



Act Now – FINOP Changes Required October 1

- September 11 2018

FINRA is changing its registration requirements for Chief Financial Officers (CFOs) and Chief Operating Officers (COOs). **The new registration rules take effect October 1, 2018.**

It is more than just a title change. The requirement for certain firms to have a CFO/COO (requiring Series 27/28 licensing) is being applied to ALL firms, and the registration category for these firms is being split in two:

The Principal Financial Officer (PFO) is responsible for continuing net capital compliance, financial filings and the related books and records.

The Principal Operations Officer (POO) is responsible for the day-to-day operations of the business, including receipt and delivery of securities funds, safeguarding customer and firm assets, calculation and collection of margin from customers, processing dividend receivables and payables, reorganization of redemptions, and related books and records. Principal Operations Officers must also be registered as Series 99 Operations Professionals if they hold a qualifying exam (e.g., Series 6 or 7).

If a firm does NOT self-clear or provide clearing services, the firm can designate the same person as the CFO and POO. Smaller firms can also request a waiver of this requirement.

What Firms Should Be Doing Now:

Firms should amend the Form BD to designate a Principal Financial Officer and Principal Operations Officer. In addition, make sure you amend your POO's U4 to include the Series 99 license.

CCOs of small firms may need to apply for a waiver from the requirement.

Firms should amend their policies and procedures and Written Supervisory Procedures to reflect the designation changes, especially the list of designated principals.

Firms do NOT need to make any changes in their firms' CRD for the registration category changes. These changes will be automatically done by FINRA on September 30, 2018, based on who is holding the CFO/COO titles and licenses on Schedule A of the Form BD. However, if you do not have anyone designated at your firm as CFO/COO, you should add the new PFO/POO designations to your Schedule A of Form BD.

How Oyster Can Help:

Due to the complexity of SEC and FINRA rules, the size of the company and other factors, many broker-dealers outsource the PFO and POO functions rather than hiring a full-time individual. Oyster Consulting has registered PFOs with significant experience supervising finance teams, performing the calculations and filing the reports. They will share their expertise, prepare FINRA's Net Capital and FOCUS Reports, SIPC's semi-annual reports and provide support to your firm. Oyster's Principal Operations Officers will, among other things, assess, develop and implement your firm's current operations policies and procedures, and manage operations to meet budget, business and other strategic goals. Oyster can support the day-to-day operations across your firm, allowing you to spend valuable time investing and communicating with clients.

For more information about how Oyster can assist your firm, please complete our [contact form](#), or call (804) 955-5400 and one of our Relationship Managers will be happy to help you.