

Regulatory & Compliance Update

February 2019

Routing

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- ✓ Senior Management
- ✓ Supervisory Principals
- ✓ Operations
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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

Items in This Edition

- **FINRA Releases 2019 Risk Monitoring and Examination Priorities Letter**
- **FINRA's 529 Plan Share Class Initiative Encourages Firms to Self-Report Potential Violations**
- **SEC Approves October 2018 Supplement to the Options Disclosure Document**
- **FINRA Updates Supplemental Statement of Income**
- **FINRA Reminds ATS Subscribers and ATSs of the April 13, 2019 Effective Date for Disaggregated Transaction Reporting**
- **MSRB Published 2018 Annual Report and Audited Financial Statements**
- **MSRB Extends Effective Date for Amendments to MSRB Rule G-21 and New MSRB Rule G-40**
- **MSRB Sets New Date for Voluntary Series 54 Pilot Examination**
- **State Securities Regulators Were Unaffected by Partial Federal Government Shutdown**
- **Printable Important Compliance Dates Calendar (Page 2)**

Services Spotlight: Planning for 2019

RRS Regulatory experts can conduct Supervisory Controls Testing, Written Supervisory Procedures Assessments and comprehensive compliance examinations. Now that February is here, please let us know when you would like to schedule our assistance with your projects. Broker-dealers and investment advisers are increasingly under pressure to conduct comprehensive reviews and assessments of their operations, policies, procedures and internal controls and to document those reviews. RRS tailors its audit programs to meet your firm's needs and the requirements of the SEC, FINRA/NASD and NYSE Rules. In fact, RRS provides multiple levels of service designed to meet or exceed regulatory requirements for the periodic review of a firm's operations.

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February 2019



Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
					1	2
					Form OBS Filings Due	
3	4	5	6	7	8	9
10	11	12	13	14	15	16
				Section 13 Filings Due		
17	18	19	20	21	22	23
24	25	26	27	28	1	
		Focus Filings Due Request for Annual Audit Extension Due			Annual Audit Due 60 Calendar Days after FINRA Member's Fiscal Year-end	

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SEC

SEC Final Rules:

No updates as of 1/31/19

SEC No Action Letters:

No updates as of 1/31/19

SEC Upcoming Events:

No updates as of 1/31/19

SEC Brought Charges in Edgar Hacking Case

The Securities and Exchange Commission announced charges against nine defendants for participating in a previously disclosed scheme to hack into the SEC's EDGAR system and extract nonpublic information to use for illegal trading. ([Link](#))

SEC Emergency Action Charged Texas Real Estate Developer for Multi-Million Dollar Offering Fraud

The Securities and Exchange Commission announced that it filed charges against Texas resident and real estate developer, two other individuals, and several related entities for conducting a multi-million dollar offering fraud. ([Link](#))

Court Ordered \$1 Billion Judgement Against Operators for Ponzi Scheme Targeting Retail Investors

The Securities and Exchange Commission announced that a federal court in Florida ordered a company and its former owner to pay \$1 billion in penalties and disgorgement for operating a Ponzi scheme that targeted retail investors. ([Link](#))

SEC Charged Four Public Companies with Longstanding ICFR Failures

The Securities and Exchange Commission announced settled charges against four public companies for failing to maintain internal control over financial reporting (ICFR) for seven to 10 consecutive annual reporting periods. ([Link](#))

Shamoi T. Shipchandler, Regional Director of the SEC's Fort Worth Regional Office, Has Left the Agency

Under Mr. Shipchandler's leadership, the Fort Worth office has brought numerous significant enforcement actions and has conducted examination activities that have strengthened compliance in the industry, including filing novel cases involving accounting fraud and cryptocurrency, and providing transparency to regional registrants. ([Link](#))

SEC Named Manisha Kimmel as Senior Policy Advisor to the Chairman on the Consolidated Audit Trail

The Securities and Exchange Commission announced that Manisha Kimmel will serve as Senior Policy Advisor for Regulatory Reporting to Chairman Jay Clayton. In this new role, Ms. Kimmel will coordinate the SEC's oversight of the self-regulatory organizations' (SROs) creation and implementation of the Consolidated Audit Trail (CAT). ([Link](#))

FINRA

Regulatory Notices:

[19-01](#) Final Statements for Broker-Dealers, Investment Adviser Firms, Agents and Investment Adviser Representatives, and Branches

[19-02](#) FINRA Updates Supplemental Statement of Income

[19-03](#) FINRA Reminds ATS Subscribers and ATSS of the April 13, 2019, Effective Date for Disaggregated Transaction Reporting

[19-04](#) FINRA's 529 Plan Share Class Initiative Encourages Firms to Self-Report Potential Violations

Information Notices:

[01/17/19](#) SEC Approved October 2018 Supplement to the Options Disclosure Document

Trade Reporting Notices:

[01/19/19](#) U.S. Treasury Security Auction Awards

[01/22/19](#) TRACE Reporting of OTC Transactions in Listed Bonds

FINRA Released 2019 Risk Monitoring and Examination Priorities Letter

FINRA released its 2019 Risk Monitoring and Examination Priorities Letter, highlighting new priorities as well as identifying areas of ongoing concern that FINRA will continue to review in the coming year. This year's letter's focus on materially new issues may help firms better identify those priorities that are relevant to their business. ([Link](#))

Market Volatility Drove FINRA's Volume to New Record

Exceptional market volatility generated an unprecedented amount of processing volume for FINRA in 2018 – 66.7 billion electronic records per day, an 87.4 percent increase over the average daily volume in 2017. ([Link](#))

FINRA Working Paper: High Broker-Affiliated ATS Order Routing Associated with Lower Fill Rates, Higher Costs

Institutional orders routed by brokers that send a relatively high percentage of such orders through affiliated alternative trading systems (ATSS) tend to receive lower order fill rates and higher execution costs, according to a new working paper by FINRA's Office of the Chief Economist. ([Link](#))

FINRA Launched New Initiative for Member Firms to Self-Report 529 Savings Plan Violations

FINRA announced via *Regulatory Notice 19-04* a self-reporting initiative to promptly compensate harmed investors and promote firms' compliance with the rules governing the recommendation of 529 savings plans. ([Link](#))

MSRB

MSRB Regulatory Notices:

[2019 – 01](#) Request for Comment on Draft Interpretive Guidance on Application of MSRB Rules to Certain Prearranged Trading in Connection with Primary Offerings

[2019 – 02](#) MSRB Solicits Applicants for Board of Directors

[2019 – 03](#) MSRB Extends Effective Date for Amendments to MSRB Rule G-21 and New MSRB Rule G-40

Upcoming Events:

[02/10/19](#) National Association of State Treasurers (NAST) 2019 Legislative Conference

[02/20/19](#) Black Women Who Lead Northeast Women in Public Finance

[02/21/19](#) MSRB Compliance Roundtable and Reception in Coordination with the St. Louis Municipal Bond Club

MSRB Published 2018 Annual Report and Audited Financial Statements

The MSRB's 2018 annual report details the organization's regulatory and strategic initiatives last year, which included expanding compliance support for municipal securities dealers and municipal advisors, improving the Electronic Municipal Market Access (EMMA®) website for investors and leveraging the MSRB's role as an SRO to promote public knowledge of the municipal securities market. ([Link](#))

MSRB Seeks Comment on Draft Interpretive Guidance Related to Application of MSRB Rules to Certain Prearranged Trading in Connection with Primary Offerings

The Municipal Securities Rulemaking Board (MSRB) seeks comment on draft interpretive guidance regarding the application of several MSRB rules and prior interpretive guidance related to certain prearranged trading in connection with primary offerings of municipal securities. ([Link](#))

MSRB Solicits Board of Directors Applicants

The Municipal Securities Rulemaking Board (MSRB), the self-regulatory organization established by Congress to oversee the \$3.9 trillion municipal securities market, is soliciting applications for five positions on its 21-member governing board. ([Link](#))

MSRB MuniEdPro Received Brandon Hall Group Bronze Award for Excellence in Technology

The Municipal Securities Rulemaking Board (MSRB) announced that its [MuniEdPro®](#) learning platform has received a coveted Brandon Hall Group award for excellence in technology. MuniEdPro®, a suite of interactive, online courses designed specifically for municipal market participants to enhance their understanding of municipal market activities and MSRB rules, earned a bronze award in the category for best advance in learning management technology for compliance training. ([Link](#))

MSRB Expands Board of Director Engagement for First Quarter of 2019

The Municipal Securities Rulemaking Board (MSRB) announced multiple stakeholder events that members of its Board of Directors will participate in during the first quarter of 2019. Events include outreach programs, conferences, town halls and roundtables that will provide opportunities for Board members and MSRB staff to hear directly from municipal market participants. ([Link](#))

MSRB Sets New Date for Voluntary Series 54 Pilot Examination

The Municipal Securities Rulemaking Board (MSRB) announced it is revising the release date of its voluntary Municipal Advisor Principal Qualification (Series 54) pilot examination to March 2019 from February 2019. The pilot enrollment period has also been changed to March 4–15, 2019. ([Link](#))

NASAA

State Securities Regulators Unaffected by Partial Shutdown of Federal Government and Available Investor Assistance

The North American Securities Administrators Association (NASAA) reminded investors that state securities regulators are unaffected by the partial shutdown of the federal government and available to provide information and assistance. ([Link](#))

NASDAQ/NASDAQ TRADER/OTCBB

Equity Corporate Actions Alert:

[2019 – 01](#) Information Regarding the Reverse Split and CUSIP Number Change for CHF Solutions, Inc. (CHFS)

[2019 – 02](#) (UPDATED) Information Regarding the Tender Offer for the Shares of Intersections Inc. (INTX)

[2019 – 03](#) (UPDATED) Information Regarding the Merger of Electro Scientific Industries, Inc. (ESIO) and MKS Industries, Inc. (MKSI)

[2019 – 04](#) (UPDATED) Information Regarding the Merger of Bojangles', Inc. (BOJA)

[2019 – 05](#) (UPDATED) Information Regarding the Merger of Blue Hills Bancorp, Inc. (BHBK) and Independent Bank Corp. (INDB)

[2019 – 06](#) Information Regarding Ratio Change for Kitov Pharma Ltd. (KTOV)

[2019 – 07](#) (UPDATED) Spin-Off/Distribution Information for Henry Schein, Inc. (HSIC)

[2019 – 08](#) (UPDATED) Information Regarding the Tender Offer of TESARO, Inc. (TSRO)

[2019 – 09](#) (UPDATED) Information Regarding the Merger of Hanwha Q CELLS Co. (HQCL)

[2019 – 10](#) Information Regarding the Merger of NutriSystem, Inc. (NTRI)

[2019 – 11](#) (UPDATED) Information Regarding the Reverse Split and Name Change for China Commercial Credit, Inc. (GLG)

[2019 – 12](#) Information Regarding the Merger of ARRIS International plc (ARRS) and CommScope Holding Company, Inc. (COMM)

[2019 – 13](#) Information Regarding the Merger of Integrated Device Technology (IDTI)

[2019 – 14](#) Information Regarding the Reverse Split and CUSIP Number Change for Bio-Path Holdings, Inc. (BPTH)

[2019 – 15](#) (UPDATED) Information Regarding the Merger of Access National Corporation (ANCX) and Union Bankshares Corporation (UBSH)

[2019 – 16](#) Information Regarding the Business Combination of Apricus Biosciences, Inc. (APRI) and Seelos Therapeutics, Inc.

[2019 – 17](#) Information Regarding the Reverse Split and CUSIP Number Change for Titan Pharmaceuticals, Inc. (TTNP)

[2019 – 18](#) Information Regarding the Merger of MINDBODY, Inc. (MB)

Equity Trader Alert:

[2019 – 01](#) FINRA/Nasdaq Trade Reporting Facility (TRF) Retail Participant Pricing Program Update Effective 1/2/2019

[2019 – 02](#) Nasdaq to Begin Listing First Trust ETF on Friday, January 4, 2019

[2019 – 03](#) Reminder: Nasdaq, BX and PSX to Update the Display of Best Priced Orders to the SIPs

[2019 – 04](#) New Timing: Nasdaq to Introduce Midpoint Trade Now Functionality

[2019 – 05](#) Nasdaq Saturday, January 12, 2019, Test Opportunity

[2019 – 06](#) U.S. Market Holiday Reminder: Martin Luther King, Jr. Day

[2019 – 07](#) Nasdaq, BX and PSX Market-Wide Circuit Breaker Testing Opportunity on Saturday, February 9, 2019

Futures Trader Alert:

[2019 – 01](#) UPDATED: NFX Spot Month Position Limits Notice for January 2019

[2019 – 02](#) NFX Extends Tenors for Power Contracts

Options Trader Alert:

[2019 – 01](#) Nasdaq Announces Changes to Trading Hours. Effective January 16, 2019

[2019 – 02](#) REMINDER: Nasdaq-100® AM and PM Settlement Values

Options Regulatory Alert:

[2019 – 01](#) Approval of Supplement to the Options Disclosure Document

UTP Vendor Alert:

[2019 – 01](#) UTP SIP Market Holiday Reminder Martin Luther King, Jr. Day

[2019 – 02](#) UTP Plan Releases Updated Vendor Agreement, Subscriber Agreement and Privacy Policy

NYSE/EURONEXT/AMEX

NYSE Weekly Program-Trading Data Releases:

The NYSE Welcomed 2019 as the Global Leader in Listings

The New York Stock Exchange (NYSE), a wholly owned subsidiary of Intercontinental Exchange (NYSE: ICE), extended its leadership as the premier venue for capital raising, finishing the year with \$125 billion in proceeds raised from 356 transactions. In a year marked by

elevated volatility in U.S. equity markets, NYSE issuers raised \$30 billion in proceeds from 73 IPOs. ([Link](#))

Intercontinental Exchange Reports Record Futures & Options Volumes in 2018; 4Q'18 ADV +20% Y/Y

Intercontinental Exchange, Inc. (NYSE:ICE), a leading operator of global exchanges and clearing houses and provider of data and listings services, reported December, fourth quarter and full year 2018 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](#))

Intercontinental Exchange Announces Several Enhancements to the ICE Permian WTI Crude Oil Futures Contract

Intercontinental Exchange, Inc. (NYSE: ICE), a leading operator of global exchanges and clearing houses and provider of data and listings services, announced several new enhancements to the ICE Permian WTI crude oil futures contract ([Link](#))

ICE Benchmark Administration Introduced the US Dollar ICE Bank Yield Index for Review and Comment by Market Participants

Intercontinental Exchange, Inc. (NYSE:ICE), a leading operator of global exchanges and clearing houses and provider of data and listings services, announced that ICE Benchmark Administration ("IBA") has published a paper introducing the U.S. Dollar ICE Bank Yield Index for review and comment by market participants. ([Link](#))

FINCEN

No updates as of 1/31/19

PRA

Appointment of Dame Colette Bowe and Dame Jayne-Anne Gadhia to the Financial Policy Committee

Dame Jayne-Anne will take up her role in time for the FPC's Q2 2019 round of meetings, with Dame Colette taking up her role in time for the FPC's Q3 2019 round of meetings. Both Dame Colette and Dame Jayne-Anne will serve three-year terms. ([Link](#))

Statistical Notice 2019/01

Please note that the Statistical Reporting Schedule for 2019 has been published on the Bank of England Website. ([Link](#))

Minutes of the Securities Lending Committee Meeting – November 2018

The Securities Lending Committee is a forum for market participants and authorities to discuss the UK securities lending market. ([Link](#))

Term Funding Scheme – Market Notice (updated January 2019)

The TFS Market Notice has been updated to reflect the fact that the TFS drawdown window is now closed, and that the TFS has been transferred from the Bank of England Asset Purchase Facility Fund Limited to the Bank of England's balance sheet. ([Link](#))

Results of the Semi-Annual FX Turnover Surveys in October 2018

See the headline results from an October 2018 survey of 28 financial institutions that are active in the UK foreign exchange market. ([Link](#))

FCA

FCA Consults on Crypto-Assets Guidance

The guidance will help firms understand whether their crypto-asset activities fall under FCA regulation. Firms will have a better understanding of whether they need to be authorized and can ensure they are compliant and have appropriate consumer safeguards in place. ([Link](#))

FCA Proposed Rules on Investment Pathways and other Measures to Improve Retirement Outcomes for Consumers

The Financial Conduct Authority (FCA) is consulting on measures to stop up to 100,000 consumers a year losing out on pension income when they access the pension freedoms. ([Link](#))

FCA Launched Consultation on General Insurance Value Measures Data

The Financial Conduct Authority (FCA) has launched a consultation proposing new rules requiring firms to report General Insurance (GI) value measures data to the FCA for publication. Alongside the Consultation Paper, the FCA has also published a third annual value measures dataset, covering the period August 2017-August 2018. ([Link](#))

Resource Links	
<p>Government</p> <ul style="list-style-type: none"> • 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 	<p>SRO</p> <ul style="list-style-type: none"> • 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
<p>Industry</p> <ul style="list-style-type: none"> • Alternative Investment Management Association “AIMA” – WWW.AIMA.ORG • Bank Insurance & Securities Association “BISA” – WWW.BISANET.ORG • 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.

Reader Survey

"Find It - Before the Regulators"

The RRS staff continually strives to ensure that the services and support we provide to our clients is the most up to date and comprehensive available. We can forecast regulatory trends based on our extensive regulatory experience and the information our clients provide regarding new products, services and/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 any questions or suggestions, please speak with your account representative or call us at (561) 368-2245.

Reader Survey Fax Response Form

To: Louis Dempsey
 Fax: (561) 807-5442
LouisDempsey@RRSCompliance.com

Name:				
Firm:		IA:	BD:	Other:
Phone:		Fax:		

For us to improve this publication, we ask that you please provide us with feedback by answering the following questions:

- Do you read the RCU each month?
- What topics interest you the most?
- What do you find most useful?
- What would you like to see in future editions?
- Are you a current client of RRS?
- Are you interested in receiving information or a call from our Staff to discuss the products and services offered by RRS?

(Please include your phone number or E-mail address to schedule a meeting)

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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