

**Routing**

- Legal & Compliance
- Senior Management
- Supervisory Principals
- Operations
- Internal Audit
- Registered Representatives
- Registration & Licensing
- Training

**Table of Contents**

SEC ..... 2

FINRA ..... 3

MSRB..... 5

NASAA..... 5

NASDAQ/NASDAQ  
TRADER/OTCBB ..... 6

NYSE/EURONEXT/AMEX..... 7

FINCEN.....8

PRA ..... 8

FCA.....10

Resource Links .....11

Reader Survey .....12

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 January 27<sup>th</sup>, 2014
- **DEADLINE:** Yearly Schedule I Due January 27<sup>th</sup>, 2014
- **DEADLINE:** Form Custody Due January 27<sup>th</sup>, 2014
- **DEADLINE:** Quarterly SSOI Filing Due January 30<sup>th</sup>, 2014
- **DEADLINE:** SIPC-7 Due March 3<sup>rd</sup>, 2014 (For Clients with a Calendar Year End)
- **DEADLINE:** Annual Audit Report Due March 3<sup>rd</sup>, 2014
- **MSRB:** Education and Outreach Seminar Tuesday, January 28, 2014 in Atlanta, GA

ITEMS IN THIS EDITION

- **SEC** – Charges Financial Services Company With Misleading Investors in CDOs – Page 2
- **SEC** – Charges Trading Services Provider With Fraud for Deceiving Customers About Commissions – Page 2
- **SEC** – Charges New York-Based Brokerage Firm for Ignoring Red Flags in Soft Dollar Scheme – Page 2
- **SEC** – Agencies Issue Final Rules Implementing the Volcker Rule – Page 2
- **SEC** – To Hold Compliance Outreach Program for Investment Companies and Investment Advisers – Page 2
- **FINRA** – Fines Investment firm \$675,000 and Orders Restitution of More Than \$246,000 for Charging Unfair Prices in Municipal Securities Transactions and for Supervisory Violations – Page 3
- **FINRA** – Fines Global Financial Services Provider \$3.75 Million for Systemic Record and Email Retention Failures – Page 3
- **FINRA** – FINRA Announces Updates of the Interpretations of Financial and Operational Rules – Page 3
- **FINRA** – FINRA Reminds Firms of Their Responsibilities Concerning IRA Rollovers – Page 3
- **FINRA** – Solicits Comment on Comprehensive Automated Risk Data System(CARDS) Proposal – Page 3
- **FINRA** – Orders Broker-dealer to Pay More Than \$700,000 in Restitution for Unsuitable Sales of Leveraged and Inverse ETFs and for Excessive Mutual Fund Switching – Page 3
- **FINRA** – Bars Two Brokers for Stealing \$300,000 From Elderly Widow With Diminished Mental Capacity – Page 4
- **MSRB** – Requests Comment on Continuing Education Proposal for Municipal Securities Dealers – Page 5
- **FINCEN** – Federal Reserve Finalize Rule Amending Definitions in the Bank Secrecy Act – Page 8

**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:

Enforcement Results for FY 2013 ([Link](#))

### SEC Proposes:

Rules to Increase Access to Capital for Smaller Companies ([Link](#))

### SEC Charges:

Miami-Based Trader With Insider Trading and Short Selling Violations ([Link](#))

Investment Bank and Former CFO for Improper Accounting of Substantial Loan Losses During Financial Crisis ([Link](#))

London-Based Hedge Fund Adviser and U.S.-Based Holding Company for Internal Control Failures ([Link](#))

Investment Managers for Misconduct in CDO Collateral Selection Process ([Link](#))

Financial Services Company With Misleading Investors in CDOs ([Link](#))

Perpetrators of Prime Bank Schemes in Las Vegas and Switzerland ([Link](#))

Three Brokerage Subsidiaries and Two Former Employees of a Global Trading Services Provider With Fraud for Deceiving Customers About Commissions ([Link](#))

Senior Manager and Friend With Insider Trading in Advance of Company News ([Link](#))

Woman and Stepson for Involvement in ZeekRewards Ponzi and Pyramid Scheme ([Link](#))

Global Food Processor With FCPA Violations ([Link](#))

New York-Based Brokerage Firm for Ignoring Red Flags in Soft Dollar Scheme ([Link](#))

### SEC Halts:

Texas-Based Oil and Gas Investment Scheme ([Link](#))

### List of No Action Letters:

Committee of Annuity Insurers ([Link](#))

LCH.Clearnet Limited and LCH.Clearnet LLC ([Link](#))

ICE Clear Credit LLC ([Link](#))

Chicago Mercantile Exchange ([Link](#))

The Mexico Fund, Inc. ([Link](#))

LCH.Clearnet SA ([Link](#))

### SEC Final Rules:

Prohibitions and Restrictions on Proprietary Trading and Certain Interests in, and Relationships with, Hedge Funds and Private Equity Funds ([Link](#))

Technical amendments; Securities Exempted; Distribution of Shares by Registered Open-End Management Investment Company; Applications Regarding Joint Enterprises or Arrangements and Certain Profit-Sharing Plans ([Link](#))

Removal of Certain References to Credit Ratings Under the Investment Company Act ([Link](#))

Removal of Certain References to Credit Ratings Under the Securities Exchange Act of 1934 ([Link](#))

### Agencies Issue Final Rules Implementing the Volcker Rule

Five federal agencies on Tuesday issued final rules developed jointly to implement section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Volcker Rule"). ([Link](#))

### SEC to Hold Compliance Outreach Program for Investment Companies and Investment Advisers

SEC announced the opening of registration for its compliance outreach program's national seminar for investment companies and investment advisers. The event is intended to help these firms' Chief Compliance Officers (CCOs) and other senior personnel to enhance their compliance programs for the protection of investors. ([Link](#))

### Federal Financial Regulators Extend Comment Period for Proposed Policy Statement on Assessing Diversity Policies and Practices of Regulated

Six federal financial regulatory agencies announced that they are extending the comment period for their proposed policy statement for assessing diversity policies and practices of the institutions they regulate to allow the public more time to analyze the issues and prepare their comments. ([Link](#))

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

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

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

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

## **SEC Names Sebastian Gomez Abero to Head Office of Small Business Policy in the Division of Corporation Finance**

SEC announced that it has named Sebastian Gomez Abero as chief of the Office of Small Business Policy. The appointment is effective immediately. ([Link](#))

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

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

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

## **SEC Issues Staff Report on Public Company Disclosure**

SEC issued a staff report to Congress on its disclosure rules for U.S. public companies, as part of agency's ongoing efforts to modernize and simplify disclosure requirements and reduce compliance costs for emerging growth companies. ([Link](#))

## **SEC Issues Annual Staff Reports on Credit Rating Agencies**

SEC issued its annual staff report on the findings of examinations of credit rating agencies registered as nationally recognized statistical rating organizations (NRSROs). The agency also submitted an annual staff report on NRSROs to Congress. ([Link](#))

## **SEC Removes References to NRSRO Ratings in Certain Rules and Forms**

SEC announced that it has adopted amendments to eliminate references in certain of its rules and forms to credit ratings by nationally recognized statistical rating organizations (NRSROs). ([Link](#))

## **Agencies Reviewing Treatment of Collateralized Debt Obligations Backed by Trust Preferred Securities under Final Rules Implementing the "Volcker rule"**

The Federal Reserve Board, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, and the Securities and Exchange Commission on Friday said they are reviewing whether it would be appropriate and consistent with the Dodd-Frank Wall Street Reform and Consumer Protection Act not to subject collateralized debt obligations backed by trust preferred securities to the investment

prohibitions of section 619 of Dodd-Frank, otherwise known as the "Volcker rule." ([Link](#))

## **FINRA**

### **FINRA Fines:**

Investment firm \$675,000 and Orders Restitution of More Than \$246,000 for Charging Unfair Prices in Municipal Securities Transactions and for Supervisory Violations ([Link](#))

Clearing firm \$1 Million for Extensive Regulatory Failures ([Link](#))

Bank \$6.5 Million for Serious Financial and Operational Deficiencies ([Link](#))

Global Financial Services Provider \$3.75 Million for Systemic Record and Email Retention Failures ([Link](#))

### **Regulatory Notices:**

[13-41](#) eFOCUS System Updates Applicable to Joint Broker-Dealers/Futures Commission Merchants

[13-42](#) FINRA Requests Comment on a Concept Proposal to Develop the Comprehensive Automated Risk Data System

[13-43](#) SEC Approves a Limited Exception From FINRA Rule 5131(b) to Permit Firms to Rely Upon a Written Representation From Certain Unaffiliated Private Funds

[13-44](#) FINRA Announces Updates of the Interpretations of Financial and Operational Rules

[13-45](#) FINRA Reminds Firms of Their Responsibilities Concerning IRA Rollovers

### **Information Notices:**

[12/23/2013](#) 2014 Holiday Trade Date, Settlement Date and Margin Extensions Schedule

## **FINRA Solicits Comment on Comprehensive Automated Risk Data System (CARDS) Proposal**

FINRA issued a Regulatory Notice soliciting comment regarding an innovative proposal called Comprehensive Automated Risk Data System (CARDS). CARDS will involve account reporting requirements that would allow FINRA to collect, on a standardized, automated and regular basis, account information, as well as account activity and security identification information that a firm maintains as part of its books and records. ([Link](#))

## **FINRA Orders Broker-dealer to Pay More Than \$700,000 in Restitution for Unsuitable Sales of Leveraged and Inverse ETFs and for Excessive Mutual Fund Switching**

FINRA announced that it has ordered Atlanta-based broker-dealer to pay \$707,559 in restitution to 84 customers for sales of unsuitable leveraged and inverse exchange-traded funds (ETFs) and for excessive mutual fund switches. ([Link](#))

**FINRA Bars Two Brokers for Stealing \$300,000 From Elderly Widow With Diminished Mental Capacity**

FINRA announced that it has barred two brokers from the securities industry for wrongfully converting approximately \$300,000 from an elderly widow with diminished mental capacity, and for failing to fully cooperate with FINRA's investigation. Their misconduct occurred while employed as brokers. Although the firm was not a party to this action, it reimbursed the elderly customer for the money the brokers converted. ([Link](#))

**FINRA Foundation Releases Military Financial Capability Survey**

FINRA Foundation released the results of the National Financial Capability Study's Military Survey at an event featuring Holly Petraeus, Assistant Director for the Office of Servicemember Affairs at the Consumer Financial Protection Bureau; Melissa Koide, Deputy Assistant Secretary for Consumer Policy at the U.S. Department of the Treasury; Commander Peter Hoegel, Jr., Deputy Director of the Department of Defense Office of Family Policy/Children and Youth; and FINRA Foundation President Gerri Walsh. The survey findings – available at [www.USFinancialCapability.org](http://www.USFinancialCapability.org) – reveal a military population that, in the aggregate, is relatively strong with respect to financial capability compared with national norms. Within the military sample, financial capability was lowest among the entry-level enlisted personnel (E1-E4) surveyed. ([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](mailto:JohnPinto@RRSCompliance.com)

**Two New Public Governors Appointed to FINRA Board of Governors, FINRA Creates New Investor Committee**

The Financial Industry Regulatory Authority (FINRA) has named two new public Governors — Dr. Brigitte C. Madrian and Dr. Luis M. Viceira — to its Board of Governors. Dr. Madrian, the Aetna Professor of Public Policy and Corporate Management at the Harvard Kennedy School, and Dr. Viceira, the George E. Bates Professor at the Harvard Business

***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

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School, will join the Board in January 2014. Governors are appointed or elected to three-year terms and may not serve more than two consecutive terms. FINRA also announced the creation of a new Investor Issues Committee to advise FINRA staff on matters that significantly affect individual and institutional investors. ([Link](#))

## ***Municipal Securities***

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

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

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

## **MSRB**

### **MSRB Regulatory Notices for December 2013:**

[2013-21](#) MSRB to Implement Protections for Investors Against Unexpected Changes in Bond Authorizing Documents

[2013-22](#) MSRB Proposes Changes to Continuing Education Program

### **MSRB Upcoming Events:**

MSRB to Host Education and Outreach Seminar in Atlanta ([Link](#))

### **MSRB Requests Comment on Continuing Education Proposal for Municipal Securities Dealers**

Following a review of its professional qualification program for municipal securities dealers, MSRB requested public comment on a proposal to require dealers to ensure that members of their staff primarily engaged in municipal securities business annually receive training in municipal securities. ([Link](#))

### **MSRB Communicates Strategic Goals of Education Program**

MSRB articulated the goals of its education program, which seeks to enhance regulated entities' understanding of their responsibilities, ensure that municipal market stakeholders are aware of regulatory developments that may affect them and provide others with information to assist in decision-making related to the municipal market. ([Link](#))

### **MSRB Responds to Adoption of Volcker Rule by Federal Regulators**

MSRB welcomed the harmonization of treatment of municipal securities under the so-called Volcker Rule on proprietary trading with how municipal securities are treated under existing federal securities laws. As passed, the provisions of the Volcker Rule avoid making artificial distinctions between municipal securities issued by state and local governments and those issued by their agencies or authorities. The MSRB believes that such distinction would not have served the purposes of the Volcker Rule and would have created regulatory complexity due to divergent treatment under the various applicable federal securities laws. ([Link](#))

### **MSRB Engages Market Participants to Improve the EMMA Website and Better Understand Information Needs**

MSRB launched an online survey of users of its Electronic Municipal Market Access (EMMA<sup>®</sup>) website to gain a better understanding of how EMMA is viewed in the marketplace and the extent to which users rely on EMMA for market information. The MSRB invites anyone with an interest in municipal market information to participate in the survey through January 8, 2014. ([Link](#))

## **NASAA**

### **NASAA Statement on SEC's Regulation A+ Proposed Rule**

The following is a statement from Andrea Seidt, President of the North American Securities Administrators Association (NASAA) and Ohio Securities Commissioner, on the Securities and Exchange Commission's proposed rule related to the offer and sale of securities pursuant to Section 3(b) of the Securities Act of 1933, as mandated by Title IV of the Jumpstart Our Business Startups Act. ([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](mailto:JohnPinto@RRSCompliance.com)

**NASDAQ—NASDAQ-TRADER—****OTCBB****Equity Regulatory Alert:**

[2013-13](#) Limit Up/Limit Down Plan Update

**Equity Trader Alert:**

[2013-111](#) Limit Up/Limit Down Plan Update

[2013-112](#) Final Deadlines for Submission of Attestation and Release Forms for Facebook IPO Claims

[2013-113](#) NASDAQ Announces Additional Method for Anti-Internalization Processing

[2013-114](#) ETF Series Trust Fund Anticipated to Begin Trading on NASDAQ on December 12, 2013

[2013-115](#) NASDAQ Expanded Suffix Symbology Update

[2013-116](#) NASDAQ OMX to Observe a Moment of Silence on Friday, December 13, 2013

[2013-117](#) NASDAQ to Begin Listing Five WisdomTree ETFs on Wednesday, December 18, 2013

[2013-118](#) NASDAQ OMX Announces 2014 Saturday Testing Schedule

[2013-119](#) NASDAQ OMX U.S. Markets will Close Early on Tuesday, December 24, 2013, and will be Closed on Wednesday, December 25, 2013

[2013-120](#) NASDAQ and BX Pricing Changes Effective January 2014

[2013-121](#) Payment Date for Facebook IPO Claims

[2013-122](#) NASDAQ Announces Port Fee Changes for 2014

[2013-123](#) NASDAQ OMX Announces 2014 Enhancements and Fee Changes for the NASDAQ Workstation and Weblink ACT

[2013-124](#) Limit Up/Limit Down Exchange Traded Product Tier 1 List Update

**Data Technical News:**

[2013-54](#) NASDAQ OMX Modifies Maintenance Window for GIDS 2.0

[2013-55](#) NASDAQ Expanded Suffix Symbology Update

[2013-56](#) NASDAQ OMX Announces New Multicast IP Address for Select Proprietary Data Feeds

[2013-57](#) FINRA Will Update Market Center Originator on BBDS Effective January 27, 2014

[2013-58](#) Amdocs Management Limited to Begin Listing on NASDAQ on Friday, December 20, 2013

[2013-59](#) NASDAQ Releases Preliminary List of Market Tier Upgrades for January 2, 2014

[2013-60](#) NASDAQ OMX Postpones Beta Test Start Date for Enhanced U.S. Proprietary Equity Data Feed Versions

[2013-61](#) Tucows Inc. to Begin Listing on NASDAQ on Monday, December 30, 2013

[2013-62](#) NASDAQ Releases Final List of Market Tier Changes for January 2, 2014

**Options Trader Alert:**

[2013-55](#) Pre-Market Post Only Behavior

[2013-56](#) PHLX Enhances Complex Order Strategy Protection and ACE Parameter

[2013-57](#) NASDAQ OMX Announces Changes to the Penny Pilot Program, Effective January 3, 2014

[2013-58](#) Modification to Acceptable Trade Range

[2013-59](#) PHLX and NOM Update Certain Transaction Fees

[2013-60](#) PHLX and NOM Update Certain Transaction Fees

**Options Regulatory Alert:**

[2013-17](#) NOM Bid/Ask Differentials for "NDX", "GOOG" & "PCLN" Options Class Through January 17, 2014

**Financial Products News:**

[2013-40](#) UPDATED 12/10/13: NASDAQ OMX Announces Launch of Four New Indexes Effective Monday, December 23, 2013

[2013-41](#) Updated 12/9/13: NASDAQ OMX Announces Launch of Three New Indexes Effective Thursday, December 12, 2013

[2013-42](#) NASDAQ OMX to Terminate Select Indexes of the INDXX Index Family

#### **UTP Vendor Alert:**

[2013-13](#) FINRA Alternative Display Facility (ADF) Plans to Reactivate as UTP Participant in February 2014

#### **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 16, 2013. 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 13, 2013 as the “From” date. ([Link](#))

## **NYSE - EURONEXT – AMEX**

#### **NYSE EURONEXT Announcements:**

NYSE Euronext Announces Trading Volumes for November 2013 ([Link](#))

NYSE Announces Moment of Silence to Honor Former South African President Nelson Mandela ([Link](#))

Nyse Euronext Announces Its 2014 Holiday Calendar And Early Closing Dates For Its European Markets ([Link](#))

NYSE Euronext Announces 2015 Holiday Calendar and Early Closings ([Link](#))

#### **NYSE MKT Issues Short Interest Report:**

Settlement date of November 29, 2013 ([Link](#))

Settlement date of December 13, 2013 ([Link](#))

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

Settlement date of November 29, 2013 ([Link](#))

Settlement date of December 13, 2013 ([Link](#))

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

Averaged 29.8 Percent of NYSE Volume during Nov. 25-29 ([Link](#))

Averaged 27.9 Percent of NYSE Volume during Dec. 2-6 ([Link](#))

Averaged 28.1 Percent of NYSE Volume during Dec. 9-13 ([Link](#))

Averaged 43.1 Percent of NYSE Volume during Dec. 16-20 ([Link](#))

#### **EnterNext congratulates Entreprenre-Lafont Presse on its listing on Alternext in Paris**

EnterNext, the Euronext N.V. subsidiary dedicated to promoting and growing its SME market, congratulated the Entreprenre-Lafont Presse group, France’s top publisher of specialised magazines, on its transfer from the Free Market to Alternext in Paris. ([Link](#))

#### **Quarterly Review Aex-Index Family**

Euronext N.V., a wholly owned subsidiary of IntercontinentalExchange Group, Inc. (NYSE: ICE), announced the results of the quarterly review for the AEX®, the AMX® and the ASX®. Please note that the changes due to the review will be effective from Monday December 23, 2013.

### ***Ask about Our Order Handling and Best Execution Surveillance Solutions***

**Contact John Pinto at**

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

([Link](#))

#### **Euronext introduces equity options on OCI N.V.**

Euronext N.V., a wholly owned subsidiary of IntercontinentalExchange Group, Inc. (NYSE: ICE), will introduce options on the shares of OCI N.V. (“OCI”). The options will be available as of Friday 13 December on the derivatives market of Euronext Amsterdam. ([Link](#))

#### **EasyNext Lisbon welcomes HQ Life, its first German listing**

HQ Life AG (ticker symbol:HQL), an investment company that supports start-up companies from the telecommunications, media, internet and health sectors, celebrated its listing on the EasyNext Lisbon market, operated by Euronext, a wholly owned subsidiary of IntercontinentalExchange Group, Inc. (NYSE: ICE). The HQ Life Corporation is also listed in Germany at the Hamburg Stock Exchange. ([Link](#))

#### **EnterNext Welcomes Snowworld To Amsterdam Market**

EnterNext, the Euronext subsidiary dedicated to promoting and growing its SME market, welcomed the listing of SnowWorld N.V., proprietor and owner of the world’s largest indoor ski resort. ([Link](#))

#### **Hilton Worldwide Celebrates Initial Public Offering on the New York Stock Exchange**

McLean, Va.-based Hilton Worldwide, a leading global hospitality company, opened for trading yesterday, December 12 on the New York Stock Exchange (NYSE) under the ticker symbol “HLT” after its initial public offering. Barclays is the Designated Market Maker (DMM) for the company’s stock. ([Link](#))

#### **Euronext launches AEX® All-Tradable Index and AEX® All-Tradable Alternative Weighting Index**

Euronext N.V., a wholly owned subsidiary of IntercontinentalExchange Group, (NYSE: ICE), is expanding its successful range of indices with the

introduction of two new indices; the AEX® All-Tradable Index and the AEX® All-Tradable Alternative Weighting Index. ([Link](#))

### **Aramark Celebrates Initial Public Offering on the New York Stock Exchange**

Philadelphia, PA-based Aramark, a leading global provider of food, facilities and uniform services, opened for trading on the New York Stock Exchange (NYSE) under the ticker symbol "ARMK" after its initial public offering. Aramark has chosen Barclays Designated Market Makers as the Designated Market Maker for the company's stock. ([Link](#))

### **Trading and Market Making**

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

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

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

### **EnterNext congratulates Carbios on successful Alternext listing**

EnterNext, the Euronext subsidiary designed to promote and grow the market for SMEs, announced the successful listing of Carbios, a green chemistry specialist that develops cutting-edge technology to recycle plastic waste and produce biosourced polymers. Carbios is listed on Alternext in Paris. ([Link](#))

### **EnterNext welcomes Montepio to Euronext's market in Lisbon Bank issues €200 million in participation units through an innovative operation**

EnterNext, the Euronext subsidiary dedicated to promoting and growing the European SME market, welcomed Caixa Económica Montepio Geral to the Euronext market in Lisbon. ([Link](#))

### **IntercontinentalExchange Announces 2013 Achievements; NYSE Leads in Capital Raised, Total IPOs and Technology IPOs**

IntercontinentalExchange Group (NYSE: ICE), the leading global network of exchanges and clearing houses, announced 2013 accomplishments, including the third consecutive year for NYSE's leadership in global initial public offerings (IPOs) and capital raised. ([Link](#))

## **FINCEN**

### **FinCEN, Federal Reserve Finalize Rule Amending Definitions in the Bank Secrecy Act**

The Financial Crimes Enforcement Network (FinCEN), a bureau of the U.S. Department of the Treasury, and the Federal Reserve Board on Tuesday announced a final rule amending the definitions of "funds transfer" and "transmittal of funds" under regulations implementing the Bank Secrecy Act. The final rule adopts the amendments as proposed in November 2012. ([Link](#))

## **PRA**

### **Bank of England and HM Treasury Funding for Lending Scheme – 2013 Q3 Usage and Lending data**

The Bank has published updated data on the use of the Funding for Lending Scheme (FLS). This publication shows for each group participating in the FLS the amount borrowed from the Bank and the net quarterly flows of lending to UK households and businesses to the third quarter of 2013. ([Link](#))

### **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](#))

### **Bank of England/GfK NOP Inflation Attitudes Survey - November 2013**

This news release describes the results of the Bank of England's latest quarterly survey of public attitudes to inflation, undertaken between 7th and 16th of November 2013. ([Link](#))



**The spirit of the season - speech by Mark Carney**

At a speech in New York, Bank of England Governor Mark Carney addressed challenges to forecasts of a sustained recovery in the UK and US economies. ([Link](#))

**PRA / FCA Mortgage Lenders and Administrators Statistics published**

FCA published the latest Mortgage Lenders and Administrators Statistics for the United Kingdom covering the period Q3 2013. As previously announced, this dataset previously published by the Financial Services Authority is now jointly owned by the Bank and FCA. ([Link](#))

**Forward guidance and its effects - speech by Martin Weale**

In a speech given to the National Institute for Economic and Social Research, Martin Weale, member of the Monetary Policy Committee, explained some of the theoretical issues around forward guidance and offered his initial thoughts on what its impact has been so far in the UK. ([Link](#))

**Prudential Regulation Authority Practitioner Panel meets for the first time to elect its Chair and Deputy Chair and agree its terms of reference**

PRA announced the establishment of a Practitioner Panel. The Panel is an independent body representing the interests of the financial services industry, which the PRA is required to set up under the Financial Services and Markets Act 2000. It has 13 members who were nominated to sit on the Panel by trade associations who represent firms regulated by the PRA. ([Link](#))

**Quarterly Bulletin pre-release articles: 'Bringing down the Great Wall? Global implications of capital account liberalization in China' and 'Banknotes, local currencies and central bank objectives'**

China's financial system is still very closed relative to other economies. But there are increasing signs the authorities are in favor of relaxing capital controls and promoting greater use of the Chinese currency abroad. While timescales are still uncertain, the People's Bank of China has indicated that full liberalization could potentially occur over the next decade. ([Link](#))

**The UK's economic recovery: why now; will it last; and what next for monetary policy? - speech by Spencer Dale**

Speaking at the Confederation of British Industry (CBI) East of England Midwinter Lunch, Spencer Dale, Chief Economist at the Bank of England considers three key questions about the economic recovery: why now; will it last; and what next for monetary policy? ([Link](#))

**Index-linked Treasury Stocks** ([Link](#))**Bank of England announces outcome of review into process and principles for selecting banknote characters**

On 24 July, the Bank announced that it would review the process and criteria for selecting characters to appear on its banknotes. The aim was to establish a set of principles to guide the choice of historical characters that would ensure the Bank's choices commanded broad respect and legitimacy and to establish a process for choosing historical characters that would, and would be seen to, ensure the delivery of those principles. ([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.

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**New Bank of England banknotes to be printed on polymer**

The Bank of England announced that the next £5 and £10 banknotes will be printed on polymer, a thin flexible plastic film, rather than on the cotton paper used for notes currently in issue. ([Link](#))

**Quarterly Bulletin 2013 Q4**

The financial position of households matters for both monetary and financial stability. 'Evidence from the 2013 NMG Consulting survey' reports the results of the annual survey on household finances carried out by NMG Consulting on behalf of the Bank. The survey indicates that household debt levels remain well above historical averages, but are little changed since last year. The value of the average outstanding mortgage was reported to be around £87,000 and average pre-tax monthly income was £2,701, up slightly from £2,631 a year ago. While debt servicing costs were also broadly unchanged, a significant increase in interest rates at current incomes may increase financial pressure on households with a mortgage - but the extent to which this is the case will depend crucially on how much incomes pick up before any rise in rates. This issue is explored by considering a number of scenarios for interest rate rises based on survey responses and some simple assumptions that are set out in the article. ([Link](#))

## **FCA**

### **FCA fines Two Banks total of £28,038,800 for serious sales incentive failings**

FCA fined Lloyds two banks, £28,038,800 for serious failings in their controls over sales incentive schemes. ([Link](#))

### **Former Finance Director fined £30,000 for failings ahead of 2008 rights issue**

FCA fined the former finance director £30,000 for failing to provide the board with up-to-date information about the firm's financial position, including profits, mortgage arrears and re-possession, ahead of its 2008 rights issue. ([Link](#))

### **One arrested in FCA insider dealing investigation**

FCA with the assistance of the North Yorkshire and West Yorkshire Police has this morning executed a search warrant in Harrogate. One male, aged 49, has been arrested and is currently in custody to be questioned in connection with an investigation into Insider Dealing and Market Abuse. ([Link](#))

# COMPREHENSIVE COMPLIANCE SOLUTIONS

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### **The FCA fines London based Financial Services Firm £25,000 for serious failings in its appointed representatives' sales practices**

Financial Services firm has been fined £25,000 by the FCA after two of its appointed representatives (ARs) mis-sold insurance, often to elderly and vulnerable customers, between October 2010 and June 2012. ([Link](#))

### **FCA bans four for 'disgraceful' failings in relation to occupational pension schemes**

Three men have been banned from working in the financial services industry by the FCA; and another has been banned from holding key positions. This follows a review of CBW Trustees Limited and CBW Pensions Forensics Limited by the Pension Regulator (TPR) which found serious flaws in their conduct. ([Link](#))

### **Tribunal bans former trader for lying to the FCA and the Tribunal**

The Upper Tribunal (Tax and Chancery Chamber) has directed the FCA to ban former derivatives trader from performing any role in regulated financial services. ([Link](#))

### **Firm fined £1.8million for "unacceptable" approach to bribery & corruption risks from overseas payments**

FCA fined an Insurance Brokers firm over £1.8million for failing to have in place appropriate checks and controls to guard against the risk of bribery or corruption when making payments to overseas third parties. ([Link](#))

## Resource Links

### Government

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

### SRO

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

### Industry

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

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

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**“Find It - Before the Regulators”**

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**READER SURVEY FAX RESPONSE**

TO: Louis Dempsey

RE: December 2013

Fax: (561) 807-5442

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

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

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

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

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

Do you read the RCU each month?

What topics interest you the most?

What do you find most useful?

What would you like to see in future editions?

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

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

**Thank you for your time and effort**

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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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