

JUL 13 2020

INDIANA SECRETARY OF STATE
SECURITIES DIVISION

INDIANA
SECRETARY OF STATE

STATEMENT OF POLICY REGARDING TEMPORARY RELIEF FROM BRANCH
EXAMINATION REGULATION

The Indiana Secretary of State and the Securities Commissioner (“Commissioner”) have determined that it is appropriate and in the public interest to issue this Statement of Policy regarding temporary relief from the state regulation requiring a broker-dealer to conduct annual compliance examinations of each of its branch offices.

BACKGROUND AND DISCUSSION

710 Ind. Admin. Code 4-7-6(d)(9) provides that a broker-dealer must conduct annual compliance examinations of all branch offices located in Indiana. Failure to conduct an annual compliance examination of a branch is treated as a violation of the Indiana Uniform Securities Act, Ind. Code 23-19, *et seq.* (“IUSA”) and rules promulgated thereunder.

Due to numerous disruptions caused by COVID-19, including restrictions on travel, the Commissioner acknowledges that it has been impractical and/or unlawful for most firms to conduct in-person compliance examinations during the course of the pandemic and that those disruptions are likely to continue as the year progresses.

POLICY

As a result of the disruptions discussed above, the Division will not initiate an administrative action for a broker-dealer’s failure to conduct in-person compliance examinations of branch offices during calendar year 2020. While the Division will continue to monitor the pandemic and its effects on the industry, a firm’s failure to conduct an annual in-person compliance examination of a branch office in calendar year 2021 will be treated as a violation of the IUSA unless specifically ordered otherwise.

Registrants are reminded that a broker-dealer’s failure to properly supervise agents and employees remains a dishonest and unethical practice in violation of the IUSA which the Division will enforce pursuant to 710 Ind. Admin. Code 4-10-1(22). Firms are accordingly encouraged to take necessary precautions to ensure proper supervision of branch offices remotely during the course of the pandemic. Further, any firm with the ability to conduct remote branch examinations during calendar year 2020 is encouraged to do so.

DATED in Indianapolis, Indiana, this 13th day of July, 2020.



CONNIE LAWSON
SECRETARY OF STATE

A handwritten signature in black ink, appearing to read "Alex Glass".

ALEX GLASS
SECURITIES COMMISSIONER