to closely monitor the impact of the California wildfires and may provide additional relief, as appropriate. Members or other affected persons with questions or requiring additional assistance are encouraged to contact FINRA for further guidance.

- [FINRA Regulatory Notice 25-02 \(January 27, 2025\)](#): Guidance to Members Affected by California Wildfires

\* \* \* \* \*

### Reporting

#### **FINRA Reminds Members of Regulatory Obligations When Using Generative Artificial Intelligence and Large Language Models**

Artificial intelligence (AI), including large language models (LLMs) and other generative AI (Gen AI) tools, present promising opportunities for member firms to enhance their products and services for investors and achieve operational and compliance efficiencies. As member firms incorporate the use of Gen AI or similar tools into their businesses, they should be mindful of the potential implications for their regulatory obligations. In addition, FINRA reminds its member firms that FINRA's rules—which are intended to be technology neutral—and the securities laws more generally, continue to apply when member firms use Gen AI or similar technologies in the course of their businesses, just as they apply when member firms use any other technology or tool.

- [FINRA Regulatory Notice 24-09 \(June 27, 2024\)](#): FINRA Reminds Members of Regulatory Obligations When Using Generative Artificial Intelligence and Large Language Models

#### **FINRA Adopts Amendments to Enhance Post-Trade Transparency in the U.S. Treasury Securities Market**

FINRA adopted amendments to disseminate individual transactions in active U.S. Treasury securities at the end of the day and historically, and to set related fees for members and other professionals who choose to

subscribe to the new data set. This new transaction-level data will be publicly available and free of charge on FINRA's website for non-professionals' personal, non-commercial purposes on a next-day basis.

The amendments relating to the end-of-day data product became effective on March 25, 2024, and the amendments relating to the historic data product became effective on April 1, 2024.

- [FINRA Regulatory Notice: 24-06 \(March 8, 2024\)](#): FINRA Adopts Amendments to Enhance Post-Trade Transparency in the U.S. Treasury Securities Market

\* \* \* \* \*

## Conduct

### Borrowing and Lending Arrangements

#### **FINRA Adopts Amendments to Rule 3240**

FINRA has adopted amendments to Rule 3240 (Borrowing From or Lending to Customers) to strengthen the rule's general prohibition against borrowing and lending arrangements between registered persons and their customers, narrow some existing exceptions to the general prohibition, modernize the "immediate family" definition, and enhance the notice and approval requirements related to permissible arrangements. The amendments become effective on April 28, 2025.

- [FINRA Regulatory Notice 24-12 \(October 23, 2024\)](#): FINRA Adopts Amendments to Rule 3240

\* \* \* \* \*

### Additional Resources

- For more information visit the [cecouncil.com](https://www.cecouncil.com) website or contact CE Council member organizations.
- For compliance resources on issues affecting the security issue please visit [FINRA Key Topics](#) page.
- For insight into FINRA's findings into recent oversight activities of FINRA's Member Supervision, Market Regulation and Enforcement programs, please visit the [Report on FINRA's Examination and Risk Monitoring Program](#).
- For the SEC's priorities of examinations of certain practices, products and services, please see The Division of Examinations [report](#).