

FINRA Requests Comment on Proposed Amendments Related to the Expungement of Customer Dispute Information

Tuesday, December 12, 2017

On December 6, 2017, the Financial Industry Regulatory Authority (“FINRA”) issued [Regulatory Notice 17-42](#) requesting comment on [proposed amendments](#) to the FINRA Codes of Arbitration Procedure relating to requests for expungement of customer dispute information. FINRA Rule 2080 currently governs a member or associated person’s request to expunge information from the Central Registration Depository (“CRD”) system arising from disputes with customers. An “associated person” is defined by FINRA Rules 12100 and 13100 as a person associated with any broker or dealer admitted to membership in FINRA.

Regulatory Notice 17-42 proposes the establishment of a “roster of arbitrators with additional training and specific backgrounds or experience from which a panel would be selected to decide an associated person’s request for expungement of customer dispute information” pursuant to Rule 2080. The roster was one of the recommendations made by the FINRA Dispute Resolution Task Force in its [Final Report and Recommendations](#) regarding possible enhancements to the FINRA arbitration and mediation forum. Pursuant to the proposed amendments, panels composed of three arbitrators from the roster would decide expungement requests where (i) the underlying customer-initiated arbitration is not resolved on the merits, or (ii) where an associated person files a separate claim requesting expungement of customer dispute information.

Regulatory Notice 17-42 also proposes changes to the expungement process that would apply to all requests for expungement of customer dispute information.

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