

BROKER-DEALER

Annual Verification in the FINRA Contact System Due January 27

The Financial Industry Regulatory Authority (FINRA) requires that each FINRA member complete an annual verification (the Annual Verification) of their contact information within the first 17 business days of each calendar year, which will be January 27 this year. Annual Verification falls under FINRA Rule 4517, which requires FINRA members to update designated contact information promptly upon any material change, verify such information annually and comply promptly with any request for such information via the FINRA Contact System (FCS). Prior to completing the Annual Verification process, FINRA members should review all contacts in the FCS and update as needed. This review should include updating contact details, removing duplicate entries and/or deleting contacts no longer associated to a role in the FCS.

To access the FCS, log in to the [FINRA Gateway Contacts page](#) and select the FCS link in the upper right corner.

DERIVATIVES

See “CFTC Staff Provides Limited Continuation of Certain No-Action Relief to Market Participants in Response to COVID-19” and “Remote Online Testing Available for Candidates Seeking to Take Futures Industry Proficiency Examinations” in the CFTC section.

CFTC

CFTC Staff Provides Limited Continuation of Certain No-Action Relief to Market Participants in Response to COVID-19

On January 19, the Commodity Futures Trading Commission’s Market Participants Division (MPD) and Division of Market Oversight (DMO) issued CFTC Staff Letter No. 21-04 and Letter No. 21-05 (the Staff Letters) to extend, for a limited time, parts of the temporary no-action relief granted in response to the COVID-19 pandemic, which expired on January 15.

CFTC Staff Letter No. 21-04 extends until March 31 the following relief initially granted on March 17, 2020:

- **Oral Communications Recordkeeping Relief.** MPD is extending relief from CFTC regulations requiring recording of oral communications related to voice trading and other telephonic communications for introducing brokers (IBs) and floor brokers (FBs). In conjunction with MPD’s relief, DMO is providing designated contract markets (DCMs) relief from certain CFTC regulations related to audit trails and related requirements where non-compliance arises from the inability of IBs and FBs to record voice communications as a result of their displacement due to the COVID-19 pandemic from an DCM’s trading floor and/or other designated premises from which customer orders may be placed.

CFTC Staff Letter No. 21-05 extends until April 15 the following relief short initially granted on March 17, 2020:

- **Timestamping Relief for Registrants and Members of Swap Execution Facilities (SEFs) and Designated Contract Markets (DCMs).** MPD is providing time-limited, targeted no-action relief for affected firms from time-stamping requirements when they are located in remote, socially distanced locations. This relief does not apply for customer orders that are able to be entered into a trade-matching engine immediately upon receipt.
- **Relief from Introducing Broker (IB) Registration and Location Requirements for Floor Brokers (FBs).** MPD is providing continued relief from IB registration and location requirements for FBs that normally operate on an exchange's trading floor and/or other designated premises from which customer orders may be placed.
- **Relief for DCMs.** DMO is providing DCMs relief from certain CFTC regulations related to audit trails and related requirements as a result of the displacement of trading personnel from their normal business sites.

The press release announcing the Staff Letters notes that all registrants and registered entities that continue to rely on extended relief are strongly encouraged to take all necessary steps to comply with the related rule requirements ahead of the relief's expiration.

See the [CFTC press release](#), which contains links to the Staff Letters. See the [CFTC's comprehensive list](#) of the temporary, targeted relief that the CFTC has granted in response to the COVID-19 pandemic.

Remote Online Testing Available for Candidates Seeking to Take Futures Industry Proficiency Examinations

On January 19, the National Futures Association (NFA) issued Notice to Members 1-21-03, announcing that remote online testing is now available for futures industry proficiency. The exams include Series 3, Series 30, Series 31, Series 32 and Series 34, which FINRA administers on behalf of NFA. Tests also may continue to be taken at a local test center. The availability of remote online testing has not affected NFA's Swaps Proficiency Requirements.

Online testing will be delivered and remotely proctored by FINRA's testing provider, Prometric. Prometric allows candidates to use a personal or firm-provided, webcam-equipped computer to take proficiency exams remotely. Prometric staff are able to proctor each exam by using the webcam and other online tools.

To be eligible for an online testing appointment, candidates must not have a concurrent appointment at a test center and must meet FINRA's technical and remote environment requirements. Candidates who are currently scheduled to take an exam at a test center but wish to change to an online testing appointment should confirm that they meet the technical and remote environment requirements and are aware of any rescheduling policies before cancelling a test center appointment. Firms considering online testing through their network and firm-issued equipment should review FINRA's technical requirements pertaining to equipment, networking and information security.

See the [NFA Notice](#). See the [NFA's Swaps Proficiency Requirements](#). Additional details regarding the online testing requirements and appointment scheduling are available on [FINRA's website](#).

UK DEVELOPMENTS

FCA Reminds UK Firms to Regularly Review Their Regulatory Permission

On January 18, the UK's Financial Conduct Authority (FCA) published a statement reminding UK-authorized firms of their obligations to periodically review their regulatory permissions under Part 4A of the Financial Services and Markets Act 2000 to ensure they are up-to-date or otherwise removed where they are not needed (the Statement).

Under the Financial Services Bill 2019-21 (which is currently making its way through Parliament), the FCA will be granted new powers to act swiftly where it considers that a firm is no longer carrying on regulated activities. Within the new powers, the FCA will be able to serve notice on the firm and request a written response within 14 days. If

the firm does not respond, the FCA will publish a second public notice stating it appears that the firm is no longer carrying on a regulated activity. It can then alter or cancel the firm's permissions after one month.

The FCA instructs firms with a Part 4A permission who have not carried out any regulated activities for 12 months or more, and have no current plans to do so, to apply for cancellation using the FCA's online portal — 'Connect'. If a firm has Part 4A permission and has not used and no longer requires certain permissions, it is advised by the FCA to apply to remove the permission by completing and submitting a variation of permission application using Connect.

In the Statement, the FCA also reminds firms of their obligation to provide an annual attestation confirming that the information held about the firm on the Financial Services Register is accurate and up-to-date.

See the [FCA Statement](#).

For additional coverage on financial and regulatory news, visit [Bridging the Week](#), authored by Katten's [Gary DeWaal](#).

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FINANCIAL MARKETS AND FUNDS

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