



***In this issue of the Compliance Risk Concepts' ("CRC") Control Room Quarterly, we discuss new conflict considerations.***

We typically think of conflicts in three dimensions:

1. **Firm**
2. **Customer**
3. **Employee**

Given the new normal as we continue to *work from home* ("WFH"), perhaps we need to add a 4<sup>th</sup> dimension: **Home**

With employees working from home, perhaps they are sharing space with family members (e.g., spouses or parents) or roommates. The likelihood of your employee or their family members / roommates overhearing or seeing MNPI is certainly possible.

As a result, firms face tough challenges crafting solutions to protect their employees, while safeguarding client/customer information.

Even thinking down the road when employees may come back to work, firms may continue to allow employees to WFH, stagger teams working from the office, or reduce office footprints altogether and have employees permanently work from home.

For these reasons, firms should begin considering how to supervise and monitor activities that a few months ago may not have been a consideration. It is also likely that firms will need to develop different procedures across lending, investment banking, trading, sales and research.

**For instance:**

- Firms are already monitoring employee family members per FINRA requirements (e.g., spouses, dependents, etc.) but does that go far enough?
- Should firms consider monitoring employees' roommates or parents (if they are living at their parent's house)?
- Should firms collect information about employees' roommates or parents (e.g., employer, personal holdings, financial support, etc.)?
- Should firms consider whether employees have a dedicated private space to work within the home?

- Should firms make inquiries regarding the types of hardware (e.g., monitors, tablets) employees are utilizing?
- Should firms adjust their annual compliance questionnaires to take these situations/relationships into consideration?
- Based on where roommates or parents work should firms monitor trading in those companies?
- Should roommates' or parents' companies be placed on the Watch List ?
- Should firms adjust their conflict clearance and deal team staffing processes to consider these new relationships?
- Should firms attempt to obtain trading information from the roommates or parents?
- Should firms provide training information for the roommates?
- Are there new disclosures that need to be presented in marketing material, engagement letters, et al.?
- Are firms thinking about how to respond to regulatory inquiries as a result of employees working from home?
- When firms ultimately bring employees back to the offices should one of the considerations be to first bring back those employees that have access to MNPI?

Admittedly, some of these considerations are draconian. But with the WFH situation becoming more **business as usual**, we believe firms should consider relevant situations and determine what makes sense given specific facts and circumstances.

CRC focuses on assisting clients with Control Room and Conflict management situations. We welcome the opportunity to assist firms as they determine the best course of action.