

Routing

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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:** Monthly FOCUS Filing Due November 26, 2012

NOTABLE ITEMS IN THIS EDITION

- **SEC** – Hedge Fund Managers with Defrauding Investors – Page 2
- **SEC** – Charges Four Brokers with Defrauding Customers in \$18.7 Million Scheme – Page 2
- **SEC** – Hedge Fund Adviser and Two Executives with Fraud in Continuing Probe of Suspicious Fund Performance – Page 2
- **SEC** – SEC Proposes Rules for Security-Based Swap Dealers and Major Security-Based Swap Participants– Page 2
- **FINRA** – Fines A broker dealer company \$800,000 for Failing to Supervise CDO Traders; Two Traders Sanctioned for Efforts to Hide Loss – Page 3
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- **FINRA** – Securities Industry/Regulatory Council on Continuing Education Issues Firm Element Advisory Update – Page 3
- **FINRA** – Guidance to Members Affected by Hurricane Sandy – Page 3
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- **FINRA** - FINRA Sanctions an Investment Company in NY \$14 Million for Unfair Practices in Sale of Apple REIT Ten and for Charging Excessive Markups on Municipal Bonds and CMOs – Page 3
- **MSRB** – Reminder of Upcoming Changes to MSRB Transaction Reporting Requirements – Page 4
- **MSRB** – MSRB Files Amendments with SEC to Streamline New Issue Information Submission Requirements under MSRB Rules G-32 and G-34 – Page 4
- **NASAA** – Investor Advocates and State Securities Regulators Call on SEC to Rethink JOBS Act Rule – Page 4

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

SEC

SEC Proposes:

Rules for Security-Based Swap Dealers and Major Security-Based Swap Participants

SEC voted unanimously to propose capital, margin, and segregation requirements for security-based swap dealers and major security-based swap participants. ([Link](#))

SEC Charges:

Boston-Based Dark Pool Operator for Failing to Protect Confidential Information ([Link](#))

Repeat Violator in South Florida with Fraudulently Offering Investments Tied to Oil Drilling Projects ([Link](#))

Hedge Fund Managers with Defrauding Investors ([Link](#))

Charges Four Brokers with Defrauding Customers in \$18.7 Million Scheme ([Link](#))

Hedge Fund Adviser and Two Executives with Fraud in Continuing Probe of Suspicious Fund Performance ([Link](#))

Trio in ".44 MAGNUM" Investment Scheme ([Link](#))

SEC Charges Silicon Valley Executive for Role in Galleon Insider Trading Scheme ([Link](#))

Denver-Based Insurance Executive with Insider Trading ([Link](#))

List of No Action Letters:

[10/10/2012](#) Erste Abwicklungsanstalt

[10/24/2012](#) TACT Asset Management Inc.

SEC Final Rules:

Adoption of Updated EDGAR Filer Manual

SEC is adopting revisions to the Electronic Data Gathering, Analysis, and Retrieval System (EDGAR) Filer Manual and related rules to reflect updates to the EDGAR system. The revisions are being made primarily to support public dissemination of previously submitted draft registration statements either under the JOBS Act or the Division of Corporation Finance's foreign private issuer policy; support PDF as an official filing format for submission type 40-33 and 40-33/A; support changes in the beneficiary account and receiver American Bank Association number and name for fee payments made for filings; and allow a future period date up to the next business date for Form 8-K. The EDGAR system is scheduled to be upgraded to support this functionality on October 1, 2012. ([Link](#))

Clearing Agency Standards

SEC is adopting new Rule 17Ad-22 in accordance with Section 17A of the Securities Exchange Act of 1934, Section 763 of Title VII of the Dodd-Frank Act, and Section 805 of Title VIII of the Dodd-Frank Act. Rule 17Ad-22 establishes minimum requirements regarding how registered clearing agencies must maintain effective risk management

procedures and controls as well as meet the statutory requirements under the Exchange Act on an ongoing basis. ([Link](#))

Pamela Dyson Named SEC's Deputy Chief Information Officer

SEC announced that Pamela C. Dyson has been named the SEC's Deputy Chief Information Officer and will work to further modernize and enhance the agency's information technology systems. ([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 or Lauren Epstein laurenepstein@rrscompliance.com

Andrew Calamari Named Director of New York Regional Office

SEC announced that Andrew M. Calamari has been named Director of the agency's New York Regional Office. Mr. Calamari joined the SEC staff in 2000 and has been serving as Acting Director of the New York office since the promotion of George Canellos to Deputy Director of the Division of Enforcement earlier this year. ([Link](#))

Hong Kong Firm to Pay \$14 Million to Settle Insider Trading Charges

SEC announced that a Hong Kong-based firm charged with insider trading in July has agreed to settle the case by paying more than \$14 million, which is double the amount of its alleged illicit profits. The proposed settlement is subject to the approval of Judge Richard J. Sullivan of the U.S. District Court for the Southern District of New York. ([Link](#))

More Than 1,500 Private Fund Advisers Registered With the SEC since Passage of the Financial Reform Law

SEC reported that 1,504 advisers to hedge funds and other private funds have registered with the agency since the Dodd-Frank Wall Street Reform and Consumer Protection Act mandated such registration.

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

[\(Link\)](#)

SEC Adopts Standards for Risk Management and Operations of Clearing Agencies

SEC adopted a rule that establishes standards for how registered clearing agencies should manage their risks and run their operations.

[\(Link\)](#)

Stop Order Proceedings Instituted Against Caribbean Pacific Marketing

SEC announced that it has instituted proceedings to determine whether to issue an order that would prevent sales of shares in Caribbean Pacific Marketing, Inc., based on allegations that the company's disclosure is misleading. [\(Link\)](#)

Chairman Schapiro Statement on Reopening of Securities Markets [\(Link\)](#)

FINRA

FINRA Fines:

A broker dealer company \$800,000 for Failing to Supervise CDO Traders; Two Traders Sanctioned for Efforts to Hide Loss [\(Link\)](#)

Regulatory Notices:

[12-42](#) FINRA Requests Comment on a Revised Proposal to Identify and Manage Conflicts Involving the Preparation and Distribution of Debt Research Reports

[12-43](#) Securities Industry/Regulatory Council on Continuing Education Issues Firm Element Advisory Update

[12-44](#) SEC Approves Amendments to FINRA Rule 4210 (Margin Requirements)

[12-45](#) Guidance to Members Affected by Hurricane Sandy

FINRA Expels a Financial Services Company for Defying SEC Order and For Numerous Compliance Violations

FINRA announced that it has expelled a Financial Services company of Melville, NY, for numerous compliance violations and for allowing its CEO to act as a supervisor after being barred from acting in that capacity by the Securities and Exchange Commission (SEC) in June 2008. FINRA barred the CEO from the securities industry and barred the firm's former President from acting in a principal capacity, suspended him from the securities industry for one year and fined him \$150,000. The company, through its CEO and former President, also violated numerous NASD/FINRA and SEC rules and federal securities laws, including anti-money laundering (AML) violations, net capital deficiencies and widespread reporting failures. [\(Link\)](#)

FINRA Sanctions an Investment Company in NY \$14 Million for Unfair Practices in Sale of Apple REIT Ten and for Charging Excessive Markups on Municipal Bonds and CMOs

FINRA announced that it has ordered an investment company, to pay approximately \$12 million in restitution to affected customers who purchased shares in Apple REIT Ten, a non-traded \$2 billion Real Estate Investment Trust (REIT) DLA sold, and to customers who were charged excessive markups. As the sole distributor of the Apple REITs, DLA solicited thousands of customers, targeting unsophisticated investors and the elderly, selling the illiquid REIT without performing adequate due diligence to determine whether it was suitable for investors. To sell Apple REIT Ten, DLA also used misleading marketing materials that presented performance results for the closed Apple REITs without disclosing to customers that income from those REITs was insufficient to support the distributions to unit owners. FINRA also fined DLA more than \$2.3 million for charging unfair prices on municipal bonds and collateralized mortgage obligations (CMOs) it sold over a 30 month period, and for related supervisory violations. [\(Link\)](#)

FINRA Foundation Participates in Department of Justice-SEC Fraud Summits

The FINRA Investor Education Foundation will participate in a series of Investor Fraud Summits sponsored by the United States Department of Justice and the SEC at several venues across the country. These events will feature U.S. Attorneys, as well as senior officials from the Department of Justice, SEC, Commodity Futures Trading Commission

and the FBI. Open to community members, law enforcement, victim advocates and others, these summits will highlight what federal and state regulators and law enforcement are doing to protect investors and highlight the "red flags" of investment fraud. ([Link](#))

MSRB

MSRB Regulatory Notices for September 2012:

[2012-50](#) Request for Comment on Revised Draft Rule Amendments and a Revised Draft Interpretive Notice on Retail Order Periods.

[2012-51](#) Reminder of Upcoming Changes to MSRB Transaction Reporting Requirements

[2012-52](#) MSRB Files Amendments with SEC to Streamline New Issue Information Submission Requirements under MSRB Rules G-32 and G-34

[2012-53](#) SEC Approves Enhancement to Large Trade Price Transparency

[2012-54](#) Reminder of November 1, 2012 Effective Date Regarding Amendments to MSRB Rule G-34 Relating to Use of the Term "Not Reoffered" for New Issues of Municipal Securities

MSRB Requests Comment on Revised Proposal Regarding Retail Order Periods

MSRB requested comment on revised amendments to MSRB rules that would help address concerns that new issues of municipal bonds are not being distributed among different types of investors according to the preferences of the state or local government issuing the bonds. ([Link](#))

MSRB Seats New Board of Directors Members for Fiscal Year 2013

MSRB seated seven new members of its Board of Directors and installed new officers for the fiscal year that begins October 1, 2012. ([Link](#))

MSRB Saddened by Loss of Board Member Gene Saffold

MSRB expressed its sorrow over the loss of one of its members, Gene R. Saffold, 57, who passed away October 8, 2012, following heart surgery. Mr. Saffold had just begun serving as a public member on the MSRB Board of Directors on October 1, 2012. ([Link](#))

MSRB Elects New Public Board Member

MSRB announced that Marcy Edwards has joined the MSRB Board of Directors for a three-year term. Ms. Edwards is Senior Financial Policy Advisor to the District of Columbia's Chief Financial Officer and has spent her career in municipal finance and government budget capacities. ([Link](#))

MSRB Holds Quarterly Meeting

MSRB held its quarterly meeting October 24-26, 2012 where it advanced a proposal to increase disclosure of contributions by

municipal securities dealers and municipal finance professionals to bond ballot campaigns and further refined a number of investor protection initiatives. ([Link](#))

NASAA

Investor Advocates and State Securities Regulators Call on SEC to Rethink JOBS Act Rule

In a news teleconference this afternoon, Arkansas Securities Commissioner Heath Abshire, who is also president of the North American Securities Administrators Association, joined three investor advocates in sharply criticizing the SEC's first JOBS Act rulemaking – one that allows the mass marketing of private offerings. ([Link](#))

Enforcement Report Details Investor Protection Role of State Securities Regulators

NASAA reported a significant increase in enforcement actions against investment adviser firms last year and a sharp rise in prison time for securities law violators. ([Link](#))

NASDAQ—NASDAQ-TRADER—

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

CONTACT JOHN PINTO AT

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JOHNPINTO@RRSCOMPLIANCE.COM

OTCBB

Equity Regulatory Alert:

[2012-9](#) Consolidated Audit Trail Industry Event

Equity Trader Alert:

[2012-41](#) NASDAQ OMX Introduces ACT Reject Scan

[2012-42](#) NASDAQ OMX Announces New Enhancements to QView

[2012-43](#) NASDAQ to Begin Listing New Vanguard ETF on Tuesday, October 16, 2012

[2012-44](#) NASDAQ OMX Markets Closed on Monday, October 29, 2012 Due to Hurricane Sandy

[2012-46](#) NASDAQ to Introduce new Pricing Incentives, November 1, 2012

[2012-47](#) NASDAQ system updates related to Hurricane Sandy

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

Data News:

2012-16 NASDAQ OMX Will Increase NASDAQ Level 2 Professional Usage Fees in 2013

2012-17 NASDAQ OMX PHLX Announces Market Data Subscriber Fees, Effective January 1, 2013

2012-18 NASDAQ OMX Announces New Fee Structure and Enhancements for NASDAQ OMX Daily List and Fundamental Data

2012-19 NASDAQ OMX Will Modify the Mutual Fund Dissemination Service External Distributor Fee Structure, Effective January 1, 2013

Data Technical News:

2012-27 OTC Equity Securities Minimum Quotation Size Requirement Changes

2012-28 Reminder: Daylight Savings Time Ends Soon

Options Trader Alert:

2012-57 PHLX Updates Customer Rebates, Effective October 1, 2012

2012-58 BX Options Introduces Customer Priority Pro Rata on November 1, 2012

2012-59 PHLX Updates Routing Fees, Effective November 1, 2012

2012-60 BX Options and NOM Updates Routing Fees, Effective November 1, 2012

Options Regulatory Alert:

2012-9 Quarterly Margin Levels Remain Unchanged for Select Foreign Currency Options

Financial Products News:

2012-72 Updated 10/15/2012: NASDAQ OMX to Launch Two New Indexes Effective Friday, October 19, 2012

2012-73 NASDAQ OMX Announces Change of Index Name Effective October 11, 2012

2012-74 Updated 10/19/2012: NASDAQ OMX Announces Changes to the NASDAQ US All Markets Index Family

2012-75 NASDAQ OMX to Launch Four New Indexes Effective Friday, October 19, 2012

2012-76 NASDAQ OMX to Discontinue Dissemination of Six NASDAQ Indexes Effective After the Close of Business Wednesday, October 31, 2012

UTP Vendor Alert:

2012-8 Updated 10/15/2012: UTP SIP Schedules Bandwidth Increase for UTP Data Feeds for January 2013

User Acceptance Testing for OTC Equity Securities Minimum Quotation Size - October 13, 2012

FINRA will conduct a production User Acceptance Test (UAT) from 9 a.m. to 12 p.m. Eastern Time (ET) on Saturday, October 13, 2012. This event will allow participants to test the modifications to support the OTC equity minimum quotation tier structure. FINRA will pilot the new tier structure for a minimum of one year beginning on Monday, November 5, 2012. Under FINRA Rule 6433 every member firm that functions as a market maker in OTC equity securities by entering firm quotations into the OTCBB Service (or any other inter-dealer quotation system that permits quotation updates on a real-time basis) must honor those quotations for a minimum size defined. ([Link](#))

OTC Equity Securities Minimum Quotation Size Processing Requirements

As previously announced, FINRA will modify the OTC equity minimum quotation tier structure effective Monday, November 5, 2012. Under FINRA Rule 6433, every member firm that functions as a market maker in OTC equity securities by entering firm quotations into the OTCBB Service (or any other inter-dealer quotation system that permits quotation updates on a real-time basis) must honor those quotations for the minimum size defined (as described in the tables below). Please note that the OTCBB system will not be automatically modifying firms' quote sizes in the transition from the current minimum quote tier sizes to the new minimum quote tier sizes. Therefore, firms quoting OTC equity securities on the morning of November 5, 2012, must ensure their quote sizes meet the new minimum tier size requirements or update their quote sizes in order to be compliant with the revised minimum size tier structure. ([Link](#))

FINRA System Closures

The OTCBB system is closed on Monday, October 29, 2012 and October 30, 2012, pursuant to FINRA Rule 6440. ([Link](#))

NYSE - EURONEXT – AMEX

NYSE EURONEXT Announcements:

NYSE Euronext Announces Early Results and Pricing Of Tender Offer For Up To €250,000,000 of Its 5.375% Notes Due 2015 ([Link](#))

NYSE Euronext Announces Early Indicative Response to Its Tender Offer For Up To €250,000,000 of Its 5.375% Notes Due 2015 ([Link](#))

NYSE Euronext Announces Trading Volumes for September 2012 and Other Metrics ([Link](#))

NYSE Euronext Announces Expiration and Final Results of Tender Offer for Any and All of Its 4.80% Notes Due 2013 ([Link](#))

NYSE Euronext Announces Expiration and Final Results of Tender Offer For Up To €250,000,000 of Its 5.375% Notes Due 2015 ([Link](#))

NYSE MKT to Delist Securities of:

SinoHub, Inc. ([Link](#))

NYSE MKT Issues Short Interest Report:

Settlement date of September 28, 2012([Link](#))

NYSE Group, Inc. Issues Short Interest Report:

Settlement date of September 28, 2012([Link](#))

NYSE Weekly Program-Trading Data Releases:

Averaged 34.4 Percent of NYSE Volume during Sept. 24-28 ([Link](#))

Averaged 29.0 Percent of NYSE Volume during Oct. 1-5 ([Link](#))

Averaged 29.9 Percent of NYSE Volume during Oct. 8-12 ([Link](#))

Averaged 34.1 Percent of NYSE Volume during Oct. 15-19 ([Link](#))

BD and IA Services

RRS provides a full range of services to assist broker-dealers and investment advisers' registration. With renewals ready to begin the first week of November, contact RRS to sign up for our services.

For more information contact Lauren Epstein at (561) 368-2245 or laurenepstein@rrscompliance.com

Nyse Euronext Successfully Prices \$850 Million Senior Notes

NYSE Euronext announced that it priced an underwritten public offering of \$850 million in aggregate principal amount of 2.000% Notes due 2017. NYSE Euronext intends to use the net proceeds from this offering to fund the purchase of certain of its outstanding \$750 million 4.80% Notes due 2013 and €1 billion 5.375% Notes due 2015 in

concurrent cash tender offers, for the payment of expenses in connection with these tender offers and for other general corporate purposes. ([Link](#))

LifeLock, Inc. Celebrates IPO on the New York Stock Exchange

Tempe, Ariz.-based LifeLock Inc., an industry leader in identity theft protection, visited the NYSE to celebrate the company's initial public offering. LifeLock, Inc. began trading on the NYSE under the ticker symbol "LOCK". ([Link](#))

Fleetmatics Celebrates IPO on the New York Stock Exchange

Fleetmatics, a leading global provider of fleet management solutions for small and medium-sized businesses delivered as software-as-a-service (SaaS), visited the NYSE to celebrate the company's initial public offering. Fleetmatics began trading on the NYSE under the ticker symbol "FLTIX". Barclays is the Designated Market Maker for Fleetmatic's stock. ([Link](#))

NYSE Euronext Multimedia Ad Campaign Shows Business Leaders Unlocking Potential through the Power of Capital Markets

Unlocking the potential for businesses to grow, expand and innovate by accessing the benefits of the capital marketplace is explored in a series of digitally designed multimedia advertisements from NYSE Euronext that features four enterprise leaders: Freescale Semiconductor LTD (NYSE: FSL), FXCM Inc. (NYSE: FXCM), TD Ameritrade Holding Corp. (NYSE: AMTD), and Yelp Inc. (NYSE:YELP). ([Link](#))

Indian Specialty Rice Company, Amira Nature Foods Ltd., Commemorates Initial Public Offering and First Day of Trading on the New York Stock Exchange

Amira Nature Foods Ltd., a leading global provider of packaged Indian specialty rice with sales in over 40 countries, opened for trading on the NYSE under the ticker symbol "ANFI" after its initial public offering. Goldman, Sachs & Co. is the Designated Market Maker for the company's stock. ([Link](#))

Realogy Holdings Corp. Celebrates Initial Public Offering and First Day of Trading on the New York Stock Exchange

Realogy Holdings Corp., a global provider of real estate services, opened for trading on the NYSE under the ticker symbol "RLGY" after its initial public offering. Barclays is the Designated Market Maker for the company's stock. ([Link](#))

Workday, Inc. Celebrates Initial Public Offering and First Day of Trading on the New York Stock Exchange

Workday, Inc., a leader in enterprise cloud applications for human resources and finance, opened for trading on the NYSE under the ticker symbol "WDAY" after its initial public offering. Barclays is the Designated Market Maker for the company's stock. ([Link](#))

Novacyt lists on NYSE Alternext

NYSE Euronext announced the listing on NYSE Alternext in Paris of Novacyt, a specialist in next-generation cytology solutions. ([Link](#))

NYSE Euronext launches retail matching facility

NYSE Euronext announced the launch of a Retail Matching Facility on its European regulated cash markets¹, a new service which enables Retail Liquidity Providers to offer price improvements to retail investors. This initiative, which meets all pre- and post-trade MiFID requirements, will be available as of mid- January 2013. ([Link](#))

NYSE Euronext and Taiwan Futures Exchange Sign Memorandum of Understanding

NYSE Euronext and the Taiwan Futures Exchange signed a MOU to explore bilateral business opportunities and connect their respective customer bases in Asia, Europe and the U.S. through NYSE Euronext's order routing system. This alliance will support the development of the exchanges' futures and options markets. ([Link](#))

NYSE Technologies, Bolsa Mexicana and ATG to Offer Unprecedented Access and Trading Tools for Mexican Markets

NYSE Technologies announced that in collaboration with Bolsa Mexicana de Valores and Americas Trading Group it has built and deployed a state-of-the-art trading infrastructure complete with global connectivity, risk management functionality and direct market data distribution for customers trading in Mexican markets. Designed to support the launch of Bolsa Mexicana's new matching engine and midpoint hidden order book, this solution incorporates advanced technology developed specifically for every part of the trade cycle to provide unprecedented accessibility, performance and risk management for trading on Bolsa Mexicana's exchanges with the aim of establishing Mexico as a premier Latin American investment destination. ([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.

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

NYSE Euronext and Bank of China sign memorandum of understanding

NYSE Euronext and Bank of China Limited signed a MOU to work together and consider mutually beneficial business ventures. ([Link](#))

NYSE Euronext Hosts Girls Who Code Inaugural Gala at the New York Stock Exchange on October 22

Girls Who Code, a national nonprofit organization working to close the gender gap in the technology and engineering sectors, will hold its inaugural gala on the trading floor of the NYSE. NYSE Euronext is a title sponsor of the event. ([Link](#))

NYSE Euronext launches CAC and AEX Low Risk Indices

NYSE Euronext announced the expansion of its range of indices with the launch of the CAC[®] Low Risk Index and the AEX[®] Low Risk Index. These low risk indices, developed in partnership with Finvex Group, are based on the successful European national blue chip indices and provide new risk adjusted investment possibilities for investors and ETP providers. ([Link](#))

NYSE Technologies Expands FIX Capabilities with Appia Business Centre

NYSE Technologies announced the addition of the Appia Business Centre, a management interface that allows front-end users to configure FIX infrastructure without special coding, to its FIX capabilities. With the new Appia Business Centre, business users can build, maintain, and monitor their FIX infrastructure without the help of specialists to on-board new clients, communicate with new matching engines, or implement new rules. Through the comprehensive Appia suite of products, also including the core Appia FIX Engine and TradeScope, a monitoring solution, global market participants have access to all the tools required to manage and monitor their FIX infrastructure, connectivity and traffic. ([Link](#))

Military Veteran Forum for Human Resources and Veterans Program Executives Convenes at New York Stock Exchange on Monday, Nov. 5

NYSE Euronext and Four Block will convene an open forum for Human Resources and Veterans Program executives who seek to effectively recruit, retain and engage military veterans. The half-day program, "Integrating Veteran Talent Into Human Capital Strategy," will be held at the New York Stock Exchange on Monday, Nov. 5, 2012 from 8:00a.m. to 2:00p.m., and participants will hear from experts and practitioners who will provide first-hand experiences and share useful resources to develop, expand, and implement initiatives to employ and engage military talent. ([Link](#))

Business Insider and NYSE Euronext Celebrate New York City's Digital Community and "2012 Silicon Alley 100"

Yesterday evening, Business Insider and NYSE Euronext applauded innovators in the New York City tech sector, the "Silicon Alley 100" (SA 100), at a reception on the trading floor of the New York Stock Exchange (NYSE). The SA 100 list, released yesterday by Business Insider, highlights individuals in the New York City digital community for their positive impact in the sector, such as launching a startup, creating a product, funding a company or donating money or time to a worthy cause related to the tech industry. ([Link](#))

The WhiteWave Foods Company Celebrates Initial Public Offering and First Day of Trading on the New York Stock Exchange

The WhiteWave Foods Company, a consumer packaged food and beverage company with leading brands in plant-based foods and beverages, coffee creamers and beverages and premium dairy products, opened for trading on the New York Stock Exchange (NYSE) under the ticker symbol "WWAV" after its initial public offering. Barclays is the Designated Market Maker for the company's stock. ([Link](#))

NYSE Euronext welcomes Nanobiotix to its European market

Nanobiotix, a French pioneer in nanomedicine that has developed NanoXray, a revolutionary therapeutic approach for the local treatment

of cancer, celebrated its successful listing on Segment C of NYSE Euronext in Paris. ([Link](#))

NYSE Euronext receives the final report of the Strategic Planning Committee

NYSE Euronext welcomes the final report of the Strategic Planning Committee (SPC) presented at the meeting. ([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 Lauren Epstein at (561) 368-2245 or laurenepstein@rrscompliance.com

FINCEN

Informational Webinar on the new FinCEN CTR and DOEP

On October 2, 2012 FinCEN held an Information Webinar regarding the new FinCEN CTR and DOEP. The recorded version of this webinar, as well as the corresponding presentation materials, is now available for viewing on FinCEN's website. ([Link](#))

SARs Regarding Foreclosure Rescue Scams Increase

SARs regarding foreclosure rescue scams continued to grow in the first half of 2012, even as the total number of SARs indicating MLF declined, the FinCEN announced in its latest Mortgage Loan Fraud Update. This update to FinCEN's prior MLF reports looks at SAR filings from April through June 2012 (2012 Q2). ([Link](#))

Informational Webinar: Third-Party Payment Processors

FinCEN held an Informational Webinar on Thursday, October 25, 2012, to discuss Third-Party Payment Processors. This Webinar is in coordination with the Financial Fraud Enforcement Task Force Consumer Protection Working Group. ([Link](#))

FINRA Rulebook Consolidation

On December 15, 2008, the first phase of the FINRA rulebook consolidation became effective. Firms will be required to update their written supervisory policies and procedures to address the changes.

These rule changes include substantive revisions to existing rules and regulations, as well as the combination of legacy NASD and NYSE rules. This is the most significant revision to industry rules, impacting all broker-dealers, and the planning process must begin NOW to stay current.

RRS can provide planning and support to all aspects of the rule revisions affecting your firm including GAP analysis, project planning, drafting supervisory policies and procedures or training for the new rules.

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

FSA**Four charged with insider dealing**

Four men have been charged by FSA with conspiracy to insider deal between 1st November 2006 and 23rd March 2010. ([Link](#))

FSA consults on changes to the Listing Rules to enhance the effectiveness of the regime

FSA proposed a number of changes to the Listing Rules that aim to enhance the effectiveness of the Listing Regime. The Listing Rules set out the requirements for companies listed in the UK and are the responsibility of the United Kingdom Listing Authority, operating under the FSA. ([Link](#))

Martin Wheatley sets out the 'Journey to the FCA'

FSA published the Journey to the FCA a paper that sets out how the UK's new financial conduct regulator will operate. The FCA will start work next year with a remit to make financial markets work well so consumers get a fair deal. ([Link](#))

FSA fines a Company in UK Limited £600,000 for with-profits governance failings

FSA fined a company in UK £600,000 for failings in the governance of its with-profits business. The design and operation of a company's governance arrangements were unclear and inadequate, resulting in a high risk that policyholders' interests would not be protected properly. ([Link](#))

Bank fined £4.2 million for failing to keep accurate mortgage records

FSA fined a bank £4.2 million for failures in their systems which meant it held inaccurate mortgage records for 250,000 of its customers. This was the result of mortgage information being held on two separate unaligned systems, and problems with two further processes where

manual updates were not always carried out. The effect was that BOS relied on incorrect records for considerable periods of time between 2004 and 2011. ([Link](#))

Andrew Bailey sets out details of the PRA's approach to regulation

Andrew Bailey, the head of the prudential business unit at the FSA and executive director at the Bank of England, is hosting an event with banks, insurers, building societies, credit unions and investment firms to discuss the details of the two Prudential Regulation Authority approach documents published last week. ([Link](#))

FSA issues fines totaling £250,000 for transaction reporting failures

FSA has fined two firms, £205,128 and £49,000 for failing to provide accurate and timely transaction reports to the FSA in respect of all the reportable transactions they carried out. ([Link](#))

FSA continues crackdown on unauthorized business by taking action against prohibited persons

FSA continued to target those believed to be conducting unauthorized business and in particular prohibited individuals by taking action in two separate investigations. ([Link](#))

FSA confirms new rules that will hard-wire common sense into the mortgage market

FSA has published new rules that put common sense at the heart of the mortgage market and will prevent future borrowers ending up with a mortgage they cannot afford. ([Link](#))

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
- Compliance Program Testing
- Report Preparation
- Draft CEO Certification
- Annual Compliance Meetings and Training
- Ongoing Compliance

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

FSA Fines and Bans an Adviser at Financial Management Firm

FSA has fined an adviser £117,330 and banned him from performing any function in relation to any regulated activity in the financial services industry. He was a Partner and the only adviser working at the firm. ([Link](#))

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
- Complinet – 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: October 2012

Fax: (561) 807-5442

LouisDempsey@RRSCompliance.com

FROM: _____

FIRM NAME: _____ **IA** ___ **BD** ___ **OTHER** _____

PHONE: _____ **FAX:** _____

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What would you like to see in future editions?

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