

## Routing

- Legal & Compliance
- Senior Management
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The Regulatory & Compliance Update is published by Renaissance Regulatory Services for its clients' legal, compliance, senior management, and supervisory personnel.

This memorandum is distributed to RRS clients at no charge and includes "hot topics" of focus by regulators and of interest to compliance professionals. The document is intended to provide reminders of regulatory matters that were released or issued during the previous month.

The information contained in this publication was compiled from various regulatory releases and is believed to be true and correct as of the date of distribution. Many regulatory issues are subject to interpretations that can change as industry rules and regulations change, and as compliance issues evolve. Readers are cautioned to consider their individual situations and are encouraged to contact RRS staff for guidance on any issues. The information is not intended as legal or accounting advice, which can only be provided by a duly qualified attorney or certified public accountant.

## Hot Topics

### EVENTS

- **DEADLINE:** FOCUS Filing Due July 26<sup>th</sup>, 2010
- **FINRA:** Advertising Regulation Conference, November 9–10, 2010, Washington, DC.
- **MSRB:** Municipal Securities Regulation Seminar, September 23<sup>rd</sup>, 2010, Irving, Texas.
- **NASAA:** Fall Conference September 26 – 29, 2010, Baltimore, MD.

### NOTABLE ITEMS IN THIS EDITION

- **SEC** – Chairman Schapiro Statement on Regulatory Reform Legislation – Page 2
- **SEC** – Proposes New Measures to Help Investors in Target Date Funds – Page 2
- **SEC** – Approves New Stock-by-Stock Circuit Breaker Rules – Page 2
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- **NASAA** – Leads Fight Against Elder Financial Abuse – Page 6
- **NYSE** – FINRA and NYSE Complete Agreement for FINRA to Perform NYSE Regulation's Market Oversight Functions – Page 10
- **FSA** – Publishes annual report for the year 2009/10 – Page 12

## Service Spotlight: Form BD/ADV Review

RRS Registration Services experts can review, update and file your Forms BD/ADV to help ensure that the information remain current and accurate. As the summer sets in, things tend to slow down at most firms and also with the regulators. This provides an excellent opportunity for companies to review their Forms BD/ADV and identify any necessary updates. RRS' staff has extensive experience reviewing Forms BD/ADV for appropriate disclosures. The review includes reviewing Form BR for appropriate disclosures and Parts I and II of Form ADV. RRS can also update Form filings, prepare and submit amendments, and help you prepare and process renewals with FINRA and the States.

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Washington, DC – Atlanta, GA – Pittsburgh, PA

## **SEC**

### **Chairman Schapiro Statement on Regulatory Reform Legislation**

The following is a statement from SEC Chairman Mary L. Schapiro regarding legislation to be considered this week by the Congress. ([Link](#))

### **SEC Proposes New Measures to Help Investors in Target Date Funds**

The SEC voted unanimously to propose rule amendments to help clarify the meaning of a date in a target date fund's name and enhance the information provided to investors in these funds as they invest for retirement. ([Link](#))

### **SEC Approves New Stock-by-Stock Circuit Breaker Rules**

The SEC approved rules that will require the exchanges and FINRA to pause trading in certain individual stocks if the price moves 10 percent or more in a five-minute period. The rules, which were proposed by the national securities exchanges and FINRA and published for public comment, come in response to the market disruption of May 6. ([Link](#))

### **SEC Charges Diebold and Former Executives With Accounting Fraud**

The SEC charged Diebold, Inc. and three former financial executives for engaging in a fraudulent accounting scheme to inflate the company's earnings. The SEC separately filed an enforcement action against Diebold's former CEO seeking reimbursement of certain financial benefits that he received while Diebold was committing accounting fraud. ([Link](#))

### **SEC Charges Former Biotech Company Executive for False Claims About Down Syndrome Test**

The SEC charged a former executive at a San Diego-based biotechnology company for making false statements to investors about her company's prenatal test for Down syndrome. ([Link](#))

### **SEC Charges Miami Man in \$40 Million Ponzi Scheme**

The SEC charged a Miami man for conducting a \$40 million Ponzi scheme with funds primarily raised from investors in the local Hispanic community to purportedly support jewelry businesses and pawn shops. ([Link](#))

### **Chairman Schapiro Statement on FASB-IASB Decision to Modify Timing of Certain Convergence Projects**

The SEC laid out its position regarding global accounting standards, making it clear that the Commission continues to believe that a single set of high-quality globally accepted accounting standards would benefit U.S. investors. ([Link](#))

### **Broker-dealer Compliance Support**

RRS' regulatory and compliance consulting and support solutions for broker-dealers' includes:

- SEC/FINRA compliance examinations
- AML program development and reviews
- Annual compliance meetings
- Written supervisory policies and procedures
- Regulatory mandates
- Compliance programs and training
- Code of ethics

For more information contact John Pinto at (202) 463-6575 or [JohnPinto@RRSCompliance.com](mailto:JohnPinto@RRSCompliance.com)

### **SEC Charges Perpetrators of \$300 Million Ponzi Scheme Involving Purported Gold Mining Investments**

The SEC charged four Canadian men and two others living in Florida with perpetrating a \$300 million international Ponzi scheme on investors in a purportedly successful gold mining operation. ([Link](#))

### **SEC Charges New York-Based Money Manager and Firm Touting Ties to Belgian Royal Family**

The SEC charged a New York-based money manager and his firm with fraud for touting investments he claimed were tied to the Chimay royal family of Belgium, and then stealing millions of dollars to pay his divorce lawyers and the mortgage on his house in the Hamptons. ([Link](#))

### **SEC, Quebec Autorité Des Marchés Financiers and Ontario Securities Commission Sign Regulatory Cooperation Arrangement**

The SEC, Quebec Autorité des marchés financiers (AMF) and Ontario Securities Commission (OSC) announced a comprehensive arrangement to facilitate their supervision of regulated entities that operate across the U.S.-Canadian border. ([Link](#))

### **SEC Charges Former Chairman of Major Mortgage Lender With \$1.5 Billion Securities Fraud and Related TARP Scheme**

The SEC charged the former chairman and majority owner of what was once the nation's largest non-depository mortgage lender with orchestrating a large-scale securities fraud scheme and attempting to scam the U.S. Treasury's Troubled Asset Relief Program (TARP). ([Link](#))

## IA Compliance Programs

RRS provides a full range of services to assist with your firm's compliance with SEC Rule 206(4)-7, including:

- Comprehensive risk assessment
- Written policies and procedures assessment
- Document review and forensic testing
- Supervisory controls examinations
- Financial statement review
- Best practices assessment
- Implementation assistance
- Ongoing compliance support

For more information contact Barbara Simmons at (404) 370-9655 or [BarbaraSimmons@RRSCompliance.com](mailto:BarbaraSimmons@RRSCompliance.com)

## SEC to Publish for Public Comment Proposed Rules for Clearly Erroneous Trades

The SEC announced that the national securities exchanges and the Financial Industry Regulatory Authority (FINRA) are filing proposed rules to clarify the process for breaking erroneous trades. The rules would make it clearer when, and at what prices, trades would be broken. ([Link](#))

## SEC Charges N.Y.-Based Investment Adviser With Fraudulent Management of CDOs Tied to Mortgage-Backed Securities

The SEC charged a New York-based investment adviser and three of his affiliated firms with fraudulently managing investment products tied to the mortgage markets as they came under pressure in 2007. ([Link](#))

## SEC Charges Palm Beach County Investment Adviser With Running a Ponzi Scheme and Stealing Client Funds

The SEC charged an investment adviser in Palm Beach Gardens, Fla., and two of its managing members with fraud for running a Ponzi scheme and stealing client funds. ([Link](#))

## SEC Charges Benefits Consultant to Government Agencies With Ponzi Scheme

The SEC announced that it obtained an asset freeze and other emergency relief against a Jacksonville, Fla., retirement benefits consulting firm that defrauded active and retired government employees and law enforcement agents nationwide through a Ponzi scheme that promised safe investments. ([Link](#))

## SEC Announces \$13.9 Million Fair Fund Distribution to Harmed Investors in Raytheon Financial Fraud Settlement

The SEC announced the distribution today of approximately \$13.9 million to nearly 57,000 investors in connection with Raytheon Corporation financial fraud settlements. ([Link](#))

## SEC Charges Technip with FCPA Violations

The SEC announced a settlement with Technip for multiple violations of the Foreign Corrupt Practices Act (FCPA). The SEC alleged that Technip, a global engineering, construction and services company based in Paris, France, was part of a four-company joint venture that bribed Nigerian government officials over a 10-year period in order to win construction contracts in Nigeria worth more than \$6 billion. The SEC also charged that Technip engaged in books and records and internal controls violations related to the bribery. ([Link](#))

## Statement on the Supreme Court's Decision in FEF v. PCAOB

The Supreme Court issued its decision in Free Enterprise Fund and Beckstead and Watts, LLP v. Public Company Accounting Oversight Board and United States of America. ([Link](#))

## SEC Halts \$105 Million Ponzi Scheme by U.S. Virgin Islands-Based Money Manager

The SEC announced fraud charges and an emergency asset freeze against a purported fund manager based in the U.S. Virgin Islands who perpetrated a \$105 million Ponzi scheme against investors. ([Link](#))

## SEC Charges Two Canadians With Fraudulently Touting Penny Stocks on a Website, Facebook and Twitter

The SEC announced that it has obtained an emergency asset freeze against a Canadian couple who fraudulently touted penny stocks through their website, Facebook and Twitter. The SEC also charged two companies the couple control and obtained an asset freeze against them. ([Link](#))

## SEC Charges California Telecommunications Company With FCPA Violations

The SEC filed a settled federal court action against San Jose, California - based telecommunications company Veraz Networks, Inc., alleging that Veraz violated the books and records and internal controls provisions of the Foreign Corrupt Practices Act (FCPA). The alleged violations stemmed from improper payments made by Veraz to foreign officials in China and Vietnam after the company went public in 2007. ([Link](#))

## SEC Adopts New Measures to Curtail Pay to Play Practices by Investment Advisers

The SEC voted unanimously to approve new rules to significantly curtail the corrupting influence of "pay to play" practices by investment advisers. ([Link](#))

### **SEC to Publish for Public Comment Proposed Rules Expanding Stock-by-Stock Circuit Breakers**

The SEC is publishing for public comment proposals by the national securities exchanges and FINRA to expand a recently adopted circuit breaker program to include all stocks in the Russell 1000 Index and certain exchange-traded funds. ([Link](#))

#### ***"Find it – Before the Regulators"***

The staff at RRS are continually striving to ensure that the services and support we provide to our clients are the most up to date and comprehensive available. Frequently we are able to forecast regulatory trends based on the information our clients provide to us regarding new products, services or marketing trends. This "Find it – Before the Regulators" insight enables us to develop customized compliance solutions so that our clients can address any potential regulatory deficiencies before the regulators do.

For more information contact us at (561) 368-2245.

## **FINRA**

### **June 2010 Notices**

The following Notices discuss FINRA rules including notices of recently approved rules and amendments, proposed rules on which FINRA is soliciting comment, and interpretations and guidance relating to existing rules. Notices may also address rules of the SEC or other regulatory agencies.

#### **Regulatory Notices**

[10-27](#) Changes to Customer Complaint Reporting Procedures Under NASD Rule 3070(c) and NYSE Rule 351(d)

[10-28](#) New System for Processing Regulation T and SEA Rule 15c3-3 Extension of Time Requests

[10-29](#) SEC Approves Amendments to Rules on Reporting Transactions to the OTC Reporting Facility

[10-30](#) SEC Approves Amendments Permitting FINRA to Halt Trading by Firms Otherwise Than on an Exchange Where a Primary Listing Market Has Issued a Trading Pause Due to Extraordinary Market Volatility

[10-31](#) Change to Expedited Proceedings for Failure to Comply with an Arbitration Award or Related Settlement

#### **Information Notices**

[6/15/2010](#) May 2010 Supplement to the Options Disclosure Document

### **June 2010 Disciplinary and Other FINRA Actions**

FINRA has taken disciplinary actions against the firms and individuals for violations of FINRA rules. ([Link](#))

### **FINRA Hearing Panel Bars Broker for Manipulating Stock Price Downward to Benefit Hedge Fund Client**

FINRA hearing panel has permanently barred a former Deutsche Bank broker from the securities industry for manipulating the price of Monogram Biosciences (MGRM) stock in an effort to enrich a hedge fund client, himself and his family. ([Link](#))

### **The ASPIRA Association and the FINRA Investor Education Foundation Partner with National Media Groups to Launch "ASPIRA y Aprende a Invertir," a Latino Community Wealth Development Campaign**

The ASPIRA Association and the FINRA Investor Education Foundation, along with media partners, today launched a national communications campaign titled "ASPIRA y Aprende a Invertir" targeted to the Latino community to promote the importance of investing. ([Link](#))

### **FINRA and NYSE Euronext Complete Agreement for FINRA to Perform NYSE Regulation's Market Oversight Functions**

NYSE Euronext and the FINRA announced that they have completed the previously announced agreement under which FINRA will assume responsibility for performing the market surveillance and enforcement functions currently conducted by NYSE Regulation. The agreement is effective immediately. ([Link](#))

### **ASIC and FINRA Sign Cooperation Agreement**

The Australian Securities and Investments Commission (ASIC) and the FINRA entered into a Memorandum of Understanding (MOU) to promote and support greater cooperation between the two regulators. ([Link](#))

### **FINRA Fines Phoenix Derivatives Group, Eight Brokers at Five Firms a Total of \$4.3 Million for Improper Communications About Customers' Interdealer Brokerage Rate Negotiations**

FINRA announced that it has imposed fines totaling \$4.3 million against Phoenix Derivatives Group, LLC of New York and eight brokers – three employed at Phoenix and five at four other interdealer brokerage firms – for improper communications about customers' proposed brokerage rate reductions in the wholesale credit default swap (CDS) market. ([Link](#))

#### **RRS COMPLIANCE ASSESSMENTS**

#### **REDUCE COMPLIANCE COSTS AND**

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## **MSRB**

### **MSRB Notices for June 2010:**

[2010-15](#) MSRB Receives SEC Approval to Make Available Additional Primary Market and Continuing Disclosure Information on EMMA

[2010-16](#) MSRB to Hold Seminar on Continuing Disclosure Submission on June 23, 2010 in Los Angeles

[2010-17](#) MSRB Terminates Its Public Access Facility

[2010-18](#) MSRB and RBDA to Hold Municipal Securities Regulation Seminar on September 23, 2010 in Texas

[2010-19](#) Reminder on Submissions of Disclosure Documents to EMMA for 529 College Savings Plans

[2010-20](#) MSRB Files with SEC to Modify the EMMA Continuing Disclosure Service to Reflect Amendments to Securities Exchange Act Rule 15c2-12

### **MSRB Receives SEC Approval on Disclosure Proposals**

MSRB has received approval from the SEC on [proposals for additional disclosure related to municipal bonds](#). Within 12 months, underwriters of municipal securities will be required to provide – and municipal securities issuers will be able to provide voluntarily – information to assist investors and other market participants in assessing the availability of ongoing disclosures made by issuers through the MSRB's EMMA website. Also within 12 months, issuers will be permitted to disseminate pre-sale disclosures through the EMMA website, which provides free, centralized public access to all new issue disclosure documents for the municipal securities market. ([Link](#))

### **MSRB Launches Redesigned Website**

MSRB launched a redesigned website with better navigation, new content and features, and a contemporary style. The new site is designed to provide better access to information about MSRB rules and the municipal securities disclosures and data disseminated by the MSRB, and to provide educational material about the nearly \$3 trillion municipal securities market. ([Link](#))

### **MSRB-RBDA to Host Municipal Securities Regulation Seminar in Texas**

MSRB and the Regional Bond Dealers Association (RBDA) are pleased to announce they will hold a municipal securities regulation seminar on Thursday, September 23, 2010 from 8:00 a.m. to 11:00 a.m. CST at the Four Seasons Hotel, 4150 North MacArthur Boulevard, Irving, Texas. ([Link](#))

### **MSRB Files With SEC To Collect Additional Municipal Securities Disclosures**

MSRB filed with the SEC a proposal to collect additional ongoing disclosures made by municipal securities issuers and obligated persons about their bonds. ([Link](#))

## **Municipal Securities**

The RRS solutions for Municipal Securities Broker-Dealers include a wide range of preventative compliance services designed to reduce the potential for deficiencies during regulatory examinations. MSRB compliance services include examination, testing and support in the following critical areas:

- Trade Reporting (RTRS)
- Political contributions
- Underwriting activities
- Section 529 sales practices
- Official Statement Delivery
- Books and records
- Pricing
- Order Handling and Execution
- Customer confirmations
- Trade comparison and confirmation
- Supervisory Controls
- Written supervisory procedures

For more information contact John Pinto at (202) 463-6575 or [JohnPinto@RRSCompliance.com](mailto:JohnPinto@RRSCompliance.com)

## **NASAA**

### **State Securities Regulators Announce Launch of Online Service Providing Background Information About Investment Adviser Representatives**

NASAA announced the launch of an enhancement to the Investment Adviser Public Disclosure (IAPD) website that will allow investors to electronically access information about individuals who work for money management, financial planning and other investment advisory firms. This enhancement will provide information on investment adviser representatives – the individuals who work for these firms and provide investment advice to clients. ([Link](#))

### **NASAA Statement on House-Senate Conference Fiduciary Compromise**

The following is a statement from North American Securities Administrators Association President and Texas Securities Commissioner Denise Voigt Crawford on today's decision by the House-

Senate Conference Committee on financial regulation regarding fiduciary duty. ([Link](#))

### **NASAA Leads Fight Against Elder Financial Abuse**

In recognition of World Elder Abuse Awareness Day, the NASAA, in partnership with physicians and adult protective services organizations, is launching a new initiative to increase awareness among doctors and medical professionals of an under-recognized and underreported form of elder abuse: financial fraud. ([Link](#))

### **NASAA Urges Conference Committee on Financial Reform to Make the Right Choices for Investors**

NASAA urged members of the House-Senate Conference Committee on financial reform to make the right choices for investors, especially when considering how stockbrokers and others providing investment advice about securities should be required to treat their customers. ([Link](#))

### **NASAA Urges Congress to Support Dodd-Frank Wall Street Reform and Consumer Protection Act Conference Report**

NASAA urged Congress to support the landmark Dodd-Frank financial regulatory reform legislation, citing the proposal's recognition of the strong investor protection role of state securities regulators. ([Link](#))

#### ***Did you know? IA AML Obligations...***

Investment Advisers (including registered and unregistered hedge funds) should keep in mind that although the Patriot Act does not specifically apply to them, they are responsible if one of their clients is on any of the SDN or OFAC lists. OFAC has jurisdiction over any individual, regardless of citizenship, who is physically located anywhere in the US, and American citizens and permanent resident aliens located anywhere in the world. If a hedge fund opens an account for a person or firm sanctioned by the US or residing in a country sanctioned by the US, the Fund would be violating US laws. Therefore, such firms need to have robust OFAC procedures even though they are not specifically subject to the AML requirements under the Patriot Act (yet).

For more information contact Barbara Simmons at (404) 370-9655 or [BarbaraSimmons@RRSCompliance.com](mailto:BarbaraSimmons@RRSCompliance.com)

## **NASDAQ—NASDAQ-TRADER—**

### **OTCBB**

### **NASDAQ Changes Halts Trading Status to “Additional Information Requested” of:**

Bank of Florida Corporation ([Link](#))

### **NASDAQ Announces Open Short Interest Positions in NASDAQ Stocks as of:**

Settlement Date May 28, 2010 ([Link](#))

Settlement Date June 15, 2010 ([Link](#))

### **Quarterly Changes to the NASDAQ Q-50 Index**

The NASDAQ OMX Group, Inc. announced the results of the quarterly re-ranking of the NASDAQ Q-50 Index, which will become effective prior to market open on Monday, June 21, 2010. ([Link](#))

### **Semi-Annual Changes to the NASDAQ OMX ABA Community Bank Index**

The NASDAQ OMX Group, Inc. announced the results of the semi-annual evaluation of the NASDAQ OMX ABA Community Bank Index, which became effective prior to market open on Monday, June 21, 2010. ([Link](#))

### **NASDAQ OMX Announces NASDAQ Volatility Guard(SM) to Protect Investors and Listed Companies**

The NASDAQ Stock Market LLC announced a proposal to protect investors and listed companies while increasing transparency in the U.S. equity markets during times of volatile market conditions. ([Link](#))

### **NASDAQ Continues Expansion Within Healthcare Technology Sector With Addition of GenMark Diagnostics, Inc. to The NASDAQ Stock Market**

The NASDAQ OMX Group, Inc., the world's largest exchange company, announced that the trading of GenMark Diagnostics, Inc. commenced May 28 on The NASDAQ Stock Market. GenMark Diagnostics, Inc. is based in Pasadena, California and trades under the ticker symbol GNMK. ([Link](#))

### **NASDAQ OMX to Deliver World's Fastest Trading Platform to Singapore Exchange**

The NASDAQ OMX Group, Inc. announced that it will deliver an ultra low latency trading platform to Singapore Exchange (SGX). The new trading platform, named SGX Reach, will be powered by NASDAQ OMX's Genium INET, the fastest trading technology in the world. SGX's migration to the new trading platform will commence with cash equities in 2011. ([Link](#))

### **NASDAQ OMX Enters Exclusive Partnership With FactSet to Offer Integrated Corporate Intelligence**

The NASDAQ OMX Group, Inc. announced that the Company has entered an exclusive partnership with FactSet Research Systems Inc., a leading provider of integrated financial information and analytical applications to the global investment community. Under the terms of the partnership, FactSet will enhance its corporate platform by leveraging NASDAQ OMX's Corporate Intelligence product, creating a complete macroeconomic research solution with in-depth data and flexible analytics. ([Link](#))

**NASDAQ OMX Announces Intent to Modify Existing Rules on "Stub" Quotes**

The NASDAQ OMX Group announced that it intends to propose detailed rules to modify existing rules surrounding "stub" quotes within the Nasdaq Stock Market's market-maker and select market-maker programs to more effectively serve market participants, investors and listed companies. The decision is in response to some of the market events that occurred on May 6th that led to the use of "stub" quotes being executed against due to liquidity that was absorbed by selling pressure. ([Link](#))

**NASDAQ OMX Selected as Best Data Provider**

The NASDAQ OMX Group, Inc. has been recognized as the best data provider among the world's securities exchanges. Additionally, NASDAQ Basic has been recognized as the Best New Data Product of the Year. These recognitions of excellence were announced recently at the 8th annual Inside Market Data Awards in New York. NASDAQ's acknowledgements as a world-class data provider and developer of the best new product were determined by the readership of Inside Market Data, a key publication for senior level data and technology executives within the financial services and securities industries throughout the world. ([Link](#))

**Banking Industry Webinar to Address Future of the Sector**

As community and regional banks face industry-changing challenges and opportunities due to current market shifts and looming financial reforms, NASDAQ OMX and Highline Financial are bringing together a panel of experts at a critical moment to discuss regulation, bank business models, industry consolidation and the future of the banking sector. ([Link](#))

**Testing Opportunities for New Single Stock Trading Pause Reason Codes**

In preparation for the Single Stock Trading Pause functionality release on **Monday, June 14, 2010**, The NASDAQ Stock Market has requested that the UTP Security Information Processor begin to support evening test data with the new trading pause **reason codes**. NASDAQ and NASDAQ OMX BX have filed with the SEC to establish a market-wide single stock trading pause for securities in the S&P 500 Index that experience a price change of 10% or more during a rolling five-minute period. ([Link](#))

**NASDAQ OMX Announces the NASDAQ Volatility Guard**

The NASDAQ Stock Market has submitted a rule filing to the SEC regarding the implementation of the NASDAQ Volatility Guard. The NASDAQ Volatility Guard is designed to restore an orderly market in NASDAQ-listed securities experiencing intraday volatility. Once initiated, the NASDAQ Volatility Guard will trigger a 60-second trading pause on NASDAQ in the affected security. Trading will resume via the NASDAQ Halt Cross process after the 60-second trading pause. ([Link](#))

**NASDAQ Begins Listing First Financial Bancorp. Warrants on Thursday, June 3, 2010**

On **Thursday, June 3, 2010**, The NASDAQ Stock Market began listing and trading warrants exercisable for one share of common stock of First Financial Bancorp. under the symbol **FFBCW**. The exercise price cannot be paid in cash and is payable only by netting out a number of shares of FFBC common stock issuable upon exercise of the warrants equal to the value of the aggregate exercise price of the warrants. ([Link](#))

**Anti-money Laundering Programs**

RRS provides a comprehensive suite of services to aid in AML compliance, AML Program development, testing, training and surveillance for broker-dealers, investment advisers and other financial institutions.

- Program Development
- Customer Identification
- Enhanced Due Diligence
- OFAC Compliance
- BSA Compliance
- Suspicious Activity Surveillance
- SAR/CTR Reporting
- Program Testing
- Training Plans and Presentations

For more information contact Barbara Simmons at (404) 370-9655 or [BarbaraSimmons@RRSCompliance.com](mailto:BarbaraSimmons@RRSCompliance.com)

**NASDAQ OMX PHLX Announces Approved Fees for PHLX Order Book Data**

On May 28, 2010, NASDAQ OMX PHLX received approval from the SEC to assess monthly fees for the TOPO Plus Orders data product. As of June 1, 2010, TOPO Plus Orders is now subject to monthly distributor and subscriber fees. ([Link](#))

**NASDAQ OMX Introduces Enterprise License Option for NASDAQ TotalView Non-Display Usage**

NASDAQ OMX now offers a new Non-Display Enterprise License option for NASDAQ, exchange depth data. By paying the monthly enterprise license fee of \$30,000 per month, a firm may use NASDAQ exchange depth data (including NASDAQ TotalView, NASDAQ OpenView and NASDAQ Level 2) in non-display devices. ([Link](#))

### **Market-Wide Circuit Breaker Functionality to Launch on Monday, June 14, 2010**

The SEC has approved the rule filings for The NASDAQ Stock Market and NASDAQ OMX BX, along with other U.S. equity exchanges, to establish a trading pause for individual stocks in the S&P 500 Index that experience a price change of 10%. NASDAQ and BX will institute the new functionality effective **Monday, June 14, 2010**. ([Link](#))

### **NASDAQ Begins Listing Sterling Bancshares, Inc. Warrants on Thursday, June 10, 2010**

On **Thursday, June 10, 2010**, The NASDAQ Stock Market began listing and trading warrants exercisable for one share of common stock of Sterling Bancshares, Inc. under the symbol **SBIBW**. The exercise price cannot be paid in cash and is payable only by netting out a number of shares of SBIB common stock issuable upon exercise of the warrants equal to the value of the aggregate exercise price of the warrants. ([Link](#))

### **FINRA Updates the OTCBB/OTC Equities High Price Dissemination List**

FINRA is publishing its quarterly OTCBB/OTC Equities High Price Dissemination List, which will be available via a Unit of Trade query of the Daily List. This updated list of OTC Equity Securities eligible for trade report dissemination for trades of fewer than 100 shares were effective June 14, 2010. All changes can be viewed by going to <http://www.otcbb.com/AllDailyList/>, selecting "Unit of Trade Changes" in the "Search by Date Range" and entering June 11, 2010 as the "From" date. ([Link](#))

## ***Trading and Market Making***

The evolving market structure and changes to the regulatory framework create unique compliance issues for broker-dealers engaged in trading and market making. RRS provides compliance examinations based on FINRA's TMMS examination that includes:

- Regulation NMS Compliance
- Order handling
- Best execution
- Trade reporting
- Order execution and routing disclosures
- Payment for order flow disclosures
- OATS compliance
- REG SHO
- Trader registration
- Anti-competitive practices
- Written supervisory procedures

For more information contact John Pinto at (202) 463-6575 or [JohnPinto@RRSCompliance.com](mailto:JohnPinto@RRSCompliance.com)

### **CBOE Holdings, Inc., Parent of Chicago Board Options Exchange, Lists on the NASDAQ Stock Market**

The NASDAQ OMX Group, Inc., the world's largest exchange company, announced that CBOE Holdings, Inc., parent of the Chicago Board Options Exchange, the largest U.S. options exchange and creator of listed options, began trading on Tuesday, June 15 on The NASDAQ Stock Market. CBOE Holdings will trade under the ticker symbol CBOE. ([Link](#))

### **NASDAQ OMX Hosts 24th Investor Program in London in Association With Piper Jaffray**

The NASDAQ OMX Group, Inc. hosted its 24th Investor Program in London on June 23, 2010, in association with Piper Jaffray, a leading international investment bank. Presentations were made by the senior management of 29 companies from the Telecom, Media, Technology, Healthcare, Consumer, Industrials and Material sectors. ([Link](#))

### **Quarterly Changes to the Wilder NASDAQ OMX Global Energy Efficient Transport Index**

The NASDAQ OMX Group, Inc. and Wilder Transport Index LLC announced the results of the quarterly evaluation of the Wilder NASDAQ OMX Global Energy Efficient Transport Index<sup>SM</sup>, which will become effective with the market open today. ([Link](#))

### **NASDAQ OMX Introduces Two Sharia-Compliant Indexes**

The NASDAQ OMX Group, Inc. announced the introduction today of two new Sharia-compliant indexes based on two of the world's most widely-followed benchmarks: The NASDAQ-100 Index and the OMX Stockholm Benchmark Index. The new NASDAQ-100 Sharia Index<sup>SM</sup> (N100SI) and the OMX Stockholm Benchmark Sharia Index<sup>SM</sup> are the first of a new family of indexes launched by NASDAQ OMX Global Index Group that are designed to serve investors who wish to develop and maintain an Islamic investment portfolio. ([Link](#))

### **Market Data Impact of NASDAQ OMX Europe Termination**

NASDAQ OMX recently announced that it would cease operation of NASDAQ OMX Europe on or about **July 1, 2010**. NASDAQ OMX has entered into negotiations with Equiduct to allow for NEURO participants to transition circuits to the Equiduct trading platform and Equiduct Data Feed product. ([Link](#))

### **PHLX and NOM Announce New Halt Procedures**

In response to the events of May 6, 2010, U.S. equity markets [filed](#) with the SEC to establish market-wide trading pause standards for all securities included in the Standard & Poor's 500 Index (S&P 500) effective **Monday, June 14, 2010**. The U.S. options markets have also filed with the SEC to honor trading pauses in the primary listing market for the underlying security by halting trading in options overlying such underlying security. In conjunction with [SEC approval](#) of the market-wide trading pause standards, NASDAQ OMX PHLX has amended [PHLX Rule 1047](#) and The NASDAQ Options Market has amended [Chapter V, Section 3 of the NOM rules](#) to impose trading halts in options when trading in the underlying security has been paused by the primary

listing market pursuant to the single stock circuit breaker pilot that currently applies to stocks included in the S&P 500. ([Link](#))

### **The NASDAQ Options Market Updates Pricing Effective July 1, 2010**

Effective **Thursday, July 1, 2010**, The NASDAQ Options Market will implement new pricing, subject to filing with the SEC. ([Link](#))

### **NASDAQ OMX Introduces New Entitlement Options for BX TotalView**

NASDAQ OMX is pleased to announce two new entitlement options for BX TotalView providing customers with cost saving opportunities: Non-professional subscriber fee of \$1 per month – reducing the per subscriber fee from \$20. Non-Display Enterprise License option of \$16,000 per month – reducing the administrative burden for internal data distributors for non-display devices. In addition, NASDAQ OMX offers the BX TotalView entitlement option for professional subscribers for all U.S. equities that costs \$20 per month for NASDAQ-listed securities and \$20 per month for non-NASDAQ-listed securities. ([Link](#))

### **NASDAQ OMX Will End Temporary FTP File Posting Service for End-of-Day Russell Global Indexes on July 16, 2010**

NASDAQ OMX receives End-of-Day Summary Statistics for the Russell Global Indexes at approximately 11:00 p.m., ET. Due to timing issues with the NASDAQ OMX Global Index Data Service product, NASDAQ OMX offered a temporary FTP delivery option for End-of-Day Summary information for Russell Global Indexes when it started to support the Russell Global Indexes in January 2010. NASDAQ OMX addressed the timing issues on GIDS by introducing a new [As/Of Summary message](#) for the Russell Global Indexes on GIDS in April 2010. For firms looking to receive more timely dissemination of the Russell index data, NASDAQ OMX also launched RussellTick, a premier data feed that consolidates the distribution of the Russell Family of Indexes in June 2010. Given that NASDAQ OMX now supports the End-of-Day Summary Statistics on GIDS and RussellTick, it will discontinue the interim FTP delivery option as of close of business, **Friday, July 16, 2010**. ([Link](#))

### **NASDAQ Protocol Specifications Updated to Support New Directed Order Destination Codes**

NASDAQ has updated [protocol specifications](#) to reflect additional directed order destination codes. ([Link](#))

### **NASDAQ OMX PHLX Announces Reduced FLEX Options Pricing**

NASDAQ OMX PHLX will introduce reduced fees for trading FLEX equity options effective for trades **settling on or after July 1, 2010**. ([Link](#))

### **Regulatory Scrutiny of Potential Manipulative Behavior on Friday, June 25th for Russell Reconstitution**

On Friday, June 25, 2010, Russell Investment Group will use the NASDAQ Closing Cross to price NASDAQ-listed securities for its annual reconstitution. Potential manipulative behavior at or near the market open or close will be referred to FINRA for further investigation. ([Link](#))

### **NASDAQ Closing Cross Had a Record Day for the Seventh Year on Russell Index Reconstitution**

The NASDAQ OMX Group, Inc. announced the NASDAQ Closing Cross had a record day today as it was used to reconfigure the entire family of U.S. Russell indexes during their annual reconstitution. ([Link](#))

### **NASDAQ OMX PHLX Announces New Pricing Effective Trade Date June 30, 2010**

NASDAQ OMX PHLX updated routing fees for Customer and Professional orders that are routed to The NASDAQ Options Market effective for trades settling on or after **Thursday, July 1, 2010** (trade date June 30, 2010). PHLX updated its “make/take pricing program” to include a fee to add liquidity of \$0.05 for Firms and Broker-Dealers, pending filing with the SEC. PHLX also updated its standard equity options pricing to offer a rebate for certain Customer Complex Orders in symbols not part of PHLX’s “Add/Remove” program, pending filing with the SEC. Refer to the [PHLX fee schedule](#) for a complete list of current fees. ([Link](#))

### **NASDAQ OMX Holds Second Quarter 2010 Investor Conference Call**

NASDAQ OMX has scheduled its Second Quarter 2010 results announcement for Tuesday, July 27, 2010. ([Link](#))

### **NOM and PHLX Announce New Routing Fees Effective July 1, 2010**

The NASDAQ Options Market and NASDAQ OMX PHLX will introduce new fees to route options on [select symbols](#) to the International Securities Exchange (ISE), pending approval by the SEC. The new Customer routing fee for NOM is effective trade date **Thursday, July 1, 2010**. The new Customer and Professional routing fees for PHLX are effective trade date **Wednesday, June 30, 2010** (settling on or after July 1, 2010). ([Link](#))

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[JOHNPINTO@RRSCOMPLIANCE.COM](mailto:JOHNPINTO@RRSCOMPLIANCE.COM)

**NYSE—EURONEXT—AMEX**

### **NYSE Regulation Announces June Disciplinary Actions**

NYSE Regulation undertakes disciplinary actions to enforce violations of NYSE, NYSE Arca, and NYSE Amex rules and federal securities laws by member organizations, as well as current and former employees of those organizations. ([Link](#))

**NYSE Suspends Trading in:**

MetroGAS ([Link](#))

Compton Petroleum Corporation ([Link](#))

**NYSE AMEX LLC to Delist Securities of:**

Orleans Homebuilders, Inc. ([Link](#))

**NYSE Amex Issues Short Interest Report**

Settlement date of May 28, 2010 ([Link](#))

Settlement date of June 15, 2010 ([Link](#))

**NYSE Group, Inc. Issues Short Interest Report**

Settlement date of May 28, 2010 ([Link](#))

Settlement date of June 15, 2010 ([Link](#))

**NYSE Euronext Announces Trading Volumes for May 2010**

NYSE Euronext announced trading volumes for its global derivatives and cash equities exchanges for May 2010. NYSE Euronext set an all-time record of 13.3 million global derivatives contracts traded per day in May 2010. European derivatives average daily volume ("ADV") increased 51.5%, driven by a 56.6% increase in fixed income derivatives product ADV and a 48.8% increase in equity derivatives products. U.S. options ADV increased 90.3% and market share increased to 26.0%. Cash equities ADV was also strong in May 2010, with European cash trading volumes increasing 37.3% compared to prior year levels. U.S. cash trading volumes of 3.8 billion shares in May 2010 were in line with prior year levels, but up 33.5% compared to April 2010 and Tape A matched market share increased to 37.8%, the highest level since June 2009. ([Link](#))

**NYSE Weekly Program-Trading Data Releases:**

Program Trading Averaged 29.5 Percent of NYSE Volume during May 24-28 ([Link](#))

Program Trading Averaged 28.0 Percent of NYSE Volume during June 1-4 ([Link](#))

Program Trading Averaged 26.9 Percent of NYSE Volume during June 7-11 ([Link](#))

Program Trading Averaged 34.3 Percent of NYSE Volume during June 14-18 ([Link](#))

**FINRA and NYSE Euronext Complete Agreement for FINRA to Perform NYSE Regulation's Market Oversight Functions**

NYSE Euronext and FINRA announced that they have completed the previously announced agreement under which FINRA will assume responsibility for performing the market surveillance and enforcement functions currently conducted by NYSE Regulation. The agreement is effective immediately. ([Link](#))

**NYSE Euronext to Announce Second-Quarter 2010 Financial Results and Host Conference Call on Tuesday, August 3, 2010**

NYSE Euronext will announce earnings for the second-quarter 2010 before the market opens on Tuesday, August 3, 2010. A news release will be issued at approximately 2:30 a.m. (New York) / 8:30 a.m. (Paris) and a conference call with remarks by NYSE Euronext senior management will begin at 8:00 a.m. (New York)/ 2:00 p.m. (Paris). A presentation will be referenced during the call and will be available on our website at <http://ir.nyse.com/phoenix.zhtml>. ([Link](#))

**Watching the States**

When a state regulator comes knocking on your door, it's usually NOT a routine event. Unlike the SEC and FINRA, most broker-dealers and investment advisers typically only deal with state agencies for registration, licensing and complaint response purposes, and rarely have to deal with them during examinations. It is for this reason that many firms get tripped up during state regulatory inquiries. The fact is that most state examinations initiate from complaints, tips or sweeps based on your firm's sales practices or advertising materials and their purpose is rarely routine. Recent examples included sweeps on Senior Seminars, Variable Insurance product sales, and Auction Rate Securities sales.

RRS' staff has extensive experience in dealing with State regulatory matters. Whether it's registration and licensing or responding to a state inquiry, RRS staff can help smooth the process. RRS preventative compliance services include branch office examination, regulatory mandates, complaint assessment, and mystery shopping for branch offices and seminars.

For more information contact us (561) 368-2245 or [Research@RRSCompliance.com](mailto:Research@RRSCompliance.com)

**NYSE Member Firms Report First-Quarter 2010 Results**

NYSE member firms that conduct business with the public reported a first-quarter 2010 after-tax profit of \$6.7 billion and revenues of \$41.2 billion, compared with \$5.3 billion in after-tax losses on revenues of \$39.09 billion in the first quarter of 2009. ([Link](#))

**NYSE Announces Quarterly Changes to the NYSE Family of Indexes**

NYSE will make the following changes to the NYSE U.S. 100, NYSE International 100, NYSE TMT and the NYSE World Leaders Indexes, effective Mon., June 21 as a result of quarterly re-balancing. ([Link](#))

**USCF Lists US Brent Oil Fund, LP on NYSE Arca**

NYSE Euronext announced that its wholly-owned subsidiary NYSE Arca began trading units of the US Brent Oil Fund, LP, a commodity pool managed by United States Commodity Funds, LLC. ([Link](#))

**Claymore Lists Seven New Corporate Bond ETFs on NYSE Arca**

NYSE Euronext announced that its wholly-owned subsidiary, NYSE Arca, today began trading seven new corporate bond ETFs. The ETFs are advised by Claymore Advisors, LLC and distributed by Claymore Securities, Inc. ([Link](#))

**NYSE AMEX Form 25 Related to Western Liberty Bancorp Delisting Review**

NYSE Amex filed a Form 25/A today advising that the previous Form 25 filed on June 4, 2010 has no legal effect as the Exchange's Board of Directors has not had the opportunity to call for review the Committee on Securities decision to deny the Company's appeal for continued listing. Therefore, Western Liberty Bancorp continues as an NYSE Amex listed company, although trading in the Company's common stock, warrants and units was suspended effective February 25, 2010 pending the outcome of a review by the Exchange's Board of Directors, if any. ([Link](#))

**Quicker Employment Recovery Expected Outside Europe and the U.S., NYSE Euronext "Back to Business" CEO Survey Reveals**

Job growth will occur more quickly outside of the U.S. and Europe, according to the latest NYSE Euronext Annual CEO Report. The study finds that chief executives in the U.S. and Europe do not expect a full jobs recovery until 2014 or later, while their counterparts elsewhere expect a full jobs recovery by the end of 2012. Additionally, small business is viewed as a primary source of employment gains while opinions vary on the impact of governments on new job creation. ([Link](#))

**NYSE Amex Options to List More Short Term Option Series**

NYSE Amex options announced that it will list and begin trading its second set of weekly Short Term Option Series on Friday, June 18, 2010. Expiring the following Friday, June 25, 2010, these products will be available for DIA, IWM, QQQQ and SPY. NYSE Amex options became the first exchange to list and trade physically settled, Short Term Option Series on June 4, 2010. In their first week of trading, the Short Term Option Series in DIA, IWM, QQQQ, and SPY accounted for nearly 1 million contracts traded. ([Link](#))

**NYSE Technologies and Corvil Announce LatencyStats.com**

NYSE Technologies, the commercial technology unit of NYSE Euronext, and Corvil, a worldleader in latency management, announced the launch of a jointly developed website, [www.LatencyStats.com](http://www.LatencyStats.com). It is the first online resource to provide full transparency regarding latency performance with real-time snapshots of key performance statistics and clear methodologies used for collecting and calculating the statistics. ([Link](#))

**CEOs More Optimistic than Last Year about Global Economic Recovery, NYSE Euronext "Back to Business" CEO Survey Reveals**

Chief executives are more optimistic about the state of the global economy than they were last year, according to the latest NYSE Euronext Annual CEO Report. While few CEOs rate global economic conditions as "excellent or good," the study finds fewer executives saying conditions are "poor" than last year, with more than four in 10 CEOs expecting the global economy to fully recover by the second half of 2011 or sooner. Additionally, despite the European financial crisis, sentiment concerning the economic recovery in a CEO's own country improved from March to June of this year. ([Link](#))

**NYSE Arca Options to List Short Term Options**

NYSE Arca options, one of NYSE Euronext's two distinct U.S. options exchanges, announced that it listed and began trading a weekly Short Term Option Series on Friday, June 25, 2010. Expiring Friday, July 2, 2010, these products will be available for AAPL, BAC, BP, C and XLF. ([Link](#))

**NYSE Announces Third-Quarter 2010 Circuit-Breaker Levels**

The New York Stock Exchange will implement new circuit-breaker collar trigger levels for third-quarter 2010 effective Thursday, July 1, 2010. ([Link](#))

**NYSE Arca Tech 100 Index® Announces Change to Index Components**

NYSE Euronext Inc. announced that the NYSE Arca Tech 100 Index will replace the following constituent in the index as a result of a corporate action. The changes are effective as of market close on July 1, 2010. ([Link](#))

**RRS COMPLIANCE EXAMINATIONS****SAVE MONEY ON COMPLIANCE AND****INCREASE EFFECTIVENESS****CALL (561) 368-2245**[INFO@RRSCOMPLIANCE.COM](mailto:INFO@RRSCOMPLIANCE.COM)**FINCEN****\$1 Million Penalty Assessed Against Pamrapo Savings for Bank Secrecy Act Violations**

FinCEN announced the [assessment of a civil money penalty \(CMP\)](#) of \$1 million against Pamrapo Savings Bank, S.L.A., of Bayonne, N.J. for violating requirements under the Bank Secrecy Act (BSA). Pamrapo's lack of internal controls combined with unqualified BSA compliance personnel, relatively non-existent training and deficient independent

testing resulted in a wholly ineffective BSA compliance program which, in turn, resulted in the failure to file a substantial number of currency transaction and suspicious activity reports in an accurate and timely manner. Pamrapo Savings Bank, without admitting or denying the allegations, consented to payment of the civil money penalty. ([Link](#))

**Department of Justice News Release: Former Chairman of Taylor, Bean & Whitaker Indicted for His Role in a More than \$1.9 Billion Fraud Scheme That Contributed to the Failure of Colonial Bank**

Lee Bentley Farkas, the former chairman of a private mortgage lending company, Taylor, Bean & Whitaker (TBW), was arrested in Ocala, Fla., and charged in a 16-count indictment for his alleged role in a more than \$1.9 billion fraud scheme that contributed to the failures of Colonial Bank, one of the 50 largest banks in the United States in 2009, and TBW, one of the largest privately held mortgage lending companies in the United States in 2009. ([Link](#))

**FinCEN Analysis: Foreclosure Rescue Scam Reports Increase**

FinCEN released its first analysis of suspicious activity reports (SARs) containing information about potential foreclosure rescue scams. The report, *Loan Modification and Foreclosure Rescue Scams – Evolving Trends and Patterns in Bank Secrecy Act Reporting*, involved an analysis of more than 3,500 SARs filed from 2004 through 2009, of which the great majority, 3,000, were filed last year. Additionally, FinCEN also provided updated guidance to the financial industry concerning new scam techniques that financial professionals should watch for and report. ([Link](#))

**FinCEN Prepaid Access Rule Proposes Greater Transparency to Help Curb Money Laundering, Terrorist Financing**

In a Notice of Proposed Rulemaking (NPRM) entitled *Amendment to the Bank Secrecy Act Regulations – Definitions and Other Regulations Relating to Prepaid Access*, FinCEN proposed new rules that would establish a more comprehensive regulatory framework for non-bank prepaid access. The proposed rule, which focuses on prepaid programs that pose the greatest potential risks of money laundering and terrorist financing, was developed in close cooperation with law enforcement and regulatory authorities. ([Link](#))

**FinCEN Releases 14th SAR Activity Review-By the Numbers; Total Filings Fall but Fraud and Terrorist Financing Reports Grow**

FinCEN released its 14th edition of the [SAR Activity Review – By the Numbers](#), which covers suspicious activity reports (SARs) filed in 2009. The report shows that the total number of all SARs filed by financial institutions declined from 1.29 million in 2008 to 1.28 million in 2009. This is the first time since 1996 that the total number of SARs filed declined over a one-year period. SARs filed by depository institutions declined for the first time from 732,563 in 2008 to 720,309 in 2009. ([Link](#))

## COMPREHENSIVE COMPLIANCE SOLUTIONS

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### FSA

**FSA publishes annual report for the year 2009/10**

FSA has published its Annual Report, outlining its performance against the priorities set out in its 2009/10 Business Plan and the FSA's statutory objectives. ([Link](#))

**FSA fines and bans commodity broker for market abuse**

FSA has fined Andrew Charles Kerr, a former commodity broker from Sudden Limited, £100,000 for market abuse. The FSA has also banned Kerr from working in the financial services industry on the grounds that he is not a fit and proper person. ([Link](#))

**FSA levies largest ever fine of £33.32m on J.P.Morgan Securities Ltd for client money breaches**

FSA has fined J P Morgan Securities Ltd £33.32 million for failing to protect client money by segregating it appropriately. ([Link](#))

**FSA v Andrew King and Michael McFall**

Andrew King, a finance director, and Michael McFall, a lawyer, were acquitted of insider dealing. ([Link](#))

**FSA consults on changes to the existing training and competence regime**

FSA has published proposals to strengthen its requirements on competence for individuals carrying out retail activities, while placing more emphasis on standards of ethical behavior. ([Link](#))

**FSA bans Swindon based mortgage broker for breaching a settlement agreement and lying to the FSA**

FSA has banned sole trader Joseph Masi, trading as Select Mortgage Services, for breaching a settlement agreement with the FSA and providing false and misleading information to the FSA. ([Link](#))

**FSA fines Rowan Dartington & Co Ltd £511,000 for client money breaches**

FSA has fined Rowan Dartington & Co Limited £511,000 for failing adequately to protect and segregate client money for over two years. ([Link](#))

**FSA fines Close Investments Ltd £98,000 for client money breaches**

FSA has fined Close Investments Limited £98,000 for failing to properly protect and segregate client money. ([Link](#))

**Former stockbroker charged for boiler room related offences**

FSA charged former stockbroker David Roger Griffiths Mason of Southend on Sea, Essex, with five offences including making misleading statements to investors, conspiracy to defraud and money laundering. ([Link](#))

**FSA takes action against two insurance brokers for failing to protect client money and assets**

FSA has taken action against two insurance brokers - Delwyn Way of Shield Insurance Consultancy Ltd and Adrian Shillaker of Griffiths McAlister Insurance Brokers Ltd - for failing to adequately protect clients' money and assets. ([Link](#))

**FSA bans three individuals and fines two of them for mortgage fraud**

FSA announced it has banned three mortgage brokers from working in the financial services industry; and fined two of the brokers £294,500 and £120,000. ([Link](#))

**FSA Chairman welcomes Chancellor's plans for regulatory reform**

The Chairman of the FSA, Lord Turner, has welcomed the changes to financial regulation outlined by the Chancellor of the Exchequer in his Mansion House speech this evening, and Hector Sants' agreement to remain as Chief Executive of the FSA, leading the transition and the creation of a new prudential authority. ([Link](#))

**Should regulators judge culture?**

Unacceptable culture within firms was a major contributor to the financial crisis and so regulators should play a greater role in judging how culture drives firms' behaviour and impacts on society as a whole, according to the chief executive of the FSA. ([Link](#))

**Photo-Me fined £500,000 for delay in disclosing inside information**

FSA fined Photo-Me International plc £500,000 for failing to disclose inside information to the market as soon as possible. The delay led to a false market in Photo-Me's shares for 44 days. ([Link](#))

**FSA fines Vantage £700,000 for failing to prevent an individual from performing a significant influence function without FSA approval**

FSA has fined Vantage Capital Markets LLP £700,000 for failing to prevent Daniel Hassell from performing a function without obtaining the FSA's approval, for more than four years. ([Link](#))

**Ex-hedge fund trader sentenced for insider dealing**

Anjam Saeed Ahmad, an ex-hedge fund trader and risk manager with AKO Capital LLP, was sentenced to 10 months imprisonment, suspended for two years, 300 hours of unpaid work in the community and fined £50,000 for insider dealing. On 18 May 2010 Ahmad pleaded guilty to one count of conspiracy to commit insider dealing contrary to Section 1 of the Criminal Law Act 1977. A further offence of insider dealing committed on 19 February 2008 was taken into consideration. ([Link](#))

**FSA holds its Annual Public Meeting**

FSA held its Annual Public Meeting at the Queen Elizabeth II Conference Centre in London, providing members of the public and interested parties a forum to discuss the FSA's Annual Report, which was published on 10 June. ([Link](#))

**FSA demands tough standards from firms dealing with arrears and sale and rent back customers**

FSA has set out the rules which will ensure there are proper protections in place for vulnerable customers in arrears on their mortgages or entering sale and rent back (SRB) agreements. ([Link](#))

**FSA confirms list of Retail Distribution Review adviser qualifications**

FSA has published the final list of qualifications retail investment advisers will need to pass before 1 January 2013. This provides the certainty advisers need to prepare for the implementation of Retail Distribution Review (RDR) requirements. ([Link](#))

**FSA and FRC look to enhance auditors' contribution to prudential regulation**

FSA and the Financial Reporting Council (FRC) have issued a discussion paper which considers ways of enhancing auditors' contribution to regulation. ([Link](#))

**FSA Fines and Bans Oil Futures Broker for Market Abuse**

FSA has fined Steven Noel Perkins, a former oil futures broker, £72,000 for market abuse. The FSA has also banned Perkins from working in the financial services industry on the grounds that he is not a fit and proper person. ([Link](#))

**FSA Publishes Review of With-Profits Sector**

FSA has published the findings of its comprehensive review into the operation of with-profits funds. ([Link](#))

**High Court orders Pruthi, Anderson and Peacock to pay £115m to the FSA**

Following a hearing at the High Court, John Anderson, Kenneth Peacock and Kautilya Nandan Pruthi have been ordered to pay approximately £115m to the FSA in relation to their activities in unlawfully accepting deposits without authorisation from the FSA. ([Link](#))

## Resource Links

### Government

- U.S. Securities & Exchange Commission – [WWW.SEC.GOV](http://WWW.SEC.GOV)
- North American Securities Administrators Association - [WWW.NASAA.ORG](http://WWW.NASAA.ORG)
- FINCEN - [WWW.FINCEN.GOV](http://WWW.FINCEN.GOV)
- Commodity Futures Trading Commission – [WWW.CFTC.GOV](http://WWW.CFTC.GOV)
- Financial Services Authority - [WWW.FSA.GOV.UK](http://WWW.FSA.GOV.UK)

### SRO

- FINRA - [WWW.FINRA.ORG](http://WWW.FINRA.ORG)
- NASDAQ - [WWW.NASDAQ.COM](http://WWW.NASDAQ.COM)
- New York Stock Exchange - [WWW.NYSE.COM](http://WWW.NYSE.COM)
- Municipal Securities Rulemaking Board - [WWW.MSRB.ORG](http://WWW.MSRB.ORG)
- National Futures Association [WWW.NFA.FUTURES.ORG](http://WWW.NFA.FUTURES.ORG)

### Industry

- Alternative Investment Management Association “AIMA” – [WWW.AIMA.ORG](http://WWW.AIMA.ORG)
- Bank Insurance & Securities Association “BISA” – [WWW.BISANET.ORG](http://WWW.BISANET.ORG)
- Complinet – [WWW.COMPLINET.COM](http://WWW.COMPLINET.COM)
- Florida Securities Dealers Association “FSDA” – [WWW.FLORIDASECURITIES.COM](http://WWW.FLORIDASECURITIES.COM)
- Financial Market Association “FMA” – [WWW.FMA-USA.ORG](http://WWW.FMA-USA.ORG)
- Financial Services Institute “FSI” – [WWW.FINANCIALSERVICES.ORG](http://WWW.FINANCIALSERVICES.ORG)
- Investment Company Institute “ICI” – [WWW.ICI.ORG](http://WWW.ICI.ORG)
- Managed Funds Association “MFA” – [WWW.MANAGEDFUNDS.ORG](http://WWW.MANAGEDFUNDS.ORG)
- Securities Industry and Financial Markets Association “SIFMA” – [WWW.SIFMA.ORG](http://WWW.SIFMA.ORG)

\*This list is provided for information purposes only. RRS does not specifically recommend any group noted.

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The RRS' staff continually strives to ensure that the services and support we provide to our clients are the most up to date and comprehensive available. Frequently, we are able to forecast regulatory trends based on our extensive regulatory experience and the information our clients provide regarding new products, services or marketing trends. This "Find It - Before the Regulators" insight enables us to develop customized compliance solutions so that our clients can address any regulatory deficiencies before the regulators do. If you have question or suggestions, please speak with your account representative or call us at (561) 368-2245.

**READER SURVEY FAX RESPONSE**

**TO: Louis Dempsey**

**RE: June 2010**

**Fax: (561) 807-5442**

[LouisDempsey@RRSCompliance.com](mailto:LouisDempsey@RRSCompliance.com)

**FROM:** \_\_\_\_\_

**FIRM NAME:** \_\_\_\_\_ **IA** \_\_\_\_\_ **BD** \_\_\_\_\_ **OTHER** \_\_\_\_\_

**PHONE:** \_\_\_\_\_ **FAX:** \_\_\_\_\_

In order for us to better serve the industry with this publication we ask that you provide feedback on this issue.

Do you read the RCU each month?

What topics interest you the most?

What do you find most useful?

What would you like to see in future editions?

Are you a current client of RRS?

Are you interested in receiving information or a call from our Staff to discuss the products and services offered by RRS?

(Please include your phone number or E-mail address to schedule a conference)

**Thank you for your time and effort**

**Bottom Line - We Want to Know!**

We Want to Know How We're Doing. If You Have Comments, Complaints or Suggestions Please Do Not hesitate to call (561) 368-2245 or email:

**LOUIS DEMPSEY, PRESIDENT**

**BART McDONALD, EXECUTIVE VICE PRESIDENT**

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