

**Routing**

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

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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:** Quarterly FOCUS Filing Due January 27th, 2015
- **DEADLINE:** Yearly Schedule I Due January 27<sup>th</sup>, 2015
- **DEADLINE:** Form Custody Due January 27<sup>th</sup>, 2015
- **DEADLINE:** Quarterly SSOI Filing Due January 30<sup>th</sup>, 2015
- **DEADLINE:** SIPC-7 Due March 2<sup>nd</sup>, 2015 (For Clients with a Calendar Year End)
- **DEADLINE:** Annual Audit Report Due March 2<sup>nd</sup>, 2015
- **DEADLINE:** SIS Form Filing Due January 30<sup>th</sup>, 2015
- **FINRA:** Cybersecurity Conference – February 4<sup>th</sup>, 2015
- **FINRA:** Fixed Income Conference – March 10th, 2015
- **FINRA:** FINRA Diversity Summit – March 18th, 2015

ITEMS IN THIS EDITION

- **SEC** – SEC Charges Staten Island-Based Firm With Operating Boiler Room Scheme Targeting Seniors – Page 2
- **SEC** – SEC Charges Investment Manager and Former CEO With Making False Performance Claims – Page 2
- **SEC** - Rule Regarding Principal Trades With Certain Advisory Clients – Page 2
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- **FINRA** – FINRA Fines 10 Firms a Total of \$43.5 Million for Allowing Equity Research Analysts to Solicit Investment Banking Business and for Offering Favorable Research Coverage in Connection With Toys"R"Us IPO – Page 3
- **FINRA** – FINRA Fines a Firm \$1.9 Million and Orders Restitution of \$540,000 for Fair Pricing and Supervisory Violations Related to Purchases of Distressed Securities – Page 3
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- **FINRA** – A Firm \$3 Million for Customer Protection Rule Violations and Supervisory Failures – Page 3
- **FINRA** - FINRA Issues Retrospective Rule Review Reports – Page 3

**Service Spotlight: 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
- Report Preparation
- Draft CEO Certification
- Annual Compliance Meetings
- Compliance Program Testing Training
- Ongoing Compliance Support

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Washington, DC

## SEC

### SEC Announces:

Fraud Charges Against Two Executives in Scheme Involving Fake Occupants at Senior Residences ([Link](#))

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

Charges Against Owner of Equity Research Firm Accused of Manipulative Trading ([Link](#))

Charges in Alleged Gold Mining Investment Scheme ([Link](#))

Charges Against N.Y.-Based Firm and Three Executives Accused of Siphoning Investor Money ([Link](#))

Program to Facilitate Analysis of Corporate Financial Data ([Link](#))

### SEC Proposes:

Amendments to Implement JOBS Act Mandate for Exchange Act Registration Requirements ([Link](#))

### SEC Charges:

California Resident With Fraudulent Sales of Stock ([Link](#))

Montana Man in Pump-and-Dump Scheme Involving Virginia-Based Penny Stock Company ([Link](#))

Virginia Beach-Based Bank Holding Company With Accounting Violations ([Link](#))

Manhattan-Based Attorney With Conducting Ponzi Scheme ([Link](#))

Massachusetts-Based Scientific Instruments Manufacturer with FCPA Violations ([Link](#))

New Orleans-Based Energy Company and Executives With Fraudulent Stock Manipulation ([Link](#))

Firm With FCPA Violations ([Link](#))

Staten Island-Based Firm With Operating Boiler Room Scheme Targeting Seniors ([Link](#))

Investment Manager and Former CEO With Making False Performance Claims ([Link](#))

Corporate Attorney and Wife With Insider Trading on Client's Confidential Information ([Link](#))

Two Traders in Chile With Insider Trading ([Link](#))

California-Based Stock Promoter With Defrauding Investors Seeking Pre-IPO Facebook and Twitter Shares ([Link](#))

### List of No Action Letters:

New Mountain Finance Corporation ([Link](#))

Chicago Mercantile Exchange ([Link](#))

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

### **Anti-money Laundering Programs**

RRS provides a comprehensive suite of services to aid in AML compliance, AML Program development, testing, training and surveillance for broker-dealers, investment advisers, and other financial institutions.

- Program Development
- Customer Identification
- Enhanced Due Diligence
- OFAC Compliance
- BSA Compliance
- Suspicious Activity Surveillance
- SAR/CTR Reporting
- Program Testing
- Training Plans and Presentations

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

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

Royal Bank of Canada ([Link](#))

### **SEC Final Rules:**

Rule Regarding Principal Trades With Certain Advisory Clients ([Link](#))

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

### **SEC Sanctions Eight Audit Firms for Violating Auditor Independence Rules**

The SEC sanctioned eight firms for violating auditor independence rules when they prepared the financial statements of brokerage firms that were their audit clients. ([Link](#))

### **SEC Sanctions Operator of Bitcoin-Related Stock Exchange for Registration Violations**

The SEC sanctioned a computer programmer for operating two online venues that traded securities using virtual currencies Bitcoin or Litecoin without registering the venues as broker-dealers or stock exchanges. ([Link](#))

### **SEC Penalizes Firm for Violating Market Access Rule**

The SEC penalized a firm for violating the market access rule when it failed to uphold credit limits for a customer firm with a rogue trader who engaged in fraudulent trading of Apple stock. ([Link](#))

**SEC Names Karol Pollock to Lead Exam Program in Los Angeles Office**

The SEC announced that Karol L.K. Pollock has been named the new leader of the examination program in the Los Angeles Regional Office. [\(Link\)](#)

**SEC Files Securities Fraud Charges Against Owner of Home Restoration Business in Upstate New York**

The SEC announced securities fraud charges against the owner of a home restoration business in upstate New York who sold unsecured notes to investors to finance his real estate operations. [\(Link\)](#)

**SEC Imposes Sanctions Against Hong Kong-Based Firm and Two Accountants for Audit Failures**

The SEC imposed sanctions against a Hong Kong-based audit firm and two accountants for failing to properly audit year-end financial statements of a company that the SEC has [charged with fraud](#). [\(Link\)](#)

**SEC Names Deputy Directors in the Division of Trading and Markets**

The SEC announced that Gary Barnett and Gary Goldsholle have been named as deputy directors in the Division of Trading and Markets. [\(Link\)](#)

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

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

**FINRA**

**FINRA Fines:**

10 Firms a Total of \$43.5 Million for Allowing Equity Research Analysts to Solicit Investment Banking Business and for Offering Favorable Research Coverage in Connection With Toys"R"Us IPO [\(Link\)](#)

A Firm \$1.9 Million and Orders Restitution of \$540,000 for Fair Pricing and Supervisory Violations Related to Purchases of Distressed Securities [\(Link\)](#)

Two Firms \$1.5 Million for Anti-Money Laundering Failures [\(Link\)](#)

A Firm \$3 Million for Customer Protection Rule Violations and Supervisory Failures [\(Link\)](#)

**Regulatory Notices:**

[14-54](#) FINRA Reminds Firms of Extended Hours Trading Disclosures

**FINRA Conferences & Events:**

Cybersecurity Conference [\(Link\)](#)

Fixed Income Conference [\(Link\)](#)

FINRA Diversity Summit [\(Link\)](#)

**FINRA Issues Retrospective Rule Review Reports**

FINRA issued two Retrospective Rule Review Reports assessing, respectively, the effectiveness and efficiency of [FINRA's communications with the public rules](#) and [FINRA's rules on gifts, gratuities and non-cash compensation](#). [\(Link\)](#)

**FINRA Sanctions a Firm \$1.3 Million for Failing to Register and Supervise Foreign Personnel**

FINRA announced that it has ordered a firm to pay \$1,100,000 in disgorgement of commissions, plus interest, obtained by unregistered foreign individuals who sold securities on the firm's behalf. FINRA also fined the firm \$175,000 for failing to register the foreign representatives and for related supervisory deficiencies over a period of two and a half years. Additionally, the firm's President and Chief Compliance Officer was suspended from acting in a principal capacity for 45 days and fined \$15,000. [\(Link\)](#)

**FINRA Issues Precious Metals Investor Alert**

FINRA issued a new Investor Alert called [Physical Precious Metals: Tips to Avoid Tarnishing Your Portfolio](#). FINRA's new Alert warns investors of the risks involved with investing in physical precious metals such as silver, gold, palladium or platinum. [Enforcement actions](#) by the Commodity Futures Trading Commission (CFTC) and [court decisions](#) paint an ugly picture of sellers who charge high commissions and fees but ultimately fail to purchase or deliver the physical assets as promised. [\(Link\)](#)

**FINRA Bars Broker for Stealing \$89,000 From an Elderly Customer**

FINRA announced that it has permanently barred a man from the securities industry for converting nearly \$89,000 from an elderly customer's bank account while working for a firm and an affiliated bank in Chico, California. The affiliated bank has made the customer whole for her losses. [\(Link\)](#)

**FINRA Names New Floor Member Governor**

FINRA has named Joseph M. Mecane as the Floor Member Governor on FINRA's Board of Governors. Mr. Mecane is currently a Managing Director of Electronic Equities and Credit Products at Barclays. Mr. Mecane recently joined Barclays to assist in the further development of the firm's electronic product offering, with a particular focus on the equities and credit markets. [\(Link\)](#)

**FINRA Signs Regulatory Services Agreement with CBOE and C2**

FINRA announced that it has signed an agreement with the Chicago Board Options Exchange® (CBOE®) and C2 Options Exchange (C2) to provide market surveillance, financial surveillance, examinations, investigations, and disciplinary services to CBOE and C2, in addition to other regulatory services. FINRA, the independent, non-governmental regulator for all securities firms doing business with the public in the United States, will begin to perform these services on January 1, 2015. ([Link](#))

**FINRA Warns Investors of E-Cigarette Stock Scams**

FINRA issued a new Investor Alert called [E-Cigarette Stock Scams: New Smoking Technology Could Light Up Pump-and-Dump Fraud](#) warning investors of aggressive promotions touting stocks that claim to capitalize on the e-cigarette and vaporizer, or "vape," market. FINRA's Alert follows the SEC's recent [trading suspension](#) for a company that purported to make disposable electronic cigarettes because of concerns about manipulative activity related to the company's common stock. ([Link](#))

**MSRB****MSRB ADOPTS BEST-EXECUTION RULE TO ENHANCE FAIRNESS AND EFFICIENCY IN THE MUNICIPAL SECURITIES MARKET**

The MSRB has [received approval from the Securities and Exchange Commission \(SEC\) to require municipal securities dealers to seek the most favorable terms reasonably available for their retail customers' transactions](#). While investors are already protected from unfair pricing practices under long-standing MSRB rules, the new "best-execution" rule taking effect December 7, 2015 will establish explicit standards for how dealers handle and execute customer orders for municipal securities. ([Link](#))

**MSRB Regulatory Notices for December 2014:**

[2014-22](#) SEC Approves MSRB Rule G-18 on Best Execution of Transactions in Municipal Securities and Related Amendments to Exempt Transactions with Sophisticated Municipal Market Professionals

**MSRB CHAIR RECEIVES PUBLIC FINANCE AWARD**

MSRB Chair Kym Arnone has received the Freda Johnson Award for Trailblazing Women in Public Finance from the Northeast Women in Public Finance. The award is given annually in recognition of the recipient's contributions to public finance as well as her volunteerism and role as a mentor. Arnone is the first recipient working in the private sector to receive the award, which also went to public-sector recipient Lois Scott, the chief financial officer of Chicago. ([Link](#))

**Trading and Market Making**

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

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

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

**NASAA****NASAA Issues Advisory on Third-Party Custodians of Self-Directed IRAs and Other Qualified Plans**

NASAA issued an advisory to help investors separate fiction from fact regarding the responsibilities of third-party custodians of self-directed individual retirement accounts (IRAs) and other qualified plans. The advisory is on the NASAA website here. ([Link](#))

**NASAA Launches Streamlined Electronic Filing Depository**

NASAA announced the launch of the online Electronic Filing Depository (EFD) to enhance the efficiency of the regulatory filing process for certain exempt securities offerings. ([Link](#))

## **NASDAQ—NASDAQ-TRADER—**

### **OTCBB**

#### **Equity Regulatory Alert:**

[2014-4](#) Focus on Qualified Contingent Trades Significantly Outside NBBO

#### **Data News:**

[2014-13](#) Nasdaq Modifies Fees Paid by Extranet Providers for Customer Premises Equipment (CPE)

[2014-14](#) Nasdaq Clarifies the Direct Access Definition

#### **Equity Trader Alert:**

[2014-117](#) Nasdaq Updates Quote Display During IPOs and Halts

[2014-118](#) Nasdaq Announces 2015 Saturday Testing Schedule

[2014-119](#) Nasdaq Announces New Listing of Symmetry Surgical Inc. (SSRG) on December 5, 2014

[2014-120](#) Reverse Split and CUSIP Change for Vestin Realty Mortgage I, Inc. Effective Monday, December 8, 2014

[2014-121](#) Nasdaq Announces Information for Liberty Broadband Corporation (LBRDA & LBRDK) Rights Offering

[2014-122](#) Nasdaq to Begin Listing Validea Capital Management Fund on Wednesday, December 10, 2014

[2014-123](#) Nasdaq Expands Dedicated OUCH Offering

[2014-124](#) Special Dividend Information for RCM Technologies, Inc. (RCMT)

[2014-125](#) Nasdaq to Begin Listing Two BioShares Funds on Wednesday, December 17, 2014

[2014-126](#) Nasdaq Updates Pricing Effective January 2, 2015

[2014-127](#) Nasdaq U.S. Markets will Close Early on Wednesday, December 24, 2014, and will be Closed on Thursday, December 25, 2014

[2014-128](#) Restructuring of Nuveen Investments' Nasdaq Premium Income and Growth Fund Inc. (QQQX)

[2014-129](#) Nasdaq Announces Changes to Market Close

[2014-130](#) Nasdaq to Begin Listing Ten iPath ETNs on Monday, December 29, 2014

[2014-131](#) Nasdaq Updates Fees for Report Center and InterACT

[2014-132](#) Nasdaq Announces Listing of Walgreens Boots Alliance, Inc. (WBA) on December 31, 2014

[2014-133](#) Limit Up/Limit Down Exchange Traded Product Tier 1 List Update

[2014-134](#) Updated Retail Rebates on BX

[2014-135](#) Nasdaq Announces New Listing of Qorvo, Inc. (QRVO) on January 2, 2015

#### **Data Technical News:**

[2014-40](#) Nasdaq Modifies Fees Paid by Extranet Providers for Customer Premises Equipment (CPE)

[2014-41](#) Advanced Micro Devices, Inc. to Begin Listing on Nasdaq on Friday, January 2, 2015

[2014-42](#) Mountain Province Diamonds Inc. to Begin Listing on Nasdaq on Wednesday, December 31, 2014

[2014-43](#) Ever-Glory International Group, Inc. to Begin Listing on Nasdaq on Wednesday, December 31, 2014

[2014-44](#) Walgreens to Begin Sole Listing on Nasdaq on Wednesday, December 31, 2014

#### **Options Trader Alert:**

[2014-38](#) Changes to Port Fees Effective January 2, 2015

[2014-39](#) PHLX Introduces Anti-Internalization Functionality

[2014-40](#) Symbol Migration Schedule for the Nasdaq PHLX Technology Refresh

[2014-41](#) PHLX Announces Changes to Strategy Cap Fees

[2014-42](#) BX Options Announces New Execution Algorithm for Penny Pilot Options and Pricing for Lead Market Makers

[2014-43](#) NOM Enhanced Opening Process

[2014-44](#) Nasdaq Announces Changes to the Penny Pilot Program, Effective January 5, 2015

[2014-45](#) PHLX Update Pricing Effective January 2, 2015

#### **Options Regulatory Alert:**

[2014-44](#) NOM Bid/Ask Differentials for "NDX" and "PCLN" Options Class through January 17, 2015

[2014-45](#) PHLX Bid/Ask Differentials for "NDX" and "PCLN" Option Classes through January 17, 2015

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

[2014-9](#) UTP Administration Announces UTPPlan.com Updates

[2014-10](#) UTP Early Close Schedule for Wednesday, December 24, 2014

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

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## **NYSE - EURONEXT – AMEX**

### **Intercontinental Exchange Announces First Five Contracts for ICE Futures Singapore and ICE Clear Singapore**

Intercontinental Exchange (NYSE: ICE), the leading global network of exchanges and clearing houses, announced the first five futures contracts to be listed for trading and clearing at [ICE Futures Singapore](#) and [ICE Clear Singapore](#) on March 17, 2015, subject to regulatory approval from the Monetary Authority of Singapore (MAS). ([Link](#))

### **Intercontinental Exchange Reports ICE and NYSE Volume for November 2014; Natural Gas ADV up 19% year on year**

Intercontinental Exchange (NYSE: ICE), the leading global network of exchanges and clearing houses, reported monthly exchange traded volumes. ([Link](#))

### **RRS Compliance Examinations** **Save Money on Compliance and** **Increase Effectiveness**

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### **Intercontinental Exchange Sets February 5 for Fourth Quarter 2014 Earnings Announcement**

Intercontinental Exchange (NYSE: ICE), the leading global network of exchanges and clearing houses, will announce fourth quarter 2014 financial results on Thursday, February 5, 2015. An earnings press release will be issued prior to the earnings conference call, which will begin at 8:30 a.m. ET. ([Link](#))

### **Intercontinental Exchange Completes Acquisition of Majority Stake in Holland Clearing House**

Intercontinental Exchange (NYSE: ICE), the leading global network of exchanges and clearing houses, has completed its previously announced strategic investment in the Holland Clearing House, a continental European derivatives clearing house, to support its comprehensive clearing strategy. ABN Amro Clearing has retained a minority interest. ([Link](#))

### **Intercontinental Exchange and Eris Exchange Announce Global Swap Futures Licensing Agreement**

[Intercontinental Exchange](#) (NYSE:ICE), the leading global network of exchanges and clearing houses, and [Eris Exchange](#) (Eris), a US-based futures exchange group, announced a multi-year license agreement for ICE exchanges to list futures and options based on the Eris

Methodology™, Eris' patent-pending product design for constructing swap futures in a capital-efficient manner. ([Link](#))

### **Intercontinental Exchange Chairman and CEO to Present at Goldman Sachs US Financial Services Conference on December 10**

Intercontinental Exchange (NYSE: ICE), the leading global network of exchanges and clearing houses, announced that Jeffrey C. Sprecher, Chairman and CEO, will speak at the Goldman Sachs US Financial Services Conference. The presentation will take place on Wednesday, December 10 at 1:10 p.m. ET. The presentation will be broadcast live over the Internet and can be accessed in the investor relations and media section of ICE's website at [www.theice.com](http://www.theice.com). ([Link](#))

### **Intercontinental Exchange to Sell Remaining Shares in Euronext**

Intercontinental Exchange (NYSE: ICE), the leading global network of exchanges and clearing houses, announced its intention to sell approximately 4.2 million shares in Euronext N.V., representing approximately 6% of Euronext's share capital, by way of an accelerated book-building to institutional investors. ([Link](#))

### **ICE Announces Pricing for Placement of Residual Euronext stake; Total proceeds of €96.8 million**

Intercontinental Exchange Inc. announced the pricing of the placement of 4.2 million shares in Euronext N.V., representing approximately 6% of Euronext's share capital, by way of an accelerated book-building to institutional investors. ([Link](#))

### **NYSE Group 2016 Holiday Calendar and Early Closings**

Intercontinental Exchange (NYSE: ICE), the leading global network of exchanges and clearing houses, announced the 2016 holiday calendar and early closing dates for its U.S. cash equity markets: New York Stock Exchange, NYSE MKT and NYSE Arca. These dates also apply to the NYSE Amex Options and NYSE Arca Options markets as well as the NYSE Bonds market. ([Link](#))

### **Holland Clearing House Receives EMIR Authorisation**

Intercontinental Exchange (NYSE:ICE), the leading global network of exchanges and clearing houses, announced that De Nederlandsche Bank (Dutch Central Bank, DNB) has approved the Holland Clearing House as a central counterparty in accordance with the European Market Infrastructure Regulation (EMIR). ([Link](#))

### **IBA to Suspend ISDAFIX Swiss Franc (CHF) Rate**

Intercontinental Exchange (NYSE: ICE), the leading global network of exchanges and clearing houses, announced that due to the resignation of one of the submitting banks, ICE Benchmark Administration (IBA) will suspend the ISDAFIX Swiss franc (CHF) from its portfolio of benchmarks. The last rate will be published on Friday 19 December, 2014. The CHF represents the smallest currency rate of the ISDAFIX portfolio. ([Link](#))

**ICE Futures U.S. Sets Daily Volume Records in Mini MSCI Complex**

Intercontinental Exchange (NYSE: ICE), the leading global network of exchanges and clearing houses, announced that ICE Futures U.S. achieved a daily volume record in the [mini MSCI Index futures complex](#) and a daily volume record in the mini [MSCI All Country World Index Net Total Return future](#) on December 12, 2014. ([Link](#))

**ICE Futures Europe Sets Daily Volume Records in Brent Crude Options, Low Sulphur Gasoil Futures and Coal Options**

Intercontinental Exchange (NYSE: ICE), the leading global network of exchanges and clearing houses, announced that several daily volume records were set in energy including Brent Crude options, Low Sulphur Gasoil futures and coal options on December 16, 2014: ([Link](#))

**New York Stock Exchange Announces Fourth Consecutive Year of IPO Leadership in Global Capital Raising; Technology IPO Leader**

The New York Stock Exchange, part of the Intercontinental Exchange (NYSE: ICE) global network of exchanges, announced that NYSE Group raised \$182 billion in 545 transactions in 2014, more than any other exchange in the world. Listing eight of the 10 largest 2014 U.S. initial public offerings (IPOs), NYSE Group led in capital raised from IPOs for the fourth consecutive year and once again led in technology IPOs. ([Link](#))

**FINCEN****FinCEN Assesses \$1 Million Penalty and Seeks to Bar Former Firm Executive from Financial Industry**

FinCEN issued a \$1 million [civil money penalty](#) (CMP) against an executive for failing to ensure that his company abided by the anti-money laundering (AML) provisions of the Bank Secrecy Act (BSA). Concurrently, FinCEN's representative, the U.S. Attorney's Office for the Southern District of New York (SDNY), today filed a [complaint](#) in U.S. District Court that seeks to enforce the penalty and to enjoin the man from employment in the financial industry. This CMP is the product of a joint investigation by FinCEN and the SDNY. ([Link](#))

**PRA****Bank of England and HM Treasury announce extension to the Funding for Lending Scheme**

The Bank of England and HM Treasury are today announcing a one-year extension to the Funding for Lending Scheme (FLS). This extension will provide lenders with continued certainty over the availability of cheap funding to support lending to small and medium-sized enterprises (SMEs) during 2015, even in the event of stress in bank funding 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 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](#))

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

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

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

**Bank of England/GfK NOP Inflation Attitudes Survey - November 2014**

This news release describes the results of the Bank of England's latest quarterly survey of public attitudes to inflation, undertaken between 6 and 11 November 2014. ([Link](#))

**The UK productivity puzzle: an international perspective - speech by Martin Weale**

In a speech to the Mile End Group at Queen Mary University London, MPC member Dr Martin Weale compares the UK's recent productivity growth to that of other developed countries and considers what their experiences might tell us about the causes of weak productivity. He then turns to the prospects for UK productivity growth and its underlying trend before finally weighing the potential implications for monetary policy in the medium term. ([Link](#))

**Quarterly Bulletin 2014 Q4**

'Why is the UK banking system so big and is that a problem?' notes that over the past 40 years the size of the UK banking system has grown dramatically – rising from around 100% to nearly 450% of nominal GDP – larger than the United States, Japan and the ten largest EU countries. [\[1\]](#) Moreover, as the Governor noted in his October 2013 speech, under plausible assumptions it could continue to grow rapidly. The article considers a number of reasons why the UK banking sector is so big. It also presents some empirical evidence on the relationship between banking system size and financial stability which suggests that while financial sector size can be important, it is the

resilience of the banking system that is key for determining financial stability. ([Link](#))

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

The Bank of England and the FCA published the latest Mortgage Lenders and Administrators Statistics for the United Kingdom covering the period Q3 2014. ([Link](#))

### **Monetary policy in an uncertain economy - speech by Ian McCafferty**

Speaking to a breakfast event organised by the Institute of Directors, Ian McCafferty explains his view of the competing risks that he thinks about when setting monetary policy. Between August and November, unlike most Monetary Policy Committee (MPC) members, he has voted for a rate rise. He explains that his voting reflects a different assessment of the risks facing the economy, compared with most other MPC members. But he also stresses that his vote in the December meeting will be revealed on 17 December – his comments today reflect his thinking up to the November Inflation Report and not necessarily December. ([Link](#))

### ***Municipal Securities***

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

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

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

### **Bank of England announces measures to bolster transparency and accountability**

The Bank of England published an independent report by former Federal Reserve Board Governor Kevin Warsh, following his review of the Monetary Policy Committee's (MPC) transparency practices and procedures. ([Link](#))

### **Index-linked Treasury Stocks**

In accordance with the terms of the prospectus dated 14 January 1983, the Bank of England announces that the rate of interest payable on the above stock for the interest payment due on 26 July 2015 will be £3.9373 per £100 nominal of stock. ([Link](#))

### **Bank of England announces results of UK stress test**

The Bank of England announced the results of the first concurrent stress testing exercise of the UK banking system. Alongside the stress test publication, the Bank of England also published its Financial Stability Report, which sets out the Financial Policy Committee's (FPC) assessment of the outlook for the stability and resilience of the financial sector, and the Systemic Risk Survey, which quantifies and tracks market participants' perceptions of systemic risks. ([Link](#))

### **Financial Policy Committee dates for 2015**

Further information about the Financial Policy Committee (FPC) is available at: ([Link](#))

## **FCA**

### **New rules will protect consumers from harmful fee-charging credit broking practices, says FCA**

New rules have been introduced by the FCA to tackle poor practice in the credit broking market which is causing serious detriment to consumers. ([Link](#))

### **FCA: New strategic approach to ensure "sharper focus" to regulatory challenges ahead**

The FCA set out details of how it intends to meet the regulatory challenges ahead following a detailed review of its strategy, priorities and ways of working. ([Link](#))

### **FCA publishes the Davis Review and the FCA Response**

On 8 April 2014 the FCA Non-Executive Directors appointed Simon Davis of 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 publishes the findings of its work into annuities sales practices and retirement income market**

The FCA has published the findings of its thematic review into annuity sales practices and the interim findings of a market study into retirement income. ([Link](#))



**FCA proposals to tackle issues in GAP insurance market**

The FCA is proposing changes to promote competition in the £160 million guaranteed asset protection (GAP) insurance market, including limiting the point of sale advantage for GAP sales made on the vehicle showroom floor and making it easier for consumers to shop around.

[\(Link\)](#)

**FCA consults on complaints handling improvements**

Financial services firms will no longer be able to use premium rate telephone numbers for customers as part of a series of proposals from the FCA on changes to the rules on complaint handling and post-sale telephone calls. [\(Link\)](#)

**Former Blackrock Asset Management Managing Director Banned**

The FCA has banned Jonathan a man from performing any function in relation to any regulated activities for not being fit and proper. [\(Link\)](#)

**Early indications that reforms of financial advice are working**

The first stage of the post-implementation review of the Retail Distribution Review (RDR), along with thematic work into the disclosure of ongoing services and charges, has found that financial advisers are offering investors an increasingly professional service tailored to their individual needs. [\(Link\)](#)

**Defined contribution workplace pensions: The audit of charges and benefits in legacy schemes**

The Independent Project Board (IPB) responsible for overseeing the audit of charges and benefits in legacy defined contribution (DC) workplace pension schemes has today issued its final report. [\(Link\)](#)

**Debt management firm to pay redress to 4,500 customers, says FCA**

The FCA has announced that debt management firm will voluntarily pay over £185,000 in redress to over 4,500 customers after communications from the firm to creditors on customers' behalf were delayed. [\(Link\)](#)

**FCA to regulate seven additional financial benchmarks**

The FCA will regulate seven additional major UK-based financial benchmarks in the fixed income, commodity and currency markets from 1 April 2015. This extends the FCA's initial regulation of LIBOR (the London Interbank Offered Rate), as introduced by HM Treasury in 2013, and implements the recommendations of the Fair and Effective Markets Review. [\(Link\)](#)

## Resource Links

### Government

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

### SRO

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

### Industry

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

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

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**READER SURVEY FAX RESPONSE**

**TO: Louis Dempsey**

**RE: December 2014**

**Fax: (561) 807-5442**

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

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

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

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