

# Recent FINRA Developments



April 2012

On January 26, 2012, the SEC issued a letter to FINRA authorizing FINRA staff to ask for Suspicious Activity Reports (SAR's) and any related SAR information from member firms. The Financial Crimes Enforcement Network regulations regarding confidentiality of SAR's require a broker-dealer to make SAR's and supporting documentation available to any self-regulatory organization that examines the broker-dealer for compliance with the requirements of 31 CFR 1023.320 (the SAR rule). The letter from the SEC clarifies the expectation that FINRA member firms make SAR's and supporting documentation, as well as any information that would reveal the existence of a SAR or any decision not to file a SAR available to FINRA.

The SEC's request applies to all FINRA member firms and applies to requests in connection with FINRA's examinations, investigations, and risk assessment efforts within its examination program. FINRA staff may request SAR's and SAR information, or question firm staff about SAR related activity from any time frame within the examination or investigation review period, including any time prior to the issuance of the letter from the SEC.

Other recent regulatory developments from FINRA include changes to qualification examination fees and new service charges for regulatory element continuing education sessions taken outside the United States. Effective April 2, 2012, FINRA has filed for immediate effectiveness amendments to Section 4(c) of Schedule A to the FINRA By-Laws to 1) increase qualification examination fees and 2) assess a service charge for any Regulatory Element session taken in a test center located outside the territorial limits of the United States.

Under NASD rules 1021(a) and 1031(a), persons engaged in the investment banking or securities business of a FINRA member firm and who are to function as representatives are required to register with FINRA in each category of registration appropriate to their functions as specified in NASD rules 1022 and 1032. The individuals must pass an appropriate qualification examination before their registration can become effective.

These mandatory qualification examinations cover a broad range of subjects regarding financial markets and products, individual responsibilities, securities industry rules and regulatory structure. FINRA develops, maintains, and delivers all qualification examinations for individuals who are registered or are seeking registration with FINRA.

In its Regulatory Notice 12-16 and in connection with FINRA's review of its examination fee structure, FINRA cites an increase in costs incurred, including the costs associated with developing, administering, and delivering examinations, as a basis for the increase in fees. The increase in fees for the various series examinations ranged from 8% to 12%.

Should you have any questions related to this topic, feel free to contact Chris Wallace ([cwallace@keitercpa.com](mailto:cwallace@keitercpa.com)) or your Keiter Client Service professional for further clarification.

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