

# **Bond Case Briefs**

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## **Lessons from FINRA's 2019 Report on Examination Findings and Observations.**

The Financial Industry Regulatory Authority published its [2019 Report on Examination Findings and Observations](#) (2019 Report) on October 16, 2019. This marks the third annual report of FINRA findings, but in a departure from the prior reports, the 2019 Report distinguishes “findings” (determinations that a firm or registered person has violated SEC, FINRA or other relevant rules) from “observations” (suggestions as to how a firm might improve its control environment, communicated separately from a formal examination report).

The 2019 Report focuses on a number of findings and observations, involving: sales practice and supervision; firm operations; market integrity; and financial management. In addition, the 2019 Report provides examples of effective practices, which can help firms improve their supervision, compliance and risk management programs. This OnPoint discusses key findings from the 2019 Report, as well as FINRA's observations regarding how firms might have avoided related weaknesses and risks.<sup>1</sup>

### **Sales Practice and Supervision**

The 2019 Report focuses on a variety of supervision issues, as well as: suitability; digital communication; anti-money laundering (AML); and Uniform Transfers to Minors Act (UTMA) and Uniform Gifts to Minors Act (UGMA) accounts. Noteworthy examination findings and observations include:

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