

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 November 25th, 2014
- **MSRB:** MSRB Webinar: Upcoming Changes to Dealer Continuing Education Requirements, Dec. 4
- **FINRA:** South Region Compliance Seminar Nov. 20-21, Fort Lauderdale, FL

ITEMS IN THIS EDITION

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Service Spotlight: Form BD/ADV Review & Filing

RRS Registration Services experts can review, update and file your Forms BD/ADV to help ensure that the information remains current and accurate. As the summer sets in, things tend to slow down at most firms and also with the regulators. This provides an excellent opportunity for firms to review their Forms BD/ADV and identify any necessary updates. RRS' staff has extensive experience reviewing Forms BD/ADV for appropriate disclosures. The review includes reviewing Forms BD, BR Part 1 of the Form ADV, Part 2A and Part 2B for appropriate disclosures. RRS can also update Form filings, prepare and submit amendments, and help you prepare and process renewals with FINRA and the States.



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SEC

SEC Announces:

Charges Against Investment Advisory Firm and Top Officials for Custody Rule Violations ([Link](#))

Insider Trading Charges Against Former Financial Analyst at Pharmaceutical Company ([Link](#))

Enforcement Action Against Former Large Bank Compliance Officer for Altering Document ([Link](#))

Date for Annual Government-Business Forum on Small Business Capital Formation ([Link](#))

SEC Charges:

Current and Former Large Financial Services Firms Subsidiaries With Improperly Selling Penny Stocks Through Unregistered Offerings ([Link](#))

New York-Based High Frequency Trading Firm With Fraudulent Trading to Manipulate Closing Prices ([Link](#))

Staten Island Man With Conducting Fraudulent Offerings and Stealing Investor Funds ([Link](#))

New Jersey Man in Insider Trading Case Involving Pharmaceutical Companies ([Link](#))

Texas-Based Company With FCPA Violations ([Link](#))

List of No Action Letters:

Securities Act of 1933 - Rule 486(b) Guggenheim Strategic Opportunities Fund ([Link](#))

SEC Final Rules:

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

Credit Risk Retention ([Link](#))

SEC, FINRA and the MSRB to Hold Compliance Outreach Program for Municipal Advisors

The SEC, FINRA, and the MSRB announced the opening of registration for the first Compliance Outreach Program for Municipal Advisors that will take place in Chicago on November 3. ([Link](#))

SEC Staff Issue Risk Alert and FAQs on Customer Sales of Securities

The SEC announced publication of a Risk Alert and FAQs to remind broker-dealers of their obligations when they engage in unregistered transactions on behalf of their customers. The publication of the staff guidance was accompanied by the [announcement of an enforcement action](#) against two firms for improperly selling billions of shares of penny stocks through such unregistered offerings. ([Link](#))

SEC's FY 2014 Enforcement Actions Span Securities Industry and Include First-Ever Cases

The SEC announced that in fiscal year 2014, new investigative approaches and the innovative use of data and analytical tools contributed to a very strong year for enforcement marked by cases that spanned the securities industry. ([Link](#))

Availability of Staff Analysis on Reporting and Dissemination of Security-Based Swap Information.

The staff of the SEC made available analyses of data on the reporting and dissemination of security-based swap transaction information. ([Link](#))

SEC Names Marc Wyatt as Deputy Director of National Exam Program

The SEC announced that Marc Wyatt has been named Deputy Director of the agency's Office of Compliance Inspections and Examinations (OCIE). ([Link](#))

Office of Municipal Securities Director John Cross to Leave SEC

The SEC announced that John J. Cross III, Director of the Office of Municipal Securities, will leave the agency in November. ([Link](#))

Six Federal Agencies Jointly Approve Final Risk Retention Rule

Six federal agencies approved a final rule requiring sponsors of securitization transactions to retain risk in those transactions. The final rule implements the risk retention requirements in the Dodd-Frank Wall Street Reform and Consumer Protection Act. ([Link](#))

Hedge Fund Manager Agrees to Settle Insider Trading Charges

The SEC announced that former hedge fund manager has agreed to pay more than \$840,000 and accept securities industry bars in order to settle the agency's insider trading case against him. ([Link](#))

SEC Sanctions Florida-Based Auditor for Circumventing Rules

The SEC sanctioned a Florida-based auditor for violating federal laws and regulations requiring lead audit partners to periodically rotate off their audit engagements with a publicly traded company in order to preserve the integrity of the financial reporting process. ([Link](#))

Steven Levine Named Associate Director for Investment Adviser/Investment Company Exam Program in Chicago

The SEC announced that it has named Steven J. Levine as the Associate Director for the Investment Adviser/Investment Company examination program in its Chicago office. He will oversee the IA/IC examination program in nine Midwestern states, with a staff of approximately 65 examiners, accountants, and attorneys. ([Link](#))

SEC and FINRA Warn Investors About Penny Stock Scams Hying Dormant Shell Companies

The SEC's Office of Investor Education and Advocacy and the FINRA issued an alert warning investors that some penny stocks being aggressively promoted as great investment opportunities may in fact be stocks of dormant shell companies with little to no business operations. ([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

FINRA

FINRA Fines:

Large Wealth Management Division a Total of \$6 Million for Reg SHO Violations and Supervisory Failures ([Link](#))

Regulatory Notices:

[14-38](#) FINRA Announces Updates of the Interpretations of Financial and Operational Rules

[14-39](#) New Template Available on FINRA Firm Gateway for Compliance With SEA Rule 17a-5(f)(2) (Statement Regarding Independent Public Accountant)

[14-40](#) Confidentiality Provisions in Settlement Agreements and the Arbitration Discovery Process

[14-41](#) Securities Industry/Regulatory Council on Continuing Education Issues Firm Element Advisory Update

[14-42](#) SEC Approves Amendments to the Arbitration Codes to Expand Arbitrators' Authority to Make Referrals During an Arbitration Proceeding

[14-43](#) SEC Approves Supplemental Inventory Schedule

[14-44](#) Broker-Dealer, Investment Adviser Firm, Agent and Investment Adviser Representative, and Branch Renewals for 2015

[14-45](#) SEC Approves Amendments to FINRA Rules 9231 and 9232 to Add a Category of Persons Eligible to Serve as Panelists in Disciplinary Proceedings

FINRA Conferences & Events:

South Region Compliance Seminar ([Link](#))

SEC, FINRA and the MSRB to Hold Compliance Outreach Program for Municipal Advisors

The SEC, FINRA and the MSRB announced the opening of registration for the first *Compliance Outreach Program for Municipal Advisors* that will take place in Chicago, IL, on November 3, 2014. ([Link](#))

FINRA Statement on PIABA's Arbitrator Report

FINRA's Dispute Resolution forum is a fair, efficient and cost-effective system to resolve disputes between and among investors, brokerage firms and individual brokers. ([Link](#))

FINRA Foundation Study Reveals Financial Vulnerability of American Renters

The FINRA Investor Education Foundation released a new study, [American Renters and Financial Fragility](#), which highlights the financial vulnerability of renters. *American Renters* reveals that renters tend to be less financially stable than homeowners, have lower rates of financial literacy and are more likely to experience a large drop in income. The findings suggest that, given their financial fragility and low levels of financial literacy, the renter population could have a difficult time responding to income shocks and the financial consequences associated with them. ([Link](#))

Cloudera Announces 2014 Data Impact Award Winners

[Cloudera](#), the leader in enterprise analytic data management powered by [Apache Hadoop](#)[™], announced the winners of the 2014 [Data Impact Awards](#). The awards honor creative, mature, and results-oriented use cases for CDH, the world's most popular open source Hadoop-based distribution and a key component of the Cloudera Enterprise platform. The winners of all seven categories were announced at an awards dinner and ceremony on Wednesday, 15th October in New York City, in tandem with the [Strata + Hadoop World](#) conference. ([Link](#))

FINRA Names Richard Berry Director of Dispute Resolution

FINRA announced that Richard W. Berry will become Executive Vice President and Director of Dispute Resolution, starting December 1. Berry will report directly to Richard Ketchum, FINRA's Chairman and CEO. He is replacing Linda Fienberg, who is retiring on November 30. ([Link](#))

MSRB

MSRB Regulatory Notices for October 2014:

[2014-17](#) SEC Approves Amendments to MSRB Rule G-3 regarding Continuing Education

[2014-18](#) Request for Comment on Draft Amendments to MSRB Rule G-20, on Gifts, Gratuities and Non-Cash Compensation, to Extend its Provisions to Municipal Advisors

[2014-19](#) SEC Approves MSRB Rule G-44 on Supervisory and Compliance Obligations of Municipal Advisors, and Amendments to MSRB Rules G-8 and G-9

MSRB Upcoming Events:

MSRB Webinar: Upcoming Changes to Dealer Continuing Education Requirements ([Link](#))

SEC, FINRA AND THE MSRB TO HOLD COMPLIANCE OUTREACH PROGRAM FOR MUNICIPAL ADVISORS

The SEC, FINRA and MSRB announced the opening of registration for the first Compliance Outreach Program for Municipal Advisors that will take place in Chicago, IL on November 3, 2014. ([Link](#))

MSRB SEATS NEW BOARD AND BEGINS FISCAL YEAR

The MSRB began its 2015 fiscal year and seated the 21-member Board of Directors that establishes regulatory policies and oversees the operations of the MSRB. ([Link](#))

MSRB STRENGTHENS CONTINUING EDUCATION REQUIREMENTS FOR MUNICIPAL SECURITIES DEALERS

The MSRB [received approval from the SEC to require dealers to provide annual municipal securities training](#) for registered persons who are regularly engaged in or supervise municipal securities activities. While dealers have been obligated to conduct continuing education under MSRB rules, there was no requirement that dealer personnel be trained on municipal securities issues. ([Link](#))

MSRB Announces Regulatory Topics to Be Discussed At Upcoming Board Meeting

The Board of Directors of the MSRB will meet October 29-31, 2014 where it will discuss the following rulemaking topics: ([Link](#))

MSRB Invites Municipal Securities Investors to Educational Video Series: Diving Into the Documents

The MSRB announced that it is offering a free six-week video series to educate municipal securities investors about fundamental disclosure documents. Each installment of the "Diving into the Documents" video series will be distributed to subscribers of the MSRB's investor education email list. [Sign up here](#). The series will also be available in its entirety in the MSRB's Education Center. ([Link](#))

MSRB Requests Comment on Extending Gifts Rule to Municipal Advisors

The MSRB is [requesting comment on a proposal to establish limitations on gifts given by municipal advisors](#) in their professional capacity. The draft amendments to the MSRB's existing gifts rule for dealers, Rule G-20, are designed primarily to extend the provisions of the rule to municipal advisors. ([Link](#))

MSRB Creates Supervision and Compliance Requirements for Municipal Advisors

The MSRB received approval from the SEC to create the first new rule for municipal advisors since the SEC released its final registration rule for these professionals in September 2013. [New MSRB Rule G-44 establishes baseline supervisory and compliance obligations for municipal advisors](#). ([Link](#))

NASAA

NASAA Statement on PIABA Arbitration Study

The following is a statement from William Beatty, Washington Securities Director and president of the NASAA regarding the Public Investors Arbitration Bar Association's (PIABA) report, "The Importance of Arbitrator Disclosure." ([Link](#))

IARD System Fee Waiver Announced for Investment Adviser Firms

The NASAA announced the waiver of the Investment Adviser Registration Depository (IARD) system fees for investment adviser firms and the continuation of substantially reduced initial set-up and annual system fees paid by investment adviser representatives (IARs). ([Link](#))

NASAA Cautions Investors to Guard Against Ebola-Related Scams

Following the outbreak of Ebola in western Africa and its appearance in North America, the NASAA cautioned investors to beware of opportunistic Internet-based investment schemes related to the disease. ([Link](#))

NASDAQ—NASDAQ-TRADER—

OTCBB

Equity Regulatory Alert:

[2014-3](#) Policies and Procedures to Prevent Self-Trades in Nasdaq Crosses

Data News:

[2014-10](#) Nasdaq Announces New Fee Structure and More Flexible Enhanced Display Solution Program

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

Equity Trader Alert:

[2014-82](#) Postponed – Nasdaq Announces Processing Enhancements to Reserve Orders

[2014-83](#) New Common Ownership Guidelines Operative on December 1, 2014

[2014-84](#) Nasdaq Announces Spin-off/Distribution Information for Compuware Corporation (CPWR)

[2014-85](#) Nasdaq Announces Final Information for Sears Holdings Corporation (SHLD) Rights Offering

[2014-86](#) Nasdaq to Begin Listing iShares Fund on Thursday, October 16, 2014

[2014-87](#) ETF Series Solutions Fund to Begin Trading on The Nasdaq Stock Market on October 16, 2014

[2014-88](#) Nasdaq Announces Spin off/Distribution information for Kimball International, Inc. Class B Common Stock (KBALB)

[2014-89](#) Nasdaq Enhances Minimum Quantity Functionality

[2014-90](#) Nasdaq Announces Preliminary Information for Transcept Pharmaceuticals, Inc. (TSPT) Reverse Merger Transaction and Distribution

[2014-91](#) Nasdaq to Begin Listing First Trust Fund on Wednesday, October 22, 2014

[2014-92](#) Nasdaq Announces Spin off/Distribution Information for Liberty Media Corporation

[2014-93](#) Nasdaq to Begin Listing ETF Series Trust Fund on Thursday, October 23, 2014

[2014-94](#) BX Introduces Retail Price Improvement (RPI) Program and Retires RPI Program on The Nasdaq Stock Market

[2014-95](#) Updates to PSX and BX Pricing for November 2014

[2014-96](#) Special Dividend Information for CareTrust REIT, Inc. (CTRE)

[2014-97](#) BX Equities Collection of Exchange Fees and Changes in Billing Policies

[2014-98](#) Nasdaq Announces Preliminary Information for Sears Holdings Corporation (SHLD) Rights Offering

[2014-99](#) The Nasdaq Stock Market Updates Pricing Effective November 3, 2014

Data Technical News:

[2014-33](#) Reminder: Daylight Savings Time Ends Soon

[2014-34](#) PSX and BX to Support Market Participant Attribution on TotalView, Effective February 2, 2015

Options Trader Alert:

[2014-30](#) PHLX Changes Priority Rule 1014 Commentary .05 (c)(ii)

[2014-31](#) New Common Ownership Guidelines Operative on December 1, 2014

[2014-32](#) Modifications to Routing Fees Effective November 3, 2014

[2014-33](#) BX Options Amends the Execution Algorithm for Select Products

[2014-34](#) NOM and PHLX Update Pricing Effective November 3, 2014

Options Regulatory Alert:

[2014-36](#) The Application of Bid/Ask Differentials when Calculating Theoretical Price

[2014-37](#) PHLX Announces Margin Levels for the Nasdaq FX Options

[2014-39](#) NOM Bid/Ask Differentials for "NDX" and "PCLN" Options Class through November 22, 2014

[2014-40](#) Electronic Submission of Annual Audit Reports

OTC Symbol Directories

FINRA is experiencing an issue updating the OTC Symbol Directory download files currently available on OTCBB.com and via File Transfer Protocol ([FTP](#)). Until this issue is resolved, FINRA will provide all [additions and deletions](#) to the OTC Symbol Directories on its website. ([Link](#))

OTC Symbol Directories – Update October 6, 2014

FINRA is still experiencing an issue updating the OTC Symbol Directory download files currently available on [additions and deletions](#) for Monday, October 6, 2014. ([Link](#))

OTC Securities Quote and Trade Halt– Update October 17, 2014

FINRA has imposed a quoting and trading halt in all OTC equity securities as of 11:05:06 a.m. ET due to a lack of current quotation information currently available in the marketplace for OTC equity securities. ([Link](#))

OTC Quoting and Trading Resumes

On Friday, October 17, 2014, at 11:05:06 a.m. ET, FINRA halted quoting and trading in all OTC equity securities pursuant to FINRA Rule 6440(a)(3). FINRA determined to impose the temporary halt because of a lack of current quotation information for OTC equity securities. Members are hereby advised that FINRA is lifting the market-wide quoting and trading halt in all OTC equity securities effective Friday, October 17, 2014, at 1:00 p.m. ET Members are permitted to display "closed" quotations for a quote-only period beginning at 12:45:00 on Friday, October 17, 2014. ([Link](#))

OTC Quoting and Trading Resumes

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Update: Quotation and Trading Halt for OTC Equity Securities

FINRA is invoking its clearly erroneous trade break authority under FINRA Rule 11893 to break all trades in OTC equity securities on Friday, October 17, 2014 after 11:05:06 a.m. ET up and until the resumption of permitted trading at 1:00:00 p.m. ET for all OTC equity securities. FINRA member firms are instructed to cancel all related trades executed during that time period that were reported to FINRA's OTC Reporting Facility (ORF). In making this determination, FINRA has also determined that the number of the affected transactions is such that immediate finality is necessary to maintain a fair and orderly market and to protect investors and the public interest. Consequently, these determinations may not be appealed. ([Link](#))

NYSE - EURONEXT – AMEX

Intercontinental Exchange Completes First Phase of The Liffe Transition To Ice Futures Europe; London Soft Commodities Now On The Ice Platform Alongside Ice Futures U.S. Softs Contracts

Intercontinental Exchange (NYSE:ICE), the leading global network of exchanges and clearing houses, announced that it has successfully completed the transition of the Liffe London soft commodity futures and options contracts to ICE Futures Europe. These products are now listed on the ICE trading platform, which is also home to the ICE Futures U.S. soft commodity futures and options that include Sugar 11, Cocoa, Coffee, Cotton and Frozen Concentrated Orange Juice contracts. For the first time, global soft commodities contracts are available for trading side by side on the same widely distributed, feature rich trading platform. ([Link](#))

Intercontinental Exchange Reports ICE and NYSE Volume for September And Third Quarter 2014

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

BD and IA Services

RRS provides a full range of services to assist broker-dealers and investment advisers' registration. With renewals ready to begin the first week of November, contact RRS to sign up for our services.

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

NYSE Regulation to Perform Market Surveillance, Investigation and Enforcement Program for NYSE Group Exchanges

NYSE Group announced NYSE Regulation will directly perform the market surveillance, investigation and enforcement functions for NYSE Group's three equities exchanges and two options exchanges upon the expiration of the contract with FINRA on December 31, 2015. FINRA will retain the cross-market surveillance and investigation functions and will continue to conduct the registration, testing, and examinations of broker-dealer members of NYSE Group's exchanges. ([Link](#))

Intercontinental Exchange Completes Acquisition of SuperDerivatives

Intercontinental Exchange (NYSE: ICE), the leading global network of exchanges and clearing houses, has completed its previously announced acquisition of SuperDerivatives, a leading provider of risk management analytics, financial market data and valuation services. The acquisition closed on October 7, 2014 in an all-cash transaction of approximately \$350 million. ([Link](#))

NYSE Group Announces Enhanced Methodology For The NYSE Arca Biotechnology Index

The New York Stock Exchange, part of the Intercontinental Exchange (NYSE: ICE) global network of exchanges, announced that it has enhanced the methodology for the NYSE Arca Biotechnology Index (BTK), a widely followed benchmark for the biotechnology industry. The number of constituents held within the index will be increased from 20 to 30 names and the minimum criteria for initial and continued inclusion will be set at a higher level. The changes will be enacted at the next index rebalance effective before the open on Monday, October 20, 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.

Ice Futures Europe Announces Record Daily Volume in Low Sulphur Gasoil Related Contracts

Intercontinental Exchange (NYSE: ICE), the leading global network of exchanges and clearing houses, announced that ICE Futures Europe reached a daily volume record in trade for ICE Low Sulphur Gasoil futures. A new total daily volume record for ICE Low Sulphur Gasoil futures across ‘G’ and ‘ULS’ code contracts was set on Tuesday, October 14, 2014 with 67,110 contracts traded. The previous total daily volume record of 38,346 contracts was established Monday, October 13, 2014. ([Link](#))

ICE Futures Sets Daily Volume Record in ICE U.S. Dollar Index

Intercontinental Exchange (NYSE: ICE), the leading global network of exchanges and clearing houses, announced that ICE Futures U.S. reported record daily volume in the ICE U.S. Dollar Index (USDIX) futures contract of 118,291 contracts on October 15, 2014. The previous daily volume record of 116,372 contracts was established on June 6, 2013. ([Link](#))

ICE Benchmark Administration (IBA) Publishes Position Paper On The Evolution And Enhancement Of ICE LIBOR (“LIBOR”)

Intercontinental Exchange (NYSE: ICE), the leading global network of exchanges and clearing houses, announced that ICE Benchmark Administration (“IBA”) has published a Position Paper on the Evolution of ICE LIBOR. ([Link](#))

Ice Clear Credit Launches Sovereign CDS Clearing For Hungary and South Africa

Intercontinental Exchange (NYSE: ICE), the leading global network of exchanges and clearing houses, announced that ICE Clear Credit has introduced clearing for Hungary and South Africa credit default swap (CDS) instruments for dealer to dealer and client clearing. ([Link](#))

New York Stock Exchange Names Cunningham President of NYSE Governance Services

The NYSE announced that effective immediately, Stacey Cunningham has been named President of NYSE Governance Services, a leading provider of corporate governance, risk, ethics and compliance services for public and privately held companies. ([Link](#))

FINCEN**FinCEN Issues Geographic Targeting Order Covering the Los Angeles Fashion District as Part of Crackdown on Money Laundering for Drug Cartels**

FinCEN announced the issuance of a [Geographic Targeting Order](#) (GTO) that imposes additional reporting and recordkeeping obligations on certain trades and businesses located within the Los Angeles Fashion District. The GTO will enhance law enforcement’s ongoing efforts to identify and pursue cases against persons and businesses engaged in the illicit movement of U.S. currency to Mexico and Colombia on behalf of prominent drug trafficking organizations (DTOs). ([Link](#))

PRA

The economic impact of sterling's recent moves: more than a midsummer night's dream - speech by Kristin Forbes

Speaking at an event organized by 100 Women in Hedge Funds, at the Canada Imperial Bank of Commerce, Kristin Forbes discusses the impact of the recent appreciation in the sterling exchange rate on the UK economy. She saw Midsummer Night's dream at the Globe last year, and makes various references to it in her speech. For example, while Shakespeare reminds us that 'the course of true love never did run smooth' Kristin warns that 'the same could also be said of the course of UK inflation, when buffeted by large exchange rate movements'. ([Link](#))

Microprudential, macroprudential and monetary policy: conflict, compromise or co-ordination? - speech by Paul Fisher

In a speech at Richmond University, Deputy Head of the Prudential Regulation Authority (PRA), Paul Fisher discusses the conditions under which the Bank of England's three policy committees – the Monetary Policy Committee (MPC), the Financial Policy Committee (FPC) and the PRA Board - can work effectively together to deliver their separate objectives. ([Link](#))

Financial Policy Committee statement from its policy meeting, 26 September 2014

The Chancellor of the Exchequer announced in June that HM Treasury wanted to grant the Bank of England's Financial Policy Committee (FPC) additional powers to guard against financial stability risks from the housing market before the end of this Parliament. The FPC therefore discussed this at its meeting on 26 September and is announcing its recommendation to HM Treasury on the form of these powers: ([Link](#))

Bank of England announces proposals to strengthen the financial system through structural reform

The Bank of England has published four papers that propose changes to improve the resilience and resolvability of deposit-takers and reduce the disruption to customers and the system if a deposit-taker or insurer fails. ([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 8 October 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](#))

Bank of England announces the timetable for publication of the 2014 UK stress testing results

The Bank of England is setting out the timetable for the publication of the UK stress test results. This follows an announcement by the European Banking Authority (EBA) about the EU-wide stress test timetable. ([Link](#))

US and UK officials meet to discuss key components for the resolution of a global systemically important bank

The heads of the Treasuries and leading financial regulatory bodies in the United States and United Kingdom participated in an exercise designed to further the understanding, communication, and cooperation between US and UK authorities in the event of the failure and resolution of a global systemically important bank, or G-SIB. ([Link](#))

Bank of England enters into banknote printing contract with De La Rue

The Bank of England is announcing that it has entered into a new 10 year contract with De La Rue to print its banknotes at the Bank's facility in Debden, Essex. ([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

What to do when we don't know: policy-making when spare capacity is uncertain - speech by Martin Weale

In the annual JSG Wilson Lecture, at the University of Hull, Martin Weale – External Member of the Monetary Policy Committee (MPC) – explores what he calls “the practical problem” of setting policy while being uncertain about the margin of spare capacity in the economy, and thus the implications of future economic growth for future inflationary pressures. Martin begins by warning of “the perils of thinking that we know too much”. He explains that there are number of factors which are “inherently unknowable” such as what is going to happen to inflation in two years' time and how much the economy is going to grow in the future. Using modelling techniques, Martin suggests ways in which policymakers could adapt to these uncertainties, so that even “if we cannot be sure what is going on, we can at least do our level best to think about ways of alleviating the risks associated with getting things wrong.” ([Link](#))

Twin peaks - speech by Andy Haldane

Speaking at the Kenilworth Chamber of Trade business breakfast event Andrew Haldane, the Chief Economist of the Bank of England, discusses developments in the labor market, and the implications for monetary policy in the United Kingdom. ([Link](#))

Chatham House conference – Regulatory reform and returns in banking - Speech by Sir Jon Cunliffe, Deputy Governor, Financial Stability

In a speech on Monday to a Chatham House conference on “the new shape of banking”, Jon Cunliffe provides an overview of three major developments in the regulatory landscape since the financial crisis and considers the commercial implications of these changes for the banking industry. ([Link](#))

Bank of England statements - RTGS

RTGS closed at 20:00 hrs (BST). All 142,759 payments submitted to RTGS before the extended deadline have now been processed. The Bank has put in place extra steps to monitor the system at the start of the day tomorrow when RTGS will open at 06:00 hrs (BST) as usual. The Bank apologizes for any problems caused by the delays to the settlement of payments and has launched a thorough, independent review of the incident. ([Link](#))

Bank of England statement – Update on RTGS

RTGS closed at 20:00 hrs (BST). All 142,759 payments submitted to RTGS before the extended deadline have now been processed. The Bank has put in place extra steps to monitor the system at the start of the day tomorrow when RTGS will open at 06:00 hrs (BST) as usual. The Bank apologizes for any problems caused by the delays to the settlement of payments and has launched a thorough, independent review of the incident. ([Link](#))

Bank of England statement - RTGS issue resolved

The Bank of England confirms it is now processing payments through RTGS as normal. We have extended opening hours until 20:00 hrs (BST) to maximise the opportunity for settlement. ([Link](#))

Bank of England statement – RTGS

The Bank of England has identified a technical issue related to some routine maintenance of the RTGS payment system and has paused settlement while we resolve it. We are working to address this issue as quickly as possible, and restart the RTGS payment system in a controlled manner. The most important payments are being made manually and we can reassure the public that all payments made will be processed. ([Link](#))

Bank of England statement – Independent review into RTGS payment system disruption

The Governor of the Bank of England, Mark Carney, has launched a thorough, independent review of the causes of the disruption to RTGS, the Bank's system for settling high value payments. The review will cover the causes of the incident, the effectiveness of the Bank's response and the lessons learned for future contingency plans. Its findings will be presented to Court which will then publish the full report and the response. ([Link](#))

Monetary policy, asset prices and distribution - speech by Ben Broadbent

Speaking at the Society of Business Economists Annual conference, Ben Broadbent, Deputy Governor for Monetary policy, discusses how to interpret the downward trend in interest rates over the past twenty years. ([Link](#))

Bank of England sets out how it will resolve failed institutions

The Bank of England is publishing its approach to resolving a failed bank, building society or investment firm. Resolution is the process by which the authorities can intervene to manage the failure of a firm. ([Link](#))

Bank of England statement on EBA stress test publication

The European Banking Authority (EBA) has published the results of its EU-wide stress test. The 2014 UK stress testing exercise will build on the EU-wide stress test by exploring particular vulnerabilities facing the UK banking system. As previously announced, the Bank of England will publish the results of the UK variant stress test on Tuesday 16 December. ([Link](#))

FEMR consultation: How fair and effective are the fixed income, foreign exchange and commodities markets?

The Fair and Effective Markets Review (FEMR) has published a consultation document on what needs to be done to reinforce confidence in the fairness and effectiveness of the Fixed Income, Currency and Commodities (FICC) markets. ([Link](#))

Monetary policy one year on - speech by Sir Jon Cunliffe

In a speech to the Cambridge Society for Economic Pluralism, on Tuesday, Jon Cunliffe reviews developments in the UK economy during his first year in office and looks ahead at the judgments and uncertainties faced by the Monetary Policy Committee. ([Link](#))

Managing global finance as a system - speech by Andrew Haldane

Andrew Haldane, Chief Economist of the Bank of England, gives the annual Maxwell Fry lecture on Global Finance at Birmingham University. ([Link](#))

FCA

Wonga to make major changes to affordability criteria following discussions with the FCA

Wonga has entered into an agreement, known as a voluntary requirement (VREQ), with the FCA that requires it to make significant changes to its business immediately. ([Link](#))

Two former directors fined and banned for recklessly failing to protect client money

The FCA has fined and banned Managing Director and Finance Director of stockbroking and wealth management firm for serious failings in relation to the protection of client money. ([Link](#))

National campaign will target those most at risk of investment fraud, says FCA

Using funds recovered from the proceeds of crime, the FCA has launched a national campaign to warn people about investment fraud and how to spot a potential scam. ([Link](#))

FCA publishes Decision Notice against man deciding to ban him and fine him £290,344

The FCA has published a Decision Notice against a man. ([Link](#))

Innovation Hub now open for business, says FCA

The FCA Innovation Hub, part of [Project Innovate](#), is now open and offering support to innovators. ([Link](#))

FCA fines Building Society £4,135,600 for failings in dealing with customers in mortgage arrears

A large building society has been fined £4,135,600 for failings when dealing with its mortgage customers experiencing payment difficulties. ([Link](#))

Financial Conduct Authority consults on restrictions on the retail distribution of regulatory capital instruments

The FCA is proposing to place new requirements that would apply when mutual society shares are sold to ordinary retail investors. The FCA is also consulting on plans to make permanent the temporary rules, announced in August 2014, which placed restrictions on the distribution of contingent convertible securities (CoCos). ([Link](#))

FCA fines advisor network for 'pay-to-play' arrangements

A network of financial advisers has been fined £1,598,000 by the FCA for setting up a pay-to-play scheme. The firm's arrangement effectively undermined the ban on commission payments brought in by the Retail Distribution Review (RDR). The pay-to-play scheme meant that the range of products recommended to clients under its restricted advice service was influenced by the amount of services the firm had sold to product providers. ([Link](#))

Statement re: promotion of shares in EMMIT plc

The Financial Conduct Authority (FCA) has been made aware that individuals are being encouraged to transfer money from their work pension schemes into Self-Invested Personal Pensions (SIPPs) and use that money to buy shares in Emmit plc, a company admitted to trade on AIM, a market operated and regulated by the London Stock Exchange (LSE). Some investors are being offered "cash back" on their investments in Emmit plc, paid by a third party, as an incentive to do this. ([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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“Find It - Before the Regulators”

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

READER SURVEY FAX RESPONSE

TO: Louis Dempsey

RE: October 2014

Fax: (561) 807-5442

LouisDempsey@RRSCompliance.com

FROM: _____

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

PHONE: _____ **FAX:** _____

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

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What topics interest you the most?

What do you find most useful?

What would you like to see in future editions?

Are you a current client of RRS?

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

Thank you for your time and effort

Bottom Line - We Want to Know!

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

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