BATES COMPLIANCE

Broker-Dealer Branch Office Compliance

Remote Supervision, Inspections and Operational Considerations

Bates Compliance

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Introduction

In May 2019, Bates Compliance published a review of the supervision, inspection and operational considerations for broker-dealer branch office compliance. In that paper, Bates described the core obligations on supervisors of broker-dealer branches taking into account the Financial Industry Regulatory Authority's ("FINRA") announced examination priorities[1] as well as its guidance on strengthening cybersecurity controls.[2] Since then, FINRA has broadened those priorities to include compliance inspections on the new conduct standards obligations (Regulation Best Interest) and has continued to emphasize the importance of adopting a risk-based approach in firm compliance frameworks.

The COVID-19 pandemic heightened these risks and, as a result, created urgencies for both regulators and broker-dealers. Indeed, during the pandemic, FINRA filed and received approval for firms to extend the required branch exams[3] and extended filing deadlines to help cope with the challenges. More significantly, the pandemic has drawn significant attention to the future of supervision and practice over remote offices in general. On November 9, 2020, for example, the SEC Office of Compliance Inspections and Examinations (now the SEC Division of Examinations—hereafter, "the Divsion") issued an Alert urging investment advisers to consider the "unique risks and challenges presented by "employing a business model that includes numerous branch offices and business operations that are geographically dispersed."[4] Though COVID-19 was not the basis for this alert—the Division's observations came from data collected in 2018 (*see fn. 2*)—the pandemic has undeniably added urgency to issues around remote supervision and compliance and has pushed the topic higher on the list of the Division's examination priorities.

The current landscape, where financial professionals are required to work from home or other remote locations, raises many supervision questions and portends long term changes in regulatory policy. What had been an important and deliberate effort by regulators and industry groups to grapple with evolving issues concerning registered broker-dealers at the furthest reaches of the regulatory chain, (i.e., those operating out of branch offices) is now an imperative for compliance and supervisory professionals. Regulatory initiatives[5] that were intended to spark constructive dialogue and future proposed rulemakings to govern, for example, evolving financial technologies (FinTech) may wind up being even more important as a prelude to a more immediate debate on the long-term future of supervision of remote office practice.

This update restates the core obligations on supervisors of broker-dealer branches under existing rules and based on stated FINRA priorities[6] including guidance on strengthening cybersecurity controls.[7] It reviews current considerations over practical compliance for branch office broker-dealers and investment advisers in the new COVID-impacted work environment and recent proposals to utilize technology to potentially make permanent, remote office inspections.

The Fundamentals: FINRA Branch Supervision

Broker-dealers are required to register their branch offices with FINRA and other regulatory and/or state authorities.[8] When registering, firms must indicate whether the branch will be registered as an Office of Supervisory Jurisdiction ("OSJ") for the firm. OSJ branches require at least one qualified and registered principal of the firm be onsite to supervise and assume responsibility for the

Three broad FINRA rules address the supervisory obligations required by registered broker-dealer firms:

- FINRA Rule 3110 (Supervision)
- FINRA Rule 3120 (Supervisory Control System)
- FINRA Rule 3130 (Annual Certification of Compliance and Supervisory Processes)

branch's securities-related business activities.[9] The scope of the business conducted at a branch and the number of branches a firm operates both affect the proper registration filings.

The General Framework

Three broad FINRA rules address the supervisory obligations required by registered broker-dealer firms.[10] FINRA Rule 3110 (Supervision) requires a firm to establish and maintain a system to supervise the activities of its associated persons in order to ensure compliance with securities laws and regulations. FINRA Rule 3120 (Supervisory Control System) requires a firm to test and verify the firm's supervisory procedures. FINRA Rule 3130 (Annual Certification of Compliance and Supervisory Processes) requires a firm to designate and identify one or more principals to serve as a chief compliance officer, and it requires the firm's chief executive officer to certify annually that the firm has processes in place to establish, maintain, review, test and modify policies and procedures reasonably designed to achieve compliance with applicable laws and regulations including FINRA rules.

Under this framework, branch office supervision is where the rubber meets the road. Branch supervisors are responsible to make sure that written supervisory procedures are being adhered to, documented and reported. These processes require constant attention as regulators and enforcement agencies examine everything from controls over bad actors to suitability of investment recommendations and, now, to compliance with Regulation Best Interest. Compliance under FINRA's three-rule framework extends to each associated person at the branch office.[11]

Going from the general rules to specific branch compliance requirements presents unique challenges, due in no small part to branches having many different characteristics and special circumstances. The general framework, however, remains the same: a system of supervisory control policies and procedures ("SCPs"), written supervisory procedures ("WSPs")—which sometimes incorporate the SCPs as one document—and the oversight and means necessary to permit certification, under FINRA Rule 3130, that the firm's compliance program is reasonably designed to prevent and detect violations of securities laws. Branch compliance is, therefore, all about extending these three basic rules to cover all firm representative activity in all circumstances and to hold supervisors accountable.

Application of Framework to Branch Supervisors

Under Rule 3110, every firm must have WSPs that cover the activities of associated persons and all the types of businesses engaged in by a branch office. So, for example, the WSPs must provide for the review of a firm's securities business, correspondence and internal communications, and customer complaints. Moreover, the written procedures need to specify the individual(s) responsible for each review, the supervisory activities each person will perform, the frequency of review, and the manner in which it is documented. Further, 3110(c) requires firms to conduct a review of each registered OSJ on no less than an annual basis, and that non-OSJ branches be inspected no less than every three years. Firms would do well to incorporate risk assessments and a risk-based approach in both the scope and timing of non-OSJ branch office inspections. In the current COVID environment, delivering on this requirement can create issues for firms in so

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much that they are not able to conduct on-site reviews, as discussed later in this paper.

The firm's supervisory control system under Rule 3120 must be tested to verify that the WSPs are reasonably designed to achieve firm compliance with all other FINRA rules. As a result, Rule 3110(a)(3) requires the firm to designate a registered principal to be responsible for establishing, maintaining and enforcing a firm's WSPs at the branch level. That branch office supervisor is charged with reviewing reports, often established by the home office, and responding to red flags identified during the report review. The branch office supervisor is responsible for raising issues to senior management and also following any changes that have been implemented by the home office.

The emphasis on incorporating risk-based methodologies into testing helps to identify where modified or new WSPs may be necessary in light of shifting business and regulatory environments. FINRA's general approach to accountability, Rule 3130, requires the CEO to submit a report stating that he/she met with the designated CCO, and to certify to the firm's board of directors and audit committee (or equivalent bodies), if the size of the firm requires, that the firm has in place processes to establish, maintain, review, test, and modify policies and procedures reasonably designed to achieve compliance with applicable securities laws and regulations and FINRA rules.

From a branch perspective, the result of the three-rule regulatory approach is clear: more and more detailed requirements flowing downhill that place greater expectations and compliance burdens on branch supervisors. One need only consider the unconsolidated, non-all-inclusive, 74-page WSP checklist provided by FINRA[12] to get a general sense of the compliance burdens on supervisors. Supervisors face significant challenges in not only the evolving substantive areas of regulatory concern, but also in tailoring their supervision to reasonably address the unique risks within their branches. The advent of additional scrutiny over Regulation Best Interest compliance and the pandemic has pushed these concerns to new limits.

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Exam Priorities

From a regulator perspective, the shifting market conditions (and now the pandemic urgencies) require a framework broad enough to address the threats, flexible enough to enable broker-dealers to adapt their procedures to the unique attributes of their firm, and specific enough to hold leadership and registered representatives accountable. FINRA's examination priorities address the many areas that need to be covered under an effective regulatory regime. (See Bates Group's Comparison Chart[13] for a broad indication of FINRA's exam priorities over the past few years.) These priorities are cumulative, and they are increasing. They incorporate topics that have been "mainstays" of FINRA's efforts over the years. In its January 2020 priority letter, FINRA added examinations for compliance with now-in-force Regulation Best Interest, and the new Form Customer Relationship Summary ("Form CRS") requirement.[14] This was in addition to FINRA continuing to prioritize the examination of cybersecurity policies and procedures to ensure that customer records and information are adequately protected. (The FINRA letter prods firms to consider their "technology governance programs" to determine whether they are "expose[d] to operational failures" that may compromise their ability to comply with a range of rules and regulations.) These priority letters often convey to compliance professionals the message that every issue is a priority.

On sales supervision concerns, a particular concern for remote offices, FINRA communicated that an effective compliance program must cover Sales Practice Risk. These include effective supervision over the suitability of recommendations of products such as mutual funds, variable annuities, share classes, trading in margin accounts, and private securities transactions. It also includes special additional obligations concerning the protection of senior investors to prevent fraud, sales practice abuses, and financial exploitation.

At the branch level, this also means that supervisors closely monitor accounts "where registered representatives serve in a fiduciary capacity, including holding a power of attorney, acting as a trustee or co-trustee, or having some type of beneficiary relationship with a non-familial customer account." Supervisors must also consider FINRA's new Rule 3241[15] (effective 2/15/21), which limits registered representatives acting in trustee, POA and other capacities. The FINRA examination priorities letters leave no doubt that supervisors are on the hook for carrying out a multitude of supervisory tasks.

Pre-COVID Remote Branch Office Inspections

The supervisory challenges inherent in effective supervision of broker-dealer branches was thoroughly reviewed in a Progress Report on FINRA360, issued in April 2018.[16] (FINRA360, launched in March 2017, was an initiative designed to foster dialogue and collaboration with market participants in order to improve the self-regulatory organization's efficiency.)

In that Report, FINRA recounted that firms questioned the manner in which internal inspections for branch offices should be carried out, "particularly for those offices or locations with a limited number of associated persons or where only operational or limited supervisory functions take place." The matter of registered representatives working from personal residences—or anywhere outside of the office—presents complex issues associated with FINRA's general risk categories. COVID-19 has exposed these issues.

A pre-COVID FINRA proposal included an amendment to Rule 3110[17] that would give firms the option *to conduct a remote inspection* of a "qualifying office" to fulfill compliance obligations under Rule 3110. For branch supervisors, the proposed rules would have required firms that conduct such remote inspections to have policies and procedures reasonably designed to determine whether a location is eligible for remote inspection as a "qualifying office" and to assess whether a remote inspection of any such office is reasonable. At the time, the proposal to create qualifying offices was rationally related to fixing the trend toward more home-based operations. However, the costs and labor associated with the proposed fix effectively stymied the proposal. In retrospect, the dialogue around this proposal seems prescient.

Cybersecurity and Branch Controls

In a still-current Report on Selected Cybersecurity Practices,[18] FINRA provided guidance for firms to improve their cybersecurity programs. The guidance was in addition to protocols contained in a 2015 FINRA Report on Cybersecurity Practices[19] and based on the SRO's Risk Control Assessment Survey of high-level, mid-level and low-level revenue firms.

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In the Report, FINRA sought to provide best-practices advice based on an assessment of the "evolving cybersecurity threat landscape, firms' primary challenges and the most frequent cybersecurity findings from our firm examination program." First among the topics was the adverse effect of branch autonomy on the implementation of consistent firm-wide cybersecurity controls.

In its review of branch controls, FINRA identified the vulnerabilities of customer information from branches that (i) purchase their own technology assets, (ii) use non-approved vendors, (iii) fail to follow firm software patching and upgrade protocols, and (iv) employ representatives who work from home.

Noting that "branch offices may have less developed cybersecurity controls in comparison to the home office," FINRA recommended—consistent with the three-rule framework—the "establishment of WSPs to define minimum cybersecurity controls and to formalize oversight of the branch offices."

FINRA also suggested many additional measures that branches should develop, including creating an "inventory of branch-level data[20] and software and hardware assets, maintaining branch technical controls and implementing a robust branch cybersecurity examination program."

Among other proposals, FINRA recommendations included: better training, better dissemination of cybersecurity guidance, improving lines of authority and responsibilities, more effective responses to violations of policy, and better technical controls regarding storage of sensitive customer or firm data.

Beyond tightening branch office controls, the FINRA Report went on to identify numerous practices reflecting a range of additional protocols for firms that would ensure more stringent oversight, technical control and accountability. Specifically, the SRO offered recommendations on phishing attacks, insider threats, penetration testing, and the use of mobile devices, all of which present unique challenges to branch office supervision.

These FINRA recommendations serve as important background to understand the perspectives going into the pandemic crisis. The FINRA Report made clear that to satisfy minimum standards and obligations, a firm's branch review must "evaluate branches' cybersecurity vulnerabilities and ensure that branches are consistently applying cybersecurity controls across a firm's branch network." The SRO reminded firms that branch reviews "may include on-site branch inspections, remote surveillance, inspections, reports and questionnaires to evaluate and record each branch's and registered representative's compliance with the firm's cybersecurity standards."

FINRA and COVID-19 Remote Work

On May 28, 2020, FINRA issued a Regulatory Notice[21] concerning COVID-19-related off-site transition and supervisory practice information. The special alert was just one in a series of alerts and other compliance relief issued by regulators and necessitated by the circumstances. At the time, FINRA suggested that firms consider whether the recommendations were "applicable" and whether they would enhance supervisory systems and compliance programs during what was expected to be a limited period. FINRA documented a broad range of methods firms had devised to transition to remote offices and to supervise associated persons. These steps were a proactive way for firms to fulfill their obligation to implement a reasonably designed supervisory system appropriate for the firm's

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size and business model.

FINRA communicated ways to enhance compliance efforts and service customers from remote locations under four areas: customer assistance, off-site work protocols, staff communications and cybersecurity. FINRA shared branch office inspection strategies including, for example, the creation of "temporary" remote branch office inspection plans which relies on technology and video and electronic document review. FINRA acknowledged that these were temporary and so would merely defer any required onsite inspection to a later time and that when pandemic restrictions are lifted, they will prioritize high-risk, on-site branch inspections.

Compliance Experience and the COVID-Related Remote Work Environment: Rolling Guidance

The temporary recommendations contained in the FINRA alert hardened as the pandemic wore on. Three months after it was issued, on August 12, 2020, the Division's staff alerted broker-dealers and investment advisers to COVID-19 remote-work compliance risks.[22] Only a few months later, on November 9, the Division published the results of compliance deficiencies from 2018 examinations of investment advisers operating out of multi-branch offices. In the latter advisory, the Division found multiple deficiencies in branch-office compliance programs and practices, and with respect to the fiduciary obligations of advisors. The Division highlighted practice problems which included:

- *Custody Issues* – The Division found advisers violated the "Custody Rule" by, among other things, failing to have adequate policies and procedures that limited the ability of supervised persons to process transactions in client accounts and to ensure consistent application of rules across the firm.
- *Fees and Expenses* – The Division found advisers failed to have branch office policies and procedures to remediate overcharges or to consistently apply fees.
- *Supervision* – The Division found that advisers failed to adequately supervise branch office personnel, which led to multiple compliance deficiencies related to material disclosures, best interest recommendations on mutual fund share classes, best execution and trading, and documentation of disciplinary events for personnel with higher-risk profiles.
- *Advertising* – The Division found that advisers failed to adequately address issues arising from branch offices operating under a different name (i.e., D/B/A) and by supervised persons located in branch offices. These included presentations which omitted material information, disclosures of inaccurate credentials and other unsupported claims,
- *Code of Ethics* – The Division found ethical failures affecting transaction reporting and proper review, identification of access persons, and procedural omissions which allowed supervised persons to invest inappropriately in limited or private offerings.

The Division highlighted branch office supervisory issues, as well, including ineffective oversight of investment decisions, failures to disclose conflicts, and inadequate supervision of decisions on trading allocations. Of particular note were deficiencies associated with oversight and disclosures on mutual fund

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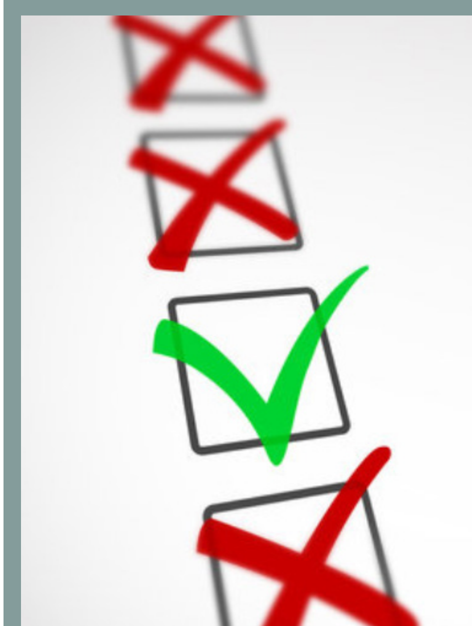

share class selection recommendations (the subject of a recent successful SEC enforcement[23]) and wrap fee programs. Observed failures involved inadequate best interest assessments, erroneously charged commissions, inadequate disclosures, insufficient oversight of “trading away practices,” and poor monitoring practices.

In addition, the Division identified deficiencies related to “automated account rebalancing” which prompted redemption fees from mutual funds and failures to disclose fees associated with automated processes. The Division also identified conflicts of interest related “to expense allocations that appeared to benefit proprietary fund clients over non-proprietary fund clients.” The Division raised failings on adviser trading and allocation practices. These deficiencies highlighted insufficient documentation (including failures to provide any analysis that would satisfy best execution requirements), client consent and associated monitoring failures.

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SEC Division of Examinations: Compliance Recommendations

In the November 2020 Alert, the Division offered several recommendations that might assist in designing and implementing policies and procedures. Among others, these include: the adoption of written compliance practices and procedures applicable to all office locations and all supervised persons, and tailored compliance practices necessary for effective branch office oversight.

Best-practice recommendations included the development of uniform policies and practices on advertising, client fee billing, portfolio management and monitoring as well as requiring approval for personal trading activities for all supervised persons located in all office locations. The Division also recommended compliance testing and periodic compliance reviews of key activities at all branch offices. Consistent with earlier recommendations, the Division further recommended that advisers establish hiring practices that include “disciplinary event” checks and ensure the accuracy of disclosure of such information. Finally, the Division recommended periodic compliance training for branch office employees.

Throughout the pandemic, the Division has recommended that firms review and modify supervisory and compliance programs to reflect the changes made to all operational aspects that might have changed due to the shift “to firm-wide telework conducted from dispersed remote locations.” The Division recommended that firms consider (i) current levels of oversight, (ii) securities recommendations that may require additional review due to market volatility or the higher risk for fraud, (iii) resource constraints affecting reviews of third-party managers, investments, and portfolio holding companies, and (iv) other communications or transactions occurring from remote locations or through the use of personal devices.

On the risks associated with protecting investor assets, the Division recommended that firms review their practices on (i) collecting and processing investor checks and transfer requests, and (ii) around disbursements to investors, particularly concerning “unusual or unscheduled withdrawals” from retirement accounts. The Division recommended that firms update supervisory and compliance policies and procedures based on that review and consider additional disclosures to investors. The Division also encouraged strengthening investor protections by enhancing the steps necessary to validate the identity of the investor and the authenticity of disbursement instructions.

As to practice misconduct and fraud, the Division suggested that market volatility can heighten the potential for misconduct stemming from financial conflicts of interest and the fees and expenses charged to investors. Among other recommendations, the Division encouraged firms to enhance their compliance monitoring, validate the accuracy of their disclosures calculations and investment valuations, identify and review high fee transactions, and evaluate risks associated with investor or client loans. Similarly, the Division suggested that firms should consider raising their awareness of the risk of investment fraud during the pandemic and enhance due diligence on investments, ensuring compliance with "best interest" standards and reporting to the SEC any suspicious activity or fraud.

Finally, the Division advised firms to review their business continuity plans to address their "ability to operate critical business functions during emergency events." The Division told firms to review supervisory and compliance policies and security and resource support for protracted remote operations. This includes reviewing for vulnerabilities around the potential loss of sensitive information, given (i) the increased reliance on electronic communications from remote operations, and (ii) the heightened risk from fraudsters attempting to improperly access systems and accounts. Specifically, the Division recommended enhancing identity protection practices, increased trainings and strengthening system access security.

The Pandemic and the Remote Office

In the long run, the impact of the pandemic on remote office compliance obligations and potential rule and practice changes will be significant. To address the compliance consequences caused by the dramatic shift to remote work, regulators have not only issued guidance, but also temporary relief and then extensions of that relief in recognition of the challenges. (FINRA dedicates a topic page to help broker dealer keep current.[24])

In July 2020, the SEC published in the Federal Register straightforward FINRA proposed relief to extend to March 31, 2021, the time by which member firms must complete their calendar year 2020 inspection obligations under Rule 3110(c) (Internal Inspections).[25] SIFMA took that opportunity to look at the larger question of more permanent remote office inspections. In its comment letter[26] on the extension request, SIFMA asked that FINRA member firms "be permitted to rely on remote branch inspection programs that leverage existing, proven processes and technology to ensure that sales practice risks, suitability risks and investor protection concerns are properly addressed, in lieu of an on-site inspection in 2020, for the duration of the COVID-19 pandemic." But the implications are clear. SIFMA's argument that "remote inspection programs offer a suitable alternative to on-site office inspections" could be a game changer if adopted. Specifically, SIFMA made the case that existing technology and tools already approved for inspection processes prior to an on-site visit could be extended to cover "a large majority of the significant elements of the inspection of a branch office." These elements include findings on sales practices, suitability, supervision, and investor protection. Specifically, SIFMA advocates for a remote inspection program that might consist of, among other things: interviews with personnel and supervisory staff; general testing on supervision, including supervision of personnel subject

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to a heightened supervision plan; customer complaints; employee brokerage activity; review of outside business activities; reviews of personnel electronic communications; supervision of actively traded accounts; reviews of non-cash compensation; product-specific concerns on annuities, mutual funds, ETFs, UITs and complex products; and reviews of asset movements for anti-money laundering concerns. Though the goal would be to provide assurance that such remote examinations would last through the pandemic, it is clear that it could be the basis for a permanent procedure.

What's A Branch Supervisor To Do?

This update restates the core obligations for supervisors of broker-dealer branches and relevant recent Division investment adviser recommendations under existing rules and priorities. It reviews current compliance challenges for regulators in the new COVID-impacted work environment. Further, it contemplates how the pandemic has accelerated the trend toward relying on technological solutions to address a changing work environment.

FINRA's three-rule framework for supervisors stretches to accommodate multiple regulators' mandates, numerous risks and a variety of business models. The risk-based framework now covers the new Regulation Best Interest standards and all the topical requirements. But the pandemic has pushed compliance to the limits.

Technology was driving the transition to remote office work well before COVID-19. The pandemic served to uncover a myriad of compliance risks and cybersecurity issues with which regulators and broker-dealers must grapple. Jill Ehret, Director of Bates Group's compliance practice and a securities industry professional with over 20 years of experience bringing practical, application-based insight and approaches to broker-dealer and registered investment advisor compliance departments, commented: "Though these are extraordinary and uncertain times—times which require supervisors to be juggling multiple tasks—the fundamentals remain. New and evolving risks have to be assessed and addressed, policies and practices have to be constantly revised, transactions have to be monitored, and personnel—wherever they are located—have to be trained and supervised."

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About Bates Compliance

The Bates Compliance team of compliance professionals and consultants provides a comprehensive set of services tailored to the needs and requirements of broker-dealers. Bates Compliance provides ongoing updates to a firm's Written Supervisory Procedures in response to changes to securities laws and FINRA Rules, internal processes, policies and business model and supervisory systems. Our team also provides services related to compliance and Supervisory Testing, CEO certifications and CEO reports, anti-money laundering testing and training, communications and advertising and a variety of compliance training. In addition, we provide FINRA examination Support, firm and branch office inspections and other ongoing compliance support related to, e.g. CRD filings with state and federal regulators and quarterly customer complaint and disclosure filing.

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Learn More:

Watch the on-demand replay of Bates Compliance and SIFMA's "Virtual Branch Compliance Visits" webinar, attended by over 700 compliance and industry professionals.

Pressed for time?

Read our summary of the webinar.

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Endnotes

1 https://www.finra.org/sites/default/files/2019_Risk_Monitoring_and_Examination_Priorities_Letter.pdf

2 https://www.finra.org/sites/default/files/Cybersecurity_Report_2018.pdf

3 https://www.finra.org/sites/default/files/2020-07/SR-FINRA-2020-019-nof-imm-eff.pdf

4 https://www.sec.gov/files/Risk%20Alert%20-%20Multi-Branch%20Risk%20Alert.pdf

5 FINRA360, See, e.g., https://www.finra.org/sites/default/files/FINRA360ProgressReport_April2018.pdf

6 https://www.finra.org/sites/default/files/2019_Risk_Monitoring_and_Examination_Priorities_Letter.pdf

7 https://www.finra.org/sites/default/files/Cybersecurity_Report_2018.pdf

8 This includes the NYSE and relevant state authorities. See https://www.finra.org/registration-exams-ce/broker-dealers/registration-forms/form-br

9 https://www.finra.org/registration-exams-ce/broker-dealers/registration-forms/form-br

10 https://www.finra.org/rules-guidance/key-topics/supervision

11 Note this SEC Division of Market Regulation Staff Bulletin from 2004 reminding broker-dealers that small, remote offices require vigilant supervision.

12 https://www.finra.org/sites/default/files/WSP-Checklist.xlsx

13 https://www.batesgroup.com/news/finra-highlights-online-platforms-mark-up-disclosure-and-compliance-regtech (for 2019) and https://www.batesgroup.com/news/finra-reorganizes-for-more-coordinated-exams-highlights-priorities-for-2020

14 See Bates White Paper "Regulation Best Interest: Perspectives on Firm Compliance"

15 See FINRA Regulatory Notice 20-38 https://www.finra.org/rules-guidance/notices/20-38

16 https://www.finra.org/sites/default/files/FINRA360ProgressReport_April2018.pdf

17 https://www.finra.org/sites/default/files/notice_doc_file_ref/Regulatory-Notice-17-38.pdf

18 https://www.finra.org/sites/default/files/Cybersecurity_Report_2018.pdf

19 https://www.finra.org/sites/default/files/p602363%20Report%20on%20Cybersecurity%20Practices_0.pdf

20 FINRA provides more information on asset inventories under its Small Firm Cybersecurity Checklist and in its Report on Cybersecurity Practices.

21 https://www.finra.org/sites/default/files/2020-05/Regulatory-Notice-20-16.pdf

22 https://www.sec.gov/files/Risk%20Alert%20-%20COVID-19%20Compliance.pdf

23 https://www.sec.gov/enforce/announcement/scsd-initiative

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