

Foreside's Readers Guide on FINRA's 2022 Report on Examinations + Risk Monitoring Programs

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The 2022 Report on FINRA's Examination and Risk Monitoring Program was released on February 9th. This is the second year of the annual Report that replaced the FINRA Priorities Letter. For Partner clients of Foreside, there is little shocking contained in the Report. FINRA has been clear and consistent regarding the common deficiencies witnessed at member firms.

The format of the report is more user friendly allowing compliance professionals to easily navigate towards topics of their choosing with ample links and each section summarizing:

- Regulatory Obligations
- Related Considerations
- Exam Findings
- Effective Practices
- Additional Resources

Helpfully for 2022, FINRA has denoted new topics in red, **bolded** new material in existing sections, and placed a star by findings that are of particular interest for newly approved firms.

On February 3rd, Foreside hosted a discussion with FINRA's Vice President Member Relations and Education, Kayte Toczyłowski, in which many of the "Firm Operations" and "Communications and Sales" sub-topics were discussed. We also discussed how FINRA has evolved its focus areas to align its program to address evolving technologies and the influx of retail investors entering the market.

New topics for 2022 include:

- Firm short positions and fails-to-receive in municipal securities;
- Trusted contact persons;
- Funding portals and crowdfunding offerings;
- Disclosure of routing information; and
- Portfolio margin and intraday trading.

Expect FINRA to adapt areas of focus throughout the coming year to address emerging regulatory concerns and risks to investors as they may arise. Of course, compliance is not that simple. If it were, there would be a lot fewer of us employed. We will continue to be vigilant as FINRA's focus evolves.