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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 August 23rd, 2013

NOTABLE ITEMS IN THIS EDITION

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Service Spotlight: Compliance Administrator

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

Contact: **John Pinto**
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SEC

SEC Announces:

Enforcement Initiatives to Combat Financial Reporting and Microcap Fraud and Enhance Risk Analysis ([Link](#))

Compliance Outreach Program Regional Seminars for Investment Adviser and Investment Company Senior Officers ([Link](#))

SEC Charges:

CPA acting as both an Auditor and a FINOP, with violating auditor independence requirements ([Link](#))

Hedge Fund Adviser With Failing to Supervise Portfolio Managers and Prevent Insider Trading ([Link](#))

City and Former Budget Director With Municipal Bond Offering Fraud ([Link](#))

Texas Man With Running Bitcoin-Denominated Ponzi Scheme ([Link](#))

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Tipper of Confidential Information to S.A.C. Capital Portfolio Manager ([Link](#))

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Texas-Based Forex Trading Scheme ([Link](#))

List of No-Action Letters:

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BlackRock Multi-Sector Income Trust ([Link](#))

Chicago Mercantile Exchange ([Link](#))

Wells Fargo Bank, N.A. ([Link](#))

LIFFE A&M and Class Relief ([Link](#))

IMH Financial Corporation ([Link](#))

SEC Final Rules:

Disqualification of Felons and Other “Bad Actors” from Rule 506 Offerings ([Link](#))

Eliminating the Prohibition Against General Solicitation and General Advertising in Rule 506 and Rule 144A Offerings ([Link](#))

Retail Foreign Exchange Transactions ([Link](#))

Rescission of Supervised Investment Bank Holding Company Rules ([Link](#))

Adoption of Updated EDGAR Filer Manual ([Link](#))

Delegation of Authority to Director of the Division of Enforcement ([Link](#))

SEC Approves JOBS Act Requirement to Lift General Solicitation Ban

SEC adopted a new rule to implement a JOBS Act requirement to lift the ban on general solicitation or general advertising for certain private securities offerings. ([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

SEC Obtains \$13.9 Million Penalty Against a Board Member

SEC obtained a \$13.9 million penalty against former board member for illegally tipping corporate secrets to former hedge fund manager. He also is permanently barred from serving as an officer or director of a public company. ([Link](#))

Julie M. Riewe and Marshall S. Sprung Named Co-Chiefs of Asset Management Unit

SEC announced that Julie M. Riewe and Marshall S. Sprung have been named Co-Chiefs of the Division of Enforcement’s Asset Management Unit, a national specialized unit that focuses on misconduct by investment advisers, investment companies, and private funds. Ms. Riewe and Mr. Sprung have been serving as deputy chiefs of the Asset Management Unit since May 2012. They succeed Bruce Karpati, the unit’s inaugural Chief, who left in May. ([Link](#))

Chicago Regional Office Director Merri Jo Gillette to Leave SEC

SEC announced that Merri Jo Gillette, Director of its Chicago Regional Office, is leaving the agency later this month after more than 25 years of service. ([Link](#))

Watching the States

When a state regulator comes knocking on your door, it's usually NOT a routine event. Unlike the SEC and FINRA, most broker-dealers and investment advisers typically only deal with state agencies for registration, licensing and complaint response purposes, and rarely have to deal with them during examinations. It is for this reason that many firms get tripped up during state regulatory inquiries. The fact is that most state examinations initiate from complaints, tips or sweeps based on your firm's sales practices or advertising materials and their purpose is rarely routine. Recent examples included sweeps on Senior Seminars, Variable Insurance product sales, and Auction Rate Securities sales.

RRS' staff has extensive experience in dealing with State regulatory matters. Whether it's registration and licensing or responding to a state inquiry, RRS staff can help smooth the process. RRS preventative compliance services include branch office examination, regulatory mandates, complaint assessment, and mystery shopping for branch offices and seminars.

For more information contact us (561) 368-2245 or Research@RRSCompliance.com

Timothy B. Henseler Named Director of the SEC's Office of Legislative and Intergovernmental Affairs

SEC announced that Timothy B. Henseler has been named as Director of the agency's Office of Legislative and Intergovernmental Affairs, effective immediately. ([Link](#))

SEC Obtains Freeze on Proceeds from Unlawful Distribution of Biozoom Securities

SEC announced charges against eight Argentine citizens who unlawfully sold millions of shares of Biozoom, Inc. in unregistered transactions. The SEC also obtained an emergency order to freeze assets in the U.S. brokerage accounts of the eight defendants and two other Argentine citizens who had Biozoom shares but had not yet sold them. The action follows last week's suspension of trading in Biozoom due to concerns that some shareholders may be unlawfully distributing its securities. ([Link](#))

SEC Freezes Assets Of Insider Traders in Onyx Pharmaceuticals

SEC obtained an emergency court order to freeze the assets of traders using foreign accounts to reap approximately \$4.6 million in potentially

illegal profits by trading in advance of the Sunday, June 30, 2013 announcement that Onyx Pharmaceuticals, Inc. had received, but rejected an acquisition offer from Amgen, Inc. ([Link](#))

Kenneth Lench, Chief of Enforcement Division's Structured and New Products Unit, to Leave SEC After 23 Years of Service

SEC announced that Kenneth R. Lench, chief of the Enforcement Division's Structured and New Products Unit, will leave the agency for the private sector at the end of this month after more than 23 years of service. ([Link](#))

SEC, European Regulators Establish Supervisory Cooperation Arrangements Related to the Asset Management Industry

SEC announced that it has established supervisory arrangements with financial regulators of the member states of the European Union (EU) and the European Economic Area (EEA) as part of long-term strategy to improve the oversight of certain entities in the asset management industry that operate across national borders. ([Link](#))

Denver Regional Office Director Donald Hoerl to Leave SEC After More Than 30 Years

SEC announced that Donald M. Hoerl, director of its Denver Regional Office, is leaving in August after more than 30 years at the agency. ([Link](#))

FINRA**Regulatory Notices:**

[13-23](#) FINRA Provides Guidance on Disclosure of Fees in Communications Concerning Retail Brokerage Accounts and Individual Retirement Accounts

[13-24](#) FINRA Announces Modifications Regarding Historic TRACE Data

FINRA Joins Exchanges in Fining a Brokerage Firm \$9.5 Million for Supervisory, Regulation SHO, and Books and Records Violations

FINRA, along with BATS Exchange, Inc.1, New York Stock Exchange LLC2, NYSE Arca, Inc. and The NASDAQ Stock Market LLC, announced that they have censured and fined a brokerage firm of Chicago \$9.5 million for failing to supervise trading by clients that directly accessed U.S. equities markets through their order routing platform and/or internet service providers (known as "direct market access," or "DMA") or routed orders directly to market centers (known as "sponsored access," or "SA"). In addition, the firm also violated Regulation SHO (Reg SHO) and SEC Emergency Orders concerning short sales, and failed to obtain and retain books and records. ([Link](#))

FINRA Significantly Increases Transparency in the Mortgage-Backed Securities Market

FINRA significantly increased transparency in mortgage-backed securities issued by Fannie Mae, Freddie Mac and Ginnie Mae, as well

as in securities backed by loans guaranteed by the Small Business Administration. ([Link](#))

FINRA Selects Morningstar for Re-Launch of Market Data Center

FINRA announced that it selected Morningstar, Inc. to provide financial data, technology and design for the re-launch of FINRA's Market Data Center. FINRA's Market Data Center makes available to retail investors a wealth of information on a broad spectrum of financial instruments. With an emphasis on bond market information, including price information from FINRA's Trade Reporting and Compliance Engine (TRACE), the Market Data Center has brought retail investors unprecedented transparency to the corporate bond market. By working with Morningstar, FINRA's revamped Market Data Center is now a comprehensive and powerful platform offering expansive market data as well as FINRA Investor Education materials and tools. ([Link](#))

MSRB

MSRB Regulatory Notices for July 2013:

2013-14 Concept Release on Pre-Trade and Post-Trade Pricing Data Dissemination through a New Central Transparency Platform

MSRB Provides State and Local Governments with Tool to Improve Disclosure of Financial Information

To assist state and local governments in meeting their obligations to make financial information available to municipal bondholders on a timely basis, the MSRB has created a service to allow state and local governments to schedule automated email reminders about an approaching deadline for providing annual and quarterly financial disclosures. The MSRB operates the Electronic Municipal Market Access (EMMA[®]) website through which issuers make financial and other disclosures available to the public. ([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

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 Proposes Expanding Pool of Eligible Public Candidates for its Board

MSRB proposed amending the administrative rule that defines the scope of candidates eligible to serve as public representatives on its Board of Directors. The 21-member Board, which establishes regulatory policies and oversees the operations of the MSRB, has eleven independent public members and ten members drawn from entities regulated by the MSRB, including broker-dealers, banks and municipal advisors. ([Link](#))

MSRB Releases Report on Municipal Bond Continuing Disclosure Documents

MSRB released a report summarizing the type and number of continuing disclosure documents submitted by issuers of municipal securities to the MSRB's Electronic Municipal Market Access (EMMA[®]) website between July 2009 and March 2013. ([Link](#))

MSRB Holds Quarterly Meeting

MSRB held its quarterly meeting July 24-26, 2013, where it addressed themes of transparency and pricing in the municipal market, continued to streamline rules for municipal securities dealers and discussed the City of Detroit bankruptcy. It also approved new officers, board members and a strategic plan to guide the Board's activities beginning October 1, 2013. ([Link](#))

MSRB Announces New Officers and Board Members for Fiscal Year 2014

MSRB announced new officers and Board of Directors members who will begin their terms on October 1, 2013. Daniel Heimowitz, Managing Director at RBC Capital Markets, will serve as Chair of the MSRB. Joseph J. Geraci, Managing Director and Co-Head of Municipal Markets at Citi, will serve as Vice Chair. Officer terms are for one year. ([Link](#))

MSRB Seeks Input on Potential Enhancements to Price Transparency in the Municipal Market

MSRB announced it is seeking additional public input on transforming the public display of real-time trade prices on its Electronic Municipal Market Access (EMMA®) website into a platform with dramatically enhanced municipal securities pricing information. ([Link](#))

NASAA**NASAA Statement on SEC Decision Allowing Private Placement Advertising**

The following is a statement by A. Heath Abshire, president of the NASAA and Arkansas Securities Commissioner on the Securities and Exchange Commission's (SEC) adoption of amendments to eliminate the prohibition against general solicitation and general advertising in certain securities offerings conducted pursuant to Rule 506 of Regulation D under the Securities Act and Rule 144A under the Securities Act. ([Link](#))

Updated Publication Addresses Investor Confusion about Stockbrokers, Investment Advisers, and Financial Planners

Groups representing state securities regulators and investment services providers today released an updated publication designed to guide investors through the process of choosing an investment services provider. ([Link](#))

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

[2013-7](#) The NASDAQ Exchange Will Conduct Its Annual Election for Member Representative Directors on Monday, July 15, 2013

[2013-8](#) NASDAQ OMX BX Will Conduct Its Annual Election for Member Representative Directors on Monday, July 15, 2013

[2013-9](#) Limit Up/Limit Down Plan Update

Equity Trader Alert:

[2013-60](#) NASDAQ OMX Acquires the eSpeed Platform

[2013-61](#) Limit Up/Limit Down Tier 1 Symbol List Update

[2013-62](#) Limit Up/Limit Down Tier 1 ETP List Update

[2013-63](#) NASDAQ OMX U.S. Markets will Close Early on Wednesday, July 3, 2013, and will be Closed on Thursday, July 4, 2013

[2013-64](#) NASDAQ OMX to Introduce Dedicated OUCH Offering

[2013-65](#) NASDAQ Modifies Functionality for Orders Received in Halted Securities via RASH and FIX Protocols, Effective Monday, July 29, 2013

[2013-66](#) NASDAQ to Begin Listing WisdomTree ETF on Thursday, July 25, 2013

[2013-67](#) NASDAQ Pricing Updates, Effective August 1, 2013

[2013-68](#) NASDAQ to Begin Listing VelocityShares ETF on Tuesday, July 30, 2013

Data Technical News:

[2013-31](#) NASDAQ OMX to Add End of Session to NLS

[2013-32](#) NASDAQ OMX Modifies MFQS Release for 3rd Quarter 2013

[2013-33](#) NASDAQ OMX Will Enhance U.S. Proprietary Equity Data Feeds in Fourth Quarter 2013

[2013-34](#) FINRA to Disseminate Odd Lot Transactions for OTC Equity Securities on TDDS

ASK ABOUT OUR ORDER HANDLING AND BEST EXECUTION SURVEILLANCE SOLUTIONS**CONTACT JOHN PINTO AT****(202) 463-6575**JOHNPINTO@RRSCOMPLIANCE.COM**Options Trader Alert:**

[2013-37](#) PHLX Introduces Acceptable Trade Range Protection

[2013-38](#) PHLX Enhances Complex Order Handling and ACE Parameter

[2013-39](#) BX Options Updates Fees and Rebates for VXX, Effective August 1, 2013

[2013-40](#) Modifications to Closing Times for Certain Exchange-Traded Fund Options

Options Regulatory Alert:

[2013-10](#) NASDAQ OMX PHLX Will Conduct Its Annual Election for Member Representative Directors on Monday, July 15, 2013

[2013-11](#) PHLX Announces Margin Levels for Select Foreign Currency Options

UTP Vendor Alert:

[2013-6](#) UTP SIP to Introduce New Sale Condition Modifiers and Financial Status Indicator

NYSE - EURONEXT – AMEX**NYSE EURONEXT Announcements:**

NYSE Liffe U.S. Announces New Records for mini MSCI Futures ([Link](#))

New York Stock Exchange Announces Date of Review of Decision to Remove Verso Paper Corp. From the List ([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

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

NYSE Euronext Announces Second Quarter 2013 Financial Results ([Link](#))

NYSE MKT Issues Short Interest Report:

Settlement date of June 28, 2013 ([Link](#))

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

NYSE Group, Inc. Issues Short Interest Report:

Settlement date of June 28, 2013 ([Link](#))

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

NYSE Weekly Program-Trading Data Releases:

Averaged 44.0 Percent of NYSE Volume during June 24-28 ([Link](#))

Averaged 25.5 Percent of NYSE Volume during July 1-5 ([Link](#))

Averaged 26.4 Percent of NYSE Volume during July 8-12 ([Link](#))

Averaged 28.6 Percent of NYSE Volume during July 15-19 ([Link](#))

NYSE Euronext presents EnterNext to the Portuguese financial community

NYSE Euronext (NYX) is presenting EnterNext®, its new subsidiary dedicated to small and medium-sized enterprises (SMEs), to the Portuguese financial community. The initiative's origin and goals will be discussed, together with the challenges companies face in securing financing suited to their growth and international expansion strategies. ([Link](#))

ICE Clear Europe Completes Clearing Transition of NYSE Liffe Derivatives Contracts

ICE Clear Europe, a wholly-owned subsidiary of IntercontinentalExchange, and NYSE Liffe, the derivatives division of NYSE Euronext, announced the completion of the clearing transition for the London-based derivatives market of NYSE Liffe to ICE Clear Europe. ([Link](#))

NYSE Euronext introduces EnterNext in the Netherlands

NYSE Euronext (NYX) launches EnterNextTM, its initiative for small and medium-sized companies in the Netherlands. EnterNextTM was developed to provide financing solutions which are geared to the financing needs of local SMEs that are active regionally, nationally and internationally. EnterNextTM will make every effort to offer companies optimal visibility and access to investors, and to get businesses to use the stock exchange more once listed. It will, in addition, work with the various stakeholders to play an active role in making the capital market as attractive as possible. ([Link](#))

NYSE Euronext launches EnterNext® in Brussels

NYSE Euronext (NYX) officially launched EnterNext® in Brussels. This new subsidiary is a dedicated marketplace for SMEs. With a bold strategy and a NYSE Euronext proven capacity to deliver, EnterNext® has been designed to facilitate the financing requirements and development of SMEs that operate regionally, nationally and internationally. The aim of the initiative is to make financing through the equity market attractive to SMEs by involving all stakeholders of the Brussels marketplace. ([Link](#))

Norbert Dentressangle Celebrates First Day Of Trading On Nyse Euronext London

NYSE Euronext (NYX) welcomed Norbert Dentressangle, a major European transport, logistics, and freight forwarding company, to its London market. This is a dual listing for Norbert Dentressangle (ticker code: GND), which is already listed on the Exchange's Paris market and has a market cap of €615 million (3July 2013). ([Link](#))

NYSE Euronext Celebrates 2nd Anniversary of its Veteran Associate Program at the New York Stock Exchange

Military veterans representing several branches of the U.S. Armed Forces are currently participating in the second annual NYSE Veteran Associate Program (VAP). ([Link](#))

NYSE Euronext welcomes Cardio3 BioSciences on its European market

Cardio3 BioSciences, a leading Belgian biotechnology specialized in the treatment of cardiac diseases, celebrated its successful listing on NYSE Euronext (NYSE) in Brussels and Paris. Cardio3 BioSciences is the first Belgian company to launch a public offering simultaneously on NYSE Euronext in Brussels and Paris. ([Link](#))

NYSE Euronext welcomes ORÈGE to its European market

ORÈGE, a French company and global player that designs, develops and industrializes innovative technological solutions for the treatment of complex effluents and sludge, celebrated its listing on NYSE Euronext's regulated market in Paris. ([Link](#))

The first Board meeting of EnterNext defines its missions and priority goals

In its first meeting, held yesterday and chaired by Eric Forest, the EnterNext Board of Directors clearly defined resources and priorities following announcements made on May 23. ([Link](#))

REALITES launches Initial Bond Offer on NYSE Alternext

NYSE Euronext (NYSE) announced a successful €7.3 million bond issue by REALITES, a major real estate promoter in Western France, on NYSE Alternext in Paris. It was the first time an unlisted company used an Initial Bond Offer (IBO)—an instrument that allows businesses to diversify their sources of funding while channelling individuals' savings into investment. ([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

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

NYSE Euronext Subsidiary To Become New Administrator Of Libor

NYSE Euronext Rate Administration Limited, a subsidiary of NYSE Euronext (NYSE), announced that following a rigorous selection process conducted by the independent Hogg Tendering Advisory Committee, NYSE Euronext Rate Administration Limited has been appointed as the new administrator for LIBOR. The transfer of the administration from BBA LIBOR Ltd, the subsidiary of the British Bankers' Association (BBA) is expected to be completed in early 2014, once the Financial Conduct Authority's (FCA) authorization of NYSE Euronext Rate Administration Limited is complete. ([Link](#))

NYSE Liffe to launch equity options on TKH Group N.V.

NYSE Liffe, the European based derivatives business of NYSE Euronext (NYSE), announces that it will launch equity options on the shares of TKH Group N.V. Trading in the options will start as of August 6th on the Amsterdam derivatives market of NYSE Liffe. ([Link](#))

NYSE Technologies and Citadel Securities First to Distribute Grey Sheet OTC Quote Feed Globally

NYSE Technologies, the commercial technology division of NYSE Euronext, announced that it has reached an agreement with market-maker, Citadel Securities LLC, to offer the Citadel Securities Grey Sheet OTC Quote feed via SuperFeed™. Available now, the Grey Sheet feed provides actionable real-time quotes for approximately 6,500 international OTC equity securities not found on any exchange but actively traded by investors around the world. ([Link](#))

NYSE Century IndexSM Outperforming Other Broad-Based Indices as CEOs Gather for Second Annual Century Club Gathering

As leading CEOs from many long-established companies convene for the second-annual NYSE Century Club summit at the New York Stock Exchange, the year-old namesake index, which measures the

performance of 348 companies that have been in business for at least 100 years, has gained 14.7% year-to-date and has a one-year performance of 25%. [\(Link\)](#)

NYSE Liffe to list equity options on Gemalto N.V.

NYSE Liffe, the European based derivatives business of NYSE Euronext (NYX), will introduce equity options on the shares of Gemalto N.V., the world leader in digital security. The options will be available as of July 25th on the Amsterdam derivatives market of NYSE Liffe. [\(Link\)](#)

NYSE Euronext joins the UN Sustainable Stock Exchange Initiative

NYSE Euronext announced that it has joined the United Nations' Sustainable Stock Exchanges (SSE) initiative, which aims to explore how exchanges can work together with investors, regulators, and companies to enhance corporate transparency on Environmental, Social and Corporate Governance (ESG) issues and encourage responsible long-term approaches to investment. [\(Link\)](#)

NYSE Liffe to list equity options on bpost

NYSE Liffe, the European based derivatives business of NYSE Euronext (NYX), introduced equity options on the shares of bpost, Belgium's largest provider of postal services. The options will be available as of July 26th on the Brussels derivatives market of NYSE Liffe. [\(Link\)](#)

NYSE Euronext launches the AEX® Ext index

NYSE Euronext (NYX) is extending its successful range of indices with the addition of the AEX® Ext index. The new index tracks the market's benchmark AEX-Index®, but with extended calculation and distribution hours, from 8.00 am to 6.30 pm CET compared with 9.00 am to 5.30 pm CET for the AEX-Index®. The AEX® Ext index is calculated on the basis of the AEX-Index® future traded on NYSE Liffe (FTI), adjusted for dividends and interest payments. [\(Link\)](#)

FINCEN

FinCEN Issues Ruling on Armored Car Service Transactions

In an effort to provide law enforcement authorities with needed information, while also considering operational practicality for both financial institutions and their customers, the Financial Crimes Enforcement Network (FinCEN) issued the following exceptive administrative ruling, Treatment of Armored Car Service Transactions Conducted on Behalf of Financial Institution Customers for Currency Transaction Report Purposes. [\(Link\)](#)

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. [\(Link\)](#)

PRA and FCA welcome Internal Audit guidance

The regulatory authorities welcome the publication, by the Chartered Institute of Internal Auditors, of the guidance "Effective Internal Audit in the Financial Services Sector". [\(Link\)](#)

Statement following a meeting with Caroline Criado-Perez

The meeting provided a valuable opportunity to hear and discuss Ms Criado-Perez's concerns and yesterday's productive discussion will inform ongoing work at the Bank. The Governor has said that he intends to make a statement about banknotes later this month. [\(Link\)](#)

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

Virtual tour of the Bank

The Bank of England throws open its doors to the world, with the launch of a Virtual Tour app that gives users a fascinating insight into the institution that shapes the UK's economic and financial landscape. [\(Link\)](#)

Executive Director Human Resources

The Bank of England's Executive Director for Human Resources, Catherine Brown, has decided to leave the Bank and has accepted a senior appointment in the private sector. Details of the new role will be announced by her new employer in due course. ([Link](#))

Publication of the Code of Conduct for the Authentication of Machine-Dispensed Banknotes

Following a consultation which began in February, the Strategic Cash Group (SCG) published the final version of the Code of Conduct for the Authentication of Machine-Dispensed Banknotes ('the Code'). It also published its formal response to the consultation, the results of which are reflected in the Code. ([Link](#))

Jane Austen to feature on Bank of England banknotes

At an event at Jane Austen's House Museum, Bank of England Governor, Mark Carney, confirmed that Jane Austen will appear on a forthcoming Bank of England banknote: the next new character following Sir Winston Churchill. ([Link](#))

Sir Jon Cunliffe appointed Deputy Governor for Financial Stability

HM Treasury has announced that Her Majesty The Queen has agreed, on the recommendation of the Chancellor and Prime Minister, to appoint Sir Jon Cunliffe as Deputy Governor of the Bank of England with responsibility for Financial Stability, starting on 1 November 2013. ([Link](#))

Bank of England Deputy Governor Paul Tucker named Senior Fellow at Harvard Kennedy School and Harvard Business School

The Harvard Kennedy School, the Harvard Business School and the Bank of England are announcing that Paul Tucker, currently Deputy Governor for Financial Stability and member of the Monetary Policy Committee at the Bank of England, has been appointed a Senior Fellow at both the Mossavar-Rahmani Center for Business and Government (M-RCBG) at Harvard Kennedy School (HKS) in Cambridge and at the Harvard Business School (HBS) in Boston, where he will serve as a member of the School's Finance Unit. ([Link](#))

Historic Bank of England publications and documents now available online

The public can now access historic Bank of England publications and documents from the Bank website, following the completion of the first phase of an Archive digitization project. ([Link](#))

FCA**The FCA holds key conference on financial crime**

Opening the UK regulator's Financial Crime Conference, Martin Wheatley, Chief Executive of the FCA announced, "The FCA will do all it can to make Britain a hostile place for criminals to profit from their crimes." ([Link](#))

"Find it – Before the Regulators"

The staff at RRS is 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.

FCA fines an insurance intermediary £2.8 million for poor complaints handling of mobile phone insurance policies sold by Phones 4u Ltd

SEC fined an insurance intermediary £2,834,700 for poor complaints handling between June 2009 and September 2011, including failing to identify the root causes of recurring issues and put them right. ([Link](#))

100 days of the FCA - Martin Wheatley speaks at the ABI Biennial Conference

Martin Wheatley, chief executive of the FCA, will tell the Association of British Insurers (ABI) Biennial Conference that the FCA is "a very different animal to the FSA". ([Link](#))

FCA confirms market study into general insurance "add-ons"

FCA has confirmed that it is undertaking its first market study into the practice of selling insurance "add-ons" with purchases like cars or mobile phones. ([Link](#))

Ex-Mortgage Advisor sentenced to two years after FCA action

On Friday 12 July, at Maidstone Crown Court, following criminal action brought by the FCA, an advisor was sentenced to two years in prison on two counts of making/supplying documentation for use in fraud and ten counts of carrying on a mortgage advisory business despite being prohibited from doing so. ([Link](#))

FCA fines an Insurance Retailer £7.38 million for mis-selling monthly add-on insurance policies

FCA fined one of the largest insurance retailers on the high street, £7,380,400 for mis-selling. The FCA found that their aggressive sales strategy meant that it failed to treat customers fairly in its telephone sales of monthly add-on insurance policies. ([Link](#))

FCA bans and fines former insurance broker £140,000

FCA has fined and banned former insurance broker, £140,000 for failing to act with integrity. ([Link](#))

FCA v former iSOFT directors

FCA announced that it has decided not to pursue a second retrial in the case against Stephen Graham, Timothy Whiston and John Whelan (formerly of ISoft plc) at Southwark Crown Court. The FCA will also not be pursuing the prosecution of Patrick Cryne (former chairman of Isoft plc). ([Link](#))

FCA fines US based oil trader US \$903K for market manipulation

FCA fined US based High Frequency Trader, US \$903,176 (£597,993) for deliberate manipulation of commodities markets. ([Link](#))

Ensuring markets work well for consumers and for firms – FCA publishes guidance on its approach to objectives

FCA mandate to ensure there is effective competition in financial services markets represents the most significant change to the new regulatory regime, said Chief Executive Martin Wheatley. ([Link](#))

A Bank fined £5.6m for failing to properly report over a third of transactions

A Bank has been fined £5,620,300 by the FCA for incorrectly reporting transactions they made in wholesale markets, and in some instances, failing to report transactions at all. ([Link](#))

Retail Distribution Review six months in – how firms are implementing the RDR

FCA has published an early review of how advisory firms have implemented some of the core aspects of the RDR months after its implementation. ([Link](#))

Four arrested in FCA insider dealing investigation

FCA with the assistance of the Metropolitan Police has this morning executed search warrants in West London. ([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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“Find It - Before the Regulators”

The RRS’ staff continually strives to ensure that the services and support we provide to our clients are the most up to date and comprehensive available. Frequently, we are able to forecast regulatory trends based on our extensive regulatory experience and the information our clients provide regarding new products, services or marketing trends. This “Find It - Before the Regulators” insight enables us to develop customized compliance solutions so that our clients can address any regulatory deficiencies before the regulators do. If you have question or suggestions, please speak with your account representative or call us at (561) 368-2245.

READER SURVEY FAX RESPONSE

TO: Louis Dempsey

RE: July 2013

Fax: (561) 807-5442

LouisDempsey@RRSCompliance.com

FROM: _____

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

PHONE: _____ **FAX:** _____

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

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What topics interest you the most?

What do you find most useful?

What would you like to see in future editions?

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

Thank you for your time and effort

Bottom Line - We Want to Know!

We Want to Know How We’re Doing. If You Have Comments, Complaints or Suggestions Please Do Not hesitate to call (561) 368-2245 or email:

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