

## FINANCIAL INDUSTRY REGULATORY AUTHORITY

In the Matter of the  
Continued Membership  
of  
Cetera Advisor Networks LLC  
(CRD No. 13572)  
And  
Cetera Investment Services LLC  
(CRD No. 15340)

Notice Pursuant to  
Rule 19h-1  
Securities Exchange Act  
of 1934

SD-2428  
SD-2430

**April 10, 2025**

### **I. Introduction**

On September 13, 2024, Cetera Advisor Networks LLC (“CANL”) and Cetera Investment Services LLC (“CISL”) (individually “Firm” and collectively “Firms”) each submitted a Membership Continuance Application (“Applications”) to FINRA’s Credentialing, Registration, Education, and Disclosure (“CRED”) Department.<sup>1</sup> The Applications seek to permit the Firms, FINRA members, to continue their memberships with FINRA notwithstanding their statutory disqualification. A hearing was not held in this matter; rather, pursuant to FINRA Rule 9523(b), FINRA’s Department of Member Supervision (“FINRA,” “Member Supervision,” or “Department”) approves the Applications and is filing this Notice pursuant to Rule 19h-1 of the Securities Exchange Act of 1934 (“Exchange Act” or “SEA”).<sup>2</sup>

### **II. The Statutorily Disqualifying Event**

The Firms are subject to statutory disqualification, as that term is defined in Section 3(a)(39)(F) of the Exchange Act, incorporating by reference Sections 15(b)(4)(D) and (E), as a result of an August 2024 order issued by the Securities and Exchange Commission (“SEC” or “Commission”) finding that both CANL and CISL willfully violated Section

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<sup>1</sup> See CANL Application and related attachments compiled by CRED, with a cover memorandum dated September 23, 2024, attached as Exhibit 1. See CISL Application and related attachments compiled by CRED, with a cover memorandum dated September 19, 2024, attached as Exhibit 2.

<sup>2</sup> In a December 5, 2024, communication to FINRA, the Firms, which are affiliates of each other, consented to being listed on the same SEA Rule 19h-1 Notice.

17(a) of the Exchange Act and Rule 17a-4(b)(4) and failed reasonably to supervise their employees with a view to preventing or detecting certain of their employees' aiding and abetting violations of Section 17(a) of the Exchange Act and Rule 17a-4(b)(4) thereunder ("SEC Order").<sup>3</sup> The SEC Order also found that CANL willfully violated Section 204 of the Investment Advisers Act of 1940 ("Advisers Act") and Rule 204-2(a)(7), and failed reasonably to supervise its employees with a view to preventing or detecting certain of its employees' aiding and abetting violations of Section 204 of the Advisers Act and Rule 204-2(a)(7) thereunder, within the meaning of Section 203(e)(6) of the Advisers Act.<sup>4</sup>

According to the SEC Order, from at least August 2019, employees of the Firms sent and received off-channel communications that related to CANL's and CISL's broker-dealer businesses (and CANL's investment advisory business), and a majority of these written communications were not maintained or preserved by the Firms.<sup>5</sup> Further, supervisors who were responsible for preventing this misconduct among junior employees routinely communicated off-channel using their personal devices, and, in so doing, failed to comply with the Firms' policies by communicating using non-Firm approved methods on their personal devices about the Firms' broker-dealer business and CANL's investment adviser business.<sup>6</sup> The Firms were censured, ordered to cease and desist from committing or causing any future violations, ordered to pay a civil money penalty of \$4,500,000 (jointly and severally), and ordered to comply with certain undertakings.<sup>7</sup> The Firms paid the money penalty on August 22, 2024, and have represented that they are in compliance with the ordered undertakings in that they have hired an independent compliance consultant who has been conducting a comprehensive review of the Firms.<sup>8</sup>

### **III. Remedial Measures**

According to their Applications, upon becoming aware of the conduct at issue, the Firms conducted internal investigations and voluntarily self-reported their findings to the SEC.<sup>9</sup>

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<sup>3</sup> See SEC Order, *In re Cetera Advisor Networks LLC and Cetera Investment Services LLC*, Exchange Act Release No. 100699 (Aug. 14, 2024), attached as Exhibit 3.

<sup>4</sup> *Id.* at p. 6.

The SEC Order also triggered disqualification under Rules 262(b)(2), 506(d)(2)(ii), and 602(e) of the Securities Act of 1933 and Rule 503(b)(2) of Regulation Crowdfunding. On August 14, 2024, the SEC granted a waiver from the application of the disqualification provisions of these Rules. See *In re Off-Channel Communications at Registered Entities*, Securities Act Release No. 11298 (Aug. 14, 2024), attached as Exhibit 4.

<sup>5</sup> See Exhibit 3 at p. 2, para. 3.

<sup>6</sup> *Id.* at p. 2, para. 4.

<sup>7</sup> *Id.* at p. 11.

<sup>8</sup> See Joint Discovery Responses from the Firms, sent to FINRA on January 23, 2025, and proof of payment, collectively attached as Exhibit 5.

<sup>9</sup> See Exhibit 1 at FINRA 000252 and Exhibit 2 at FINRA 000235.

In addition, the Firms represented that they undertook remedial measures, including significant revisions to their policies and procedures relating to the use of unapproved communications methods.<sup>10</sup> The SEC Order notes that prior to the action, the Firms also increased training concerning the use of approved communications methods, including on personal devices, and began implementing significant changes to the technology available to employees.<sup>11</sup> According to the SEC Order, the Commission considered the Firms' self-report, cooperation with the SEC and remedial actions when determining to accept the Offer of Settlement.<sup>12</sup>

#### **IV. Firm Background**

CANL has been a FINRA member since June 8, 1983.<sup>13</sup> It is headquartered in El Segundo, California, with 2,451 branches (249 of which are Offices of Supervisory Jurisdiction).<sup>14</sup> The Firm employs approximately 6,000 registered representatives (1,560 of which are registered principals), 45 operations professionals, and 5,156 non-registered fingerprint employees.<sup>15</sup> It employs seven statutorily disqualified individuals.<sup>16</sup>

CISL has been a FINRA member since November 15, 1984.<sup>17</sup> It is headquartered in St. Cloud, Minnesota, with 1,482 branches (49 of which are Offices of Supervisory Jurisdiction).<sup>18</sup> The Firm employs approximately 2,709 of registered representatives (8187 of which are registered principals), 45 operations professionals, and 2,378 non-registered fingerprint employees.<sup>19</sup> It employs three statutorily disqualified individuals.<sup>20</sup>

CANL is approved to engage in the following lines of business: broker or dealer retailing corporate equity securities over-the-counter; broker or dealer selling corporate debt

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<sup>10</sup> *Id.*

<sup>11</sup> *See* Exhibit 3 at p. 7, para. 33.

<sup>12</sup> *Id.* at p. 6, para. 32.

<sup>13</sup> *See* CANL's Central Registration Depository ("CRD) Excerpt – Organization Registration Status, attached as Exhibit 6.

<sup>14</sup> FINRA confirmed this through analysis of the Firm's information contained in CRD, last performed on March 12, 2025.

<sup>15</sup> *Id.*

<sup>16</sup> *Id.* *See* Appendix A.

<sup>17</sup> *See* CISL's CRD Excerpt – Organization Registration Status, attached as Exhibit 7.

<sup>18</sup> FINRA confirmed this through analysis of the Firm's information contained in CRD, last performed on March 12, 2025.

<sup>19</sup> *Id.*

<sup>20</sup> *Id.* *See* Appendix B.

securities; underwriter or selling group participant (corporate securities other than mutual funds); mutual fund retailer; U.S. government securities dealer; U.S. government securities broker; municipal securities dealer; municipal securities broker; broker or dealer selling variable life insurance or annuities; solicitor of time deposits in a financial institution; broker or dealer selling gas or oil interests; put and call broker or dealer or option writer; broker or dealer selling tax shelters or limited partnerships in primary distributions; private placements of securities; broker or dealer involved in a networking, kiosk, or similar arrangement with a bank, savings bank or association, or credit union; engages in other non-securities business (SBS insurance / insurance agency).<sup>21</sup>

CISL is approved to engage in the following lines of business: exchange member engaged in exchange commission business other than floor activities; broker or dealer retailing corporate equity securities over-the-counter; broker or dealer selling corporate debt securities; underwriter or selling group participant (corporate securities other than mutual funds); mutual fund retailer; U.S. government securities dealer; U.S. government securities broker; municipal securities dealer; municipal securities broker; broker or dealer selling variable life insurance or annuities; solicitor of time deposits in a financial institution; put and call broker or dealer or option writer; broker or dealer selling tax shelters or limited partnerships in primary distributions; non-exchange member arranging for transactions in listed securities by exchange member; trading securities for own account; private placements of securities; broker or dealer involved in a networking, kiosk, or similar arrangement with a bank, savings bank or association, or credit union.<sup>22</sup>

CANL is a member of the following self-regulatory organizations (“SROs”): Municipal Securities Rulemaking Board (“MSRB”) and National Securities Clearing Corporation (“NSCC”).<sup>23</sup>

CISL is a member of the following self-regulatory organizations (“SROs”): Municipal Securities Rulemaking Board (“MSRB”); The Depository Trust Company (“DTC”); and National Securities Clearing Corporation (“NSCC”).<sup>24</sup>

### **Recent Examinations**

In the past two years, FINRA completed two routine examinations of CANL which resulted in a Cautionary Action Letter (“CAL”), and one non-routine examination of the Firm which resulted in a CAL.

In the past two years, FINRA completed two routine examinations of CISL which resulted

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<sup>21</sup> See CANL’s CRD Excerpts - Types of Business and Other Business Description, collectively attached as Exhibit 8.

<sup>22</sup> See CISL’s CRD Excerpt – Types of Business, attached as Exhibit 9.

<sup>23</sup> Membership in these organizations was verified by FINRA staff through a search of public member directories, last performed on March 16, 2025.

<sup>24</sup> *Id.*

in a Cautionary Action Letter (“CAL”), and one non-routine examination of the Firm which resulted in a CAL.

#### A. CANL FINRA Routine Examinations

On February 14, 2024, FINRA issued a CAL to the Firm based on two exceptions, with no further action being taken with regard to a third exception.<sup>25</sup> The two exceptions that were the subject of the CAL pertained to the Firm’s failure to establish and maintain an adequate supervisory system, including written supervisory procedures (“WSPs”), reasonably designed to ensure that the Firm accurately reported the Firm’s municipal securities to RTRS and TRACE-eligible transactions to TRACE, and the Firm’s failure to enforce its Regulation Best Interest – Care Obligation WSPs.<sup>26</sup> The Firm responded in writing that it updated its policies and procedures and ensured these topics are addressed in its continuing education and compliance materials.<sup>27</sup>

On March 31, 2023, FINRA issued a CAL to the Firm based on four exceptions pertaining to CANL’s failure to report bond transactions to MSRB, to report transactions to TRACE, to maintain a supervisory system or WSPs to review transactions that were not reported to MSRB or TRACE, to report revenue from unregistered offerings, to timely submit offering documents to FINRA, and to enforce its written procedures to supervise transaction and ensure compliance with FINRA Rule 2121 in violation of FINRA Rule 3110(b)(1).<sup>28</sup> The Firm responded in writing, describing the causes of the exceptions and detailing its plan to address the exceptions, which included policy and procedure enhancements.<sup>29</sup>

#### B. CISL FINRA Routine Examinations

On July 18, 2024, FINRA issued a CAL to CISL because the Firm’s written supervisory procedures from June 19, 2019 to June 9, 2021 were not reasonably designed to supervise the accuracy of order tickets in order to achieve compliance with Section 17(a) of the Securities Exchange Act of 1934, SEC Rule 17a-3, and FINRA Rule 4511.<sup>30</sup>

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<sup>25</sup> See Disposition Letter for Examination No. 20240802015 dated February 14, 2025, Examination Report dated November 19, 2024, and Firm Response dated December 20, 2024, collectively attached as Exhibit 10.

<sup>26</sup> *Id.* at FINRA pp. 5-8.

<sup>27</sup> *Id.* at FINRA pp. 14-19.

<sup>28</sup> See Disposition Letter for Examination No. 20220732890 dated March 31, 2023, Examination Report dated December 22, 2022, and Firm Response dated February 3, 2023, collectively attached as Exhibit 11, at FINRA at pp. 5-7.

<sup>29</sup> *Id.* at FINRA pp. 8-12.

<sup>30</sup> See Disposition Letter for Examination No. 20210693320 dated July 18, 2024, attached as Exhibit 12. This CAL stemmed from a routine examination that yielded a referral to FINRA’s Department of Enforcement who ultimately issued this CAL. The Firm was not required to submit a written response.

On December 18, 2023, FINRA issued a CAL to the Firm based on nine exceptions, with no further action taken with regard to a tenth exception.<sup>31</sup> The exceptions pertained to the Firm's failure to timely or accurately report certain customer complaints to FINRA, to amend or timely amend the Form U-4s of two registered representatives ("RRs") who were named in customer complaints, to timely amend seven Form U-4s/Form U-5s reflecting arbitration filings, to timely amend seven Form U-4s reflecting arbitration settlements, and to enforce its internal manuals and WSPs related to reporting customer complaints and arbitrations.<sup>32</sup> The exceptions also pertained to the Firm's failure to mark numerous order tickets correctly as either solicited/unsolicited, to enforce its supervisor manual related to the supervision of structured product transactions, to enforce its WSPs because information in the WSPs differed from that found in the RR's Heightened Supervision Plan with regards to who was responsible for enforcing the plan, to establish WSPs addressing sales of market discount bonds subject to the IRS De Minimis Rule and the related MSRB Rule G-47 Time of Disclosure requirements, and to establish written procedures to identify municipal entity clients and to ensure the Firm does not engage in municipal advisory activity.<sup>33</sup> The Firm responded in writing providing and explanation for each exception and detailing action plans that the Firm developed to address the issues, which include policy and procedure enhancements.<sup>34</sup>

### C. CANL and CISL FINRA Non-Routine Examinations

On July 19, 2023, FINRA issued a CAL to both Firms regarding their failure to use reasonable diligence to ascertain the best market for certain corporate bond transactions so that the resultant prices to its customers were as favorable as possible under prevailing market conditions in violation of FINRA Rule 5310 and 2010.<sup>35</sup>

### Regulatory Actions

During the past two years neither CANL nor CISL have been the subject of disciplinary matters aside from the SEC Order that led to their respective Applications.

The Firms were the subject of one recent SEC order, which also subjected the Firms to statutory disqualification but did not require the filing of a SEA Rule 19h-1 Notice with the Commission. On August 30, 2021, the SEC issued an order finding the Firms willfully

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<sup>31</sup> See Disposition Letter for Examination No. 20230770202 dated December 18, 2023, Examination Report dated November 13, 2023, and Firm Response dated December 8, 2023, collectively attached as Exhibit 13.

<sup>32</sup> *Id.* at FINRA pp. 5-11.

<sup>33</sup> *Id.* at FINRA pp. 12-15.

<sup>34</sup> *Id.* at FINRA pp. 17-33.

<sup>35</sup> See Disposition Letter for Examination No. 20190648208 dated July 19, 2023 attached as Exhibit 14, at FINRA p. 1. This CAL was issued jointly to CANL, CISL, and affiliate Cetera Advisors LLC. A response was received from Cetera Advisors LLC but was not included in this exhibit as it does not appear to pertain to either of the Firms.

violated Rule 30(a) of Regulation S-P (17 C.F.R. § 248.30(a)) by failing to adopt written policies and procedures reasonably designed to protect customer records and information.<sup>36</sup> The order also found that CISL willfully violated Section 206(4) of the Advisers Act and Rule 206(4)-7 thereunder (17 C.F.R. § 275.206(4)-7), which require a registered investment adviser, or an investment adviser required to register, to adopt and implement written compliance policies and procedures reasonably designed to prevent violations of the Advisers Act and the rules thereunder.<sup>37</sup> The Firms were censured, ordered to cease and desist from committing or causing violations or future violations, and ordered to pay \$300,000.<sup>38</sup>

## **V. Prior SEA Rule 19h-1 Notices**

CISL has not been the subject of any prior SEA Rule 19h-1 or 19d-1 Notices, but FINRA previously filed one Rule 19h-1 Notice approving CANL’s continued membership notwithstanding the existence of its statutory disqualification.

On April 8, 2024, FINRA filed a Rule 19h-1 Notice approving CANL’s continued membership notwithstanding the existence of its statutory disqualification stemming from an October 13, 2022, judgement entered by the United States District Court for the District of Colorado.<sup>39</sup> The Commission acknowledged FINRA’s Notice on June 4, 2024.<sup>40</sup>

## **VI. The Firms’ Proposed Continued Membership with FINRA and Plan of Heightened Supervision**

The Firms seek to continue their membership with FINRA notwithstanding their respective statuses as disqualified members. The Firms have both agreed to the following Plan of Heightened Supervision (“Supervision Plan” or “Plan”) as a condition of their continued membership with FINRA:<sup>41</sup>

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<sup>36</sup> See SEC Order, *In re Cetera Advisor Networks LLC, et al.*, Exchange Act Release No. 92800 (Aug. 30, 2021), attached as Exhibit 15. This order subjected the Firms to statutory disqualification as defined in Section 3(a)(39)(F) of the Exchange Act, incorporating by reference Section 15(b)(4)(D).

<sup>37</sup> *Id.* at p. 6.

<sup>38</sup> *Id.* at p. 7. FINRA staff confirmed that the Firms complied with all undertakings in connection with the order. See October 4, 2021 communication with proof of payment and declaration that all sanctions have been fulfilled, attached as Exhibit 16. Since there are no sanctions in effect for statutory disqualification purposes, applications from the Firms to continue in membership are no longer required under FINRA rules. See also [FINRA Regulatory Notice 09-19](#) (June 15, 2009). As such, a 19h-1 Notice was not filed in connection with this matter.

<sup>39</sup> See *In re the Continued Membership of Cetera Advisor Networks LLC*, SD-2351 (FINRA Apr. 8, 2024), and the SEC’s Letter of Acknowledgement dated June 4, 2024, collectively attached as Exhibit 17.

<sup>40</sup> *Id.* at FINRA pp. 11-12.

<sup>41</sup> See Executed Consent to Plan of Heightened Supervision dated January 14, 2025, attached as Exhibit 18.

Cetera Advisor Networks LLC (“CANL”) and Cetera Investment Services LLC (“CISL”) (collectively “Firms”) are subject to statutory disqualification pursuant to Section 3(a)(39)(F) of the Securities Exchange Act of 1934, which incorporates by reference Sections 15(b)(4)(D) & (E), as a result of an order issued by the U.S. Securities and Exchange Commission (“SEC” or “Commission”) dated August 14, 2024, which found that the Firms willfully violated Section 17(a) of the Securities Exchange Act of 1934 and Rule 17a-4(b)(4) thereunder (“SEC Order”). The SEC Order also found that the Firms failed reasonably to supervise their employees within the meaning of Section 15(b)(4)(E). In addition, the SEC Order found that CANL willfully violated Section 204 of the Investment Advisers Act of 1940 (“Advisers Act”) and Rule 204-2(a)(7) thereunder, and failed reasonably to supervise its employees within the meaning of Section 203(e)(6) of the Advisers Act.

For the purpose of this Supervision Plan, the term “Digital Communication Channels” means all written electronic methods of communication used to conduct the respective Firms’ business, including but not limited to, text messaging platforms, whether via SMS messaging, iMessage, or other messaging services such as WhatsApp; direct messaging platforms including X f/k/a “Twitter,” Instagram, LinkedIn, Slack, or Bloomberg Messaging; non-firm domain email accounts; and any other written electronic business-related correspondence. “Digital Communication Channels” encompass platforms used to exchange messages with internal or external stakeholders using either a personal or Firm-provided device.

For the purpose of this Supervision Plan, the term “Off-Channel Communications” means all business-related written electronic messages sent on Digital Communication Channels that are not captured by the Firms’ respective surveillance and record-keeping systems.

In consenting to this Supervision Plan, the Firms agree to the following:

1. The Firms shall comply with all of the undertakings outlined in the SEC Order.
2. The Firms shall maintain copies of all correspondence between the Firms and Commission staff relating to the SEC Order, including documenting when Commission staff grants extensions to the deadlines set forth in the SEC Order. The Firms shall maintain copies of all such correspondence in a readily accessible place for ease of review by FINRA staff.
3. The Firms shall provide FINRA’s Statutory Disqualification Group with copies of all certifications submitted to the SEC upon completion of the undertakings as specified in the SEC Order. The Firms shall maintain copies of all certifications in a readily accessible place for ease of review by FINRA staff.
4. The Firms shall maintain copies of all reports and supporting documentation submitted to SEC staff in accordance with the SEC Order, as well as any other documentation needed to evidence the status and completion of each of the undertakings outlined in the SEC Order. The Firms shall maintain copies of such documentation in a readily accessible place for ease of review by FINRA staff.

5. Within six months of the SEC's Letter of Acknowledgement ("LOA") in this matter, to the extent that they have not already done so within the past six months, and on at least an annual basis thereafter, for a term of six years from the date of the LOA, the Firms shall conduct training for all associated persons regarding the Digital Communication Channels that the Firms have approved for business communication, along with the Firms' current policies regarding retention of business-related electronic communications. The Firms shall maintain a record of individual completion of said training and a copy of said training materials in a readily accessible place for ease of review by FINRA staff.
6. The Firms shall conduct the training described in Paragraph 5 above for all new hires, within 65 days from the date of commencement of new hire training, for a term of six years from the date of the LOA. The Firms shall retain a record of all new hire training, including a copy of all written training materials, and keep said record(s) in a readily accessible place for ease of review by FINRA staff.
7. Within 90 days of the LOA, the Firms shall, to the extent that they have not already done so, establish and maintain a written list(s) of all Digital Communication Channels that their associated persons are permitted to use to communicate about the respective Firms' business. The list(s) shall be circulated to all of the Firms' associated persons at least on a semi-annual basis, for a term of six years from the date of the LOA. The Firms shall require that all associated persons obtain written approval for use of any Digital Communication Channels to communicate about the respective Firms' business that are not already on the approved list(s) maintained by the Firms. The Firms shall maintain a record of all requests and approvals or rejections of each request, including the date of the requests and the Firms' decision. The Firms shall maintain copies of such requests and decisions in a readily accessible place for ease of review by FINRA staff.
8. The Firms shall require all associated persons to disclose on at least a semi-annual basis, for a term of six years from the date of the LOA, any unapproved Digital Communication Channels he/she is using to communicate about the respective Firms' business. The Firms shall maintain records of such disclosures in a readily accessible place for ease of review by FINRA staff.
9. Subject to Paragraph 7 above, the Firms shall prohibit associated persons from using Off-Channel Communications.
10. Within 90 days of the LOA, the Firms shall, to the extent that they have not already done so, develop a process whereby, in the event that an associated person sends or receives an Off-Channel Communication, the Off-Channel Communication is submitted to the Firms and retained in compliance with relevant securities laws and regulations. For a term of six years from the date of the LOA, the Firms shall maintain a record of all such Off-Channel Communications, including a record of the respective Firms' receipt of the communication, in a readily accessible place for ease of review by FINRA staff.

11. Within 90 days of the LOA, the Firms shall, to the extent that they have not already done so, develop and maintain written supervisory policies and procedures detailing the Firms' processes for disciplining associated persons who use Off-Channel Communications to communicate about the Firms' business. When the Firms use this disciplinary process, the Firms shall document each instance. The Firms shall retain records of such written supervisory policies and procedures and records of the disciplinary processes and each outcome.
12. All requested documents and certifications under this Supervision Plan shall be sent directly to FINRA's Statutory Disqualification Group at [SDMailbox@FINRA.org](mailto:SDMailbox@FINRA.org).
13. The Firms shall obtain written approval from FINRA's Statutory Disqualification Group prior to changing any provision of the Supervision Plan.
14. The Firms shall submit any proposed changes or other requested information under this Supervision Plan to FINRA's Statutory Disqualification Group at [SDMailbox@FINRA.org](mailto:SDMailbox@FINRA.org).

## **VII. Discussion**

After carefully reviewing the entire record in this matter, FINRA approves each Firm's request to continue its membership with FINRA, subject to the terms and conditions set forth herein. In evaluating each Firm's Application, FINRA assessed whether the Firm has demonstrated that its continued membership is consistent with the public interest and does not create an unreasonable risk of harm to investors or the markets. *See* FINRA By-Laws, Art. III, Sec. 3(d); *cf. Frank Kufrovich*, 55 S.E.C. 616, 624 (2002) (holding that FINRA "may deny an application by a firm for association with a statutorily-disqualified individual if it determines that employment under the proposed plan would not be consistent with the public interest and the protection of investors"). Typically, factors that bear on FINRA's assessment include, among other things, the nature and gravity of the statutorily disqualifying misconduct, the time elapsed since its occurrence, the restrictions imposed, the Firm's regulatory history, and whether there has been any intervening misconduct.

As of the date of this Notice, FINRA has determined that each Firm's continued membership is consistent with the public interest and does not create an unreasonable risk of harm to investors or the markets. While the SEC Order identified serious violations of securities laws, the Firms were not expelled or suspended, nor were any limitations placed on the Firms' securities activities. Although the SEC Order triggered certain disqualifications from exemptions from registration available under the Securities Act of 1933 ("Securities Act"), specifically Regulations A, D and E of the Securities Act and Regulation Crowdfunding, the SEC granted the Firms a waiver from the application of the disqualification provisions of Rules 262(a)(4)(ii), 506(d)(1)(iv)(B), and 602(c)(3) of the Securities Act and Rule 503(a)(4)(ii) of Regulation Crowdfunding. Moreover, the full amount of the civil monetary penalty was promptly paid, and the Firms represented that they are in compliance with the ordered undertakings.<sup>42</sup> Specifically, the Firms have

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<sup>42</sup> See Exhibit 5.

retained an independent compliance consultant, which has been conducting a comprehensive compliance review of the Firms. Further the Firms have notified the SEC of any discipline imposed by the Firms with respect to any employees found to have violated the Firms' policies and procedures concerning the preservation of electronic communications.<sup>43</sup> Member Supervision also acknowledges that within the SEC Order the Commission considered the Firms' prompt remedial actions and cooperation with the Commission when determining to accept the Offer of Settlement. Specifically, prior to contacting the SEC, CANL and CISL undertook significant remedial measures relating to their recordkeeping practices, policies and procedures, and related supervisory practices.<sup>44</sup>

In its evaluation of each of the Firm's Applications, FINRA acknowledges each Firm's limited recent regulatory and disciplinary history, including additional statutory disqualifying events. Member Supervision also notes that, as of the date of this Notice, the Firms have paid all fines and complied with all undertakings ordered by regulators. None of these matters would prevent the continuance of either Firm as a FINRA member. With respect to each Firm's recent examination exceptions, the Firms took steps to resolve them, including enhancing their policies and procedures.

FINRA is further reassured by the controls set in place by the Firms' Supervision Plan which bolster the undertakings outlined in the SEC Order and will continue to provide oversight of the Firms and compliance with their remaining undertakings. In accordance with the Plan, the Firms agreed to conduct annual training for all associated persons, including new hires, regarding each Firm's approved digital communication methods and record retention policies for electronic communications. Further, the Plan calls for the Firms to maintain a list of approved digital communication methods that associated persons are permitted to use for Firm business and to circulate that list to its associated persons semi-annually. The Plan requires each Firm's associated persons to obtain written approval to use digital communication channels not already approved. The Plan prohibits the use of off-channel communications and requires associated persons to semi-annually disclose any unapproved digital communication methods they are using for Firm business; they must also forward any off-channel communications that may have taken place to the Firms for retention purposes. These provisions will help to ensure that the Firms are aware of the communication methods being used by associated persons so that they can appropriately monitor, capture, and retain those communications. Additionally, the Plan mandates that the Firms develop policies and procedures for disciplining associated persons who use unapproved communication methods for Firm business and segregate all certifications, reports, and supporting documentation submitted to the SEC regarding compliance with the undertakings, for ease of review by FINRA staff to ensure ongoing compliance.

Following the approval of the Firms' continued membership in FINRA, FINRA intends to utilize its examination and surveillance processes to monitor each Firm's continued compliance with the standards prescribed by Exchange Act Rule 19h-1 and FINRA Rule

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<sup>43</sup> *Id.*

<sup>44</sup> See Exhibit 3 at p. 2, para 2.

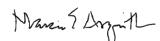
9523.

Thus, FINRA is satisfied, based on the foregoing and on each Firm's representations made pursuant to the Supervision Plan, that each Firm's continued membership in FINRA is consistent with the public interest and does not create an unreasonable risk of harm to the market or investors. Accordingly, FINRA approves CANL and CISL's Applications to continue in membership with FINRA.

FINRA certifies that the Firms meet all qualification requirements and represents that CANL and CISL are registered with several other SROs: CANL is registered with NSCC and CISL is registered with DTC and NSCC. The SROs have been provided with the terms and conditions of each Firm's proposed continued membership and concur with FINRA.

In conformity with the provisions of Rule 19h-1 of the Exchange Act, the continued membership of the Firms will become effective within 30 days of the receipt of this notice by the Commission, unless otherwise notified by the SEC.

On Behalf of FINRA,



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Marcia E. Asquith  
Executive Vice President & Corporate Secretary

**Appendix A**  
**Statutory Disqualified Individuals**  
**Associated with Cetera Advisor Networks LLC (CRD # 13572)**

[REDACTED]

[REDACTED]

[REDACTED]





**Appendix B**  
**Statutory Disqualified Individuals**  
**Associated with Cetera Investment Services LLC (CRD No. 15340)**

[REDACTED]

[REDACTED]

[REDACTED]  
[REDACTED]),



EXHIBITS

SD-2428

SD-2430

1. CANL Application and related attachments compiled by CRED, with a cover memorandum dated September 23, 2024.
2. CISL Application and related attachments compiled by CRED, with a cover memorandum dated September 19, 2024.
3. SEC Order, *In re Cetera Advisor Networks LLC and Cetera Investment Services LLC*, Exchange Act Release No. 100699 (Aug. 14, 2024).
4. *In re Off-Channel Communications at Registered Entities*, Securities Act Release No. 11298 (Aug. 14, 2024).
5. Joint Discovery Responses from the Firms, sent to FINRA on January 23, 2025, and proof of payment.
6. CANL's CRD Excerpt – Organization Registration Status.
7. CISL's CRD Excerpt – Organization Registration Status.
8. CANL's CRD Excerpt - Types of Business and Other Business Description.
9. CISL's CRD Excerpt – Types of Business.
10. Disposition Letter for Examination No. 20240802015 dated February 14, 2025, Examination Report dated November 19, 2024, and Firm Response dated December 20, 2024.
11. Disposition Letter for Examination No. 20220732890 dated March 31, 2023, Examination Report dated December 22, 2022, and Firm Response dated February 3, 2023.
12. Disposition Letter for Examination No. 20210693320 dated July 18, 2024.
13. Disposition Letter for Examination No. 20230770202 dated December 18, 2023, Examination Report dated November 13, 2023, and Firm Response dated December 8, 2023.
14. Disposition Letter for Examination No. 201906482081 dated July 19, 2023.
15. SEC Order, *In re Cetera Advisor Networks LLC, et al.*, Exchange Act Release No. 92800 (Aug. 30, 2021).

16. October 4, 2021 communication with proof of payment and declaration that all sanctions have been fulfilled.
17. *In re the Continued Membership of Cetera Advisor Networks LLC*, SD-2351 (FINRA Apr. 8, 2024), and the SEC's Letter of Acknowledgement dated June 4, 2024.
18. Executed Consent to Plan of Heightened Supervision dated January 14, 2025.

## **Exhibit A**

### **Plan of Heightened Supervision**

Cetera Wealth Services, LLC f/k/a Cetera Advisor Networks LLC (“CANL”) and Cetera Investment Services LLC (“CISL”) (collectively “Firms”) are subject to statutory disqualification pursuant to Section 3(a)(39)(F) of the Securities Exchange Act of 1934, which incorporates by reference Sections 15(b)(4)(D) & (E), as a result of an order issued by the U.S. Securities and Exchange Commission (“SEC” or “Commission”) dated August 14, 2024, which found that the Firms willfully violated Section 17(a) of the Securities Exchange Act of 1934 and Rule 17a-4(b)(4) thereunder (“SEC Order”). The SEC Order also found that the Firms failed reasonably to supervise their employees within the meaning of Section 15(b)(4)(E). In addition, the SEC Order found that CANL willfully violated Section 204 of the Investment Advisers Act of 1940 (“Advisers Act”) and Rule 204-2(a)(7) thereunder, and failed reasonably to supervise its employees within the meaning of Section 203(e)(6) of the Advisers Act.

In consenting to this Supervision Plan<sup>1</sup> (“Supervision Plan”), the Firms agree to the following:

1. The Firms shall comply with all the undertakings outlined in the SEC Order.
2. The Firms shall maintain copies of all correspondence between the Firms and Commission staff relating to the SEC Order, including documenting when Commission staff grants extensions to the deadlines set forth in the SEC Order. The Firms shall maintain copies of all such correspondence in a readily accessible place for ease of review by FINRA staff.
3. The Firms shall maintain copies of all reports and supporting documentation submitted to SEC staff in accordance with the SEC Order, as well as any other documentation needed to evidence the status and completion of each of the undertakings outlined in the SEC Order. The Firms shall maintain copies of such documentation in a readily accessible place for ease of review by FINRA staff.
4. The Firms shall provide FINRA’s Statutory Disqualification Group with copies of all certifications submitted to the SEC upon completion of the undertakings as specified under paragraph 40 of the SEC Order.
5. This Supervision Plan shall take effect on the date the respective Firm executes its consent to this Supervision Plan. The Supervision Plan shall be in effect for each respective Firm until FINRA’s receipt of the respective Firm’s final certifications required by the SEC Order, after which time the Supervision Plan and its provisions thereto will expire as to that respective Firm.
6. All requested documents and certifications under this Supervision Plan shall be sent directly to FINRA’s Statutory Disqualification Group at [SDMailbox@FINRA.org](mailto:SDMailbox@FINRA.org).

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<sup>1</sup> This Supervision Plan supersedes the Firms’ previous Supervision Plan executed on January 14, 2025.

Cetera Wealth Services, LLC f/k/a Cetera Advisor Networks LLC (CRD No. 13572)

Cetera Investment Services LLC (CRD No. 15340)

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7. The Firms shall obtain written approval from FINRA's Statutory Disqualification Group prior to changing any provision of the Supervision Plan.
8. The Firms shall submit any proposed changes or other requested information under this Supervision Plan to FINRA's Statutory Disqualification Group at [SDMailbox@FINRA.org](mailto:SDMailbox@FINRA.org).