

Routing

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

Table of Contents

SEC.....	2
FINRA.....	3
MSRB.....	4
NASAA.....	5
NASDAQ/NASDAQ TRADER/OTCBB.....	5
NYSE/EURONEXT/AMEX.....	5
FINCEN.....	7
PRA.....	7
FCA.....	9
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:** Quarterly FOCUS Filing Due October 23rd, 2013

NOTABLE ITEMS IN THIS EDITION

- **SEC** – Federal Regulators Issue Guidance on Reporting Financial Abuse of Older Adults – Page 2
- **SEC** – Investment Bank Agrees to Pay \$200 Million and Admits Wrongdoing to Seattle SEC Charges – Page 3
- **SEC** – Approves Registration Rules for Municipal Advisors – Page 3
- **SEC** – Charges Purported Money Manager With Defrauding Investors and Brokerage Firms – Page 2
- **SEC** – Charges Purported Money Manager in New York Who Schemed Investors and Lied to SEC Examiners – Page 2
- **SEC** – Charges 23 Firms With Short Selling Violations in Crackdown on Potential Manipulation in Advance of Stock Offerings – Page 2
- **SEC** – Charges N.Y.-Based Hedge Fund Adviser With Breaching Fiduciary Duty By Participating in Conflicted Principal Transaction – Page 2
- **FINRA** – Broker-dealer \$1 Million and Orders Restitution of \$188,000 for Best Execution and Fair Pricing Violations in Customer Bond Transactions – Page 3
- **FINRA** – Requests Comment on a Revised Proposal Regarding the Consolidated FINRA Rules Governing FINRA's Membership Application Proceedings – Page 3
- **FINRA** – Highlights Examination Approaches, Common Findings and Effective Practices for Complying With its Suitability Rule – Page 3
- **FINRA** – New S901 Regulatory Element Continuing Education Program – Page 4
- **FINRA** – Board of Governors Authorizes FINRA to File Recruitment Compensation Proposal With the SEC – Page 4
- **FINRA** – Issues New Investor Alert: Private Placements—Evaluate the Risks Before Placing Them in Your Portfolio – Page 4
- **MSRB** – SEC Approves Amendments to MSRB Rules G-11, G-8 and G-32 to Include Provisions Specifically Tailored for Retail Order Periods – Page 4
- **FINCEN** – Fines a Bank for Failing to Report Nearly \$1 Billion in Suspicious Transactions Related to Florida Ponzi Scheme – Page 7

Service Spotlight: AML Program Testing

The USA PATRIOT Act, FINRA and NYSE rules require regular and independent testing of a firm's anti-money laundering (AML) compliance program(s). RRS' AML compliance testing service offers an in-depth review of your firm's AML program to measure its effectiveness at detecting suspicious activity, monitoring OFAC compliance, and performing appropriate due diligence of customers so that a firm can meet the requirement for independent testing of its AML program on an annual basis.

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SEC

SEC Announces:

Agenda for September 17 Meeting of Advisory Committee on Small and Emerging Companies ([Link](#))

SEC Proposes:

Rules for Pay Ratio Disclosure ([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 Charges:

Purported Money Manager With Defrauding Investors and Brokerage Firms ([Link](#))

Former Vice President of Investor Relations With Violating Fair Disclosure Rules ([Link](#))

Purported Money Manager in New York Who Schemed Investors and Lied to SEC Examiners ([Link](#))

Operator of Miami-Dade County's Largest Hospital With Misleading Investors About Financial Condition ([Link](#))

23 Firms With Short Selling Violations in Crackdown on Potential Manipulation in Advance of Stock Offerings ([Link](#))

N.Y.-Based Hedge Fund Adviser With Breaching Fiduciary Duty By Participating in Conflicted Principal Transaction ([Link](#))

Indiana-Based Company and Executives for Defrauding Investors in Renewable Fuel Production Scheme ([Link](#))

Advisory Firm Owner and Stockbroker With Insider Trading Ahead of Merger Announcement by Pharmaceutical Firms ([Link](#))

Former Technology Company Executive for Role in Rajaratnam Insider Trading Scheme ([Link](#))

Father and Son in South Carolina for Fraudulent Program Designed to Profit From Fate of Terminally Ill ([Link](#))

Independent Filmmaker With Insider Trading ([Link](#))

Bank and Former Executive for Roles in Rothstein Ponzi Scheme in South Florida ([Link](#))

Former Qualcomm Executive and His Financial Advisor With Insider Trading Through Secret Offshore Accounts ([Link](#))

10 Brokers for Roles in McGinn Smith Ponzi Scheme ([Link](#))

Two Bank Executives for Financial Misstatements and Failure to Disclose Probable Loss on Troubled Loan ([Link](#))

Former President of California-Based Investment Firm With Fraud ([Link](#))

CEO of Video Game Company and Purported Consultant in Revenue Inflation Scheme ([Link](#))

Operators of Boiler Room Scheme Targeting Seniors to Invest in Football-Related Scam ([Link](#))

China-Based Executives With Fraud and Insider Trading ([Link](#))

Accountant for Madoff Clients for Role in Creating False Books and Records ([Link](#))

New Jersey-Based Accounting Firm and Founding Partner for Failed Audits of China-Based Company ([Link](#))

SEC Halts:

Florida-Based Prime Bank Investment Scheme ([Link](#))

List of No Action Letters:

NYSE Arca, Inc. ([Link](#))

FINRA, CBOE and C2 ([Link](#))

Lloyds Banking Group plc ([Link](#))

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

SEC Final Rules:

Registration of Municipal Advisors ([Link](#))

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

Federal Regulators Issue Guidance on Reporting Financial Abuse of Older Adults

Seven federal regulatory agencies issued guidance to clarify that the privacy provisions of the Gramm-Leach-Bliley Act generally permit financial institutions to report suspected elder financial abuse to appropriate authorities. ([Link](#))

Investment Bank Agrees to Pay \$200 Million and Admits Wrongdoing to Seattle SEC Charges

SEC charged a bank with misstating financial results and lacking effective internal controls to detect and prevent its traders from fraudulently overvaluing investments to conceal hundreds of millions of dollars in trading losses. ([Link](#))

SEC Approves Registration Rules for Municipal Advisors

SEC voted unanimously to adopt rules establishing a permanent registration regime for municipal advisors as required by the Dodd-Frank Act. ([Link](#))

Paula Dubberly, Deputy Director in Division of Corporation Finance, to Retire After More Than 20 Years at SEC

SEC announced that Paula Dubberly, Deputy Director of the Division of Corporation Finance, is retiring from the agency later this month after more than 20 years of service. ([Link](#))

Thailand-Based Trader Agrees to Pay \$5.2 Million to Settle Insider Trading Case

SEC announced that a Bangkok-based trader whose U.S. brokerage account was frozen in an SEC emergency action in June has agreed to pay \$5.2 million to settle charges that he traded on inside information in advance of a public announcement about a proposed acquisition of Smithfield Foods by a firm in China. ([Link](#))

SEC Names Jina L. Choi as Director of San Francisco Regional Office

SEC announced the appointment of Jina L. Choi as director of the San Francisco Regional Office, where she will oversee enforcement and examinations in Northern California and the Pacific Northwest. ([Link](#))

SEC Chair White Statement on Meeting With Leaders of Exchanges

SEC Chair Mary Jo White issued the following statement after meeting with leaders of the equities and options exchanges, FINRA, DTCC, and the Options Clearing Corporation. ([Link](#))

SEC Names Paul Levenson as Director of Boston Regional Office

SEC announced that Paul Levenson has been named director of the Boston Regional Office, where he will oversee enforcement and examinations in the New England region. ([Link](#))

SEC Freezes Assets in Ponzi Scheme Targeting Investors in Japan

SEC announced an emergency action to freeze the assets of a Las Vegas-based firm and its sole owner charged with perpetrating a Ponzi scheme against thousands of investors living primarily in Japan. ([Link](#))

Chief Litigation Counsel Matthew Martens to Leave SEC

SEC announced that Matthew T. Martens, the Chief Litigation Counsel for the Division of Enforcement, will leave the agency next month. ([Link](#))

Matthew Solomon Named SEC Chief Litigation Counsel

SEC announced that Matthew C. Solomon will be promoted to the position of Chief Litigation Counsel in the Division of Enforcement next month. ([Link](#))

FINRA

FINRA Fines:

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

Broker-dealer \$1 Million and Orders Restitution of \$188,000 for Best Execution and Fair Pricing Violations in Customer Bond Transactions ([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

Regulatory Notices:

13-29 FINRA Requests Comment on a Revised Proposal Regarding the Consolidated FINRA Rules Governing FINRA's Membership Application Proceedings

13-30 SEC Approves Amendments to Customer Arbitration Code to Simplify Panel Selection in Cases With Three Arbitrators

13-31 FINRA Highlights Examination Approaches, Common Findings and Effective Practices for Complying With its Suitability Rule

Information Notices:

9/20/2013 New S901 Regulatory Element Continuing Education Program

Board of Governors Authorizes FINRA to File Recruitment Compensation Proposal With the SEC

FINRA announced that its Board of Governors approved a proposal requiring brokers to disclose recruitment compensation paid to them as an incentive to move to a new firm. The proposal needs to be submitted to the Securities and Exchange Commission (SEC) for review and approval. If approved, brokers would need to disclose their recruitment compensation to any customers that choose to follow them to their new firm for a full year. ([Link](#))

FINRA Issues New Investor Alert: Private Placements—Evaluate the Risks Before Placing Them in Your Portfolio

FINRA issued a new investor alert called Private Placements—Evaluate the Risks before Placing Them in Your Portfolio to caution investors that investing in private placements is risky and can tie up their money for a long time. A private placement is an offering of a company's securities that is not registered with the Securities and Exchange Commission (SEC) and is not offered to the public at large. Many private placements are offered pursuant to Regulation D of the Securities Act of 1933. In general, you must be an "accredited investor" to invest in a private placement. ([Link](#))

ASK ABOUT OUR ORDER HANDLING AND BEST EXECUTION SURVEILLANCE SOLUTIONS

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FINRA Foundation Survey Reveals Over 80 Percent of Respondents Are Exposed to Financial Scams

The FINRA Investor Education Foundation issued a new research report—Financial Fraud and Fraud Susceptibility in the United States—which reveals that over 80 percent of respondents have been solicited to participate in potentially fraudulent schemes, and over 40 percent of those surveyed cannot identify some classic red flags of fraud. ([Link](#))

FINRA Issues Public Statement, Framework Regarding FINRA's Approach to Economic Impact Assessment for Proposed Rulemaking

FINRA issued a public statement, Framework Regarding FINRA's Approach to Economic Impact Assessment for Proposed Rulemaking. FINRA's framework, authored by the Office of the Chief Economist, will help ensure that its rules are better designed to protect the investing public and maintain market integrity while minimizing unnecessary burdens. The framework described in this statement applies specifically

to the prospective analysis of rules and rule changes and describes how FINRA will evaluate significant new rule proposals, including amendments to existing rules. ([Link](#))

FINRA Seeks Cease and Desist Order Against Firm and CEO for Fraud

FINRA announced that it has filed for a Temporary Cease-and-Desist Order against firm and its CEO to immediately halt solicitations of its customers to purchase Fibrocell Science, Inc. stock without making proper disclosures. FINRA alleges that during May 2013, firm fraudulently solicited its customers to buy Fibrocell stock, without disclosing that during the same time period, the firm and another firm principal were selling their shares. ([Link](#))

MSRB**MSRB Regulatory Notices for May 2013:**

2013-20 SEC Approves Amendments to MSRB Rules G-11, G-8 and G-32 to Include Provisions Specifically Tailored for Retail Order Periods

MSRB Seeks Approval to Consolidate and Harmonize Fair Dealing Obligations for Municipal Securities Dealers

MSRB asked the Securities and Exchange Commission (SEC) to approve a package of rule proposals to consolidate existing interpretive guidance under MSRB Rule G-17 related to three key fair dealing obligations for municipal securities dealers. The proposals establish or revise stand-alone rules for time-of-trade disclosures to investors, sophisticated municipal market participants and suitability. ([Link](#))

MSRB Responds to SEC's Approval of Final Registration Rule for Municipal Advisors

MSRB welcomes approval by the Securities and Exchange Commission (SEC) of its final guidance on the types of municipal advisory activities that are subject to federal regulatory oversight, including MSRB rules. The MSRB will carefully study the guidance and continue its outreach to municipal advisors as it assumes oversight responsibilities. ([Link](#))

MSRB Adopts Policy for Integrating Economic Analysis in Rulemaking Process

MSRB announced that it has adopted a policy for the formal use of economic analysis in MSRB rulemaking to ensure regulations that support a fair and efficient municipal market appropriately balance the benefits of protections for investors and municipal issuers with the burdens placed on regulated entities. ([Link](#))

MSRB to Implement Revised Rules Addressing Retail Order Periods

MSRB has received approval from the Securities and Exchange Commission (SEC) to revise MSRB rules to establish certain basic regulatory standards relating to the use of retail order periods in the primary offering of municipal securities. The revised rules support the MSRB's mission to protect municipal securities issuers and investors. ([Link](#))

NASAA

NASAA Annual Conference to Explore Investor Protection Amid Evolving Regulatory Landscape

State and Canadian securities regulators will convene in Salt Lake City, Utah, next month as the North American Securities Administrators Association hosts its 96th Annual Conference to discuss how securities regulators and professionals can uphold investor protection amid an evolving world of regulatory change. ([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.

NASDAQ—NASDAQ-TRADER—

OTCBB

Equity Trader Alert:

[2013-84](#) NASDAQ OMX Report Center Offering Free Trial of Equity Trade Journal for Clearing

[2013-85](#) NASDAQ OMX Trader.com Enhancements to Trade Halt Search and Current Trade Halt Page

[2013-86](#) VimpelCom Ltd. to Begin Listing on NASDAQ on Tuesday, September 10, 2013

[2013-87](#) NASDAQ OMX to Observe a Moment of Silence on Wednesday, September 11, 2013

[2013-88](#) Rocket Fuel Inc. Scheduled to Begin Listing on NASDAQ on Friday, September 20, 2013

[2013-89](#) NASDAQ to Begin Listing WisdomTree ETF on Friday, September 27, 2013

[2013-90](#) NASDAQ and BX Pricing Changes Effective October 1, 2013

Data Technical News:

[2013-40](#) PHLX Updates the Complex Auction Notification Message for COLA Notifications on the PHLX Orders Market Data Feed

[2013-41](#) VimpelCom Ltd. to Begin Listing on NASDAQ on Tuesday, September 10, 2013

[2013-42](#) Rocket Fuel Inc. Scheduled to Begin Listing on NASDAQ on Friday, September 20, 2013

Options Trader Alert:

[2013-43](#) NOM Updates Certain Rebates and Amends the Customer and Professional Rebate to Add Liquidity tiers in Penny Pilot Options

[2013-44](#) PHLX Enhances Complex Auction Messages

[2013-45](#) PHLX XL to Accept PIXL ISO Order Type

Options Regulatory Alert:

[2013-12](#) NOM to Modify Bid/Ask Differentials for "NDX" Options Class Through October 20, 2013

Financial Products News:

[2013-30](#) NASDAQ OMX Announces Changes to the Methodology of PHLX Semiconductor Sector Index (SOX) Effective Monday, September 23, 2013

[2013-31](#) NASDAQ OMX to Launch 21 New Indexes Effective Monday, September 23, 2013

[2013-32](#) NASDAQ OMX Announces Launch of Additional Indexes in the NASDAQ Global Index Family

[2013-33](#) NASDAQ OMX to Begin Dissemination of Six New Morningstar Indexes on GIDS Effective September 23, 2013

[2013-34](#) NASDAQ OMX to Begin Dissemination of New Third Party ETF Data on GIDS Effective Friday, September 27, 2013

[2013-35](#) NASDAQ OMX Announces Launch of Eight New Indexes in the NASDAQ BulletShares Index Family

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

[2013-10](#) UTP Level 1 Fee Changes; Net Reporting for Internal Subscribers, Redistributor Fees, UTP Data Policy Changes

NYSE - EURONEXT – AMEX

NYSE EURONEXT Announcements:

Trading Volumes for August 2013 ([Link](#))

Final Index Composition for Enhanced NYSE Arca Gold Miners Index ([Link](#))

NYSE MKT to Delist Securities of:

GeoPetro Resources Company ([Link](#))

Lone Pine Resources Inc ([Link](#))

NYSE MKT Issues Short Interest Report:

Settlement date of August 30, 2013 ([Link](#))

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

NYSE Group, Inc. Issues Short Interest Report:

Settlement date of August 30, 2013 ([Link](#))

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

NYSE Weekly Program-Trading Data Releases:

Averaged 28.7 Percent of NYSE Volume during Aug. 26-30 ([Link](#))

Averaged 27.1 Percent of NYSE Volume during Sept. 3-6 ([Link](#))

Averaged 24.5 Percent of NYSE Volume during Sept. 9-13 ([Link](#))

Averaged 40.9 Percent of NYSE Volume during Sept. 16-20 ([Link](#))

EnterNext welcomes Medical Device Works' listing on NYSE Alternext

EnterNext, the new NYSE Euronext subsidiary designed to develop and promote the market for SMEs, announced the listing on NYSE Alternext in Paris of Medical Device Works, a pioneer in organ isolation technology used to treat malignant tumours. ([Link](#))

ASX and NYSE Technologies announce new global network connection

ASX and NYSE Technologies, the commercial technology business of NYSE Euronext, announced that they have connected their respective global networks. The linking of ASX Net Global and NYSE Technologies' Secure Financial Transaction Infrastructure* (SFTI) will initially provide customers of NYSE Technologies cost-effective access to ASX markets and market data services. ([Link](#))

The Expert Indices Committee ([Link](#))**NYSE Euronext Enters Strategic Partnership with ACE to Transform the Private Capital Markets**

NYSE Euronext (NYX), the leading global operator of public financial markets, announced a strategic partnership with ACE, a leading transaction management platform for private placements of equity, debt and other securities. NYSE Euronext and ACE will establish an independent technology backbone for new issuances of private securities, with the goal of bringing greater transparency and efficiencies to the private market, just as NYSE Euronext has brought to the public market. ([Link](#))

NYSE Technologies and KOSCOM sign Global Trading Hub Connectivity Agreement

NYSE Technologies, the commercial technology division of NYSE Euronext (NYX) and KOSCOM, the technology firm created by the Korean Ministry of Finance and Korea Exchange, have signed a Global Trading Hub Connectivity Agreement. The agreement will empower local traders and strengthen the Memorandum of Understanding (MOU) signed by both organizations in March 2012. ([Link](#))

NYSE Euronext introduces GBP/USD and GBP/EUR derivatives

NYSE Euronext listed GBP/USD and GBP/EUR options and futures on its market in Amsterdam. The new introduction means an extension of NYSE Euronext's European range of foreign exchange derivatives, which until included EUR/USD options and futures. The new FX options and futures are interesting for retail and professional investors who wish to invest in currency derivatives without being exposed to physical delivery. These contracts form the base for a good currency risk hedge for equity portfolio's containing UK or US shares as the contracts are cash settled. ([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

NYSE Technologies Obtains License to Distribute Market Data in China

NYSE Technologies, the commercial technology division of NYSE Euronext (NYX), announced that it has obtained approval from the Chinese State Council Information Office (SCIO) to distribute market data in China. ([Link](#))

Mexico's Volaris Celebrates Initial Public Offering on the New York Stock Exchange

Mexico's Volaris, an ultra-low-cost airline, opened for trading on the New York Stock Exchange (NYSE) under the ticker symbol "VLRS" after an initial public offering of ADRs. GETCO is the Designated Market Maker (DMM) for the company's stock. ([Link](#))

NYSE Technologies and First Derivatives Collaborate on New Suite of 'As a Service' Trading Solutions

NYSE Technologies, the commercial technology division of NYSE Euronext (NYSE) announced that it will be working with First Derivatives, a leading provider of software and consulting services to the capital markets industry, to create a new suite of historical data 'as a service' solutions. Combining NYSE Technologies' historical and real-time data expertise covering cash, options, futures and corporate actions with First Derivatives' products and market expertise, the Tick as a Service offering will build into a suite of innovative market services for clients to gain efficient access to large data stores for analytical back testing and compliance. ([Link](#))

OMIClear, the Iberian Energy Clearing House, joins Interbolsa

NYSE Euronext and OMIClear announce that the Iberian Energy Clearing House is now an Interbolsa Special Participant. ([Link](#))

NYSE Euronext Launches the NYSE® Diversified High Income Index

NYSE Euronext announced the launch of the NYSE® Diversified High Income Index (NYDVHI), a new index designed to measure the performance of a broad, diversified basket of 138 publicly-traded securities that provide exposure to multiple asset classes, sectors and segments that historically pay high dividends on distributions. ([Link](#))

NYSE Liffe U.S. to Launch Futures on the NYSE Arca Gold Miners Index (GDM)

NYSE Liffe U.S., the innovative U.S. futures exchange of NYSE Euronext (NYSE), announced that it will launch a new futures contract based on the widely followed NYSE Arca Gold Miners Index ("GDM futures") on October 7th, 2013. These innovative new futures will complement the existing market for the Market Vectors® Gold Miners ETP (GDM®) listed on NYSE Arca as well as options on GDM® traded on the NYSE Arca and NYSE Amex options platforms. ([Link](#))

NYSE Euronext Named a Top Leader in Disclosure and Performance in Annual CDP S&P 500 Climate Change Report

NYSE Euronext announced that it has been named to the CDP S&P 500 Climate Disclosure Leadership Index (CDLI) for the fourth year in a row, and has also been named to the CDP S&P 500 Climate Performance Leadership Index (CPLI) for the second year in a row. In addition, the company continues to be the only global exchange operator to be named to these indices. ([Link](#))

NYSE Euronext Lisbon and ATP work in partnership to attract more companies to the Stock Exchange

NYSE Euronext Lisbon (Portuguese Stock Exchange) and the Associação Têxtil e Vestuário de Portugal (ATP, the Portuguese Association of Textiles and Clothing) are signing a cooperation agreement with the aim of encouraging and supporting the listing of new companies on the Stock Exchange. ([Link](#))

RingCentral Celebrates Public Debut on the New York Stock Exchange

San Mateo, Calif.-based RingCentral, Inc., a leading provider of cloud business communications solutions, opened for trading on the New York Stock Exchange (NYSE) under the ticker symbol "RNG" after its initial public offering. KCG Holdings, Inc. is the Designated Market Maker for RingCentral's stock. ([Link](#))

FINCEN

FinCEN Fines a Bank for Failing to Report Nearly \$1 Billion in Suspicious Transactions Related to Florida Ponzi Scheme

FinCEN announced the assessment of a \$37.5 million civil money penalty against the Bank, for failure to file suspicious activity reports related to the massive Ponzi scheme orchestrated by Florida attorney. The Office of the Comptroller of the Currency also announced the assessment of a concurrent \$37.5 million penalty against the Bank for related violations. Additionally, the Securities and Exchange Commission has assessed a separate \$15 million penalty against the Bank for related securities violations. ([Link](#))

Informational Webinar: FBAR Electronic Filing Technical Overview

FinCEN will hold an Informational Webinar on Thursday, September 19, 2013, to discuss technical specifications related to the electronic filing of the Report of Foreign Bank and Financial Accounts (FBAR). ([Link](#))

FinCEN Penalizes New Jersey based Bank for Risky Dealings with Foreign Money Exchanges

FinCEN announced the assessment of a \$4.1 million civil money penalty against New Jersey based bank. FinCEN has determined that the bank violated several provisions of the Bank Secrecy Act (BSA) from 2009 through May 2011. The Bank has consented to the assessment. ([Link](#))

PRA

Bank of England and HM Treasury Funding for Lending Scheme – 2013 Q2 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 eligible under the Scheme up to the second quarter of 2013. ([Link](#))

Why institutions matter (more than ever) – speech by Andrew Haldane

In a speech at the Centre for Research on Socio-Cultural Change, Andrew Haldane – Executive Director for Financial Stability and member of the Financial Policy Committee – argues that the radical growth and transformation of integration and information over recent years may have increased the severity of the tail risks facing global

systems, as recently evidenced by the global financial crisis. He explains that institutions such as the Financial Policy Committee have the qualities necessary to address these risks and, for that reason, matter now more than ever. ([Link](#))

BIS triennial survey of foreign exchange and over-the-counter interest rate derivatives markets in April 2013

In April this year, central banks and monetary authorities in 53 countries, including the United Kingdom, conducted the latest triennial survey of turnover in the markets for foreign exchange (spot, forwards, foreign exchange swaps, currency swaps and options) and over-the-counter (OTC) interest rate derivatives. The survey is co-ordinated on a global basis by the Bank for International Settlements (BIS), with the aim of obtaining comprehensive and internationally consistent information on the size and structure of the corresponding global markets. The Bank of England conducted the UK survey, which covers the business of leading financial institutions located within the United Kingdom in these markets. ([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 at its meeting on 4 September 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

This news release describes the results of the Bank of England's latest quarterly survey of public attitudes to inflation, undertaken between 8th and 13th of August 2013. Because the survey was taken immediately after the MPC's forward guidance was announced, the response to Question 6 on expectations of future interest rates may be of interest. ([Link](#))

PRA / FCA Mortgage Lenders and Administrators Statistics published

The Bank of England and Financial Conduct Authority (FCA) published the latest Mortgage Lenders and Administrators Statistics for the United Kingdom covering the period Q2 2013. As previously announced, this dataset previously published by the Financial Services Authority is now jointly owned by the Bank and FCA. ([Link](#))

Bank of England announces public consultation programme on polymer banknotes

The Bank of England is responsible for maintaining confidence in the currency, by meeting demand with good quality genuine banknotes that the public can use with confidence. Designing new banknotes that take advantage of developments in security features is crucial to delivering this remit. For the past three years the Bank has conducted a research project looking at the materials on which banknotes are printed. In particular, the Bank has reviewed the relative merits of printing banknotes on polymer rather than the cotton paper as at present. ([Link](#))

Quarterly Bulletin 2013 Q3 pre-release article: 'Bank capital and liquidity'

Bank capital and liquidity are concepts that have become high profile since the financial crisis and are central to understanding what banks do, the risks they take and how best those risks should be mitigated. This Quarterly Bulletin article aims to provide a primer for these concepts. ([Link](#))

Extension of the swap facility agreement with the Bank of England/European Central Bank

The Bank of England and European Central Bank (ECB) are announcing an extension of their temporary reciprocal swap agreement (swap line) to Tuesday 30 September 2014. The swap line was established in December 2010 to enable the ECB to provide sterling liquidity to its counterparties, and was extended for a further year in each of September 2011 and September 2012. If requested, the Bank of England will provide the ECB with sterling in exchange for euro up to a limit of £10bn. ([Link](#))

Quarterly Bulletin 2013 Q3

The crisis underlined the importance of financial stability as a precondition for monetary stability and broader economic health and prosperity. Policymakers around the world recognised that focusing separately on price stability and on microprudential regulation of individual firms and markets was not enough. A broader approach — macroprudential policy — was needed to ensure the resilience and stability of financial systems. In 'Macroprudential policy at the Bank of England', Deputy Governor for Financial Stability Paul Tucker and co-authors explain how the Financial Policy Committee (FPC) was created to fill that gap in the UK. Its work is important globally, as well as domestically, given London's role as an international financial centre. After providing some examples of systemic risks, such as those relating to the interconnectedness of financial institutions or unsustainable levels of leverage and credit growth, the article goes on to discuss the specific role and powers of the FPC as well as some of the processes supporting the new Committee. ([Link](#))

Index-linked Treasury Stock

In accordance with the terms of the prospectus dated 12 October 1983, the Bank of England announces that the rate of interest payable on the above stock for the interest payment due on 16 April 2014 will be £3.7816 per £100 nominal of stock. ([Link](#))

Change of release date for the Financial Policy Committee statement

The Financial Policy Committee (FPC) statement from its policy meeting of 18 September will be released on Wednesday 25 September not Thursday 26 September as previously announced. ([Link](#))

Monetary Policy Committee dates for 2014 and provisional dates for 2015 ([Link](#))**Deputy Head of the Prudential Regulation Authority and the Executive Director at the Bank of England for Policy**

Paul Sharma Deputy Head of the PRA and Executive Director at the Bank of England for Policy has announced his intention to leave the Bank of England after twenty years as a regulator. Paul will take up a senior role at consulting firm Alvarez & Marsal as co-head of their regulatory practice. A process of finding Paul's successor will begin shortly. ([Link](#))

Conditional guidance as a response to supply uncertainty – speech by Ben Broadbent

In a speech at London Business School, Monetary Policy Committee member Ben Broadbent explains why, given the uncertainty surrounding productivity growth, it is appropriate for the MPC to condition monetary policy on the rate of unemployment. ([Link](#))

Monetary strategy and prospects - Speech by Paul Tucker

Speaking at the annual conference of the Association for Financial Markets in Europe (AFME) on Tuesday, Paul Tucker explains his thinking on monetary strategy in the context of an emerging economic recovery. ([Link](#))

BD and IA Services

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Monetary policy and forward guidance in the UK – a speech by David Miles

In a speech at Northumbria University, David Miles – member of the Bank of England's Monetary Policy Committee – argues that while recent improvements in economic data are welcome, the slack in the economy generated by several years of underperformance means that people should not expect monetary policy to quickly return to normal. He explains that with forward guidance the MPC is sending a simple message to the British public: provided inflationary pressures do not head in the wrong direction, monetary policy will not be tightened until the recovery is sufficiently strong and sustainable to make a meaningful dent in unemployment. ([Link](#))

Bank of England polymer consultation programme – speech by Chris Salmon

In a speech delivered to the Norfolk Chamber of Commerce, Chris Salmon, Executive Director for Banking Services and Chief Cashier, discusses the Bank of England's public consultation programme regarding its recommendation to produce the next £5 and £10 banknotes on polymer. ([Link](#))

Financial Policy Committee statement from its policy meeting, 18 September 2013

At its meeting on 18 September 2013, the Bank of England's Financial Policy Committee (FPC) reviewed its assessment of the risks to financial stability and, in the light of that assessment, progress against the existing set of recommendations. The Committee did not make any new recommendations. ([Link](#))

Statement from the Bank of England

The Bank has been experiencing some technical IT problems. There is no impact on critical payment and settlement services. Alternative procedures are in place where necessary. The Bank is acting to resolve these problems as soon as possible. ([Link](#))

FCA**Fund fined £7.2 million for failing to protect client money**

FCA has fined a Fund £7,192,500 for failing to identify, and therefore properly protect, client money placed in Money Market Deposits (MMDs) with third party banks between September 2008 and August 2011. ([Link](#))

FCA publishes four month update on the banks' reviews of sales of interest rate hedging products

FCA has published its first update on banks' reviews of sales of Interest Rate Hedging Products (IRHPs). ([Link](#))

FCA to carry out market study into cash savings - study is part of program to look at competition across financial services markets

FCA announced plans to carry out a market study into the £1 trillion UK cash savings market. This study will be part of a program of work where the FCA will look across financial services markets and assess whether or not competition is working effectively in the best interests of consumers. ([Link](#))

Investment firm fined and reviews investment sales for advice failings

FCA has fined an Investment Services firm £1,802,200 for failing to ensure it gave suitable investment advice to its customers. The failings put a significant number of customers at risk of buying unsuitable products. Many of firm's shortcomings only came to light during a review by the FCA. ([Link](#))

FCA review finds evidence of life insurance and advisory firms ‘undermining the objectives of the RDR’ and consults on new guidance

FCA has published a review to find out whether firms continue to be influenced by inducements from product providers, despite the Retail Distribution Review (RDR) coming into effect in January 2013. The review published found some life insurance firms had arrangements in place which could influence advisers, contrary to the RDR’s aim of removing commission bias in financial advice. ([Link](#))

Bank fined £137,610,000 for serious failings relating to its Chief Investment Office’s “London Whale” trades

FCA has fined a Bank £137,610,000 (\$220 million) for serious failings related to its Chief Investment Office (CIO). Bank’s conduct demonstrated flaws permeating all levels of the firm: from portfolio level right up to senior management, resulting in breaches of Principles 2, 3, 5 and 11 of the FCA’s Principles for Businesses - the fundamental obligations firms have under the regulatory system. ([Link](#))

FCA review of medium-sized firms’ PPI complaints handling finds significant room for improvement

FCA published the findings of a complaints handling review of 18 medium and small sized firms currently handling payment protection insurance (PPI) complaints. ([Link](#))

Broker-dealer fined £14 million for significant failings in relation to LIBOR

FCA fined broker-dealer £14 million for misconduct relating to the London Interbank Offered Rate (LIBOR). IEL is the first broking firm to be fined for failings relating to the benchmark. ([Link](#))

Bank fined £8.9 million for failing to treat its mortgage customers fairly

FCA fined a Bank for failing to inform its customers clearly of their rights after the bank miscalculated the repayments on over 42,500 mortgages. ([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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TO: Louis Dempsey

RE: September 2013

Fax: (561) 807-5442

LouisDempsey@RRSCompliance.com

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