

## **FINRA Podcast**

### **FINRA's Monthly Recap – April 2016**

KEP Hello, and welcome to FINRA's monthly recap podcast from Washington, DC. I'm Kenneth Edward Piner.

NJ And I'm Nika James. Today is May 2, 2016.

KEP Let's start with notices. FINRA and the Municipal Securities Rulemaking Board issued guidance to remind firms of their obligations related to privately placing municipal securities directly with a single purchaser. And the guidance also highlighted firms' responsibilities when using bank loans in the municipal securities market. The regulators observed firms may not be doing enough due diligence and analysis when using these instruments. You can learn more about the guidance in Regulatory Notice 16-10.

NJ The Securities and Exchange Commission approved FINRA's proposal to amend the instructions to the derivatives and other off-balance sheet items schedule, also called OBS. As detailed in Regulatory Notice 16-11, the changes would expand the OBS to cover certain non-carrying and non-clearing firms that have significant off-balance sheet obligations. These firms must file their initial OBS disclosing off-balance sheet details on or before August 2, 2016. For firms that were already required to file the schedule, nothing will change.

KEP FINRA gave guidance on firm responsibilities for sale of pension income stream products. Notice 16-12 describes them and the related investor protection issues and reminds firms of their obligations when selling them.

- NJ The SEC issued revised no-action guidance about when broker-dealers may treat certain foreign equity securities as having a ready market and when they are subject to haircuts. As detailed in Regulatory Notice 16-13, the new guidance issued in a February 2016 letter replaces one from 2012 and it expands the definition of ready market for these foreign equity securities.
- KEP FINRA announced the implementation date for block-size trade data publication from alternative trading systems as part of our ATS transparency initiative. On October 3, 2016, FINRA will start publishing monthly ATS block-size trading statistics in all national market system stocks. You can learn more about the available trade data in Regulatory Notice 16-14.
- NJ FINRA also announced the approval of a new role that provides FINRA staff with authority to grant a member of an ATS an exemption from TRACE trade reporting obligations that meet specific conditions. Regulatory Notice 16-15 details those conditions.
- KEP Next up: resources for firms. FINRA is conducting a survey about how listeners use our podcast and we'd like to hear from you. Let us know what you think of our podcast and what you'd like to hear from us in the future. Just go to the survey on our website at [FINRA.org/podcastsurvey](http://FINRA.org/podcastsurvey).
- NJ FINRA published the TRACE Fact Book's 1st Quarter data tables. They aggregate details for securities products and corporate and agency debt securities.

KEP And FINRA developed a new report called the “Cross Market Equities Supervision Potential Manipulation Report.” It’s meant to help firms spot and halt trading behaviors that may be designed to manipulate the market. You can contact your firm’s super account administrator to get access to the new report in the FINRA Report Center.

NJ Turning now to education. FINRA released the latest quarterly disciplinary review podcast in April. It highlights some cases from the past three months that show conduct that may result in disciplinary action. This month’s cases included supervisory failures and fund misappropriation. And, as FINRA’s Jante Turner explains, these violations can have serious consequences:

JT “The representative failed to notify his firm of this outside business activity, violating the ethical standards and outside activities rules. For these violations, FINRA suspended the representative from associating with any firm for seven months and fined him \$15,000.”

KEP The 2016 FINRA Annual Conference is almost here. You can come to the event May 23-25 in Washington, DC, or sign up to watch online. It will feature over 45 informative panels as well as networking events with people from firms, government, and regulators. And, again, this year is a back-to-basics compliance program for newer compliance professionals.

NJ Three more sessions are coming up for FINRA’s 2016 Foundations of Web CRD/IARD Training. It’s a two-day program of comprehensive hands-on training in those systems. Two sessions will be in California in June and another in Maryland in September.

- KEP The schedule is now available for the 2016 FINRA Institute at Wharton's Certified Regulatory and Compliance [Professional] program. It's an executive educational experience that goes in-depth on securities laws and regulation. Students stay on the University of Pennsylvania campus for the program's two non-consecutive weeks.
- NJ The Fixed Income Conference is coming up on September 7 in New York City. Regulators and fixed income professionals will gather there to discuss recent events in the fixed income markets and how they are responding.
- KEP And FINRA's 2016 Small Firm Conference will held November 9 and 10 in Phoenix, Arizona. At it, professionals from small firms will learn from and meet with each other and regulators including FINRA senior staff.
- NJ You can register for all these events and find other resources on the Education section of our website.
- KEP Next up: FINRA news. In April, FINRA Securities Helpline for Seniors had its first anniversary. In the first year, the Helpline fielded more than 4,000 calls. And so far resulted in the return of more than a \$1,000,000 to investors. And as FINRA's Executive Vice President of Regulatory Operations Susan Axelrod says, the Helpline isn't just for seniors:
- SA "Whether you're age 22 or 100, we are happy to take your call. You may be helping senior loved ones."
- NJ FINRA barred former Registered Representative James Van Doren for unethical conduct involving a money laundering scheme in a plan to deceive a friend's creditors and

commit bankruptcy fraud. He temporarily accepted nearly \$250,000 from his friend, including 30 grand in cash in a briefcase, to help the friend hide the assets from creditors. Van Doren also lied to his own bank to try to get more money. In connection with the scheme, he pled guilty in Federal District Court to one count of money laundering and was sentenced to 15 months in prison.

KEP Moving now to investor news. FINRA issued an Investor Alert about required minimum distributions. These are the smallest amounts you can withdraw each year from a traditional retirement savings plan once you've reach the age where you must make mandatory withdrawals (usually 70½). The Alert answers ten commonly asked questions like "can I withdraw more than the required amount?" and "what happens if the account owner dies?"

NJ The FINRA Investor Education Foundation teamed up with the Filene Research Institute and six local credit unions for employer-sponsored small-dollar loan research. They will study the impact of small loans from employers designed to help employees avoid costly payday lenders. A previous two-year pilot indicated the program is feasible and may help employees establish or repair credit and begin to save.

KEP And, with that, we close out FINRA's April 2016 recap. We hope you found this podcast helpful, and that you will share it with your colleagues.

NJ Until next time, for all of us at FINRA, I'm Nika James.

KEP And I'm Kenneth Edward Piner.

NJ Thanks for listening.