

FINRA Seeks Comment on Lessons From the COVID-19 Pandemic

Background & Discussion

FINRA further requests comment on whether it should consider changes to its rules, operations or administrative processes to address lessons learned during the pandemic or to address anticipated long-term impacts of the pandemic on member firms and investors

Request for Comment

Business Continuity Plans (BCP)

1. What has been your experience with implementing Rule 4370 during the pandemic, including any ambiguities in the rule or challenges to comply with it?
[I am glad to say that we did not have any issue implementing our BCP as a result of the pandemic. It was really helpful that FINRA provided flexibility with some of the member firms responsibilities that were directly impacted by the pandemic.](#)
2. Should FINRA consider any amendments to Rule 4370 to address issues raised during the pandemic?
[Provide more time to respond to items requested during an audit since not all the personnel \(or none\) are allowed in the office which sometimes it makes it harder to access the information requested.](#)
3. Did your firm's BCP plan directly or indirectly address the circumstances of the pandemic?
[It did not specifically addressed the circumstances of a pandemic, but it did address global issues affecting not only our firm but the city or state.](#)
4. Did your firm make or does your firm plan to make any changes to its BCP in response to the pandemic?
[We did amend our BCP to include a section on how to respond to a pandemic and the actions that need to be taken when implemented.](#)
5. Does your firm annually test its BCP? If so, are there any changes to testing warranted given what your firm has learned during the pandemic?
[Yes, before the pandemic we tested our BCP twice per year. We do not expect any change in the testing of our BCP.](#)

Remote Offices, Alternative Work Arrangements and Remote Inspections

6. Are additional guidance, tools or resources needed to assist member firms as a result of changes to their business operations?
[Not at this point.](#)
7. Does your firm anticipate continuing to allow use of remote offices or alternative work arrangements by some personnel after the pandemic? If so, are there any ambiguities or challenges with FINRA rules that may prevent transition to broader use of remote offices or alternative work arrangements, including intersections with other laws or regulations?
[No, we plan to return to the office 100%](#)
8. Should FINRA consider any amendments to the branch office and OSJ definitions in Rule 3110? If so, what amendments do you suggest?

No change as long as some crucial activities are not performed in the remote location.

9. If your firm has inspected any branch office remotely, did your firm experience any challenges conducting the remote inspection? What criteria does your firm use to determine whether a remote or onsite inspection is appropriate for a location?

Not applicable to our firm.

10. What methods has your firm used to conduct remote inspections?

Not applicable to our firm.

11. What methods has your firm used to supervise personnel working remotely? What business changes have you made in order to comply with supervision requirements?

We updated our telephone system so that all employees can use the office telephone from their cellular phone as if they were in the office and therefore all calls are recorded as if the employee was physically in the office.

The methods of supervision basically remain the same since all the employees are using the same systems as if they were in the office.

12. Has your firm experienced any challenges supervising personnel working remotely? If so, in what particular areas?

No problems experienced.

Engaging with FINRA and FINRA Processes

13. Should FINRA consider any changes to rules or their application, administrative processes or operations for more effective engagement among member firms, firm personnel, investors and FINRA staff?

I think its fine right now.

14. Can FINRA make its procedural rules, guidance or attendant administrative processes more efficient and effective? If so, how?

I think its fine right now.

15. Should FINRA consider further expanding its use of standardized requests for data routinely requested from firms as part of FINRA's examinations to permit more effective remote inspections and reduce uncertainty to firms?

Yes, FINRA should allow more time for firms to respond to information requests during the pandemic since not all employees have the same access to records as if they were in the office.

16. FINRA's rules and programs are only part of a broader framework of securities laws, rules and regulations that govern or affect member firms. Are there requirements from other regulators *for which FINRA has a role in administering* that could be made more efficient or effective (or that have been challenging to comply with during the pandemic)?

I think its fine right now.

Qualification Examinations

17. What have candidates' experiences been with taking qualification exams in test centers or online during the pandemic?

Some concern when attending the testing center for risk of contagion.

18. Should FINRA consider retaining or expanding online delivery of qualification exams after the pandemic?

I do not think so.

19. What has been your experience with the extension of the period for persons to function as principals or operations professionals without passing the appropriate qualification examination, as provided for in SR-FINRA-2020-026 (and any extension thereof), including any challenges or benefits of the extension?

Our firm has not been impacted so far.

Investors' Experiences

20. What impacts on investors, if any, have resulted from pandemic-related changes to member firms' operations and business models? For example:

a. Have investors experienced any difficulty accessing their funds or securities during the pandemic?

No difficulty at all.

b. Have investors experienced any challenges in communicating with registered representatives or member firms during the pandemic?

No.

c. Which other customer services, if any, were impaired in material ways during the pandemic?

Probably some technical issues from the client's side to access their account or to deliver LOA's due to internet access or connectivity issues.

21. What feedback have investors provided concerning pandemic-related changes to member firms' operations and business models?

None.

22. Have investors requested any changes to firms' business processes or procedures in light of the pandemic environment?

No, but some have suggested electronic signature.

23. What changes in retail investor behavior, if any, have been observed during the pandemic? Similarly, what changes, if any, in institutional investor behavior have been observed during the pandemic?

No change at all.

24. Have firms implemented new or additional investor protection measures during the pandemic?

Increased use of verbal confirmation of documents and instructions with the clients.

General Effectiveness, Challenges and Economic Impact

25. What have been the economic impacts, including costs and benefits, of the rules mentioned above? To what extent do the costs and benefits have a disproportionate impact on firms based on size and business model? Have the rules led to any negative or positive unintended consequences?

No impact so far to our firm. The cost of the new telephone system is immaterial.

26. What unintended consequences, if any, during the pandemic have arisen as a result of FINRA's rules or FINRA's application of its rules?

None so far.

27. Are there any ambiguities in the rules that FINRA should address to aid firms while ensuring investor protection concerns are addressed?

None that I am aware of right now.

28. Did any group or subset of investors, associated persons of member firms or candidates for qualification exams experience any difficulties or challenges due to a lack of access to the connectivity or other technology necessary to avail themselves of online services or assistance?

Not in our firm.