

Rule G-27: Supervision

(a) – (g) No change.

Supplementary Material**.01 Temporary Relief to Allow Remote Inspections for Calendar Year 2020 ; [and] Calendar Year 2021; and Through June 30 of Calendar Year 2022.**

(a) Each dealer obligated to complete an inspection of an office of municipal supervisory jurisdiction, branch office or non-branch location in calendar years 2020, [and calendar year] 2021 and 2022 pursuant to, as applicable, subsection (d)(i)(A), (B) and (C) of this rule, subject to the requirements of this Supplementary Material .01, may satisfy such obligation by conducting the applicable inspection(s) remotely without an on-site visit to such office(s) or location(s). In accordance with this Supplementary Material .01, the applicable inspection(s) for calendar year 2020 must be completed on or before March 31, 2021, and inspections for calendar year 2021 must be completed on or before December 31, 2021. [The temporary relief provided by this Supplementary Material .01 does not extend to a dealer's inspection requirements beyond calendar year 2021] With respect to a dealer's obligation to conduct an inspection of an office or location in calendar year 2022, a dealer has the option to conduct those inspections remotely only through June 30, 2022, and such inspections must be conducted in accordance with subsection (d)(i)(A), (B) and (C) of this rule. Consistent with subsection (g)(ii)(A)(7) of this rule, a temporary location established in response to the implementation of a business continuity plan is not deemed an office for purposes of complying with inspection obligations.

(b) Written Supervisory Procedures for Remote Inspections. Consistent with a dealer's obligation under subsection (c)(i) of this rule, a dealer that elects to conduct [each of] its [calendar year 2020 or calendar year 2021] inspections remotely for any of the calendar years specified in this supplementary material shall amend or supplement its written supervisory procedures as appropriate to provide for remote inspections that are reasonably designed to assist in detecting and preventing violations of, and achieving compliance with, applicable securities laws and regulations, and with applicable Board rules. Reasonably designed procedures for conducting remote inspections of offices or locations should include, among other things: (1) a description of the methodology, including technologies permitted by the dealer, that may be used to conduct remote inspections; and (2) the use of other risk-based systems employed generally by the dealer to identify and prioritize for review those areas that pose the greatest risk of potential violations of applicable securities laws and regulations, and of applicable Board rules.

(c) No change.

(d) Documentation Requirement. In addition to the documentation requirements under subsection (d)(ii) of this rule, a dealer that elects to conduct [each of] its [calendar year 2020 or calendar year 2021] inspections remotely, shall make and maintain a centralized record for each of calendar years 2020 and [calendar year] 2021, and for calendar year 2022 through June 30, 2022 only that separately identifies: (1) all offices or locations that had inspections that were

conducted remotely; and (2) any offices or locations for which the dealer determined to impose additional supervisory procedures or more frequent monitoring, as provided for under paragraph (c) of this Supplementary Material .01. A dealer's documentation of the results of a remote inspection for an office or location must identify any additional supervisory procedures or more frequent monitoring for that office or location that were imposed as a result of the remote inspection.

Supplementary Material .02 - .03 No change.

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