

Routing

- Legal & Compliance
- Senior Management
- Supervisory Principals
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- Internal Audit
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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 April 24th, 2015
- **DEADLINE:** Quarterly Form Custody filing Due April 24th, 2015
- **DEADLINE:** Quarterly SSOI Filing Due April 29th, 2015
- **DEADLINE:** Monthly SIS Filing Due April 29th, 2015
- **FINRA:** Annual Conference May 19-21, Washington, DC

ITEMS IN THIS EDITION

- **SEC** – Fraud Charges against Investment Adviser Accused of Concealing Poor Performance of Fund Assets from Investors – Page 2
- **SEC** – SEC Charges Nearly Two Dozen Unregistered Broker-Dealers – Page 2
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- **FINRA** – FINRA Sanctions a Large Investment Bank \$3.75 Million for Supervisory Failures – Page 3
- **FINRA** – FINRA Sanctions Three Firms for Inadequate Supervision of Consolidated Reports – Page 3
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- **FCA** – FCA bans former trader, following LIBOR fraud conviction – Page 10

Service Spotlight: 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.

Contact:

John Pinto
(202) 463-6575
JohnPinto@RRSCompliance.com

Renaissance Regulatory Services, Inc.

350 Camino Gardens Blvd. • Suite 105 • Boca Raton, FL 33432 • (561) 368-2245

www.RRSCompliance.com * Research@RRSCompliance.com

Washington, DC



SEC

SEC Announces:

Fraud Charges against Investment Adviser Accused of Concealing Poor Performance of Fund Assets from Investors ([Link](#))

SEC Proposes:

Rule to Require Broker-Dealers Active in Off-Exchange Market to Become Members of National Securities Association ([Link](#))

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SEC Charges:

A Brokerage Firm with Violating Supervisory and Customer Protection Rules ([Link](#))

Corporate Insiders for Failing to Update Disclosures Involving "Going Private" Transactions ([Link](#))

Nearly Two Dozen Unregistered Broker-Dealers ([Link](#))

A Brokerage Firm with Faulty Underwriting of Public Offering by China-Based Company ([Link](#))

Former Polycom CEO with Hiding Perks from Investors ([Link](#))

List of No Action Letters:

Investment Advisers Act of 1940 - Section 206(4)
16th Amendment Advisors LLC ([Link](#))

Rule 14a-8(i)(7) Tom DeWard Shareholder Proposal ([Link](#))

SEC Final Rules:

Amendments to Regulation A ([Link](#))

SEC Events:

Securities and Exchange Commission ([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](#))

SEC Suspends Trading in 128 Dormant Shell Companies to Put Them Out of Reach of Microcap Fraudsters

The Securities and Exchange Commission announced it has suspended trading in 128 inactive penny stock companies to ensure they don't become a source for pump-and-dump schemes. ([Link](#))

Former Company Officer Earns Half-Million Dollar Whistleblower Award for Reporting Fraud Case to SEC

The Securities and Exchange Commission announced a whistleblower award payout between \$475,000 and \$575,000 to a former company officer who reported original, high-quality information about a securities fraud that resulted in an SEC enforcement action with sanctions exceeding \$1 million. ([Link](#))

SEC Adopts Rules to Facilitate Smaller Companies' Access to Capital

The Securities and Exchange Commission adopted final rules to facilitate smaller companies' access to capital. The new rules provide investors with more investment choices. ([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

FINRA

Regulatory Notices:

[15-05](#) SEC Approves Consolidated FINRA Rule Regarding Background Checks on Registration Applicants

[15-06](#) FINRA Requests Comment on a Proposal to Require Registration of Associated Persons Involved in the Design, Development or Significant Modification of Algorithmic Trading Strategies

[15-07](#) SEC Approves Consolidated FINRA Rules 2040

[15-08](#) Changes to Qualification Examination Fees

[15-09](#) Equity Trading Initiatives: Supervision and Control Practices for Algorithmic Trading Strategies

[15-10](#) FINRA Requests Comment on the Effectiveness and Efficiency of its Membership Application Rules

Information Notices:

Extension of Current Rate for Fees Paid Under Section 31 of the Exchange Act

the SEC announced that the Section 31 rate applicable to specified securities transactions on the exchanges and in the over-the counter market will remain at the current rate of \$18.40 per million dollars until September 30, 2015, or 60 days after the enactment of a regular fiscal year 2016 appropriation for the SEC, whichever is later. ([Link](#))

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- 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

FINRA Conferences & Events:

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

FINRA Foundation Military Spouse Fellowship Application Period

Now in its tenth year, the FINRA Investor Education Foundation's Military Spouse Fellowship Program has opened the application process for its 2015 class of military spouses. The FINRA Foundation Spouse Fellowship Program provides military spouse recipients with the education and training needed to earn the AFC® designation. Military spouses can apply until April 17, 2015, to become a member of the 2015 class of fellows. ([Link](#))

FINRA Foundation Research Reveals Fraud Victims Vulnerable to Severe Stress, Anxiety and Depression

The FINRA Investor Education Foundation issued a new research report, Non-Traditional Costs of Financial Fraud, which found that nearly two thirds of self-reported financial fraud victims experienced at least one non-financial cost of fraud to a serious degree—including severe stress, anxiety, difficulty sleeping and depression. ([Link](#))

FINRA Sanctions a Large Firm \$1.5 Million and Bars President for Fraud

The FINRA announced that it has ordered a Large Firm, based in Uniondale, NY, to pay full restitution of more than \$1 million to the victims and fined the firm \$500,000 for fraud in connection with sales of a private placement offering. ([Link](#))

FINRA Launches Redesigned finra.org Website

The FINRA announced the launch of a new, redesigned version of its website, www.finra.org. Key features of the site include a streamlined design, enhanced search and navigation, and a mobile-friendly platform providing a more simplified and user-friendly experience. ([Link](#))

FINRA Sanctions a Large Firm \$916,000 for Illegal Short Selling in Advance of 14 Public Offerings

The FINRA announced that it has sanctioned a Large Firm \$916,000 for short selling ahead of participating in 14 public offerings of securities, in violation of Rule 105 of Regulation M, and for related supervisory violations. FINRA ordered First New York to pay disgorgement of more than \$516,000, plus interest, and fined the firm \$400,000. Additionally, the firm is prohibited from participating in secondary or follow-on offerings for a period of six months. ([Link](#))

FINRA Sanctions a Large Investment Bank \$3.75 Million for Supervisory Failures

The FINRA announced that it has fined an Investment bank \$2.5 million and ordered the firm to pay restitution of \$1.25 million for failing to supervise, a former Investment broker who stole money from his customers and excessively traded their brokerage accounts. FINRA permanently barred from the securities industry in August 2013. ([Link](#))

FINRA Sanctions Three Firms for Inadequate Supervision of Consolidated Reports

The FINRA announced that it has sanctioned three firms with fines of \$425,000, \$175,000 and \$100,000, respectively, for inadequate supervision of consolidated reports provided to customers and other violations. ([Link](#))

MSRB

MSRB Regulatory Notices for March 2015:

[2015-04](#) MSRB to Amend Rules to Create Professional Qualification Standards for Municipal Advisors

[2015-05](#) MSRB Amends Fees Charged for Qualification Examinations

MSRB Upcoming Events:

Securities Industry and Financial Markets Association Operations Conference and Exhibition

SIFMA's Annual Operations Conference & Exhibition is the trusted resource for Broker-Dealers and Asset Managers on the evolution of operations, regulation, and implementation strategies. ([Link](#))

National Association of Health and Educational Facilities Finance Authorities Spring Conference

The conference provides informative sessions on a variety of topics typically focused on key issues which directly influence the availability of, or access to, tax-exempt financing for healthcare and higher educational institutions. ([Link](#))

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National Association of Bond Lawyers Fundamentals of Municipal Bond Law Seminar

The Fundamentals of Municipal Bond Law Seminar offers three Basic Training General Sessions, each designed to provide attendees with a strong understanding of the key components of a municipal bond practice. ([Link](#))

Financial Markets Association Securities Compliance Seminar

This session is designed to enhance your knowledge about the regulatory examination and investigative process, and compare and contrast their similarities and differences. ([Link](#))

Bond Dealers of America Municipal Market Seminar on Regulation, Compliance and Enforcement

This seminar is a must-attend event for municipal market professionals - dealers, financial advisors, issuers and bond counsel. It is a unique opportunity to learn about current and expected muni market regulation from the MSRB, FINRA and SEC while also providing a forum for networking and information sharing among industry colleagues and peers. ([Link](#))

MSRB'S EMMA Website to Provide Access to Moody's Public Finance Ratings

MSRB announced that its EMMA® website will include public finance ratings from Moody's Investors Service later this year. The addition enhances the website's utility as the only source of free access to ratings from the largest municipal securities ratings agencies presented in a consolidated format with all other key information about every municipal security. ([Link](#))

MSRB Creates Professional Qualification Standards for Municipal Advisors

MSRB has received approval from the SEC to create baseline standards of professional qualification for municipal advisors. The new standards will be incorporated through amendments to the MSRB's existing Rules G-2 and G-3 on professional qualifications and take effect April 27, 2015. ([Link](#))

MSRB Names Lawrence Sandor Chief Compliance Officer

MSRB announced that it has promoted Deputy General Counsel Lawrence Sandor to the new position of Chief Compliance Officer, where he will be responsible for managing the MSRB's corporate governance, regulatory support, internal legal and compliance activities. ([Link](#))

MSRB to Participate In Sunshine Week

MSRB is pleased to announce its participation in "Sunshine Week," a national initiative to promote dialogue about the importance of open government and freedom of information. Sunshine Week is organized by the American Society of News Editors and the Reporters Committee for Freedom of the Press. ([Link](#))

MSRB Increases Development Fee for Professional Qualification Exams

MSRB has filed a rule change with the Securities and Exchange Commission to increase the development fee for MSRB professional qualification examinations to \$150 from \$60. The change, reflected in an amendment to MSRB Rule A-16, is effective immediately. Individuals who register for an MSRB-owned exam on or after April 1, 2015 will be charged the new rate. ([Link](#))

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NASAA

NASAA Statement on CFPB Arbitration Study

NASAA commends the CFPB and Director Cordray for bringing fresh and relevant research to the debate over the imposition of mandatory arbitration agreements by financial service providers. ([Link](#))

NASAA Statement on SEC's Regulation A Rule

The following is a statement from William Beatty, President of the NASAA and Washington Securities Director, on the Securities and Exchange Commission's rule related to the offer and sale of securities pursuant to Section 3(b) of the Securities Act of 1933, as mandated by Title IV of the Jumpstart Our Business Startups Act. ([Link](#))

NASAA 2015 Public Policy Conference to Explore Progress through Innovation

Securities regulators from the United States, Canada and Mexico will convene in Washington, D.C. next month when the NASAA hosts its annual Public Policy Conference on April 14 at the Mayflower Renaissance Hotel, 1127 Connecticut Avenue, NW, Washington, D.C. ([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.

NASDAQ—NASDAQ-TRADER—**OTCBB****Data News:**

[2015 – 1](#) NASDAQ Releases Updated Global Data Policy Document

Equity Trader Alert:

[2015 – 29](#) Reverse Split and CUSIP Change for Patriot National Bancorp Inc.

[2015 – 30](#) NASDAQ Releases First Access Fee Report

[2015 – 31](#) Dividend Information for Randgold Resources Limited

[2015 – 32](#) NASDAQ Changes the Processing of Orders around the Market Close Event

[2015 – 33](#) NASDAQ to Begin Listing Global X SuperDividend® Fund

[2015 – 34](#) Distribution Information for Google Inc. Class C Capital Stock

[2015 – 35](#) Reverse Split and CUSIP Change for American Superconductor Corporation

[2015 – 36](#) All Nasdaq Markets will be closed on Friday, April 3, 2015

[2015 – 37](#) PHLX, BX, NASDAQ, and NOM Update Membership Pricing for April

[2015 – 38](#) Updates to BX and NASDAQ Pricing for April 2015

Data Technical News:

[2015 – 3](#) Towers Watson to Begin Sole Listing on NASDAQ

[2015 – 4](#) Daylight Savings Begins in March

[2015 – 5](#) NASDAQ Testing Schedule for MFQS Footnote Code Release

[2015 – 6](#) NASDAQ Now Offers Additional Multicast Addresses for the Proprietary Equity Data Feeds in Carteret

Options Trader Alert:

[2015 – 7](#) PHLX, BX, NASDAQ, and NOM Update Membership Pricing for April

Options Regulatory Alert:

[2015 – 7](#) PHLX Modifies Guidelines of Granting Trade Halt Re-Opening Quote Parameter Relief

[2015 – 8](#) NOM Bid/Ask Differentials for "NDX" and "PCLN" Options Class through April 18, 2015

[2015 – 9](#) PHLX Bid/Ask Differentials for "NDX" and "PCLN" Option Classes through April 18, 2015

UTP Vendor Alert:

[2015 – 5](#) UTP Bandwidth Recommendations

[2015 – 6](#) Testing Schedule Announced for UTP Message Header Formats Enhancement

NYSE - EURONEXT – AMEX**NYSE EURONEXT Announcements:****The New York Stock Exchange Announces Garvis Toler III as Global Head of Capital Markets**

The (NYSE: ICE) global network of exchanges and clearing houses, announced Garvis Toler III will become Global Head of Capital Markets focused on listings transactions. Toler will join the company on March 23, 2015. John Merrell, who has held leadership positions on the NYSE Listings team since 2008, will be responsible for listed company relationships. Both roles will report to NYSE Group President Tom Farley. ([Link](#))

Intercontinental Exchange Sets May 5 for First Quarter 2015 Earnings Announcement

Intercontinental Exchange (NYSE: ICE), the leading global network of exchanges and clearing houses, will announce first quarter 2015 financial results on Tuesday, May 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 Announces Launch of 44 New Contracts; Including Energy and Euro Cocoa Futures and Options

Intercontinental Exchange (NYSE: ICE), the leading global network of exchanges and clearing houses, announced the introduction of 44 new contracts, including Euro Cocoa and energy futures and options contracts, on March 30, 2015, subject to the satisfactory completion of applicable regulatory processes. ([Link](#))

NYSE MKT Issues Short Interest Report:

ICE Futures U.S. Sets Daily Volume and Open Interest Records in ICE U.S. Dollar Index

Intercontinental Exchange (NYSE: ICE), the leading global network of exchanges and clearing houses, announced that ICE Futures U.S. reported record daily volume and open interest in the ICE U.S. Dollar Index® (USDIX®) on March 11, 2015. ([Link](#))

ICE Futures Europe Achieves Daily Volume and Open Interest Records in UK NBP Natural Gas Futures

Intercontinental Exchange, the leading global network of exchanges and clearing houses, announced that the ICE Futures Europe NBP Natural Gas futures contract achieved a daily volume record of 146,780 contracts (equivalent to 4.47 billion therms) on March 18, 2015. The previous record of 137,495 contracts was set on February 10, 2015. ([Link](#))

NYSE Weekly Program-Trading Data Releases:

ICE Futures Europe to Host UK Emissions Auctions out to 2017

(NYSE: ICE), the leading global network of exchanges and clearing houses, announced that ICE Futures Europe has been appointed to host Phase III emissions auctions on behalf of the UK Government's DECC out to 2017. ([Link](#))

Intercontinental Exchange Reports ICE and NYSE Volume for February 2015; Record Daily Oil Volume, up 59% over Prior February

(NYSE: ICE), the leading global network of exchanges and clearing houses, reported February exchange traded volume. ([Link](#))

ICE Futures U.S. Sets Back-to-Back Daily Volume Records in ICE U.S. Dollar Index

Intercontinental Exchange (NYSE: ICE), the leading global network of exchanges and clearing houses, announced that ICE Futures U.S. reported record daily volume in the ICE U.S. Dollar Index® (USDIX®) on March 12, 2015. ([Link](#))

ICE Futures U.S. Sets Daily Volume Record in Mini MSCI Complex and Mini MSCI EAFE Futures

Intercontinental Exchange (NYSE: ICE), the leading global network of exchanges and clearing houses, announced that ICE Futures U.S. reported record daily volume in the mini MSCI® futures complex as well as futures based on MSCI's benchmark for international equity performance, the mini MSCI EAFE® index, which tracks equities in developed markets in Europe and Asia. ([Link](#))

ICE Benchmark Administration Launches LBMA Gold Price; Transitions Gold Price to Transparent, Electronic Auction Process

Intercontinental Exchange (NYSE: ICE), the leading global network of exchanges and clearing houses, announced that ICE Benchmark Administration (IBA) successfully launched the LBMA Gold Price on Friday March 20, 2015, replacing the London Gold Fix established in 1919. IBA has transitioned the gold price to a new, independently administered, transparent and electronic auction process. ([Link](#))

ICE Futures U.S. President Benjamin Jackson to Testify on CFTC Reauthorization

Intercontinental Exchange (NYSE: ICE), the leading global network of exchanges and clearing houses, announced that ICE Futures U.S. President Benjamin Jackson will appear before the House Agriculture Subcommittee on Commodity Exchanges, Energy and Credit to discuss reauthorization of the Commodity Futures Trading Commission. ([Link](#))

Anti-money Laundering Programs

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

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

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

FINCEN

FinCEN Fines Trump a Large Casino Resort \$10 Million for Significant and Long Standing Anti-Money Laundering Violations

The FinCEN imposed a \$10 million civil money penalty against the Large Casino Resort, for willful and repeated violations of the BSA. In addition to the civil money penalty, the casino is required to conduct periodic external audits to examine its AML BSA compliance program and provide those audit reports to FinCEN and the casino's Board of Directors. ([Link](#))

FinCEN Names Banca Privada d'Andorra a Foreign Financial Institution of Primary Money Laundering Concern

The U.S. Department of the Treasury's FinCEN named BPA as a foreign financial institution of primary money laundering concern pursuant to Section 311 of the USA PATRIOT Act (Section 311) and issued a related NPRM. This finding and NPRM are based on information indicating that, for several years, high-level managers at BPA have knowingly facilitated transactions on behalf of third-party money launderers acting on behalf of transnational criminal organizations. ([Link](#))

Guidance to Financial Institutions Based on the Financial Action Task Force Updated Lists of Jurisdictions with Strategic Anti-Money Laundering and Counter-Terrorist Financing Deficiencies.

The FATF updated its list of jurisdictions with strategic AML/CFT deficiencies. These changes may affect U.S. financial institutions' obligations and risk-based approaches with respect to relevant jurisdictions. ([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

Colorado Check Casher Penalized and Put under Corrective Measures Due to Extensive and Repeated BSA Violations

The FinCEN announced the assessment of a \$75,000 civil money penalty against a Colorado MSB, and its owner and general manager. Since 2008, he willfully violated the BSA's registration, program, and reporting requirements. The general manager, who also served as the MSB's compliance officer, admitted to willfully participating in these violations. ([Link](#))

PRA

ECB location policy for (CCPs)

The Bank of England takes note of the EU General Court judgement on the ECB's location policy for CCPs. The judgement "annuls the Eurosystem Oversight Policy Framework published by the ECB in so far as it sets a requirement for CCPs involved in the clearing of securities to be located within the Eurozone." ([Link](#))

Bank of England Statement on SFO Investigation

Following the confirmation by the Serious Fraud Office (SFO) that it is investigating material referred to it by the Bank of England, the Bank can now confirm that it commissioned Lord Grabiner QC to conduct an independent inquiry into liquidity auctions during the financial crisis in 2007 and 2008. ([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 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/Gfk NOP Inflation Attitudes Survey - February 2015

This news release describes the results of the Bank of England's latest quarterly survey of public attitudes to inflation, undertaken in two waves; between 5 and 10 February and between 12 and 17 February 2015. ([Link](#))

Capital in the 21st century - Quarterly Bulletin 2015 Q1 pre-release article

Inequality has risen within many advanced and emerging market countries. In the United Kingdom and the United States, the share of income that goes to the top 1% of earners has doubled since the 1980s, and their share of overall wealth has also risen over this period. ([Link](#))

Investment banking - linkages to the real economy and the financial system - Quarterly Bulletin 2015 Q1 pre-release article

Most people are familiar with the main functions of retail or 'high street' banks, such as accepting savers' deposits, making loans and providing payment services. In contrast, the functions of investment banks are typically less well understood. This article describes what investment banks do – as well as some of the risks that they can pose – assuming little prior knowledge. ([Link](#))

Oil price falls – what consequences for monetary policy?

In a speech at Durham University Business School, MPC member Ian McCafferty considers the factors contributing to the recent fall in the oil price, the impact on inflation and its likely persistence and how, given this analysis, UK monetary policy should respond. ([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](#))

The Bank of England's supervision of financial market infrastructures - Annual Report

The Bank of England has responsibility for supervising FMIs as part of its mission to promote the good of the people of the United Kingdom by maintaining monetary and financial stability. ([Link](#))

Inflation: Finely balanced risks

In a speech at the City and Islington Sixth Form College, MPC member Dr Martin Weale, explains why he is confident that the MPC can return inflation to target and why, for him, 'despite the international concern about very low inflation', the decision of whether or not to tighten policy is 'finely balanced'. ([Link](#))

Quarterly Bulletin 2015

Investment banks play a key role in capital markets and contribute to the efficient functioning of financial markets. As demonstrated in the recent financial crisis, however, investment banks can create and propagate risks in the financial system given their scale, as well as the interconnected and complex nature of their activities. ([Link](#))

The 15th national final of Target 2.0 – a challenge for students

Six finalists will compete in the national final of Target 2.0: the Bank of England and The Times Interest Rate Challenge. The six teams are from: Pate's Grammar School, Cheltenham; Queen Elizabeth's School, Barnet; Stewart's Melville College, Edinburgh; The Perse School, Cambridge; University College School, Hampstead and Wolverhampton Girls' High School. ([Link](#))

Watching the States—Beware the Free Lunch!!

State Regulators have increased their emphasis on senior issues, and seminars in particular, in recent months. In fact, the AARP recently announced an initiative with NASAA to send "Monitors" to seminars as apparent undercover agents. The program is in response to last year's sweep examinations focusing on seminars by NASAA, the SEC and FINRA, where the regulators allegedly found after that while many free meal financial seminars were advertised as "educational," or "workshops," 100 percent of the "seminars" were instead sales presentations; 50 percent featured exaggerated or misleading advertising claims; and one-quarter involved possibly unsuitable recommendations to attendees.

This initiative is a reminder that firms must review their policies and procedures relative to seminars and senior marketing efforts. This review should include the seminar approval process, review of sales literature and presentations, and alerting their representatives of the importance of sticking to approved scripts and presentations. Firms should also consider asking the attendees to identify whether they are representing their own interests or that of a third party (i.e. AARP).

RRS' staff has extensive experience in dealing with State regulatory matters. RRS preventative compliance services include *review of marketing materials and communications with the public*, branch office examination, regulatory mandates, complaint assessment, and mystery shopping for branch offices and seminars.

For more information contact us (561) 368-2245 or Research@RRSCompliance.com

Strengthening accountability in banking: UK branches of foreign banks

This consultation sets out the PRA and FCA proposals for extending and, where appropriate, tailoring the SMR, Certification Regime and Conduct Rules to UK branches of overseas banks and PRA designated investment firms ('incoming branches'). ([Link](#))

Prudential Regulation Authority - Regulated fees and levies: rates proposals 2015/16

This consultation paper proposes the fee rates to meet the PRA 2015/16 Annual Funding Requirement and the 2015/16 rates for Special Project Fees for the financial period 1 March 2015 to 28 February 2016 for dual regulated Financial Conduct Authority /PRA firms. ([Link](#))

Bank of England appoints General Counsel

The Bank of England is pleased to announce the appointment of Sonya Branch to the role of General Counsel. Sonya will take over from Graham Nicholson, who retires at the end of April. Sonya joins the Bank from the CMA, where she was Executive Director of Enforcement and a member of the Board. Sonya will assume her post in mid-May. ([Link](#))

Prudential Regulation Authority publishes rules on Solvency II

The PRA has published its final rules setting out how it will implement the Solvency II Directive (Solvency II) in the UK. ([Link](#))

Interest Rate Challenge winner announced

Six months of preparation and study paid off for The Perse School, Cambridge with their team winning the fifteenth national final of Target 2.0, held at the Bank's headquarters in Threadneedle Street, London. ([Link](#))

Strengthening individual accountability in banking and insurance

This policy statement provides feedback on responses to the proposals in CP14/14 Strengthening accountability in banking: a new regulatory framework for individuals, and CP26/14 Senior insurance managers regime: a new regulatory framework for individuals, and issues the first set of the final PRA rules to implement the SMR and Certification Regime for UK banks, building societies, credit unions and PRA-designated investment firms (known as 'relevant authorised persons'), and the Senior Insurance Managers Regime (SIMR) for Solvency II insurers. ([Link](#))

Index-Linked Treasury Stocks

In accordance with the terms of the prospectus dated 12 October 1983, the Bank of England announces that the rate of interest payable on the above stock for the interest payment due on 16 October 2015 will be £3.8675 per £100 nominal of stock. ([Link](#))

Bank of England publishes independent review of RTGS outage

The Bank of England published the results of an independent review by Deloitte of the disruption to the RTGS system on 20 October 2014. The Bank also published its response, in which it accepted all of the review's recommendations and set out how it intends to implement each of them. ([Link](#))

Financial Policy Committee statement from its meeting, 24 March 2015

The Bank of England's Financial Policy Committee (FPC) reviewed its assessment of risks to financial stability. Credit growth in the United Kingdom remains moderate and UK banks continue to build their resilience. Nonetheless, the Committee has identified a number of risks to financial stability and has commissioned work in relation to them. ([Link](#))

The economics of deflation

In a speech at Imperial College Business School, Deputy Governor Ben Broadbent explores the economics of deflation. He explains what the theoretical risks are, how the MPC could respond were risks to materialise and why, while the MPC must be 'watchful', the chances of sustained deflation are 'low'. ([Link](#))

Prudential Regulation Authority provides feedback on Solvency II matching adjustment pre-application process

The PRA has now concluded the pre-application process for the Solvency II matching adjustment and is providing feedback to help firms with their formal applications. ([Link](#))

European Central Bank and Bank of England announce measures to enhance financial stability in relation to centrally cleared markets in the EU

The ECB and the BoE are announcing a series of measures aimed at enhancing financial stability in relation to centrally cleared markets within the EU. ([Link](#))

Global Preamble: Codes of best market practice and shared global principles

The eight foreign exchange committees in the major financial centres are releasing a revised "Global Preamble: Codes of best market practice and shared global principles" document, which was approved and endorsed by the eight committees at the annual global foreign exchange committees meeting, and which updates the original version published in 2013. ([Link](#))

Bank of England publishes details of 2015 stress test for largest UK banks and building societies

The Bank of England is publishing the scenario for the 2015 stress test, which will be applied to the largest UK banks and building societies. The scenario has been agreed by the FPC and PRA Board. ([Link](#))

FCA

FCA and DWP publish call for evidence on transaction costs

The FCA and the DWP have published a joint call for evidence on the disclosure of transaction cost information for workplace pension schemes. ([Link](#))

FCA publishes final rules for charges in workplace pension schemes

The FCA has confirmed final rules which will require firms operating workplace pension schemes to implement a charge cap for default funds used for automatic enrolment. ([Link](#))

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

The former Group Treasurer and Head of Tax of a Large Firm, pleaded guilty to two counts of insider dealing and has been sentenced to 12 months imprisonment. He was also ordered to pay £15,000 towards prosecution costs and a Confiscation Order in the sum of £203,234. ([Link](#))

FCA publishes consultation on pension transfers

The FCA has published a consultation paper on proposed changes to its pension transfer rules, designed to reflect the Government's new flexible pensions regime. ([Link](#))

The FCA imposes £2.1m fine and places restriction on a Large Bank after it misled the regulator

The Large bank has been fined £2.1m by the FCA and stopped from acquiring new customers from high-risk jurisdictions for 126 days. In addition, the FCA has fined two approved persons at the bank. ([Link](#))

Consumers struggling to understand structured products as FCA calls for improvements from firms

A behavioral economics research paper published by the FCA has found that many consumers overestimate the expected returns on structured deposits. ([Link](#))

Tribunal partly upholds the Financial Conduct Authority's decision to fine an individual for assisting a client to commit market abuse

The Upper Tribunal (Tribunal) has released its decision in relation to the individual of a Large Investment company. The Tribunal upheld the FCA's decision to impose a penalty of £89,004 and found that he's failings were serious and that a significant financial penalty was appropriate. ([Link](#))

Individual sentenced following FCA prosecution

Following an FCA prosecution, He was sentenced at Southwark Crown Court to ten years' imprisonment for defrauding investors of at least £3.5m, using false instruments and accepting deposits without authorization. ([Link](#))

Payday lenders failing customers in arrears, says FCA

The payday industry is beginning to take a more customer-focused approach to its business, but a review of the first twelve months of the FCA regulation of the sector has shown that too many firms have been failing to meet the requirements to treat customers in arrears fairly. ([Link](#))

FCA finds current account switching service working for consumers

The FCA has found that the current account switch service is working well for consumers who have chosen to use the service. ([Link](#))

Former chief executive of stockbroker firm fined £450,000 and banned

The former chief executive of an Investments company, a stockbroking firm that is now dissolved, has been banned from holding a position in the financial services industry and fined £450,000 by the (FCA/the Authority). ([Link](#))

FCA fines and prohibits the former director of a Financial Group, from performing compliance oversight function

The FCA has fined former compliance director £33,800 for systemic weaknesses in the design and execution of compliance systems and controls. The FCA has also banned him from performing the compliance oversight function. ([Link](#))

FCA confirms approach for financial promotions in social media

The FCA has published its guidance on financial promotions in social media. This follows detailed engagement and consultation with the industry. ([Link](#))

Financial Conduct Authority confirms approach to improving responsibility and accountability in the banking sector

The FCA has confirmed its approach to improving individual responsibility and accountability in the banking sector by publishing feedback which sets out how the FCA will implement the SMR; and provides further information on the FCA's plans for the CR and new Conduct Rules. ([Link](#))

FCA bans former trader, following LIBOR fraud conviction

The FCA has banned, a former trader at a Large Bank from the UK financial services industry for lacking honesty and integrity following a criminal conviction for fraud in the US. In 2014 he pleaded guilty in the US for his role in a conspiracy to manipulate the Large Bank's Yen LIBOR submissions to benefit trading positions. ([Link](#))

Former senior trader sentenced for insider dealing

In a case brought by the FCA, a former senior execution trader and portfolio strategist at a large Hedge Fund company – has been sentenced at Southwark Crown Court to 19 months imprisonment; he has also been fined £100,000 for the same offences and ordered to pay costs of £159,402. ([Link](#))

FCA bans and fines two individuals for pension advice failings

Former directors of advisory firm, have been banned from senior positions in financial services by the FCA. One of them has been fined £93,800, the other would have been fined £84,000, but for financial hardship. ([Link](#))

As new pension freedoms arrive be ScamSmart

As the radical changes to the pension system that will allow people to access their pension pot come into force next month, the Financial Conduct Authority is urging people to be ScamSmart and on the lookout for dodgy investment scams. ([link](#))

FCA publishes its Business Plan for 2015/16 and announces details of new supervision and authorization divisions

The Financial Conduct Authority has set out the key areas of work it will undertake in the forthcoming financial year with the publication of its Business Plan for 2015/16. It also confirmed the creation of two new Divisions that would be responsible for the FCA's supervisory and authorisations work. ([Link](#))

FCA proposes an end to opt-out selling of insurance add-ons

The Financial Conduct Authority announced plans to ban opt-out selling in financial services markets. Opt-out selling is the practice of defaulting consumers into buying a product which they then have to opt out of, for example by using pre-ticked boxes to sell the consumer add-on insurance. ([Link](#))

FCA publishes final retirement income market study report

The Financial Conduct Authority has confirmed that it will proceed with the recommendations from its retirement income market study. ([Link](#))

FCA to ask firms for their views on MiFID II implementation

The FCA is seeking early views from firms, trade bodies and consumer groups on how it might implement certain aspects of the recast Markets in Financial Instruments Directive, known as MiFID II. ([Link](#))

FCA consults on 2015/16 fees for regulated firms

The FCA is consulting on fees for regulated firms for the 2015/16 financial year. These fees are used to cover the cost of the FCA's regulatory activities, with fees for individual firms based on the areas of business they undertake. ([Link](#))

Former group reporting and financial planning manager sentenced to 10 months imprisonment for insider dealing

The former group reporting and financial planning manager for a Large Firm, who pleaded guilty to three counts of insider dealing on 26 February 2015, has been sentenced to 10 months imprisonment. He was also ordered to pay £6,122 towards prosecution costs and a Confiscation Order in the sum of £23,239.75. ([Link](#))

Banking complaints up as total complaints fall by 7%

The latest complaints data published by the FCA shows financial services firms received 2,183,540 new complaints (including those related to PPI) between July and December 2014. Overall complaints

decreased by 7% compared to the previous six months and by 12% from the same period last year. ([Link](#))

A retired accountant fined £35,212 for insider dealing

The Financial Conduct Authority has fined a retired accountant £35,212 for insider dealing. ([Link](#))

Resource Links

Government

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

SRO

- FINRA - WWW.FINRA.ORG
- NASDAQ - WWW.NASDAQ.COM
- New York Stock Exchange - WWW.NYSE.COM
- Municipal Securities Rulemaking Board - WWW.MSRB.ORG
- National Futures Association WWW.NFA.FUTURES.ORG

Industry

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

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

Renaissance Regulatory Services, Inc.

350 Camino Gardens Blvd. • Suite 105 • Boca Raton, FL 33432 • (561) 368-2245

www.RRSCompliance.com

Research@RRSCompliance.com

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READER SURVEY FAX RESPONSE

TO: Louis Dempsey

RE: March 2015

Fax: (561) 807-5442

LouisDempsey@RRSCompliance.com

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FIRM NAME: _____ IA ___ BD ___ OTHER _____

PHONE: _____ FAX: _____

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LOUIS DEMPSEY, PRESIDENT

LOUIDEMPSEY@RRSCOMPLIANCE.COM

BART McDONALD, EXECUTIVE VICE PRESIDENT

BARTMCDONALD@RRSCOMPLIANCE.COM