

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:** Quarterly FOCUS Filing Due July 24th, 2015
- **DEADLINE:** Monthly SIS Filing Due July 29th, 2015
- **DEADLINE:** Quarterly Form Custody filing Due July 24th, 2015
- **DEADLINE:** Quarterly SSOI filing Due July 29th, 2015
- **DEADLINE:** SIPC-6 Due July 30th (for clients with a calendar year-end)

ITEMS IN THIS EDITION

- **SEC** – SEC issues new guidance Personal Securities Transaction reports by registered Investment Advisers: securities held in accounts over which reporting persons had no influence or control -- Page 2
- **SEC** – SEC charges Investment Adviser with fraudulently funneling client assets to companies in owner’s interest – Page 2
- **SEC** – SEC charges 36 Firms for as part of Municipalities Continuing Disclosure Cooperation (MCDC) Initiative – Page 2
- **SEC** – Trader to pay \$1 Million for short selling violations-- Page 2
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- **FINRA** – 15-22 FINRA requests comment on a revised proposal to adopt a consolidated FINRA rule regarding discretionary accounts and transactions – Page 4
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- **FINRA** – Distributed Denial of Service (DDoS) attacks on member firms – Page 4
- **FINRA** – FINRA fines two large brokerage firms a total \$950,000 for failing to supervise the transmittal of customer funds to third-party accounts – Page 4
- **FINRA** – FINRA launches National Ad Campaign promoting BrokerCheck – Page 4
- **FINRA** – FINRA issues new investor alert, plan for transition: what you should know about the transfer of brokerage account assets on death – Page 4
- **NASAA** – NASAA supports world elder abuse awareness day – Page 6

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 retirement plan custodian in connection with Ponzi scheme ([Link](#))

Enforcement Action for Illegal Offering of Security-Based Swaps ([Link](#))

Cherry-Picking charges against investment manager ([Link](#))

Personal Securities Transaction reports by registered Investment Advisers: securities held in accounts over which reporting persons had no influence or control ([Link](#))

Broker-dealer Compliance Support

RRS' regulatory and compliance consulting and support solutions for broker-dealers' includes:

- SEC/FINRA compliance examinations
- AML program development and reviews
- Annual compliance meetings
- Written supervisory policies and procedures
- Regulatory mandates
- Compliance programs and training
- Code of ethics

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

SEC Charges:

Investment Adviser with defrauding retired teachers ([Link](#))

Four individuals with Insider trading ahead of secondary offerings ([Link](#))

CSC and Former Executives with accounting fraud ([Link](#))

Two Stockbrokers with Insider Trading on Nonpublic Information about Pharmaceutical Trials and Merger ([Link](#))

Phony Hedge Fund Manager with Theft of Money Invested by Small Businesses ([Link](#))

Investment Adviser with fraudulently funneling client assets to companies in owner's interest ([Link](#))

Investment Adviser and Mutual Fund Board Members with failures in Advisory contract approval process ([Link](#))

36 Firms for as part of Municipalities Continuing Disclosure Cooperation (MCDC) Initiative ([Link](#))

Microcap Oil Company, CEO, and Stock Promoter with defrauding Investors ([Link](#))

Unregistered Brokers in EB-5 Immigrant Investor Program ([Link](#))

Microcap promoter with illegally selling penny stock shares ([Link](#))

KKR with misallocating broken deal expenses ([Link](#))

A large Investment banking company with Violating Market Access Rule ([Link](#))

List of No Action Letters:

Investment Company Act of 1940 – Sections 2(a) (32), 5(a) (1), 6(c), 17(a), 22(d) and 22(e), Rule 22c-1 ([Link](#))

Investment Company Act of 1940 – Section 12(d) (1) (G) and Rule 12d1-2 ([Link](#))

SEC Final Rules:

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

SEC Events:

Sunshine Act Meeting ([Link](#))

Investor Advisory Committee Quarterly Meeting ([Link](#))

Public Appearances by Officials ([Link](#))

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

Trader to Pay \$1 Million for Short Selling Violations

The Securities and Exchange Commission announced that a trader residing in Canada has agreed to pay more than \$1 million to settle charges that he shorted U.S. stocks in companies planning follow-on offerings and then illegally bought shares in the follow-on offerings to lock in significant profits with little to no market risk. ([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

SEC Publishes Request for Public Comment on Exchange-Traded Products

The Securities and Exchange Commission announced that it is seeking public comment to help inform its review of the listing and trading of new, novel, or complex ETPs. The request for comment addresses key issues that arise when exemptions are sought by a market participant to trade a new ETP or when a securities exchange seeks to establish standards for listing new ETPs. ([Link](#))

A large Broker-Dealer Admits Using Inaccurate Data for Short Sale Orders, Agrees to \$11 Million Settlement

The Securities and Exchange Commission charged two affiliated entities with using inaccurate data in the course of executing short sale orders. The firm agreed to admit wrongdoing, pay nearly \$11 million, and retain an independent compliance consultant in order to settle the charges. ([Link](#))

SEC Warns of Purported Financial Professionals Using False Credentials to Attract Investors

The Securities and Exchange Commission warned investors to thoroughly check the claimed credentials of people soliciting their investments to ensure they are not falsifying, exaggerating, or hiding facts about their backgrounds. The agency has brought several recent enforcement cases along these lines, including two actions recently announced. ([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.

SEC Staff Provides Additional Analysis Related to Proposed Pay Ratio Disclosure Rules

The Securities and Exchange Commission staff made available additional analysis related to its proposed rules for pay ratio disclosure.

The analysis by the Division of Economic and Risk Analysis considers the potential effects of excluding different percentages of employees from the pay ratio calculation. ([Link](#))

SEC freezes profits from scheme to manipulate Avon Stock

The Securities and Exchange Commission announced an emergency asset freeze of two U.S. brokerage accounts connected to schemes to manipulate Avon and other stocks, thwarting any ability to cash in on ill-gotten proceeds. ([Link](#))

Daniel Gregus named associate director for Broker-Dealer exam program in Chicago

The Securities and Exchange Commission announced that it has named Daniel R. Gregus as the Associate Director for the broker-dealer examination program in its Chicago Regional Office. ([Link](#))

SEC Names Richard R. Best as regional director of Salt Lake office

The Securities and Exchange Commission named Richard R. Best as Regional Director of its Salt Lake office. He will succeed Karen Martinez, who is retiring from public service and leaving the agency at the end of this month. ([Link](#))

Agencies issue final standards for assessing diversity policies and practices of regulated entities

Federal agencies issued a final interagency policy statement establishing joint standards for assessing the diversity policies and practices of the entities they regulate. ([Link](#))

Swiss Trader to Pay \$2.8 Million to Settle Insider Trading Charges

The Securities and Exchange Commission announced that a Swiss trader has agreed to pay more than \$2.8 million to settle charges that he traded on nonpublic information ahead of a Florida-based biometrics company’s acquisition. ([Link](#))

Investment Advisory firm’s former president charged with stealing client funds

The Securities and Exchange Commission announced fraud charges against a Washington D.C.-based investment advisory firm’s former president accused of stealing client funds. The firm and its chief compliance officer separately agreed to settle charges that they were responsible for compliance failures and other violations. ([Link](#))

SEC Obtains asset freeze against China-Based trader for suspicious activity last week

The Securities and Exchange Commission obtained an emergency court order to freeze the assets of a trader in China who profited by more than \$1 million after trading in a U.S. brokerage account in advance of last week’s public announcement that China-based Qihoo 360 Technology Co. Ltd. ([Link](#))

John Roeser Named Associate Director of the Office of Market Supervision

The Securities and Exchange Commission announced that it has named John C. Roeser as Associate Director and deputy head of the Office of Market Supervision in its Division of Trading and Markets. Mr. Roeser will assume his new role immediately. ([Link](#))

FINRA

Regulatory Notices:

[15-21](#) SEC Approves Amendments to the Codes of Arbitration Procedure to Increase the Fees Assessed for Late Cancellation or Postponement of a Hearing

[15-22](#) FINRA Requests Comment on a Revised Proposal to Adopt a Consolidated FINRA Rule Regarding Discretionary Accounts and Transactions

[15-23](#) FINRA Provides Limited Relief Regarding Requirement to Promptly Transmit Funds in Connection With Sales of Securities on a Subscription-Way Basis for the Purpose of Completing Suitability Reviews under Identified Conditions

[15-24](#) FINRA Requests Comment on the Reduction of the Delay Period for Historic TRACE Data

[15-25](#) FINRA Announces Updates of the Interpretations of Financial and Operational Rules

Information Notices:

Distributed Denial of Service (DDoS) Attacks on Member Firms

Within the past two weeks, several member firms have notified FINRA that they have been subject to DDoS attacks originated by a cyber-criminal group known as DD4BC. A successful DDoS attack renders a website or network unavailable for its intended users by overwhelming the site with incoming messages. ([Link](#))

FINRA Conferences & Events:

Advertising Regulation Conference ([Link](#))

Small Firm Conference ([Link](#))

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

FINRA fines two large brokerage firms a total of \$950,000 for failing to supervise the Transmittal of Customer Funds to Third-Party Accounts

The FINRA announced that it has fined one firm, \$650,000 and the other \$300,000 for failing to implement reasonable supervisory systems to monitor the transmittal of customer funds to third-party accounts. Both firms were cited for the weak supervisory systems by FINRA examination teams in 2011, but neither took necessary steps to correct the supervisory gaps. ([Link](#))

FINRA Launches National Ad Campaign Promoting BrokerCheck

The FINRA launched a national ad campaign promoting BrokerCheck (brokercheck.finra.org), FINRA's free online tool that allows investors to access information about every broker's employment history, certifications and licenses, as well as regulatory actions, violations or complaints made against them. ([Link](#))

FINRA Issues New Investor Alert, Plan for Transition: What You Should Know About the Transfer of Brokerage Account Assets on Death

The FINRA issued a new Investor Alert called PLAN FOR TRANSITION: WHAT YOU SHOULD KNOW ABOUT THE TRANSFER OF BROKERAGE ACCOUNT ASSETS ON DEATH. FINRA's new Alert responds to issues raised by investors calling FINRA's Securities Helpline for seniors, and informs brokerage account holders, family members and other beneficiaries about the general process firms follow when an account holder passes away. ([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 Louis Dempsey at (561) 368-2245 or LouisDempsey@RRSCompliance.com

FINRA Brings Transparency to Asset-Backed Securities Market

FINRA recently brought transparency to the asset-backed securities market by providing investors with post-trade price information for asset-backed securities, including those backed by auto loans, credit card receivables and student loans. Transactions in this market represent approximately 400 trades, totaling \$3.5 billion in original principal balance, on an average daily basis. ([Link](#))

FINRA Foundation and D2D Fund Launch Interactive Strategy Game to Fight Investment Fraud

The FINRA Investor Education Foundation (FINRA Foundation) in collaboration with Doorways to Dreams (D2D) Fund launched an exciting new educational tool in the form of an interactive game that helps investors spot the psychological persuasion tactics used by con artists. The game—available for play on desktop or by downloading the phone or tablet mobile application—is designed to help investors outsmart investment fraud criminals. ([Link](#))

FINRA Supports NAC Members, Chris Brummer during Online Harassment

FINRA commends Georgetown Law Professor Chris Brummer and other National Adjudicatory Council (NAC) members for their ongoing contributions to FINRA's mission despite online attacks. ([Link](#))

MSRB

MSRB Regulatory Notices for June 2015:

[2015-08](#) Request for Comment on Draft Amendments and Other Issues Related to MSRB Rule A-3 on Membership on the Board

[2015-09](#) MSRB to extend due date for first submissions under MSRB Rule G-45, reporting of information on Municipal Fund Securities

MSRB Upcoming Events:

The MSRB and the Municipal Forum of New York Education and Outreach Seminar, July 28th, 2015 ([Link](#))

MSRB Makes Moody's Public Finance Ratings Available on EMMA

The MSRB announced that its EMMA® website now includes public finance ratings from Moody's Investors Service, Inc., giving investors and the public free access to ratings from all major agencies together with other key information about municipal bonds. ([Link](#))

MSRB Seeks Comment on Alternative Standard of Independence for Investor Representative on its Board

The MSRB published a request for comment on a proposal to modify the application of the standard of independence for the one public member of its Board of Directors designated to be representative of institutional or retail investors in municipal securities. The proposed amendment to MSRB Rule A-3, on membership on the Board, seeks to allow the MSRB to consider and select an investor representative with significant knowledge of the municipal securities market from a broader group of applicants. ([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

MSRB Provides Access to the Full Universe of Disclosures for a Municipal Security

The MSRB has added a new feature to its EMMA® website that allows investors and others to access the full universe of disclosure information available for a municipal security in cases where new identification (CUSIP) numbers are assigned to portions of the bond after issuance. ([Link](#))

MSRB and the Municipal Forum of New York to Host Education and Outreach Seminar in New York

The MSRB and the Municipal Forum of New York will host an education and outreach seminar on the evolution and emerging trends of the municipal market for industry professionals and others in New York City on July 28, 2015. Kevyn D. Orr, former emergency manager for the city of Detroit, will deliver the keynote address. ([Link](#))

MSRB Extends Deadline for First Submissions of 529 College Savings Plan Data

The MSRB announced that it is extending by 60 days the date the first submissions of information about 529 college savings plans are due to the MSRB under its Rule G-45. Recently adopted Rule G-45 requires underwriters of 529 college savings plans to provide the MSRB with information regarding their plans' assets, contributions, withdrawals, fees and cost structure. The first submissions are now due October 28, 2015. ([Link](#))

NASAA**NASAA Supports World Elder Abuse Awareness Day**

The NASAA recognized WEAAD by urging all to join in the fight against senior financial exploitation, the crime of the 21st century. ([Link](#))

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

[2015 – 2](#) NASDAQ Will Conduct Its Annual Election for Member Representative Directors

[2015 – 3](#) BX Will Conduct Its Annual Election for Member Representative Directors

Equity Trader Alert:

[2015 – 82](#) NASDAQ Prepares for Russell Reconstitution

[2015 – 83](#) NASDAQ Collection of Exchange Fees and Changes in Billing Policies

[2015 – 84](#) NASDAQ Announces Ex-Date ruling for Sears Holdings Corporation

[2015 – 85](#) NASDAQ to Introduce a New Patent Pending Retail Order Process

[2015 – 86](#) NASDAQ to Begin Listing ETFs Series Trust I Fund

[2015 – 87](#) Spin-Off/Distribution Information for Integra LifeSciences Holdings Corporation

[2015 – 88](#) NASDAQ to Begin Listing WisdomTree Fund

[2015 – 89](#) Reverse Split, CUSIP & ADR Ratio Change for Hanwha Q CELLS Co., Ltd.

[2015 – 90](#) Information regarding Reverse Merger Transaction between Ruthigen, Inc. and Pulmatrix Inc.

[2015 – 91](#) PSX to Offer Midpoint Peg Post-Only Order

[2015 – 92](#) NASDAQ U.S. Markets will be closed on Friday, July 3, 2015

[2015 – 93](#) Reverse Split and CUSIP Change for Perseon Corporation

[2015 – 94](#) Spin-Off/Distribution Information for TriMas Corporation

[2015 – 95](#) Reverse Split and CUSIP Change for Velocity Shares Daily 2x VIX Short Term ETN

[2015 – 96](#) NASDAQ to Begin Listing ProShares Funds

[2015 – 97](#) FINRA/NASDAQ TRF Collection of Fees and Changes in Billing Policies

[2015 – 98](#) Reverse Split and CUSIP Change for FreeSeas Inc.

[2015 – 99](#) Reverse Split, CUSIP & Symbol Change for Sutor Technology Group Limited

[2015 – 100](#) Limit Up/Limit Down Exchange Traded Product Tier 1 List Update

[2015 – 101](#) ACTION REQUIRED: Upcoming NASDAQ TRF FINRA Amendments for Defaulting Capacity, Control Numbers on Reversals, Step-in's, and Additional Time Fields

[2015 – 102](#) Information Regarding Merger Transaction between Kraft Foods Group, Inc. (KRFT) and H.J. Heinz Holding Corporation

[2015 – 103](#) BX, PSX and NASDAQ Updates

[2015 – 104](#) Reverse Split and CUSIP Change for Zogenix, Inc.

Data Technical News:

[2015 – 13](#) Information Regarding June 30, 2015 Leap Second Impact on GIDS 2.0

[2015 – 14](#) Orion Energy Systems, Inc. to Begin Listing on NASDAQ

[2015 – 15](#) NASDAQ Announces NOM and BX Options Market Data Feed Updates

FINRA Exams

The following issues were covered during a recent FINRA program related to Anti Money Laundering – Things to keep in mind when reviewing your AML policies and procedures:

FINRA Exam Focus and AML Best Practices

- Due Diligence on Politically Exposed Persons (“PEPs”) should include domestic politicians (i.e. Spitzer case) – FINRA will start specifically checking to see if firms are conducting enhanced due diligence or surveillance on such clients;
- 312 due diligence procedures and implementation;
- FINRA may question if your firm has ever refused to open an account or closed an account due to AML red flags. If not, they may take a closer look at the implementation of the firm’s AML program;
- For Suspicious Activity Reports (“SARs”) ensure that you maintain good documentation of the issue that resulted in the SAR and be ready for FINRA to ask to see the files for issues that were brought to the AML officer’s attention but no SAR was filed (these files should be extremely well documented). FINRA will also look at the number of SAR’s filed (industry surveys show an average of 10 per year for mid-large size firms). More than 10 SAR filings or no SAR filings may draw greater scrutiny; and
- Some firm’s are getting their registered representatives involved with the AML Program (and giving them a sense of accountability) by having them sign off that they have reviewed their “high risk” clients’ activity on a monthly basis – compliance oversees the processes, but it does let the representative know that if that client engages in any suspect behavior they can’t wash their hands of it.

Options Trader Alert:

[2015 – 13](#) PHLX Notifies Participants of an Issue Related to the Mapping of ABBO Quote Conditions

[2015 – 14](#) BX Options, NOM, and PHLX Introduce Volume-Based and Multi-Trigger Rapid Fire

[2015 – 15](#) PHLX and NOM Update Pricing

Options Regulatory Alert:

[2015 – 19](#) NOM Bid/Ask Differentials for "NDX" and "PCLN" Options Class through July 18, 2015

[2015 – 20](#) PHLX Bid/Ask Differentials for "NDX" and "PCLN" Option Classes through July 18, 2015

[2015 – 21](#) PHLX Notifies Participants of Inconsistencies with the Opening Process Rule

[2015 – 22](#) PHLX Will Conduct Its Annual Election for Member Representative Directors

UTP Vendor Alert:

[2015 – 8](#) UTP SIP Early Close Schedule for Leap Second

NYSE - EURONEXT – AMEX**Intercontinental Exchange Chairman and CEO to Present at Sandler O’Neill Global Exchange and Brokerage Conference on June 4**

NYSE: ICE, announced that Jeffrey C. Sprecher, Chairman and CEO, will speak at the Sandler O’Neill Global Exchange and Brokerage Conference. ([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

ICE Announces Record Open Interest in Gasoil Futures; Strong Uptake of New Low Sulphur Contract Surpasses 2011 Record

(NYSE:ICE), announced that ICE Low Sulphur Gasoil futures reached record open interest of 723,246 contracts on June 1, 2015. The previous record of 721,784 contracts was set on February 23, 2011. ([Link](#))

New York Stock Exchange Expands Senior Leadership Team, Appoints Stacey Cunningham Chief Operating Officer

The New York Stock Exchange, part of the Intercontinental Exchange (NYSE:ICE) global network of exchanges, announced Stacey Cunningham has been appointed Chief Operating Officer. She reports to NYSE Group President Tom Farley. ([Link](#))

COMPREHENSIVE COMPLIANCE SOLUTIONS

WWW.RRSCOMPLIANCE.COM

Intercontinental Exchange Sets August 5 for Second Quarter 2015 Earnings Announcement

(NYSE: ICE), will announce second quarter 2015 financial results on Wednesday, August 5, 2015. An earnings press release will be issued prior to the earnings conference call, which will begin at 8:30 a.m. ET. ([Link](#))

Intercontinental Exchange Reports ICE and NYSE Volume for May 2015; Energy Daily Volume up 16% and Ags up 14% over Prior May

Intercontinental Exchange (NYSE: ICE), reported May exchange traded volume. ICE's May 2015 futures and options ADV declined 8% compared to May 2014. ([Link](#))

ICE Endex Collaborates with GME and Snam to Introduce Italian Natural Gas (PSV) Futures Contracts in September 2015

(NYSE:ICE), announced that ICE Endex expects to introduce physically delivered Italian natural gas futures contracts (Punto di Scambio Virtuale – Virtual Trading Point; PSV) in cooperation with Gestore dei Mercati Energetici S.p.A (GME) and Snam S.p.A., and in compliance with Italian law. ([Link](#))

ICE Trade Vault Europe Approved by ESMA as Trade Repository for FX Derivatives

(NYSE: ICE), announced that the ESMA approved ICE Trade Vault Europe Limited (ICE Trade Vault Europe) to extend its Trade Repository registration for the reporting of FX derivatives trade data. ([Link](#))

ICE Benchmark Administration Announces Bank of China as a Direct Participant to the Gold Auction

(NYSE: ICE), announced that Bank of China has been approved by ICE Benchmark Association to participate in the gold auction which is used to determine the LBMA Gold Price. ([Link](#))

ICE to Launch Eris Standard Interest Rate Futures on June 29; Introduction will Include Euro and Sterling Rates

(NYSE: ICE), announced that ICE Futures Europe, the UK's leading multi-asset class derivatives exchange, intends to launch Eris standard interest rate futures contracts denominated in EUR and GBP. ([Link](#))

NYSE Welcomes Fitbit on Its First Day as a Publicly-Traded Company

Fitbit, Inc. (NYSE:FIT) opened for trading on the NYSE under the ticker symbol "FIT" after its initial public offering on the floor of the NYSE. Barclays is the Designated Market Maker for the company's stock. ([Link](#))

NYSE Governance Services Announces 2015 Leadership Award Winners

New York Stock Exchange Governance Services, a subsidiary of NYSE: ICE, announced the winners and finalists of its 2nd annual Governance, Risk & Compliance Leadership Awards. The awards program recognizes exemplary leaders in governance, risk and compliance. ([Link](#))

ICE Benchmark Administration Announces Two New Direct Participants to the Gold Auction

(NYSE: ICE), announced that two new direct participants have been approved by ICE Benchmark Association to participate in the gold auction, which is used to determine the LBMA Gold Price. ([Link](#))

ICE Clear Singapore Announces First Three Clearing Members

(NYSE: ICE), announced that KGI Ong Capital Pte. Ltd., Phillip Futures Pte Ltd and UOB Bullion and Futures Limited (UOBFF) have been approved as the first three clearing members for ICE Clear Singapore. ([Link](#))

FINCEN

FinCEN Fines Michigan Money Services Business and Its Owner/Compliance Officer for Ignoring Anti-Money Laundering Responsibilities

The FinCEN imposed a civil money penalty, for willful and repeated violations of the BSA. They have admitted to conduct that violated the BSA and have consented to a civil money penalty in the amount of \$12,000. ([Link](#))

FinCEN Fines a large Hotel & Casino \$75 Million for Egregious Anti-Money Laundering Violations

The FinCen assessed a \$75 million civil money penalty against the large hotel & casino for willful and egregious violations of the BSA. ([Link](#))

Treasury Department Publishes National Money Laundering Risk Assessment and National Terrorist Financing Risk Assessment

The U.S. Department of the Treasury issued the NMLRA and the NTFRA. The purpose of these assessments is to help the public and private sectors understand the money laundering and terrorist financing methods used in the United States, the risks that these activities pose to the U.S. financial system and national security, and the status of current efforts to combat these methods. ([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

Egmont Group of Financial Intelligence Units: Global Fight against Terrorist Financing

Preventing terrorists, including foreign terrorist fighters, from abusing the global financial system is a key priority for the Egmont Group of Financial Intelligence Units (Egmont Group) and other key international partners. ([Link](#))

FinCEN penalizes a large Bank for Serious BSA Violations and Actions by a Branch Manager That Assisted Criminal Activity

The FinCEN announced the assessment of a \$4.5 million civil money penalty against a large bank for willfully violating the BSA. The large bank had severe and systemic failures in many aspects of its AML program. ([Link](#))

FinCEN Fines Los Angeles Money Services Business and Its Owner/Compliance Officer for Anti-Money Laundering Failures

The FinCEN imposed a civil money penalty against a shop, and its owner and compliance officer, for willful and repeated violations of the BSA. ([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 on 3 June 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](#))

Data visualization competition – winner

The Bank of England has announced the winner of its first data visualization competition. The competition, launched as part of the Bank's One Bank Research Agenda, asked competitors to create a novel or insightful visual representation of Bank data sets that were made publicly available for the first time. ([Link](#))

Bank of England/Gfk NOP Inflation Attitudes Survey - May 2015

This news release describes the results of the Bank of England's latest quarterly survey of public attitudes to inflation, undertaken between 8 and 13 May 2015. ([Link](#))

Appointment of Executive Director for Banking, Payments and Financial Resilience

The Bank of England announced a new appointment to its Executive Team. The Court of the Bank of England has approved the appointment of Andrew Hauser as Executive Director for BPF, effective from 1 September 2015. ([Link](#))

The prudential regulation of insurers under Solvency II - Quarterly Bulletin 2015 Q2 pre-release article

On 1 January 2016 a new regime for the prudential regulation of European insurance companies will be implemented under Solvency II. 'The prudential regulation of insurers under Solvency II' begins by examining the business model of an insurer, gives a condensed history of insurance regulation to date and draws out the key features and benefits of the new legislation. ([Link](#))

Banking sector interconnectedness: what is it, how can we measure it and why does it matter? - Quarterly Bulletin 2015 Q2 pre-release article

During the 2008 financial crisis, many banks ran into difficulties at the same time as shocks spread rapidly across the financial system. When Lehman Brothers failed on 15 September 2008, there was rapid contagion across the financial system. One of the main reasons for this was that the global financial system had become highly interconnected. This article explains the different ways in which banks can be interconnected, discusses how this can be measured and explores the implications for financial stability. ([Link](#))

Mortgage Lenders and Administrators Statistics

The MLAR statistics are quarterly statistics aggregated from the returns from around 300 regulated mortgage lenders and administrators, providing data on their mortgage lending activities. ([Link](#))

Fair and Effective Markets Review Releases Final Report

The Fair and Effective Markets Review published its Final Report, which sets out 21 recommendations to help restore trust in the wholesale Fixed Income, Currency and Commodity markets. ([Link](#))

Building real markets for the good of the people - speech by Mark Carney

In a speech given to a city audience at the Mansion House, the Governor of the Bank of England, Mark Carney discuss how the irresponsibility in finance is over. ([Link](#))

Index-Linked Treasury Stocks

The Bank of England announces that the rate of interest payable on the various index-linked treasury stocks. ([Link](#))

Quarterly Bulletin 2015 Q2

The financial system is an ever-present feature of most people's lives and a critical part of the economy. The UK financial system has grown rapidly in recent decades: at £20 trillion, it is around twelve times the size of UK annual GDP as measured in the National Accounts. ([Link](#))

Pay and productivity: the next phase - speech by Sir Jon Cunliffe

Between 2000 and 2007, the average worker in the UK automotive manufacturing industry produced 7.7 vehicles a year. Over the past seven years he/she averaged 9.8 vehicles a year. Productivity – output per worker – in car manufacturing has increased by 30% since the onset of the great financial crisis. ([Link](#))

Strengthening the alignment of risk and reward: new remuneration rules

This policy statement includes feedback, final rules, and guidance in relation to proposals under Consultation Paper 15/14 'strengthening the alignment of risk and reward: new remuneration rules' published jointly by the PRA and the FCA. ([Link](#))

Reform of the legacy Credit Unions sourcebook

This joint PRA and FCA consultation sets out proposals to reform the legacy Credit Unions sourcebook (CREDS), one of the modules of the Handbook inherited by the two regulators from the FSA. ([Link](#))

Independence and responsibility: observations from an External Member of the Monetary Policy Committee - speech by Martin Weale

In a speech given at the Thomas Guggenheim, Martin Weale discuss the Independence and responsibility thru the observations from an external member of the Monetary Policy Committee. ([Link](#))

FCA

Eight convicted for role in unauthorized collective investment scheme

In a case brought by the FCA eight people have been convicted for their parts in the operation of an unauthorized collective investment scheme which led to 110 investors losing over £4.3 million. ([Link](#))

FCA says firms not treating delegated authority arrangements as outsourcing in the general insurance market

The FCA has published the results of its thematic review of delegated authority arrangements in the general insurance market. Delegated authority is widely used in the UK general insurance market. This can include outsourcing of underwriting and claims handling and the allocation of other functions such as product design to third parties. ([Link](#))

A large banking group fined £117m for failing to handle PPI complaints fairly

The FCA has issued its largest ever retail fine (£117m) to a large bank, for failing to treat their customers fairly when handling PPI complaints between March 2012 and May 2013. ([Link](#))

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FCA appoints new Director of Enforcement and Market Oversight and Director of Risk

The Financial Conduct Authority announced the appointments of two key executive roles, with Mark Steward becoming the new Director of Enforcement and Market Oversight and Barbara Frohn the new Director of Risk and Compliance Oversight. ([Link](#))

A large minerals company fined £4.65m for breaching the Listing Rules

The FCA has fined a large minerals company £4,651,200 for having inadequate systems and controls to comply with its obligations as a listed company, breaching various rules applicable to listed companies and failing to identify related party transactions valued at just over £8m. ([Link](#))

Individual sentenced for role in operating unauthorized collective investment scheme

Having been convicted on 29 May 2015 following a trial at Southwark Crown Court, an individual was sentenced to 6 years and 9 months imprisonment for his involvement in operating an unauthorized collective investment scheme through three land banking companies as a result of which over 110 investors lost at least £4.3 million. ([Link](#))

The Prudential Regulation Authority and The Financial Conduct Authority announce new rules on remuneration

The PRA and the FCA have published new remuneration rules, which include changes to deferral and clawback of variable remuneration (e.g. bonuses). The new framework aims to further align risk and individual reward in the banking sector to discourage irresponsible risk-taking and short-termism, and to encourage more effective risk management. ([Link](#))

FCA sets out options for measuring value of general insurance products

In a discussion paper published, the FCA sets out and invites comments on options for the publication of product value data, following concerns about poor value and a lack of effective competition in general insurance markets. ([Link](#))

FCA discussion paper calls on firms to deliver smarter, effective communications

The FCA has kick-started a debate to encourage firms, consumer groups, and stakeholders to work together to deliver information to consumers in smarter and more effective ways. The discussion paper, Smarter Consumer Communications, challenges firms to consider innovative ways of engaging and communicating with consumers about products and services, for example, by using videos, infographics or other new approaches to present information to consumers clearly and in a way that is easy to understand. ([Link](#))

Debt management firms still failing Britain's most vulnerable consumers, says FCA

The debt management sector remains one of the UK's highest risk consumer credit sectors, according to a thematic review published by the FCA. ([Link](#))

Trading and Market Making

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

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

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

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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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: June 2015

Fax: (561) 807-5442

LouisDempsey@RRSCompliance.com

FROM: _____

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

PHONE: _____ **FAX:** _____

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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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