

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 September 25th, 2013
- **FINRA:** Advertising Regulation Conference Washington, DC, October 10-11, 2013
- **FINRA:** Annual Conference, Washington, DC, May 19-24, 2014

NOTABLE ITEMS IN THIS EDITION

- **SEC** – Charges Two Traders With Fraudulently Overvaluing Investments to Conceal Losses – Page 2
- **SEC** – Charges Private Equity Fund Manager with Misleading Investors about Valuation and Performance – Page 2
- **SEC** – Agencies Request Comment on Proposed Risk Retention Rule – Page 2
- **SEC** – Regulators Issue Joint Staff Review of Firms' Business Continuity and Disaster Recovery Planning – Page 2
- **FINRA** – FINRA, the SEC and CFTC Issue Joint Advisory on Business Continuity Planning – Page 3
- **FINRA** – Updates Form for Filing Private Placements of Securities Pursuant to FINRA Rules 5122 and 5123 – Page 3
- **FINRA** – SEC Approves Amendments to FINRA Rule 8313 (Release of Disciplinary Complaints, Decisions and Other Information) – Page 3
- **FINRA** – Warns Investors of Marijuana Stock Scams – Page 4
- **MSRB** – Request for Comment on Proposed Fair-Pricing Rule – Page 4
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- **NASAA** – Strongly Supports the Investor Choice Act of 2013 – Page 5

Service Spotlight: Investment Adviser Compliance Program Reviews

As the third quarter comes to a close, CCOs should be wrapping up their ongoing internal reviews or scheduling their one-time annual reviews to meet the requirements of SEC Rule 206(4)-7 under the Investment Adviser Act of 1940 ("Adviser Act"). RRS structures its compliance review to determine if your compliance program is designed to consistently and effectively prevent, detect, and correct compliance problems in a timely manner. The RRS review process is similar in scope to an SEC regulatory examination and incorporates the extensive regulatory and industry experience of our staff.

RRS implements its review through a four stage process involving: 1) risk assessment and scope; 2) onsite examination and testing; 3) compilation and vetting of RRS' analysis and findings; and 4) delivery of a written report and work papers.

Whether you want a high-level review to supplement your own internal reviews or an independent detailed transaction level review, RRS can help.

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Washington, DC

SEC

SEC Announces:

Charges Against Florida-Based Penny Stock Schemes ([Link](#))

SEC Charges:

Purported Biofuel Company and a Dozen Individuals in Chicago-Based Pump-and-Dump Scheme ([Link](#))

Former Employee And Friend In \$7 Million Insider Trading Scheme ([Link](#))

Bank With Fraud in RMBS Offering ([Link](#))

Two Traders With Fraudulently Overvaluing Investments to Conceal Losses ([Link](#))

Private Equity Fund Manager with Misleading Investors about Valuation and Performance ([Link](#))

North Carolina-Based Investment Adviser for Misleading Fund Board About Algorithmic Trading Ability ([Link](#))

Indiana Resident With Conducting Ponzi Scheme Targeting Retirement Savings of Investors ([Link](#))

SEC Charges San Diego-Based Investment Adviser in Cherry-Picking and Soft Dollar Schemes ([Link](#))

SEC Halts:

Ex-Marine's Hedge Fund Fraud Targeting Fellow Military ([Link](#))

List of No Action Letters:

Copley Fund, Inc. ([Link](#))

SEC Events:

Advisory Committee on Small and Emerging Companies in Washington D.C. September 17, 2013 ([Link](#))

Agencies Request Comment on Proposed Risk

Retention Rule

Six federal agencies issued a notice revising a proposed rule requiring sponsors of securitization transactions to retain risk in those transactions. The new proposal revises a proposed rule the agencies issued in 2011 to implement the risk retention requirement in the Dodd-Frank Wall Street Reform and Consumer Protection Act. ([Link](#))

Regulators Issue Joint Staff Review of Firms' Business Continuity and Disaster Recovery Planning

SEC joined the Commodity Futures Trading Commission (CFTC)'s Division of Swap Dealer and Intermediary Oversight and the Financial Industry Regulatory Authority (FINRA) in issuing a staff advisory on business continuity and disaster recovery planning. ([Link](#))

SEC Cautions Exchanges and Investment Professionals to Monitor Composition of Indices When Offering Futures Products

SEC issued a report cautioning exchanges and investment professionals to monitor the composition of indices used in offering financial instruments to determine if they are security futures products and ensure they are complying with the federal securities laws. ([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 John Pinto at (202) 463-6575 or JohnPinto@RRSCompliance.com

SEC Sanctions Colorado-Based Portfolio Manager for Forging Documents and Misleading Chief Compliance Officer

SEC sanctioned a former portfolio manager at a Boulder, Colo.-based investment adviser for forging documents and misleading the firm's chief compliance officer to conceal his failure to report personal trades. ([Link](#))

Broker Dealer to Pay \$50 Million to Settle SEC Charges of Misleading CDO Investors

SEC charged Broker Dealer with violating securities laws while structuring and marketing a collateralized debt obligation (CDO) by failing to disclose that it retained millions of dollars in upfront cash it received in the course of acquiring collateral for the CDO. ([Link](#))

Deputy Chief Economist Kathleen Weiss Hanley to Leave SEC

SEC announced that Kathleen Weiss Hanley, Deputy Chief Economist and Deputy Director of the Division of Economic and Risk Analysis, is leaving the agency later this month. ([Link](#))

Statement By SEC Commissioner Paredes upon Departure from the Commission

Commissioner Troy A. Paredes on Friday made the following statement: "August 3rd will be my last day as a member of the

Securities and Exchange Commission. Serving as a commissioner for the past five years has been a terrific honor. The chance to be involved in so many important issues has been rewarding, and it has been a privilege to have served with my fellow members of the Commission and to have worked with the talented SEC staff. ([Link](#))

SEC Issues Risk Alert On Options Trading Used To Evade Short-Sale Requirements

SEC issued a Risk Alert to help market participants detect and prevent options trading that circumvents an SEC short-sale rule. ([Link](#))

Kara Stein Sworn in as SEC Commissioner

SEC announced that Kara M. Stein was sworn into office as an SEC Commissioner this afternoon by SEC Chair Mary Jo White. Ms. Stein replaces former Commissioner Elisse Walter. ([Link](#))

Geoffrey Aronow Named Chief Counsel and Senior Policy Advisor in Office of International Affairs

SEC announced that Geoffrey Aronow has been named chief counsel and senior policy advisor in the Office of International Affairs (OIA). ([Link](#))

Eun Ah Choi Named Managing Executive of the SEC's Division of Investment Management

SEC announced that Eun Ah Choi has been named Managing Executive of the Division of Investment Management. She will assume her new role on August 19. ([Link](#))

Michael Piwowar Sworn in as SEC Commissioner

SEC announced that Michael S. Piwowar was sworn into office as an SEC Commissioner by SEC Los Angeles Regional Office Director Michele Wein Layne. He replaces former Commissioner Troy Paredes who stepped down earlier this month. ([Link](#))

Philip Falcone and Harbinger Capital Agree to Settlement

SEC announced that New York-based hedge fund adviser Philip A. Falcone and his advisory firm Harbinger Capital Partners have agreed to a settlement in which they must pay more than \$18 million and admit wrongdoing. Falcone also agreed to be barred from the securities industry for at least five years. ([Link](#))

Jane Jarcho Named Head of SEC's Investment Adviser/Investment Company Examination Program

SEC announced that Jane E. Jarcho has been named as the National Associate Director of the Investment Adviser/Investment Company examination program in the Office of Compliance Inspections and Examinations (OCIE). She will oversee a staff of approximately 450 lawyers, accountants, and examiners responsible for inspections of U.S.-registered investment advisers and investment companies. ([Link](#))

SEC Stops California Company With Misleading Registration Statement From Issuing Public Stock

SEC issued an order to stop an initial public offering (IPO) of a Los Angeles area company before its shares were sold to the public. In

issuing its stop order against Counseling International, the Commission determined that the company's registration statement contains false and misleading information. ([Link](#))

SEC Rewards Three Whistleblowers Who Helped Stop Sham Hedge Fund

SEC announced that three whistleblowers have been awarded more than \$25,000 combined for tips and information they provided to help the SEC and Justice Department stop a sham hedge fund. ([Link](#))

Fee Rate Advisory #1 for Fiscal Year 2014

SEC announced that in fiscal year 2014, the fees that public companies and other issuers pay to register their securities with the Commission will be set at \$128.80 per million dollars. ([Link](#))

"Find it – Before the Regulators"

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

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

FINRA

FINRA Fines:

Investment Firm \$1.4 Million for Sale of Unregistered Penny Stocks and Anti-Money Laundering Violations ([Link](#))

Global Financial Services Firm \$1 Million and Orders Restitution of \$188,000 for Best Execution and Fair Pricing Violations in Customer Bond Transactions ([Link](#))

Regulatory Notices:

[13-25](#) FINRA, the SEC and CFTC Issue Joint Advisory on Business Continuity Planning

[13-26](#) FINRA Updates Form for Filing Private Placements of Securities Pursuant to FINRA Rules 5122 and 5123

[13-27](#) SEC Approves Amendments to FINRA Rule 8313 (Release of Disciplinary Complaints, Decisions and Other Information)

[13-28](#) FINRA Revises the Series 16 Examination Program

Trade Reporting Notices:

[8/1/13](#) Frequently Asked Questions Regarding TRACE Reporting

FINRA Conferences & Events:

Annual Conference May 19-24, 2014 ([Link](#))

Advertising Regulation Conference October 10-11, 2013 ([Link](#))

FINRA Warns Investors of Marijuana Stock Scams

FINRA issued a new Investor Alert called Marijuana Stock Scams to warn investors about potential related scams. Medical marijuana is legal in almost 20 states, and recreational use of the drug was recently legalized in two states. As a result, the cannabis business has been getting a lot of attention – including the attention of scammers. Like many investment scams, pitches for marijuana stocks may arrive in a variety of ways – from faxes to email or text message invitations, to webinars, infomercials, tweets or blog posts. ([Link](#))

FINRA Issues New Investor Alert, Cold Calls From Brokerage Firm Imposters—Beware of Old-Fashioned Phishing

FINRA issued a new investor alert called Cold Calls From Brokerage Firm Imposters—Beware of Old-Fashioned Phishing to warn investors of cold calls from scammers falsely claiming to be representatives of at least one well-known brokerage firm. In this latest twist on phishing scams, fraudsters are cold calling investors claiming to offer information about certificates of deposit with yields well above the best rates in the market in an attempt to get potential victims to divulge their personal or financial account information. Armed with this information, the fraudsters may attempt to steal the person's identity or money from his or her account. ([Link](#))

Firms Elect Two Industry Governors to FINRA Board of Governors, New Public Governor Appointed

FINRA announced the results of voting that took place at its 2013 Annual Meeting in Washington, DC. In accordance with FINRA By-Laws, firms elected two Governors, one from among the small firms and one from among the large firms. FINRA also named a new public Governor to its Board of Governors. Governors are appointed or elected to three-year terms and may not serve more than two consecutive terms. ([Link](#))

Military Spouses Receive Fellowships to Conduct Financial Counseling

Fifty military spouses throughout the U.S. and overseas have been awarded the FINRA Investor Education Foundation's 2013 Military Spouse Fellowship. The FINRA Foundation fellowship provides spouses with the training necessary to earn the Accredited Financial Counselor® (AFC®) designation. This accreditation will provide these military spouses with marketable job skills and the resources and experience they need to help military families build brighter financial futures. ([Link](#))

Regulators Issue Joint Staff Review of Firms' Business Continuity and Disaster Recovery Planning

FINRA joined the Securities and Exchange Commission (SEC) and the Commodity Futures Trading Commission (CFTC)'s Division of Swap Dealer and Intermediary Oversight in issuing a staff advisory on business continuity and disaster recovery planning. ([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

MSRB

MSRB Regulatory Notices for May 2013:

[2013-15](#) Request for Comment on Proposed Fair-Pricing Rule

[2013-16](#) Request for Comment on Whether to Require Dealers to Adopt a "Best Execution" Standard for Municipal Securities Transactions

[2013-17](#) Notice Regarding MSRB Policy on Interpretive Guidance

[2013-18](#) MSRB Market Transparency Advisory – Suggested Practices in Submitting of Financial Disclosures to EMMA

[2013-19](#) Request for Comment on Proposed Rule Change to Consolidate Registration Requirements

MSRB Provides Guidance for State and Local Governments When Hiring Municipal Advisors

MSRB published guidance to help state and local governments evaluate compensation arrangements for the professionals they hire to advise them on financial matters such as issuing municipal securities. ([Link](#))

MSRB Requests Comment on Two Fair Pricing Proposals

MSRB is requesting public comment on two related proposals – one to streamline municipal securities dealers' existing fair pricing obligations and one on whether to require the use of specific procedures designed to promote fair pricing. ([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

MSRB Publishes Second Quarter 2013 Municipal Market Statistics

MSRB released municipal market statistics for the second quarter of 2013, including data on trading patterns and continuing disclosure submissions made to the MSRB for the \$3.7 trillion municipal bond market. The MSRB, which regulates the municipal market, is an independent source of market data and operates the Electronic Municipal Market Access (EMMA®) website. ([Link](#))

MSRB Publishes New Guidance and Educational Resources about State and Local Government Financial Disclosure

MSRB published an advisory and set of guides to help issuers of municipal bonds better understand the types of information they must publicly disclose and how to use the MSRB's Electronic Municipal Market Access (EMMA®) website to make these disclosures. The advisory also highlights the role of EMMA as the central repository for continuing disclosures on municipal bonds and the benefits of timely and complete disclosures for issuers and investors alike. ([Link](#))

MSRB Publishes Updated and Enhanced Online Glossary of Municipal Securities Terms

MSRB published a fully updated version of its online Glossary of Municipal Securities Terms, featuring newly defined terms and updated definitions that reflect changes in the municipal securities market. ([Link](#))

MSRB Showcases EMMA Resources for Investors in New Video

MSRB released a short video that showcases resources available to investors on its Electronic Municipal Market Access (EMMA®) website. Investors can use EMMA to make more informed decisions when buying and selling municipal bonds. ([Link](#))

MSRB Requests Comment on Consolidated Registration Rule

MSRB is requesting comment on a proposal to consolidate its multiple registration requirements and forms for municipal securities dealers and municipal advisors. ([Link](#))

NASAA

NASAA Strongly Supports the Investor Choice Act of 2013

NASAA announced its strong support for The Investor Choice Act of 2013 (H.R. 2998), which would prohibit the use of mandatory pre-dispute agreements by broker-dealers and investment advisers that force investors to arbitrate disputes or otherwise surrender their right to pursue recourse in a forum of their choosing. NASAA praised the leadership of the bill's author and member of the House Financial Services Committee Rep. Keith Ellison (D-MN) for introducing the legislation. ([Link](#))

NASAA Statement on Confirmation of Kara Stein and Michael Piwowar to SEC

The following is a statement from A. Heath Abshire, President of the NASAA and Arkansas Securities Commissioner, on the confirmation late last night by the Senate of Kara Stein and Michael Piwowar to serve on the U.S. Securities and Exchange Commission: "On behalf of NASAA and its members, I congratulate Kara Stein and Michael Piwowar on their confirmation to serve on the SEC. These talented and distinguished public servants will make strong additions to the Commission. State securities regulators have worked with Kara and Michael on issues of importance to Main Street investors while they served members of the Senate Banking Committee staff, and we look forward to continuing this constructive collaboration during their service as members of the Commission." ([Link](#))

NASDAQ—NASDAQ-TRADER—

OTCBB

Equity Trader Alert:

- [2013-71](#) NeoStem, Inc. to Begin Trading on NASDAQ on Monday, August 5, 2013
- [2013-72](#) Limit Up/Limit Down Phase 2 Rollout Reminder - Week 2
- [2013-73](#) Rentech, Inc. to Begin Listing on NASDAQ on Tuesday, August 13, 2013
- [2013-74](#) Old National Bancorp to Begin Listing on NASDAQ on Wednesday, August 14, 2013
- [2013-75](#) Limit Up/Limit Down Phase 2 Rollout Reminder - Week 3
- [2013-76](#) NASDAQ to Begin Listing First Trust ETF on Friday, August 23, 2013
- [2013-77](#) Post Mortem: NASDAQ Trading Halted in Tape C Securities; Markets Operating Normally
- [2013-78](#) NASDAQ OMX Announces Pricing Tier Calculation Adjustments in Regards to August 22nd
- [2013-79](#) NASDAQ Announces Expanded Symbology for NASDAQ-Listed Companies, Beginning January 2014
- [2013-80](#) NASDAQ OMX U.S. Markets will be closed on Monday, September 2, 2013
- [2013-81](#) NASDAQ and BX Pricing Changes Effective September 3, 2013
- [2013-82](#) NASDAQ and BX Port Pricing Update Effective Tuesday, September 3, 2013
- [2013-83](#) Limit Up/Limit Down Phase 2 Rollout Reminder - Week 5

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

Data Technical News:

- [2013-35](#) NeoStem, Inc. to Begin Listing on NASDAQ on Monday, August 5, 2013
- [2013-36](#) NASDAQ OMX Provides Additional Notice for Anticipated Security Additions on NASDAQ Daily List
- [2013-37](#) Rentech, Inc. to Begin Listing on NASDAQ on Tuesday, August 13, 2013
- [2013-38](#) Old National Bancorp to Begin Listing on NASDAQ on Wednesday, August 14, 2013
- [2013-39](#) NASDAQ Announces Expanded Symbology for NASDAQ Listed Companies, Beginning January 2014

Options Trader Alert:

- [2013-41](#) PHLX Changes Minimum Quote Size Requirement in AAPL, AAPL7, BIDU, BRK.B, GOOG, GOOG7, and PCLN
- [2013-42](#) PHLX Updates its XL System Settings

Financial Products News:

- [2013-25](#) NASDAQ OMX to Launch Four New Indexes Effective Thursday, August 8, 2013
- [2013-26](#) UPDATE: Select Indexes to Switch from NYSE GIF and begin disseminating on GIDS Effective Monday, August 12, 2013
- [2013-27](#) NASDAQ OMX to Launch One New Index Effective Monday, August 26, 2013
- [2013-28](#) INDXX Indexes to Transition on Monday, August 19, 2013
- [2013-29](#) NASDAQ OMX to Launch 18 New Indexes Effective Tuesday, September 3, 2013

UTP Vendor Alert:

- [2013-7](#) UPDATED 8/21/2013: Minor Revisions to OTC Montage Data Feed Scheduled For November 2013
- [2013-8](#) Reminder: UTP Level 1 Hosted Datafeed Program
- [2013-9](#) UTP SIP Issue on Thursday, August 22, 2013

NYSE - EURONEXT – AMEX

NYSE EURONEXT Announcements:

- Trading Volumes for July 2013 ([Link](#))
- New York Stock Exchange Announces Revised Date of Review of Decision to Remove Verso Paper Corp. From the List ([Link](#))
- NYSE Euronext announces changes to its London management team ([Link](#))

NYSE MKT to Delist Securities of:

- Cubic Energy, Inc. ([Link](#))

NYSE MKT Issues Short Interest Report:

Settlement date of July 31, 2013 ([Link](#))

Settlement date of August 15, 2013 ([Link](#))

NYSE Group, Inc. Issues Short Interest Report:

Settlement date of July 31, 2013 ([Link](#))

Settlement date of August 15, 2013 ([Link](#))

NYSE Weekly Program-Trading Data Releases:

Averaged 24.1 Percent of NYSE Volume during July 22-26 ([Link](#))

Averaged 25.3 Percent of NYSE Volume during July 29-Aug. 2 ([Link](#))

Averaged 23.6 Percent of NYSE Volume during Aug. 5-9 ([Link](#))

Averaged 25.3 Percent of NYSE Volume during Aug. 12-16 ([Link](#))

Averaged 24.1 Percent of NYSE Volume during Aug. 19-23 ([Link](#))

NYSE Euronext Welcomes American Homes 4 Rent to the New York Stock Exchange on its First Day as a Publicly Traded Company

Agoura Hills, Calif.-based American Homes 4 Rent, a real estate investment trust specializing in single-family rental, opened for trading on the New York Stock Exchange (NYSE) under the ticker symbol "AMH" after its initial public offering. Barclays is the Designated Market Maker for the company's stock. ([Link](#))

Russell Indexes and NYSE Technologies announce new Enhancements to RussellTick™ real-time market data program

Russell Indexes, a leading global index provider and NYSE Euronext, one of the world's premier exchange operators and technology innovators, announced new enhancements to RussellTick™, an index feed for real-time, intra-day values for the Russell family of global indexes. These enhancements represent an additional step in the growing global alliance between Russell Indexes and NYSE Euronext. The alliance, announced in January, includes the migration of RussellTick to NYSE Technologies Global Index Feed (GIF) as well as a commitment to introduce additional products in the U.S. and Europe including index-based options. ([Link](#))

YuMe Celebrates Initial Public Offering and First Day of Trading on the New York Stock Exchange

Redwood City, Calif.-based YuMe, a leading independent provider of digital video brand advertising solutions, opened for trading on the New York Stock Exchange (NYSE) under the ticker symbol "YUME" after its initial public offering. Barclays is the Designated Market Maker (DMM) for the company's stock. Jayant Kadambi, Co-Founder & CEO, joined by members of the company's management team, celebrated the company's first day of trading by visiting the NYSE trading floor for the stock opening and by ringing The Opening Bell®. ([Link](#))

NYSE Euronext Welcomes Cvent to the New York Stock Exchange as it Makes its Public Debut

McLean, Va.-based Cvent, Inc., a leading cloud-based enterprise event management platform, opened for trading on the New York Stock Exchange (NYSE) under the ticker symbol "CVT" after its initial public offering. KCG Holdings, Inc. is the Designated Market Maker for the company's stock. ([Link](#))

NYSE Euronext is Only Global Carbon-Neutral Exchange Operator for Third Year in a Row

NYSE Euronext announced that it has achieved carbon-neutral status for the third year in a row, again making it the only global exchange operator to do so. This distinction was accomplished through the implementation of company-wide energy efficiency initiatives as well as the purchase of Renewable Energy Certificates (RECs) and Carbon Offsets (COs). ([Link](#))

ASK ABOUT OUR ORDER HANDLING AND BEST EXECUTION SURVEILLANCE SOLUTIONS

CONTACT JOHN PINTO AT

(202) 463-6575

JOHNPINTO@RRSCOMPLIANCE.COM

NYSE Member Firms Report Second-Quarter 2013 Results

New York Stock Exchange member firms that conduct business with the public reported a second-quarter 2013 after-tax profit of \$2.2 billion and revenues of approximately \$39.5 billion, compared with a \$4.2 billion after-tax profit on revenues of about \$43.0 billion in the first-quarter of 2013. ([Link](#))

Portuguese PSI 20 index with new rules in 2014

NYSE Euronext, the compiler of the PSI 20 index, announces several changes to the selection method and constitution of the index, that will be applied in 2014. These improvements in the PSI 20 rules are expected to increase the efficiency and attractiveness of the index, for the benefit for both the users as well as the companies listed on NYSE Euronext Lisbon. ([Link](#))

AEX-Index selection to be based on free float market capitalization

NYSE Euronext announced that the selection basis of the AEX-Index® family will change from turnover to free float adjusted market capitalization ranking. This decision was made to improve stability in the selection process and to maintain a good reflection of the listings on the Amsterdam stock exchange. Several additional selection criteria will be introduced, aiming to improve tradability and market efficiency of the index, which will also strengthen the objective selection process. These changes, which resulted from a recent client consultation, will be implemented with the next annual index rebalance in March 2014 and

will apply to the AEX®, the AMX® and the AScx®. The change in selection basis is not expected to lead to a completely different outcome of the selection process. ([Link](#))

FINCEN

FinCEN 2012 SAR Data Reveals Drop in Suspected Mortgage

FinCEN released an analysis of Mortgage Fraud SAR Filings in Calendar Year 2012. FinCEN's data on suspected mortgage fraud shows that reports declined 25 percent in 2012 (from 92,561 to 69,277) as compared to the previous year. The past three years of suspected mortgage fraud suspicious activity reports (SARs), if counted by the date they were received by FinCEN, accounted for approximately 46 percent of the past decade's mortgage fraud SARs. However, suspicious activity is often only recognized and reported years after loan origination, after a review of origination documents is prompted by a loan default, repurchase demand, or other factors. As a result, many mortgage fraud SARs are filed much later than the date that the suspicious activity actually began. Thus in 2012, 57 percent of SARs

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

received reported mortgage loan fraud (MLF) activities that started more than 5 years before the SAR was filed. ([Link](#))

PRA

Bank of England maintains Bank Rate at 0.5% and the size of the Asset Purchase Programme at £375 billion

The Bank of England's Monetary Policy Committee voted to maintain the official Bank Rate paid on commercial bank reserves at 0.5%. The Committee also voted to maintain the stock of asset purchases financed by the issuance of central bank reserves at £375 billion. ([Link](#))

The Prudential Regulation Authority consults on strengthening capital standards

PRA has published a consultation paper on changes to its rules required to implement the EU's Capital Requirements Directive (CRD IV). These changes will affect banks, building societies and those investment firms which are regulated by the PRA. It does not affect insurance firms. ([Link](#))

Bank of England provides explicit guidance regarding the future conduct of monetary policy

At its meeting on 1 August, the Bank of England's Monetary Policy Committee (MPC) voted to provide some explicit guidance regarding the future conduct of monetary policy. ([Link](#))

Global aspects of unconventional monetary policies – panel remarks by Charlie Bean

In remarks delivered at the Jackson Hole Economic Policy Symposium, Charlie Bean – Deputy Governor for Monetary Policy – reviews the domestic and international consequences of the unconventional monetary policies adopted by central banks since the start of the financial crisis. ([Link](#))

Prudential Regulation Authority Statement on liquidity

In a speech, hosted jointly by the CBI East Midlands, Derbyshire and Nottinghamshire Chamber of Commerce and Institute of Directors at the East Midlands Conference Centre, Mark Carney, Governor of the Bank of England, confirmed that the PRA Board will implement the June 2013 recommendation of the Financial Policy Committee (FPC) regarding the amount of liquidity held by banks and building societies. ([Link](#))

FCA

Andy Briscoe appointed chairman of Money Advice Service

Former Life Trust Holdings CEO Andy Briscoe has been appointed chair of the Money Advice Service. ([Link](#))

Financial Conduct Authority appoints four new supervision directors

FCA appointed four directors to lead key areas of its Supervision division. These appointments complete the senior structure in Supervision, and are the final step in implementing a new structure for the division. ([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

FCA decides to fine an investment adviser in relation to market abuse committed by a private investor in October 2010

FCA published a Decision Notice for an investment adviser in relation to assisting a private investor. ([Link](#))

FCA fines compliance officer and broker whose actions enabled market abuse to be committed in October 2010

FCA fined a senior partner and compliance officer, £70,258, and a broker at the same firm, £45,673, for failing to act with due skill, care and diligence in the period leading up to the illegal manipulation of the closing price of securities traded on the London Stock Exchange (LSE) by a Dubai based private investor, in October 2010. ([Link](#))

FCA fines a Bank £525,000 for failures in its anti-money laundering controls

FCA fined a Bank (UK) £525,000 for failings in its AML controls for high risk customers between May 2008 and June 2010. ([Link](#))

Adviser numbers in line with expectations

Figures released by the FCA have revealed that in July 2013 there were 32,690 retail investment advisers working in the UK. This is within the

range predicted by independent researchers commissioned by the FCA's predecessor, the Financial Services Authority, in 2012. ([Link](#))

FCA bans and fines two for failing to monitor promotion of Unregulated Collective Investment Schemes

FCA imposed fines of £28,000 each on two individuals and banned them from performing accountable significant influence functions at any FCA-regulated firm. ([Link](#))

Redress package agreed for consumers mis-sold CPP insurance products

FCA reached an agreement with Card Protection Plan Limited (CPP) and 13 high street banks and credit card issuers that will pave the way for redress to be paid to customers who were mis-sold CPP's Card Protection and Identity Protection policies. ([Link](#))

Financial Conduct Authority publishes preliminary findings of review into mobile banking

FCA published a report exploring some early findings of a review into mobile banking services, setting out the possible risks to consumers and areas that firms should consider when developing their services. ([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 Conduct Authority - WWW.FCA.GOV.UK
- Prudential Regulatory Authority – WWW.BANKOFENGLAND.CO.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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READER SURVEY FAX RESPONSE

TO: Louis Dempsey

RE: August 2013

Fax: (561) 807-5442

LouisDempsey@RRSCompliance.com

FROM: _____

FIRM NAME: _____ IA ___ BD ___ OTHER _____

PHONE: _____ FAX: _____

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