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FINRA Enforcement Announces its First Round of FINRA Forward Program Enhancements

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On March 2, 2026, Bill St. Louis, FINRA's executive vice president of Enforcement, published a statement outlining changes that FINRA has implemented as part of the broader FINRA Forward initiative to increase transparency, improve efficiency and provide member firms with greater opportunities to be heard. Of particular note, FINRA's recently implemented pilot program, which is intended to give firms the opportunity to self-report, investigate and remediate compliance issues without simultaneously having to respond to an investigation or examination of the matter.

Background

FINRA Forward, launched in 2025, is a comprehensive effort by FINRA to improve the organization' effectiveness and efficiency. Former SEC Commissioner Troy Paredes and Professor Paul Eckert of William & Mary Law School have been tapped to solicit feedback from the industry and to independently assess opportunities for improvement within the enforcement function. Their final assessment is expected later this year.

In his March 2nd statement, Mr. St. Louis said that FINRA's recent enforcement-specific reforms – summarized below – reflect both internally driven improvements and insights gained through ongoing dialogue with Messrs. Paredes and Eckert.

Efficiency Improvements

FINRA has introduced several operational changes intended to expedite resolution and conserve resources for both FINRA and its member firms. The most notable change is the new **Rule 4530(b) Pilot Program** (the "Pilot"), which has been operating since at least the beginning of this year**.** For certain self-reported rule violations under Rule 4530(b),[1] firms will be given time to conduct thorough internal reviews, implement remediation, and report to the Staff, without having to simultaneously respond to regulatory inquiries. If done well, firms may avoid a For Cause examination or full Enforcement investigation. The Pilot process is not available to firms where there is ongoing investor or market harm.

In addition to the launching the Pilot, Mr. St. Louis also described that more broadly, for complex matters, including those involving systemic AML and market-related issues, Examination and Enforcement staff will be assigned based on specialized expertise across 11 designated areas with a goal of promoting consistency and efficiency.

Transparency Enhancements

Mr. St. Louis announced several measures designed to provide firms with clearer expectations and more predictable enforcement proceedings, including:

- **Introductory Meetings**: When a matter is referred to Enforcement, firms now receive an initial notification letter offering an introductory meeting with assigned Enforcement staff. This meeting is an opportunity for the staff to provide an overview of the enforcement process and the staff's initial areas of focus for the investigation, as well as an opportunity for the firm to ask questions or share observations or concerns.
- **Mandatory Status Updates**: FINRA now requires Enforcement staff to provide status updates to potential respondents at least every 90 days. The staff will be aided by an internal tracking tool.
- **Pre-Resolution Meetings**: At or near the conclusion of fact-finding, Enforcement staff will now offer firms an additional meeting

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to discuss investigative findings and underlying evidence before formal charges are proposed. This is separate from, and does not replace, the Wells process.

Opportunities for Firms to Be Heard

Mr. St. Louis outlined several procedural changes to expand the points at which firms can provide input:

- **Pre-8210 Outreach**: In non-exigent circumstances, before issuing a Rule 8210 information request, Enforcement staff will reach out to firms to clarify scope and expectations.
- **Pre-CAL Outreach**: Before issuing a Cautionary Action Letter, Enforcement staff now offers firms the opportunity for a meeting to hear the staff's preliminary findings and allow firms to challenge the staff's findings or provide additional context.
- **Extended Wells Response Period**: The standard time to submit a Wells response has been increased from two weeks to 30 calendar days.

Anticipated Future Developments

Mr. St. Louis also previewed several additional, forthcoming changes. He said that, in the coming weeks and months, FINRA will:

- Publish:
  - Guidance on the Enforcement staff's approach to granting credit for cooperation and remediation;
  - More information on its website about its enforcement process and its internal checks and balances;
- Review its Rule 8210 practices, including potential alternatives to on-the-record testimony;
- Release the assessment report from Messrs. Paredes and Eckert.

In the longer term, he said that FINRA expects to publish an Enforcement Manual. This follows the SEC's recent update (the first since 2017) to its own Enforcement Manual reflecting a broader shift in enforcement philosophy under the current administration. FINRA's emphasis on transparency, cooperation credit, and procedural fairness suggests alignment with the SEC's current approach. Broker-dealers should anticipate that FINRA's forthcoming guidance may closely mirror the SEC's updated framework.

Practical Takeaway

The Pilot represents a significant opportunity for firms to concentrate resources on promptly investigating and remediating systemic compliance issues. This is a welcome development because, historically, Rule 4530(b) has effectively operated to penalize firms that complied with their self-reporting obligations by immediately subjecting them to protracted inquiries followed by enforcement action. A firm must report within 30 days of determining that there has been a violation, which is often long before the firm has fully assessed the scope of the underlying problems and how best to address them.

We have observed increased awareness of this dynamic among FINRA staff and have noted more frequent closure of initial inquiries without an enforcement referral when firms demonstrated a genuine commitment to compliance and diligently scoped and remediated the underlying issues. FINRA's decision to allow firms to complete their remediation work before determining whether to commence an investigation enables firms to focus resources on corrective measures and should reward Firms who meet FINRA's expectations. We will continue to monitor the extent to which the Pilot lives up to its promise.

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[1] FINRA Rule 4530(b) requires member firms to promptly report to FINRA certain rule violations, including violations of securities laws, FINRA rules, or MSRB rules related to the conduct of the firm's business. Typically, a self-report under Rule 4530(b) triggers a series of Preliminary Information Requests and a For Cause examination. If the examination identifies potential violations warranting further action, the matter is then referred to Enforcement for investigation and possible disciplinary proceedings.

Related Capabilities

Securities Enforcement

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