

# Regulatory & Compliance Update

## Routing

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

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

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

## HOT TOPICS

### Items in This Edition

- SEC Final Rule 34-10824 – Amending the “Accredited Investor” Definition
- SEC Staff Report on Algorithmic Trading in U.S. Capital Markets
- SEC Halts Fraudulent Offering by Florida Investment Adviser
- Select COVID-19 Compliance Risks and Considerations for Broker-Dealers and Investment Advisers
- Advisory Firm Settles Charges of Defrauding Investors
- SEC Charges Broker-Dealer with Repeatedly Failing to File SARs
- SEC Charges Affiliated Advisers for Misrepresentations about Payment for Order Flow Arrangements
- SEC Proposes to Improve the Retail Investor Experience through Modernized Fund Shareholder Reports and Disclosures
- FINRA 20-30 – Fraudsters Using Registered Reps’ Names to Establish Imposter Websites
- FINRA 20-18 – Update to Security Futures Risk Disclosure Statement and Supplement
- FINRA 20-27 – FINRA Alerts Firms to Use of Fake FINRA Domain Name
- FINRA 20-26 – FINRA Shares Practices Firms Implemented to Prepare for the LIBOR Phase-out
- MSRB to Implement Strengthened Board Governance and Announces FY 2021 Board Leadership
- NASAA Statement on the SEC’s Amendment of Accredited Investor Definition
- Agencies Issue Statement on Bank Secrecy Act Due Diligence Requirements for Customers Who May Be Considered Politically Exposed Persons

### Team Spotlight!

Jerome Jordan is a Regulatory Compliance Consultant for Renaissance Regulatory Services. Mr. Jordan has over thirty-five years of regulatory and compliance experience as a state regulator, which includes a unique combination of over thirty years of supervising and conducting examinations of both investment advisers and broker-dealers regarding federal, state, and self-regulatory organization rules and regulations. As a regulator, Mr. Jordan’s experience with the State of Florida Division of Securities includes twenty-three years as Manager in the Division’s South Florida region where he was responsible for all aspects of the Division’s examination program. While serving as the Manager, Mr. Jordan developed the State’s comprehensive broker/dealer examination module and initiated enhanced examination protocols. Prior to becoming the Manager, Mr. Jordan served as a Financial Specialist, planning, coordinating, and conducting complex financial, operational and sales practice examinations of investment advisers and broker-dealers. He can be reached through our Boca Raton Office at 561-368-2245 or [Jeromejordan@RRSCompliance.com](mailto:Jeromejordan@RRSCompliance.com)

# September 2020



Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
		1	2	3	4	5
			Short Interest Reporting Due			
6	7	8	9	10	11	12
	Labor Day	Customer Margin Balance Reporting Due				
13	14	15	16	17	18	19
				Short Interest Reporting Due		
20	21	22	23	24	25	26
				Monthly FOCUS Part II/IIA Filings Due		
27	28	29	30			
		Annual Reports Due for BDs w/ FYE 7/31/20 SIS Filings Due				

## Services Spotlight: Compliance Administrator

RRS provides comprehensive compliance solutions to help broker-dealers and investment advisers fulfill their regulatory and compliance obligations while controlling costs. Working together with your firm's Chief Compliance Officer and Supervisory Principals, RRS will design the support package that best suits your compliance needs from the full range of our Regulatory Consulting, Registration Consulting, and Financial Reporting services. Whether you are with a small firm that is not ready to hire full time compliance staff or a large firm looking for staff augmentation or support to fill technical knowledge gaps, RRS can structure a package of compliance services customized to suit your needs.

## SEC

### SEC Final Rules:

[34-10825](#) Modernization of Regulation S-K Items 101, 103, and 105

[34-10824](#) Amending the "Accredited Investor" Definition

[34-89618](#) Rescission of Effective-Upon-Filing Procedure for NMS Plan Fee Amendments and Modified Procedures for Proposed NMS Plans and Plan Amendments

### SEC No Action Letters:

Prospect Capital Corporation - Omission of Shareholder Proposal Submitted by Michelle Bronsted, August 10, 2020 ([link](#))

Prospect Capital Corporation - Omission of Shareholder Proposal Submitted by Camilla Cane, August 10, 2020 ([link](#))

Prospect Capital Corporation - Omission of Shareholder Proposal Submitted by Mark Cane, August 10, 2020 ([link](#))

### SEC Upcoming Events:

[Sept. 2, 2020](#) Open Meeting

[Sept. 2, 2020](#) Closed Meeting

[Sept. 16, 2020](#) Open Meeting

### Fee Rate Advisory #1 for Fiscal Year 2021

The Securities and Exchange Commission announced that in fiscal year 2021 the fees that public companies and other issuers pay to register their securities with the Commission will be set at \$109.10 per million dollars. ([Link](#))

### SEC Charges a Manufacturer for Materially Misstating its Financial Statements

The Securities and Exchange Commission announced settled charges against a motor vehicle parts manufacturer headquartered in Auburn Hills, Michigan, for materially

misstating its financial statements by failing to account for certain asbestos liabilities. ([Link](#))

### SEC Monitoring Impact of Hurricane Laura on Capital Markets

The Securities and Exchange Commission is closely monitoring the impact of Hurricane Laura on investors and capital markets. ([Link](#))

### SEC Halts Fraudulent Offering by Florida Investment Adviser

The Securities and Exchange Commission announced that it has filed an emergency action against a Florida-based investment adviser and its sole owner in connection with an alleged fraudulent offering. On Aug. 20, 2020, U.S. District Court Judge Kathleen M. Williams granted the SEC's request for emergency relief, including an asset freeze and an order for records preservation, against the owner and firm, as well as two entities charged by the SEC as relief defendants. ([Link](#))

### SEC Adopts Rule Amendments to Modernize Disclosures of Business, Legal Proceedings, and Risk Factors Under Regulation S-K

The Securities and Exchange Commission announced that it voted to adopt amendments to modernize the description of business (Item 101), legal proceedings (Item 103), and risk factor disclosures (Item 105) that registrants are required to make pursuant to Regulation S-K. These disclosure requirements have not undergone significant revisions in over 30 years. The amendments the Commission is adopting update these items to reflect the many changes in our capital markets and the domestic and global economy in recent decades. ([Link](#))

### SEC Modernizes the Accredited Investor Definition

The Securities and Exchange Commission adopted amendments to the "accredited investor" definition, one of the principal tests for determining who is eligible to participate in our private capital markets. Historically, individual investors who do not meet specific income or net worth tests, regardless of their financial sophistication,

have been denied the opportunity to invest in our multifaceted and vast private markets. The amendments update and improve the definition to more effectively identify institutional and individual investors that have the knowledge and expertise to participate in those markets. ([Link](#))

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### SEC Charges a Producer of Computer Servers and Former CFO in Connection with Widespread Accounting Violations

The Securities and Exchange Commission charged a producer of computer servers and its former CFO with prematurely recognizing revenue and understating expenses over a period of at least three years. ([Link](#))

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### SEC Proposes Data Security Enhancements to the CAT NMS Plan

The Securities and Exchange Commission proposed amendments to the national market system plan governing the Consolidated Audit Trail (the “CAT NMS Plan”) to bolster the Consolidated Audit Trail’s (“CAT”) data security. While the CAT NMS Plan currently sets forth a number of requirements regarding the security and confidentiality of CAT data, the proposed amendments to the CAT NMS Plan are the latest SEC action to limit the scope of sensitive information required to be collected by CAT and enhance the security of the CAT and the protections afforded to CAT data. ([Link](#))

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### SEC Staff Report on Algorithmic Trading in U.S. Capital Markets

The Economic, Growth, Regulatory Relief, and Consumer Protection Act of 2018 requires the staff of the U.S. Securities and Exchange Commission to submit to Congress a report on the risks and benefits of algorithmic trading in the U.S. capital markets. Algorithmic trading in the equities – and to a lesser extent – in the debt market, has improved many measures of market quality and liquidity provision during normal market conditions, though studies have also shown that some types of algorithmic trading may exacerbate periods of unusual market stress or volatility. Advances in technology and communications have enabled many market participants to more efficiently provide liquidity, more efficiently access market liquidity, implement new trading services, and more effectively manage risk across a range of markets. ([Link](#))

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### SEC Adopts Requirements to Ensure Public Notice, Comment, and Approval Prior to Effectiveness of NMS Plan Fees

The Securities and Exchange Commission voted to rescind a rule exception that allowed a proposed national market system (NMS) plan fee amendment to become effective upon filing, prior to review and comment by investors and other market participants. The new procedures require public notice of any proposed NMS plan fee amendment, an opportunity for public comment, and Commission approval by order before a new or changed fee can be charged. The Commission also modified the procedures for review of all proposed NMS plans and plan amendments, including fee amendments, to specify timelines for Commission action for each step of the process, adding certainty to the process for NMS plan participants. ([Link](#))

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### Richard R. Best Named Director of SEC's New York Regional Office

The Securities and Exchange Commission announced that Richard R. Best has been named Director of the New York Regional Office. Mr. Best will succeed Marc P. Berger, who has been named Deputy Director of the Division of Enforcement. ([Link](#))

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### SEC Names Marc P. Berger as Deputy Director of Enforcement

The Securities and Exchange Commission announced that Marc P. Berger, currently Director of the SEC's New York Regional Office, has been named Deputy Director of the Division of Enforcement. ([Link](#))

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### SEC Names Diana Stoltzfus as Deputy Chief Accountant

The Securities and Exchange Commission announced the appointment of Diana Stoltzfus as a Deputy Chief Accountant (Professional Practice Group) in the agency's Office of the Chief Accountant (OCA). ([Link](#))

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### Caroline A. Crenshaw and Hester M. Peirce Sworn-In as SEC Commissioners

The Securities and Exchange Commission announced that Caroline A. Crenshaw and Hester M. Peirce have been sworn into office as SEC commissioners. ([Link](#))

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### Select COVID-19 Compliance Risks and Considerations for Broker-Dealers and Investment Advisers

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The Office of Compliance Inspections and Examinations (“OCIE”) identified a number of COVID-19-related issues, risks, and practices relevant to SEC-registered investment advisers and broker-dealers. Additionally, market volatility related to COVID-19 may have heightened the risks of misconduct in various areas that the staff believe merit additional attention. OCIE is issuing this Risk Alert to share some of these observations with firms, investors, and the public generally. ([Link](#))

### **SEC Charges a Rental Car Company’s Former CEO With Aiding and Abetting Company’s Financial Reporting and Disclosure Violations**

The Securities and Exchange Commission charged former CEO and Chairman with aiding and abetting the company in its filing of inaccurate financial statements and disclosures. The CEO and Chairman has agreed to settle the charges and repay the company nearly \$2 million in incentive-based compensation. ([Link](#))

### **Advisory Firm Settles Charges of Defrauding Investors, Agrees to Refund Allegedly Ill-Gotten Gains to Harmed Clients**

The Securities and Exchange Commission announced that an investment advisory firm has agreed to settle charges that it selected mutual funds and cash sweep money market funds for clients that provided undisclosed revenue to the firm’s affiliated broker-dealer and were more expensive than other available options for the same funds. The settlement includes a distribution of money to harmed clients of the Fresno, California-based investment advisory firm. ([Link](#))

### **SEC Charges Issuer and CEO With Misrepresenting Platform Technology in Fraudulent ICO**

The Securities and Exchange Commission announced charges against a Virginia-based issuer and its chief executive officer for fraud and registration violations in connection with a \$5 million initial coin offering (ICO) of digital asset securities. ([Link](#))

### **Deputy Chief Accountant Marc Panucci to Leave SEC**

The Securities and Exchange Commission announced that Marc Panucci, Deputy Chief Accountant, plans to leave the agency later this month. ([Link](#))

### **Sebastian Gomez Abero Named Deputy Director of SEC’s Small Business Advocacy Office**

The Securities and Exchange Commission announced that Sebastian Gomez Abero has been named Deputy Director of the SEC’s Office of the Advocate for Small Business Capital Formation (OASB). In his new role, he will oversee strategic initiatives and help lead the team in the SEC’s newest office, which is focused on advocating for solutions to challenges faced by small businesses and their investors in raising capital, from startups to small cap public companies. In addition, the office proactively works to identify and address unique challenges faced by minority-owned, women-owned, rural, and natural disaster area-affected small businesses as well as their investors. ([Link](#))

### **SEC Charges a Broker-Dealer with Repeatedly Failing to File Suspicious Activity Reports**

The Securities and Exchange Commission announced that a broker-dealer will pay an \$11.5 million penalty to settle charges it repeatedly failed to file Suspicious Activity Reports (SARs) for U.S. microcap securities trades it executed on behalf of its customers. In parallel actions, the Financial Industry Regulatory Authority (FINRA) and the Commodity Futures Trading Commission (CFTC) announced settlements with the firm related to anti-money laundering failures in which the registered broker-dealer agreed to pay penalties of \$15 million and \$11.5 million, respectively, for a total of \$38 million in penalties paid to the three agencies. ([Link](#))

### **SEC Charges Consumer Loan Company with FCPA Violations**

The Securities and Exchange Commission announced that a South Carolina-based consumer loan company has agreed to pay \$21.7 million to resolve charges that it violated the Foreign Corrupt Practices Act (FCPA). ([Link](#))

### **Lindsay McCord Named Chief Accountant in Division of Corporation Finance**

The Securities and Exchange Commission announced that Lindsay McCord has been named Chief Accountant in the Division of Corporation Finance. ([Link](#))

### **SEC Charges Affiliated Advisers for Misrepresentations About Payment for Order Flow Arrangements**

The Securities and Exchange Commission filed settled charges against affiliated registered investment advisers for making material misrepresentations to clients about compensation one affiliate received in an institutional payment for order flow arrangement for routing client orders to certain brokerage firms for execution. As part of

the settlement, the two affiliates agreed to pay a combined total of \$1 million in penalties. ([Link](#))

### Enforcement Co-Director Steven Peikin to Depart

The Securities and Exchange Commission announced that Division of Enforcement Co-Director Steven Peikin will leave the agency on Aug. 14, 2020. ([Link](#))

### SEC Provides Transparency to the Process of Nominating Candidates to the Investor Advisory Committee

The Securities and Exchange Commission published procedures setting forth a staff-led process to nominate candidates for appointment to the Investor Advisory Committee. Candidates for vacancies on the Committee will be identified by a nominating committee composed of staff from across the SEC's divisions and offices. The nominating committee will initially be chaired by Robert Marchman, Senior Policy Advisor for Diversity and Inclusion. ([Link](#))

### SEC Proposes to Improve the Retail Investor Experience through Modernized Fund Shareholder Reports and Disclosures

The Securities and Exchange Commission proposed comprehensive modifications to the mutual fund and exchange-traded fund disclosure framework to better serve the needs of retail investors. The proposed disclosure framework would feature concise and visually engaging shareholder reports that would highlight information that is particularly important for retail investors to assess and monitor their fund investments. The proposal is a central component of the Commission's investor experience initiative and responds to comments the Commission received in response to a 2018 request for comment on retail investors' experience with fund disclosure. ([Link](#))

### SEC Announces New Small Business Capital Formation Advisory Committee Members

At the meeting of the Small Business Capital Formation Advisory Committee, the Securities and Exchange Commission announced the appointment of two new members to the Committee. ([Link](#))

### Scott A. Thompson Named Associate Regional Director in Philadelphia Office

The Securities and Exchange Commission announced that Scott A. Thompson has been named Associate Regional Director for enforcement in the Philadelphia Regional Office. Mr. Thompson succeeds Kelly L. Gibson, who

became Regional Director of the SEC's Philadelphia office in February 2020. ([Link](#))

### Pharmaceutical Company and Former Executives Charged with Misleading Financial Disclosures

The Securities and Exchange Commission announced that a pharmaceutical company agreed to pay a \$45 million penalty to settle charges of improper revenue recognition and misleading disclosures in SEC filings and earnings presentations. Three former executives – the chief executive officer, chief financial officer, and controller – also agreed to pay penalties to settle charges against them. ([Link](#))

## FINRA

### Regulatory Notices:

[20-30](#) Fraudsters Using Registered Representatives Names to Establish Imposter Websites

[20-29](#) FINRA Requests Comment on the Practice of Pennying in the Corporate Bond Market

[20-28](#) Update to Security Futures Risk Disclosure Statement and Supplement

[20-27](#) FINRA Alerts Firms to Use of Fake FINRA Domain Name

[20-26](#) FINRA Shares Practices Firms Implemented to Prepare for the LIBOR Phase-out

### Information Notices:

No updates as of 8 / 28 / 2020

### Trade Reporting Notices:

No updates as of 8 / 28 / 2020

### Upcoming Events:

[2020](#) Virtual Conference Panels

[09/21/20](#) 2020 FINRA Virtual Diversity Summit

[2020](#) Virtual Compliance Boot Camps

[11/11/20](#) 2020 Small Firm Conference **Canceled**

[05/18/21](#) 2021 Annual Conference

### MSRB

#### MSRB Information Notices:

[08/06/20](#) MSRB Improves Board Governance

#### Upcoming Events:

No events are planned as of 8/31/2020

#### MSRB to Implement Strengthened Board Governance and Announces FY 2021 Board Leadership

The Municipal Securities Rulemaking Board (MSRB) announced that enhancements to its governance structure would take effect for the fiscal year beginning October 1, 2020. The MSRB initially proposed the strengthened governance standards in a filing to the Securities and Exchange Commission (SEC) in June after a lengthy comment process. The new rules tighten the standards for selecting members and reduce the size of the Board of Directors that oversees the self-regulatory organization (SRO) responsible for safeguarding a fair and efficient municipal securities market. The SEC approved the standards on Wednesday, August 5. ([Link](#))

### NASAA

#### NASAA Statement on the SEC's Amendment of Accredited Investor Definition

The following is a statement from Christopher W. Gerold, President of the North American Securities Administrators Association (NASAA) and Chief of the New Jersey Bureau of Securities on the vote by the U.S. Securities and Exchange Commission to amend and expand its accredited investor definition as part of its proposal to harmonize the exempt offering framework under the Securities Act. ([Link](#))

#### Task Force Takes More Than 200 Actions to Protect Investors from Fraudsters Seeking to Profit from the Pandemic

The North American Securities Administrators Association (NASAA) announced that its COVID-19 Enforcement Task Force, consisting of state and provincial securities regulators, has initiated actions to disrupt 220 schemes seeking to fraudulently profit from the pandemic. ([Link](#))

#### NASAA Statement on Confirmations of Hester Peirce and Caroline Crenshaw to Serve on the U.S. Securities and Exchange Commission

The following is a statement from Christopher W. Gerold, President of the North American Securities Administrators Association (NASAA) and Chief of the New Jersey Bureau of Securities, on the confirmations by the U.S. Senate of Hester Peirce and Caroline Crenshaw to serve on the U.S. Securities and Exchange Commission. ([Link](#))

### NASDAQ/NASDAQ TRADER/OTCBB

#### Equity Corporate Actions Alert:

[2020-153](#) Information Regarding the Merger of LogMeIn, Inc. (LOGM)

[2020-152](#) Information Regarding the Tender Offer of Sky Solar Holdings, Ltd. (SKYS)

[2020-151](#) Information Regarding the Reverse Stock Split and CUSIP Number Change for Urban Tea, Inc. (MYT)

[2020-150](#) Information Regarding the Reverse Stock Split and CUSIP Number Change for Capitala Finance Corp. (CPTA)

[2020-149](#) (Merger effective) Information Regarding the Business Combination of Pure Acquisition Corp (PACQ/U/W) and HighPeak Energy, Inc

[2020-148](#) Information Regarding the Reverse Stock Split, CUSIP Number Change and Ratio Change for Hexindai Inc. (HX)

[2020-147](#) Information Regarding the Reverse Stock Split, CUSIP Number Change and Ratio Change for Kitov Pharma Ltd. (KTOV)

[2020-146](#) Information Regarding the Merger of Benefytt Technologies, Inc. (BFYT)

[2020-145](#) Information Regarding the Reverse Stock Split and CUSIP Number Change for Organovo Holdings, Inc. (ONVO)

[2020-144](#) Information Regarding the Reverse Stock Split and CUSIP Number Change for ProShares UltraPro Short QQQ (SQQQ) & ProShares UltraShort Nasdaq Biotechnology (BIS)

[2020-143](#) Information Regarding the Reverse Stock Split and CUSIP Number Change for Shineco, Inc. (TYHT)

[2020-142](#) Information Regarding the Merger of Forescout Technologies, Inc. (FSCT)

[2020-141](#) Information Regarding the Rights Distribution for Liberty Latin America Ltd. (LILA/LILAK)

[2020-140](#) Spin-Off/Distribution Information for SunPower Corporation (SPWR)

[2020-139](#) Information Regarding the Reverse Stock Split and CUSIP Number Change for TOP Ships Inc. (TOPS)

[2020-138](#) Spin-Off/Distribution Information for Smith & Wesson Brands, Inc. (SWBI)

[2020-137](#) Information Regarding the Reverse Stock Split and CUSIP Number Change for Vislink Technologies, Inc. (VISL)

### Equity Trader Alert:

[2020-51](#) U.S. Market Holiday Reminder - Labor Day Holiday

[2020-50](#) Nasdaq Testing Opportunity for Market-Wide Circuit Breaker (MWCBC): Saturday, August 22, 2020

[2020-49](#) Updated Timing: Nasdaq, BX and PSX Introduce New Risk Controls and Updates to Kill Switch

[2020-48](#) Nasdaq to Begin Listing New Defiance ETF on Tuesday, August 4, 2020

[2020-47](#) Nasdaq Testing Opportunity: Saturday, August 8, 2020

[2020-46](#) Nasdaq & BX Pricing Updates Effective August 3, 2020

### Equity Regulatory Alert:

[2020-10](#) Adoption of Changes to Minor Rule Violation Plans Adding CAT Reporting Compliance Rules

### Financial Products News:

[2020-30](#) Nasdaq to Move Select Global Indexes to Global Holiday Schedule

[2020-29](#) Nasdaq Announces Launch of 24 New Indexes Effective Monday, August 24, 2020

[2020-28](#) ICB 2020 Update - Nasdaq Migration to New ICB Codes for NQGI Family Sector Indexes and Nasdaq Composite Index (COMP) & Notice Plan for Remaining Indexes

### Futures Trader Alert:

No updates as of 8 / 31 / 2020

### Options Trader Alert:

[2020-22](#) Nasdaq BX Options Decommissions WAIT Order

[2020-21](#) Nasdaq NOM Updated Pricing Effective August 3, 2020

## NYSE Weekly Program-Trading Data Releases:

### Intercontinental Exchange Approves Third Quarter Dividend of \$0.30 per Share

Intercontinental Exchange (NYSE: ICE), a leading operator of global exchanges and clearing houses and provider of data and listings services, announced a \$0.30 per share dividend for the third quarter of 2020, which is up 9% from the \$0.275 per share dividend paid in the third quarter of 2019. The cash dividend is payable on September 30, 2020 to stockholders of record as of September 16, 2020. The ex-dividend date is September 15, 2020. ([Link](#))

### ICE Enhances NYSE FANG+™ Index Futures

Intercontinental Exchange (NYSE: ICE), a leading operator of global exchanges and clearing houses and provider of mortgage technology, data and listing services, announced it plans to enhance the NYSE FANG+™ Index futures by reducing the contract size to better match the needs of a wide range of investors. ([Link](#))

### Intercontinental Exchange Prices \$6,500,000,000 in Senior Notes

Intercontinental Exchange (NYSE: ICE), a leading operator of global exchanges and clearing houses and provider of data and listings services, announced that it priced an underwritten public offering of \$6.5 billion in new senior notes. ([Link](#))

### MERSCORP Holdings Partners with the Federal Home Loan Banks on eNote Acceptance

Intercontinental Exchange, Inc. (NYSE:ICE), a leading operator of global exchanges and clearing houses and provider of data and listings services, announced that MERSCORP Holdings, Inc. (MERS) has partnered with the Federal Home Loan Bank (FHLBank) System to facilitate use of the MERS® eRegistry by FHLBank member financial institutions wishing to pledge eNotes as collateral. MERS is part of ICE Mortgage Services, which applies technology and high-capacity infrastructure to make the mortgage process more efficient and assist clients in navigating the eMortgage ecosystem. ([Link](#))



### Intercontinental Exchange Enters Definitive Agreement to Acquire Ellie Mae from Thoma Bravo

Intercontinental Exchange (NYSE: ICE), a leading operator of global exchanges and clearing houses and provider of mortgage technology, data and listing services, announced that it has entered into a definitive agreement to acquire Ellie Mae®, the leading cloud-based platform provider for the mortgage finance industry. The transaction with Ellie Mae, a portfolio company of Thoma Bravo, a leading private equity investment firm, values Ellie Mae at approximately \$11 billion. The deal, following ICE's taking a majority stake in MERS in 2016, purchasing the remainder in 2018, and acquiring Simplifile in 2019, establishes ICE, through its growing ICE Mortgage Services network, as the leading provider of end-to-end electronic workflow solutions serving the evolving U.S. residential mortgage industry. ([Link](#))

### Intercontinental Exchange Reports July Statistics

Intercontinental Exchange, Inc. (NYSE: ICE), a leading operator of global exchanges and clearing houses and provider of data and listings services, reported July 2020 trading volume and related revenue statistics, which can be viewed on the company's investor relations website. ([Link](#))

## FINCEN

### Agencies Issue Statement on Bank Secrecy Act Due Diligence Requirements for Customers Who May Be Considered Politically Exposed Persons

The Federal Reserve Board, the Federal Deposit Insurance Corporation, the Financial Crimes Enforcement Network, the National Credit Union Administration, and the Office of the Comptroller of the Currency issued a joint statement clarifying that Bank Secrecy Act (BSA) due diligence requirements for customers who may be considered "politically exposed persons" (PEPs) should be commensurate with the risks posed by the PEP relationship. ([Link](#))

### FinCEN Statement on Enforcement of the Bank Secrecy Act

As the primary regulator and administrator of the Bank Secrecy Act (BSA), the Financial Crimes Enforcement Network (FinCEN) issued a statement that sets forth its approach to enforcing the rules and regulations within the BSA. ([Link](#))

### FinCEN Advisory on Cybercrime and Cyber-Enabled Crime Exploiting the COVID-19 Pandemic

The Financial Crimes Enforcement Network (FinCEN) issued an advisory to alert financial institutions to potential indicators of cybercrime and cyber-enabled crime observed during the COVID-19 pandemic. The advisory contains descriptions of COVID-19-related malicious cyber activity and scams, associated financial red flag indicators, and information on reporting suspicious activity. ([Link](#))

## PRA

### Reclassification of certain train operating companies to public non-financial corporations

In July 2020, the Office for National Statistics (ONS) announced a decision to reclassify the train operating companies (TOCs) that were subject to emergency measure agreements (EMAs) to the public non-financial corporation sector. Implementation date to be confirmed. ([Link](#))

### US dollar liquidity-providing operations from 1 September 2020

This operational change will be effective as of 1 September 2020. At the same time, these central banks will continue to hold weekly operations with an 84-day maturity. These central banks stand ready to re-adjust the provision of US dollar liquidity as warranted by market conditions. The swap lines among these central banks are available standing facilities and serve as an important liquidity backstop to ease strains in global funding markets, thereby helping to mitigate the effects of such strains on the supply of credit to households and businesses, both domestically and abroad. ([Link](#))

### Changes to the provision of US dollar repo operations from September 2020

The Bank of England, in co-ordination with other central banks, has decided to reduce the frequency of 7-day maturity operations which provide liquidity via the standing US dollar liquidity swap line arrangements. ([Link](#))

## FCA

### FCA proposes the next stage of support for mortgage borrowers

The Financial Conduct Authority (FCA) has announced proposals to ensure that firms provide tailored support to mortgage borrowers who continue to face payment difficulties due to coronavirus. ([Link](#))

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**Pension savers claim over £30 million lost to scams as regulators urge footie fans to show scammers the red card**

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A total of £30,857,329 has been reportedly lost to pension scammers since 2017 according to complaints filed with Action Fraud, says the Financial Conduct Authority and The Pensions Regulator. ([Link](#))

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**Capital distribution and accounting update on LF Equity Income Fund (formerly LF Woodford Equity Income Fund)**

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On 18 January 2020, Link Fund Solutions Ltd (LFS), the Authorised Corporate Director (ACD) of the LF Equity Income Fund (LFEIF), started winding up the fund. LFS considered the winding-up of the LFEIF to be in the best interests of all investors and enabled the return of cash to investors at the earliest opportunity. ([Link](#))

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**High Court orders illegal pension introducers and their directors to pay £10,715,000 restitution to consumers**

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In a case brought by the FCA, the High Court has ordered two companies and three individuals to pay a total of £10,715,000 in restitution to members of the public who were induced to transfer their pensions into self-invested personal pensions (SIPPs). ([Link](#))

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**FCA highlights concerns when credit firms allow repeat borrowing**

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The review, which was completed prior to the coronavirus pandemic, highlights concerns about poor practices by some firms and notes that nearly half of consumers regretted borrowing more money. As firms in this sector begin to lend again, the report sets out the FCA's expectations on how they must treat consumers. ([Link](#))

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**FCA consults on new rules to improve open-ended property fund structures**

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The Financial Conduct Authority (FCA) is consulting on proposals to reduce the potential for harm to investors from the liquidity mismatch in open-ended property funds. The new rules as proposed would require investors to give notice – potentially of up to 180 days - before their investment is redeemed. The FCA welcomes any feedback and is particularly keen to hear suggestions for alternative measures that might achieve the same outcome. ([Link](#))

<b>Resource Links</b>	
<p style="text-align: center;"><b>Government</b></p> <ul style="list-style-type: none"> <li>• U.S. Securities &amp; Exchange Commission – <a href="http://WWW.SEC.GOV">WWW.SEC.GOV</a></li> <li>• North American Securities Administrators Association - <a href="http://WWW.NASAA.ORG">WWW.NASAA.ORG</a></li> <li>• FINCEN - <a href="http://WWW.FINCEN.GOV">WWW.FINCEN.GOV</a></li> <li>• Commodity Futures Trading Commission – <a href="http://WWW.CFTC.GOV">WWW.CFTC.GOV</a></li> <li>• Financial Conduct Authority - <a href="http://WWW.FCA.ORG.UK">WWW.FCA.ORG.UK</a></li> <li>• Prudential Regulatory Authority – <a href="http://WWW.BANKOFENGLAND.CO.UK">WWW.BANKOFENGLAND.CO.UK</a></li> </ul>	<p style="text-align: center;"><b>SRO</b></p> <ul style="list-style-type: none"> <li>• FINRA - <a href="http://WWW.FINRA.ORG">WWW.FINRA.ORG</a></li> <li>• NASDAQ - <a href="http://WWW.NASDAQ.COM">WWW.NASDAQ.COM</a></li> <li>• New York Stock Exchange - <a href="http://WWW.NYSE.COM">WWW.NYSE.COM</a></li> <li>• Municipal Securities Rulemaking Board - <a href="http://WWW.MSRB.ORG">WWW.MSRB.ORG</a></li> <li>• National Futures Association <a href="http://WWW.NFA.FUTURES.ORG">WWW.NFA.FUTURES.ORG</a></li> </ul>
<p><b>Industry</b></p> <ul style="list-style-type: none"> <li>• Alternative Investment Management Association “AIMA” – <a href="http://WWW.AIMA.ORG">WWW.AIMA.ORG</a></li> <li>• Bank Insurance &amp; Securities Association “BISA” – <a href="http://WWW.BISANET.ORG">WWW.BISANET.ORG</a></li> <li>• Florida Securities Dealers Association “FSDA” — <a href="http://WWW.FLORIDASECURITIES.COM">WWW.FLORIDASECURITIES.COM</a></li> <li>• Financial Market Association “FMA” – <a href="http://WWW.FMAWEB.ORG">WWW.FMAWEB.ORG</a></li> <li>• Financial Services Institute “FSI” – <a href="http://WWW.FINANCIALSERVICES.ORG">WWW.FINANCIALSERVICES.ORG</a></li> <li>• Investment Adviser Association “IAA” – <a href="http://WWW.INVESTMENTADVISER.ORG">WWW.INVESTMENTADVISER.ORG</a></li> <li>• Investment Company Institute “ICI” — <a href="http://WWW.ICI.ORG">WWW.ICI.ORG</a></li> <li>• Managed Funds Association “MFA” – <a href="http://WWW.MANAGEDFUNDS.ORG">WWW.MANAGEDFUNDS.ORG</a></li> <li>• National Society of Compliance Professionals “NSCP” – <a href="http://WWW.NSCP.ORG">WWW.NSCP.ORG</a></li> <li>• Securities Industry and Financial Markets Association “SIFMA” – <a href="http://WWW.SIFMA.ORG">WWW.SIFMA.ORG</a></li> </ul>	

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

<b>Name:</b>				
<b>Firm:</b>		<b>IA:</b>	<b>BD:</b>	<b>Other:</b>
<b>Phone:</b>		<b>Fax:</b>		

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, please do not hesitate to call (561) 368-2245 or email:

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