

**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:** Monthly FOCUS Filing Due March 24th, 2015
- **DEADLINE:** Monthly SIS Filing Due March 27th 2015
- **FINRA:** Annual Conference May 19-21, Washington, DC
- **FINRA:** Fixed Income Conference – March 10th, 2015
- **FINRA:** FINRA Diversity Summit – March 18th, 2015
- **SIFMA C&L:** Annual Seminar – March 15-18, Phoenix, AZ

ITEMS IN THIS EDITION

- **SEC** – SEC Imposes Sanctions against China-Based Members of Big Four Accounting Networks for Refusing to Produce Documents – Page 2
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- **FCA** – FCA fines a large Firm £17.6m for systems and controls failings that led to its failure to manage conflicts of interest fairly – Page 9

**Service Spotlight: Supervisory Controls**

RRS provides a full range of services to assist with your firm’s compliance with NASD Rules 3010, 3012 and FINRA Rule 3130, including:

- Comprehensive Risk Assessment
- Review of Supervisory Structure
- Written Supervisory and Supervisory Control Procedures Gap Analysis
- Transactional and forensic testing of the written supervisory procedures
- Report Preparation
- Draft CEO Certification
- Annual Compliance Meetings
- Compliance Program Testing Training
- Ongoing Compliance Support

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Washington, DC

## SEC

### SEC Announces:

Half-Million Dollar Clawback from CFOs of a firm That Committed Accounting Fraud ([Link](#))

Charges against Atlanta Man Accused of Insider Trading in Advance of Tender Offer ([Link](#))

Agenda, Panelists for Proxy Voting Roundtable ([Link](#))

Pamela C. Dyson Named SEC Chief Information Officer ([Link](#))

Fraud Charges against Purported Hedge Fund Manager ([Link](#))

Agenda for March 4 Meeting of the Advisory Committee on Small and Emerging Companies ([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](mailto:JohnPinto@RRSCompliance.com)

### SEC Proposes:

Rules for Hedging Disclosure ([Link](#))

### SEC Charges:

Four in California Insider Trading Ring ([Link](#))

A Large firm for Accounting and Disclosure Violations ([Link](#))

Former Brokerage CEO for His Role in Fraudulent Scheme ([Link](#))

Mutual Fund Adviser in Connection With Improper Handling of Fund Assets ([Link](#))

A big Brokerage Firm and CEO with Committing Fraud during CDO Liquidation Auctions ([Link](#))

Brothers-in-Law in Louisiana with Insider Trading ([Link](#))

A firm With FCPA Violations ([Link](#))

### SEC Halts:

Colorado-Based Pyramid Scheme ([Link](#))

Ponzi-Like Scheme by Purported Venture Capital Fund Manager in Buffalo ([link](#))

### SEC Final Rules:

Asset-Backed Securities Disclosure and Registration ([Link](#))

Reporting and Dissemination of Security-Based Swap Information ([Link](#))

Security-Based Swap Data Repository Registration, Duties, and Core Principles ([Link](#))

### SEC Alerts Investors, Industry on Cybersecurity

The Securities and Exchange Commission released publications that address cybersecurity at brokerage and advisory firms and provide suggestions to investors on ways to protect their online investment accounts. ([Link](#))

### SEC Names David Grim as Acting Director of the Division of Investment Management

The Securities and Exchange Commission announced that David Grim has been named as Acting Director of the Division of Investment Management. He replaces Norm Champ, the division's former director, who left the SEC at the end of January. ([Link](#))

### SEC Approves 2015 PCAOB Budget and Accounting Support Fee

The Securities and Exchange Commission voted to approve the 2015 budget of the Public Company Accounting Oversight Board (PCAOB) and the related annual accounting support fee. ([Link](#))

### SEC Imposes Sanctions against China-Based Members of Big Four Accounting Networks for Refusing to Produce Documents

The Securities and Exchange Commission imposed sanctions against four China-based accounting firms that had refused to turn over documents related to investigations of potential fraud. The China-based firms are members of large international networks associated with the "Big Four" accounting firms and registered with the (PCAOB). ([Link](#))

### Heather Seidel Named Chief Counsel in SEC's Division of Trading and Markets

The Securities and Exchange Commission announced that Heather Seidel has been named Chief Counsel for the SEC's Division of Trading and Markets. Ms. Seidel, an Associate Director in the division's Office of Market Supervision, will begin her new role immediately. ([Link](#))

**Remarks at the “SEC Speaks” Conference 2015: A Fair, Orderly, and Efficient SEC**

Before going any further, lest you think that what I say necessary reflects the views of the Commission or my fellow Commissioners, I want to assure all of you that the views I express are solely my own. ([Link](#))

**Remarks at the “SEC Speaks” Conference**

At the outset, I would like to remind you that the views I am expressing today are my own and do not necessarily reflect those of the Commission, my fellow Commissioners, or the staff of the Commission. ([Link](#))

**Remarks at the SEC Speaks in 2015**

It's hard for me to believe that this is my fourth SEC Speaks speech. A lot has changed over the course of those years, but one thing has remained constant - the remarkable talent and dedication of the SEC staff. Before I continue, I want to take this opportunity to thank the entire staff for all that they do for the markets and investors. ([Link](#))

**Setting Forth Goals for 2015: Address to Practicing Law Institute’s SEC Speaks in 2015 Program**

I am honored to be here this morning for my seventh SEC Speaks as an SEC Commissioner. Before I begin, let me start by issuing the standard disclaimer that the views I express are my own, and do not necessarily reflect the views of the Securities and Exchange Commission, my fellow Commissioners, or members of the staff. ([Link](#))

**Effective Disclosure for the 21st Century Investor**

For some of you, this is probably the first time you’ve heard of the Office of the Investor Advocate at the SEC. And that’s understandable, because the Office did not exist when this conference was held last year. I began my position on February 24, 2014, on the Monday following SEC Speaks. ([Link](#))

**Chairman’s Address at SEC Speaks 2015**

It is great to be back at SEC Speaks to give the Chairman’s Address and welcoming remarks. This event is an excellent opportunity for the public to hear from agency staff about our work over the past year and what is in store for 2015. ([Link](#))

**SEC Salt Lake Office Director Karen Martinez to Retire From Public Service**

The Securities and Exchange Commission announced that Karen L. Martinez, Regional Director of the Salt Lake office, is leaving the agency and retiring this summer. ([Link](#))

**Readout of SEC Chair Mary Jo White’s Meeting with European Union Financial Services Commissioner Jonathan Hill**

Securities and Exchange Commission Chair Mary Jo White hosted a meeting this morning with European Union Financial Services Commissioner Jonathan Hill. ([Link](#))

**Fee Rate Advisory #4 for Fiscal Year 2015**

Pursuant to Section 31(j)(2) of the Securities Exchange Act of 1934, the Commission has determined that a mid-year adjustment to the Section 31 fee rate for fiscal year 2015 is not required. These adjustments do not directly affect the amount of funding available to the SEC. ([Link](#))

**FINRA****Regulatory Notices:**

[15-03](#) FINRA Requests Comment on Proposal to Require Alternative Trading Systems to Submit Quotation Information Relating to Fixed Income Securities to FINRA for Regulatory Purposes

[15-04](#) FINRA Requests Comment on a Proposal to Disseminate Additional Securitized Products and to Reduce the Reporting Time Frame for These Products

***“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.

**FINRA Investor Education Foundation and the American Library Association Announce \$1.8 Million in Grants to Public Libraries to Support Financial Literacy**

The (FINRA) Investor Education Foundation and the (ALA) have announced \$1.8 million in grants to 21 recipients as part of the Smart investing@your library® initiative. ([Link](#))

### **FINRA Issues Report on Cybersecurity Practices, Cybersecurity Investor Alert**

The (FINRA) issued a new report on cybersecurity, which details practices that firms can tailor to their business model as they strengthen their cybersecurity efforts. ([Link](#))

### **FINRA Foundation-Funded Study Documents Effectiveness of State Financial Education Mandates**

A FINRA Investor Education Foundation-funded study released examines the effectiveness of state mandates on financial education for high-school students, documenting notable improvements in credit outcomes for young adults who were exposed to rigorous programs. The study, State Financial Education Mandates: It's All in the Implementation, was prepared by Dr. Carly Urban of Montana State University and researchers from the Federal Reserve Board and the Center for Financial Security at the University of Wisconsin-Madison. ([Link](#))

### **Erozan Kurtas Named Head of FINRA's New Office of Advanced Data Analytics**

The (FINRA) announced that Erozan Kurtas will join the organization as Head of Advanced Data Analytics and Senior Vice President. Mr. Kurtas, who will report to Chairman and CEO Richard Ketchum and Executive Vice President for Regulatory Operations Susan Axelrod, will start at FINRA on February 23. Mr. Kurtas is currently Assistant Director, Quantitative Analytics Unit, (OCIE) at the (SEC). ([Link](#))

### **FINRA Board Approves \$50 Million Contribution to the FINRA Foundation**

The Board of Governors of the (FINRA) approved a \$50,000,000 contribution to the FINRA Investor Education Foundation to provide continuing support for the Foundation's innovative research and education efforts. ([Link](#))

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

***Contact John Pinto at  
(202) 463-6575***

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

### **Statement of Marcia E. Asquith, Senior Vice President and Corporate Secretary, on the Loss of Harvey J. Goldschmid**

FINRA mourns the loss of former FINRA Governor Harvey J. Goldschmid. Goldschmid was a stalwart defender of the investing public and contributed immeasurably to FINRA's mission of protecting investors and ensuring market integrity. Goldschmid was in FINRA's inaugural class of governors following the formation of FINRA in 2007, and served on FINRA's Board until 2014. He leaves an extraordinary legacy of dedication and service, which has held American investors in

good stead. FINRA extends its deepest condolences to his wife Mary and their children. ([Link](#))

### **FINRA Investor Education Foundation and United Way Grant \$1.5 Million for Financial Education**

The (FINRA) Investor Education Foundation and United Way Worldwide are giving more than \$1.5 million in grants to help low-wage families build financial stability, under the Financial Education in Your Community initiative. ([Link](#))

## **MSRB**

### **Amendments to MSRB Rule G-3 on Professional Qualification Standards for Municipal Advisors**

During this free webinar, MSRB staff will review amended MSRB Rule G-3, which will create baseline standards of professional qualification for municipal advisors. The amendments to the MSRB's existing Rule G-3 on professional qualifications take effect on April 27, 2015. ([Link](#))

### **MSRB Holds Quarterly Board Meeting**

The Board of Directors of the (MSRB) held its quarterly meeting January 28-29, 2015, where it reached another milestone in its development of a baseline qualifying exam for individuals who engage in municipal advisory activities, such as providing financial advice to state and local governments on municipal bond issuances. ([Link](#))

### **MSRB and Texas MAC to Co-Host Education and Outreach Seminar in Dallas**

The (MSRB) and the Municipal Advisory Council of Texas will co-host an education and outreach event for municipal market professionals on March 5, 2015 in Dallas, Texas. The event will provide attendees with updates on MSRB initiatives, including the development of regulations for professionals that provide financial advice to state and local governments. ([Link](#))

### **Robert Fippinger to Join MSRB as Chief Legal Officer**

The (MSRB) announced that Robert Fippinger, one of the country's preeminent municipal securities attorneys, will join the MSRB as its Chief Legal Officer, overseeing all legal and external affairs. Fippinger, who currently is Senior Counsel at Orrick, Herrington & Sutcliffe and has served on the MSRB Board of Directors since October 2010, tendered his resignation from the Board effective immediately. ([Link](#))

### **Dall Forsythe Joins MSRB Board of Directors**

The Board of Directors of the (MSRB) announced that public policy scholar Dall W. Forsythe will join the Board as a public member to fill the vacancy created by the resignation of Robert A. Fippinger, who is becoming the MSRB's Chief Legal Officer. The 21-member Board of Directors makes policy decisions, authorizes rulemaking, enhances market transparency systems and oversees operations of the MSRB. ([Link](#))

### **MSRB Publishes New Fact Book of Municipal Market Data and Invites User Feedback**

The (MSRB) published its annual Fact Book, the only online sourcebook that analyzes trading data, continuing disclosure documents and other statistics for the \$3.6 trillion municipal bond market. The new edition provides monthly, quarterly and yearly aggregate market information from 2010 to 2014, and covers different types of municipal issues, trades and interest rate resets. ([Link](#))

## NASAA

### Maine Securities Administrator Outlines Innovative Program to Combat Senior Financial Exploitation

In testimony before the Senate Special Committee on Aging, Maine Securities Administrator Judith Shaw called financial exploitation one of the most serious issues facing seniors and outlined an innovative approach Maine is taking to tackle the problem. ([Link](#))

### NASAA's Coordinated Review Program Setting New Service Standards

The (NASAA) has filed a comment letter with the (SEC) highlighting the effectiveness of NASAA's new streamlined review program for small business securities offerings. ([Link](#))

### **FINRA Rulebook Consolidation**

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

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

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

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

### **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)

[2015 - 18](#) Amended Liquidity Codes for Select Symbols

[2015 - 19](#) BX Pricing Updates for February 2015

[2015 - 20](#) Nasdaq U.S. Markets will be closed

[2015 - 21](#) Information Regarding Merger Transaction between TGC Industries, Inc. and Dawson Geophysical Company

[2015 - 22](#) Reverse Split and CUSIP Change for Ikanos Communications

[2015 - 23](#) Market Maker Registration on BX and PSX

[2015 - 24](#) Nasdaq to Begin Listing Tuttle Tactical Management Fund

[2015 - 25](#) Reverse Split and CUSIP Change for Entertainment Gaming Asia Incorporated

[2015 - 26](#) Nasdaq Updates Fees for Post-Trade Risk Management Service

[2015 - 27](#) Reverse Split and CUSIP Change for Premier Exhibitions

[2015 - 28](#) Nasdaq Updates Pricing Effective March 2, 2015

## NASDAQ—NASDAQ-TRADER—

## OTCBB

### Equity Trader Alert:

[2015 - 17](#) Nasdaq Changes to Market Close postponed to April 13, 2015

**Data Technical News:**

[2015 - 2](#) NASDAQ Increases Bandwidth Recommendations For Select Proprietary Data Feeds

**Options Trader Alert:**

[2015 - 5](#) NOM and PHLX Pricing Update Effective March 2, 2015

[2015 - 6](#) BX Options Enhances Opening Process

**Options Regulatory Alert:**

[2015 - 5](#) NOM Bid/Ask Differentials for "NDX" and "PCLN" Options Class through March 21, 2015

[2015 - 6](#) PHLX Bid/Ask Differentials for "NDX" and "PCLN" Option Classes through March 21, 2015

**UTP Vendor Alert:**

[2015 - 2](#) Implementation of new UTP Message Header Formats

[2015 - 3](#) UTP Administration Provides FAQs for the UTP Level 1 Non-Display Fees

[2015 - 4](#) UTP SIP to Modify Sale Condition Modifiers in July 2015

**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)

**NYSE - EURONEXT – AMEX****ICE Benchmark Administration to Administer the LBMA Gold Price from March 2015; LBMA Gold Price to replace the London Gold Fix**

(NYSE:ICE), the leading global network of exchanges and clearing houses, and the (LBMA), have announced that the new LBMA Gold Price, which replaces the long established London Gold Fix, is expected to be launched in March 2015. As announced by the LBMA in November 2014, (IBA) will officially become the administrator of the new pricing mechanism ([Link](#))

**Intercontinental Exchange Announces Launch of 63 New Contracts across Interest Rates and Energy**

(NYSE: ICE), the leading global network of exchanges and clearing houses, announced the introduction of 63 new futures and options contracts across interest rates and energy on February 16, 2015, subject to satisfactory completion of applicable regulatory processes. ([Link](#))

**Intercontinental Exchange Reports ICE and NYSE Volume for January 2015**

Intercontinental Exchange (NYSE: ICE), the leading global network of exchanges and clearing houses, reported January exchange traded volume. ICE's January 2015 average daily volume (ADV) declined 7% compared to January 2014.

- Commodity ADV increased 7% led by Brent, Gasoil and Other Oil up 42%, 9% and 51%, respectively, from the prior January.
- Financials ADV declined 22% from the previous January primarily due to continued low Continental European short-term interest rates, partially offset by a 6% increase in equity index ADV. ([link](#))

**Intercontinental Exchange Reports Record Fourth Quarter 2014 Adjusted EPS from Continuing Operations**

Intercontinental Exchange (NYSE: ICE), the leading global network of exchanges and clearing houses, reported record financial results for the fourth quarter and full year 2014. For the quarter ended December 31, 2014, consolidated net income attributable to ICE was \$288 million on \$800 million consolidated revenues less transaction-based expenses. On a GAAP basis, diluted (EPS) in the fourth quarter were \$2.54 and for the full year 2014 were \$8.55. ([Link](#))

**Intercontinental Exchange Declares Quarterly Dividend of \$0.65 Per Share**

Intercontinental Exchange (NYSE: ICE), the leading global network of exchanges and clearing houses, announced a \$0.65 per share dividend for the first quarter of 2015. The dividend is payable on March 31, 2015 to shareholders of record as of March 17, 2015. The ex-dividend date will be March 13, 2015. ([Link](#))

**ICE Endex Announces Results of Gas Storage Auction**

Intercontinental Exchange (NYSE: ICE), the leading global network of exchanges and clearing houses, announced the results of the ICE Endex gas storage auction held on February 4, 2015, ([Link](#))

**Intercontinental Exchange Chairman and CEO to Present at Credit Suisse Financial Services Forum on February 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 Credit Suisse Financial Services Forum. 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](#))

**ICE Futures Europe and ICE Endex Achieve Daily Volume Records in NBP and TTF Natural Gas Futures**

Intercontinental Exchange, the leading global network of exchanges and clearing houses, announced that daily volume records were set in the ICE Futures Europe UK NBP and the ICE Endex Dutch TTF Natural Gas futures contracts on February 10, 2015, with 137,495 (120.9 TWhs) and 48,047 (35.1 TWhs) contracts traded, respectively. ([Link](#))

**ICE Announces ICE WTI Options Open Interest Record; Four Consecutive Open Interest Records in Brent Options**

Intercontinental Exchange (NYSE: ICE), the leading global network of exchanges and clearing houses, announced that ICE WTI Options set record open interest of 938,921 contracts on February 10, 2015. The previous open interest record was 923,825 contracts achieved on February 9, 2015. ([Link](#))

**ICE Benchmark Administration to Administer the LBMA Gold Price from 20 March 2015**

Intercontinental Exchange (NYSE: ICE), the leading global network of exchanges and clearing houses, announced that (IBA) expects to launch the new LBMA Gold Price, which replaces the long established London Gold Fix, on 20 March 2015. ([Link](#))

**ICE Announces Appointments for Interest Rate and Utility Markets**

Intercontinental Exchange (NYSE: ICE), the leading global network of exchanges and clearing houses, announced two new London-based appointments to serve its global derivatives markets. ([Link](#))

**Survey of Hundreds of Directors Highlights Key Challenges Facing Boards**

NYSE Governance Services, a leading provider of corporate governance, risk, ethics and compliance services for public and privately held companies along with Spencer Stuart, a global, senior executive search firm, released the 12th Annual What Directors Think Survey. This nationwide survey of nearly 500 directors highlighted that daily risk oversight continues to be one of the central challenges facing boards,

as well as an increased focus on shareholder engagement and board composition. ([Link](#))

**Intercontinental Exchange Sets Date for 2015 Annual Meeting of Stockholders**

Intercontinental Exchange (NYSE: ICE), the leading global network of exchanges and clearing houses, announced that its 2015 Annual Meeting of Stockholders will be held Friday, May 15, 2015 at 8:30am ET at the Four Seasons Atlanta, located at 75 14th Street Northeast, Atlanta, Georgia 30309. A live audio webcast of the annual meeting will be available on the company's website [www.theice.com](http://www.theice.com) in the investor relations and media section. ([Link](#))

**FINCEN****Financial Regulators Issue Guidance Encouraging Youth Savings Programs**

Five federal financial regulatory agencies issued guidance to encourage federally insured depository institutions to offer youth savings programs to expand the financial capability of young people. The guidance also provides answers to frequently asked questions related to the establishment of these programs. ([Link](#))

**FinCEN penalizes a large Bank for Failing to Report Suspicious Activity Tied to Judicial Corruption**

The (FinCEN) assessed a \$1.5 million civil money penalty against the (FNCB) for willfully violating the Bank Secrecy Act (BSA). The Bank admitted that it failed to file suspicious activity reports on transactions involving illicit proceeds from a judicial corruption scheme – spanning over five years – two former judges were ultimately convicted. They misused their positions as judges to profit from, among other things, sending thousands of juveniles to detention facilities in which they had a financial interest. One of the judges was on FNCB's board of directors and controlled accounts at the Bank through which he processed the proceeds of his illegal activity. Despite several red flags indicating suspicious activity, FNCB did not file a single suspicious activity report related to these accounts until after the first guilty plea in 2009. ([Link](#))

**PRA****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](#))

**Bank of England and The Times Interest Rate Challenge reaches area finals stage**

Some of the keenest economics and business studies students from UK secondary schools are in the final days of preparation for the area finals of the Bank of England and The Times Interest Rate Challenge. ([Link](#))

**Did you Know?**

A helpful reminder for investment advisers of certain periodic obligations that may be applicable under either state or federal laws and regulations:

- **Delivery of Privacy Policy** – Privacy regulations require “financial institutions”, including investment advisers, to distribute their privacy policy to existing clients on an annual basis. Advisers should be sure to distribute a copy of their privacy policy, even if there were no changes and document delivery of the privacy notice. Documentation can be achieved simply by retaining a copy of the privacy notice with a copy of the mailing list used to distribute the Policy.
- **Update of Form ADV** – The Investment Advisers Act of 1940 (“Advisers Act”), and most state regulations, require that a registered investment advisers Form ADV (both Part 1 and Part II) be updated within 90 days of the adviser’s fiscal year end.
- **Brochure Rule** – The Advisers Act, and most state regulations, require that a registered investment adviser provide, or offer to provide at no charge, their clients with a copy of Part II of their Form ADV or the equivalent “brochure” statement in lieu of Part II of the Form ADV, on an annual basis.
- **Review of Compliance Procedures** – Advisers Act Rule 206(4)-7 requires SEC registered investment advisers to “Review, no less frequently than annually, the adequacy of the policies and procedures established pursuant to this section and the effectiveness of their implementation”. Written evidence of this review should be maintained. Several states have also adopted similar rules in their statutes for State registered investment advisers.
- **Hedge Fund Audited Financial Statements** – For investment advisers that manage hedge funds, audited financial statements, prepared in accordance with generally accepted accounting principles, must be provided to investors of the hedge fund(s) within 120 days of the fund’s fiscal year end, in order to qualify for exemptions under the Advisers Act custody rules.

RRS offers the *Compliance Administrator* program, which is designed to provide a support mechanism to investment adviser and broker-dealer CCOs, to help meet their regulatory and compliance requirements through the delivery of a standard suite of products and services designed to emulate a compliance back-office. The service integrates RRS’ registration, financial reporting and consulting services to deliver broad based support to your compliance program. Please call us at (561) 368-2245 for more information on how RRS can help support your compliance program.

In a speech to regional business contacts, Dame Clara discusses the challenges of encouraging and promoting greater use of market-based finance at a time when the banking system is undergoing structural changes, which may be impacting on the liquidity of markets through which such finance is provided. ([Link](#))

**Target Two Point Zero area final results**

From a field of 288 teams, the 42 winning teams from the regional heats of the Interest Rate Challenge, held in November, are now undertaking their next test, the area finals. ([Link](#))

**Prudential Regulation Authority sets out how it will hold senior managers accountable for failure to meet its requirements**

The (PRA) has set out how it will hold senior managers in banks, building societies and designated investment firms to account if they do not take reasonable steps to prevent or stop breaches of regulatory requirements in their areas of responsibility. ([Link](#))

**Cleland signature notes issue**

With effect from 3 March 2015, the Bank of England will be issuing into circulation £10, £20 and £50 notes bearing the signature of the current Chief Cashier, Victoria Cleland. These notes are the same design as those currently in circulation which bear the signature of Chris Salmon, the previous Chief Cashier, and of his predecessors Andrew Bailey and Merlyn Lowther. Cleland notes will circulate alongside the remaining Salmon, Bailey and Lowther notes, with the same status. ([Link](#))

**One Bank research agenda launched**

The Bank of England launched its new One Bank Research Agenda – an ambitious and wide-ranging framework to transform the way research is done at the Bank. The Agenda aims to improve the coordination and openness of our research across all policy areas, to ensure the Bank makes the best use of our data, and to cultivate an extensive research community that spans the Bank and beyond. ([link](#))

# COMPREHENSIVE COMPLIANCE SOLUTIONS

[WWW.RRSCOMPLIANCE.COM](http://WWW.RRSCOMPLIANCE.COM)

**Reforms to the Bank of England’s Market Intelligence programme**

The Bank of England announced the outcome of a root-and-branch review of its (MI) programme. In a speech at Warwick University, Minouche Shafik said the resulting changes – alongside progressive steps to make the Bank’s liquidity insurance framework more transparent – show clearly that the Bank is not just “open for business” but also “open about our business.” ([Link](#))



### **Engagement between external auditors and supervisors and commencing the PRA's disciplinary powers over external auditors and actuaries**

The PRA looks to external auditors to contribute to its supervision of firms by directly engaging with the PRA in a pro-active and constructive way. In particular, an effective auditor-supervisor relationship supports judgement-based supervision and helps promote the safety and soundness of PRA-authorised firms. The PRA believes the benefits delivered by effective auditor-supervisor relationships are enhanced by the insights gained from auditors that carry out high-quality audits. ([Link](#))

#### ***Where are they going?***

Recent turmoil in the debt markets has increased the regulators' emphasis on the sales, trading and pricing practices of broker-dealers, investment advisers, and funds. At retail firms, the regulatory examination and investigations are focusing on disclosures to customers in advertising, sales literature and at the point of sale, while in the institutional space, the focus is on pricing models, stress testing and trading. RRS can customize an examination scope to test your firm's compliance and supervisory structure relative to all of the areas where the regulators are setting their sights.

For more information contact Louis Dempsey at (561) 368-2245 or [LouisDempsey@RRSCompliance.com](mailto:LouisDempsey@RRSCompliance.com)

## **FCA**

### **FCA confirms final rules for independent governance committees**

IGCs are a key part of the improvements in the governance of workplace pensions. The role of IGCs will be to represent the interests of scheme members in assessing the value for money of pension schemes, challenging providers to make changes where necessary. These rules, initially announced by the FCA in August, confirm for providers of workplace personal pensions the necessary detail to ensure IGCs are set up by April 2015. ([Link](#))

### **New Chairs of the Financial Conduct Authority's Practitioner Panels announced**

These appointments ensure that once again the Practitioner Panels will have experienced and respected voices making the case from the industry's perspective. The current regulatory framework depends on the Panels being able to play their part and I am sure that the new Chairs will continue the excellent work of their predecessors. ([Link](#))

### **Former Group Reporting and Financial Planning Manager for Logica PLC appears in court in respect of insider dealing**

As part of an investigation by the (FCA), formerly Group Reporting and Financial Planning Manager for Logica PLC, appeared before

Westminster Magistrates' court in respect of three offences of insider dealing, contrary to Sections 52(1) and 52(2)(b) of the Criminal Justice Act 1993. ([Link](#))

### **FCA to investigate competition in investment and corporate banking services following review of wholesale markets**

The (FCA) announced plans to launch its first wholesale market study into investment and corporate banking to assess whether competition in the sector is working properly. ([Link](#))

### **FCA challenges firms to review approach to consumer vulnerability**

Research published by the (FCA) reveals that some vulnerable consumers seeking help from financial providers are meeting 'a computer says no' approach, putting them at risk of further detriment. ([Link](#))

### **FCA sets out approach to Non-Executive Directors and the Senior Managers Regime**

Following a detailed consultation across industry and with stakeholders it was also decided the regime would not apply to those NEDs who do not perform delegated responsibilities. ([Link](#))

### **FCA fines a large Firm £17.6m for systems and controls failings that led to its failure to manage conflicts of interest fairly**

Ensuring that conflicts of interest are properly managed is central to the relationship of trust that must exist between asset managers and their customers. It is also a fundamental regulatory requirement. This case serves as an important reminder to firms of the importance of managing conflicts of interest effectively by implementing a robust control environment with effective systems to manage the risks. Not doing so risks customers' interests being overlooked in favor of commercial or personal interests. ([Link](#))

### **Former Logica PLC Manager pleads guilty to insider dealing**

In a case brought by the (FCA), formerly Group Reporting and Financial Planning Manager for Logica PLC, has pleaded guilty to three instances of insider dealing. Profits from the related dealing exceeded £30,000. He will be sentenced on 26 of March. ([Link](#))

### **FCA publishes rules on retirement risk warnings**

The 2014 Budget introduced new pension freedoms for consumers with defined contribution pension savings at retirement. In January, the FCA announced it would require firms to provide consumers with "risk warnings" based on an individual's circumstances so that they can make an informed decision on their pension based on the benefits and risks involved. ([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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**“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: February 2015

Fax: (561) 807-5442

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

FROM: \_\_\_\_\_

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

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

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