



SEC and FINRA publish 2022 exam priorities

The Securities and Exchange Commission (SEC) and Financial Industry Regulatory Authority (FINRA) have released their 2022 examination priorities.¹ While the lists include recurrent topics like anti-money laundering (AML), Best Execution and Regulation Best Interest (Reg BI), there are also new priorities for firms to consider.

Here are Deloitte's five takeaways from the 2022 lists:

- **The priorities include areas where new rulemaking is also under consideration.** For example, the SEC lists environmental, social, and governance (ESG)-related advisory services and investment products as an area of "significant focus." It also recently proposed rules for public company disclosure of climate risks and is developing a separate ESG proposal for investment funds. Similarly, the SEC also recently approved two rule proposals related to cybersecurity (one for public companies and another for investment funds and advisers) while listing cybersecurity as another area of significant focus.²
- **Firms should be aware that new and recurrent priorities reflect areas of emerging regulatory focus.** As previously stated, some of the priority topics have new rulemaking proposals underway (particularly at the SEC). Other priorities may reflect areas where the regulators are developing proposals or where technological or business model developments have raised questions about how existing standards are practiced (for example, artificial intelligence and Reg BI or payment for order flow (PFOF) and Best Execution).

The annual exam priorities are an opportunity for firms to anticipate areas of significant focus by the regulators in the coming exam cycle. The SEC and FINRA use these lists to signal their emphasis so as not to catch firms by surprise. In addition to exam priorities themselves, firms would be wise to refer to rulemaking that may be underway to better understand how the regulators are thinking about some of these topics. Firms should take this opportunity to gain clarity around regulatory expectations and tighten up their compliance processes ahead of cycle exams.

- **Certain recurrent priorities indicate that firms shouldn't forget "the basics".** Some recurrent priorities reflect core regulatory expectations whose importance the regulators wish to reinforce, even if the associated business practices and regulatory standards may not be evolving as rapidly as in other areas (e.g., regulatory events reporting, credit and liquidity risk management).
- **Other priorities demonstrate that the regulators will continue to pressure-test newer obligations.** FINRA continues to build its surveillance program for Consolidated Audit Trail (CAT) reporting and, with its increased capabilities, its expectations for firms are only likely to increase.
- **The appearance of crypto on both lists reflects broader momentum to regulate the asset class. Firms in this space should tread carefully.** At present, firms and regulators alike must contend with a dynamic policy environment for digital assets. Firms should be conservative in their approach to regulatory expectations in this space (erring on the side of caution) as regulatory scrutiny intensifies.



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Endnotes

¹ Securities and Exchange Commission (SEC), "[2022 Examination Priorities](#)", March 30, 2022; Financial Institution Regulatory Authority (FINRA), "[2022 Report on FINRA's Examination and Risk Monitoring Program](#)", February 2022.

² SEC, "[SEC Proposes Rules on Cybersecurity Risk Management, Strategy, Governance, and Incident Disclosure by Public Companies](#)," March 9, 2022; SEC, "[SEC Proposes Cybersecurity Risk Management Rules and Amendments for Registered Investment Advisers and Funds](#)," February 9, 2022.

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