



3452 E. Foothill Blvd, Suite 800
Pasadena, CA 91107
O 626.356.0200
TF 877.542.6759
info@thorntonandassociates.com
www.thorntonandassociates.com

Hello,

As you are aware, there has been a global IT disruption caused by a CrowdStrike IT update. This outage has also disrupted some Microsoft services.

FINRA (Financial Industry Regulatory Authority) is actively monitoring the situation and may reach out to you to see how you are affected.

The disruptions may affect critical systems and business operations of FINRA member firms. This could include issues related to data security, system availability, transaction processing, and compliance reporting.

Expected Actions from Member Firms

Reporting Issues:

- **Critical Systems:** Your firm is expected to report to FINRA any significant problems with critical systems or business operations that arise due to the IT service disruptions.
- **Risk Monitoring Analyst:** If your firm was affected, your notice should be directed to your designated Risk Monitoring Analyst at FINRA. This allows FINRA to assess the scope of the disruptions and provide necessary guidance or support.

If you are affected by this outage, Thornton & Associates recommends that your firm conduct the following procedures:

1. Internal Assessment:

- **Identify Impact:** Conduct an internal assessment to determine if and how the disruptions are affecting your systems and operations.
- **Document Issues:** Document any problems, including the nature of the disruption, affected systems, and business processes.

2. **Communication with FINRA:**

- **Contact Risk Monitoring Analyst:** Promptly report any critical issues to your Risk Monitoring Analyst. Provide detailed information about the impact and any steps you are taking to mitigate the problems.
- **Ongoing Updates:** Keep FINRA informed of any changes or developments in the situation. Regular updates can help FINRA provide more effective support.

3. **Mitigation and Contingency Planning:**

- **Implement Contingency Plans:** Activate your firm's contingency plans to minimize disruption to operations. This may include switching to backup systems, enhancing monitoring, and increasing IT support staff availability.
- **Coordination with Vendors:** Work closely with Microsoft and CrowdStrike to understand the nature of the disruptions and expected resolution timelines. Follow any guidance provided by these vendors.

4. **Client Communication:**

- **Inform Clients:** If necessary, communicate with your clients about the potential impact on services. Provide reassurance about steps being taken to address the issues and protect client interests.

5. **Review Security Protocols:**

- **Enhance Security Measures:** Given that the disruption involves key IT service providers, review and enhance your security protocols to protect against potential cyber threats and vulnerabilities.

Conclusion

The ongoing disruptions in Microsoft and CrowdStrike IT services are being closely monitored by FINRA due to their potential impact on the financial industry. Member firms are required to promptly report any significant operational issues to their Risk Monitoring Analyst. By taking proactive steps to assess, communicate, and mitigate the disruptions, member firms can help ensure continuity and compliance during this period.

For specific updates and guidance, it is advisable to keep an eye on communications from FINRA and the affected service providers.

If you have any questions, please do not hesitate to let us know.

-Thornton & Associates, LLC