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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 25<sup>th</sup>, 2015
- **DEADLINE:** Monthly SIS Filing Due August 28<sup>th</sup>, 2015

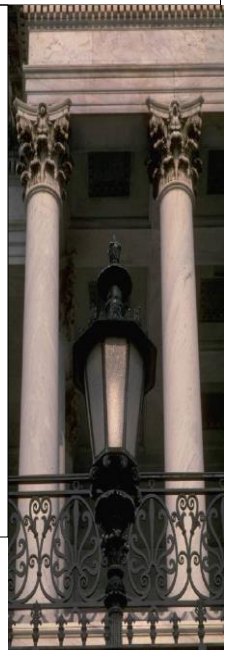
ITEMS IN THIS EDITION

- **SEC** – SEC Charges Hedge Fund Advisory Firm with Conducting Fraudulent Fund Valuation Scheme – Page 2
- **SEC** – SEC Charges Auditing Firm With Violating Auditor Independence Rules – Page 2
- **SEC** – SEC Charges Three Penny Stock Promoters behind Pump-and-Dump Schemes – 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.

Contact: **John Pinto**  
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Washington, DC

## SEC

### SEC Announces:

Settlement with Cooperator in Grand Central Post-It Notes Insider Trading Case ([Link](#))

### SEC Proposes:

Rules Requiring Companies to Adopt Clawback Policies on Executive Compensation ([Link](#))

### SEC Charges:

Hedge Fund Advisory Firm with Conducting Fraudulent Fund Valuation Scheme ([Link](#))

Former Stockbroker with Conducting Ponzi scheme ([Link](#))

Auditing Firm With Violating Auditor Independence Rules ([Link](#))

Oil Company and CEO in Scheme Targeting Chinese-Americans and EB-5 Investors ([Link](#))

34 Defendants in Microcap Market Manipulation Schemes ([Link](#))

Purported Investment Adviser in San Diego with Stealing Client Funds and Conducting a Ponzi scheme ([Link](#))

Pennsylvania Attorney with Insider Trading in Advance of Merger Announcement ([Link](#))

Three Penny Stock Promoters behind Pump-and-Dump Schemes ([Link](#))

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

SEC Charges Operators of Fraud Based in Upstate New York ([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 Halts:

Pyramid/Ponzi Scheme Targeting Spanish and Portuguese Communities ([Link](#))

### List of No Action Letters:

Investment Company Act of 1940 – Section 24(f) (2) and Rule 24f-2 ([Link](#))

Investment Company Act of 1940 — Sections 7(a), 55(a) and 23(c) Carey Credit Income Fund and Carey Credit Income Fund 2015 T ([Link](#))

### SEC Final Rules:

Freedom of Information Act Regulations: Fee Schedule, Addition of Appeals Time Frame, and Miscellaneous Administrative Changes ([Link](#))

### SEC Events:

SEC senior officials and staff will participate in the Securities Enforcement Forum West 2015 ([Link](#))

### An investment adviser firm Admits Providing Inaccurate Data, Impacting Brokers' Records and "Blue Sheets"

The SEC charged an investment adviser firm with providing inaccurate trade data to four prime brokers, causing inaccuracies in the brokers' books and records and in data provided to the SEC in investigations. ([Link](#))

### SEC Pays More Than \$3 Million to Whistleblower

The SEC announced a whistleblower award of more than \$3 million to a company insider whose information helped the SEC crack a complex fraud. The multi-million dollar payout is the third highest award to date under the SEC's whistleblower program. ([Link](#))

### SEC Solicits Public Comment on Audit Committee Disclosures

The SEC voted to publish a concept release seeking public comment on current audit committee disclosure requirements, focusing on the committee's oversight of independent auditors. ([Link](#))

### SEC Reappoints Lewis H. Ferguson to Second Term on PCAOB

The SEC announced that Public Company Accounting Oversight Board (PCAOB) member Lewis H. Ferguson has been reappointed for a second term on the Board. ([Link](#))

### SEC Advisory Committee on Small and Emerging Companies to Hold Conference Call Meeting

The SEC announced that its Advisory Committee on Small and Emerging Companies will hold a public meeting by telephone conference on July 15. ([Link](#))

## **Report of Bond Marketing Activity on October 15, 2014**

On July 13, 2015, the staff from the U.S. Department of Treasury, the Board of Governors of the Federal Reserve System, the Federal Reserve Bank of New York, the U.S. SEC, and the U.S. Commodity Futures Trading Commission released their joint report analyzing the significant volatility in the U.S. Treasury market created on October 15, 2014. ([Link](#))

## **SEC Chair White, Federal Agencies Join Forces for Military Consumer Protection Day 2015**

SEC Chair Mary Jo White led a multi-agency event to support Military Consumer Protection Day 2015, highlighting how service members can best protect themselves and their finances from fraud and identity theft. ([Link](#))

## **Michele Anderson Named Associate Director in the Division of Corporation Finance**

The SEC announced the promotion of Michele Anderson to the position of Associate Director in the agency's Division of Corporation Finance. She begins her new role later this month. ([Link](#))

## **Former Employees Settle Charges Involving Unregistered Sales of Penny Stocks**

The SEC announced that three former employees of a hedge fund firm, have agreed to settle charges stemming from the unregistered sales of billions of shares of penny stocks on behalf of a customer. ([Link](#))

## **Daniel M. Hawke, Chief of Market Abuse Unit, to Leave SEC After 16 Years of Service**

The SEC announced that Daniel M. Hawke, chief of the Division of Enforcement's Market Abuse Unit and former Director of the Philadelphia Regional Office, is leaving the agency after 16 years of service. He will step down in August to return to the private sector. ([Link](#))

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

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

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

## **FINRA**

### **FINRA Fines:**

A large broker-dealer \$1.8 Million for OATS and Trade Reporting Failures ([Link](#))

### **Regulatory Notices:**

[15-26](#) FINRA Requests Comment on a New Academic TRACE Data Product

[15-27](#) Guidance Relating to Firm Short Positions and Fails-to-Receive in Municipal Securities

### **FINRA Conferences & Events:**

Advertising Regulation Conference October 8-9 ([Link](#))

2015 Small Firm Conference November 11-12 ([Link](#))

South Region Compliance Seminar December 2-3 ([Link](#))

### **FINRA Orders three Broker-Dealers to pay more Than \$30 Million in Restitution to Retirement Accounts and Charities Overcharged for Mutual Funds**

FINRA announced that it has ordered the three companies to pay more than \$30 million in restitution, including interest, to affected customers for failing to waive mutual fund sales charges for certain charitable and retirement accounts. ([Link](#))

### **FINRA Issues Investor Alert, Bond Liquidity—Factors to Consider and Questions to Ask**

FINRA issued a new Investor Alert called Bond Liquidity—Factors to consider and Questions to Ask. FINRA is publishing this article to educate investors about bond liquidity, and the potential for decreased liquidity and investment losses for those who sell their bonds before maturity at a time of market stress. ([Link](#))

### **Firms Elect Three Industry Governors to FINRA Board of Governors, Two New Governors Appointed**

FINRA announced the results of voting that took place at its 2015 Annual Meeting today in Washington, D.C. In accordance with FINRA By-Laws, firms elected three Governors, one from among the small firms, one from among the mid-size firms and one from among the large firms. FINRA also named two new Governors to its Board of Governors. The Governors Elected are: Small Firm Governor: Joe Romano, President, Romano Wealth Management; Mid-size Firm Governor: Brian Kovack, Esq., President & Co-Founder, Kovack Securities, Inc.; and Large Firm Governor: John W. Thiel, Head of Merrill Lynch Wealth Management. All three Governors are newly elected. The Governors Appointed are: Kathleen A. Murphy, President of Personal Investing, a Fidelity Investments company, was appointed as an Industry Governor; and Randal K. Quarles, Managing Partner and Co-Founder of The Cynosure Group, was appointed as a Public Governor. ([Link](#))

**FINRA Solicits Comment on New Academic TRACE Data Set**

FINRA is requesting comment on a proposal to create a new academic Trade Reporting and Compliance Engine® (TRACE®) data set that would be available to institutions of higher education. While Historic TRACE Data is used by academic researchers today, it does not include any identifying information regarding the dealer reporting each transaction. ([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](mailto:BartMcDonald@RRSCompliance.com)

**MSRB****MSRB Regulatory Notices for July 2015:**

[2015-10](#) Request for Comment on Establishment of an Academic Historical Trade Data Product

[2015-11](#) MSRB Documents System Hours in EMMA System, RTRS and SHORT System Information Facilities

**MSRB Considers Creating Municipal Market Data Product for Academic Researchers**

The MSRB is requesting comment on a proposal to support academic research on municipal market trading practices with the creation of a new historical trade data product for higher education institutions. ([Link](#))

**MSRB Commemorates 40th Anniversary with New Video**

The MSRB released a video to commemorate its 40th year of promoting a fair, transparent and efficient municipal securities market. The seven-minute video traces the history of the market and highlights the MSRB's role in protecting the public interest in a well-functioning capital market that helps support the construction of bridges, schools and other public projects. ([Link](#))

**NASAA****Upcoming Events:**

NASAA 2015 Annual Conference ([Link](#))

**NASDAQ—NASDAQ-TRADER—****OTCBB****Equity Regulatory Alert:**

[2015 - 4](#) Business Conduct Guidelines and FAQ

**Equity Trader Alert:**

[2015 - 105](#) Spin off/Distribution information for eBay Inc.

[2015 - 106](#) NASDAQ to Begin Listing First Trust NASDAQ CEA Cybersecurity

[2015 - 107](#) NASDAQ Introduces Field Programmable Gate Array

[2015 - 108](#) NASDAQ Updates Order Processing After Closing Cross

[2015 - 109](#) NASDAQ's Lead Market Maker Program

[2015 - 110](#) NASDAQ to Begin Listing Three Compass

[2015 - 111](#) Reverse Split and CUSIP Change for Vapor Corp

[2015 - 112](#) Reverse Split and CUSIP Change for BG Medicine, Inc.

[2015 - 113](#) Reverse Split & CUSIP Change for Magellan petroleum Corporation

[2015 - 114](#) NASDAQ Announced Ratio Change for Medigus Ltd.

[2015 - 115](#) NASDAQ Announces Ex-Date Ruling for Concordia Healthcare Corp.

[2015 - 116](#) Reverse Split & CUSIP Change for KaloBios Pharmaceuticals, Inc.

[2015 - 117](#) Reverse Split and CUSIP Change for Axion Power International, Inc.

[2015 – 118](#) First Trust Switches 10 AlphaDEX ETFs to NASDAQ

[2015 – 119](#) NASDAQ to Begin Listing Global X SuperDividend Alternatives

[2015 – 120](#) NASDAQ Updates NBBO Program Pricing

[2015 – 121](#) Reverse Split & CUSIP Change for xG Technology, Inc.

[2015 – 122](#) Exchange Traded Concepts Switches Forensic Accounting

[2015 – 123](#) Spin-Off/Distribution Information for JDS Uniphase Corporation

[2015 – 124](#) Reverse Split and CUSIP Change for Euroseas Ltd.

[2015 – 125](#) NASDAQ Outlines Zillow Group, Inc. Corporate Action/Symbology Details

[2015 – 126](#) BX to Offer Market Maker Peg Order

[2015 – 127](#) Reminder - Nasdaq DR Customer UAT

[2015 – 128](#) NASDAQ Pricing Updates for August 3, 2015

[2015 – 129](#) Updated Timing for Patent Pending Retail Order Process

**Data Technical News:**

[2015 – 16](#) Neuralstem, Inc. to Begin Listing on NASDAQ

[2015 – 17](#) NASDAQ Announces New Data Feed Multicast IP Addresses for DR Data Center in Chicago

[2015 – 18](#) NASDAQ Now Offers Additional Multicast Address for Proprietary GIDS Data Feed in Carteret

**Options Trader Alert:**

[2015 – 16](#) NASDAQ Announces Changes to the Penny Pilot Program

[2015 – 17](#) PHLX Announces Semi-Annual Position Limits Review for the PHLX Index Options

[2015 – 18](#) PHLX Reduces Its Options Regulatory Fee

[2015 – 19](#) Reminder - Nasdaq DR Customer UAT

[2015 – 20](#) PHLX and NOM Update Pricing, Effective August 3, 2015

**Options Regulatory Alert:**

[2015 – 23](#) PHLX Announces Margin Levels for the NASDAQ FX Options

[2015 – 24](#) NOM Bid/Ask Differentials for "NDX" and "PCLN" Options Class

[2015 – 25](#) PHLX Bid/Ask Differentials for "NDX" and "PCLN" Option Classes

**UTP Vendor Alert:**

[2015 – 9](#) Projected Reactivation of National Stock Exchange

[2015 – 10](#) UTP SIP Will Revise Issue Symbol Directory Message to Support Exchange Traded Managed Funds

[2015 – 11](#) UTP Plan Announces Increase to UTP Level 1 Non-Professional Enterprise License

**Anti-money Laundering Programs**

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

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

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

**NYSE - EURONEXT – AMEX**

**Intercontinental Exchange Announces ICE Data Services Appointments; Lynn Martin Named President and COO, David Goone Named Chairman**

(NYSE: ICE), announced two appointments at ICE Data Services, Intercontinental Exchange’s global data business comprising ICE and NYSE’s exchange data, analytics and connectivity services. ([Link](#))

**ICE Futures Europe Establishes ICE Brent Index Oversight Committee; Licenses ICIS BFOE Market Data**

(NYSE: ICE), announced that ICE Futures Europe, the UK’s leading multi-asset class derivatives exchange, has established an Oversight Committee to oversee the administration of the ICE Brent Index™. ([Link](#))

**Intercontinental Exchange Reports ICE and NYSE Monthly Statistics for June 2015; Energy Daily Volume up 6%, Ags up 13%, Cash Equities up 18% over Prior June**

(NYSE:ICE), reported June exchange traded volume. ICE’s June 2015 futures and options average daily volume declined 1% compared to June 2014. ([Link](#))

### **New York Stock Exchange Remains Global Leader in Capital Raising in First Half of 2015; Leader in Tech IPOs, REITs and ETP Listings**

The (NYSE:ICE), remained the leading exchange globally for capital raising in the first half of 2015, with 264 transactions raising a total of \$94 billion, more than any other exchange in the world. This includes 42 companies that raised \$12 billion from IPOs in the first half of 2015. ([Link](#))

### **O'Shares Launches Smart-Beta ETF "OUSA" on NYSE Arca**

The New York Stock Exchange welcomed the O'Shares FTSE US Quality Dividend ETF to NYSE Arca, the premier exchange for listing exchange traded funds (ETFs). Trading under the ticker symbol OUSA, the fund provides access to large and mid-cap U.S. issuers, selected based on quality, low volatility and dividend yield. It is the first in a series of smart-beta index-based ETFs expected to be listed in the U.S. by O'Shares. ([Link](#))

### **ICE Benchmark Administration Publishes Feedback Statement for LBMA Gold Price Consultation**

(NYSE: ICE), has published a feedback statement on the responses received to the ICE Benchmark Administration market consultation on the LBMA Gold Price and the gold auction process. ([Link](#))

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

**Contact John Pinto at**

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### **Holland Clearing House Renamed ICE Clear Netherlands**

(NYSE:ICE), announced that Holland Clearing House will be renamed ICE Clear Netherlands. ICE acquired a majority stake in Holland Clearing House in December 2014, with ABN AMRO Clearing Bank holding a minority stake. ([Link](#))

### **NYSE and NASDAQ to Increase Resilience of Closing Auction Process for U.S. Equities**

(NYSE) and NASDAQ (NASDAQ: NDAQ), announced a framework that will create a more resilient market by providing an additional layer of redundancy for the closing auction of U.S. equities. The exchanges will file the proposals with the SEC. ([Link](#))

### **Intercontinental Exchange Appoints Brink's as Vault Operator and Metalor as Assayer for Gold Futures Contract at ICE Futures Singapore**

(NYSE: ICE), announced that ICE Futures Singapore has appointed Brink's as the approved vault operator for the physically delivered ICE one-kilo Gold futures contract and that Metalor will provide assayer services. ([Link](#))

### **Kevin O'Leary Rings NYSE Opening Bell® to Celebrate Launch of Smart Beta ETF "OUSA"**

Kevin O'Leary, founder of O'Shares and ABC Shark Tank host investor, rang The Opening Bell® at the New York Stock Exchange to celebrate the recent launch of the O'Shares FTSE US Quality Dividend Exchange Traded Fund (NYSE Arca: OUSA). ([Link](#))

### **Intercontinental Exchange SVP Edmonds to Testify on Five-Year Anniversary of Dodd-Frank**

Intercontinental Exchange (NYSE: ICE), the leading global network of exchanges and clearing houses, announced that Senior Vice President for Financial Markets Christopher S. Edmonds will appear before the House Agriculture Committee to discuss the five-year anniversary of the Dodd-Frank Wall Street Reform and Consumer Protection Act. ([Link](#))

### **ICE Benchmark Administration Publishes Second Position Paper on the Evolution ICE LIBOR**

Intercontinental Exchange (NYSE:ICE), the leading global network of exchanges and clearing houses, announced that ICE Benchmark Administration (IBA) has published a second position paper on the evolution of ICE LIBOR. IBA is seeking feedback on proposals included in the paper from all LIBOR stakeholders. Comments should be submitted to IBA by October 16, 2015. ([Link](#))

## **FINCEN**

### **FinCEN Combats Stolen Identity Tax Refund Fraud in South Florida with Geographic Targeting Order**

The FinCEN issued a Geographic Targeting Order for South Florida check cashers to temporarily enhance the identification requirements on customers cashing Federal tax refund checks. South Florida has become a hotbed for stolen identity tax refund fraud. In a typical scheme, the criminal files a fraudulent tax return after stealing a victim's identity and then cashes the refund check at a local check casher. ([Link](#))

### **FinCEN Severs Access to U.S. Financial System for FBME Bank Ltd.**

The U.S. Department of the Treasury's FinCEN issued a final rule, pursuant to Section 311 of the USA PATRIOT Act, which imposes "special measure five" against FBME Bank Ltd. ([Link](#))

## PRA

### Prudential Regulation Authority announces changes to depositor and policyholder protection

The PRA is announcing changes to depositor and policyholder protection provided by the FSCS. For the majority of depositors currently covered by the FSCS, the existing level of deposit protection (£85,000) will be maintained for six months before changing to £75,000 after 31 December 2015. ([Link](#))

### The Bank of England focuses on the visual arts

With 11 days to go for the public to nominate a visual artist to feature on the next £20 bank note, the Bank is pleased to deepen its collaboration with visual arts through the arrival of artist Martin John Callanan, who will be working at the Bank over the next twelve months on a series of conceptual art projects. ([Link](#))

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

The Bank of England's Monetary Policy Committee at its meeting on 8 July 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](#))

### ***"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.

### **"Don't just do something, stand there"... (And think) - Speech by David Miles**

In a speech given at Resolution Foundation in London, David Miles says he will leave the committee at the end of August. ([Link](#))

### **From Lincoln to Lothbury: Magna Carta and the Bank of England – speech by Mark Carney**

In a speech given at the Lincoln Cathedral as part of the Lincoln Lectures 2015, Mark Carney talks of the economic context for the striking of Magna Carta. ([Link](#))

### **£20 banknote character selection and future banknote design**

The two month public nomination period to determine who should appear on the next £20 note officially closed. Since 19 May, members of the public have nominated visual artists who they believe helped to shape British thought, innovation, leadership, values and society. ([Link](#))

### **Extending the CHAPS/CREST settlement day**

The settlement day for CHAPS, the UK's high-value payment system, and CREST, the UK's securities settlement system, will be extended by one hour and forty minutes from summer 2016. In future, these systems will close at 18:00 for direct participants, such as the major banks. ([Link](#))

### **Bank of England announces new appointments to the Prudential Regulation Authority Board**

The Bank of England is announcing two new appointments to the Board of the PRA. The Court of Directors of the Bank, with the approval of the Chancellor of the Exchequer, has appointed David Thorburn and Dr. Norval Bryson as independent members of the Board, effective 1 September 2015. ([Link](#))

### **Operational notice - Inflation Report Press Conference**

The August Inflation Report, Monetary Policy Committee (MPC) decision and MPC minutes will be published simultaneously on Thursday 6 August at 12:00 hrs. (BST). There will be a press conference, webcast live, from 12:45 hrs. (BST) until 13:45 hrs. (BST). ([Link](#))

### **Macroprudential policy: from Tiberius to Crockett and beyond - speech by Sir Jon Cunliffe**

In a speech to TheCityUK, Jon Cunliffe charts the development of macroprudential policy and the establishment of the macroprudential policy framework in the UK by the Bank of England's Financial Policy Committee (FPC) since the Committee's inception in 2011. He also looks ahead at some of the policy questions facing the FPC. ([Link](#))

### **New approach to setting Pillar 2 capital requirements for the banking sector**

In January, the PRA published a consultation paper that contained proposals on its Pillar 2 policy. The purpose of the proposals was to enhance the transparency and accountability of the PRA's approach to setting Pillar 2 capital requirements while at the same time ensuring that the approach is applied in a consistent and proportionate way across the population of relevant firms. By seeking consistency and proportionality across firms, the PRA proposals sought also to facilitate effective competition between firms, in line with the PRA's secondary objective. The PRA publishes its feedback statement, supervisory statements and statement of policy alongside its reporting instrument. The changes that have been made in response to the feedback seek to enhance proportionality further, for example by clarifying the role of supervisory judgement, own capital assessments and the published supervisory methodologies in dealing with specific business models. ([Link](#))

### **A new sterling money market data collection and the reform of SONIA**

The Bank of England has published a consultation document setting out in detail plans first announced in March 2015 for a new sterling money market data collection. The consultation also sets out, at a high level, how the Bank plans to use these data to reform the Sterling Overnight Index Average (SONIA) benchmark interest rate. ([Link](#))

### **PRA takes action to ensure depositors are not disadvantaged by changes to the FSCS deposit protection limit**

The Prudential Regulation Authority (PRA) is announcing new rules to ensure depositors who may experience a decrease in the level of protection following the change to the Financial Services Compensation Scheme (FSCS) deposit protection limit are given the opportunity to adjust to the new limit, without incurring any penalty or loss of interest. As announced on 3 July, the existing level of deposit protection (£85,000) will change to £75,000 after 31 December 2015. ([Link](#))

## **FCA**

### **FCA publishes Annual Report for 2014/15**

The Financial Conduct Authority has published its second Annual Report which looks back on the key pieces of work undertaken by the organization throughout 2014/15. ([Link](#))

### **FCA publishes final rules to make those in the banking sector more accountable**

The FCA and PRA have published the final rules confirming the approach to improving individual accountability in the banking sector. The final rules cover the Senior Managers Regime; the Certification Regime; and new Conduct Rules. ([Link](#))

### **Jonathan Davidson appointed new Director of Supervision – Retail and Authorization's**

The FCA announced the appointment of Jonathan Davidson as their new Director of Supervision – Retail and Authorization's. This appointment is another example of the FCA being able to attract the best talent from across the financial sector. Jonathan has experience of working across the globe as well as in the United Kingdom. ([Link](#))

### **FCA review finds that most mortgage customers get suitable advice but "scope for improvement"**

A FCA review into the quality of mortgage advice has found that although most customers receive suitable advice, further work is needed to improve standards. ([Link](#))

### **The Financial Conduct Authority publishes new referral criteria for enforcement investigations**

The FCA has updated the criteria and outlined the process it uses when deciding whether to refer a firm or individual to its enforcement division for a formal investigation. ([Link](#))

### **FCA publishes final guidance on concurrent competition powers**

The FCA has published the final guidance on its concurrent competition powers together with a policy statement setting out its responses to feedback received during the consultation earlier this year. ([Link](#))

### **Martin Wheatley to stand down as FCA Chief Executive**

The FCA announced that Martin Wheatley is to stand down as Chief Executive with effect from September 12 2015. Mr. Wheatley will continue to act as an adviser to the FCA Board until January 31 2016 with a particular emphasis on the implementation of the Fair and Effective Markets Review, which he co-chaired. ([Link](#))

### **FCA to consult on new measures for cash savings account holders**

Switching cash savings accounts will become quicker and easier under proposals announced by the FCA. The FCA will introduce a series of new rules that will force firms to provide clear information on the interest rates on their cash savings products as well as clearly alerting consumers to changes in interest rates or the end of an introductory rate for example. ([Link](#))

### **The Financial Conduct Authority finalizes rules on complaints and call charges**

Consumers and firms should benefit from better complaint handling, as a result of new rules published by the FCA. In addition, financial services firms will be unable to charge their customers premium rates when they make telephone calls to ask for assistance or to complain. ([Link](#))

### **New Chair of the Financial Conduct Authority's Practitioner Panel announced**

The FCA Chairman John Griffith-Jones has announced the appointment of a new Chair for the FCA's independent Practitioner Panel. Antonio Simoes, Chief Executive Officer for HSBC in the UK, becomes Chair of the FCA Practitioner Panel from 1 August 2015. He has been a member of the Practitioner Panel for two years. ([Link](#))

### **Payday lender Cash Genie to provide £20 million redress to over 92,000 customers**

Ariste Holding Limited, trading as Cash Genie, has entered into an agreement with the FCA to provide over £20 million of redress to more than 92,000 customers for unfair practices. ([Link](#))

### **Firms making good progress in handling unauthorized transactions**

Research into how claims are handled for unauthorized transactions (when a payment is made from a consumer's account without their consent) found that firms are making good efforts to deliver fair outcomes for consumers. A thematic review into the issue by the FCA found firms tended to err on the side of the customer and handled complex claims on a case-by-case basis. ([Link](#))



**FCA finds firms still failing to fully manage benchmark risks**

The FCA found that some progress had been made on improving the oversight and controls around benchmarks. However, the application of the lessons learned from the LIBOR, Forex and Gold cases to other benchmarks had been uneven across the industry and often lacked the urgency required given the severity of recent failings. ([Link](#))

**FCA bans former trader following LIBOR fraud**

The Financial Conduct Authority (FCA) has banned a former trader from the UK financial services industry for lacking honesty and integrity following a criminal conviction for fraud in the US. In March 2015 the former trader pleaded guilty in the US for his role in a conspiracy to manipulate the company's US Dollar LIBOR submissions. ([Link](#))

## Resource Links

### Government

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

### SRO

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

### Industry

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

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

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**READER SURVEY FAX RESPONSE**

**TO: Louis Dempsey**

**RE: July 2015**

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

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

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

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

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

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