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

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

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

Hot Topics

EVENTS

- **DEADLINE:** Monthly FOCUS Filing due August 25th, 2014

ITEMS IN THIS EDITION

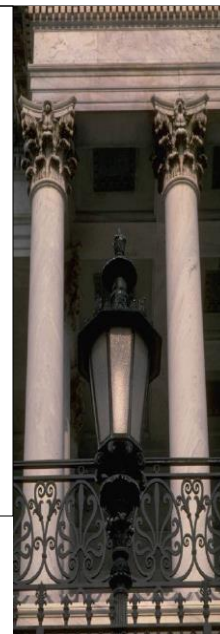
- **SEC** – Architect of Variable Annuities Scheme Agrees to Pay \$850,000, Admit Wrongdoing, and Be Barred From Securities Industry – Page 2
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Service Spotlight: Compliance Administrator

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

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SEC

SEC Announces:

Award for Whistleblower Who Reported Fraud to SEC After Company Failed to Address Issue Internally ([Link](#))

Charges in "Solar Farm" Penny Stock Scheme ([Link](#))

Additional Charges in Football-Related Boiler Room Scheme ([Link](#))

Charges in Scheme to Secretly Enable Lawbreakers to Run Microcap Company ([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

SEC Charges:

Virginia-Based Broker With Stealing Funds From Elderly Customers ([Link](#))

Company CEO and Former CFO With Hiding Internal Controls Deficiencies and Violating Sarbanes-Oxley Requirements ([Link](#))

World Renowned Weapons Manufacturer with FCPA Violations ([Link](#))

Florida-Based Transfer Agent and Owner with Defrauding Investors ([Link](#))

Investor Relations Executive With Insider Trading While Preparing Clients' Press Releases ([Link](#))

Penny Stock Company CEO and Purported Business Partner for Defrauding Investors With False Press Releases ([Link](#))

Self-Described Bankers, Dishonest Brokers, and Microcap Company Executive in Pump-And-Dump Scheme ([Link](#))

Charges Seattle Firm and Owner With Misusing Client Assets for Vacation Home and Vintage Automobile ([Link](#))

Big 4 Accounting Firm With Violating Auditor Independence Rules in Lobbying Activities ([Link](#))

Group of Amateur Golfers in Insider Trading Ring ([Link](#))

California School District with Misleading Investors ([Link](#))

Five Traders with Short Selling Violations ([Link](#))

List of No Action Letters:

RiverNorth ([Link](#))

Architect of Variable Annuities Scheme Agrees to Pay \$850,000, Admit Wrongdoing, and Be Barred From Securities Industry

The SEC announced that the architect of a variable annuities scheme designed to profit from the imminent deaths of the terminally ill has agreed to settle charges brought against him earlier this year by paying more than \$850,000, admitting wrongdoing, and being barred from the securities industry. ([Link](#))

Financial Services Corporation to Pay \$275 Million for Misleading Investors in Subprime RMBS Offerings

The SEC charged three entities with misleading investors in a pair of residential mortgage-backed securities (RMBS) securitizations that the firms underwrote, sponsored, and issued. ([Link](#))

SEC Adopts Money Market Fund Reform Rules

The SEC adopted amendments to the rules that govern money market mutual funds. The amendments make structural and operational reforms to address risks of investor runs in money market funds, while preserving the benefits of the funds. ([Link](#))

SEC Enforcement Division Modifies Municipalities Disclosure Initiative

The SEC announced modifications to its Enforcement Division's Municipalities Continuing Disclosure Cooperation (MCDC) Initiative that will provide greater opportunity for smaller municipal securities underwriter firms and municipal issuers to take advantage of the initiative. ([Link](#))

SEC Names Alberto Arevalo as Associate Director in the Office of International Affairs

The SEC announced that Alberto Arevalo has been named an associate director in the Office of International Affairs (OIA), where he will oversee international enforcement, supervisory cooperation, and technical assistance programs. ([Link](#))

A Private Hedge Fund Sponsor's Former Chief Operating Officer Agrees to Settle Charges for Assisting Hedge Fund Scheme

The SEC announced that the former chief operating officer at a private hedge fund sponsor has agreed to settle charges that he assisted a scheme by the firm and its owner to misappropriate millions of dollars from a hedge fund they managed to pay the owner's personal taxes. ([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

Money Market Fund Reform; Amendments to Form PF

The SEC is adopting amendments to the rules that govern money market mutual funds (or "money market funds") under the Investment Company Act of 1940 ("Investment Company Act" or "Act"). The amendments are designed to address money market funds' susceptibility to heavy redemptions in times of stress, improve their ability to manage and mitigate potential contagion from such redemptions, and increase the transparency of their risks, while preserving, as much as possible, their benefits. ([Link](#))

Multinational Banking and Financial Services Corporation Charged With Failing to Protect Confidential Subscriber Data While Operating Alternative Trading System

The SEC charged a corporation operating an alternative trading system (ATS) with failing to protect the confidential trading data of its subscribers. ([Link](#))

Mark J. Flannery Named SEC Chief Economist and Director of Economic and Risk Analysis Division

The SEC announced it has named Mark J. Flannery as its chief economist and director of its Division of Economic and Risk Analysis (DERA), which provides interdisciplinary analysis to help inform the Commission's policymaking, rulemaking, enforcement, and examinations. ([Link](#))

SEC, Massachusetts U.S. Attorney, and FBI Charge Five with Attempted Manipulation of Microcap Company

The SEC, the U.S. Attorney for the District of Massachusetts, and the Federal Bureau of Investigation today announced charges against five individuals whose attempt to manipulate shares of Boston-based Amogear Inc. was caught by an FBI undercover operation. ([Link](#))

SEC Names Thomas J. Krysa as Associate Regional Director in Denver Office

The SEC announced that it has named Thomas J. Krysa as the associate regional director for enforcement in its Denver office, where he will oversee enforcement efforts in seven western states. ([Link](#))

James McNamara Named as Deputy Chief Human Capital Officer in the Office of Human Resources

The SEC announced that James McNamara has been selected as the deputy chief human capital officer in its Office of Human Resources. ([Link](#))

FINRA

FINRA Fines:

Large Firm \$800,000 for Failing to Prevent Trade-Throughs in its Alternative Trading System ([Link](#))

Regulatory Notices:

[14-31](#) SEC Approves FINRA Rule 2081 Regarding Prohibited Conditions Relating to Expungement of Customer Dispute Information

[14-30](#) SEC Approves Amendments to FINRA Rule 2210 to Exclude Research Reports on Exchange-Listed Securities From Filing Requirements and Clarify the Standards Applicable to Free Writing Prospectuses

[14-29](#) FINRA Requests Comment on a Proposal to Establish a Publicly Accessible Online Repository of Form 211 Information

SEC Approves FINRA Rule to Prohibit Conditioning Settlements on Expungement

FINRA announced that the SEC has approved a new rule prohibiting firms and registered representatives from conditioning settlement of a customer dispute on—or otherwise compensating a customer for—the customer's agreement to consent to, or not to oppose, the firm's or representative's request to expunge such information from the Central Registration Depository (CRD™) system. ([Link](#))

FINRA Announces Arbitration Task Force

FINRA announced the formation of a 13-member Arbitration Task Force to consider possible enhancements to its arbitration forum to improve the transparency, impartiality and efficiency of FINRA's securities arbitration forum for all participants. ([Link](#))

FINRA Bars Broker for Insider Trading in Japanese Securities

FINRA announced that it has barred a former equity trader from the securities industry for trading Japanese securities on the basis of material, non-publicized information that he received from a corporate insider. ([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.

MSRB**MSRB Regulatory Notices for July 2014:**

Request for Comment on Revised Draft MSRB Rule G-42, on Duties of Non-Solicitor Municipal Advisors ([Link](#))

MSRB Seeks to Implement Revised Continuing Education Requirements for Municipal Securities Dealers

MSRB filed a revised proposal with the SEC for registered persons who are regularly engaged in or supervise municipal securities activities. ([Link](#))

MSRB Seeks Approval to Implement Supervision Rule for Municipal Advisors

In a major milestone in its development of a federal regulatory framework for municipal advisors, the MSRB sought approval from the SEC of a rule to establish supervisory and compliance obligations for municipal advisors. Proposed MSRB Rule G-44 is the first municipal advisor rule for which the MSRB has sought SEC approval since the SEC’s adoption of a final definition of “municipal advisor” in September 2013. ([Link](#))

MSRB to Make Kroll Bond Ratings Available to the Public through its EMMA Website

MSRB announced that it plans to provide free public access on its Electronic Municipal Market Access (EMMA®) website to public finance ratings from Kroll Bond Rating Agency (KBRA). ([Link](#))

MSRB Creates Online Education Center to House Digital Resources about the Municipal Market

To facilitate access by municipal securities investors, state and local governments and others interested in the municipal market to free, objective educational resources, the MSRB unveiled an online education center on its website at msrb.org. The new MSRB Education Center consolidates videos, fact sheets and a significant library of educational resources previously available elsewhere on the MSRB

website and on the Electronic Municipal Market Access (EMMA®) website. ([Link](#))

MSRB Requests Comment on Revisions to Draft Rule on Municipal Advisor Standards of Conduct

MSRB released for public comment a revised draft rule to establish the core duties of municipal advisors when providing advice on municipal securities transactions and related products. The revised draft MSRB Rule G-42 addresses a number of issues raised by commenters on the initial draft rule published in January 2014. ([Link](#))

MSRB Announces Regulatory Topics to be Discussed at Upcoming Board Meeting

MSRB will meet July 30-August 1 where it will discuss the following rulemaking topics: ([Link](#))

MSRB Adds Graphing Tools for Historical Yield Data on EMMA

To ensure that new graphing tools on the Electronic Municipal Market Access (EMMA®) website are useful to the broadest range of investors, the MSRB added a graphical display of yield information on EMMA. ([Link](#))

MSRB Forms Market Structure Group, Hires Chief Economist

MSRB announced that it has created a Market Structure department that will consolidate the organization’s activities and functions related to market structure, market transparency, economic analysis, research and industry operations. The MSRB is recruiting for a Chief Market Structure Officer to lead the group and has hired a Chief Economist to oversee the integration of economic analysis into the MSRB’s rulemaking. ([Link](#))

MSRB Publishes Report on Secondary Market Trading

MSRB published a report on municipal market trading patterns, associated pricing and the effect of price transparency on pricing. The report, which is the first of its kind from the municipal market regulator, provides a baseline set of statistics about municipal bond trading to enable market stakeholders and the MSRB to make further advancements toward a fairer, more efficient and more transparent municipal securities market. ([Link](#))

MSRB Marks Milestone in Municipal Market Transparency

MSRB marked the fifth anniversary of a pivotal milestone in the transparency of the municipal securities market. On July 1, 2009, the MSRB’s Electronic Municipal Market Access (EMMA®) website became the official, centralized public access point for financial and other continuing disclosures from state and local governments that issue municipal securities, making these documents freely available to investors and the general public for the first time. ([Link](#))

NASAA**NASAA Supports FINRA's Effort to Reduce Deletion of Customer Complaint Records**

The NASAA endorsed a call by the SEC for FINRA to thoroughly examine its rules that allow brokers to erase potentially damaging information from their public records. ([Link](#))

NASDAQ—NASDAQ-TRADER—**OTCBB*****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

Data News:

[2014 - 9](#) NASDAQ OMX Announces Additional NASDAQ Basic Enterprise License Option

Equity Trader Alert:

[2014 - 59](#) NASDAQ to Begin Listing Compass EMP Fund on Friday, August 1, 2014

[2014 - 58](#) Modifications to NASDAQ Pricing Effective August 1, 2014

[2014 - 57](#) NASDAQ Announces Processing Enhancements to Reserve Orders

[2014 - 56](#) NASDAQ Announces Reverse Split and Name Change for Paulson Capital (Delaware) Corp. Effective Tuesday, July 29, 2014

[2014-55](#) NASDAQ to Begin Listing First Trust ETF on Wednesday, July 23, 2014

[2014-54](#) NASDAQ OMX PSX Receives SEC Approval for Price Setter Pro Rata

[2014-52](#) NASDAQ to Begin Listing Calamos ETF on Monday, July 14, 2014

[2014-51](#) NASDAQ to Begin Listing AdvisorShares ETF on Wednesday, July 9, 2014

[2014-50](#) NASDAQ Announces Distribution Information for Liberty Media Corporation Series C Shares

[2014-49](#) UPDATED: NASDAQ to Begin Listing Barclays Inverse U.S. Treasury Aggregate ETN on Wednesday, July 15, 2014

[2014-48](#) NASDAQ OMX PSX Changes Execution Algorithm to Price Setter Pro Rata

Data Technical News:

[2014 - 22](#) NASDAQ OMX PHLX Announces New Multicast IP Addresses for Proprietary Data Feeds

[2014-21](#) NASDAQ OMX Provides Sample Data Files for Upcoming MFQS Daily List Release

[2014-20](#) Update 7/11/2014: NASDAQ to Implement Closing Price Override on August 18, 2014

[2014-19](#) NASDAQ OMX PHLX Updates Technical Specifications to Support Additional Features

[2014-18](#) NASDAQ OMX to Support Price Improvement Indicator on BX Equities Data Feeds, Effective September 29, 2014 Options Trader Alert:

[2014-18](#) Modifications to NASDAQ OMX FX Options Pricing

[2014-17](#) PHLX Changes Minimum Quote Size Requirement in PBYI

Options Regulatory Alert:

[2014 - 27](#) NOM and BX Options Update Participants on Changes to "Order Imbalance Indicator" Message

[2014-26](#) PHLX Announces Margin Levels for the NASDAQ OMX FX Options

[2014-25](#) PHLX Bid/Ask Differentials for "NDX" and "PCLN" Option Classes through August 16, 2014

[2014-24](#) NOM Bid/Ask Differentials for "NDX" and "PCLN" Options Class through August 16, 2014

[2014-23](#) NASDAQ OMX PHLX Will Conduct Its Annual Election for Member Representative Directors on Tuesday, July 15, 2014

[2014-22](#) PHLX, NOM, and BX Options Notifies Participants of an Issue when the Exchange BBO is Locked by an Away Market

Financial Products News:

[2014 - 42](#) NASDAQ OMX Announces Launch of Three New Indexes Effective Monday, August 11, 2014

[2014-41](#) NASDAQ OMX Announces Launch of Two New Indexes Effective Monday, August 4, 2014

[2014-40](#) NASDAQ OMX Announces Launch of 36 New Indexes Effective Monday, July 28, 2014

[2014-39](#) NASDAQ OMX to Terminate the SGX China Access Index Effective After the Close of Business Friday, August 1, 2014

[2014-38](#) NASDAQ OMX Announces Launch of Two New Indexes Effective Thursday, July 17, 2014

[2014-37](#) NASDAQ OMX Announces Launch of 6 New Indexes Effective July 21, 2014

[2014-36](#) NASDAQ OMX to Terminate Six Indexes Effective After Close of Business Friday, July 18, 2014

NYSE - EURONEXT – AMEX

Intercontinental Exchange Completes Sale of Wombat Financial Software to SR Labs

Intercontinental Exchange announced that it has completed its previously announced transaction with SR Labs for the sale of the Wombat Financial Software, a unit of NYSE Technologies. The transaction closed and terms were not disclosed. ([Link](#))

Ice Brent Crude Benchmark Sets New Daily Volume Record

Intercontinental Exchange announced that ICE Brent Crude futures achieved a daily volume record of 1,526,965 contracts on July 15, 2014. The previous daily volume record was 1,451,481 on July 11, 2014. ([Link](#))

Ask about Our Order Handling and Best Execution Surveillance Solutions

Contact John Pinto at

(202) 463-6575

JohnPinto@RRSCompliance.com

Ice Brent Crude Benchmark Sets New Daily Volume Record

Intercontinental Exchange announced that ICE Brent Crude futures achieved a daily volume record of 1,451,481 contracts on July 11, 2014. The previous daily volume record was 1,221,190 on June 23, 2011. ([Link](#))

Intercontinental Exchange Chairman and CEO Sprecher To Testify On Market Structure Panel

Intercontinental Exchange announced that ICE Chairman and CEO Jeffrey Sprecher will appear before the U.S. Senate Banking,

Housing and Urban Affairs Committee tomorrow to participate on an equity market structure panel. ([Link](#))

Intercontinental Exchange Reports ICE and NYSE Volume for June and Second Quarter 2014; Brent Open Interest Record and 18% Increase in June ADV

Intercontinental Exchange, Inc. reported exchange traded volumes for June and the second quarter of 2014. ([Link](#))

SROs Select Short List Bids for the Consolidated Audit Trail

The national securities exchanges and FINRA (collectively, the self-regulatory organizations, or SROs) have selected six bids from the list of ten RFP responses that were submitted to build and maintain the Consolidated Audit Trail (CAT). The six bids that have been selected for shortlisting are listed below in alphabetical order: ([Link](#))

Intercontinental Exchange Completes LIFFE U.S. Transition to ICE; Trading and Clearing for MSCI Equity Index and Precious Metal Contracts Successfully Transitioned

Intercontinental Exchange completed the transition of Liffe U.S. futures and options contracts to the ICE futures exchanges, trading platform and clearing infrastructure. ([Link](#))

New York Stock Exchange Leads in Global Capital Raising in First Half of 2014; Continues to Support Innovation and Job Creation

The New York Stock Exchange, part of the Intercontinental Exchange, remained the global leader in capital raising in the first half of 2014. With \$20.7 billion in total proceeds raised from 68 initial public offerings (IPOs), the NYSE is set to outpace 2013 in total IPO proceeds. ([Link](#))

FinCEN

New Rule Will Make Financial System More Transparent; Furthers U.S. G-8 commitments

FinCEN issued a Notice of Proposed Rulemaking (NPRM) to amend existing Bank Secrecy Act (BSA) regulations to help prevent the use of anonymous companies to engage in or launder the proceeds of illegal activity in the U.S. financial sector. The proposed rule would clarify and strengthen customer due diligence obligations of banks and other financial institutions (including brokers or dealers in securities, mutual funds, futures commission merchants, and introducing brokers in commodities). The proposed amendments would add a new requirement that these entities know and verify the identities of the real people (also known as beneficial owners) who own, control, and profit from the companies they service. ([Link](#))

Section 311 action against FBME Bank protects the U.S. financial system from a foreign bank facilitating illicit activity

FinCEN named a foreign bank as a foreign financial institution of primary money laundering concern pursuant to Section 311 of the USA PATRIOT Act (Section 311). This action reflects FinCEN's continuing commitment to take strong action against financial institutions willing to facilitate the laundering of funds for weapons proliferators, terrorists, and transnational organized criminals. ([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

Georgia Check Casher Penalized for Repeated BSA Violations

FinCEN announced the assessment of a civil money penalty against a franchising company doing business as a money services business (MSB). For almost three years, the Company committed significant and willful violations of the Bank Secrecy Act's (BSA) program and reporting requirements. Significantly, the Company committed numerous violations after being put on notice by their examiner, Internal Revenue Service's Small Business/Self-Employed (IRS SB/SE) Division, of deficiencies in meeting its reporting obligations. ([Link](#))

PRA

Bank of England and Procyclicality Working Group Discussion Paper: Procyclicality and structural trends in investment allocation by insurance companies and pension funds

The Bank of England has published, in conjunction with a group of academics and industry practitioners, a Discussion Paper which examines trends in the investment decisions of insurance companies and pension funds. ([Link](#))

Fair and Effective Markets Review: Announcement of the members of the Market Practitioner Panel

The Government announced the Fair and Effective Markets Review, to reinforce the integrity of, and confidence in, UK wholesale financial markets, drawing on the insights of market participants, public officials, and end users of wholesale financial services. ([Link](#))

Prudential Regulation Authority and Financial Conduct Authority consult on proposals to improve responsibility and accountability in the banking sector

The PRA and FCA have published two joint consultation papers aimed at improving individual responsibility and accountability in the banking sector. ([Link](#))

The UK Current Account - speech by Ben Broadbent

Deputy Governor Ben Broadbent sets out why the current account deficit cannot be said to pose "some independent, existential threat to UK growth." Ben recognizes that "if the global economy remains sluggish, it will inevitably be harder for an open economy like the UK to achieve both strong and balanced growth". But he explains that the composition of the UK's overseas balance sheet, the presence of a balanced net asset position and a floating currency "reduce the threat from a large current account deficit". Most importantly, his analysis suggests that the UK's "hard-won policy framework" means that the UK has to pay less on its liabilities than it otherwise would. ([Link](#))

Bank of England statement on FCA enforcement action against Two Firms in relation to manipulation of submissions to the BBA GBP Repo Rate

The FCA of a Final Notice in relation to enforcement action against two firms, the Bank of England issues the following statement: ([Link](#))

Prudential Regulation Authority consults on implementing the Bank Recovery and Resolution Directive

The PRA has proposed changes to its rules to implement the EU Bank Recovery and Resolution Directive (BRRD). The BRRD provides a common set of tools and powers for dealing with failing banks and will take effect at the end of 2014. ([Link](#))

Leverage ratio review consultation

The FPC published a consultation paper on the design of a leverage ratio framework for the UK, as part of the FPC's review of the role of the leverage ratio within the capital framework for banks. In line with the guidance provided by the Chancellor of the Exchequer in his November 2013 letter, the FPC intends to publish its final review in November 2014. ([Link](#))

Bank of England Consultation Paper: The Financial Policy Committee's review of the leverage ratio

The Financial Policy Committee is launching a consultation on the design of a leverage ratio framework for the UK. This forms part of the FPC's review of the role of the leverage ratio within the capital

framework for banks, as requested by the Chancellor of the Exchequer in November 2013 ([Link](#))

FCA and PRA publish detailed Terms of Reference for the HBOS Review

The FCA and PRA publish the detailed Terms of Reference (ToR) for the review into the failure of HBOS plc (HBOS). ([Link](#))

Bank of England maintains Bank Rate at 0.5% and the size of the Asset Purchase Programm 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](#))

Prudential Regulation Authority and Financial Conduct Authority publish review of barriers to entry for new banks

The PRA and FCA have published a review of the changes introduced last year which were put in place to reduce the barriers to entry for new financial institutions. The purpose of the measures was to enable increased competition in the banking industry, to the benefit of customers. The changes focused on two key areas: reforms to and a simplification of the authorization process for new banks; and a major shift in the prudential regulation, such as capital requirements, for new entrants. ([Link](#))

The Bank of England's Monetary and Financial Policy Committees: guiding the economy towards a sustainable and safe recovery - speech by Jon Cunliffe

In a speech, Jon Cunliffe explains how the Financial Policy Committee and Monetary Policy Committee work together to meet the Bank's new mission, which is "promoting the good of the people of the United Kingdom by maintaining monetary and financial stability". ([Link](#))

FCA

FCA finds firms fail to deliver best execution

Retail and professional clients are being failed by firms that don't properly apply the rules on best execution when trading on their behalf, according to a review by the FCA.

Prudential Regulation Authority and Financial Conduct Authority consult on proposals to improve responsibility and accountability in the banking sector

The PRA and FCA have published two joint consultation papers aimed at improving individual responsibility and accountability in the banking sector. ([Link](#))

Tribunal upholds FCA decision to fine and ban former hedge fund CEO

The Upper Tribunal has published a judgment dismissing the CEO's appeal and upholding the decision of the Financial Conduct Authority that the CEO failed to act with integrity in carrying out his functions in

connection with his role at a defunct hedge fund. The Tribunal directed the FCA to impose a penalty on the CEO of £2.7 million (reduced from £3 million) and a full prohibition. ([Link](#))

Large Bank fined £105m for serious LIBOR and other benchmark failings

The FCA has fined two banks £105 million for serious misconduct relating to the Special Liquidity Scheme (SLS), the Repo Rate benchmark and the LIBOR. ([Link](#))

Less than five weeks remaining for CPP customers to claim compensation on mis-sold card and identity protection insurance

People who were mis-sold Card Protection Plan Limited (CPP) card or identity protection insurance products have less than five weeks to submit their compensation claims. ([Link](#))

FCA imposes recruitment ban on the Financial Group for failing to control its Appointed Representatives

The FCA has used its suspension power for the first time, banning two of the Financial Group's (the Group) subsidiaries, Financial Limited and Investments Limited, from recruiting new Appointed Representatives (ARs) and individual advisers for a period of four and a half months. ([Link](#))

FCA commences criminal prosecution against corporate fraudster in relation to an unauthorized investment scheme

The FCA has commenced a criminal prosecution against a company owner for 13 alleged offences relating to an unauthorized investment scheme he operated between 1 October 2004 and 4 June 2013. ([Link](#))

FCA publishes Final Notice for market abuser and confirms a financial penalty of £450,000

The FCA has published a Final Notice for the market abuser, stating that it has fined him £450,000. ([Link](#))

FCA publishes results of thematic reviews into enhanced transfer values and SIPP operators

A review commissioned by the FCA into financial advice to people who were offered enhancements (ETVs) to incentivize them to leave their employers' defined benefit (DB) pension schemes has identified a risk of customers losing out on retirement income due to poor advice. The review, published, also identified examples of good and poor practice. ([Link](#))

Statement from the Financial Conduct Authority on the joint market study on banking services for small businesses

The market study on banking services for small and medium-sized businesses published was a result of work undertaken jointly by the FCA and the Competition and Markets Authority (CMA). ([Link](#))

Price comparison websites failing to meet FCA expectations

The FCA has found that some price comparison websites operating in the general insurance sector are failing to meet consumers' expectations of them and, in some cases, the FCA's regulatory standards. ([Link](#))

FCA proposes price cap for payday lenders

People using payday lenders and other providers of high-cost short-term credit will see the cost of borrowing fall significantly under proposals announced by the FCA. ([Link](#))

Payday firm Dollar agrees to improve lending practices and refund £700,000 to its customers

Following a review by the FCA, payday lender Dollar, trading as The Money Shop, has voluntarily agreed to refund over £700,000 of interest and default charges to 6,247 customers who, due to a systems error, received a loan amount which exceeded Dollar's own lending criteria. ([Link](#))

The Financial Conduct Authority consults on guidance to clarify the boundary between different investment advice models

Guidance to support firms which want to provide simplified advice or sales without a recommendation has been published by the FCA. The guidance has been issued following ongoing FCA policy work and the output from a thematic review into the growth of new advice models, including simplified advice. ([Link](#))

FCA and PRA publish detailed Terms of Reference for the HBOS Review

The FCA and the PRA publish the detailed Terms of Reference (ToR) for the review into the failure of HBOS plc (HBOS). ([Link](#))

"We are using the eyes and ears of consumers" – FCA published its 2013/14 Annual Report

The FCA will use the millions of consumers who use financial products and services to ensure that the industry meets their needs and expectations, said Chairman John Griffith-Jones as the FCA published its annual report for 2013/14. ([Link](#))

FCA steps up focus on fair use of client dealing commission

The FCA has published a review of how firms use dealing commission. ([Link](#))

FCA wholesale sector competition review – call for inputs

The FCA has launched a review of competition in the wholesale sector ([Link](#))

Catherine Bradley appointed as non-executive director

The FCA confirmed the appointment of Catherine Bradley as a Non-Executive Director to its board. ([Link](#))

The Financial Conduct Authority is calling for views following the publication of its interim report into the effectiveness of competition in the cash savings market

The interim findings of the FCA's research indicate that because many consumers do not shop around, banks are able to pay lower interest rates to customers that have stayed with the same account for a number of years. In addition, the largest personal current account providers are able to attract a large proportion of easy-access deposits despite on average offering lower rates. ([Link](#))

FCA starts debate on fairness of changes to mortgage contracts

Consumers and firms are to be asked for their views on how fairness should be assessed when lenders make changes to the terms of mortgage contracts and whether the FCA needs to make changes to its rules or guidance. ([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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READER SURVEY FAX RESPONSE

TO: Louis Dempsey

RE: July 2014

Fax: (561) 807-5442

LouisDempsey@RRSCompliance.com

FROM: _____

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

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