

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-89423; File No. SR-FINRA-2020-022)

July 29, 2020

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Further Extend the Expiration Date of the Temporary Amendments Set Forth in SR-FINRA-2020-015

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on July 27, 2020, Financial Industry Regulatory Authority, Inc. (“FINRA”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

FINRA is proposing to extend the expiration date of the temporary amendments in SR-FINRA-2020-015 from July 31, 2020, to a date to be specified in a public notice issued by FINRA, which date will be at least two weeks from the date of the notice, and no later than December 31, 2020.

The text of the proposed rule change is available on FINRA’s website at <http://www.finra.org>, at the principal office of FINRA and at the Commission’s Public Reference Room.

---

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, FINRA included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. FINRA has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

On May 8, 2020, FINRA filed with the Commission a proposed rule change for immediate effectiveness, SR-FINRA-2020-015, to temporarily amend some timing, method of service and other procedural requirements in FINRA rules during the period in which FINRA's operations are impacted by the outbreak of COVID-19 (the "May 8 Filing"). The Commission published its notice of filing and immediate effectiveness for the May 8 Filing on May 20, 2020.<sup>3</sup> The temporary amendments, as originally proposed in the May 8 Filing, would have expired on June 15, 2020, absent another proposed rule change filing by FINRA. On June 10, 2020, FINRA filed SR-FINRA-2020-017 to extend the expiration date of the temporary amendments set forth in the May 8 Filing from June 15, 2020, to July 31, 2020 (the "June 10 Filing"). The Commission published its notice of filing and immediate effectiveness for the June 10 Filing on June 12, 2020.<sup>4</sup>

---

<sup>3</sup> See Securities Exchange Act Release No. 88917 (May 20, 2020), 85 FR 31832 (May 27, 2020) (Notice of Filing and Immediate Effectiveness of File No. SR-FINRA-2020-015).

<sup>4</sup> See Securities Exchange Act Release No. 89055 (June 12, 2020), 85 FR 36928 (June 18, 2020) (Notice of Filing and Immediate Effectiveness of File No. SR-FINRA-2020-017).

FINRA proposed, and subsequently extended, the temporary amendments set forth in the May 8 Filing to address the substantial impacts of the COVID-19 outbreak on FINRA's operations.<sup>5</sup> Among other things, the need for FINRA staff, with limited exceptions, to work remotely and restrict in-person activities – consistent with the recommendations of public health officials – made it challenging to meet certain procedural requirements and perform certain functions required under FINRA rules. The temporary amendments in the proposed rule change addressed these concerns by easing logistical and other issues and providing FINRA with needed flexibility for its operations during the COVID-19 outbreak.

The COVID-19 conditions necessitating the temporary amendments in the May 8 Filing – and the extension of that relief provided for in the June 10 Filing – persist. FINRA continues to face the same logistical and other challenges stemming from the COVID-19-related public health risks for in-person activities and the continued need for FINRA staff, with few exceptions, to work remotely to protect their health and safety. Working remotely makes it difficult to, among other things, send and receive hard copy documents and conduct in-person oral arguments.

FINRA has established a COVID-19 task force that is working with outside health experts to develop a data-driven, staged plan for FINRA staff to safely return to working in FINRA office locations and resume other in-person activities. In developing its plan, FINRA will consider numerous data points and criteria, including, among others, public health considerations such as trends in COVID-19 cases, government orders addressing COVID-19, and the availability of, and risks associated with, public transportation. With COVID-19 transmission rates, orders and other localized considerations in a state of flux, and numerous

---

<sup>5</sup> As noted in the May 8 Filing and June 10 Filing, the temporarily amended FINRA rules will revert back to their original state at the conclusion of the temporary relief period and any extension thereof.

states experiencing negative trends, FINRA must remain flexible in order to protect the health and safety of its staff and other stakeholders.

In light of those considerations and its assessment of current COVID-19 conditions, FINRA anticipates its staff continuing to work remotely and otherwise restricting in-person activities – to the extent possible – for at least several months. Accordingly, FINRA proposes to extend the expiration date of the temporary rule amendments in the May 8 Filing from July 31, 2020, to a date to be specified in a public notice issued by FINRA, which date will be at least two weeks from the date of the notice, and no later than December 31, 2020.<sup>6</sup> The extension of these temporary amendments will help minimize the impact of the COVID-19 outbreak on FINRA’s operations, allowing FINRA to continue critical adjudicatory and review processes in a reasonable and fair manner and meet its critical investor protection goals, while also following best practices with respect to the health and safety of its staff.

FINRA has filed the proposed rule change for immediate effectiveness and has requested that the SEC waive the requirement that the proposed rule change not become operative for 30 days after the date of the filing, so FINRA can implement the proposed rule change immediately.

---

<sup>6</sup> FINRA is closely monitoring the impact of COVID-19 on its operations. If the temporary relief from the rule requirements identified in the May 8 Filing is necessary beyond the December 31, 2020 sunset provision, FINRA will submit a separate rule filing to extend the expiration date of the temporary relief under those rules. In addition, if conditions improve such that the temporary relief is no longer necessary prior to December 31, 2020, the proposed rule change would allow FINRA to set an earlier expiration date for the temporary relief.

## 2. Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,<sup>7</sup> which requires, among other things, that FINRA rules must be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest. FINRA believes that the proposed rule change is also consistent with Section 15A(b)(8) of the Act,<sup>8</sup> which requires, among other things, that FINRA rules provide a fair procedure for the disciplining of members and persons associated with members.

The proposed rule change to extend the expiration date of the temporary amendments to FINRA rules set forth in the May 8 Filing will continue to provide FINRA, and in some cases another party to a proceeding, temporary modifications to its procedural requirements in order to allow FINRA to maintain fair processes and protect investors while operating in a remote work environment and with corresponding restrictions on its activities. It is in the public interest, and consistent with the Act's purpose, for FINRA to operate pursuant to this temporary relief. The temporary amendments allow FINRA to specify filing and service methods, extend certain time periods, and modify the format of oral argument for FINRA disciplinary and eligibility proceedings and other review processes in order to cope with the current pandemic conditions. In addition, extending this temporary relief will further support FINRA's disciplinary and eligibility proceedings and other review processes that serve a critical role in providing investor protection and maintaining fair and orderly markets.

---

<sup>7</sup> 15 U.S.C. 78o-3(b)(6).

<sup>8</sup> 15 U.S.C. 78o-3(b)(8).

B. Self-Regulatory Organization's Statement on Burden on Competition

FINRA does not believe that the temporary proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. FINRA believes that the proposed rule change, which extends the expiration date of the temporary rule amendments in the May 8 Filing to a date to be specified in a public notice issued by FINRA, and no later than December 31, 2020, will prevent unnecessary impediments to FINRA's operations and FINRA's investor protection goals that would otherwise result if the temporary amendments were to expire on July 31, 2020. FINRA does not believe that the proposed rule change will have any material negative effect on members and will not impose any new costs.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

Written comments were neither solicited nor received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>9</sup> and Rule 19b-4(f)(6)<sup>10</sup> thereunder.

---

<sup>9</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>10</sup> 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. FINRA has satisfied this requirement.

A proposed rule change filed under Rule 19b-4(f)(6) normally does not become operative for 30 days after the date of filing. However, pursuant to Rule 19b-4(f)(6)(iii), the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest. As FINRA requested in connection with its May 8 Filing and June 10 Filing, FINRA has also asked the Commission to waive the 30-day operative delay so that this proposed rule change may become operative immediately upon filing. As in both its May 8 Filing and June 10 Filing, FINRA has reiterated that the requested relief in this proposed rule change will help minimize the impact of the COVID-19 outbreak on FINRA's operations, allowing FINRA to continue critical adjudicatory and review processes in a reasonable and fair manner and meet its critical investor protection goals, while also following best practices with respect to the health and safety of its employees.<sup>11</sup> We also note that this proposal, like FINRA's May 8 Filing and June 10 Filing, provides only temporary relief from, as FINRA states, the timing, method of service and other procedural requirements, described more fully in FINRA's May 8 Filing, during the period in which FINRA's operations are impacted by COVID-19. As proposed, these changes would be in place through a date to be specified in a public notice issued by FINRA, which date will be at least two weeks from the date of the notice, and no later than December 31, 2020.<sup>12</sup> For these reasons, the Commission believes that waiver of the 30-day operative delay is

---

<sup>11</sup> See May 8 Filing, 85 FR at 31833.

<sup>12</sup> As noted above, see supra note 6, FINRA states that if the temporary relief from the rule requirements identified in the May 8 Filing is necessary beyond December 31, 2020, FINRA will submit a separate rule filing to extend the expiration date of the temporary relief under those rules. In addition, if conditions improve such that the temporary relief is no longer necessary prior to December 31, 2020, the proposed rule change would allow FINRA to set an earlier expiration date for the temporary relief.

consistent with the protection of investors and the public interest. Accordingly, the Commission hereby waives the 30-day operative delay and designates the proposal operative upon filing.<sup>13</sup>

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

#### IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

##### Electronic Comments

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-FINRA-2020-022 on the subject line.

##### Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-FINRA-2020-022. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your

---

<sup>13</sup> For purposes only of waiving the 30-day operative delay, the Commission has considered the proposed rule change's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).



comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, on business days between the hours of 10:00 a.m. and 3:00 p.m., located at 100 F Street, NE, Washington, DC 20549. Copies of such filing also will be available for inspection and copying at the principal office of FINRA. All comments received will be posted without change.

Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-FINRA-2020-022 and should be submitted on or before [date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>14</sup>

J. Matthew DeLesDernier  
Assistant Secretary

---

<sup>14</sup> 17 CFR 200.30-3(a)(12).