July 14, 2025

Ms. Jennifer Piorko Mitchell
Office of the Corporate Secretary
FINRA
1735 K Street, NW
Washington, DC 20006-1506

Re: Regulatory Notice 25-04 – FINRA Launches Broad Review to Modernize Rules Regarding Member Firms and Associated Persons

Regulatory Notice 25-07 – FINRA Requests Comment on Modernizing FINRA Rules, Guidance and Processes for the Organization and Operation of Member Workspaces

Dear Ms. Mitchell,

The Association of Registration Management, Inc. ("ARM[1]") appreciates the opportunity to comment on Financial Industry Regulatory Authority ("FINRA") Regulatory Notice 25-04 ("Notice 25-04") regarding FINRA which seeks input on modernizing FINRA's regulatory requirements for member firms and associated persons and FINRA Regulatory Notice 25-07 ("Notice 25-07") regarding FINRA which seeks input on modernizing FINRA rules, guidance and processes for the organization and operation of member workspaces. Under separate cover, ARM has previously commented on Regulatory Notice 25-05.[2]

Support for Rule Modernization

We commend FINRA's initiative to review and update its rules to better align with the evolving landscape of the financial industry. Modernizing these regulations is essential to ensure they remain effective and do not impose unnecessary burdens on firms striving to serve investors efficiently.

[1] The Association of Registration Management is an industry association founded in 1975, comprised of registration professionals from broker-dealers and investment advisers who deal with the regulatory community on licensing matters and related issues.

[2] https://www.finra.org/sites/default/files/NoticeComment/Association%20of%20Registration%20Management%2C%20Inc.%20%28ARM%29_25-05.pdf

Interaction with Other Regulatory Requirements
We also encourage FINRA to assess areas where its rules may overlap with other regulatory requirements, potentially leading to duplicative efforts. Streamlining these areas could reduce compliance costs and improve operational efficiency for member firms.

Areas of Focus:

1. Definition of Associated Person and Registration Requirements

1.1 Expansion of "Clerical and Ministerial" Exemption

Rule 1230 states that "persons associated with a member whose functions are solely and exclusively clerical or ministerial" are not required to be registered with FINRA. We refer to this as the "clerical and ministerial exclusion". We recommend that FINRA expand the scope of the clerical and ministerial category to better reflect the realities of modern workflows. The current interpretation does not accommodate evolving operational models, particularly where internal service teams support registered representatives by performing non-client-facing tasks. For example, personnel who input trade orders based solely on instructions from a registered representative—and who have no direct client interaction—should fall within this exemption. Given the increased level of automation in the industry, there are more people involved with fully or partially automated processes. These individuals function as operational support, executing specific directives without exercising discretion or providing investment advice. Expanding the exemption in this manner would promote operational efficiency and reduce unnecessary registration burdens, without compromising investor protection, as the representative of record retains ultimate responsibility for the transaction (FINRA Rule 1230).

Further clarification is needed regarding which categories of non-registered associated persons are subject to fingerprinting requirements. Specifically, firms would benefit from clearer guidance on whether fingerprints must be submitted to FINRA for processing or if the use of alternative third-party vendors is permissible for compliance purposes.

In addition, interpretive guidance is requested concerning the maintenance of Non-Registered Filing (NRF) records. It remains unclear when member firms are required to update information related to these individuals—such as office locations, changes in role, or termination. As these individuals often serve in back-office or support functions, greater clarity would help ensure consistency and accuracy across firms in how these records are managed.

Addressing these issues through formal guidance would reduce uncertainty and administrative burden, while improving the quality and uniformity of filings submitted by member firms.

1.2 Assistant Representative Registration Category

Additionally, FINRA should consider reinstating the Assistant Representative registration category, formerly associated with the Series 11 examination. This limited registration previously allowed individuals to provide securities quotations and accept unsolicited customer orders for execution, under appropriate supervision. Reinstating this registration category would offer firms greater flexibility in structuring support roles, promote workforce development, and help address evolving operational demands while maintaining necessary investor protections.

1.3 Fingerprinting Requirements for non-U.S. Persons

The current fingerprinting requirements have become increasingly outdated, as member firms now possess efficient and reliable methods to evaluate an individual's background. In practice, firms often conduct far more comprehensive background checks than what is captured through fingerprinting alone, addressing both criminal history and broader employment suitability concerns.

We urge FINRA to coordinate with the SEC to provide targeted relief from fingerprinting requirements for non-U.S. persons, particularly in jurisdictions where obtaining valid fingerprints presents significant logistical or legal challenges. In our experience, certain countries either restrict fingerprint collection or make the process prohibitively difficult, creating unnecessary barriers to registration and recruiting.

We also note that the Commodity Futures Trading Commission (CFTC) has adopted a more practical approach by allowing a fingerprint exemption for foreign nationals under CFTC Regulation 3.21(e)(1)(i). We recommend FINRA and the SEC consider adopting a similar exemption to eliminate this inconsistency and promote a more balanced and globally practical regulatory framework.

2. Changes to Uniform Application for Securities Industry Registration or Transfer - Form U4

2.1 Employment and Educational History Requirements

We recommend that FINRA eliminate the requirement for individuals to disclose non-investment related employment history on Form U4, particularly for those entering the securities industry for the first time. Requiring disclosure of elementary-, middle-, and high-school education or unrelated summer jobs creates an unnecessary administrative burden without contributing meaningful regulatory value. FINRA should consider allowing individuals to report only their highest level of education, aligning disclosure requirements with relevance to securities industry qualifications and oversight.

To the extent possible, the employment reporting requirements on Form U4 be aligned with the requirements of FINRA Rule 3270 (Outside Business Activities). The current inconsistency between the Form U4 disclosure obligations and Rule 3270 creates unnecessary complexity and confusion for both firms and registered representatives.

Harmonizing these requirements would streamline the reporting process, reduce ambiguity, and support more accurate and consistent disclosures across the industry.

Furthermore, FINRA should reduce the employment and educational history verification requirements from ten years to a more reasonable period of three to five years. The current ten-year requirement is often difficult to fulfill due to the reluctance of many former employers to provide detailed and meaningful employment information, compounded by the challenge of obtaining verifiable records from companies that are no longer in business, that have undergone some corporate transformation or restructuring, or that have destroyed records that they were not required to keep, and creates significant delays in the registration process without proportional regulatory benefit.

We also recommend that FINRA remove the Form U4 Section 15B language requiring documentation of employer contacts ("This firm has communicated with all of the applicant's previous employers for the past three years and has documentation on file with the names of the persons contacted and the date of contact. In addition, I have taken appropriate steps to verify the accuracy and completeness of the information contained in and with this application"), as this requirement is duplicative of FINRA Rule 3110(e) verification requirements.

2.2 Attorney Bar and Professional License Suspensions

FINRA should eliminate the requirement to disclose attorney bar suspensions or suspensions of other professional licenses (e.g., insurance licenses) when not caused by misconduct (for example, suspensions related to failure to pay renewal fees). Failure to renew should not be treated as disclosable events when they result from administrative oversights or from retirement from a profession, rather than substantive disciplinary actions.

We recommend adding separate questions that distinguish between substantive disciplinary actions and administrative lapses or retirement, or allowing firms to exclude failures to renew professional licenses when the firm conducts a reasonable investigation and determines that the non-renewal was voluntary and non-disciplinary in nature.

2.3 Bankruptcy and Compromise Disclosure

FINRA should separate bankruptcy disclosure from compromise disclosure on Form U4. Their current combined treatment can lead to confusion for applicants and underreporting, as bankruptcy and a compromise with creditors represent distinct financial circumstances with different regulatory implications.

FINRA should also consider removing the requirement to disclose judgements and liens that have been settled prior to the filing of the Form U-4. Financial judgments and compromises made by a registered representative prior to the filing of Form U4 are in the past and do not compromise the registered representative's objectivity or customer focus. Alternatively, for the same reasons, FINRA should consider removing financial judgments and compromises that are more than one year old.

2.4 Administrative and Technical Improvements

We recommend that FINRA make the following technical improvements to Form U4:

- Changing the language in the attestation section from "I have provided the applicant" to "*The firm has provided the applicant*" to reflect that firms, rather than individuals, typically manage the U4 process.
- Allowing firms to provide email contact information instead of requiring phone numbers, which will provide firms with flexibility in how they manage communications.

3. Form U5 Enhancements

3.1 Guidance on "Industry Standards of Conduct"

In Sections 7B and 7F of Form U5, FINRA should provide clearer guidance on what constitutes "industry standards of conduct" for Form U5 reporting purposes. For example, some member firms believe that "industry standards of conduct" apply only to securities-related and client-facing activities, while other firms believe that "industry standards of conduct" also apply to employment-related terminations.

Additionally, FINRA should develop standard drop-down options for employment-related terminations or terminations by an affiliate to distinguish between these and those terminations related to securities activities or customer issues.

We recommend that FINRA allow firms to provide email contact information instead of requiring phone numbers, which will provide firms with flexibility in how they manage communications. Phone numbers frequently become obsolete immediately or shortly following termination, making it difficult for member firms to facilitate follow-up communications with the terminated individual. On the other hand, email addresses tend to remain active, eliminate the ambiguity of verbal communication and provide clear records of attempts to contact former employees.

3.2 Form U5 Delivery and Timeline

When a firm terminates an individual, the firm undertakes a diligence process relating to the circumstances of the termination. To comprehensively complete this process, FINRA's 30 day filing deadline for the filing of the Form U5 may not provide firms enough time. To allow firms to comprehensively and diligently complete these processes, we recommend that FINRA extend the Form U5 filing deadlines from 30 days to 45 days after termination.

4. Qualification Exemptions

4.1 Examination Sponsorship Requirements

Among other things, the proliferation of licensing examinations ensures that only those who are already associated with member firms, or who have worked in the industry recently, are qualified (from a licensing perspective) for core industry positions. This has the effect of making it more difficult for younger people, and for people who are underrepresented in the industry, to get hired, especially at the outset of their careers. The proliferation of different, specialized examinations has also created barriers to entry (into new areas) and mobility within the industry.

We recommend that the FINRA lift the restriction on licensing examinations that only permits associated persons of member firms to sit for such examinations. That a person can now take the Securities Industry Essentials (SIE) examination without association with a member firm is a good start, but the single greatest step that can be taken by FINRA to reduce barriers to entry and mobility within the industry is to allow anyone to sit for any examination without requiring association with a member firm (subject of course to completion of pre-requisite examinations).

We also recommend that FINRA work with NASAA to create a waiver for the state level Series 63 examination, and/or to fold the Series 63 examination into a General Securities Representative's (SIE or Series 7) examination. Again, the requirement to take a separate, state level examination, separate and apart from as many as three or even four other examinations (depending on the applicable roles(s)), often serves as a barrier to entry into the industry, particularly for underrepresented groups. In this regard, NASAA has in the past signaled that it is willing to work with FINRA to decrease barriers to entry into the industry, particularly for underrepresented groups.

Finally, we recommend that fees for examinations be eliminated, reduced, or deferred – our preferences in that order – for individuals who take licensing examinations without being associated with a member firm.

4.2 Examination Retake Waiting Periods

FINRA should consider reducing or eliminating the mandatory waiting period for candidates to retake qualification examinations after failing. The current waiting periods – particularly the 180-day period after multiple failed attempts – can unnecessarily delay the registration process and disrupt firm onboarding timelines. We recommend reducing the initial waiting period to 15 days, extending it to 30 days only after three failed attempts. The current waiting periods create barriers to entry and industry mobility while imposing unnecessary burdens on firms.

4.3 Series 79 Examination Scope

The proliferation of examinations means that individuals who are qualified for one position may not be qualified for another position because of licensing requirements. Both when starting out in the industry, and when trying to move within the industry, people find that they need to take a new examination, or that they need to take multiple examinations. FINRA should consider

creating a single examination that will allow people to serve in various different representative and/or principal capacities. For example, a single examination that would permit a person to act as a general securities representative, and as an investment banking representative, would reduce barriers to entry, particularly at smaller firms where people may play broader roles. Similarly, an examination that combined the general securities representative, principal trading, options, and futures licenses would also serve to reduce barriers to mobility within the industry.

We recommend that FINRA expand the scope of the Series 79 examination to include private placement activities and investment banking activities such as road show participation, market sounding, and speaking with investors. Currently, these functions require a Series 7 registration, despite being core responsibilities of investment banking representatives. The original intent behind the creation of the Series 79 was to eliminate the need for these professionals to take the broader, less relevant Series 7 exam. Requiring both exams is duplicative and burdensome, and expanding the Series 79 content would better align registration requirements with the actual duties performed.

4.4 Remote Examination Access and Waivers

Given the advancements in technology that allow people to work remotely and allow firms to monitor the activities of employees working remotely, we believe that FINRA should expand remote examination programs beyond medical necessity to provide greater accessibility for all candidates.

People currently engaged in securities business in other countries, or in investment management business in the United States, are subject to extensive regulation that is much more harmonized with FINRA regulations than in the past. Therefore, we recommend that FINRA grant examination waivers more frequently for associated persons with five or more years of relevant industry experience and provide greater transparency regarding waiver standards and processes. The current system should better recognize expertise gained from investment advisory experience, international financial services experience and advanced business or finance education.

Currently, FINRA does not provide reasons why requests for waivers were declined. We recommend that FINRA provide such more comprehensive reasoning so that firms know when initiating a waiver request is appropriate.

4.5 Series 99 Examination

Rule 1220 requires that certain covered persons (seniors managers with direct responsibility over covered functions, persons designated by senior managers as supervisors or managers, or persons with the authority or discretion to commit a member's capital in furtherance of the covered functions) who perform certain covered functions (client on-boarding, collection, maintenance, re-investment and disbursement of funds, receipt and delivery of securities and funds, account transfers, bank, custody, depository and firm account management and reconciliation, settlement, fail control, buy ins, segregation, possession and control, trade confirmation and account

statements, margin, stock loan or securities lending, prime brokerage, approval of pricing models used for valuations, financial control, including general ledger and treasury, contributing to the process of preparing and filing financial regulatory reports, defining and approving business requirements for sales and trading systems, defining and approving business security requirements and policies for information technology, defining and approving information entitlement policies, and posting entries to a member's books and records) take the Series 99 exam. Depending on how different firms interpret these rules, more or fewer people may be required to take the Series 99 exam. We recommend that FINRA clarify which financial and operational roles require the Series 99 exam, especially with respect to financial signatories of a broker dealer.

Many people who take the Series 99 exam have expertise or job functions that are materially different from the content covered in the exam. We therefore recommend that FINRA create two exams – one for financial professionals and one for operational professionals, or focus the content of the exam to include subject matter more relevant to traditional back-office functions, in addition to the finance-related content.

5. Branch Definitions and Hybrid Work Arrangements

5.1 Modernization of Supervisory Location Framework

The current definitions governing supervisory locations were adopted over twenty years ago, during a time when industry activities predominantly took place in physical office environments. Given the ongoing shift towards decentralized work structures and technology-enabled operations, it is both timely and appropriate to modernize these rules.

Rather than anchoring supervision requirements to traditional definitions of physical locations – such as Offices of Supervisory Jurisdictions, and non-branch locations – the regulatory framework should instead be focused on the nature and risk profile of the activities being conducted. This approach would ensure that supervisory expectations are appropriately aligned with those activities that genuinely require on-site oversight or periodic inspection.

We recommend that FINRA discontinue the OSJ and RSL categories and instead simplify the framework to contemplate only branch offices and non-branch locations, where the requirements are tailored to the activities being conducted at the location.

We also ask that FINRA provide clarity on the treatment of unregulated locations. For example, an unregulated location may mean a private residence that is used only sporadically for work, a hotel that is used repeatedly for work by a travelling investment banker, or the residence of a person who conducts no client-facing, securities, or investment banking activities (e.g., a receptionist).

5.2 OSJ and RSL Definition Clarifications

FINRA should provide clarification of ambiguous terms in the OSJ definition under FINRA Rule 3110(f)(1), particularly “structuring” and “order execution”. Given current technologies, FINRA should clarify that associated persons who “structure” offerings or placements do not automatically create OSJ designations and should eliminate OSJ restrictions when orders are executed through centralized firm electronic systems.

The current definition of Remote Supervisory Location excludes those locations at which "order execution or market making" takes place. This is because the definition of Remote Supervisory Location does not extend to locations at which order execution or market making takes place for purposes of Rule 3110(f)(1)(A). This prevents many if not most trading personnel from operating from a Remote Supervisory Location. We believe that this exclusion is unnecessary for three principal reasons.

First, trading and market making is a business that is conducted nearly exclusively through electronic systems, and the act of trading is the same regardless of where the trader sits, as a trader is not typically able execute orders or route orders outside of the firm’s order management system (“OMS”). While telephone, which is not required to be captured and/or retained, is still used from time to time, the dominant means by which trading and market making occurs today is electronic, through electronic communications networks, FIX lines, and similar means. The nature of trading and market making does not involve generating paper records outside of those electronic systems, so there is not a concern of traders generating or storing physical records at their residences. Accordingly, the real-time activities of traders are captured and retained, in accordance with SEC and FINRA books and records requirements, as they occur. Further, the same electronic systems by which trading occurs employ market access and other controls, including pre- and post-trade risk controls that enforce trading and market making limitations at the level of the individual trader. These activities are also subject to centralized, firm-level monitoring to ensure that if trading thresholds or capital levels are breached, supervisory personnel will be immediately aware and remedial steps taken. Similarly, firms are able to restrict or cut-off access remotely to the trading systems to prevent any unwanted trading. Finally, improvements in teleconference technology have greatly improved the ability of traders to interact with one another and their supervisors on an ongoing basis and throughout the trading day. Indeed, supervisors are now able to hear all conversations happening on their trading desks, as opposed to sitting in a large trading floor where they can only hear the conversations immediately around them. Given that all trading activities are subject to this highly detailed, highly automated capture, retention, and monitoring and supervision, it seems odd to then say that conducting such business from a residential supervisory location is prohibited. We note that significant numbers of people at our member firms have been working remotely during and since the COVID-19 pandemic, and we have found no systemic failures with that arrangement that suggests a return to a full-time, in-office model is necessary.

Second, the current definitions raise hiring and retention issues for FINRA member firms, who are often competing with various non-member firms, for the talents of persons who would, within member firms, act in a trader capacity. FINRA members are disadvantaged and placed on

unequal footing relative to such non-member firms with respect to hiring, since such non-member firms will now be able to offer remote work as an option, while member firms will have to choose between costly and burdensome OSJ registration as a precondition to remote work and outright prohibition of remote work. Excluding trading from efficient eligibility to work from a Remote Supervisory Location puts firms at a disadvantage when they seek to hire associated persons from other firms, from other parts of the financial industry, or from other industries. This disadvantage will create barriers to mobility in the industry, and will particularly affect industry mobility for disadvantaged persons, or for persons with parenting or elder-care responsibilities, for whom remote work levels the playing field. In the recent past, FINRA has requested comment on rules that will establish barriers to entry or mobility for persons traditionally underrepresented in the industry – we believe that this is one such rule.

Finally, trading firms throughout the industry have taken steps to provide duplicate home trading systems to staff to ease market disruption, particularly during natural disasters and other extraordinary events (e.g., COVID-19 pandemic).

In any event, if FINRA pursues requiring trader's homes to be registered as OSJs, we respectfully request that it relieve those traders from having to take and pass the Series 24 General Securities Principal Examination, given that the day-to-day responsibility of the individual is not changing in a meaningful way to require them to qualify as a principal or supervisor of the member firm.

Rule 3110.03 states that each OSJ must have a designated on-site principal, who must "have a physical presence, on a regular and routine basis, at each OSJ for which the principal has supervisory responsibilities." This provision creates operational and privacy challenges in the case where a residence does not meet the criteria for designation as an RSL, often because the residence owner is engaged in structuring of public offerings and private placements, order execution, or market making. We encourage FINRA to remove the requirement for actual on-site physical presence at OSJs that are unable to be designated as RSLs solely because of the function of the individual, provided that the residential OSJ does not at any time host customers or the public. As we have noted elsewhere in this letter, firms have ample opportunity and ability to supervise and monitor the conduct of registered personnel working at their residences, even without sending co-workers to their homes to inspect home offices.

5.2.1 Investment Banking

As noted above, the definition of Remote Supervisory Location excludes those locations at which "structuring of public offerings or private placements" takes place. This is because the definition of Remote Supervisory Location does not extend to locations at which structuring of public offerings or private placements takes place for purposes of Rule 3110(f)(1)(B). This prevents many if not most investment bankers from operating from a Remote Supervisory Location. We believe that this exclusion is unnecessary for three principal reasons.

First, of all the activities conducted by FINRA member firms, investment banking may be that which has been conducted remotely for the longest time. For decades, investment bankers have regularly conducted their business through out-of-office travel, and firms learned to supervise

and control the activities of investment bankers long before the electronic tools that now provide greater monitoring and oversight capability. Correspondingly, because of the nature of their work, investment bankers have been trained to work remotely in a manner that is sensitive to applicable law and regulation. Similarly, member firms have developed controls to ensure that transactions are appropriately supervised, for example, by requiring commitment committee approvals of engagements. It is incongruous to say that investment bankers, who are often "on the road" for weeks out of every month, cannot undertake their activities from a residential location. Given an individual banker may be working as often from airport lounges and hotel rooms as they are from their home location, requiring firms to register home locations of investment bankers as OSJs seems inordinate and not in keeping with how the industry has historically operated.

Second, investment banking is a business that is primarily conducted by in-person meetings, telephone (which is not required to be captured and/or retained), or by electronic communications, which are captured and retained in accordance with SEC and FINRA books and records requirements. Furthermore, documents are created electronically and retained in electronic systems and are no longer routinely maintained as paper files on firms' premises. Given that all investment banking materials are subject to capture, retention, and ordinary-course monitoring, it seems odd to then say that conducting such business from a non-OSJ residential supervisory location should be prohibited.

Third, the current definitions raise hiring and retention issues for FINRA member firms, who are often competing with various non-member firms, such as corporate issuers, investment advisers or private equity firms, for the talents of persons who would, within member firms, act in an investment banking capacity. This puts FINRA members on disadvantaged and unequal footing relative to such non-members with respect to hiring, since such non-members will easily be able to offer remote work as an option, while member firms will have to choose between costly and burdensome OSJ registration as a precondition to remote work and outright prohibition of remote work. Excluding investment banking personnel from efficient eligibility to work from a Remote Supervisory Location puts firms at a disadvantage when they seek to hire associated persons from other firms, from other parts of the financial industry, or from other industries. This disadvantage creates barriers to mobility in the industry, and will particularly affect industry mobility for disadvantaged persons, or for persons with parenting or elder-care responsibilities, for whom remote work levels the playing field. In the recent past, FINRA has requested comment on rules that will establish barriers to entry or mobility for persons traditionally underrepresented in the industry. As stated above, this is such a rule.

Alternatively, if FINRA is unable to concur with this reasoning, we respectfully request that the interpretation of rule 3110(f)(1)(B) be clarified to indicate the belief of FINRA that this provision does not extend to investment banking activities relating to other than public and private offerings, such as M&A advisory activities or restructuring activities. The phrasing of Rule 3110(f)(1)(B) ("structuring of public offerings or private placements") makes clear that the intention of the Rule is to require OSJ registration for capital raising activities, and in our view the Rule should not be stretched to include M&A advisory activities, as well.

In addition, if FINRA pursues requiring investment bankers' homes to be registered as OSJs, we respectfully request that it relieve those bankers from having to take and pass the Series 24 General Securities Principal Examination, given that the day-to-day responsibility of the individual is not changing in a meaningful way to require them to qualify as a principal or supervisor of the member firm.

Rule 3110(f)(2)(A)(iii) excludes from the definition of "branch office" locations, other than a primary residence, that is used for securities business for less than 30 business days in any one calendar year. We recommend that FINRA eliminate the 30-day limitation in the RSL definition and expand FINRA Rule 3110(f)(2)(A)(iii) to apply to any location that satisfies the specified conditions, rather than restricting eligibility solely to the associated person's primary residence. This broader approach would better accommodate evolving work arrangements, such as secondary residences or extended stays at alternative locations, while maintaining appropriate supervisory standards.

5.3 Branch Office Definition Modifications

FINRA should provide greater clarity on the definition of "back-office type functions" under FINRA Rule 3110(f)(2), particularly regarding how these functions interact with supervisory responsibilities. This is especially relevant to Series 99 supervisory roles and offshore support obligations.

Additionally, FINRA should modify or eliminate the condition requiring that only one associated person, or multiple associated persons who reside at the same location and are members of the same immediate family may conduct business from a branch office location. This limitation may not reflect modern living arrangements, such as shared residences among unrelated persons may inadvertently hinder remote work flexibility.

Finally, we recommend that FINRA eliminate the requirement for firms to assess whether "a substantial number of registered persons conduct securities activities at or are otherwise supervised from a given location," or alternatively, provide clear guidance on the definition and threshold of what constitutes a "substantial number" (FINRA Rule 3110.2).

5.5 Permissively Registered Persons

FINRA should clarify that permissively registered persons are not subject to Remote Inspection.

6. Central Registration Depository (CRD) System Enhancements

6.1 System Modernization and Batch Processing

FINRA should prioritize the completion of the systems transformation efforts that started nearly 10 years ago. The transition to Firm Gateway is far from complete and navigating multiple systems such as Web CRD and FINRA Gateway to accomplish registration

functions is inefficient and confusing to members who must interact daily with these systems to meet SEC, FINRA and state regulatory requirements. Greater collaboration is also required before proceeding with significant system changes.

For example, the recent (2023) wholesale changes to qualification rules, such as the elimination of continuous registration and introduction of credited passed exams and subsequent delays in registration approvals, created significant challenges. Members who were not involved in any discussions or testing of these changes in advance of implementation. Lack of clarity and engagement led to system issues and significant delays in registration approvals.

The upcoming registration fee increases scheduled for 2026 highlight the need for greater coordination and transparency in FINRA's policymaking and operational changes. Member firms are now required to quickly adjust internal processes and systems to accommodate FINRA's revised fee structure, often with limited lead time, engagement, or advance notification. Enhanced collaboration with member firms and other regulators during the development and implementation of such changes would help ensure smoother transitions and more effective compliance. In summary, we strongly encourage FINRA to improve transparency, engagement, and timely notification in connection with all significant policy, rule, and systems changes.

FINRA should revise the CRD system and Form BR to better align FINRA, state and other SRO requirements regarding office registration and supervisory location designations. Enhancements should include more precise classifications for work-from-home and hybrid arrangements, expanded functionality for batch-processing, and improved system logic to identify jurisdictional variances. A more unified and efficient process would reduce redundancy, minimize administrative burdens on firms, and improve regulatory coordination and data accuracy across jurisdictions.

Specifically, FINRA should create operational efficiencies by enabling Form BR batch upload functionality within the CRD system, allowing firms to submit multiple updates or registrations simultaneously rather than individually. This would significantly streamline administrative processes, reduce manual entry errors and enhance scalability for firms managing large volumes or associated persons or office locations.

Additionally, we ask that FINRA serve as the centralized source for key broker-dealer regulatory filings and books and records, including Form U4, Form BD, BDW, and Form U5. Additionally, FINRA should allow terminating firms the ability to retain access to these records for the required retention period. Centralizing these documents within FINRA would improve regulatory oversight, streamline recordkeeping, and support firms' compliance obligations, especially during transitions such as firm termination.

6.2 Multi-Jurisdictional Form BR

FINRA should develop a revised Form BR that supports streamlined, multi-jurisdictional submissions. A unified version should allow firms to register or update branch office information across multiple states and regulatory bodies simultaneously, reducing redundancy and improving

efficiency in the registration process. The updated form should also include designations for modern work arrangements, such as work-from-home and hybrid locations, to reflect the evolving operational landscape of member firms.

6.3 Technical Improvements

FINRA should consider replacing the use of tax identification numbers with CRD numbers for individuals taking qualification exams without sponsorship from a registered broker-dealer. Utilizing CRD numbers would improve consistency across FINRA systems, streamline exam tracking and facilitate future registration should the individual later associate with a member firm.

7. Rule 4530 Reporting Thresholds

Rule 4530 establishes a $2,500 threshold for withholding, compensation, fines or other renumeration. This threshold has not been updated for some time, and we believe that it is outdated. We believe that FINRA should increase the reporting threshold in Rule 4530 for disciplinary actions involving associated persons to at least $10,000. The current $2,500 threshold for withholding compensation, fines or other renumeration should be increased to better reflect contemporary compensation levels and focus on reporting requirements on truly significant disciplinary matters.

8. Rule 1017 Safe Harbor Provisions

The Rule 1017 Safe Harbor provisions permit a firm to increase the number of associated persons involved in sales by ten or by 30%, whichever is greater. The Safe Harbor provisions also permit a firm to increase the number of offices (registered or unregistered) by three or by 30%, whichever is greater. The Safe Harbor provisions also permit a firm to increase the number of markets made by ten or by 30%, whichever is greater. These numbers reflect a time when there were many fewer business models in the industry, and a time where there was less use of outsourced providers. While ARM appreciates the expansion permitted under the Safe Harbor provisions (FINRA IM-1011-1), the existing limitations do not adequately reflect the scale and flexibility of contemporary broker-dealer operations. FINRA should expand the parameters of the Safe Harbor provisions to better align with modern business practices before triggering the requirement to file a Continuing Membership Application (CMA). Updating these thresholds would provide member firms with the ability to grow and adapt without unnecessary procedural delays, while still ensuring appropriate oversight when material changes truly occur.

Additionally, the wording of the Safe Harbor has made it very difficult for members to track on a rolling basis. FINRA should strongly consider a safe harbor that *does not* require tracking on a rolling basis, but that sets expansion from a specific date certain (e.g., 12 months).

Currently, membership agreements only allow firms to have a certain number of persons registered and unregistered who have contact with the public. The membership agreement

references should be to registered, client-facing people. Now that FINRA no longer recognizes unregistered order-taker category, the correct formulation should be a limit on registered persons who have contact with the public, and unlimited other people.

In the alternative, we believe FINRA should delete the reference to registered persons in the membership agreement, as that number often creates more confusion than it serves regulatory purposes. Because the Safe Harbor may make the membership agreement limitation outdated very quickly, FINRA should consider deleting the membership agreement limitation altogether.

9. Administrative Improvements

9.1 Form BD Notary Requirements

FINRA should work with the SEC to remove notary requirements for Form BD submissions. Notarization does not serve any regulatory purpose because the firm already accepts responsibility for duly signed forms.

FINRA should allow Gateway to be the official repository Forms BD, BR, U4 and U5 for Rule 17a-3 and 17a-4 purposes and assume responsibility for recordkeeping of these filing, reducing administrative burdens on member firms.

9.2 Continuing Education

FINRA should extend the Maintaining Qualifications Program (MQP) period to seven years to better accommodate career progression and reduce necessary administrative requirements for experienced professionals.

Professionals in the financial industry experience significant growth in their roles and responsibilities over time. A longer MQP period acknowledges that the skills and competencies built over several years remain relevant, reducing the need for frequent re-assessment. A longer time frame would better align with the realities of career progression, particularly for professionals who may take extended time away from the industry for personal or professional reasons. This extension would preserve valuable experience in the industry and reduce the administrative burden associated with re-qualification through examination. Also, a longer MQP properly recognizes that the US and global financial industry are more regulated today than in the past, and that working with non-member financial institutions provides a more sound basis for continuation of licensing than in the past.

Additionally, we urge FINRA to revisit the current annual Regulatory Element continuing education (CE) requirement. While we support ongoing education, the annual cadence may be unnecessarily burdensome, particularly for seasoned professionals. We suggest returning to an every two- or three-year cycle for the Regulatory Element, while maintaining the benefit of a uniform annual due date for simplicity and consistency.

9.3 Regulatory Coordination

We encourage FINRA to enhance its coordination with other regulatory bodies, particularly the North American Securities Administrators Association (NASAA), to promote greater harmonization between state regulatory systems and FINRA systems. Ideally, a single filing should satisfy the requirements of all relevant jurisdictions, eliminating the need for duplicative submissions Such a change would meaningfully improve the efficiency of the registration and compliance process for firms and associated persons operating across multiple states.

ARM appreciates the opportunity to offer this feedback and FINRA's consideration of our views. Please contact me if you wish to discuss our comments in more detail, if you have any questions, or if I can assist with this initiative any further.

Sincerely,

Roseann Viscardi

Roseann Viscardi
President
Association of Registration Management, Inc.
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On behalf of the Executive Board and members of the Association of Registration Management, Inc.

cc: Russell Sacks, King & Spalding LLP