

# Regulatory & Compliance Update

June 2016

## ROUTING

- Legal & Compliance
- Senior Management
- Supervisory Principals
- Operations
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- Training

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The Regulatory & Compliance Update is published by Renaissance Regulatory Services for its clients' legal, compliance, senior management, and supervisory personnel.

This memorandum is distributed to RRS clients at no charge and includes "hot topics" of focus by regulators and of interest to compliance professionals. The document is intended to provide reminders of regulatory matters that were released or issued during the previous month.

The information contained in this publication was compiled from various regulatory releases and is believed to be true and correct as of the date of distribution. Many regulatory issues are subject to interpretations that can change as industry rules and regulations change, and as compliance issues evolve. Readers are cautioned to consider their individual situations and are encouraged to contact RRS staff for guidance on any issues. The information is not intended as legal or accounting advice, which can only be provided by a duly qualified attorney or certified public accountant.

## HOT TOPICS

### Events

- **DEADLINE** : Quarterly FOCUS filing due July 26<sup>th</sup>, 2016
- **DEADLINE** : Quarterly Form Custody filing due July 26<sup>th</sup>, 2016
- **DEADLINE** : Monthly SIS filing due July 29<sup>th</sup>, 2016
- **DEADLINE** : Quarterly SSOI filing due July 29<sup>th</sup>, 2016
- **DEADLINE** : SIPC 6 filing due August 2<sup>nd</sup>, 2016
- **DEADLINE** : Form OBS filing due August 2<sup>nd</sup>, 2016

### Items In This Edition

- **SEC** – SEC proposes Rule Requiring Investment Advisers to Adopt Business Continuity and Transition Plans. – Page 2
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### SERVICES 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, and Form ADV, 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.

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

## SEC

### SEC Announces:

Two Non-Prosecution Agreements in FCPA Cases ([Link](#))

Business continuity planning for registered investment companies. ([Link](#))

### SEC Proposes:

Rules to Modernize Property Disclosures for Mining Registrants ([Link](#))

Amendments to Smaller Reporting Company Definition ([Link](#))

Rule Requiring Investment Advisers to Adopt Business Continuity and Transition Plans. ([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 Charges:

Medical Device Manufacturer with FCPA Violations ([Link](#))

"Frack Master" With Running an \$80 Million Oil and Gas Fraud ([Link](#))

### SEC Halts:

EB-5 Scheme Stealing Investments in Cancer Center ([Link](#))

Scheme Defrauding Pro Athletes ([Link](#))

### List of No Action Letters:

Fidelity Management & Research Company et al. ([Link](#))

### SEC Final Rules:

Trade Acknowledgment and Verification of Security-Based Swap Transactions ([Link](#))

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

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

Disclosure of Payments by Resource Extraction Issuers ([Link](#))

### Brokerage Firm Charged With Anti-Money Laundering Failures

The SEC charged a Wall Street-based brokerage firm with failing to sufficiently evaluate or monitor customers' trading for suspicious activity as required under the federal securities laws. ([Link](#))

### Private Equity Fund Adviser Acted As Unregistered Broker

The SEC announced that a Maryland-based private equity fund advisory firm and its owner have agreed to pay more than \$3.1 million to settle charges that they engaged in brokerage activity and charged fees without registering as a broker-dealer and committed other securities law violations. ([Link](#))

### SEC: Large bank failed to safeguard customer data

The SEC announced that large bank has agreed to pay a \$1 million penalty to settle charges related to its failures to protect customer information, some of which was hacked and offered for sale online. ([Link](#))

### Large bank paying \$10 Million Penalty for Misleading Investors in Structured Notes

The SEC announced that large bank has agreed to pay a \$10 million penalty to settle charges that it was responsible for misleading statements in offering materials provided to retail investors for structured notes linked to a proprietary volatility index. ([Link](#))

## Large Bank to Pay \$415 Million for Misusing Customer Cash and Putting Customer Securities at Risk

The SEC announced that large bank has agreed to pay \$415 million and admit wrongdoing to settle charges that it misused customer cash to generate profits for the firm and failed to safeguard customer securities from the claims of its creditors. ([Link](#))

## SEC Adopts Amendment to Form 10-K Implementing FAST Act Provision

The SEC announced it has approved an interim final rule that allows Form 10-K filers to provide a summary of business and financial information contained in the annual report. The rule implements a provision of the Fixing America's Surface Transportation (FAST) Act. ([Link](#))

## SEC Names Christopher Hetner as Senior Advisor to the Chair for Cybersecurity Policy

The SEC announced that Christopher R. Hetner has been named Senior Advisor to the Chair for Cybersecurity Policy. In this role, Mr. Hetner will serve as a senior advisor to Chair Mary Jo White on all cybersecurity policy matters. ([Link](#))

## SEC: Adviser Steered Investor Money to His Own Companies

The SEC charged a North Carolina-based investment adviser with defrauding investors by secretly steering portions of real estate-related investments into deals with companies that he owned or operated himself. ([Link](#))

## SEC: Forex Trader Misrepresented Track Record and Hid Massive Losses

The SEC charged a New York City-based trader with defrauding investors out of millions of dollars by misrepresenting her investment track record, the profitability of her investments, and her use of investor funds. ([Link](#))

## Stephen L. Cohen, Associate Director of Enforcement, to leave SEC after nearly 12 years of service

The SEC announced that Stephen L. Cohen, Associate Director of the SEC's Enforcement Division, is planning to leave the agency later this month. ([Link](#))

## Childhood Friends Charged With Insider Trading in Pharmaceutical Stocks

The SEC charged two Rhode Island men with insider trading in the securities of deal targets being pursued by the pharmaceutical company where one of them worked. ([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)

## SEC Bars Corporate VP and Controller for False Accounting

The SEC announced that it has barred a former corporate vice president and suspended a former controller behind false accounting at a New York-based electronics company. ([Link](#))

## SEC Adopts Trade Acknowledgment and Verification Rules for Security-Based Swap Transactions

The SEC announced that it has adopted rules that will establish timely and accurate trade acknowledgment and verification requirements for security-based swap (SBS) entities that enter into SBS transactions. The rules are designed to promote the efficient and effective operation of the SBS market. ([Link](#))

**SEC: Electric Utility Sold Unregistered Bonds in U.S.**

The SEC announced that an electric utility has agreed to pay nearly \$6.5 million to settle charges that it violated U.S. securities laws by failing to register bonds it offered and sold to U.S residents. ([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 Issues \$17 Million Whistleblower Award**

The SEC announced a whistleblower award of more than \$17 million to a former company employee whose detailed tip substantially advanced the agency’s investigation and ultimate enforcement action. ([Link](#))

**Consultant to Chinese Private Equity Firms Settles Insider Trading Charges**

The SEC announced that a former consultant to two China-based private equity firms has agreed to pay more than \$756,000 to settle insider trading charges. ([Link](#))

**Investment Fraud Victims Include Online Daters**

The SEC announced fraud charges and an asset freeze obtained against a Connecticut man accused of misleading people into investing in his company and then taking their money for his personal use. His victims include several women he met through an online dating website. ([Link](#))

**SEC to Permit Voluntary Filing Using Inline XBRL**

The SEC announced that it will allow companies to voluntarily file structured financial statement data in a format known as Inline XBRL. This initiative represents another step in the SEC’s continuing efforts to modernize and enhance its requirements to facilitate

transparency of, and access to, companies’ disclosures. ([Link](#))

**SEC: Muni Advisors Acted Deceptively With California School Districts**

The SEC announced that two California-based municipal advisory firms and their executives have agreed to settle charges that they used deceptive practices when soliciting the business of five California school districts. ([Link](#))

**Hedge Fund Managers and Former Government Official Charged in \$32 Million Insider Trading Scheme**

The SEC announced insider trading charges against two hedge fund managers and their source, a former government official accused of deceptively obtaining confidential information from the U.S. Food and Drug Administration (FDA). ([Link](#))

**Private Fund Administrator Charged With Gatekeeper Failures**

The SEC announced that a firm providing administrative services to private funds has agreed to pay more than \$350,000 to settle charges that it failed to heed red flags and correct faulty accounting by two clients. ([Link](#))

**Software Executive and Three Friends Charged With Insider Trading**

The SEC announced insider trading charges against a former software company executive and three close friends who made more than a half-million dollars based on his illegal tip about an upcoming merger. ([Link](#))

**SEC Approves IEX Proposal to Launch National Exchange, Issues Interpretation on Automated Securities Prices**

The SEC approved Investors’ Exchange LLC’s (IEX) application to register as a national securities exchange. At the same time, the Commission issued an updated interpretation that will require trading centers to honor automated securities prices that are subject to a small delay or “speed” bump when being accessed. ([Link](#))

**Former CEO of Chicago Charter School Operator Settles Muni-Bond Fraud Charges**

The SEC announced a settlement with the former President of UNO Charter School Network Inc. and former CEO of United Neighborhood Organization of Chicago, for his role in a misleading \$37.5 million bond offering to build three charter schools. ([Link](#))

**SEC Sues UK-Based Trader for Account Intrusion Scheme**

The SEC announced it has obtained an emergency court order to freeze the assets of a United Kingdom resident charged with intruding into the online brokerage accounts of U.S. investors to make unauthorized stock trades that allowed him to profit on trades in his own account. ([Link](#))

**SEC Adopts Rules for Resource Extraction Issuers under Dodd-Frank Act**

The SEC announced it adopted rules to require resource extraction issuers to disclose payments made to governments for the commercial development of oil, natural gas or minerals. ([Link](#))

**C. Dabney O’Riordan Named as Co-Chief of the Asset Management Unit**

The SEC announced that C. Dabney O’Riordan has been named co-chief of the Division of Enforcement’s Asset Management Unit, a national specialized unit that focuses on misconduct by investment advisers, investment companies, and private funds. ([Link](#))

**Paul Dudek, Chief of Office of International Corporate Finance, to Leave Agency**

The SEC announced that Paul Dudek, Chief of the Office of International Corporate Finance in the Division of Corporation Finance, is leaving the agency at the end of the month. ([Link](#))

Brokerage firm \$5 Million for Failing to Disclose Material Facts in Sales of Volatility-Linked Structured Notes to Retail Customers. ([Link](#))

Large bank \$6 Million for Submitting Inaccurate and Late Blue Sheet Data. ([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](mailto:JohnPinto@RRSCompliance.com)

**Regulatory Notices:**

[16-21](#) SEC Approves Rule to Require Registration of Associated Persons Involved in the Design, Development or Significant Modification of Algorithmic Trading Strategies

[16-22](#) SEC Approves Consolidated FINRA Rule 3210 (Accounts At Other Broker-Dealers and Financial Institutions)

**FINRA Conference & Events:**

2016 Fixed Income Conference ([Link](#))

**FINRA**

**FINRA Fines:**

Brokerage firm \$900,000 for Supervisory Violations Related to Best Execution and Protection of Customer Order Information. ([Link](#))



2016 FINRA/SIFMA Senior Investor Protection Conference ([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](mailto:JohnPinto@RRSCompliance.com)

**FINRA Announces CEO Transition**

FINRA announced that its Board of Governors has concluded the CEO search, and appointed Robert W. Cook as President and Chief Executive Officer, effective the second half of 2016. Mr. Cook will succeed Richard G. Ketchum, who has served as Chairman and CEO since 2009. ([Link](#))

**FINRA Sanctions large brokerage firm \$2.9 Million for Unsuitable Sales of Non-Traditional ETFs and Related Supervisory Failures**

FINRA announced that it has fined the large brokerage firm \$2.25 million and ordered the firm to pay restitution of more than \$716,000 to affected customers for selling leveraged, inverse and inverse-leveraged

exchange-traded funds (non-traditional ETFs) to retail customers without reasonable supervision, and for recommending non-traditional ETFs that were not suitable. ([Link](#))

**Computerworld names FINRA among best places to work in IT for 5th consecutive year**

One of the best places to work in information technology happens to be in financial regulation: FINRA, according to IDG's Computerworld. This is the fifth year in a row that FINRA has placed in Computerworld's 100-company list. ([Link](#))

**MSRB**

**MSRB Regulatory Notices for June 2016:**

[2016-17](#) MSRB Revises Content Outline for the Municipal Advisor Representative Qualification Examination

**MSRB Upcoming Events:**

Strategic Insight and Plan Adviser 529 Conference. ([Link](#))

Michigan Government Finance Officers Association Fall Training Institute. ([Link](#))

Bond Buyer's California Public Finance Conference. ([Link](#))

**MSRB Makes ABLE Offering Documents Available on EMMA**

The MSRB announced that for the first time, an offering document about securities established by states under the Stephen Beck Jr., Achieving a Better Life Experience Act of 2014 (ABLE Act) is available on the MSRB's Electronic Municipal Market Access (EMMA®) website. ([Link](#))

**MSRB Adds Economic Calendar to EMMA**

The MSRB announced it has added an economic calendar to its Electronic Municipal Market Access (EMMA®) website. Without having to leave EMMA, users can now freely access a calendar with dates and descriptions of key upcoming macroeconomic developments that could have an impact on the trading and issuance of municipal securities. ([Link](#))

## NASAA

### **NASAA Statement on The SeniorSafe Act of 2016**

In a step toward providing guidance to issuers and promoting uniformity, NASAA announced that its Board of Directors has approved the release for public comment of a proposed model rule and uniform notice filing form for federal crowdfunding offerings. ([Link](#))

### **NASAA Statement on FINRA CEO Transition**

In a step toward providing guidance to issuers and promoting uniformity, NASAA announced that its Board of Directors has approved the release for public comment of a proposed model rule and uniform notice filing form for federal crowdfunding offerings. ([Link](#))

### **NASAA Recognizes and Supports World Elder Abuse Awareness Day by Announcing SeniorSafe Training Week**

In recognition of World Elder Abuse Awareness Day, NASAA announced that it has designated October 2-8 as "SeniorSafe Training Week" and is encouraging its members to use the NASAA version of SeniorSafe for broker-dealers and investment advisers to help identify and report suspected cases of elder financial exploitation. ([Link](#))

## NASDAQ/NASDAQ TRADER/OTCBB

### **Equity Regulatory Alert:**

[2016 – 6](#) the NASDAQ Stock Market Conducted Its Annual Election for Member Representative Directors

[2016 – 7](#) NASDAQ BX Conducted Its Annual Election for Member Representative Directors

### **Equity Trader Alert:**

[2016 – 116](#) Reverse Split and CUSIP Change for Real Goods Solar, Inc. (RGSE)

[2016 – 117](#) NASDAQ Announces New Connectivity to Third Party Services in Carteret

[2016 – 118](#) NASDAQ Announces Spin-off information for Pointer Telocation Ltd. (PNTR)

[2016 – 119](#) NASDAQ Announces Enhancements to the Retail Order Process Routing Strategy

[2016 – 120](#) NASDAQ to Begin Listing Four Janus Exchange Traded Funds

[2016 – 121](#) REMINDER: NASDAQ Prepares for Russell Reconstitution

### **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;
- 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 overlooks 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.

[2016 – 122](#) Reverse Split and CUSIP Change for Diana Containerships Inc. (DCIX)

[2016 – 123](#) Reverse Split and CUSIP Change for Lpath, Inc. (LPTN)

[2016 – 124](#) Reverse Split and CUSIP Change for Aviat Networks, Inc. (AVNW)

[2016 – 125](#) NASDAQ to Begin Listing First Trust Fund

**[2016 – 126](#) Tick Size Pilot Program Plan Participants Publish FAQs for Quoting and Trading and Data Collection**

### **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)

**[2016 – 127](#) NASDAQ to Begin Listing Two Blackrock Exchange Traded Funds**

**[2016 – 128](#) Reverse Split and CUSIP Change for Qualstar Corporation (QBAK)**

**[2016 – 129](#) NASDAQ introduces changes to cancel on Disconnect functionality**

**[2016 – 130](#) Reverse Split and CUSIP Change for Star Bulk Carriers Corp. (SBLK)**

**[2016 – 131](#) Reverse Split and CUSIP Change for Crossroads Systems, Inc. (CRDS)**

**[2016 – 132](#) Reverse Split and CUSIP Change for xG Technology, Inc. (XGTI)**

**[2016 – 133](#) Reverse Split and CUSIP Change for U.S. Energy Corp. (USEG)**

**[2016 – 134](#) Reverse Split and CUSIP Change for AccuShares Spot CBOE VIX Up Shares (VXUP) and AccuShares Spot CBOE Down Shares (VXDN)**

**[2016 – 135](#) Reverse Split and CUSIP Change for RLJ Entertainment, Inc. (RLJE)**

**[2016 – 136](#) NASDAQ to Begin Listing RBC Exchange Traded Note**

**[2016 – 137](#) NASDAQ to Begin Listing Two AccuShares Exchange Traded Funds**

**[2016 – 138](#) Reverse Split and CUSIP Change for Oculus Innovative Sciences, Inc. (OCLS)**

**[2016 – 139](#) Reverse Split and CUSIP Number Change for Elbit Imaging Ltd. (EMITF)**

**[2016 – 140](#) U.S. Market Holiday Reminder - Independence Day**

**[2016 – 141](#) Reverse Split and CUSIP Number Change for China Ceramics Co., Ltd. (CCCL)**

**[2016 – 142](#) NASDAQ to Begin Listing Two Blackrock Exchange Traded Funds**

**[2016 – 143](#) Limit Up/Limit down Exchange Traded Product Tier 1 List Update**

**[2016 – 144](#) Reverse Split and CUSIP Number Change for Axcelis Technologies, Inc.**

**[2016 – 146](#) NASDAQ and BX Pricing Updates**

### **Data Technical News:**

**[2016 – 16](#) Trupanion, Inc. to Begin Listing and Trading on NASDAQ**

**[2016 – 17](#) Tronc, Inc. (formerly Tribune Publishing Co.) to Begin Listing and Trading on NASDAQ**

**[2016 – 18](#) OPKO Health, Inc. to Begin Listing and Trading on NASDAQ**

**[2016 – 19](#) Hospitality Properties Trust to Begin Listing and Trading on NASDAQ**

**[2016 – 20](#) TravelCenters of America LLC to Begin Listing and Trading on NASDAQ**

**[2016 – 21](#) Senior Housing Properties Trust to Begin Listing and Trading on NASDAQ**

**[2016 – 22](#) Government Properties Income Trust to Begin Listing and Trading on NASDAQ**

**[2016 – 23](#) Five Star Quality Care, Inc. to Begin Listing and Trading on NASDAQ**

**[2016 – 24](#) Select Income REIT to Begin Listing and Trading on NASDAQ**

### **Options Trader Alert:**

**[2016 – 15](#) NASDAQ Announces Changes to the Penny Pilot Program**



[2016 – 16](#) BX Options Introduces SPY Options Tiers

**Options Regulatory Alert:**

[2016 – 18](#) Small Firm Security Checklist

[2016 – 19](#) PHLX Bid/Ask Differentials for "NDX" and "PCLN" Option Classes

[2016 – 20](#) NOM and BX Options Bid/Ask Differentials for "PCLN" Options

[2016 – 21](#) NASDAQ PHLX Conducted Its Annual Election for Member Representative Directors

[2016 – 22](#) PHLX Risk Mitigation Allowance of Less than 100%

[2016 – 23](#) PHLX, NOM and BX Options Professional Order Calculation

**UTP Vendor Alert:**

[2016 – 06](#) Early Client Testing Phase in NTF now available for INET SIP Platform Migration

[2016 – 07](#) UTP Data Services Moment of Silence

[2016 – 08](#) UTP INET SIP Announces Revision to IP Multicast Addresses

[2016 – 09](#) Market Wide Circuit Breakers

[2016 – 10](#) the UTP Plan Announces Change to Administrative Services

**NYSE/EURONEXT/AMEX**

**NYSE Weekly Program-Trading Data Releases:**

**Additional ICE U.S. Treasury bond Indices Selected by BlackRock; Direxion and Yuanta SITC Also Select Indices as Benchmarks for a Range of U.S. Treasury ETFs**

NYSE: ICE, announced that the ICE U.S. Treasury Bond indices have been selected as the new benchmarks for a range of Exchange Traded Funds (ETFs) offered by BlackRock iShares®, Direxion, and Yuanta Securities Investment Trust Company (Yuanta SITC). ([Link](#))

**Intercontinental Exchange Reports ICE & NYSE May 2016 Statistics**

NYSE:ICE, reported May 2016 trading volume and related revenue statistics, which can be viewed on the

company's investor relations website at <http://ir.theice.com/ir-resources/supplemental-information> in the Monthly Statistics Tracking spreadsheet. ([Link](#))

**COMPREHENSIVE COMPLIANCE SOLUTIONS**

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

**Intercontinental Exchange Chairman and CEO to Present at Sandler O'Neill Global Exchange and Brokerage Conference**

NYSE: ICE, announced Jeffrey C. Sprecher, Chairman and CEO, will speak at the Sandler O'Neill Global Exchange and Brokerage Conference. The presentation will be broadcast live over the Internet and can be accessed in the investor relations and media section of ICE's website at [www.theice.com](http://www.theice.com). ([Link](#))

**ICE Benchmark Administration Announces Bank of Communications as a New Direct Participant to the LBMA Gold Price**

NYSE:ICE, announced that another Chinese bank, Bank of Communications, has been approved by ICE Benchmark Administration (IBA) to participate in the IBA gold auction. The final price of the gold auction is used by IBA to determine the LBMA Gold Price benchmark. ([Link](#))

**Interactive Data's APEX® Now Available via Asset Control's Platform**

Interactive Data, a subsidiary of NYSE: ICE, announced that its APEX delivery platform is now integrated with leading financial data management solutions provider Asset Control's platform, AC Plus. ([Link](#))

**NYSE Governance Services Announces 2016 Leadership Award Winners**

NYSE Governance Services, a subsidiary of NYSE: ICE, announced the winners and finalists of its 3rd annual Governance, Risk, and Compliance Leadership Awards. The awards program recognizes exemplary leaders in governance, risk and compliance. ([Link](#))

## ICE To Acquire Majority Equity Interest in MERS and Build Updated Mortgage Registry Infrastructure

MERSCORP Holdings, Inc. and NYSE: ICE, announced that ICE will acquire a majority equity position in MERSCORP Holdings, Inc., owner of Mortgage Electronic Registrations Systems, Inc. (collectively "MERS"). ([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](mailto:JohnPinto@RRSCompliance.com)

## Twilio Lists IPO on the New York Stock Exchange

San Francisco-based Twilio Inc., began trading on the New York Stock Exchange (NYSE) under the ticker symbol "TWLO" after its initial public offering, which raised \$150 million in gross proceeds. ([Link](#))

## Intercontinental Exchange Launches Expanded ICE Data Services

NYSE: ICE, introduced the expanded ICE Data Services, bringing together proprietary exchange data, valuations, analytics, desktop tools and connectivity solutions from across ICE and the New York Stock Exchange, Interactive Data and SuperDerivatives. ([Link](#))

## Glencore Selects ICE Instant Messaging (IM) for Oil Trading Division

NYSE:ICE, announced that Glencore has selected ICE Instant Messaging (IM) for its oil trading division. ICE IM is part of the desktop and trading tools offered by ICE Data Services and is designed specifically for the trading community, with broad distribution that allows

customers to collaborate with other global market participants in a secure, reliable environment that meets rigorous compliance requirements. ([Link](#))

## FINCEN

### REMARKS TO THE CSBS STATE FEDERAL SUPERVISORY FORUM

In a conference at the State Bank Supervisors, Jamal El-Hindi, Deputy Director of FinCEN, discuss about de-risking and our work with the states on coordinated supervision of money services business. ([Link](#))

## PRA

### The New Fiver

Bank of England Governor Mark Carney unveiled the design of the new £5 note, which will be issued on 13 September 2016. The New Fiver is the first Bank of England note to be printed on polymer, a thin flexible plastic, and will feature Sir Winston Churchill. ([Link](#))

### Bank of England/TNS Inflation Attitudes Survey - May 2016

This news release describes the results of the Bank of England's latest quarterly survey of public attitudes to inflation, undertaken between 6 and 10 May 2016. ([Link](#))

### Index-Linked Treasury Stocks

In accordance with the terms of the prospectus dated 19 December 1986, the Bank of England announces that the rate of interest payable on the above stock for the interest payment due on 17 January 2017 will be £3.3544 per £100 nominal of stock. ([Link](#))

### Letter from Bank of England Governor Mark Carney to Bernard Jenkin

Mark Carney responds to Bernard Jenkin letter, by dispelling numerous and substantial delusion it contained. ([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 MPC sets monetary policy to meet the 2% inflation target and in a way that helps to sustain growth and employment. At its meeting the

MPC voted unanimously to maintain Bank Rate at 0.5%. [\(Link\)](#)

**Enabling the FinTech transformation: Revolution, Restoration, or Reformation? - Speech by Mark Carney at Lord Mayor's Banquet for Bankers and Merchants of the City of London at the Mansion House, London**

In a speech given at Lord Mayor's Banquet for Bankers and Merchants of the city of London at the Mansion House, London, Mark Carney discuss how the FinTech Information will promote the UK's monetary and financial stability and mean better financial services for firms and households. [\(Link\)](#)

**Statement from the Governor of the Bank of England following the EU referendum result**

In a press release, the bank announce they will continue to consult and cooperate with all relevant domestic and international authorities to ensure that the UK financial system can absorb any stresses and can concentrate on serving the real economy. [\(Link\)](#)

**Statement from the Bank of England**

The Bank of England is monitoring developments closely. It has undertaken extensive contingency planning and is working closely with HM Treasury, other domestic authorities and overseas central banks. [\(Link\)](#)

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

Contact John Pinto at  
(202) 463-6575

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

**EU referendum: your questions answered**

Questions answered in regards of EU exit. [\(Link\)](#)

**FCA**

**FCA fines brokerage firm for failures related to PPI complaint handling**

The FCA has fined large brokerage firm £2,360,900 for serious failings in its historic Payment Protection Insurance (PPI) complaint handling processes. [\(Link\)](#)

**FCA bans two individuals for lack of integrity**

The FCA has banned two broker from working in the financial services industry on the basis that they lack integrity. [\(Link\)](#)

**Former equities trader sentenced for insider dealing**

A former equities trader has been sentenced to two years imprisonment having pleaded guilty to nine counts of insider dealing. [\(Link\)](#)

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

**FCA charge five in alleged investment fraud**

Following an investigation by the FCA, five investment advisors appeared before Southwark Crown Court charged with conspiracy to defraud, together with offences under the Financial Services and Markets Act 2000 and the Fraud Act 2006. Two of the five are also charged with perverting the course of justice contrary to the common law and one has been charged with

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money laundering offences contrary to the Proceeds of Crime Act 2002. ([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.



Reader Survey

“Find It - Before the Regulators”

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

READER SURVEY FAX RESPONSE

TO: Louis Dempsey

RE: June 2016

Fax: (561) 807-5442

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

Name: \_\_\_\_\_

Firm: \_\_\_\_\_ IA: \_\_\_\_\_ BD: \_\_\_\_\_ Other: \_\_\_\_\_

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_

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

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Thank you for your time and effort

BOTTOM LINE - WE WANT TO KNOW!

We want to know how we are doing. If you have any comments, complaints or suggestions then please do not hesitate to call (561) 368-2245 or email:

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