

FINRA Proposed Rule Changes & Notice of Disclosure Review Enhancements

Friday, May 25, 2018

FINRA Proposes Rule Change to FINRA Regulation, Inc. District Committee Structure and Governance

On May 18, the Financial Industry Regulatory Authority (FINRA) filed a rule change with the Securities and Exchange Commission to amend the by-laws of FINRA Regulation, Inc. (FINRA Regulation)—FINRA’s regulatory subsidiary. The rule change would reorganize FINRA Regulation’s District Committees (Rule Change), converting FINRA Regulation’s District Committees into Regional Committees, which mirror the regions covered by FINRA’s districts. This change aligns with FINRA’s practice of managing FINRA Regulation’s District Committees as region-wide committees. Among other changes, the reorganization also will involve: (1) the revision of FINRA Regulation’s candidate and member voting eligibility standards to better reflect the member firms and industries in each of the regions; and (2) conforming amendments to the FINRA Regulation By-Laws and FINRA rules regarding the terminology change. Pursuant to Section 19(b)(3) of the Securities Exchange Act of 1934, as amended, and Rule 19b-4 thereunder, the rule change was effective upon filing.

The text of the Rule Change is available [here](#).

FINRA Publishes Information Notice Regarding Enhancements to the Disclosure Review Process Relating to Public Financial Records

On May 18, the Financial Industry Regulatory Authority (FINRA) published an Information Notice regarding enhancements to FINRA’s disclosure review process (Information Notice). The enhancements will allow member firms to rely on FINRA’s verification process to comply with the requirement to conduct public searches related to bankruptcies, judgments and liens. Beginning on July 9, FINRA will conduct a public records search within 15 calendar days of an applicant’s submission of a Form U4 and then provide member firms with any information that is different than what was reported on the aforementioned form. Such enhancements are intended to (1) reduce member firm costs related to public record checks; (2) result in the more timely reporting of certain disclosure information; and (3) reduce the late disclosure fees related to judgments and liens.

A copy of the Information Notice is available [here](#).

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