

Regulatory Notice

17-27

Regulatory Relief

Guidance to Members Affected by Hurricane Harvey

Executive Summary

This *Notice* provides guidance to firms with a home office, branch office or other business location affected by Hurricane Harvey. FINRA is providing guidance on a number of regulatory and compliance issues, including emergency office relocations, continuing education requirements for registered personnel, registered personnel engaged in active military duty, regulatory filings and associated fees, regulatory inquiries and customer communications.

Questions

Questions or comments concerning this *Notice* may be directed to:

- ▶ Michael Rufino, Executive Vice President, Office of Sales Practice, at (212) 858-4487;
- ▶ Daniel M. Sibears, Executive Vice President, Regulatory Operations/ Shared Services, at (202) 728-6911;
- ▶ William Wollman, Executive Vice President, Office of Risk Oversight & Operational Regulation, at (646) 315-8496; or
- ▶ the FINRA Call Center at (301) 590-6500.

Discussion

FINRA recognizes that members may need relief from regulatory requirements as a result of the dislocation caused by Hurricane Harvey and is providing the following guidance.

Emergency Office Relocations

To relocate displaced personnel, firms not impacted by Hurricane Harvey are encouraged to make office space available and to otherwise assist those who have been recently displaced. If a firm relocates displaced personnel to a temporary location that is not currently registered as a branch office or identified as a regular non-branch location, the firm should use its best efforts to provide written notification to its FINRA Regulatory Coordinator as soon as

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Notice Type

- ▶ Guidance

Suggested Routing

- ▶ Compliance
- ▶ Executive Representative
- ▶ Institutional
- ▶ Internal Audit
- ▶ Legal
- ▶ Operations
- ▶ Registration
- ▶ Senior Management
- ▶ Systems

Key Topic(s)

- ▶ Continuing Education
- ▶ Customer Communication
- ▶ Disaster Recovery
- ▶ Emergency Office Relocation
- ▶ Form U4/Form BR
- ▶ Military Personnel & National Guard
- ▶ Regulatory Filings and Inquiries

Referenced Rules & Notices

- ▶ Exchange Act Rules 17a-3 and 17a-4
- ▶ FINRA Rule 3120
- ▶ FINRA Rule 4510 Series
- ▶ Interpretive Material 1000-2

possible after establishing a new temporary office or space-sharing arrangement, to include at a minimum the office address, the entities involved, the names of registered personnel, a contact telephone number and, if possible, the expected duration. The notification should also indicate the type of business that the firm providing the space is engaged in (*e.g.*, an organization in a securities or some other kindred business). In instances where a nonbranch location or branch office has been relocated or customer calls are being rerouted to another office, firms should exercise due diligence in validating the identity of the customer as well as provide heightened supervision of the affected customer accounts.

Regulatory Filings and Responses to FINRA Inquiries, Matters and Investigations

Due to area flooding, power outages and network unavailability, some firms may have difficulty making timely regulatory filings and responding to regulatory inquiries or investigations. As a result, some firms may need extensions for open inquiries, investigations or upcoming filings, such as filings related to customer complaints that were received just prior to and in the days immediately following Hurricane Harvey. Firms that require extra time to comply with open requests or that may be delayed with required filings should contact their Regulatory Coordinator or FINRA department making the request to seek extensions. FINRA will waive late fees incurred by firms impacted by Hurricane Harvey based on the firm's particular circumstance.

Form U4/Form BR

FINRA is temporarily suspending the requirement to maintain updated Form U4 information (*e.g.*, office of employment address) for registered employees affected by the referenced relocations associated with this event. In addition, it is not necessary to submit branch office applications for any newly opened temporary office locations or space-sharing arrangements established as a result of recent events.

Customer Communication

In instances where registered representatives are unavailable to service their customers, firms are encouraged to promptly place a notice on their websites indicating to affected customers who they may contact concerning the execution of trades, their accounts, and access to funds or securities. Supervisory control policies and procedures should be considered that will mitigate risks that may arise due to the reduced ability to communicate with customers, inability to rely on mail, or other disruption to the existing controls over communications with customers.

Business Continuity and Contingency Plans

Firms affected by Hurricane Harvey should contact their Regulatory Coordinator to discuss the implementation of business continuity and contingency plan actions, as well as to discuss any issues they may be facing, including the disruption of business operations, and whether disruptions are solved or ongoing.

Firms should promptly notify their Regulatory Coordinator if they have experienced any damage or loss with respect to any books and records required to be maintained under FINRA or SEC rules, or if any customer funds or securities held at affected offices that cannot be located or which are unaccounted for. Members should also review their supervisory control policies and procedures to ensure that the policies and procedures relating to the transmittal of customer funds and securities and customer requests for change of address are adequate after considering changes to normal operations.

Qualification Examinations and Regulatory Element Continuing Education

FINRA is extending the Regulatory Element continuing education and qualifications examination enrollment windows for candidates who are in the affected counties and regions declared a “disaster” by the federal or state governments.

Registered representatives who have a qualifications examination or a regulatory element continuing education window due to expire between August 25, 2017 and September 22, 2017, will have their enrollment windows extended to November 6, 2017. As more information becomes available, FINRA may provide additional extensions. Please contact FINRA’s Gateway Call Center at (301) 590-6500 with any questions or if you require additional information.

Military Personnel and National Guard

We are aware that the National Guard has a substantial presence in the areas impacted by the storm to provide assistance. As such, please be reminded that FINRA By-Laws provide specific relief to FINRA registered persons engaged in the investment banking and securities business who volunteer or are called into active military duty. Under Interpretive Material 1000-2, such persons will be placed in a specially designated “inactive” status once FINRA is notified of their military call-up, but will remain registered for FINRA purposes.

Such persons will remain eligible to receive transaction-related compensation, including continuing commissions, because they remain registered with a firm while on inactive status. Also, an employing firm may allow a registered person on inactive status to enter into an arrangement with another person registered with the employing firm to service his or her accounts and to share in commissions generated by those accounts. However, such a person on inactive status may not perform any duties of a registered person. In addition, dues and assessments identified in Article VI of the FINRA By-Laws will be waived for such persons.

Firms should notify FINRA of such events by mailing, emailing or faxing to the Registration and Disclosure Department a letter (on firm letterhead) identifying the name and CRD number of the person called into active duty, the name and CRD number of the firm (or firms) with whom the person is associated, the date the firm received notification from the individual and a copy of the official call-up notification. Firms should mail letters notifying

FINRA of military call-ups to:

- ▶ FINRA Registration and Disclosure Department
Regulatory Services and Ops,
9509 Key West Ave, 3rd Floor
Rockville, MD, 20850
- ▶ Email: webcrd@finra.org
- ▶ Fax: (301) 216-3716

If you have questions about this process, please call the Gateway Call Center at (301) 590-6500. For more information, view our [Active Military Leave Guidance](#) web page.