#### FINANCIAL INDUSTRY REGULATORY AUTHORITY

In the Matter of the

Continued Membership

of

Lincoln Financial Securities Corporation n/k/a Osaic FS, Inc. (CRD No. 3870)

And

Lincoln Financial Advisors Corporation n/k/a
Osaic FA, Inc.
(CRD No. 3978)

Notice Pursuant to
Rule 19h-1
Securities Exchange Act
of 1934

SD-2386 SD-2387

October 14, 2024

### I. Introduction

On February 29, 2024, Lincoln Financial Securities Corporation n/k/a Osaic FS, Inc. ("Osaic FS") and Lincoln Financial Advisors Corporation n/k/a Osaic FA, Inc. ("Osaic FA"), (individually "Firm" and collectively "Firms") each submitted a Membership Continuance Application ("Applications") to FINRA's Credentialing, Registration, Education, and Disclosure ("CRED") Department.<sup>1</sup> The Applications seek to permit the Firms, FINRA members, to continue their membership with FINRA notwithstanding their statutory disqualification. A hearing was not held in these matters; rather, pursuant to FINRA Rule 9523(b), FINRA's Department of Member Supervision ("FINRA," "Member Supervision," or "Department") approves the Applications and is filing this Notice pursuant to Rule 19h-1 of the Securities Exchange Act of 1934 ("Exchange Act" or "SEA").<sup>2</sup>

## II. The Statutorily Disqualifying Event

The Firms are subject to statutory disqualification, as that term is defined in Section 3(a)(39)(F) of the Exchange Act, incorporating by reference Sections 15(b)(4)(D) and (E),

<sup>&</sup>lt;sup>1</sup> See Osaic FS Application and related attachments compiled by CRED, with a cover memorandum dated March 6, 2024, attached as Exhibit 1. See Osaic FA Application and related attachments compiled by CRED, with a cover memorandum dated March 5, 2024, attached as Exhibit 2.

<sup>&</sup>lt;sup>2</sup> The Firms consented to being listed on the same SEA Rule 19h-1 Notice.

as a result of a Securities and Exchange Commission ("SEC" or "Commission") Order dated February 9, 2024 ("SEC Order").3 The SEC Order found that both Osaic FS and Osaic FA willfully violated Section 17(a) of the Exchange Act and Rule 17a-4(b)(4) thereunder and Section 204 of the Investment Advisers Act of 1940 ("Advisers Act") and Rule 204-2(a)(7) thereunder. <sup>4</sup> The SEC Order also found that Osaic FS and Osaic FA failed reasonably to supervise their employees with a view to preventing or detecting certain of their employees' aiding and abetting violations of Section 17(a) of the Exchange Act and Rule 17a-4(b)(4) thereunder within the meaning of SEA Section 15(b)(4)(E), and Section 204 of the Advisers Act and Rule 204-2(a)(7) thereunder within the meaning of Section 203(e)(6) of the Advisers Act.<sup>5</sup> According to the SEC Order, from at least January 2019, employees of the Firms sent and received off-channel communications that related to the Firms' business, and a majority of these written communications was not maintained or preserved by the Firms. <sup>6</sup> Further, supervisors who were responsible for preventing this misconduct among junior employees routinely communicated off-channel using their personal devices, and, in so doing, failed to comply with the Firms' policies by communicating using non-Firm approved methods on their personal devices about the Firms' broker-dealer and/or investment adviser businesses.

The Firms were censured and ordered to cease and desist from committing or causing any future violations, to pay a civil money penalty of \$8,500,000 (jointly and severally), and to comply with certain undertakings. The Firms represented that they paid the penalty and are in compliance with the undertakings, including having retained an independent compliance consultant to complete an initial review and make recommendations for the Firm to adopt. 10

The SEC Order also triggered disqualification under Rules 262(a)(4), 506(d)(1)(iv), and 602(c)(3) of the Securities Act of 1933 and Rule 503(a)(4)(ii) of Regulation Crowdfunding. On February 9, 2024, the SEC granted a waiver from the application of the disqualification provisions of these Rules. *See In re Certain Broker-Dealer Practices*, Securities Act Release No. 11270 (Feb. 9, 2024), attached as Exhibit 4.

<sup>&</sup>lt;sup>3</sup> See SEC Order, In re Lincoln Financial Advisors Corporation and Lincoln Financial Securities Corporation, Exchange Act Release No. 99499 (Feb. 9, 2024), attached as Exhibit 3.

<sup>&</sup>lt;sup>4</sup> See Exhibit 3 at pp. 5-6.

<sup>&</sup>lt;sup>5</sup> *Id*. at p. 6.

<sup>&</sup>lt;sup>6</sup> *Id.* at p. 2, para 3.

<sup>&</sup>lt;sup>7</sup> *Id.* at p. 2, para. 4.

<sup>&</sup>lt;sup>8</sup> *Id.* at pp. 6-11.

<sup>&</sup>lt;sup>9</sup> See Firms' Discovery Responses dated March 28, 2024, collectively attached as Exhibit 5 at FINRA pp. 1-3

<sup>&</sup>lt;sup>10</sup> *Id.* at pp. 1-2.

#### III. Remedial Measures

According to the Applications, the Firms undertook remedial measures prior to the issuance of the SEC Order, including enhancing policies and procedures, providing additional training concerning the use of approved communication platforms, implementing enhanced surveillance designed to identify off-channel communications, and requiring additional attestations from their associated persons concerning adherence to the Firms' policies surrounding approved communication methods. Additionally, the Firms introduced a new text messaging platform to all associated persons called Telemessage. According to the SEC Order, the Commission considered the Firms' prompt remedial actions and cooperation with the SEC when determining to accept the Offer of Settlement. The SEC Order also noted the on-channel texting application that the Firms rolled out to employees in June 2018.

# IV. Firm Background

Osaic FS has been a FINRA member since April 15, 1969<sup>15</sup> and Osaic FA since June 2, 1969.<sup>16</sup> Osaic FS is headquartered in Fort Wayne, Indiana with 197 branches (26 of which are Offices of Supervisory Jurisdiction).<sup>17</sup> Osaic FS employs approximately 464 registered representatives (170 of which are registered principals), two operations professionals, and 311 non-registered fingerprint employees.<sup>18</sup> Osaic FS does not employ any statutorily disqualified individuals.<sup>19</sup>

Osaic FA is headquartered in Fort Wayne, Indiana with 401 branches (22 of which are Offices of Supervisory Jurisdiction).<sup>20</sup> Osaic FA employs approximately 1,334 registered representatives (225 of which are registered principals), two operations professionals, and

<sup>&</sup>lt;sup>11</sup> See Exhibit 1 at FINRA00205 and Exhibit 2 at FINRA00172.

<sup>&</sup>lt;sup>12</sup> *Id*.

<sup>&</sup>lt;sup>13</sup> See Exhibit 3 at p. 6, para. 31.

<sup>&</sup>lt;sup>14</sup> *Id* 

<sup>&</sup>lt;sup>15</sup> See Osaic FS's Central Registration Depository ("CRD") Excerpt – Organization Registration Status, attached as Exhibit 6.

<sup>&</sup>lt;sup>16</sup> See Osaic FA's CRD Excerpt – Organization Registration Status, attached as Exhibit 7.

<sup>&</sup>lt;sup>17</sup> FINRA confirmed this through analysis of the Firm's information contained in CRD, last performed on September 16, 2024.

<sup>&</sup>lt;sup>18</sup> *Id*.

<sup>&</sup>lt;sup>19</sup> *Id*.

 $<sup>^{20}</sup>$  *Id*.

826 non-registered fingerprint employees. <sup>21</sup> Osaic FA does not employ any statutorily disqualified individuals. <sup>22</sup>

Osaic FS is approved to engage in the following lines of business:<sup>23</sup> underwriter or selling group participant (corporate securities other than mutual funds); mutual fund retailer; municipal securities broker; broker or dealer selling variable life insurance or annuities; investment advisory services; and other non-securities business.<sup>24</sup>

Osaic FA is approved to engage in the following lines of business:<sup>25</sup> mutual fund retailer; municipal securities broker; broker or dealer selling variable life insurance or annuities; investment advisory services; and broker or dealer selling tax shelters or limited partnerships in primary distributions.

Osaic FS is also a member of the following self-regulatory organizations ("SROs"): Municipal Securities Rulemaking Board ("MSRB") and National Securities Clearing Corporation ("NSCC").<sup>26</sup>

Osaic FA is a member of MSRB and NSCC.<sup>27</sup>

## **Recent Examinations**

In the past two years, FINRA completed one routine examination of Osaic FS, which resulted in a Cautionary Action Letter ("CAL"). FINRA did not complete any non-routine examinations that resulted in a CAL. The SEC completed one examination that identified deficiencies.

In the past two years, FINRA completed one routine examination and one non-routine examination of Osaic FA that resulted in CALs.

<sup>&</sup>lt;sup>21</sup> *Id*.

<sup>&</sup>lt;sup>22</sup> *Id*.

<sup>&</sup>lt;sup>23</sup> See Osaic FS's CRD Excerpts - Types of Business and Other Business Descriptions, collectively attached as Exhibit 8.

<sup>&</sup>lt;sup>24</sup> Per the Firm's CRD Record, the "other non-securities business" refers to the fact that Osaic FS is licensed as an insurance agency and sells non-securities products such as life insurance and fixed annuities. *Id.* at p. 2.

<sup>&</sup>lt;sup>25</sup> See Osaic FA's CRD Excerpt - Types of Business, attached as Exhibit 9.

<sup>&</sup>lt;sup>26</sup> FINRA staff confirmed this through a search of public member directories, last performed on September 16, 2024.

<sup>&</sup>lt;sup>27</sup> FINRA staff confirmed this through a search of public member directories, last performed on September 16, 2024.

#### A. FINRA Routine Examination of Osaic FS

In October 2023, FINRA completed a routine examination of the Firm<sup>28</sup> and issued a CAL for five of the nine exceptions noted (the Firm was issued a CAL for three of these five exceptions and two Firm representatives were separately issued a CAL for their misconduct). Three exceptions were referred to FINRA's Department of Enforcement ("Enforcement") and FINRA took no further action with respect to one exception. The exceptions for which the Firm was cautioned pertained to Osaic FS' failure to 1) develop and implement a written anti-money laundering program reasonably designed to detect and cause the reporting of suspicious transactions, 2) enforce adequate written policies and procedures reasonably designed to achieve compliance with Regulation Best Interest, and 3) establish and maintain a supervisory system as well as policies and procedures, which would determine and document whether municipal entity accounts were using bond proceeds for securities trading.<sup>29</sup> The three exceptions referred to Enforcement relate to Osaic FS's failure to properly supervise variable annuity transactions, and one registered representatives failure to ensure that the variable annuity transactions he recommended were in the best interest of retail customers.<sup>30</sup> Osaic FS responded in writing that it hired additional staff to address and assist with the backlog of activity to review, that it will publish a compliance alert as an educational reminder regarding Variable Annuity Disclosure Form and the required use of the Mutual Fund Disclosure and Switch Forms, and that the Firm will enhance and update its forms and procedures.<sup>31</sup>

# B. SEC Examination of Osaic FS

In September 2023, the SEC completed an examination of Osaic FS which identified one deficiency relating to the Firm's lack of reasonably designed policies and procedures to adequately protect its customer data and information.<sup>32</sup> Osaic FS responded in writing that it will update its data security policies, enhance management's issue reporting process, commit to conducting a risk assessment that documents the Firm's review of certain key data security matters, and evaluate how to more closely achieve "real time" tracking.<sup>33</sup>

<sup>&</sup>lt;sup>28</sup> See Disposition Letter for Examination No. 20230770319 dated October 17, 2023, Examination Report dated August 21, 2023, and Firm response dated September 27, 2023 (without exhibits), collectively attached as Exhibit 10.

<sup>&</sup>lt;sup>29</sup> *Id.* at FINRA pp. 8-9.

<sup>&</sup>lt;sup>30</sup> *Id.* at FINRA pp. 5-8 and 10-11. The matters referred to Enforcement remain open.

<sup>&</sup>lt;sup>31</sup> *Id.* at FINRA pp. 14-22.

<sup>&</sup>lt;sup>32</sup> See SEC deficiency letter for SEC File No. BD 008-14685 dated September 20, 2023, and Osaic FS's response dated October 20, 2023, collectively attached as Exhibit 11 at FINRA p. 3.

<sup>&</sup>lt;sup>33</sup> *Id.* at FINRA pp. 8-10.

#### C. FINRA Routine Examination of Osaic FA

In October 2023, FINRA completed a routine examination of the Firm<sup>34</sup> and issued a CAL for 10 of the 15 exceptions noted (the Firm was issued a CAL for four of these 10 exceptions and six Firm representatives were separately issued a CAL relating to their misconduct). Four exceptions were referred to Enforcement and FINRA took no further action with respect to one exception. The exceptions for which the Firm was cautioned pertained to Osaic FA's failure to 1) develop and implement a written anti-money laundering program reasonably designed to detect and cause the reporting of suspicious transactions, 2) enforce its written supervisory procedures which require a customer to sign a mutual fund disclosure and switch form when switching from one mutual fund to another, 3) establish and maintain a supervisory system as well as policies and procedures which would adequately determine for the municipal entity accounts the Firm services, whether bond proceeds are being used for securities trading or not, and 4) enforce its written supervisory procedures that require registered representatives to obtain a verbal confirmation from the customer for unrelated third-party wires greater than \$250K and document that verbal confirmation was received.<sup>35</sup> The four exceptions referred to Enforcement relate to Osaic FA's failure to properly supervise variable annuity transactions. 36 Osaic FA responded in writing that it hired additional staff to address and assist with the backlog of activity to be reviewed, that it will further enhance the Firm's oversight to confirm that Mutual Fund Disclosure and Switch Forms are completed, and that the Firm will enhance and update its forms and procedures.<sup>37</sup>

#### D. FINRA Non-Routine Examination of Osaic FA

In January 2023, FINRA issued a CAL to Osaic FA based on one exception pertaining to the Firm's failure to establish and maintain a supervisory system reasonably designed to ensure that all eligible customers received applicable sales charge waivers or special share classes in connection with rolling over 529 plans from one state to another in violation of MSRB Rule G-27.<sup>38</sup> Enforcement acknowledged the Firm represented it has taken corrective action, including remediating customers by reimbursing those who may have been eligible for a sales charge waiver or special share class and enhancing its supervisory systems and procedures.<sup>39</sup>

<sup>&</sup>lt;sup>34</sup> See FINRA's Disposition Letter for Examination No. 20230771309 dated October 17, 2023, Examination Report dated August 21, 2023, and Firm response dated September 27, 2023, collectively attached as Exhibit 12

<sup>&</sup>lt;sup>35</sup> *Id.* at FINRA pp. 6-9.

<sup>&</sup>lt;sup>36</sup> *Id.* at FINRA pp. 1, 5-6, 10-11. The matters referred to Enforcement remain open.

<sup>&</sup>lt;sup>37</sup> *Id.* at FINRA pp. 28-32.

<sup>&</sup>lt;sup>38</sup> See CAL for Matter No. 20210694603 dated January 11, 2023, attached as Exhibit 13. A response from the Firm was not required.

<sup>&</sup>lt;sup>39</sup> *Id*.

#### Regulatory Actions

In the past two years, neither Osaic FS nor Osaic FA was the subject of any disciplinary actions, aside from the SEC Order that led to the Applications.

#### V. Prior SEA Rule 19h-1 Notices

The Firms have no prior SEA Rule 19h-1 or 19d-1 Notices.

# VI. The Firms' Proposed Continued Membership with FINRA and Plan of Heightened Supervision

The Firms seek to continue their membership with FINRA notwithstanding their status as disqualified members. The Firms have agreed to the following Plan of Heightened Supervision ("Supervision Plan" or "Plan") as a condition of their continued membership with FINRA:<sup>40</sup>

Lincoln Financial Securities Corporation n/k/a Osaic FS, Inc. and Lincoln Financial Advisors Corporation n/k/a Osaic FA, Inc. (collectively, the "Firms") are subject to statutory disqualification pursuant to Section 3(a)(39)(F) of the Securities Exchange Act of 1934, which incorporates by reference Sections 15(b)(4)(D) & (E), as a result of an order issued by the U.S. Securities and Exchange Commission ("SEC" or "Commission") dated February 29, 2024, which found that the Firms willfully violated Section 17(a) of the Securities Exchange Act of 1934 ("Exchange Act") and Rule 17a-4(b)(4) thereunder and Section 204 of the Investment Advisers Act of 1940 ("Advisers Act") and Rule 204-2(a)(7) thereunder ("SEC Order"). The SEC Order also found that the Firms failed reasonably to supervise its employees within the meaning of Section 15(b)(4)(E) of the Exchange Act and Section 203(e)(6) of the Advisers Act.

For the purpose of this Supervision Plan, the term "Digital Communication Channels" means all written electronic methods of communication used to conduct the Firms' business, including but not limited to, text messaging platforms, whether via SMS messaging, iMessage, or other messaging services such as WhatsApp; direct messaging platforms including X f/k/a "Twitter," Instagram, LinkedIn, Slack, or Bloomberg Messaging; non-firm domain email accounts; and any other written electronic business-related correspondence. "Digital Communication Channels" encompass platforms used to exchange messages with internal or external stakeholders using either a personal or Firm-provided device.

For the purpose of this Supervision Plan, the term "Off-Channel Communications" means all business-related written electronic messages sent on Digital Communication Channels that are not captured by the Firms' surveillance and record-keeping systems.

<sup>&</sup>lt;sup>40</sup> See Executed Consent to Plan of Heightened Supervision dated September 23, 2024, attached as Exhibit 14.

In consenting to this Supervision Plan, the Firms agree to the following:

- 1. The Firms shall comply with all of the undertakings outlined in the SEC Order.
- 2. The Firms shall maintain copies of all correspondence between the Firms and Commission staff relating to the SEC Order, including documenting when Commission staff grants extensions to the deadlines set forth in the SEC Order. The Firms shall maintain copies of all such correspondence in a readily accessible place for ease of review by FINRA staff.
- 3. The Firms shall provide FINRA's Statutory Disqualification Group with copies of all certifications submitted to the SEC upon completion of the undertakings as specified in the SEC Order. The Firms shall maintain copies of all certifications in a readily accessible place for ease of review by FINRA staff.
- 4. The Firms shall maintain copies of all reports and supporting documentation submitted to SEC staff in accordance with the SEC Order, as well as any other documentation needed to evidence the status and completion of each of the undertakings outlined in the SEC Order. The Firms shall maintain copies of such documentation in a readily accessible place for ease of review by FINRA staff.
- 5. Within six months of the SEC's Letter of Acknowledgement ("LOA") in this matter, to the extent that they have not already done so within the past six months, and on at least an annual basis thereafter, for a term of six years from the date of the LOA, the Firms shall conduct training for all associated persons regarding the Digital Communication Channels that the Firms have approved for business communication, along with the Firms' current policies regarding retention of business-related electronic communications. The Firms shall maintain a record of individual completion of said training and a copy of said training materials in a readily accessible place for ease of review by FINRA staff.
- 6. The Firms shall conduct the training described in Paragraph 5 above for all new hires, within 65 days from the date of commencement of new hire training, for a term of six years from the date of the LOA. The Firms shall retain a record of all new hire training, including a copy of all written training materials, and keep said record(s) in a readily accessible place for ease of review by FINRA staff.
- 7. Within 90 days of the LOA, the Firms shall, to the extent that they have not already done so, establish and maintain a written list(s) of all Digital Communication Channels that their associated persons are permitted to use to communicate about the Firms' business. The list(s) shall be circulated to all of the Firms' associated persons at least on a semi-annual basis, for a term of six years from the date of the LOA. The Firms shall require that all associated persons obtain written approval for use of any Digital Communication Channels to communicate about the Firms' business that are not already on the approved list(s) maintained by the Firms. The Firms shall maintain a record of all requests and approvals or rejections of each request, including the date of the requests and the Firms' decision. The Firms shall

- maintain copies of such requests and decisions in a readily accessible place for ease of review by FINRA staff.
- 8. The Firms shall require all associated persons to disclose on at least a semi-annual basis, for a term of six years from the date of the LOA, any unapproved Digital Communication Channels he/she is using to communicate about the Firms' business. The Firms shall retain records of such disclosures in a readily accessible place for ease of review by FINRA staff.
- 9. Subject to Paragraph 7 above, the Firms shall prohibit associated persons from using Off-Channel Communications.
- 10. Within 90 days of the LOA, the Firms shall, to the extent that they have not already done so, develop a process whereby, in the event that an associated person sends or receives an Off-Channel Communication, the Off-Channel Communication is submitted to the Firms and retained in compliance with relevant securities laws and regulations. For a term of six years from the date of the LOA, the Firms shall maintain a record of all such Off-Channel Communications, including a record of the Firms' receipt of the communication, in a readily accessible place for ease of review by FINRA staff.
- 11. Within 90 days of the LOA, the Firms shall, to the extent that they have not already done so, develop and maintain written supervisory policies and procedures detailing the Firms' process for disciplining associated persons who use Off-Channel Communications to communicate about the Firms' business. When the Firms use the disciplinary process, the Firms shall document each instance. The Firms shall retain records of such written supervisory policies and procedures and records of the disciplinary processes and each outcome.
- 12. All requested documents and certifications under this Supervision Plan shall be sent directly to FINRA's Statutory Disqualification Group at SDMailbox@FINRA.org.
- 13. The Firms shall obtain written approval from FINRA's Statutory Disqualification Group prior to changing any provision of the Supervision Plan.
- 14. The Firms shall submit any proposed changes or other requested information under this Supervision Plan to FINRA's Statutory Disqualification Group at <a href="mailto:SDMailbox@FINRA.org">SDMailbox@FINRA.org</a>.

#### VII. Discussion

After carefully reviewing the entire record in this matter, FINRA approves each Firm's request to continue its membership with FINRA, subject to the terms and conditions set forth herein. In evaluating the Applications submitted by Osaic FS and Osaic FA, FINRA assessed whether the Firms have demonstrated that their continued membership is consistent with the public interest and does not create an unreasonable risk of harm to investors or the markets. *See* FINRA By-Laws, Art. III, Sec. 3(d); *cf. Frank Kufrovich*, 55 S.E.C. 616, 624 (2002) (holding that FINRA "may deny an application by a firm for

association with a statutorily-disqualified individual if it determines that employment under the proposed plan would not be consistent with the public interest and the protection of investors"). Typically, factors that bear on FINRA's assessment include, among other things, the nature and gravity of the statutorily disqualifying misconduct, the time elapsed since its occurrence, the restrictions imposed, the Firm's regulatory history, and whether there has been any intervening misconduct.

As of the date of this Notice, FINRA has determined that the Firms' continued membership is consistent with the public interest and does not create an unreasonable risk of harm to investors or the markets. While the SEC Order identified serious violations of securities laws, the Firms were not expelled or suspended, nor were any limitations placed on the Firms' securities activities. Although the SEC Order triggered certain disqualifications from exemptions from registration available under the Securities Act of 1933 ("Securities Act"), specifically Regulations A, D and E of the Securities Act and Regulation Crowdfunding, the SEC granted the Firms a waiver from the application of the disqualification provisions of Rules 262(a)(4)(ii), 506(d)(1)(iv)(B), and 602(c)(3) of the Securities Act and Rule 503(a)(4)(ii) of Regulation Crowdfunding. Moreover, the full amount of the civil monetary penalty was promptly paid. Additionally, the Firms represented that they are in compliance with the ordered undertakings.<sup>41</sup>

Member Supervision also acknowledges that within the SEC Order the Commission considered the Firms' prompt remedial actions and cooperation with the Commission.<sup>42</sup> The Department is further reassured by the progress the Firms have made on the undertakings required by the SEC. Specifically, the Firms promptly hired an independent compliance consultant to complete an initial review and make recommendations for the Firm to adopt.<sup>43</sup>

In evaluating the Firms' Applications, FINRA notes that Osaic FS and Osaic FA have no recent disciplinary history or additional disqualifying orders. Additionally, in response to recent examination findings, the Firms took steps to resolve the issues, including enhancing their supervisory systems and procedures, updating their policies, and hiring additional staff. Following the approval of the Firms' continued membership in FINRA, FINRA intends to utilize its examination and surveillance processes to monitor the Firms' continued compliance with the standards prescribed by Exchange Act Rule 19h-1 and FINRA Rule 9523.

FINRA is further reassured by the controls set in place by the Firms' agreed to Supervision Plan which bolsters the undertakings outlined in the SEC Order and will continue to provide oversight of the Firms and compliance with their remaining undertakings. In accordance with the Plan, the Firms agreed to conduct annual training for all associated persons, including new hires, regarding the Firms' approved digital communication

<sup>&</sup>lt;sup>41</sup> See Exhibit 5 at FINRA pp. 1-2, 7-8.

<sup>&</sup>lt;sup>42</sup> See Exhibit 3 at p. 6, para. 31.

<sup>&</sup>lt;sup>43</sup> See Exhibit 5 at FINRA pp. 1-2, 7-8.

methods and record retention policies for electronic communications. Further, the Plan calls for the Firms to maintain a list of approved digital communication methods that associated persons are permitted to use for Firm business and to circulate that list to their associated persons semi-annually. The Plan requires the Firms' associated persons to obtain written approval to use digital communication channels not already approved. The Plan prohibits the use of off-channel communications and requires associated persons to semi-annually disclose any unapproved digital communication methods they are using for Firm business; they must also forward any off-channel communications that may have taken place to the Firms for retention purposes. These provisions will help to ensure that the Firms are aware of the communication methods being used by associated persons so that they can appropriately monitor, capture, and retain those communications. Additionally, the Plan mandates that the Firms develop policies and procedures for disciplining associated persons who use unapproved communication methods for Firm business and segregate all certifications, reports, and supporting documentation submitted to the SEC regarding compliance with the undertakings, for ease of review by FINRA staff to ensure ongoing compliance.

Thus, FINRA is satisfied, based on the foregoing and on the Firms' representations made pursuant to the Supervision Plan, that the Firms' continued membership in FINRA is consistent with the public interest and does not create an unreasonable risk of harm to the market or investors. Accordingly, FINRA approves Osaic FS and Osaic FA's Applications to continue their membership with FINRA.

FINRA certifies that the Firms meet all qualification requirements and represents that the Firms are registered with another SRO: NSCC. This SRO has been provided with the terms and conditions of Osaic FA and Osaic FS' proposed continued membership, and it concurs with FINRA.

In conformity with the provisions of Rule 19h-1 of the Exchange Act, the continued membership of the Firms will become effective within 30 days of the receipt of this notice by the Commission, unless otherwise notified by the SEC.

On Behalf of FINRA,

Warin & Dogith

Marcia E. Asquith

Executive Vice President & Corporate Secretary

#### **EXHIBITS**

## SD-2386 and SD-2387

- 1. Osaic FS Application and related attachments compiled by CRED, with a cover memorandum dated March 6, 2024.
- 2. Osaic FA Application and related attachments compiled by CRED, with a cover memorandum dated March 5, 2024.
- 3. SEC Order, *In re Lincoln Financial Advisors Corporation and Lincoln Financial Securities Corporation*, Exchange Act Release No. 99499 (Feb. 9, 2024).
- 4. *In re Certain Broker-Dealer Practices*, Securities Act Release No. 11270 (Feb. 9, 2024).
- 5. Firms' Discovery Responses dated March 28, 2024.
- 6. Osaic FS CRD Excerpt Organization Registration Status.
- 7. Osaic FA CRD Excerpt Organization Registration Status.
- 8. Osaic FS CRD Excerpts Types of Business and Other Business Descriptions.
- 9. Osaic FA CRD Excerpt Types of Business.
- 10. Disposition Letter for Examination No. 20230770319 dated October 17, 2023, Examination Report dated August 21, 2023, and Firm response (without exhibits) dated September 27, 2023.
- 11. SEC deficiency letter for SEC File No. BD 008-14685 dated September 20, 2023, and Osaic FS's response dated October 20, 2023.
- 12. Disposition Letter for Examination No. 20230771309 dated October 17, 2023, Examination Report dated August 21, 2023, and Firm response dated September 27, 2023.
- 13. CAL for Matter No. 20210694603 dated January 11, 2023.
- 14. Executed Consent to Plan of Heightened Supervision dated September 23, 2024.