



## Introduction

The Securities Industry/Regulatory Council on Continuing Education (Council) publishes the Firm Element Focus to assist industry participants with identification of potential topics to include in Firm Element training plans. Topics are identified from a review of industry, regulatory and self-regulatory organization (SRO) announcements, publications of significant events, the annual report from FINRA's Examination and Risk Monitoring Program, and the adoption by the U.S. Securities and Exchange Commission (SEC or Commission) of new rules or amendments.

The Council suggests that firms use the Firm Element Focus as an aid in evaluating and prioritizing their Firm Element needs and developing written training plans.

Firms are reminded not to rely on the Firm Element Focus as a comprehensive list of all areas they should consider. The Council recommends using all available tools to make Firm Element planning as efficient and effective as possible.

# New Releases

*This section highlights new rules and amendments that FINRA firms may find useful to train employees on as a part of their Firm Element training.*

## **Upcoming Trade Reporting Enhancements for Fractional Share Transactions**

FINRA is reminding firms of upcoming updates to its equity trade reporting guidance in connection with enhancements to the FINRA equity trade reporting facilities to support reporting of fractional share quantities. Under the updated guidance, members engaged in fractional share trading will be required to report fractional share quantities up to six digits after the decimal. FINRA is also providing additional guidance for fractional share reporting in circumstances involving fractional amounts smaller than six decimals.

The effective date of the updated trade reporting guidance is February 23, 2026.

- [FINRA Trade Reporting Notice 1/14/26 \(January 14, 2026\)](#): Upcoming Trade Reporting Enhancements for Fractional Share Transactions

## **FINRA Adopts Amendments to Rule 6730 (Transaction Reporting) to Streamline Allocation Reporting for BD/IAS**

FINRA has amended its TRACE reporting requirements to permit a firm that is both a broker-dealer and an investment adviser to report allocations of specified orders to managed customer accounts in a streamlined, aggregated manner. These amendments will take effect on June 8, 2026. FINRA is not otherwise changing its TRACE reporting requirements.

- [FINRA Regulatory Notice 25-17 \(December 04, 2025\)](#): FINRA Adopts Amendments to Rule 6730 (Transaction Reporting) to Streamline Allocation Reporting for BD/IAS

# Topic Spotlight

*The Firm Element Committee would like to spotlight the following topics.*

## **GenAI: Continuing and Emerging Trends**

### **Regulatory Obligations**

FINRA's rules—which are intended to be technologically neutral—and the securities laws more generally, continue to apply when firms use GenAI or similar technologies in the course of their businesses, just as they apply when firms use any other technology or tool. It is important for firms to consider how they will comply with applicable regulations, including FINRA rules, when evaluating GenAI tools prior to testing and deployment within their business environment.

For example, using GenAI can implicate rules regarding supervision, communications, recordkeeping and fair dealing. Pursuant to FINRA Rule 3110 (Supervision), a member firm must have a reasonably designed supervisory system tailored to its business. If a firm is relying on Gen AI tools as part of its supervisory system, its policies and procedures may consider the integrity, reliability and accuracy of the AI model.

- How FINRA Member Firms Use GenAI;
  - Emerging Trends and Current Practices; and
  - Additional Resources.
- 2026 FINRA Annual Regulatory Oversight Report – [GenAI: Continuing and Emerging Trends](#)



## **Communications with the Public**

### **Regulatory Obligations**

FINRA's communication rules—including FINRA Rules 2210 (Communications with the Public) and 2220 (Options Communications)—are based on the principles of ensuring that member communications are fair and balanced, and that investors do not receive misleading information. Additionally, MSRB Rule G-21 (Advertising by Brokers, Dealers or Municipal Securities Dealers) contains similar content standards relating to municipal securities or concerning the facilities, services or skills of any municipal dealer.

FINRA Rule 2210 defines three categories of written communications—correspondence, retail communications or institutional communications—and sets principles-based content

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standards that are designed to apply to evolving communications technology and practices. **FINRA's Advertising Regulation Department reviews communications firms submit either voluntarily or as required by FINRA Rule 2210.** New firms are required to file all widely disseminated retail communications with FINRA's Advertising Regulation Department during their first year of membership, and all firms are subject to filing requirements for specified retail communications depending on their content.

FINRA Rule 2220 (Options Communications) governs firms' communications with the public concerning options.

- Findings;
  - Effective Practices; and
  - Additional Resources.
- 2026 FINRA Annual Regulatory Oversight Report – [Communications with the Public](#)



## **Retail Sales Practice, Including Compliance with Regulation Best Interest**

The Division will continue to examine broker-dealer sales practices, including those related to Regulation Best Interest, and focus on the following areas of interest: (1) recommendations with regard to products and investment strategies (including account and rollover recommendations); (2) conflict identification and mitigation practices, in particular with respect to recommendations of accounts, rollovers, and recommendations involving limited product menus; (3) processes for reviewing reasonably available alternatives; and (4) processes for satisfying the Care Obligation, including consideration of particular factors in a customer's investment profile and the product and account type characteristics considered.

In particular, examinations will focus on those recommended products that are complex or tax advantaged, such as variable and registered index-linked annuities; ETFs that invest in illiquid assets such as private equity or private credit; municipal securities, including 529 Plans; private placements; structured products; alternative investments; and other products that have complex fee structures or return calculations, are based on exotic benchmarks, are illiquid, or represent a growth area for retail investment. Examinations may also focus on recommendations: (1) that move an investment to a substantially similar product; (2) related to opening different account types, such as option, margin, and self-directed IRA accounts; and (3) made to older investors and those saving for retirement or college.

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Examinations may also focus on dual registrants and encompass reviews of firms' processes for identifying and mitigating and eliminating conflicts of interest where dual registrants receive compensation or other financial incentives that may create conflicts of interest that must be addressed, account allocation practices (e.g., allocation of investments where an investor has more than one type of account) and account selection practices (e.g., brokerage versus advisory, including when rolling over employer plans to an IRA or transferring an existing brokerage account to an advisory account, as well as recommendations to open wrap fee accounts). Examinations may also assess broker-dealer supervision of sales practices at branch office locations.

The Division's examinations will review the content of a broker-dealer's relationship summary (Form CRS), such as how the broker-dealer describes: (1) the relationships and services that it offers to retail investors; (2) its fees and costs; (3) its conflicts of interest; and (4) whether the broker-dealer accurately discloses its and its financial professionals' disciplinary history.

- SEC Division of Examinations Fiscal Year 2026 Examination Priorities Report – Section III.C. [Retail Sales Practice, Including Compliance with Regulation Best Interest](#)

# Key Dates

*This section provides upcoming effective dates and recently implemented dates.*

## **FINRA Adopts Amendments to Extend the Trade Reporting Facilities Operating Hours**

FINRA has adopted amendments to Rules 6380A and 6380B to extend the operating hours of the FINRA Trade Reporting Facilities from opening at 8:00 a.m. Eastern Time to opening at 4:00 a.m. Eastern Time each business day. These amendments will take effect on March 30, 2026.

These amendments become effective on March 30, 2026.

- [FINRA Regulatory Notice 25-15 \(November 13, 2025\)](#): FINRA Adopts Amendments to Rule 6730 (Transaction Reporting) to Streamline Allocation Reporting for BD/IAs



## **Regulation S-P: Privacy of Consumer Financial Information and Safeguarding Customer Information**

The SEC is adopting rule amendments that will require brokers and dealers (or “broker-dealers”), investment companies, investment advisers registered with the Commission (“registered investment advisers”), funding portals, and transfer agents registered with the Commission or another appropriate regulatory agency (“ARA”) as defined in the Securities Exchange Act of 1934 (“transfer agents”) to adopt written policies and procedures for incident response programs to address unauthorized access to or use of customer information, including procedures for providing timely notification to individuals affected by an incident involving sensitive customer information with details about the incident and information designed to help affected individuals respond appropriately. In addition, the amendments extend the application of requirements to safeguard customer records and information to transfer agents; broaden the scope of information covered by the requirements for safeguarding customer records and information and for properly disposing of consumer report information; impose requirements to maintain written records documenting compliance with the amended rules; and conform annual privacy notice delivery provisions to the terms of an exception provided by a statutory amendment to the Gramm-Leach-Bliley Act (“GLBA”).

The amendments became effective on August 2, 2024. The compliance date was December 3, 2025 for larger firms and is June 3, 2026 for smaller firms.

- [SEC Release Nos. 34-100155; IA-6604; IC-35193; File No. S7-05-23 \(June 2, 2024\)](#): Regulation S-P: Privacy of Consumer Financial Information and Safeguarding Customer Information

# Additional Resources

- For more information visit the [cecouncil.com](https://cecouncil.com) website or contact [cecounciladmin@cecouncil.org](mailto:cecounciladmin@cecouncil.org).
- For CE Transformation and Firm Element Resources, please visit [CE Transformation New Resources](#).
- FINRA and the CE Council publish Regulatory Element, in part, to help firms coordinate their overall training programs with the Regulatory Element. Click here to view [Regulatory Element Learning Plans for 2026](#).
- For FINRA compliance resources on issues affecting the securities industry, please visit [FINRA Key Topics](#) page.
- For insight into FINRA's findings into recent oversight activities of FINRA's Member Supervision, Market Regulation and Enforcement programs, please visit the [Report on FINRA's Examination and Risk Monitoring Program](#).
- For the SEC's priorities of examinations of certain practices, products and services, please see The Division of Examinations [report](#).