

Broker-Dealers

FINRA to Merge Enforcement Units

BNA Snapshot

- FINRA to combine stock market, member regulation enforcement programs
- Susan Schroeder, new head of enforcement, will lead unified department



By Antoinette Gartrell

The Financial Industry Regulatory Authority is combining its enforcement programs that focus on member firms and over-the-counter trading, the self-regulatory organization said July 26.

The unified enforcement program will be led by Susan Schroeder, who has been promoted to executive vice president and enforcement chief. Schroeder, who joined the self-regulatory-organization in 2011, has been acting chief since former head of enforcement Brad Bennett left to re-enter private practice in April.

“It’s a great idea that will help with consistency and efficiency. Schroeder is very well respected both outside of FINRA and by the staff,” Alma Angotti, a former FINRA and SEC enforcement attorney, told Bloomberg BNA. Angotti currently is a managing director at Navigant Consulting Inc.

Consolidated Enforcement

Currently, FINRA has two separate enforcement programs, one that focuses on member firms and their employees, and another that oversees over-the-counter trading. Many stakeholders view the units as two different regulators, which could lead to duplicative and burdensome efforts for both the firms and FINRA, Chief Executive Officer Robert Cook said earlier this year.

Schroeder will report directly to Cook and a steering committee of senior executives will oversee the plans for the consolidation.

“It’s an appropriate move to merge, and hopefully it will make the FINRA enforcement a more efficient operation and allow it to better regulate the brokerage community,” New York lawyer Jacob Zamansky, Zamansky LLC told Bloomberg BNA. Zamansky, who represents investors in FINRA’s arbitration forum, suggested that the new unified department prioritize combating the rising issue of elder abuse. “Those who are caught in engaging in egregious conduct against seniors should be thrown out of the business,” he said.

The move was prompted by feedback FINRA received in connection with an ongoing multi-year review of day-to-day functions and programs, with input from both inside and outside the organization.

To contact the reporter on this story: Antoinette Gartrell in Washington at agartrell@bna.com

To contact the editor responsible for this story: Phyllis Diamond at pdiamond@bna.com