



Opening Up the Playbook: FINRA Announces 2017 Regulatory Priorities

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On January 4th President and CEO Richard Cook announced FINRA's annual Regulatory and Examination Priorities for 2017. FINRA's playbook for 2017 includes the following highlights:

- **Apparent High-Risk / Recidivist Brokers.**
FINRA has established a dedicated examination unit to --
 - Focus on firms' hiring and monitoring this group
 - Review firms' supervisory procedures to ensure appropriate due diligence into individuals within this group
 - Evaluate firms' branch office inspection programs and supervisory systems for non-branch offices, including independent contractor offices
- **Sales Practices with Seniors**
 - Assess firms' controls designed to protect senior investors from fraud, abuse and improper advice
 - Targeting cases where senior investors purchase speculative or complex products in search of yield
- **Suitability and Concentration**
 - Assessing how firms conduct reasonable-basis and customer-specific suitability reviews
 - Increased focus on controls firms have in place to detect and monitor recommendations that may result in excess concentration in customer accounts
- **Excessive Trading of Long-Term Products**
 - Assessing firms' ability to monitor excessive short-term trading of long-term products such as open and closed-end mutual funds, variable annuities and unit investment trusts (UITs)
- **Outside Business Activities**

- Assessing firms' procedures to review proposed outside business activities of registered reps and ability to assess impacts if such activities on firms' clients
- **Social Media and E-Communications**
 - Review of firms' compliance with their supervisory and record-retention obligations with respect to social media and other e-communication systems irrespective of the medium or the device used to communicate

See the full letter here: <http://www.finra.org/industry/2017-regulatory-and-examination-priorities-letter>



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