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FINRA Backing Away from Reliance on FINRA Rule 8210 for Routine Information Requests

It appears that the Financial Industry Regulatory Authority ("[FINRA](#)") intends to back away from their reliance on FINRA Rule 8210 (the "[Rule](#)") information requests for routine matters. At the Ask FINRA Senior Staff session of the FINRA 2014 Conference in Washington DC, Susan Axelrod, Executive Vice President of Regulatory Operations at FINRA, discussed internal guidelines that are being implemented to address FINRA's recent practice of utilizing the Rule to obtain information in routine situations.

The Rule continues to be the primary tool utilized by FINRA in investigations and disciplinary and enforcement actions for the production of documents and information; however, the Rule was amended in 2013, and it resulted in an increase in the use of the Rule by FINRA staff. While there is no question that the Rule is important to FINRA in addressing its investor protection goals, it has not been clear to membership why FINRA would need to rely on the Rule to obtain documents from FINRA member firms for routine matters, such as on-site exam information requests and requests for financial documentation related to FOCUS filings.

As a result, the expanded utilization of the Rule by FINRA Staff has resulted in tension with FINRA membership, as some felt they were being treated by FINRA staff as if they were unresponsive, uncooperative, were hiding something, or it was being presumed that they had done something wrong. Prompted by negative feedback from its membership, FINRA has reviewed the internal policies on the utilization of the Rule by its various units (Market Regulation, Enforcement, Fraud Detection & Market Intelligence, Regulatory Operations, etc.). As a result of that review and to address the current perceptions of its membership, FINRA amended its internal policies regarding this matter. While not changing the utilization of the Rule for investor protection matters and or dealing with fraud or regulatory matters, the amended policy is intended to reduce the utilization of the Rule for routine document requests.

This change in approach will hopefully make FINRA requests for routine information and or documentation less confrontational and more productive.

We hope that this information has been helpful to you. Should you have any additional questions or concerns, please feel free to contact Daniel E. LeGaye or Michael Schaps by [e-mail](#) or phone, at 281-367-2454, or consult with your legal counsel or compliance consultant. This legal update has been provided to you courtesy of The LeGaye Law Firm, P.C., 2002 Timberloch Drive, Suite 200, The Woodlands, Texas 77380. Visit our web site at www.legayelaw.com.

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