

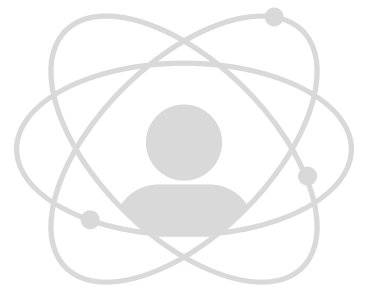
DECEMBER 2024

CARTANA'S FOCUS ON....

WHAT IS A PFO AND POO?



Effective October 1, 2018, the Financial Industry Regulatory Authority (FINRA) instituted a requirement mandating that all member broker-dealers establish the roles of Principal Financial Officer (PFO) and Principal Operations Officer (POO). This stipulation represents a significant deviation from previous regulations, which necessitated that each broker-dealer appoint a Chief Financial Officer (CFO) who also functioned as a Financial and Operations Principal (FINOP).



As outlined in FINRA Rule 1220(a)(4)(B), firms shall designate a:

- Principal Financial Officer with primary responsibility for financial filings and those books and records related to such filings; and
- Principal Operations Officer with primary responsibility for the day-to-day operations of the member's business, including overseeing the receipt and delivery of securities and funds, safeguarding customer and member assets, calculation and collection of margin from customers and processing dividend receivables and payables and reorganization redemptions and those books and records related to such activities.



While the PFO and POO may delegate certain responsibilities to other qualified personnel within the organization, it is imperative to recognize that the ultimate accountability for these functions resides with the designated PFO and POO. This framework establishes clear lines of accountability within the organization.

In the realm of clearing firms, it is essential for these entities to appoint distinct individuals to fulfill the roles of PFO and POO, although members who are limited in size and resources may request a waiver pursuant to Rule 9600 series. However, introducing firms can designate the same individual for both roles.

Furthermore, while firms have the latitude to appoint multiple POOs—contingent upon the clear definition and documentation of each individual's specific duties—they are prohibited from designating more than one Principal Financial Officer. It is also a regulatory requirement that the designated PFO or POO register as the firm's Financial and Operations Principal (FINOP), thereby reinforcing their role within the regulatory framework and ensuring adherence to industry standards.