

Routing

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The Regulatory & Compliance Update is published by Renaissance Regulatory Services for its clients' legal, compliance, senior management, and supervisory personnel.

This memorandum is distributed to RRS clients at no charge and includes "hot topics" of focus by regulators and of interest to compliance professionals. The document is intended to provide reminders of regulatory matters that were released or issued during the previous month.

The information contained in this publication was compiled from various regulatory releases and is believed to be true and correct as of the date of distribution. Many regulatory issues are subject to interpretations that can change as industry rules and regulations change, and as compliance issues evolve. Readers are cautioned to consider their individual situations and are encouraged to contact RRS staff for guidance on any issues. The information is not intended as legal or accounting advice, which can only be provided by a duly qualified attorney or certified public accountant.

Hot Topics

EVENTS

- **DEADLINE:** Monthly FOCUS Filing Due May 23rd, 2014
- **FINRA:** Annual Conference in Washington, DC, May 19-21, 2014

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Service Spotlight: Compliance Exams

RRS' comprehensive suite of compliance examination services include:

- SEC compliance examinations for broker-dealers, investment advisers, private funds, investment companies and transfer agents;
- FINRA compliance examinations and supervisory controls testing;
- FINRA OSJ and Branch office examinations;
- FINRA Trading and Market Making examinations;
- MSRB Compliance examinations;
- Anti-money laundering program testing;
- Financial Operations examinations including net capital and customer reserve;
- Focused sales practices and trading investigations.

With former SEC, FINRA and State examiners, RRS can provide a customized solution to meet your regulatory and compliance needs. For more information or to request a proposal, contact your account representative or call us at (561) 368-2245.

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Washington, DC



SEC

SEC Announces:

Charges Against Honolulu Woman Defrauding Investors Through Social Media ([Link](#))

Additional \$150,000 Payment to Recipient of First Whistleblower Award ([Link](#))

SEC Proposes:

Rules for Security-Based Swap Dealers and Major Security-Based Swap Participants ([Link](#))

SEC Charges:

A Financial Services firm with Improperly Calculating Advisory Fees and Overcharging Clients ([Link](#))

Utah-Based Retirement Plan Administrator With Defrauding Investors ([Link](#))

Six Individuals With Insider Trading in Stock of E-Commerce Company Prior to Acquisition by eBay ([Link](#))

Former Stock Promoter With Defrauding Investors in Florida Real Estate Venture ([Link](#))

Technology Company Insider in California With Tipping Confidential Information Exploited by Hedge Funds ([Link](#))

A Former Biopharmaceutical Company Executive and Two Others with Insider Trading ([Link](#))

Former Employee of an Energy Company with Insider Trading During the Deepwater Horizon Oil Spill ([Link](#))

San Diego-Based Investment Adviser with misleading investors and breaching their fiduciary duties to clients ([Link](#))

Brokerage Firm Executives in Kickback Scheme to Secure Business of Venezuelan Bank ([Link](#))

Technology Corporation With FCPA Violations ([Link](#))

Las Vegas-Based Transfer Agent With Disclosure Failures in Registration Forms ([Link](#))

A Pharmacy and Retail Chain With Misleading Investors and Committing Accounting Violations ([Link](#))

Owner of N.J.-Based Brokerage Firm With Manipulative Trading ([Link](#))

Two Friends With Insider Trading Ahead of Impending Acquisition ([Link](#))

SEC Halts:

Pyramid Scheme Targeting Dominican and Brazilian Immigrants ([Link](#))

List of No Action Letters:

The Gabelli Convertible & Income Securities Fund, Inc., et al. ([Link](#))

JP Morgan Municipal Money Market Fund ([Link](#))

Invesco Advisers, Inc. ([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, Criminal Authorities Halt Florida-Based Ponzi Scheme Targeting Investors Through YouTube Videos

The SEC announced fraud charges and an asset freeze against the operators of a South Florida-based Ponzi scheme targeting investors through YouTube videos and selling them investments in a product called virtual concierge machines (VCMs) that would purportedly generate guaranteed returns of 300 to 500 percent in four years. ([Link](#))

SEC Issues Stop Order to Prevent Northern California Company From Issuing Stock Under Amended Registration Statement

Stop orders prevent the sale of privately held shares to the public under a registration statement that is materially misleading or deficient. If a stop order is issued, no new shares can enter the market under that registration statement until the company has corrected the deficiencies or misleading information. ([Link](#))

SEC Seeks Comment on Investor Advisory Committee Recommendation Regarding Target Date Funds

In 2010, the SEC proposed a rule that would require marketing materials for target date funds to include a graphical or tabular depiction of changes in the fund's asset allocation over time, known as a fund's "glide path." The SEC is reopening the comment period on its 2010 proposal to request comment on the committee's recommendation that the SEC develop a glide path illustration based on a standardized measure of fund risk, which would replace or supplement what it previously proposed. ([Link](#))

Ask about Our Order Handling and Best Execution Surveillance Solutions

Contact John Pinto at

(202) 463-6575

JohnPinto@RRSCompliance.com

Mauri Osheroff to Retire After Nearly 40 Years at SEC

Ms. Osheroff began her SEC career as a summer employee in 1973 and returned the following year after graduating from law school. She started as an attorney adviser in the Division of Corporation Finance and was promoted to a special counsel position in 1980. She was named as the division's deputy chief counsel in 1984 and became an associate director in 1987. In that role, she initially oversaw the division's rulemaking program and later assumed oversight of its offices of Mergers and Acquisitions, International Corporate Finance, and Small Business Policy. ([Link](#))

SEC Names David Gottesman as Deputy Chief Litigation Counsel

Mr. Gottesman joined the SEC in 2004 and was promoted to a supervisory role in the trial unit in 2011, where he has litigated cases involving financial and accounting fraud, insider trading, market manipulation, investment company and adviser fraud, offering fraud, and registration violations. ([Link](#))

Rebecca Olsen Named Chief Counsel in the Office of Municipal Securities

The Securities and Exchange Commission announced that Rebecca J. Olsen has been named chief counsel in its Office of Municipal Securities. ([Link](#))

Jessica Kane Named Deputy Director in the Office of Municipal Securities

The Securities and Exchange Commission announced that Jessica S. Kane has been named deputy director in its Office of Municipal Securities. ([Link](#))

FINRA

Regulatory Notices:

14-14 FINRA Requests Comment on the Effectiveness and Efficiency of its Communications With the Public Rules

14-15 FINRA Requests Comment on the Effectiveness and Efficiency of its Gifts and Gratuities and Non-Cash Compensation Rules

14-16 Securities Industry/Regulatory Council on Continuing Education Issues Firm Element Advisory Update

14-17 2014 GASB Accounting Support Fee to Fund the Governmental Accounting Standards Board

14-18 FINRA Revises the Investment Company and Variable Contracts Products Principal (Series 26) Examination Program

14-19 FINRA Requests Comment on a Revised Proposal to Require a Hyperlink to BrokerCheck in Online Retail Communications With the Public

Information Notices:

4/11/2014 Continuing Education Planning

FINRA Conferences & Events:

Annual Conference in Washington, DC, May 19-21, 2014 ([Link](#))

FINRA Board Approves Amendment to Supervision Rule Requiring Firms to Conduct Background Checks on Registration Applicants

The FINRA announced that its Board of Governors approved amendments to FINRA's supervision rule that would expand the obligations of firms to check the background of applicants for registration, including first-time applications as well as transfers, to verify the accuracy and completeness of the information contained in an applicant's Form U4. Firms would also be required to adopt written procedures in this area that include searching public records. ([Link](#))

Board Decision Finds a Financial Services Firm Violated FINRA Rules by Adding Waiver Provisions in Customer Agreements Prohibiting Customers From Participating in Class Actions; Reverses FINRA Hearing Panel Decision

The Board of Governors of the FINRA issued a decision finding a Financial Services firm violated FINRA rules when the firm attempted to keep investors from participating in judicial class actions by adding waiver language to customer account agreements. ([Link](#))

FINRA Rulebook Consolidation

Since 2008, FINRA has been in the process of consolidating NASD Conduct Rules into the FINRA Rules. Firms are required to update their written supervisory and control procedures to address the Rule changes as they become effective.

These rule changes have included substantive revisions to existing rules and regulations, as well as new requirements. These significant revisions to industry rules impact all broker-dealers, and firms must stay vigilant in order to stay up-to-date.

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

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

Names Leslie F. Seidman As New Public Governor

The FINRA has named Leslie F. Seidman as a new Public Governor. Ms. Seidman previously served as Chairman of the FASB from 2010 to 2013, having been appointed to the FASB as a Board member in 2003. As Chairman of the FASB, Ms. Seidman was responsible for managing the organization's day-to-day activities and leading the FASB's efforts to develop high-quality financial reporting standards that result in decision-useful information for investors and other users of financial statements. ([Link](#))

FINRA Launches Retrospective Rule Review

The FINRA issued two new Regulatory Notices as part of an initiative to conduct retrospective rule reviews on an ongoing basis. Regulatory Notice 14-14 requests comment on the effectiveness and efficiency of FINRA's communications with the public rules, while Regulatory Notice 14-15 requests comment on gifts, gratuities and non-cash compensation rules. FINRA's retrospective rule reviews are designed to ensure that FINRA's rules remain relevant and appropriately designed to achieve their objectives. ([Link](#))

MSRB**MSRB Regulatory Notices for April 2014:**

[2014-09](#) MSRB to Implement New MSRB Rule A-11 Establishing Fees for Municipal Advisor Professionals

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

NASAA**CSBS and NASAA Release Guidance on Virtual Currency**

The Conference of State Bank Supervisors (CSBS), through its Emerging Payments Task Force, and the NASAA released Model State Consumer and Investor Guidance on Virtual Currency. ([Link](#))

Survey Finds Inconsistent Broker-Dealer Fee Disclosure and Questionable Markups

A report released by the NASAA shared survey findings that uncovered a wide disparity in how broker-dealers disclose the fees they charge their customers and questionable practices regarding broker-dealer fee charges and markups. ([Link](#))

NASAA Renews Call on SEC to Revise Regulation A Rule Proposal

The NASAA renewed its call on the Securities and Exchange Commission (SEC) to substantially revise its proposed Regulation A rulemaking to remove language preempting state authority over certain small business offerings ([Link](#))

NASDAQ—NASDAQ-TRADER—**OTCBB****Data News:**

[2014-5](#) NASDAQ OMX Global Data Policies Updated to version 2014.2

[2014-4](#) NASDAQ OMX Provides Additional Information on the NASDAQ Basic Net Reporting Program and the NASDAQ Basic Enterprise License

Equity Trader Alert:

[2014-34](#) Modifications to Pricing Effective May 1, 2014

[2014-33](#) NASDAQ OMX to Begin Listing iShares ETFs on Thursday, May 1, 2014

[2014-32](#) NASDAQ OMX announces information regarding merger transaction between United Financial Bancorp, Inc. and Rockville Financial, Inc.

[2014-31](#) NASDAQ announces Spin off/Distribution information for SLM Corporation (SLM)

[2014-30](#) All NASDAQ OMX Markets will be closed on Friday, April 18, 2014

Data Technical News:

[2014-13](#) NASDAQ OMX Introduces New NOM Fee Structure for Managed Data Solutions

[2014-12](#) REMINDER: New Multicast IP Address for Select NASDAQ OMX Proprietary Data Feeds

[2014-11](#) MeetMe Inc. to Begin Listing on NASDAQ on Tuesday, April 15, 2014

Options Trader Alert:

[2014-9](#) PHLX Announces Quote Size Requirement in GOOGL, GOOG and GOLG8

[2014-13](#) PHLX Announces Margin Levels for the NASDAQ OMX FX Options

Options Regulatory Alert:

[2014-12](#) NOM and BX Options Amend Rules to List Certain Proprietary Index and U.S. Dollar-Settled Foreign Currency Options

[2014-11](#) Qualified Contingent Cross Transactions

[2014-10](#) NOM Bid/Ask Differentials for "NDX" and "PCLN" Options Class Through May 17, 2014

[2014-9](#) PHLX Bid/Ask Differentials for "NDX" and "PCLN" Options Class Through May 17, 2014

[2014-8](#) Expiring Exercise Declaration Submissions for Thursday, April 17, 2014

COMPREHENSIVE COMPLIANCE SOLUTIONS

[WWW.RRSCOMPLIANCE.COM](http://www.rrscompliance.com)

Financial Products News:

[2014-26](#) NASDAQ OMX Announces Launch of Twelve New Indexes Effective May 1, 2014

[2014-25](#) NASDAQ OMX to Discontinue Dissemination of Three NASDAQ Indexes Effective After the Close of Business Thursday, April 17, 2014

NYSE - EURONEXT – AMEX

NYSE to Suspend Trading in:

Energy Future Holdings Corp. Corporate Bonds and Commence Delisting Proceedings ([Link](#))

Genco Shipping & Trading Limited and Commence Delisting Proceedings ([Link](#))

NYSE MKT Issues Short Interest Report:

Settlement date of March 31, 2014 ([Link](#))

Settlement date of April 15, 2014 ([Link](#))

NYSE Group, Inc. Issues Short Interest Report:

Settlement date of April 15, 2014 ([Link](#))

Settlement date of March 31, 2014 ([Link](#))

NYSE Weekly Program-Trading Data Releases:

NYSE Arca and NYSE MKT Announce Trading and Liquidity Enhancements for ETPs

NYSE Arca and NYSE MKT announced a set of enhancements designed to increase liquidity and market quality in Exchange Traded Products (ETPs), while advancing the listing and trading experience of the ETP community. Each of the initiatives is pursuant to rules filed with the U.S. Securities and Exchange Commission (SEC). ([Link](#))

Euronext launches world's first index based Exchange for Physicals

Euronext, a wholly owned subsidiary of IntercontinentalExchange Group (NYSE: ICE), announced that it will be the world's first regulated market to launch a complete centrally cleared solution to facilitate the trading of Exchange for Physicals (EFP) on index futures. The service will be available in a first instance on CAC 40® and AEX-Index® Futures and is expected to be fully operational in the first quarter 2015. ([Link](#))

Mainstay Medical lists on Euronext

Euronext, a wholly owned subsidiary of IntercontinentalExchange Group (NYSE: ICE), announced the listing of Mainstay Medical International plc. Mainstay Medical is listed on Euronext's regulated market in Paris (Compartment C) and on the Enterprise Securities Market of the Irish Stock Exchange in Dublin (ticker symbol: MSTY, ISIN: IE00BJYS1G50). ([Link](#))

Euronext strengthens delivery process for flagship milling wheat contract

Euronext, a wholly owned subsidiary of IntercontinentalExchange Group (NYSE: ICE), announced the signature of a tripartite agreement with grain storage specialist Sénalia and LCH.Clearnet SA. Euronext's relationship with storage silos operated by Socomac and Sica Nord-Céréales will be harmonized under the terms in this agreement. With 750,000 tons of milling wheat storage capacity in Rouen, Sénalia remains Euronext's partner of reference, as it has been since the flagship contract was launched in 1998. ([Link](#))

Theraclion lists on Alternext in Paris

EnterNext, the Euronext subsidiary designed to promote and grow its market for small and medium-sized enterprises, announced the listing of Theraclion, an echotherapy specialist using high-intensity focused ultrasound (HIFU) for non-invasive treatment of tumours, on Alternext in Paris. ([Link](#))

Watching the States—Beware the Free Lunch!!

State Regulators have increased their emphasis on senior issues, and seminars in particular, in recent months. In fact, the AARP recently announced an initiative with NASAA to send “Monitors” to seminars as apparent undercover agents. The program is in response to last year’s sweep examinations focusing on seminars by NASAA, the SEC and FINRA, where the regulators allegedly found after that while many free meal financial seminars were advertised as “educational,” or “workshops,” 100 percent of the “seminars” were instead sales presentations; 50 percent featured exaggerated or misleading advertising claims; and one-quarter involved possibly unsuitable recommendations to attendees.

This initiative is a reminder that firms must review their policies and procedures relative to seminars and senior marketing efforts. This review should include the seminar approval process, review of sales literature and presentations, and alerting their representatives of the importance that they stick to the approved scripts. Firms should also consider asking the attendees to identify whether they are representing their own interests or that of a third party (i.e. AARP).

RRS’ staff has extensive experience in dealing with State regulatory matters. RRS preventative compliance services include *review of marketing materials and communications with the public*, 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

Aegon N.V. lists EUR 700 million notes on Euronext Amsterdam

Euronext, a wholly owned subsidiary of IntercontinentalExchange Group (NYSE: ICE), announced that Aegon N.V. listed its EUR 700 million subordinated notes on Euronext Amsterdam (ISIN XS1061711575). ([Link](#))

EnterNext congratulates AwoX on its listing on Euronext Paris

EnterNext, the Euronext subsidiary designed to promote and grow its market for small and medium-sized enterprises, celebrated the listing of AwoX, a pure player in connected objects and technologies for the Smart Home, on Euronext’s regulated market in Paris (compartment C). ([Link](#))

EnterNext congratulates Genfit on listing on Euronext Paris

EnterNext, the Euronext subsidiary designed to promote and grow its market for small and medium-sized enterprises, celebrated the listing of Genfit in compartment B of Euronext’s regulated market in Paris. ([Link](#))

Fermentalg lists on Euronext Paris

EnterNext, the Euronext subsidiary designed to promote and grow its market for small and medium-sized enterprises, congratulated Fermentalg, an industrial biotechnology company producing oils and proteins from microalgae, on its listing on Euronext’s regulated market in Paris (compartment C). ([Link](#))

TxCell lists on Euronext Paris

EnterNext, the Euronext subsidiary designed to promote and grow its market for small and medium-sized enterprises, congratulated TxCell, a French biotechnology company specializing in immunotherapies for the treatment of chronic inflammatory and auto-immune diseases, on its listing. TxCell joined Euronext’s regulated market in Paris (compartment C). ([Link](#))

Statement on the Passing of Jim Flaherty, Former Canadian Minister of Finance

Statement from Duncan Niederauer, CEO, NYSE and President, ICE regarding the passing of Jim Flaherty, former Canadian Minister of Finance. ([Link](#))

SuperSonic Imagine lists on Euronext Paris

EnterNext, the Euronext subsidiary designed to promote and grow its market for small and medium-sized enterprises, announced the listing of SuperSonic Imagine, a company specialized in ultrasound medical imaging, on Euronext’s compartment B in Paris. ([Link](#))

Quantum Genomics lists on Alternext Paris

EnterNext, the Euronext subsidiary designed to promote and grow its market for small and medium-sized enterprises, congratulated Quantum Genomics, a biopharmaceutical research company developing new therapies for cardiovascular disease, on its transfer from the Free Market to Alternext in Paris following a €3.4 million private placement. ([Link](#))

Euronext to wind down Alternext Amsterdam

Euronext, a wholly owned subsidiary of IntercontinentalExchange Group (NYSE: ICE), announced that, following a strategic review, it will wind down Alternext 1 Amsterdam by the end of the year, or as soon as possible thereafter. ([Link](#))

NIBC lists €500 million bond on Euronext Amsterdam

Euronext, a wholly owned subsidiary of IntercontinentalExchange Group (NYSE: ICE), announced that NIBC Bank listed its successfully launched EUR 500 million conditional pass through covered bond on Euronext Amsterdam (ISIN XS1054163347). ([Link](#))

Genomic Vision celebrates successful listing on Euronext Paris

EnterNext, the Euronext subsidiary designed to promote and grow its market for small and medium-sized enterprises, congratulated Genomic Vision, a biotechnology company specializing in molecular diagnostics for genetic diseases, on its successful listing in compartment C of Euronext’s regulated market in Paris. ([Link](#))

Euronext celebrates the Brussels-Capital Region's first bond listing on Euronext Brussels

Euronext Group N.V., a wholly owned subsidiary of IntercontinentalExchange Group (NYSE: ICE), announces the successful bond listing by the Brussels-Capital Region on its Brussels market. ([Link](#))

GENTICEL lists on Euronext in Paris and Brussels

EnterNext, the Euronext subsidiary designed to promote and grow its market for small and medium-sized enterprises, congratulated GENTICEL, a French biotechnology company and specialist in the development of therapeutic vaccines whose objective is to eliminate the human papillomavirus (HPV) responsible for cervical cancer, on its successful admission to trading on Euronext's compartment C in Paris and in Brussels. ([Link](#))

PRA

Transcripts of Monetary Policy Committee meetings

The Bank has commissioned a review of practices and procedures in its consideration of making permanent recordings and transcripts of Monetary Policy Committee (MPC) meetings. The Bank has appointed Governor Kevin Warsh, a former member of the Board of Governors of the Federal Reserve System and member of the Federal Open Market Committee, to undertake the review. ([Link](#))

FINOP Support Services

RRS provides multiple levels of **FINOP support** for your financial reporting obligations. From preparation of full books and records to net capital reviews and FOCUS filing with **FINRA** and the **NFA**, RRS professional staff can help.

RRS services include:

- General Ledger and trial balance preparation.
- Net capital computation with supporting schedules.
- Monthly or quarterly FOCUS filings.
- Net capital interpretive guidance.

For more information contact Bart McDonald at (561) 368-2245 or BartMcDonald@RRSCompliance.com

News Release - Bank of England Houlton £50 banknote to be withdrawn tomorrow

The £50 banknote carrying the portrait of Sir John Houlton, the first Governor of the Bank of England, is to be withdrawn from circulation tomorrow (30 April). This withdrawal was first announced on 16 January 2014. ([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.

Bank of England publishes details of UK stress test for major UK banks and building societies

In March 2013, the Financial Policy Committee (FPC) recommended that regular stress testing of the UK banking system should be developed to assess the system's capital adequacy. In a Discussion Paper published in October 2013, the Bank of England set out proposals for the main features of a framework for annual and concurrent stress-testing of the UK banking system. The Bank of England is setting out further details of the scenario for the stress tests that the eight major UK banks and building societies will be undertaking this year. This is a step towards the medium-term stress testing framework outlined in the Discussion Paper. ([Link](#))

Slack, pricing pressure and the outlook for policy - speech by Ian McCafferty

In a text issued, based on remarks given to group of business contacts in Northern Ireland earlier in the month, Ian McCafferty sets out how he assesses the degree of spare capacity in the UK economy. ([Link](#))

Joint Bank of England/European Central Bank Paper - "The impaired EU securitisation market: causes, roadblocks and how to deal with them"

The Bank of England and ECB recently issued a joint paper entitled, "The impaired EU securitization market: causes, roadblocks and how to deal with them", for the G20/IMF Spring meetings. ([Link](#))

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

The Bank of England's Monetary Policy Committee at its meeting on 9 April voted to maintain Bank Rate at 0.5%. The Committee also voted to maintain the stock of purchased assets financed by the issuance of central bank reserves at £375 billion. ([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

Bank of England announces expansion of eligibility of securities guaranteed by UKEF as collateral in the Bank's facilities

UK Export Finance-guaranteed debt capital market notes issued under pro forma documentation and processes that have been agreed between UKEF and the Bank of England will be eligible for the Bank of England's Sterling Monetary Framework. The Bank also expects to be able to agree to processes with UKEF that will allow future UKEF-guaranteed loans to be made eligible in SMF. ([Link](#))

The age of asset management? – speech by Andrew Haldane

In a speech at the London Business School's Asset Management Conference, Andrew Haldane discusses the risks posed by the asset management industry to financial stability, and the associated policy implications. In doing so, he also highlights the ways in which asset management – “a key bridge between end-savers and end-borrowers” – can strengthen both the financial system and the real economy. ([Link](#))

Second release of historic Archive documents now available on Bank of England website

Following the release of digitized material from the Bank of England Archive last year, a number of additional series are now being made available online. ([Link](#))

Bank of England sets out the Prudential Regulation Authority's Annual Funding Requirement

The Bank of England is consulting on the regulatory fees and levies required to support the PRA's strategic priorities and business aims for the fee year 2014/15. The fees from individual firms are based on the size of their business. Consequently, those firms that could potentially cause the greatest harm to the stability of the UK financial system will be the main contributors to the PRA's funding needs. The FCA has separately set out its own Annual Funding Requirement. ([Link](#))

FCA

A firm is fined £18.6 million for failings in fund management

The FCA has fined two Asset Management firms £18,643,000 for exposing investors to greater levels of risk than they had been led to expect. ([Link](#))

New mortgage rules come into force

New rules from the FCA come into force which will put common sense at the heart of the mortgage market and prevent borrowers ending up with a mortgage they cannot afford. ([Link](#))

Antony Townsend to be new Complaints Commissioner

The Bank of England and the FCA announced the appointment of Antony Townsend as Complaints Commissioner. ([Link](#))

FCA appoints two new senior advisers focused on competition and investment banking

David Saunders and Gunner Burkhart have been appointed as senior advisers at the Financial Conduct Authority FCA. ([Link](#))

Tribunal upholds £80,000 fine for broker who lied about income and used falsified payslips in mortgage application

The Upper Tribunal (Tribunal) has upheld the decision of the FCA to impose a financial penalty of £80,000 on a director of a Financial Services Firm, for dishonestly submitting false income details to a mortgage lender in a personal mortgage application. ([Link](#))

FCA bans partners of firm that failed to consider customer SIPP suitability

Partners at a Financial Services Firm, have been banned by the FCA from performing any significant influence function in relation to any regulated activity. The partners had advised customers to switch into self-invested personal pensions (SIPPs), which enabled those customers to invest in unregulated and often high risk products, regardless of whether those products were suitable for the customers. The Financial Services Firm has now ceased trading and has applied to cancel its FCA permissions. ([Link](#))

Financial Conduct Authority says time to end premium calls for consumers

The FCA is concerned that customers are being charged high rates to contact financial services firms and will consult with industry, consumer organizations and consumers to ensure customer calls are more affordable. ([Link](#))

Countdown to new mortgage lending rules – FCA publishes simple guide to explain the changes to consumers

New rules from the FCA, which come into force on 26 April 2014, will make sure a common sense approach is taken for every lending decision. ([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

Land bank firm shut down by the FCA has appeal rejected by Court

The Court of Appeal has dismissed, on all counts. ([Link](#))

FCA research shows many consumers paying too much for overdrafts

The FCA has published research into the £8bn overdraft market a week after it took over responsibility for 50,000 consumer credit firms. ([Link](#))

FCA data shows consumer complaints fall by 15%

The latest complaints data published by the FCA shows 2,479,029 new complaints were opened against financial services firms between July and December 2013. This marks a fall of 15% compared to the 2,911,154 complaints reported in the previous six months. ([Link](#))

FCA publishes guidance on pension reforms announced in Budget 2014

The FCA published guidance for firms following the changes to pension legislation, announced in Budget 2014. ([Link](#))

FCA engages with firms on claims handling thematic review

The FCA is engaging with firms and other interested parties to discuss the initial findings of its thematic review on household and travel insurance claims handling. The thematic review was designed to assess the extent to which insurers put consumers making claims at the heart of their businesses. Martin Wheatley, the chief executive of the FCA, launched the review in a speech to the British Insurance Brokers' Association conference in May last year. ([Link](#))

FCA Independent Directors Appoint External Law Firm and Publish Terms of Reference

The FCA Non-Executive Directors have appointed Simon Davis, a senior Commercial Litigation Partner at Clifford Chance, to conduct an independent inquiry into the handling of the FCA's announcement of proposed supervisory work on the fair treatment of long standing customers in life insurance. ([Link](#))

FCA review shows too many advisory firms are not yet clear enough with their customers on their charges and services

Too many advisory firms are not being clear with consumers on how much advice costs, the type of service they offer (whether it is restricted and the nature of the restriction) and what on-going services they provide. The FCA latest review into disclosure by financial advisers found that 73 per cent of firms failed to provide the required information on the cost of advice. ([Link](#))

FCA announces competition review into credit cards - particular focus on how industry works with those in difficult financial situations

The FCA confirmed its intention to undertake a competition review into the UK's £150bn credit card market at the end of this year. ([Link](#))

FCA takes over regulation of consumer credit firms - research shows 9m people are in serious debt and 1.8m in denial

The FCA formally took responsibility for regulating the £200 billion consumer credit market. ([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

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
- Complanet – WWW.COMPLINET.COM
- Florida Securities Dealers Association “FSDA” – WWW.FLORIDASECURITIES.COM
- Financial Market Association “FMA” – WWW.FMAWEB.ORG
- Financial Services Institute “FSI” – WWW.FINANCIALSERVICES.ORG
- Investment Adviser Association “IAA” – WWW.INVESTMENTADVISER.ORG
- Investment Company Institute “ICI” – WWW.ICI.ORG
- Managed Funds Association “MFA” – WWW.MANAGEDFUNDS.ORG
- National Society of Compliance Professionals “NSCP” – WWW.NSCP.ORG
- Securities Industry and Financial Markets Association “SIFMA” – WWW.SIFMA.ORG

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

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READER SURVEY FAX RESPONSE

TO: Louis Dempsey

RE: April 2014

Fax: (561) 807-5442

LouisDempsey@RRSCompliance.com

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