

Alert | Financial Regulatory & Compliance/ Securities Litigation



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Providing Useful Tools: FINRA Releases its 2026 Annual Regulatory Oversight Report, Together with a *FINRA Unscripted* Podcast Filled with Senior Leadership Insights

On December 9, 2025, the Financial Industry Regulatory Authority (FINRA) released both its:

1. 2026 FINRA Annual Regulatory Oversight Report (the “Report”), and
2. A companion *FINRA Unscripted* podcast (the “Podcast”), featuring senior FINRA leaders providing insights about the Report.

Links to the Report and Podcast are here:

[**2026 FINRA Annual Regulatory Oversight Report**](#)

[**Navigating the 2026 Regulatory Oversight Report: Key Insights from FINRA Leadership**](#)

The Podcast featured Ornella Bergeron (Acting Head of Member Supervision), Bill St. Louis (Head of Enforcement), and Feral Talib (Head of Market Oversight), with Bryan Smith (Acting Head of Strategic Intelligence) moderating the discussion. FINRA also provided a written transcript of the Podcast for those who prefer to read the conversation.

The Report

The Report was released earlier than in prior years because, as Bergeron noted in the Podcast, “we heard the industry loud and clear...They wanted the report out sooner...so that they can leverage it and as part of their compliance planning for 2026.”

The Report identifies, by topic and as applicable, regulatory obligations, and provides findings, effective practices, and resources. The Report contains seven substantive areas:

- Financial Crimes Prevention
- GenAI: Continuing and Emerging Trends
- Firm Operations
- Member Firms’ Nexus to Crypto
- Communications and Sales
- Market Integrity
- Financial Management

Except for GenAI (see below), many of these topics are identified by FINRA as “evergreen”, having appeared in FINRA’s regulatory oversight reports in prior years.

The section of the Report concerning *GenAI: Continuing and Emerging Trends*, is new for 2026. The Report reminds Members that the FINRA Rules are “intended to be technologically neutral”, so that even though GenAI provides new technologies for firms to integrate into their businesses, the use cases of GenAI need to comply with the Rules just the same. The Report also provides:

- a useful chart reflecting 14 examples of how firms are currently utilizing GenAI;
- an Emerging Trends and Current Practices list of items that FINRA has identified from surveys and through engagement with other regulators; and
- a summary of an Emerging Trend in GenAI – the AI Agent.

The Podcast

The Podcast was organized into four primary sections:

1. 2025 Highlights

St. Louis identified that firms continue to have issues with existing obligations, and he specifically listed Best Execution, Reg BI, and AML. Bergeron identified crypto assets and tokenization, overnight trading, and upcoming rule changes, including amendments to Reg SP. Talib identified market manipulation and low-priced securities, and the expansion of FINRA’s rapid remediation program.

2. Threats and Risks Facing Firms

Talib stated that in terms of risks, “what’s old is new again, because of technological advancements.” He noted vulnerable investor risks, including how fraudsters are using technology to better isolate and harm victims. St. Louis identified risks that come from firms utilizing third-parties in their business. He also

spoke about risks specific to crypto, including inadequate disclosures about crypto, and Outside Business Activities and Private Securities Transactions relating to crypto businesses. Bergeron also identified risks from third-parties and vendors, and identified cybersecurity and cyber-enabled fraud.

3. GenAI Discussion

Bergeron described GenAI as beneficial, but noted that without proper governance and procedures, it is a “transformational technology [that] could cause significant operational and compliance risks.” She noted that firms are “taking a conservative and measured approach before they implement new AI tools, especially when it comes to customer facing interactions.” Talib noted that from a surveillance perspective, he is seeing GenAI intended to defraud people and GenAI intended to defraud systems. Technology is enabling bad actors to perpetrate more and advanced crimes, so investors need to be more cautious. He also noted that firms need to engage their own counter technologies against fraudsters and said it is “a digital arms race.” In that regard, Smith noted that FINRA had previously identified for its Members “GenAI adversarial use intelligence products.”

4. Takeaways for Firms

Bergeron suggested that firms should timely review the Report to identify relevant areas to their businesses. She noted that even for evergreen topics, new content is available in the Report, and that firms should identify gaps and utilize the resources provided in the Report. St. Louis suggested incorporating the Report into firm element and other trainings, and he agreed with Bergeron that the Report is a helpful tool to undertake a gap analysis. Talib suggested that firms should compare the risks identified in the Report against the firms’ surveillance and control systems. He also expanded his suggestion, noting that firms should also identify risks which they have already addressed previously and confirm whether, given new technologies and evolving techniques of bad actors, those risks need to be revisited.

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