



PANEL INTRODUCTION AND OVERVIEW



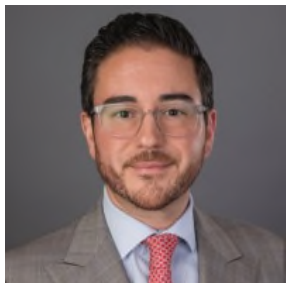
Off-Channel Communications Present and Future

Financial Markets Association
Securities Compliance Seminar

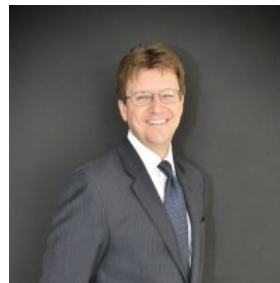
April 23, 2025



Panelists



Nilo J. Barredo
Americas Head of Legal,
Wealth Banking & Lending
Citi
[LinkedIn](#)



Carlos Gonzalez-Stawinski
President and Managing
Director
CIMA Financial Regulation
Consultants
[LinkedIn](#)



M. Carolina Rivas
Chief Compliance Officer
Bci Securities
[LinkedIn](#)



Greta Trotman
(Panel Moderator)
Partner
Shutts & Bowen
[LinkedIn](#)

Shutts Why the Focus on Off-Channel Communications?

“Recordkeeping requirements are core to the Commission’s enforcement and examination program and when firms fail to comply with them [. . .] they directly undermine our ability to protect investors and preserve market integrity.”

JPMorgan Admits to Widespread Recordkeeping Failures and Agrees to Pay \$125 Million Penalty to Resolve SEC Charges (Dec. 17, 2021), <https://www.sec.gov/newsroom/press-releases/2021-262>.



“Finance, ultimately, depends on trust. [...] Since the 1930s, such recordkeeping has been vital to preserve market integrity. As technology changes, it’s even more important that registrants appropriately conduct their communications about business matters within only official channels, and they must maintain and preserve those communications.”

SEC Charges 16 Wall Street Firms with Widespread Recordkeeping Failures (Sept. 27, 2022), <https://www.sec.gov/newsroom/press-releases/2022-174>.



Principal Recordkeeping Regulation for Broker-Dealers and Investment Advisers

Exchange Act Rule 17a-4(b)(4)

Every member, broker or dealer subject to [Rule 17a-3] must preserve for a period of not less than three years, the first two in an easily accessible place:

17a-4(b)(4) Originals of all communications received and copies of all communications sent (and any approvals thereof) by the member, broker or dealer (including inter-office memoranda and communications) relating to its business as such, including all communications which are subject to rules of a self-regulatory organization of which the member, broker or dealer is a member regarding communications with the public.

Investment Advisers Act Rule 204-2(a)(7)

Every investment adviser registered or required to be registered under section 203 of the Act (15 USC 80b-3) shall make and keep true, accurate and current the following books and records relating to its investment advisory business ...

- (7) Originals of all written communications received and copies of all written communications sent by such investment adviser relating to:
- (i) Any recommendation made or proposed to be made and any advice given or proposed to be given;
 - (ii) Any receipt, disbursement or delivery of funds or securities;
 - (iii) The placing or execution of any order to purchase or sell any security; and, for any transaction that is subject to the requirements of § 240.15c6-2(a) of this chapter, each confirmation received, and any allocation and each affirmation sent or received, with a date and time stamp for each allocation and affirmation that indicates when the allocation and affirmation was sent or received;
 - (iv) Predecessor performance (as defined in § 275.206(4)-1(e)(12) of this chapter) and the performance or rate of return of any or all managed accounts, portfolios (as defined in § 275.206(4)-1(e)(11) of this chapter), or securities recommendations

Shutts Off-Channel Communications Enforcement Actions

Year	SEC Penalties / Fines
2022	\$2 billion
2023	\$549 million
2024	\$478 million
2025	\$63.1 million

Sample of recent SEC and FINRA enforcement actions:

- January 13, 2025: Twelve Firms to Pay More Than \$63 Million Combined to Settle SEC's Charges for Recordkeeping Failures – [Press Release](#)
- March 4, 2025: FINRA AWC with Network 1 Financial Securities Inc. with \$400,000 fine ([AWC No. 2022076211301](#))

[2025 FINRA Annual Regulatory Oversight Report](#) (see examination findings and guidance in Books and Records section regarding off-channel communications)

Shutts Factors Considered by Regulators to Assess Fines

- Size of the firm (revenues and number of registered professionals)
- Frequency of off-channel communications
- Number of off-channel communications
- Pervasiveness of off-channel communications (violation period)
- Involvement of management and executives
- Preservation efforts
- Existing compliance measures
- Cooperation with staff and self-reporting

Shutts Panel Discussion Topics

- Recordkeeping Obligation
- Regulations and Regulator Expectations
- “Off-Channel”
- Channels: Email, Chats, Texts, Phone Calls, Call Logs, Mobile Applications, “Cloud”
- Observed Deficiencies in Recordkeeping Obligations and Recent Cases
- Future of Recordkeeping Obligations
- Best Practices / Recommendations
 - Policies and Procedures
 - Training