

Routing

- Legal & Compliance
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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:** Quarterly FOCUS Filing Due August 23, 2011
- **NASAA:** 2011 Fall Conference, September 11-13, 2011, Wichita, KS
- **FINRA:** Advertising Regulation Conference, October 27-28, 2011, Washington, DC

NOTABLE ITEMS IN THIS EDITION

- **SEC** – Charges Broker-Dealer with Failure to Maintain and Enforce Policies to Prevent Misuse of Material, Nonpublic Information – Page 2
- **SEC** – Announces Field Hearing on the State of the Municipal Securities Market – Page 2
- **SEC** – Provides Additional Guidance, Interim Relief and Exemptions for Security-Based Swaps under Dodd-Frank Act – Page 2
- **SEC** – Adopts Large Trader Reporting Regime – Page 2
- **SEC** – Staff Issues Summary Report of Sweep Examination of Structured Products Sold to Retail Investors – Page 3
- **FINRA** – Fines SunTrust Robinson Humphrey, SunTrust Investment Services a Total of \$5 Million for Auction Rate Securities Violations – Page 3
- **FINRA** – SEC Approves Operations Professional Registration Category and Consolidated FINRA Continuing Education Rule – Page 3
- **FINRA** – Reaffirms Its Guidance in NTM 00-02 on Soliciting Business in Foreign Jurisdictions and Withdraws NTM 98-91 – Page 3
- **MSRB** – Expresses Concern Regarding Activities of Unregistered Municipal Advisors – Page 3
- **MSRB** – Launches Twitter Feed to Disseminate Municipal Market News – Page 3
- **MSRB** – Publishes New Report on Municipal Variable Rate Securities Interest Rate and Trading Data – Page 3
- **NASAA** – President Identifies Enhancements to Investor Protection since Passage of the Dodd-Frank Act – Page 4
- **FINCEN** – Guidance to Financial Institutions Based on the Financial Action Task Force Publication on Anti-Money Laundering and Counter-Terrorist Financing Risks – Page 7

Service Spotlight: Compliance Administrator

RRS provides comprehensive compliance solutions to help broker-dealers fulfill their regulatory and compliance obligations while controlling costs. Working together with your organization's Chief Compliance Officer and Supervisory Principals, RRS will design the support package that best suits your compliance needs from the full range of our Registration, Financial Reporting, and Regulatory Consulting services. Whether you are with a small firm that is not ready to hire full time compliance staff or a large firm looking for staff augmentation or support to fill technical knowledge gaps, RRS can structure a package of compliance services customized to suit your needs.

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Washington, DC – Tallahassee, FL

SEC

SEC Proposes:

New Shelf Eligibility Requirements for Asset-Backed Securities ([Link](#))

SEC Charges:

J. P. Morgan Securities with Fraudulent Bidding Practices Involving Investment of Municipal Bond Proceeds ([Link](#))

Janney Montgomery Scott Failed to Maintain and Enforce Policies to Prevent Misuse of Material, Nonpublic Information ([Link](#))

Armor Holdings, Inc. With FCPA Violations in Connection With Sales to the United Nations ([Link](#))

Forex Ponzi Operator Who Flew After Scheme Unraveled ([Link](#))

Liquor Giant Diageo with FCPA Violations ([Link](#))

SEC Announces:

Field Hearing on the State of the Municipal Securities Market ([Link](#))

Terms of Reference for Enhanced Cooperation and Collaboration ([Link](#))

List of No Action Letters:

[07/11/2011](#) J.P. Morgan Securities, LLC

[07/21/2011](#) Seward & Kissel LLP

SEC Final Rules:

[07/19/2011](#) Technical Amendment to Commission Procedures for Filing Applications for Orders for Exemptive Relief under Section 36 of the Exchange Act

[07/27/2011](#) Security Ratings

[07/27/2011](#) Large Trader Reporting

SEC Provides Additional Guidance, Interim Relief and Exemptions for Security-Based Swaps under Dodd-Frank Act

The SEC provided additional guidance to clarify which U.S. securities laws will apply to security-based swaps starting July 16 -- the effective date of Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act. ([Link](#))

SEC Issues Order Raising Performance Fee Rule Dollar Limit to Adjust for Inflation

The SEC issued an order that raises, to adjust for inflation, two of the thresholds that determine whether an investment adviser can charge its clients performance fees. The order carries out a requirement of the Dodd-Frank Wall Street Reform and Consumer Protection Act. ([Link](#))

SEC Obtains Asset Freezes within Days of Alleged Insider Trading by Three Swiss Entities

The SEC announced that it has obtained asset freezes and other emergency relief against three Swiss-based entities it has charged with

insider trading ahead of a July 11 public announcement that Swiss-based Lonza Group Ltd would be acquiring Connecticut-based Arch Chemicals Inc. ([Link](#))

SEC Issues Investor Bulletin on Retail Forex Transactions

The SEC issued an investor bulletin highlighting some of the most significant risks that foreign currency exchange (forex) transactions may pose for individual investors. ([Link](#))

SEC, CFTC Staffs to Host Roundtable to Discuss International Issues Relating to Dodd-Frank Act Title VII Implementation

The staffs of the SEC and the Commodity Futures Trading Commission (CFTC) will hold a joint public roundtable on August 1 from 9 a.m. to 4 p.m. to discuss international issues related to the implementation of Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act. ([Link](#))

SEC Adopts Large Trader Reporting Regime

The SEC voted unanimously to adopt a new rule establishing large trader reporting requirements to enhance the agency's ability to identify large market participants, collect information on their trading, and analyze their trading activity. ([Link](#))

SEC Adopts New Short Form Criteria to Replace Credit Ratings

The SEC voted unanimously to adopt new rules in light of the Dodd-Frank Wall Street Reform and Consumer Protection Act to remove credit ratings as eligibility criteria for companies seeking to use "short form" registration when registering securities for public sale. ([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

SEC Staff Issues Summary Report of Sweep Examination of Structured Products Sold to Retail Investors

The SEC staff issued a report identifying common weaknesses seen in sales of structured securities products and describing measures by broker-dealers to better protect retail investors from fraud and abusive sales practices. ([Link](#))

FINOP Support Services

RRS provides multiple levels of **FINOP support** for your financial reporting obligations. From preparation of full books and records to net capital reviews and FOCUS filing with **FINRA** and the **NFA**, RRS professional staff can help.

RRS services include:

- General Ledger and trial balance preparation.
- Net capital computation with supporting schedules.
- Monthly or quarterly FOCUS filings.
- Net capital interpretive guidance.

For more information contact Bart McDonald at (561) 368-2245 or BartMcDonald@RRSCompliance.com

FINRA

FINRA Fines:

SunTrust Robinson Humphrey, SunTrust Investment Services a Total of \$5 Million for Auction Rate Securities Violations ([Link](#))

Regulatory Notices:

11-31 Interim Pilot Program on Margin Requirements for Credit Default Swaps

11-32 FINRA Provides Additional Guidance Regarding Reporting Requirements under Rule 4530

11-33 SEC Approves Operations Professional Registration Category and Consolidated FINRA Continuing Education Rule

11-34 FINRA Reaffirms Its Guidance in NTM 00-02 on Soliciting Business in Foreign Jurisdictions and Withdraws NTM 98-91

11-35 FINRA Modifies the Process for Firms to Designate Their Allocation Methodology for Options Exercise Assignment Notices

July 2011 Disciplinary and Other FINRA Actions

FINRA has taken disciplinary actions against the following firms and individuals for violations of FINRA rules; federal securities laws, rules and regulations; and the rules of the Municipal Securities Rulemaking Board (MSRB). ([Link](#))

FINRA Suspends William Bailey, Former NEXT Financial Broker, for Two Years for Improper Trading in Customer Accounts and Other Violations

FINRA announced that it has suspended William Bailey, a former NEXT Financial Group, Inc. broker of Mesa, Arizona, from the securities industry for two years for unsuitable and excessive trading of mutual funds and variable annuities. Bailey also engaged in discretionary trading without receiving prior written approval from his customers. ([Link](#))

FINRA Warns Investors about Chasing Returns in Structured Products, High-Yield Bonds and Floating-Rate Loan Funds

FINRA issued an Investor Alert warning investors about putting their assets into riskier and sometimes complex products that promise higher returns than more traditional investments. With yields on many fixed-income investments at historically low levels and a volatile stock market, investors may be tempted to chase returns by investing in structured notes with principal protection, high-yield bonds, floating-rate loan funds and leveraged products. ([Link](#))

MSRB

MSRB Notices for July 2011:

2011-32 MSRB Expresses Concern Regarding Activities of Unregistered Municipal Advisors

2011-33 Request for Comment on Plan to Collect Information on 529 College Savings Plans

2011-34 MSRB Files Proposal to Establish Interim Municipal Advisor Assessment and Seeks Comment on Draft Municipal Advisor Survey

2011-35 MSRB and BDA to Co-Host Municipal Securities Regulation Seminar in Denver

MSRB Launches Twitter Feed to Disseminate Municipal Market News

Effective July 14, 2011, MSRB will begin using Twitter to further disseminate to the public updates on municipal market regulation, as well as information about municipal market transparency and the MSRB's [Electronic Municipal Market Access \(EMMA\)](#) website. ([Link](#))

MSRB Testifies in U.S. Senate Hearing on Enhanced Investor Protection after the Financial Crisis

MSRB testified in a hearing before the U.S. Senate Committee on Banking, Housing and Urban Affairs to discuss enhanced investor protection after the financial crisis. ([Link](#))

MSRB Publishes New Report on Municipal Variable Rate Securities Interest Rate and Trading Data

MSRB published its [second annual report](#) summarizing interest rate, trading and other data on municipal variable rate securities reported to the MSRB between early 2009 and April 2011. ([Link](#))

NASAA

NASAA President Identifies Enhancements to Investor Protection since Passage of the Dodd-Frank Act

In testimony before the U.S. Senate Banking Committee, NASAA President and North Carolina Deputy Securities Administrator David Massey outlined the gains made in investor protection since the enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act nearly one year ago. ([Link](#))

NASAA President's Statement at FSOC Meeting

The following is a statement made by David Massey, President of NASAA and North Carolina Deputy Securities Administrator, during today's meeting of the Financial Stability Oversight Council (FSOC). Massey, along with representatives of state banking and insurance regulators, are non-voting members of the council. The FSOC was established by the Dodd-Frank Wall Street Reform and Consumer Protection Act one year ago this week and is responsible for coordinating financial regulators in order to identify systemic risks to the nation's financial stability. ([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 John Pinto at (202) 463-6575 or JohnPinto@RRSCompliance.com

NASDAQ—NASDAQ-TRADER

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

Settlement Date June 30, 2011 ([Link](#))

Settlement Date July 15, 2011 ([Link](#))

Equity Regulatory Alert:

2011 - 10 OATS Rule 7410 to be Expanded to All Reg NMS Securities

Equity Trader Alert:

2011 - 33 NASDAQ OMX Announces Changes to VTE Pricing

2011 - 34 NASDAQ Began Listing a New ETF on Wednesday, July 6, 2011

2011 - 35 NASDAQ OMX U.S. Services Agreement Addendum Pursuant to the SEC Market Access Rule 15c3-5

2011 - 36 NASDAQ Rescinds Request for Routing Addendum Related to Market Access Rule

2011 - 37 NASDAQ OMX Announces Free ACES Executions for New Market Makers and Other Fee Updates

2011 - 38 NASDAQ OMX Announces Fee Changes and Enhancements for Pre-Trade Risk Management

2011 - 39 NASDAQ Announces Pricing Changes Effective August 1, 2011

Options Trader Alert:

2011 - 32 NASDAQ OMX U.S. Services Agreement Addendum Pursuant to the SEC Market Access Rule 15c3-5

2011 - 33 NASDAQ Rescinds Request for Routing Addendum Related to Market Access Rule

2011 - 34 The NASDAQ Options Market Updates NOM 2.0 Launch Date

2011 - 35 Reminder: Member Account Information Required for NOM 2.0

2011 - 36 NASDAQ OMX PHLX Announces New Complex Order Pricing Effective Monday, August 1, 2011

2011 - 37 Updated: The NASDAQ Options Market Updates Pricing for August 1, 2011

Options Technical Update:

2011 - 7 PHLX XL SQF and CTI Protocols to Contain Nanosecond Time Stamps Effective July 29, 2011

Futures Regulatory Alert:

2011 - 5 NFX has filed with the CFTC Regarding Market Maker Approval of IKON GLOBAL MARKETS Inc.

Financial Products News:

2011 - 37 NASDAQ OMX to Disseminate New Russell 2000 Volatility Control Indexes on RussellTick Effective Tuesday, August 2, 2011

2011 - 38 NASDAQ OMX Announces Change of GIDS Identifier Symbols of First Trust Portfolio Exchange-Traded Funds Effective Monday, July 18, 2011

2011 - 39 Index Values Restated for Select NASDAQ US All Market Indexes

2011 - 40 NASDAQ OMX to Begin Dissemination of Four New Indexes Effective Wednesday, July 27, 2011

2011 - 41 NASDAQ OMX Announces New Index Dissemination Frequency Values on GIDS and RussellTick Effective August 8, 2011

2011 - 42 NASDAQ OMX to Begin Using As/Of Message Format for Missing or Late Russell Index Closing Prices

2011 - 43 Index Values Restated for DWS NASDAQ-100 Volatility Target Index

2011 - 44 NASDAQ OMX to Disseminate New Russell-Axioma Momentum Indexes on RussellTick Effective Friday, August 5, 2011

2011 - 45 NASDAQ OMX to Begin Dissemination of Six New CRSP Indexes on GIDS Effective August 15, 2011

Data Technical News:

2011 - 16 NASDAQ OMX PHLX to Begin Nanosecond Timestamp Dissemination Effective Friday, July 29, 2011

Sirius XM Radio Inc. to Join the NASDAQ-100 Index Beginning July 15, 2011

Sirius XM Radio Inc. will become a component of the NASDAQ-100 Index, the NASDAQ-100 Equal Weighted Index and the NASDAQ-100 Ex-Tech Sector Index prior to market open on Friday, July 15, 2011. Sirius XM Radio Inc. will replace Cephalon, Inc. ([Link](#))

NASDAQ Welcomes Zillow to the NASDAQ Global Market

The NASDAQ OMX Group, Inc. announced that the trading of Zillow, Inc., the leading real estate information marketplace, commenced on The NASDAQ Stock Market on July 20, 2011. ([Link](#))

NASDAQ Welcomes Skullcandy to the NASDAQ Global Market

The NASDAQ OMX Group, Inc. announced that the trading of Skullcandy, a leading designer and manufacturer of audio accessories, commenced on The NASDAQ Stock Market on July 20, 2011. Skullcandy is listed under the ticker symbol [SKUL](#). ([Link](#))

NASDAQ Welcomes Specialty Retailer Francesca's Holdings to the NASDAQ Global Select Market

The NASDAQ OMX Group, Inc. announced that the trading of Francesca's Holdings, one of the fastest growing specialty retailers (operating as Francesca's Collections) in the United States commenced on the NASDAQ Global Select Market on Friday, July 22, 2011. Francesca's Holdings is listed under the ticker symbol [FRAN](#). ([Link](#))

NASDAQ OMX Continues to Deliver Record Earnings

The NASDAQ OMX Group, Inc. reported strong results for the second quarter of 2011. Net income attributable to NASDAQ OMX for the second quarter of 2011 was \$92 million, or \$0.51 per diluted share, compared with \$104 million, or \$0.57 per diluted share, in the first quarter of 2011, and \$96 million, or \$0.46 per diluted share, in the second quarter of 2010. ([Link](#))

NASDAQ Welcomes Dunkin' Brands Group, Inc. to the NASDAQ Global Select Market

The NASDAQ OMX Group, Inc. announced that the trading of Dunkin' Brands Group, the parent company of Dunkin' Donuts and Baskin-

Robbins, commenced on The NASDAQ Stock Market on July 27, 2011. ([Link](#))

NASDAQ Welcomes Tangoe to the NASDAQ Stock Market

The NASDAQ OMX Group, Inc. announced that the trading of Tangoe commenced on The NASDAQ Stock Market on Wednesday, July 27, 2011. Tangoe is listed under the ticker symbol [TNGO](#). ([Link](#))

NASDAQ Welcomes Chefs' Warehouse (CHEF) to the NASDAQ Stock Market

The NASDAQ OMX Group, Inc. announced that trading of The Chefs' Warehouse, Inc.'s common stock commenced on The NASDAQ Stock Market on Thursday, July 28, 2011. The Chefs' Warehouse, listed under the ticker symbol [CHEF](#), is a premier distributor of specialty food products in the United States. ([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

NYSE - EURONEXT - AMEX

NYSE AMEX LLC to Delist Securities of:

HQ Sustainable Maritime Industries Inc. ([Link](#))

New Dragon Asia Corp. ([Link](#))

China Intelligent Lighting and Electronics, Inc. ([Link](#))

NIVS IntelliMedia Technology Group, Inc. ([Link](#))

NYSE Amex Issues Short Interest Report:

Settlement date of June 30, 2011 ([Link](#))

Settlement date of July 15, 2011 ([Link](#))

NYSE Group, Inc. Issues Short Interest Report:

Settlement date of June 30, 2011 ([Link](#))

Settlement date of July 15, 2011 ([Link](#))

NYSE Euronext Announces Trading Volumes for June 2011

NYSE Euronext announced trading volumes for its global derivatives and cash equities exchanges for June 2011¹¹. Global derivatives average daily volume ("ADV") of 8.8 million contracts in June 2011 increased 8.0% versus the prior year driven by a 19.7% increase in U.S. options ADV and a 14.3% increase in European fixed income derivatives which offset a 14.4% decrease in European equity products ADV. Cash equities ADV declined across all venues in June 2011, with European cash ADV decreasing 2.8% and U.S. cash trading ADV decreasing 28.7% from June 2010 levels. ([Link](#))

NYSE Weekly Program-Trading Data Releases:

Program Trading Averaged 32.0 Percent of NYSE Volume during June 27-July 1 ([Link](#))

Program Trading Averaged 29.7 Percent of NYSE Volume during July 5-8 ([Link](#))

Program Trading Averaged 31.1 Percent of NYSE Volume during July 11-15 ([Link](#))

Program Trading Averaged 28.2 Percent of NYSE Volume during July 18-22 ([Link](#))

NYSE Technologies Risk Management Gateway Now Live for Customers Trading on Singapore Exchange

NYSE Technologies, the global commercial technology unit of NYSE Euronext, announced that it is now live with its comprehensive pre-trade risk management service, Risk Management Gateway (RMG), for customers trading on the Singapore Exchange (SGX). RMG allows member-sponsored traders to directly access SGX's matching engines. RMG's real-time risk controls and detailed order management capabilities are customized for the sponsoring broker and complements any exchange level risk checks. Traders will benefit from low-latency market data and order transmissions with full trade anonymity, improved market access and industry-leading performance. ([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 constituents in the index as a result of a corporate action. The changes are effective as of market close on Friday, July 8, 2011. ([Link](#))

NYSE Euronext Shareholders Overwhelmingly Approve Combination with Deutsche Boerse

NYSE Euronext announced that its shareholders have approved the adoption of the business combination agreement with Deutsche Boerse AG and related proposals. The proposals, which required approval by a majority of the outstanding shares or in some cases majority of shares voted of NYSE Euronext common stock, were approved at a special shareholders meeting held in New York. Based on preliminary results, approximately 96.09% of the shares present at the special meeting voted for the approval of the combination, representing 65.68% of NYSE Euronext's outstanding common shares. ([Link](#))

NYSE Euronext Notified of Preliminary Acceptance by Deutsche Boerse Shareholders of Proposed Combination

NYSE Euronext announced that it has been notified by Deutsche Boerse AG (XETRA DB1) that, on a preliminary basis, more than 80% of Deutsche Boerse shareholders tendered their shares by July 13th, 2011, surpassing the requisite 75% needed to approve our proposed combination. ([Link](#))

Deutsche Boerse Shareholders Approve Proposed Combination with NYSE Euronext

NYSE Euronext announced that Deutsche Boerse AG (XETRA DB1) has notified the Company that Deutsche Boerse shareholders have approved the proposed combination with NYSE Euronext. According to final results disclosed by Deutsche Boerse, 82.43% of Deutsche Boerse shareholders tendered their shares by July 13th, 2011 surpassing the requisite 75% needed to approve the proposed combination. ([Link](#))

NYSE Euronext Welcomes SuccessFactors, Inc. to Its European and U.S. Markets Leading Global Cloud Software Company Cross-Lists and Rings the Opening Bells SM in Paris and New York

SuccessFactors, Inc., the San Mateo, Calif. based global leader in business execution software, marked its first day of trading and cross-listing on NYSE Euronext markets in Europe and the United States by ringing the Opening Bells in Paris and New York. SuccessFactors delivers business alignment, team execution, people performance, and learning management solutions to more than 3,500 customers in more than 168 countries in 34 languages. The company, which chose to transfer the listing of its common stock from NASDAQ, now trades on the NYSE and NYSE Euronext in Paris under its existing ticker symbol "SFSF." SuccessFactors, Inc. also intends to list on the Frankfurt Stock Exchange. ([Link](#))

NYSE Moves to Delist Longtop Financial Technologies Limited; Maintains Trading Halt

NYSE Regulation, Inc. announced that it has initiated proceedings to delist the securities of Longtop Financial Technologies Limited (the "Company") from the NYSE based on its determination that the Company does not meet listing standards. ([Link](#))

Americas Trading Group Selects NYSE Technologies to Develop and Manage its High-Performance Execution Platform for Latin America

Americas Trading Group (ATG) announced that it has selected NYSE Technologies, the commercial technology division of NYSE Euronext, as a primary technology provider for the development and operation of ATG's new electronic trading platform for the Latin American markets. This broker-neutral, high performance execution platform combines the robustness of NYSE Technologies Managed Transaction Hub infrastructure with ATG's leading expertise in electronic trading throughout the region. ([Link](#))

NYSE Technologies Transforms Data Fabric™ Middleware Platform

NYSE Technologies, the global commercial technology unit of NYSE Euronext, announced the immediate availability of a significant performance upgrade of its middleware platform, Data Fabric. This latest version of Data Fabric introduces Multiverb, an innovative messaging transport that provides the basis for next generation data distribution. Customers will benefit from dramatically lower operational expenses, higher speeds, improved flexibility and industry-leading performance. ([Link](#))

FINCEN

Advisories/Bulletins/Fact Sheets:

[FIN-2011-A012](#) Guidance to Financial Institutions Based on the Financial Action Task Force Public Statement on Anti-Money Laundering and Counter-Terrorist Financing Risks

[FIN-2011-A011](#) Guidance to Financial Institutions Based on the Financial Action Task Force Publication on Anti-Money Laundering and Counter-Terrorist Financing Risks posed by Angola; Antigua and Barbuda; Argentina; Bangladesh;...(MORE)

[FIN-2011-A010](#) Guidance to Financial Institutions on Recent Events in Syria

FinCEN Offers Optional Electronic Filing for FBAR Forms

FinCEN announced that it has developed an electronic filing system that will accept Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts (FBAR). E-Filing is a quicker, cheaper, more secure, and more reliable way for individuals to file FBARs. E-Filing presents a convenient option to completing and mailing paper forms. Filers will receive an acknowledgement of each report filed. ([Link](#))

FinCEN Announces Electronic Filing for MSB Registrations

FinCEN announced that Money Services Businesses are now able to register with FinCEN using the Bank Secrecy Act (BSA) E-Filing System. ([Link](#))

FinCEN Clarifies Money Services Businesses Definitions Rule Includes Foreign-Located MSBs Doing Business in U.S.

FinCEN released a final rule, Definitions and Other Regulations Relating to Money Services Businesses, that more clearly defines which businesses qualify as Money Services Businesses (MSBs) and are therefore subject to anti-money laundering rules under the Bank Secrecy Act (BSA). ([Link](#))

FinCEN Withdraws Section 311 Actions Against Latvia's VEF Bank

FinCEN has submitted a document to the Federal Register that withdraws its April 2005 finding under Section 311 of the USA PATRIOT ACT, which determined VEF Bank to be a financial institution of primary money laundering concern. FinCEN is also withdrawing the final rule against VEF Bank that imposed a special measure that prohibited U.S. financial institutions from—directly or indirectly—opening or maintaining correspondent accounts in the U.S. for VEF Bank. ([Link](#))

FinCEN Issues Prepaid Access Final Rule Balancing the Needs of Law Enforcement and Industry

FinCEN issued its final rule that amends Bank Secrecy Act Regulations – Definitions and Other Regulations Relating to Prepaid Access, amending the money services businesses (MSB) rules and establishing a more comprehensive regulatory approach for prepaid access. The rule puts in place suspicious activity reporting, and customer and transactional information collection requirements on providers and sellers of certain types of prepaid access similar to other categories of MSBs. ([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 John Pinto at (202) 463-6575 or JohnPinto@RRSCompliance.com

FSA

FSA Has Fined and/or Banned:

Two Insurance Brokers, Andrew Porter and Alexander Brincat for Misconduct ([Link](#))

Fines Two Former Directors, Andrew Ruff and Richard Lindley, of Alpha to Omega IOFA Network ([Link](#))

Willis Limited £6.895 million for anti-bribery and corruption systems and controls failings ([Link](#))

FSA Takes Action against Directors of IFA Firm for Recommending Unsuitable Investments

The FSA has imposed prohibitions on Paul Banfield and Anthony Moss, former directors of Best Advice Financial Planning Limited (Best Advice), a small independent financial advice firm which was based in Surrey. Best Advice was dissolved on 18 July 2011. ([Link](#))

**ASK ABOUT OUR ORDER HANDLING AND BEST
EXECUTION SURVEILLANCE SOLUTIONS**

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Resource Links

Government

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

SRO

- FINRA - WWW.FINRA.ORG
- NASDAQ - WWW.NASDAQ.COM
- New York Stock Exchange - WWW.NYSE.COM
- Municipal Securities Rulemaking Board - WWW.MSRB.ORG
- National Futures Association WWW.NFA.FUTURES.ORG

Industry

- Alternative Investment Management Association “AIMA” – WWW.AIMA.ORG
- Bank Insurance & Securities Association “BISA” – WWW.BISANET.ORG
- Complanet – WWW.COMPLINET.COM
- Florida Securities Dealers Association “FSDA” – WWW.FLORIDASECURITIES.COM
- Financial Market Association “FMA” – WWW.FMAWEB.ORG
- Financial Services Institute “FSI” – WWW.FINANCIALSERVICES.ORG
- Investment Adviser Association “IAA” – WWW.INVESTMENTADVISER.ORG
- Investment Company Institute “ICI” – WWW.ICI.ORG
- Managed Funds Association “MFA” – WWW.MANAGEDFUNDS.ORG
- National Society of Compliance Professionals “NSCP” – WWW.NSCP.ORG
- Securities Industry and Financial Markets Association “SIFMA” – WWW.SIFMA.ORG

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

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“Find It - Before the Regulators”

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: July 2011

Fax: (561) 807-5442

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:

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