

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:** Quarterly FOCUS Filing Due January 25, 2013
- **DEADLINE:** SSOI Filing Due January 30, 2013
- **DEADLIEN:** Schedule I Due January 25, 2013
- **MSRB:** MSRB Education and Outreach Seminar - Los Angeles, CA January 22, 2013

NOTABLE ITEMS IN THIS EDITION

- **SEC** – Charges Eight Mutual Fund Directors for Failure to Properly Oversee Asset Valuation – Page 2
- **SEC** – Charges Connecticut-Based Adviser for “Skin in the Game” Misstatements About CDOs – Page 2
- **SEC** – Charges Advisory Firms and Portfolio Managers for Roles in Collapse of Midwest-Based Closed-End Fund – Page 2
- **SEC** – SEC Revokes Registration of Toronto-Based Broker and Bans Two Executives from U.S. Securities Industry for Allowing Layering – Page 2
- **SEC** – SEC Bans Arizona-Based Investment Adviser From Securities Industry For Fraudulent Actions In Mutual Fund Collapse – Page 2
- **SEC** – SEC Approves New Rules Regarding Lost Holders of Securities – Page 3
- **FINRA** – SEC Approves Consolidated Front Running Rule – Page 4
- **FINRA** – Guidance on FINRA’s Suitability Rule – Page 4
- **FINRA** – 2013 Annual Audit, FOCUS and Supplemental Statement of Income (SSOI) Report Filing Deadlines – Page 4
- **FINRA** – FINRA Orders a Broker-Dealer to Pay \$10.7 Million in Restitution for Improper Pricing of Mutual Fund Orders; Firm Fined \$550,000 – Page 4
- **FINRA** – SEC, FINRA Issue New Investor Alert: Year-End Investment Considerations for Individual Investors – Page 4
- **MSRB** – MSRB Undertakes Broad Rules Review and Asks Public to Recommend Changes to Municipal Market Regulations – Page 5
- **MSRB** – MSRB Seeks Public Comment on Proposal to Improve Investor Access to Preliminary Official Statements – Page 5
- **FINCEN** – Treasury Department Reaches Landmark Settlement with HSBC – Page 9

Service Spotlight: Supervisory Controls

RRS provides a full range of services to assist with your firm’s compliance with FINRA Rules 3010, 3012 and 3013, including:

- Comprehensive Risk Assessment
- Review of Supervisory Structure
- Written Policies and Procedures Gap Analysis
- Report Preparation
- Draft CEO Certification
- Annual Compliance Meetings
- Compliance Program Testing Training
- Ongoing Compliance Support

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SEC

SEC Charges:

China Affiliates of Big Four Accounting Firms with Violating U.S. Securities Laws in Refusing to Produce Documents ([Link](#))

10 in Insider Trading Ring Around Investment Banker's Illegal Tips on Impending Mergers ([Link](#))

Florida-Based Lawyer with Forging Attorney Opinion Letters for Microcap Stocks ([Link](#))

Prominent Entrepreneur in Miami-Based Scheme ([Link](#))

Eight Mutual Fund Directors for Failure to Properly Oversee Asset Valuation ([Link](#))

New York-Based Fund Manager with Conducting Fraudulent Trading Schemes ([Link](#))

New Jersey-Based Consultant to Chinese Reverse Merger Companies with Violating Securities Laws ([Link](#))

Germany-Based Allianz SE with FCPA Violations ([Link](#))

Connecticut-Based Adviser for "Skin in the Game" Misstatements About CDOs ([Link](#))

Financial Media Company and Executives Involved in Accounting Fraud ([Link](#))

Advisory Firms and Portfolio Managers for Roles in Collapse of Midwest-Based Closed-End Fund ([Link](#))

Eli Lilly and Company with FCPA Violations ([Link](#))

Four Penny Stock Purchasers with Fraud ([Link](#))

Research Analyst with Trading and Tipping Ahead of IBM-SPSS Merger ([Link](#))

List of No Action Letters:

Derivatives Use by Actively-Managed ETFs ([Link](#))

Nomura Securities International Inc. ([Link](#))

Financial Industry Regulatory Authority, Inc. ([Link](#))

Financial Information Forum ([Link](#))

SEC Final Rules:

Extension of Dates for Certain Requirements of Rule 19b-4(n)(1) and Rule 19b-4(o)(2) and Amendment of Form 19b-4 ([Link](#))

Temporary Rule Regarding Principal Trades With Certain Advisory Clients ([Link](#))

SEC Revokes Registration of Toronto-Based Broker and Bans Two Executives from U.S. Securities Industry for Allowing Layering

SEC charged a Toronto-based brokerage firm and its top two executives for failing to supervise overseas day traders who used the firm's order

management system to engage repeatedly in a manipulative trading practice known as layering. ([Link](#))

SEC Bans Arizona-Based Investment Adviser From Securities Industry For Fraudulent Actions In Mutual Fund Collapse

SEC barred an Arizona-based mutual fund manager from the securities industry for failing to follow the investment objectives of a stock mutual fund managed by his firm, leading to the fund's collapse. ([Link](#))

SEC Approves New Rules Regarding Lost Holders of Securities

SEC unanimously approved new rules requiring broker-dealers to conduct searches for holders of securities with whom they have lost contact. ([Link](#))

SEC Issues Investor Bulletin to Help Investors Assess Municipal Bond Credit Risk

The Securities and Exchange Commission issued an Investor Bulletin to help purchasers of municipal bonds better assess the bonds' credit risks. ([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 to Host Decimalization Roundtable

SEC announced that its staff will host a roundtable early next year to discuss the impact of decimal-based stock trading on small and mid-sized companies, market professionals, investors, and U.S. securities markets. ([Link](#))

Joint Press Statement of Leaders on Operating Principles and Areas of Exploration in the Regulation of the Cross-Border OTC Derivatives Market

SEC's Office of International Affairs released the following joint statement of leaders of regulatory authorities on the regulation of OTC derivatives markets. ([Link](#))

Division of Corporation Finance Director Meredith Cross to Leave SEC

SEC announced that Meredith B. Cross, Director of the Division of Corporation Finance, will leave the SEC at the end of the year to return to the private sector. ([Link](#))

Trading and Markets Director Robert Cook to Leave SEC

SEC announced that Robert W. Cook, Director of the SEC's Division of Trading and Markets, plans to leave the agency. ([Link](#))

General Counsel Mark Cahn to Leave SEC

SEC announced that General Counsel Mark D. Cahn will leave the agency at the end of the year to return to the private sector. ([Link](#))

SEC Completes 18th Annual International Enforcement Institute

SEC announced the completion of its 18th Annual International Enforcement Institute, held from Nov. 5 to Nov. 9 at SEC headquarters in Washington, D.C., with participants from 60 different countries. In all, 161 officials from foreign stock exchanges and other regulatory and law enforcement agencies attended the weeklong training program. ([Link](#))

Jennifer McHugh Named Senior Advisor in SEC's Division of Investment Management

SEC announced that Jennifer B. McHugh has been named Senior Advisor to the Director in its Division of Investment Management. ([Link](#))

SEC Chief of Staff Didem A. Nisanci to Leave Agency

SEC announced that SEC Chief of Staff Didem A. Nisanci will leave the agency at the end of this week. ([Link](#))

Hedge Fund Manager to Pay \$44 Million for Illegal Trading in Chinese Bank Stocks

SEC charged the manager of two New York-based hedge funds with conducting a pair of trading schemes involving Chinese bank stocks and making \$16.7 million in illicit profits. He and his firms have agreed to pay \$44 million to settle the SEC's charges. ([Link](#))

Danforth Townley Named Attorney Fellow in SEC's Division of Investment Management

SEC announced that Danforth Townley has been appointed an Attorney Fellow in its Division of Investment Management, which protects investors and promotes capital formation through oversight and regulation of the nation's multi-trillion dollar investment management industry. ([Link](#))

John Ramsay Named Acting Director of SEC's Division of Trading and Markets

Securities and Exchange Commission Chairman Elisse B. Walter named John Ramsay as Acting Director of the Division of Trading and Markets. He will replace Robert Cook, who announced that he plans to step down after a short transition period. ([Link](#))

Lona Nallengara Named Acting Director of SEC's Division of Corporation Finance

Securities and Exchange Commission Chairman Elisse B. Walter named Lona Nallengara as Acting Director of the Division of Corporation Finance. He will replace Meredith B. Cross when she leaves the SEC to return to the private sector at the end of the year. ([Link](#))

SEC Announces Agenda for Roundtable on Decimalization

SEC announced the agenda for its upcoming staff roundtable that will evaluate the impact of tick sizes on the securities markets. ([Link](#))

Paul Beswick Named SEC Chief Accountant

Securities and Exchange Commission Chairman Elisse Walter announced the appointment of Paul A. Beswick as the agency's Chief Accountant. Mr. Beswick has been serving as Acting Chief Accountant for the past several months. ([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 Lauren Epstein at (561) 368-2245 or laurenepstein@rrscompliance.com

FINRA

Regulatory Notices:

12-52 SEC Approves Consolidated Front Running Rule

12-53 FINRA Waives Certain Trade Reporting and Compliance Engine (TRACE) Late Trade Reporting Fees in Connection With Hurricane Sandy

12-54 Reporting Relief Relating to Customer and PAIB Reserve Formula Computations and Required Deposits Around the December 2012 Month-End Holidays

12-55 Guidance on FINRA's Suitability Rule

12-56 SEC Approves Amendments to TRACE Rules and Dissemination Protocols to Disseminate Specified Pool Transactions and SBA-Backed ABS Transactions and to Reduce the Time to Report Such Transactions

12-57 SEC Approves Amendments to FINRA Dispute Resolution, Inc. By-Laws to Classify Mediators as Public Members if They Are Not Otherwise Disqualified From Being Classified as Public Members

12-58 SEC No-Action Guidance Expanding the Definition of "Ready Market" for Certain Foreign Equity Securities

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 Lauren Epstein at (561) 368-2245 or laurenepstein@rrscompliance.com

Information Notices:

12/3/12 2013 Annual Audit, FOCUS and Supplemental Statement of Income (SSOI) Report Filing Deadlines

12/10/12 2013 Holiday Trade Date, Settlement Date and Margin Extensions Schedule

FINRA Orders a Broker-Dealer to Pay \$10.7 Million in Restitution for Improper Pricing of Mutual Fund Orders; Firm Fined \$550,000

FINRA announced that it has ordered a broker-dealer of Newark, New Jersey, to pay more than \$10.7 million in restitution, plus interest, to

customers who placed mutual fund orders via facsimile or mail (paper orders) from late 2003 to June 2011 and received an inferior price for their shares. FINRA also fined this broker-dealer \$550,000 for its pricing errors and for failing to have an adequate supervisory system and written procedures in this area. ([Link](#))

SEC, FINRA Issue New Investor Alert: Year-End Investment Considerations for Individual Investors

The SEC's Office of Investor Education and Advocacy and the Financial Industry Regulatory Authority (FINRA) have issued a new Investor Alert called Year-End Investment Considerations for Individual Investors. This new alert provides individual investors with a few suggestions for year-end investment planning as the year draws to a close. ([Link](#))

FINRA and JSDA Sign Cooperation Agreement

FINRA and JSDA have entered into a MOU to support more robust cooperation between the two regulators. ([Link](#))

John Davidson Joins FINRA Board of Governors

FINRA announced that Carol Anthony (John) Davidson, retired Senior Vice President, Controller and Chief Accounting Officer of Tyco International, will join FINRA's Board of Governors. Mr. Davidson, who will begin his term on Jan. 1, fills the seat vacated by Elynn Brown. ([Link](#))

BBB and FINRA Foundation Launch Smart Investing Website to Help Stop Investment Scams

Better Business Bureau and the FINRA Investor Education Foundation launched a new consumer website, BBB Smart Investing, which is designed to help investors make smarter investing decisions while avoiding fraud, risky investments and unlicensed brokers. The campaign combines the research and expansive knowledge base of the FINRA Foundation with the extensive consumer outreach of BBB's trusted 100-year-old name and its 104 local operations across the United States. ([Link](#))

FINRA Sanctions Five Firms \$4.4 Million for Using Municipal and State Bond Funds to Pay Lobbyists

FINRA announced that it has sanctioned five firms a total of more than \$4.48 million for unfairly obtaining the reimbursement of fees they paid to the Cal PSA from the proceeds of municipal and state bond offerings. The firms violated fair dealing and supervisory rules of the Municipal Securities Rulemaking Board by obtaining reimbursement for these voluntary payments to pay the lobbying group. The firms were fined more than \$3.35 million and are required to pay a total of \$1.13 million in restitution to certain issuers in California. ([Link](#))

FINOP and Financial Reporting Services

RRS provides a full range of services to assist broker-dealers and investment advisers with financial statement preparation.

For Broker-dealers, our support services include:

- Net capital computation and FOCUS Filing
- Full financial statement preparation - trial balance, balance sheet, income statement and general ledger Chart of accounts
- Schedule of non-allowable assets
- Schedule of aggregate indebtedness
- Haircuts, undue concentration, and blockage tests
- Riskless principal trade assessment
- Account reconciliations
- Journal entries
- Year-end audit adjustments
- Intra-month capital surveillance and early warning alerts
- SEC Rule 15c3-3 exemption testing for proper handling of customer funds and securities
- Written supervisory policies and procedures
- Audit support
- Research services

For Investment Advisers, our support services include:

- Full financial statement preparation - trial balance, balance sheet, income statement and general ledger
- Chart of accounts
- Account reconciliations
- Journal entries
- Year-end audit adjustments
- Written supervisory policies and procedures
- Audit support
- Research services

For more information contact Harry Chaffee at (561) 368-2245 or HarryChaffee@RRSCompliance.com

MSRB**MSRB Regulatory Notices for November 2012:**

2012-61 Request for Comment on Concept Proposal to Require Underwriters to Submit Preliminary Official Statements to the MSRB'S EMMA® System

2012-62 Reminder of Effective Date of New Rule and Interpretive Notice Concerning Regulation of Broker's Brokers

2012-63 Request for Comment on MSRB Rules and Interpretive Guidance

2012-64 SEC Approves Amendments to Streamline New Issue Information Submission Requirements Under MSRB Rules G-32 and G-34

MSRB Undertakes Broad Rules Review and Asks Public to Recommend Changes to Municipal Market Regulations

MSRB is requesting broad industry and public input on its regulation of the municipal securities market as it engages in a comprehensive review to ensure that its rules reflect current market practices. ([Link](#))

MSRB Seeks Public Comment on Proposal to Improve Investor Access to Preliminary Official Statements

MSRB is requesting public comment on a concept proposal to improve investor access to information about new issues of municipal securities. The MSRB is proposing to increase the availability of preliminary official statements for all investors on its EMMA® website, a free resource for municipal securities information. ([Link](#))

MSRB Improves Calculation of ARS Bid-to-Cover Ratio

MSRB announced it has improved its calculation of bid-to-cover ratios for auction rate securities (ARS) to provide a ratio that is more consistent with bid-to-cover ratios calculated for Treasury auction results. ([Link](#))

MSRB Education and Outreach Seminar - Los Angeles, CA on January 22, 2013

This seminar will provide updates on the MSRB's rulemaking for dealers and advisors, as well as its recent municipal market transparency initiatives. It will also discuss creating a common framework among municipal entities, dealers and municipal advisors of what it means to protect municipal entities as defined in the MSRB's expanded mission under the Dodd-Frank Act. The seminar is open to all members of the municipal securities community. There is no charge to attend; however, pre-registration is required. ([Link](#))

NASAA

NASAA Sees Sharp Spike in Crowdfunding Presence on the Internet

Crowdfunding's presence on the Internet has risen sharply in recent months in anticipation of rules to allow small businesses and entrepreneurs to raise investments online, a task force of state and provincial securities regulators said. ([Link](#))

NASDAQ—NASDAQ-TRADER—

OTCBB

Equity Regulatory Alert:

[2012-11](#) Consolidated Audit Trail In-Person Event

[2012-12](#) Consolidated Audit Trail RFP Concept Document Published by SROs

Equity Trader Alert:

[2012-55](#) Goodyear Tire & Rubber Company to Begin Listing on NASDAQ on Tuesday, December 18, 2012

[2012-56](#) LSI Corporation to Begin Listing on NASDAQ on Wednesday, December 19, 2012

[2012-57](#) Salisbury Bancorp, Inc. to Begin Listing on NASDAQ on Wednesday, December 26, 2012

[2012-58](#) Accelr8 Corporation to Begin Listing on NASDAQ as Accelerate Diagnostics, Inc. on Wednesday, December 26, 2012

[2012-59](#) Use Daily Market Maker Position Reports to Track your Quotes

[2012-61](#) NASDAQ OMX U.S. Markets will Close Early on Monday, December 24, 2012, and will be Closed on Tuesday, December 25, 2012

[2012-62](#) NASDAQ OMX to Observe a Moment of Silence on Friday, December 21, 2012

[2012-63](#) NASDAQ Pricing Update Effective Wednesday, January 2, 2013

[2012-64](#) Entertainment Gaming Asia, Inc. to Begin Listing on NASDAQ on Monday, December 31, 2012

Data Technical News:

[2012-35](#) Goodyear Tire & Rubber Company to Begin Listing on NASDAQ on Tuesday, December 18, 2012

[2012-36](#) LSI Corporation to Begin Listing on NASDAQ on Wednesday, December 19, 2012

[2012-37](#) Altisource Portfolio Solutions S.A. (NQ: ASPS) is EX dividend Friday, December 14, 2012

[2012-38](#) NASDAQ OMX Provides Time and Schedule Details for GIDS 2.0

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

[2012-39](#) Accelr8 Corporation to Begin Listing on NASDAQ as Accelerate Diagnostics, Inc. on Wednesday, December 26, 2012

[2012-40](#) Salisbury Bancorp, Inc. to Begin Listing on NASDAQ on Wednesday, December 26, 2012

[2012-41](#) Pilgrim's Pride Corporation to Begin Listing on NASDAQ on Friday, December 28, 2012

[2012-42](#) NASDAQ Releases Preliminary List of Market Tier Upgrades for January 2, 2013

[2012-43](#) Entertainment Gaming Asia Inc. to Begin Listing on NASDAQ on Monday, December 31, 2012

[2012-44](#) NASDAQ Releases Final List of Market Tier Changes for January 2, 2013

Options Trader Alert:

[2012-65](#) NOM and PHLX Pricing, Effective January 2, 2013

[2012-66](#) BX Options and NOM Pricing, Effective January 2, 2013

[2012-67](#) BX Options and NOM Pricing, Effective January 2, 2013

[2012-68](#) PHLX to Modify Select Symbol Program

[2012-67](#) BX Options and NOM Pricing, Effective January 2, 2013

[2012-68](#) PHLX to Modify Select Symbol Program

[2012-69](#) PHLX Introduces Order Exposure Alerts

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 Lauren Epstein at (561) 368-2245 or laurenepstein@rrscompliance.com

[2012-70](#) PHLX Changes its Customer Rebate Program; NOM and BX Options will Update Routing Fees

[2012-71](#) BX Options Begins Trading New Symbols and Changes Execution Algorithm on Certain Symbols

Financial Products News:

[2012-85](#) NASDAQ OMX to Begin Dissemination of 28 New CRSP Indexes on GIDS Effective December 31, 2012

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 will be effective December 24, 2012. 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 December 21, 2012 as the "From" date. ([Link](#))

NYSE - EURONEXT – AMEX

NYSE to Suspend Trading in:

Overseas Shipholding Group, Inc. ([Link](#))

NYSE EURONEXT Announcements:

NYSE Euronext Announces Date for Fourth Quarter 2012 Earnings Release and Conference Call ([Link](#))

NYSE Euronext announces proposed pan-European project for SMEs ([Link](#))

NYSE Announces First-Quarter 2013 Circuit-Breaker Levels ([Link](#))

NYSE MKT to Delist Securities of:

ENOVA SYSTEMS, INC. ([Link](#))

ATC VENTURE GROUP, INC. ([Link](#))

GEOKINETICS INC. ([Link](#))

NYSE MKT Issues Short Interest Report:

Settlement date of November 30, 2012 ([Link](#))

Settlement date of December 14, 2012 ([Link](#))

NYSE Group, Inc. Issues Short Interest Report:

Settlement date of November 30, 2012 ([Link](#))

Settlement date of December 14, 2012 ([Link](#))

NYSE Weekly Program-Trading Data Releases:

Averaged 40.5 Percent of NYSE Volume during Nov. 26-30 ([Link](#))

Averaged 30.0 Percent of NYSE Volume during Dec. 3-7 ([Link](#))

Averaged 30.7 Percent of NYSE Volume during Dec. 10-14 ([Link](#))

Averaged 44.3 Percent of NYSE Volume during Dec. 17-21 ([Link](#))

NYSE Euronext Hosts 2012 NYSE Russia Day at the New York Stock Exchange

Igor Shuvalov, First Deputy Prime Minister of the Russian Federation was joined by leading business executives, investors, and government officials at the NYSE for the 2012 NYSE Russia Day, Monday, Dec. 3, 2012. Hosted in conjunction with Vnesheconombank (VEB) and supported by Mobile TeleSystems (MTS), Cleary Gottlieb, BNY Mellon and Bloomberg TV, the half-day conference covered Russia's economic outlook, investment opportunities, capital markets, and privatization program. ([Link](#))

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(202) 463-6575**

JOHNPINTO@RRSCOMPLIANCE.COM

NYSE Liffe expands Bclear service to include fixed income products

NYSE Liffe, the European derivatives business of NYSE Euronext, announced the expansion of Bclear, the Exchange's trade confirmation, administration and clearing service, with the introduction of Fixed Income products. The new contracts available through Bclear will be Three Month Euro (Euribor) Futures, Three Month Sterling (Short Sterling) Futures and Long Gilt Futures. The new Bclear contracts will be available to NYSE Liffe members from 10 December 2012. ([Link](#))

Portuguese Treasury bills integrated into Interbolsa

Interbolsa, a subsidiary of NYSE Euronext and the Central Securities Depository (CSD) for the Portuguese market, announced that it has become the CSD for Portuguese Treasury Bills. Interbolsa will be responsible for ensuring not only the registration and control of the Treasury Bills but also the settlement of transactions. ([Link](#))

NYSE Technologies Expands SFTI Network in Asia Through Additional Access in Hong Kong

NYSE Technologies, the commercial technology division of NYSE Euronext, announced the continuing expansion of its Secure Financial Transaction Infrastructure (SFTI) in Asia with the introduction of two access centers located in Hong Kong. Customers now, for the first time, have direct access to the SFTI network, allowing them to connect from Hong Kong to services offered by NYSE Technologies through SFTI, including access to Hong Kong Exchanges & Clearing (HKEx), all major international trading venues, market data solutions, plus the NYSE Euronext capital markets community. ([Link](#))

The Expert Indices Committee ([Link](#))

Quarterly review BEL-Index family

NYSE Euronext (NYX) announces the results of the quarterly review for the BEL 20®, BEL Mid® and BEL Small® indices. The decisions taken will take effect from Monday December 24th, 2012. ([Link](#))

IMKB and NYSE Liffe to launch on Turkish stocks and the IMKB 30 index

Istanbul Menkul Kıymetler Borsası (IMKB) and NYSE Liffe, the European derivatives business of NYSE Euronext, announced the launch of futures and options contracts based on some of the constituents of the IMKB 30 Index. The new contracts will be available for trading before the end

of this year on IMKB and in the first quarter of 2013 on NYSE Liffe London market. ([Link](#))

Quarterly review AEX-Index family

NYSE Euronext announces the results of the quarterly review for the AEX®, the AMX® and the ASX®. The new composition of these indices will be effective from Monday December 24th, 2012. ([Link](#))

IMKB and NYSE Liffe to launch on Turkish stocks and the IMKB 30 index

Istanbul Menkul Kıymetler Borsası (IMKB) and NYSE Liffe, the European derivatives business of NYSE Euronext, announced the launch of futures and options contracts based on some of the constituents of the IMKB 30 Index. The new contracts will be available for trading before the end of this year on IMKB and in the first quarter of 2013 on NYSE Liffe London market. ([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

Theradiag lists on NYSE Alternext

NYSE Euronext (NYX) announced the listing on NYSE Alternext in Paris of Theradiag, specializing in in vitro diagnostics and theranostics. ([Link](#))

EO2 lists on NYSE Alternext

NYSE Euronext announced the listing on NYSE Alternext in Paris of EO2, a major player in renewable energy with a focus on forest biomass.

[\(Link\)](#)

FOW Names NYSE Liffe U.S. DTCC GCF Repo Index® Futures as 'Interest Rate Contract of the Year'

NYSE Liffe U.S., the innovative U.S. futures exchange of NYSE Euronext (NYX) is proud to announce that its new futures contracts based on the DTCC GCF Repo Index® were named 'New Contract of the Year' in Interest Rates by Futures and Options Week (FOW) Magazine at the 2012 FOW International Awards in London. Additionally, GCF Repo Index futures traded a new record of more than 8,600 contracts with open interest approaching 52,000 on Monday, Dec. 17. [\(Link\)](#)

Corporate Board Member and Equilar to Host Educational Forum for Compensation Committee Members Public Company Directors to Convene on Pressing Compensation Issues for 2013

Corporate Board Member, an NYSE Euronext Company, and Equilar Inc. are joining together to provide a first-in-class conference focusing on the most pressing compensation issues facing today's public companies. The Compensation Committee Boot Camp will be held January 24-25 in Miami, Florida. [\(Link\)](#)

NYSE Euronext is the Global Leader in IPO Proceeds Raised for Second Consecutive Year

NYSE Euronext, for the second consecutive year, raised more proceeds from IPOs than any other global exchange group in 2012 with \$36 billion in total global proceeds raised from 117 IPOs and listed the majority of U.S. technology IPOs. In the U.S., the NYSE and NYSE MKT combined led the market with 79 IPOs and 16 transfers. In Europe, NYSE Euronext welcomed 25 new listings, with approximately €2.7 billion (\$3.5 billion) in proceeds raised. [\(Link\)](#)

IntercontinentalExchange and NYSE Euronext Enter Clearing Services Agreement; ICE Clear Europe to Clear NYSE Liffe's Derivatives Markets

IntercontinentalExchange, a leading operator of global markets and clearing houses, and NYSE Euronext, the preeminent global equity, equity options and fixed income derivatives market operator, announced that, their wholly owned subsidiaries, ICE Clear Europe Limited and LIFFE Administration and Management have entered into a clearing services agreement pursuant to which ICE Clear Europe will provide clearing services to the London market of NYSE Liffe. The clearing services agreement will allow NYSE Liffe to transition seamlessly from their current clearing arrangements. [\(Link\)](#)

IntercontinentalExchange to Acquire NYSE Euronext For \$33.12 Per Share in Stock and Cash, Creating Premier Global Market Operator

IntercontinentalExchange a leading operator of global markets and clearing houses, and NYSE Euronext, the preeminent global equity, equity options and fixed income derivatives market operator,

announced a definitive agreement for ICE to acquire NYSE Euronext in a stock-and-cash transaction. The acquisition combines two leading exchange groups to create a premier global exchange operator diversified across markets including agricultural and energy, commodities, credit derivatives, equities and equity derivatives, foreign exchange and interest rates. With leading clearing capabilities, the combined company will be well positioned to deliver efficiencies while serving customer demand for clearing and risk management globally.

[\(Link\)](#)

LCH.Clearnet and NYSE Euronext agree on the main terms of a long-term agreement for cash equity clearing

LCH.Clearnet SA, the Paris-based clearing house of LCH.Clearnet Group, and NYSE Euronext jointly announced they have reached an agreement on the main terms and conditions of a six year clearing contract with respect to NYSE Euronext's continental cash equities markets. The Parties are currently reviewing the technical elements and are in the process of finalizing the agreement. [\(Link\)](#)

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FINCEN**Treasury Department Reaches Landmark Settlement with HSBC**

The U.S. Department of the Treasury announced settlements amounting to \$875 million – the largest collective settlement in the department's history – with HSBC Holdings plc. (together with its affiliates, HSBC). The Treasury Department's collective settlement, reached by the FinCEN, the OCC, and the OFAC is part of the combined federal, local, and international government action that amounted to the largest bank settlement in U.S. history. In total, more than \$1.9 billion were assessed in penalties for HSBC's conduct in violation of the BSA and U.S. sanctions. [\(Link\)](#)

FinCEN Further Extends FBAR Filing Deadline for Certain Financial Professionals

Recognizing the need for further study of related questions and concerns, FinCEN issued Notice 2012-2 which further extends the Report of Foreign Bank and Financial Accounts (FBAR) filing deadline for a small subset of individuals with only signature authority over certain foreign financial accounts. The filing deadline for those individuals previously identified in Notice 2011-1, Notice 2011-2, and Notice 2012-1 has been extended from June 30, 2013 to June 30, 2014. ([Link](#))

FSA**FSA consults on plans for temporary product intervention rules**

FSA is consulting on the approach the future Financial Conduct Authority (FCA) would take if it needed to exercise powers to make temporary rule changes, before consultation, relating to financial services products. ([Link](#))

FSA consults on changes to the regulation and supervision of benchmarks

FSA has proposed new rules and regulations for financial benchmarks. This follows the recommendations of the Wheatley Review of the London Interbank Offered Rate (LIBOR). ([Link](#))

Boiler room money launderer ordered to pay £320,882

Michael McNerney, of Richmond, North Yorkshire, has been ordered to pay £320,882 by Southwark Crown Court for his role in a major boiler room share scam. The order was made on Tuesday 4 December. ([Link](#))

FSA fines a Mortgage Corporation and two directors for mortgage sales and arrears failings and requires over 2,000 customers to be compensated

FSA has fined Cheadle-based mortgage lender, £1.225 million for failing to treat customers fairly in the sale of mortgages and arrears handling from October 2004 to the end of 2009. ([Link](#))

FSA requires action of the HSBC Group

FSA, as lead regulator for the HSBC Group globally, is taking action in relation to issues in respect of HSBC's compliance with anti-money laundering rules and US sanctions requirements. ([Link](#))

Directors of a Mortgage Company fined and banned for widespread mortgage and PPI failings

FSA has taken action against three former directors of a mortgage company, for numerous failings in relation to the sale of mortgages and payment protection insurance (PPI). ([Link](#))

Investment banker sentenced for insider dealing

In a case brought by the FSA Thomas Ammann, an investment banker and former FSA Approved Person, has been sentenced at Southwark Crown Court to 2 years and 8 months imprisonment for two counts of

insider dealing and two counts of encouraging insider dealing. But for an early guilty plea the sentence would have been one of 4 years. ([Link](#))

FSA announces redress scheme for Arch cru investors

FSA has announced that firms who advised on investments in the CF Arch cru Investment and Diversified Funds must contact all their clients asking if they want their case reviewed to determine whether they were miss-sold the funds and may be eligible for redress. ([Link](#))

FSA publishes Decision Notices for Arch Financial Products, Robin Farrell and Robert Addison

FSA has published Decision Notices in respect of Arch Financial Products LLP (AFP), Robin Farrell, AFP's chief executive, and Robert Addison, a senior partner and former compliance officer at AFP. ([Link](#))

UBS fined £160 million for significant failings in relation to LIBOR and EURIBOR

FSA has fined UBS AG (UBS) £160 million for misconduct relating to the London Interbank Offered Rate (LIBOR) and the Euro Interbank Offered Rate (EURIBOR). This is the largest fine ever imposed by the FSA. ([Link](#))

FSA decides to fine and ban Investment Company's CEO, bans its compliance officer and censures the firm

FSA has publicly censured Investments Company for misconduct, including using pressure-selling tactics with customers to invest in the shares of small companies, resulting in client losses of at least £2 million. The FSA would have fined the company £1.5 million had the firm not been in liquidation. ([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.

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

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- 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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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: December 2012

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.

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What topics interest you the most?

What do you find most useful?

What would you like to see in future editions?

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(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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