Akerman Lens

Client Alert: FINRA's Enforcement Program Under Review

July 28, 2026
By Ryan Roman

Related People

Ryan Roman

Related Work

Broker-Dealer
Financial Institutions
Commercial Litigation

On June 30, 2026, FINRA released a landmark report titled "Recommendations Based on a Review of the Policies, Procedures, Processes, and Practices of FINRA's Enforcement Program." Authored by Professor Paul R. Eckert of William & Mary Law School and former SEC Commissioner Troy A. Paredes of Paredes Strategies, the report was commissioned as part of FINRA's "FINRA Forward" initiative. The independent reviewers met with FINRA management, Board members, advisory committees, member firms, trade associations, state regulators, investor advocacy groups, and enforcement practitioners before issuing 24 recommendations across multiple categories. FINRA CEO Robert W. Cook accompanied the release with a letter signaling the organization's commitment to implementing these reforms. For broker-dealer firms, this report represents the most significant potential shift in FINRA enforcement practices in over a decade.

Key Features of the Report

Enhanced Due Process and Early Engagement. The report recommends that FINRA provide member firms with written notice at the time of referral to Enforcement, including the names of assigned staff, potential violations under review, and a meaningful opportunity to present views. The Wells process would be enhanced with reverse proffers, open jacket practices, access to transcripts and exhibits, minimum 30-day submission deadlines, and post-Wells meetings with senior leadership.

Transparency and Published Guidance. FINRA would publish a public Enforcement Manual, enforcement workflow diagrams, and more accessible and searchable disciplinary materials — providing firms with an unprecedented roadmap for understanding the enforcement process.

Rule 8210 Reforms. The report calls for centralized tracking of information requests to eliminate redundancy, pre-issuance consultation with firms, reasonable deadlines, protections against inappropriate practices such as contention interrogatories, and — critically — a formal mechanism to challenge 8210 requests before a neutral decision maker.

Limitations Periods and Efficiency. The reviewers recommend a five-year limitations period as a general matter (with longer periods for scienter-based fraud), along with enhanced start-to-finish matter tracking with milestones and target time periods.

Settlements, Cooperation, and Alternatives. The report urges expanded use of the Rapid Remediation program, revised cooperation credit guidance that no longer requires "extraordinary" cooperation, limitations on "tag along" Rule 2010 charges, and pre-resolution engagement on remediation. The Minor Rule Violation Plan would also be expanded.

Practical Takeaways for Broker-Dealers

- **Engage Early and Substantively.** Prepare to participate at the referral stage. Firms should develop internal protocols for responding promptly to referral notices, assembling relevant facts, and presenting their position before formal charges are contemplated.
- **Maximize the Enhanced Wells Process.** Request reverse proffers, demand access to transcripts and exhibits, and insist on post-Wells meetings with senior leadership. These new procedural tools, once implemented, should be utilized aggressively.
- **Push Back on Overbroad 8210 Requests.** The proposed neutral challenge mechanism could become a powerful tool. In the interim, document objections to overly broad or duplicative requests and raise these issues through existing channels.
- **Document Cooperation and Remediation Early.** The revised cooperation credit standard — no longer requiring "extraordinary" efforts — means that reasonable, timely cooperation should be recognized. Firms should memorialize cooperation efforts from the earliest interactions.
- **Monitor Implementation.** These are recommendations, not final rules. Firms should track FINRA's adoption timeline and use the published Enforcement Manual and workflow diagrams as strategic guides once available.
- **Leverage the Limitations Period.** The proposed five-year general limitations period could provide a defense framework for stale matters. Firms

should preserve records of when FINRA first became aware of potential issues.

- **Challenge Tag-Along Rule 2010 Charges.** The recommendation to limit these charges could reduce reputational harm from enforcement actions involving technical violations. Firms should raise this recommendation when facing such charges during the implementation period.

Conclusion

The Eckert-Paredes report signals a meaningful shift toward a more transparent, fair, and efficient enforcement regime at FINRA. While implementation timelines remain uncertain, broker-dealer firms should begin preparing now to take advantage of these reforms. In-house counsel should review their firm's enforcement response protocols, train relevant personnel on the anticipated procedural enhancements, and position their organizations to engage constructively with FINRA as these recommendations move toward adoption.

> FINRA is committed to drawing on these recommendations to strengthen our enforcement program, make necessary changes, and ensure it is operating in a fair, transparent, and effective manner.
>
> assets.law360news.com/...