

Routing

- Legal & Compliance
- Senior Management
- Supervisory Principals
- Operations
- Internal Audit
- Registered Representatives
- Registration & Licensing
- Training

Table of Contents

SEC.....2

FINRA.....2

MSRB3

NASAA4

NASDAQ/NASDAQ
TRADER/OTCBB.....4

NYSE/EURONEXT.....5

FINCEN7

FSA.....7

Resource Links9

Reader Survey10

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:** Monthly FOCUS Filing Due March 23, 2011
- **FINRA:** Annual Fixed Income Conference, March 7, 2011, New York, NY
- **NASAA:** 2011 Public Policy Conference, March 27-28, 2011, Washington, DC
- **FINRA:** Annual Conference, May 23-25, 2011, Washington, DC

NOTABLE ITEMS IN THIS EDITION

- **SEC** – Charges TD Ameritrade for Failing to Supervise Its Representatives Who Sold Shares of the Reserve Yield plus Fund – Page 2
- **SEC** – Charges six expert network consultants and employees with insider trading for illegally tipping hedge funds and other investors to generate nearly \$6 million in illicit gains – Page 2
- **SEC** – Charges AXA Rosenberg Entities for Concealing Error in Quantitative Investment Model – Page 2
- **SEC** – Charges seven in Global Warming Pump-and-Dump Scheme – Page 2
- **FINRA** – Imposes Fines Totaling \$600,000 against Lincoln Financial Securities and Lincoln Financial Advisors for Failure to Protect Confidential Customer Information – Page 2
- **FINRA** – SEC Approves FINRA Proposal to Give Investors Permanent Option of All Public Arbitration Panels – Page 2
- **FINRA** – SEC Approves Consolidated FINRA Rule Governing Reporting Requirements – Page 3
- **FINRA** – FINRA Revises the Sanction Guidelines – Page 3
- **FINRA** – FINRA Requests Comment on Proposed Consolidated FINRA Rules Governing Markups, Commissions and Fees – Page 3
- **MSRB** – Requests Comments on Draft Municipal Advisor Fiduciary Duty Rule and Fair Dealing Obligations – Page 3
- **MSRB** – MSRB Publishes 2010 Annual Review and New Rule Book – Page 3
- **NASAA** – Offers Pro-Investor Legislative Agenda – Page 4
- **NASAA** – Reminds Investors to Investigate Before They Invest – Page 4
- **NYSE** – Deutsche Boerse AG and NYSE Euronext Agree To Combine To Create The Premier Global Exchange Group – Page 6
- **FICNEN** – Issues Final Rule on Foreign Bank and Financial Accounts Report (FBAR) Responsibilities – Page 7
- **FICNEN** – Advisory Warns of Elder Financial Exploitation – Page 7

Service Spotlight: Supervisory Controls

RRS provides a full range of services to assist with your firm's compliance with FINRA Rules 3010, 3012 and 3013, including:

- Comprehensive Risk Assessment
- Review of Supervisory Structure
- Written Policies and Procedures Gap Analysis
- Report Preparation
- Draft CEO Certification
- Annual Compliance Meetings
- Compliance Program Testing Training
- Ongoing Compliance Support

Contact:

John Pinto
(202) 463-6575

JohnPinto@RRSCompliance.com



Renaissance Regulatory Services, Inc.

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

www.RRSCompliance.com * Research@RRSCompliance.com

Washington, DC – Pittsburgh, PA

SEC

SEC Proposes:

Rules for Security-Based Swap Execution Facilities ([Link](#))

First in Series of Rule Amendments to Remove References to Credit Ratings ([Link](#))

SEC Charges:

TD Ameritrade for Failing to Supervise Its Representatives Who Sold Shares of the Reserve Yield plus Fund ([Link](#))

Six expert network consultants and employees with insider trading for illegally tipping hedge funds and other investors to generate nearly \$6 million in illicit gains ([Link](#))

AXA Rosenberg Entities for Concealing Error in Quantitative Investment Model ([Link](#))

Seven in Global Warming Pump-and-Dump Scheme ([Link](#))

Eight Individuals and Three Companies in \$33 Million International Microcap Fraud ([Link](#))

Hedge Fund Managers and Traders in \$30 Million Expert Network Insider Trading Scheme ([Link](#))

Tyson Foods with FCPA Violations ([Link](#))

Former Mortgage Lending Executives with Securities Fraud ([Link](#))

Former Treasurer of Major Mortgage Lender for Role in Securities Fraud and TARP Scheme ([Link](#))

Securities Professionals and Traders in International Hedge Fund Portfolio Pumping Scheme ([Link](#))

Military Body Armor Supplier and Former Outside Directors With Accounting Fraud ([Link](#))

List of No Action Letters:

[02/04/2011](#) H & Q Life Sciences Investors

[02/14/2011](#) Calamos Convertible Opportunities and Income Fund, Calamos Convertible and High Income Fund, and Calamos Global Total Return Fund

[02/15/2011](#) Lazard Global Total Return and Income Fund, Inc. and Lazard World Dividend & Income Fund, Inc.

SEC Final Rules:

[02/23/2011](#) Technical Amendments to Rule 17a-8: Financial Recordkeeping and Reporting of Currency and Foreign Transactions

SEC Halts Fraudulent Investment Scheme by Purported Trader in Dallas-Fort Worth Area

The SEC alleges that Christopher Love Blackwell sold investments in a phony fixed income trading program by enticing investors with promises of risk-free, guaranteed monthly investment returns as high as 30 percent. Blackwell assured investors he was an experienced

trader and advisor in a variety of securities and services including hedge funds and international bank instruments. However, instead of investing client funds as promised, Blackwell spent nearly \$3 million in investor money on questionable unrelated business activities as well as such personal expenses as child support, gentlemen's club entertainment, and purchases of expensive vehicles. He also made approximately \$500,000 in Ponzi-like payments using money from new investors to pay earlier investors. ([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

FINRA

FINRA Imposes Fines Totaling \$600,000 against Lincoln Financial Securities and Lincoln Financial Advisors for Failure to Protect Confidential Customer Information

FINRA announced that it has imposed fines of \$450,000 against Lincoln Financial Securities, Inc. (LFS) and \$150,000 against an affiliated firm, Lincoln Financial Advisors Corporation (LFA), for failure to adequately protect non-public customer information. In addition, LFS failed to require brokers working remotely to install security application software on their own personal computers used to conduct the firm's securities business. ([Link](#))

SEC Approves FINRA Proposal to Give Investors Permanent Option of All Public Arbitration Panels

FINRA announced that the SEC has approved its proposed rule change to provide customers in all FINRA arbitrations the option of having an all public panel. Historically, in cases with three arbitrators, the panels have been comprised of two public arbitrators and one arbitrator with a nexus to the securities industry. The amended rules will apply to all customer cases in which a list of potential arbitrators has not yet been sent to the parties. ([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.

FINRA Investor Education Foundation and the American Library Association Announce \$1.4 Million in Grants to Public Libraries to Support Grassroots Financial Literacy

FINRA Investor Education Foundation and the American Library Association (ALA) have announced \$1.4 million in grants to 20 recipients as a part of the Smart investing@your library® initiative. [\(Link\)](#)

Regulatory Notices:

11-05 Customer Option to Choose an All Public Arbitration Panel in All Cases

11-06 SEC Approves Consolidated FINRA Rule Governing Reporting Requirements

11-07 FINRA Revises the Sanction Guidelines

11-08 FINRA Requests Comment on Proposed Consolidated FINRA Rules Governing Markups, Commissions and Fees

11-09 New Electronic System for Submitting and Processing Company-Related Actions for Non-Exchange Listed Securities Under Rule 6490

Information Notices:

2/7/2011 January 2011 Supplement to the Options Disclosure Document

February 2011 Disciplinary and Other FINRA Actions

FINRA has taken disciplinary actions against the firms and individuals for violations of FINRA rules. [\(Link\)](#)

MSRB

MSRB Requests Comments on Draft Municipal Advisor Fiduciary Duty Rule and Fair Dealing Obligations

MSRB issued, in a series of three requests for comment, proposals addressing the key new regulatory mandates under the Dodd-Frank

Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) relating to the fiduciary duty of municipal advisors and the expansion of the MSRB’s investor protection mission to include the protection of municipal entities and obligated persons. [\(Link\)](#)

MSRB Publishes 2010 Annual Review and New Rule Book

MSRB published its [2010 Annual Review](#), which outlines accomplishments for the year and includes audited financial statements for fiscal year 2010. The report details activities aimed at achieving the MSRB’s investor and municipal entity protection mission. The MSRB also published a new [MSRB Rule Book](#) describing rules for municipal securities dealers and municipal advisors that are effective as of January 1, 2011. [\(Link\)](#)

MSRB to Make Additional Variable Rate Securities Information Available

MSRB announced that it will soon begin disseminating additional information about municipal variable rate securities that will allow investors and others to evaluate the level of dealer support and market demand for auction rate securities and variable rate demand obligations. This information will be made publicly available, for free, on the MSRB’s Electronic Municipal Market Access (EMMA) website. [\(Link\)](#)

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

MSRB Makes Additional Continuing Disclosure Information Publicly Available

Municipal securities investors can now get information about the expected timing of continuing disclosures made by municipal bond issuers and easily identify the most recent disclosures on the Municipal Securities Rulemaking Board's [EMMA website](#). The enhancements support the MSRB's mission to provide broad and timely access to key municipal market documents and data. ([Link](#))

MSRB Notices for February 2011:

[2011-07](#) SEC Approves Amendments to Rule A-3(c) to Establish New Nominating and Governance Committee

[2011-08](#) Reminder of February 14 Effective Date for Amendments to Rule G-32 Related to Submission of Information About Continuing Disclosure Undertakings

[2011-09](#) Amendments to Rules G-8 and G-34 to Increase Transparency of Municipal Variable Rate Securities Effective May 16, 2011

[2011-10](#) Proposed Rule Amendments and Interpretive Notice Filed Regarding Rule G-23 on Activities of Financial Advisors

[2011-11](#) MSRB Files Proposal to Amend SHORT System Subscription Service

[2011-12](#) Request for Comment on Draft Interpretive Notice Concerning the Application of MSRB Rule G-17 to Underwriters of Municipal Securities

[2011-13](#) Request for Comment on Draft Interpretive Notice Concerning the Application of MSRB Rule G-17 to Municipal Advisors

[2011-14](#) Request for Comment on Draft MSRB Rule G-36 (on Fiduciary Duty of Municipal Advisors) and Draft Interpretive Notice

[2011-15](#) MSRB Files Amendments to Rule A-15 Relating to Notification to Board of Change in Status or Change of Name and Address

[2011-16](#) Request for Comment on Gifts and Gratuities Rule for Municipal Advisors

[2011-17](#) Notice on Upcoming Changes to Rule G-34(c) to Require Dealer Submission of ARS and VRDO Documents to the SHORT System

[2011-18](#) Request for Comment on Draft Broker's Brokers Rule and Associated Recordkeeping and Transaction Amendments

MSRB Proposes:

Prohibition on Dealers Acting as Financial Advisor and Underwriter on New Issue of Municipal Securities ([Link](#))

Municipal Advisor Notification Rule ([Link](#))

NASAA

NASAA Statement on:

SEC Approval of FINRA Arbitration Proposal ([Link](#))

NASAA Offers Pro-Investor Legislative Agenda

State securities regulators called upon the 112th Congress to continue its commitment to investors by maintaining a strong system of state and federal investor protection as the policy debate continues over the implementation of the Dodd-Frank Wall Street Reform and Consumer Protection Act. ([Link](#))

NASAA Reminds Investors to Investigate Before They Invest

Sunday, Feb. 20 marked the start of America Saves Week, a seven-day campaign to encourage Americans to save for a secure retirement. America Saves Week may spur investors to revisit their investment portfolios and consider new ways to put their savings to work for them. NASAA urges investors to do their homework before they make any investment decisions. ([Link](#))

Watching the States

When a state regulator comes knocking on your door, it's usually NOT a routine event. Unlike the SEC and FINRA, most broker-dealers and investment advisers typically only deal with state agencies for registration, licensing and complaint response purposes, and rarely have to deal with them during examinations. It is for this reason that many firms get tripped up during state regulatory inquiries. The fact is that most state examinations initiate from complaints, tips or sweeps based on your firm's sales practices or advertising materials and their purpose is rarely routine. Recent examples included sweeps on Senior Seminars, Variable Insurance product sales, and Auction Rate Securities sales.

RRS' staff has extensive experience in dealing with State regulatory matters. Whether it's registration and licensing or responding to a state inquiry, RRS staff can help smooth the process. RRS preventative compliance services include branch office examination, regulatory mandates, complaint assessment, and mystery shopping for branch offices and seminars.

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

NASDAQ—NASDAQ-TRADER

NASDAQ Announces Open Short Interest Positions in NASDAQ Stocks as of:

Settlement Date January 31, 2011 ([Link](#))

Settlement Date February 15, 2011 ([Link](#))

Equity Trader Alert:

[2011 – 11](#) Important Update

[2011 - 12](#) NASDAQ OMX Provides Additional Dissemination Choices for Reg SHO Information

[2011 - 13](#) NASDAQ Began Listing a New ETF on Friday, February 18, 2011

[2011 - 14](#) NASDAQ Introduces the SOLV Routing Strategy, Effective March 7, 2011

[2011 - 15](#) NASDAQ Introduces the CART Routing Strategy, Effective March 7, 2011

[2011 - 16](#) NASDAQ Updates Pricing Effective Tuesday, March 1, 2011

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

Options Trader Alert:

[2011 - 5](#) NASDAQ OMX PHLX Announces the Activation of Additional Functionality in its Complex Order System

[2011 - 6](#) PHLX Updates Make/Take Symbols and Definitions of Dividend and Merger Strategies

Options Technical Update:

[2011 - 4](#) NASDAQ OMX PHLX Updates FIX and SQF Technical Specifications

Financial Products News:

[2011 - 6](#) Index Values Restated for Select NASDAQ OMX Indexes

[2011 - 7](#) NASDAQ OMX to Begin Dissemination of Two New Indexes Effective Tuesday, February 22, 2011

[2011 - 8](#) NASDAQ OMX to Disseminate New Russell Stability Indexes on RussellTick Effective March 2, 2011

[2011 - 9](#) NASDAQ OMX to Discontinue Dissemination of NASDAQ OMX Global Biotechnology Indexes

[2011 - 10](#) NASDAQ OMX to Begin Dissemination of New Third Party European ETF on Global Index Data Service (GIDS) Effective February 23, 2011

[2011 - 11](#) NASDAQ OMX Plans to Introduce a New Unified File Format for Equity Index Weightings Data, Effective April 4, 2011

[2011 - 12](#) Closing Index Values Restated for Select Wilshire Indexes for February 22, 2011

[2011 - 13](#) NASDAQ OMX to Disseminate a New Series of Global Benchmarks from Russell Indexes on RussellTick Effective March 14, 2011

NASDAQ OMX Reports Record Fourth Quarter 2010 Results

NASDAQ OMX Group reported strong results for the fourth quarter of 2010. Net income attributable to NASDAQ OMX for the fourth quarter of 2010 was \$137 million, or \$0.69 per diluted share, compared with \$101 million, or \$0.50 per diluted share, in the third quarter of 2010, and \$43 million, or \$0.20 per diluted share, in the fourth quarter of 2009. For the full year of 2010, net income attributable to NASDAQ OMX was \$395 million, or \$1.91 per diluted share. ([Link](#))

OSE's New Derivatives Trading System, J-GATE, Launched

Osaka Securities Exchange Co., Ltd. (OSE) has successfully launched its new derivatives trading system, "J-GATE", compliant with international standards and equipped with new trading functions and the world's highest order processing capacity. The system is powered by NASDAQ OMX trading technology. ([Link](#))

Singapore Exchange Partners with NASDAQ OMX to Offer Innovative Corporate Solutions to Asian Companies

Singapore Exchange (SGX) in partnership with the NASDAQ OMX Group, Inc. will be offering a comprehensive suite of tools and solutions designed to enhance corporate activities for listed companies in Asia starting with Southeast Asia and India. ([Link](#))

NYSE—EURONEXT—AMEX

NYSE Suspends Trading in:

Borders Group, Inc. ([Link](#))

NYSE AMEX LLC to Halt Trading in the Securities of:

Gerova Financial Ltd. ([Link](#))

NYSE Amex Issues Short Interest Report:

Settlement date of January 31, 2011 ([Link](#))

Settlement date of February 15, 2011 ([Link](#))

NYSE Group, Inc. Issues Short Interest Report:

Settlement date of January 31, 2011 ([Link](#))

Settlement date of February 15, 2011 ([Link](#))

NYSE Weekly Program-Trading Data Releases:

Program Trading Averaged 26.0 Percent of NYSE Volume during Jan. 24-28 ([Link](#))

Program Trading Averaged 28.0 Percent of NYSE Volume during Jan. 31-Feb. 4 ([Link](#))

Program Trading Averaged 26.4 Percent of NYSE Volume during Feb. 7-11 ([Link](#))

Program Trading Averaged 29.3 Percent of NYSE Volume during Feb. 14-18 ([Link](#))

Comment/Statement From:

Tom Callahan, CEO, NYSE Liffe U.S. re: New York Portfolio Clearing Receives DCO Registration from CFTC ([Link](#))

NYSE Euronext and Deutsche Börse AG Statement on Reported Name of Proposed Holding Company ([Link](#))

Deutsche Boerse AG and NYSE Euronext Agree To Combine To Create The Premier Global Exchange Group

Deutsche Boerse AG and NYSE Euronext announced that they have entered into a business combination agreement following approval from both companies' Boards. Under the agreement, the companies will combine to create the world's premier global exchange group, creating the world leader in derivatives trading and risk management, and the largest, most well known venue for capital raising and equities trading. The combined group will offer clients global scale, product innovation, operational and capital efficiencies, and an enhanced range of technology and market information solutions. ([Link](#))

NYSE Euronext Announces Trading Volumes for January 2011

NYSE Euronext announced trading volumes for its global derivatives and cash equities exchanges for January 2011. Global derivatives average daily volume ("ADV") of 9.0 million contracts traded per day in January 2011 decreased 2.7% versus the prior year, but increased 35.6% sequentially. The decrease in global derivatives ADV versus prior year levels was driven primarily by a 7.5% decrease in European derivatives, partially offset by a 3.0% increase in U.S. equity options ADV. The strong sequential increase was driven by a 78.0% increase in European fixed income derivatives and a 29.5% increase in U.S. equity options. Cash equities ADV in January 2011 was mixed, with European

cash ADV increasing 27.8% and U.S. cash trading volumes decreasing 12.2% from January 2010 levels. ([Link](#))

NYSE Euronext Announces Fourth Quarter and Full-Year 2010 Financial Results

NYSE Euronext reported net income of \$135 million, or \$0.51 per diluted share for the fourth quarter of 2010, compared to net income of \$172 million, or \$0.66 per diluted share for the fourth quarter of 2009. Results for the fourth quarter of 2010 and fourth quarter of 2009 include \$18 million and \$43 million, respectively, of pre-tax merger expenses and exit costs as well as the impact of the requisite reversal of discrete tax reserves. Excluding the impact of these items, net income in the fourth quarter of 2010 was \$120 million, or \$0.46 per diluted share, compared to \$151 million, or \$0.58 per diluted share, in the fourth quarter of 2009. ([Link](#))

New York Portfolio Clearing Receives DCO Registration from CFTC

New York Portfolio Clearing, LLC (NYPC), the innovative derivatives clearing house that will deliver single-pot margin efficiency between fixed income securities and interest rate futures, announced that the Commodity Futures Trading Commission (CFTC) has granted NYPC registration as a U.S. Derivatives Clearing Organization (DCO) pursuant to the Commodity Exchange Act. The CFTC's approval represents a significant step towards bringing the unique capital and operational efficiencies of NYPC to global fixed income traders. ([Link](#))

Deutsche Börse AG and NYSE Euronext Inc. Confirm Advanced Merger Discussions

In light of recent market rumors, Deutsche Börse AG and NYSE Euronext confirmed that they are engaged in advanced discussions regarding a potential business combination. They cautioned that no agreement has been reached. They also noted that there cannot be any assurance that an agreement will be reached or, if an agreement is reached, that a transaction will be completed. Any transaction would be subject to the approval of the two companies' boards, regulatory and shareholder approvals, as well as other customary conditions. ([Link](#))

NYSE Arca Tech 100 Index® Announces Change to Index Components

NYSE Euronext Inc. announced that the NYSE Arca Tech 100 Index replaced the following constituents in the index as a result of a corporate action. The changes are effective as of market close on Thursday, February 17, 2011. ([Link](#))

NYSE Technologies Launches Feed Handlers for OSE's J-GATE Derivatives Platform

NYSE Technologies, the commercial technology unit of NYSE Euronext announced the successful addition of the Osaka Stock Exchange's new J-GATE derivatives feed to their low latency, loss less and high availability market data platform. Designed to meet the demands of some of the industry's most sophisticated traders, the platform offers all the OSE's new and enhanced data feeds with NYSE Technologies' renowned speed, support and service. ([Link](#))

NYSE Euronext and APX Complete Transaction and Form NYSE Blue

NYSE Euronext announced the completion of its transaction with APX, Inc. to create NYSE Blue, a new global company with an exclusive focus on environmental and sustainable energy markets. ([Link](#))

NYSE Technologies Expands SFTI Network to Mexico

Interacciones Casa de Bolsa of Mexico (ICB) and NYSE Technologies, the commercial technology division of NYSE Euronext, announced that ICB has joined the Secure Financial Transaction Infrastructure (SFTI) as a prime destination to Mexico. ([Link](#))

ASK ABOUT OUR ORDER HANDLING AND BEST**EXECUTION SURVEILLANCE SOLUTIONS****CONTACT JOHN PINTO AT****(202) 463-6575**JOHNPINTO@RRSCOMPLIANCE.COM**FINCEN****FinCEN Issues Final Rule on Foreign Bank and Financial Accounts Report (FBAR) Responsibilities**

FinCEN issued a [rule](#) that amends the Bank Secrecy Act (BSA) implementing regulations regarding the Report of Foreign Bank and Financial Accounts (FBAR). The FBAR filing requirements, authorized under one of the original provisions of the BSA, have been in place since 1972. The FBAR form is used to report a financial interest in, or signature or other authority over, one or more financial accounts in foreign countries. ([Link](#))

FinCEN Advisory Warns of Elder Financial Exploitation

FinCEN released a new advisory to help financial institutions spot and report on activities involving elder financial exploitation. The advisory, Advisory to Financial Institutions on Filing Suspicious Activity Reports Regarding Elder Financial Exploitation, contains red flags, or indicators that abuse may be occurring and specifically asks financial institutions to include the term "Elder Financial Exploitation" on filings of suspicious activity reports (SARs). ([Link](#))

Treasury News Release: Treasury Identifies Lebanese Canadian Bank SAL as a "Primary Money Laundering Concern"

The U.S. Department of the Treasury announced the identification of The Lebanese Canadian Bank SAL together with its subsidiaries (LCB) as a financial institution of primary money laundering concern under Section 311 of the USA PATRIOT Act (Section 311) for the bank's role in facilitating the money laundering activities of an international narcotics trafficking and money laundering network. This network moves illegal

drugs from South America to Europe and the Middle East via West Africa and launders hundreds of millions of dollars monthly through accounts held at LCB, as well as through trade-based money laundering involving consumer goods throughout the world, including through used car dealerships in the United States. Treasury has reason to believe that LCB managers are complicit in the network's money laundering activities. The action also exposes the terrorist organization Hizballah's links to LCB and the international narcotics trafficking and money laundering network. ([Link](#))

Civil Money Penalty Assessed Against Zions First National Bank

FinCEN announced the assessment of a civil money penalty against Zions First National Bank, Salt Lake City, Utah, for violations of the Bank Secrecy Act (BSA). Zions, without admitting or denying the facts or allegations, consents to an \$8 million civil money penalty, which is concurrently assessed with the Office of the Comptroller of the Currency and satisfied by a single payment of \$8 million to the U.S. Department of the Treasury. ([Link](#))

Former Treasurer of Taylor, Bean & Whitaker Pleads Guilty to \$1.9 Billion Fraud Scheme That Contributed to the Failure of Colonial Bank

Desiree Brown, the former treasurer of a private mortgage lending company, Taylor, Bean & Whitaker (TBW), pleaded guilty today to conspiring to commit bank, wire and securities fraud for her role in a more than \$1.9 billion fraud scheme that contributed to the failures of Colonial Bank and TBW. ([Link](#))

Advisories/Bulletins/Fact Sheets:

[FIN-2011-A002](#) Guidance to Financial Institutions on Recent Events in Egypt

[FIN-2011-A003](#) Advisory to Financial Institutions on Filing Suspicious Activity Reports Regarding Elder Financial Exploitation

[FIN-2011-A004](#) Guidance to Financial Institutions on Recent Events in Libya

FSA**FSA Has Fined and/or Banned:**

David Massey £150,000 and ban him from performing any role in regulated financial services for engaging in market abuse ([Link](#))

Daniel Hassell from working in regulated financial services ([Link](#))

Pension Switching Firms in Barnsley and Milton Keynes ([Link](#))

DB Mortgages for irresponsible lending and poor treatment of customers in arrears ([Link](#))

FSA Announces:

Annual Funding Requirement for 2011/12 ([Link](#))

New Draft Code of Practice for Auditors and Supervisors ([Link](#))

Investment Banker, His Wife and Family Friend Sentenced for Insider Dealing

Christian Littlewood, a senior investment banker and former FSA Approved Person, his wife Angie Littlewood (also known as Siew Yoon Lew and Angie Lew) and a family friend, Helmy Omar Sa'aid, have been sentenced for insider dealing contrary to section 52 of the Criminal Justice Act 1993. ([Link](#))

Management Consultant Appears in Court Charged with Insider Dealing

In a case brought by the FSA Rupinder Sidhu, a management consultant, appeared before City of Westminster Magistrates' Court charged with 23 counts of insider dealing, contrary to section 52 of the Criminal Justice Act 1993 and one count of money laundering contrary to section 328(1) of the Proceeds of Crime Act 2002. ([Link](#))

FSA Consults on Improving Protection for With-Profits Policyholders

FSA has published proposals to strengthen its existing rules on with-profits to improve protection for policyholders. ([Link](#))

FSA Publishes First Retail Conduct Risk Outlook

FSA has published its first Retail Conduct Risk Outlook (RCRO), which examines how a range of current, emerging and potential risks could impact customers. ([Link](#))

COMPREHENSIVE
COMPLIANCE
SOLUTIONS

WWW.RRSCOMPLIANCE.COM

Resource Links

Government

- U.S. Securities & Exchange Commission – WWW.SEC.GOV
- North American Securities Administrators Association - WWW.NASAA.ORG
- FINCEN - WWW.FINCEN.GOV
- Commodity Futures Trading Commission – WWW.CFTC.GOV
- Financial Services Authority - WWW.FSA.GOV.UK

SRO

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

Industry

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

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

Renaissance Regulatory Services, Inc.

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

www.RRSCompliance.com

Research@RRSCompliance.com

“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: February 2011

Fax: (561) 807-5442

LouisDempsey@RRSCompliance.com

FROM: _____

FIRM NAME: _____ 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.

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 conference)

Thank you for your time and effort

Bottom Line - We Want to Know!

We Want to Know How We’re Doing. If You Have Comments, Complaints or Suggestions Please Do Not hesitate to call (561) 368-2245 or email:

LOUIS DEMPSEY, PRESIDENT

LOUIDEMPSEY@RRSCOMPLIANCE.COM

BART McDONALD, EXECUTIVE VICE PRESIDENT

BARTMCDONALD@RRSCOMPLIANCE.COM