

TRADE MARKET MAKER SURVEILLANCE EXAMINATIONS

RRS comprehensive compliance examination services help market makers and trading firms guard against potential violations related to all aspects of their equity trading operations. This preventive compliance examination is modeled after the scope and approach of FINRA's examination, which allows our clients to take a proactive role in determining their level of compliance with SEC and FINRA rules and regulations related to trading, market making and order handling practices. This service has proven to be invaluable in providing firms with a proactive approach to determining whether they are in compliance, and to avoid the substantial sanctions and negative publicity that follows an enforcement action.

Full Trading & Market Making Examination - *RRS*' experts will conduct a thorough review that includes sampling and testing your firm's equity trading desk operations for compliance in the following areas:

- Regulation NMS
- Regulation M
- Regulation SHO
- SEC Rule 15c3-5
- Best execution
- Order handling and execution practices
- Limit order display and protection
- Regular and Rigorous assessment of order routing practices
- Trade reporting and acceptance
- Payment for order flow disclosures
- Disclosure of order execution and routing information
- OATS reporting
- Customer and proprietary trading
- Supervisory system and written supervisory
- Implementation and documentation of supervisory reviews
- Registration of trading personnel

Risk Based Trading Compliance Services – In keeping with the prevailing regulatory focus, *RRS* customizes "Risk Based" trading examinations to suit your firm's business model and structure. Throughout the entire onsite review, *RRS*' risk based examinations will provide your firm with a cost effective yet comprehensive solution.

In addition to the extensive equity trading compliance solutions, *RRS* offers trading reviews for debt securities that includes municipal securities and RTRS compliance, corporate debt and TRACE compliance, and OTC debt instruments (e.g. CDO, CMO, ABS, etc.). Our experience in trading compliance includes supervisory procedures relating to pricing and valuation models, counter party due diligence and risk assessment and trading practices.

Regulatory Interpretations – Under a retainer relationship, *RRS* provides 24-hour response to requests for guidance and interpretations on the myriad of complex rules and regulations that govern trading and market making.

Written Compliance Policies and Supervisory Procedures – *RRS* can also review your trading desk and market making written supervisory policies and procedures to determine whether they address all aspects of your firm's business in order to achieve compliance with relevant FINRA and SEC market-related rules. Where deemed necessary, *RRS* will make recommendations for revisions, enhancements

or creation of new policies and procedures. Our staff has extensive experience working with various equity trading platforms and can customize your policies and procedures to reflect the unique characteristics of your firm's trading systems. We have worked with firms of all sizes and can develop policies and procedures for the most complex trading operations including firm's using multiple platforms.

Ongoing Periodic Testing – *RRS* can also augment your compliance and supervisory operations by providing ongoing periodic testing. Through monthly or quarterly testing services, we can help strengthen your compliance program. These services include supervisory controls testing, best execution and trade reporting reviews and various other trade reporting practices. Periodic testing not only helps to ensure that written supervisory policies and procedures are being implemented, but can also help to identify systemic issues.

ABOUT RRS

Renaissance Regulatory Services, Inc. provides comprehensive compliance and operational consulting and support services to broker-dealers and investment advisers. Specializing in compliance audits, written supervisory procedures and internal controls, *RRS* provides the experience and insight to meet all your compliance needs. Our services are customized to fit your firm's operations, and in most cases are performed on site. *RRS'* staff and partners are former regulators and compliance professionals who have extensive experience with SEC, FINRA, NYSE and state rules and regulations.

Manage Through Change – *RRS* is founded on the premise that the financial services industry is constantly changing. New products and services, changing regulations and globalization create unique issues in compliance and operations for firms of all sizes and business models. In order to *Manage Through Change*, firms must have the ability to quickly recognize and respond to the compliance and operational challenges that arise. *RRS* supports firms in this mission by providing comprehensive compliance and operational solutions in a customized format. Let *RRS* help you *Manage Through Change*.

CONTACT US

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