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MARKET SOLUTIONS

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MARKET SOLUTIONS

Editor
Dorcas Pearce

Contributing Editors*
Marc-Alain Galeazzi
Barbara R. Mendelson

Market Solutions is a quarterly newsletter about the activities of the Financial Markets Association as well as legislative/regulatory developments of interest to FMA members. The opinions expressed in this publication are those of the authors, not necessarily those of the Association and are not meant to constitute legal advice. *Market Solutions* is provided as a membership service of the **Financial Markets Association**, 333 2nd Street, NE - #104B, Washington, DC 20002, ***dp-fma@starpower.net***, 202/544-6327, ***www.fmaweb.org***. Please let us have your suggestions on topics you would like to see addressed in future issues.

FINANCIAL MARKETS ASSOCIATION

General Obligation vs. General Fund Securities

By Robert Doty
AGFS

The erroneous predictions by some pundits and media of impending disaster in the municipal securities market can be given two responses:

1. It will not happen—the answer of most municipal market participants. Yet, there is a more dismissive answer that also is accurate.
2. It cannot happen.

This commentary is a brief summary why that is so.

First, however, one must make a distinction that few have made among the types of securities available in the municipal market. That is the distinction between general obligation securities and general fund securities. While these two types of municipal securities each contain the word "general," they are in fact quite different. They incorporate significantly different risks and structures.

It must be recognized that true local general obligation bonds, as that term is used generally across the market, have nothing to do with issuer general funds. At the state level, "general obligations" are payable from general funds, but those have considerably greater diversity of revenues, and many states offer constitutional or statutory preferences to investors. (Of course, there are many categories of revenue securities and special tax/assessment bonds that also are unrelated to general funds. This commentary is too brief to delve into those.)

At the local level, general obligation bonds are secured by issuer pledges to increase *ad valorem* property taxes as needed to pay debt service. At the time the bonds are issued, bond counsel opine that the pledges are enforceable under state law. This is playing out in Harrisburg. Most general obligation bonds are "unlimited tax" bonds, meaning there is no limit on how far taxes can be raised. Some are "limited," but the obligation to raise taxes up to the cap nevertheless applies. There is a good argument that, when general obligation bonds are secured by statutory liens under state law, which Pennsylvania lacks, the bonds should receive protection in Chapter 9 bankruptcies. That may make the presence or absence of statutory liens a disclosure point. Similarly, if state law does not authorize localities to enter Chapter 9, then there is no bankruptcy opportunity to avoid the pledge to raise taxes. Thus, the availability or nonavailability of Chapter 9 under state law may be another disclosure point. According to Municipal Market Advisors, at the end of February, only .01% of the outstanding general obligation bonds had defaulted (.06% counting insured bonds).

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Legislative/Regulatory Actions

This column was written by lawyers from Morrison & Foerster LLP to update selected key legislative and regulatory developments affecting financial services and capital markets activities. Because of the generality of this column, the information provided herein may not be applicable in all situations, and should not be acted upon without specific legal advice based on particular situations.

In this issue we address various selected developments in connection with **Title VII of the Dodd-Frank Act**, the **CFPB**, **FINRA** and **SEC**, and **U.S. economic sanctions**. In addition, we have a look across the pond for updates of **European** regulatory matters.

DODD-FRANK ACT TITLE VII UPDATE

There is currently a lot of movement in the swaps market as the CFTC's regime for swaps goes into effect. The primary developments are as follows:

- At the end of last year, the first wave of about 65 entities (some of them associated with the same parent banks) applied to be registered as swap dealers ("SDs") with the CFTC. A trickle of additional registrations, both of SDs and of major swap participants ("MSPs"), is expected to continue as additional entities become subject to registration requirements.
- For SDs and MSPs, reporting and recordkeeping requirements have gone into effect. For other market participants, reporting and recordkeeping requirements will go into effect on April 10, 2013. Reporting of swap data is subject to numerous CFTC-issued no-action letters, (most temporary, some permanent) which are helpful in providing relief but result in a confusing patchwork. Many smaller, non-registered entities (including some financial institutions required to report swaps with end-users) are struggling with systems issues in relation to reporting. End-users are generally relying on financial entities to undertake all required reporting, other than with respect to end-user information in relation to the exception for end-users to mandatory swap clearing.
- The CFTC has postponed the effectiveness of most of its external business conduct rules until May 1, 2013 (a couple of the rules were delayed until July 1, 2013). The external business conduct rules require complex representations by counterparties and complex disclosures by SDs, which the industry has largely sought to address by means of the multilateral ISDA August DF Protocol (the "Protocol"). SDs are currently absorbed in onboarding counterparties with respect to the Protocol. Though SDs are discouraging the use of bilateral documentation to address the requirements of the external business conduct rules, some market participants are seeking to incorporate the terms contained in the Protocol in various forms of bilateral documentation, either in stand-alone form or incorporating the Protocol.
- Mandatory clearing commenced on March 11, 2013 for specified types of plain vanilla rate swaps and credit default swaps between Category 1 entities (which include SDs, MSPs, and active funds). Swaps of those types with Category 2 entities (including commodity pools, private funds other than active funds, and persons predominantly engaged in the banking business or financial activities) will be required to be cleared starting on June 10, 2013. For Category 3 entities (subject to the exception to mandatory clearing for end-users), mandatory clearing will go into effect on September 9, 2013. Market participants should consider carefully their documentation needs in relation to clearing, which may include one or more of a Futures Account Agreement, a Cleared Derivatives Addendum, and a Cleared

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FMA Welcomes New Members!

Don Beharry	Franklin Templeton Investments
Pablo Calvete	Franklin Templeton Investments
Lisa Cassidy	Wells Fargo Securities
Geoff Cole	Sapient Global Markets
Joyce Collins	Atlas Energy, LP
Eileen Curran	PricewaterhouseCoopers

General Obligation vs. General Fund Securities…

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Local general fund securities, in contrast, are payable from whatever happens to be in issuer general funds, not from tax pledges. These commonly (but not always) are in the form of lease-purchase obligations. In most states, the obligation to pay lease payments must be appropriated annually in order to avoid voter approval requirements for debt creation. (In California and Indiana, abatement leases may be used pursuant to which issuers must pay lease payments if leased property is available for use.) Key issues include the leased property's essentiality for governmental use and its adaptability for private use (e.g., Stockton's leases of parking facilities, which now are operated for the benefit of investors). "Naked" general fund securities are uncollateralized.

> *"While these two types of municipal securities each contain the word "general," they are in fact quite different."*

Some notable securities payable from general funds have defaulted over the years. Until recently, they tended not to be collateralized. Those include New York City's notes (eventually repaid), Cleveland's bank loans (repaid), and Orange County's notes (repaid). More recently, we have Jefferson County's purported "general obligation" warrants (not payable at all from a tax pledge, but solely from the general fund) and Stockton's, Mammoth Lake's and San Bernardino's lease obligations and uncollateralized pension obligation bonds.

Although default reports often lump the general fund securities identified above into the GO category, not a single one of those securities was a true "general obligation" bond in the common usage of that term in the market (and the California issuers made no such claim). Many researchers and rating agencies routinely combine and confuse general obligation bonds and general fund securities. This practice makes accurate observation of the market very difficult.

Moreover, some general fund obligation issuers have placed the "general obligation" label on their obligations. This has the effect of confusing the market and corrupting default data. To that practice, I say, "You can call an ostrich a canary, but you can't make it sing!"

So, general fund securities (especially if uncollateralized) can, and sometimes do, default as a result of general fund stress. The difficulty for the naysaying pundits and media is that there are not a large quantity of general fund securities outstanding. Even if all of them defaulted, there would not be hundreds of billions of municipal securities in default.

The predictions of doom cannot be fulfilled. ■

This article originally appeared in *The Bond Buyer.*

Robert Doty is the author of The Bloomberg Visual Guide to Municipal Bonds *(John Wiley & Sons and Bloomberg Press, 2012), which discusses the diversity and complexity of municipal securities and the municipal market. He is Senior Counsel and Advisor to the Executive Team of Government Financial Strategies, a municipal advisory firm. He also is President and proprietor of AGFS, his private consulting firm.*

Legislative/Regulatory Actions

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Swap Execution Agreement (the most recent form of which will likely be revised to conform to future CFTC rules). For a discussion of the resolution regimes of the central counterparties that will house so many cleared transactions, please see the Morrison & Foerster news bulletin at ***http://www.mofo.com/files/Uploads/Images/130205-Resolution-Regimes.pdf.***

- Notwithstanding these developments, much uncertainty remains. The market awaits further guidance relating to margin for OTC transactions, swap execution facilities, the nature of Dodd-Frank's extraterritorial reach, the Volcker Rule, the swaps push-out rule, and the possibility of partial unwind or corrective legislation. In addition, a discussion draft of legislation has been released that, if adopted, would require "mark-to-market" tax treatment of derivatives. For further details, please see the Morrison & Foerster news bulletin at ***http://www.mofo.com/files/Uploads/Images/130219-Moving-from-the-Academic-to-the-Legislative.pdf.***

CONSUMER PROTECTION UPDATE

With its long-awaited Qualified Mortgage rule finalized, the CFPB has spent the past several weeks focusing on new niche markets, including campus financial products and private student loans. The CFPB's efforts have taken place while the federal courts continue to cast a pall on the legitimacy of Director Richard Cordray's appointment, and the CFPB voluntarily reorganizes its own divisions.

CFPB Postpones Effective Date of Remittance Transfer Rule Again

On January 22, 2013, the CFPB announced that it would yet again delay the effective date of its remittance transfer rule, which implements amendments made to the Electronic Fund Transfer Act by Section 1073 of the Dodd-Frank Act. Pursuant to the final rule, compliance with the requirements of Section 1073, as implemented by the CFPB's previous final rules on remittance transfers, would be stayed until a later date. While the exact date has yet to be announced, the CFPB has proposed an effective date which would be 90 days from the CFPB finalizing its December 31, 2012 proposed amendments to the remittance transfer rule.

Recess Appointment Continues to Raise Questions

On January 25, 2013, the U.S. Court of Appeals for the D.C. Circuit released a unanimous decision on the President's appointment power that calls into question Richard Cordray's original 2012 recess appointment. If the decision—Noel Canning v. National Labor Relations Board—stands, it has the potential to undermine several of the CFPB's authorities and decisions, many of which did not vest or were not allowed to be finalized until a Director was appointed. Bureau activities that are now uncertain include several final rules that the Bureau has issued and supervisory actions that the Bureau has taken. Noel Canning could also prompt future reforms to the Bureau's governance or funding.

A three-judge panel of the D.C. Circuit ruled that three appointments President Obama made to the National Labor Relations Board ("NLRB") on January 4, 2012, were not made in accordance with the Recess Appointments Clause of the U.S. Constitution because they were not made during a recess that occurred between sessions of Congress (i.e., an "intersession" recess). The D.C. Circuit held that the President may make recess appointments only during the recess that occurs between separate sessions of Congress, not during breaks that occur during a session. The NRLB has announced it will appeal the decision to the U.S. Supreme Court. For additional

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FMA Welcomes *More* New Members!

Eric James Decker	SS&C Technologies, Inc.
Michael Gross	FINRA
Brock Gustafson	SS&C Technologies, Inc.
Jill Harrington	Arvest Bank Operations
Selena Holmes	Franklin Templeton Investments
Joan Hudson	Financial Logistics

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information, please see ***http://www.mofo.com/files/Uploads/Images/130129-CFPB-Setback.pdf.***

CFPB Studies Financial Services Offered to College and University Students

On January 31, 2013, the CFPB announced it would request comment on financial services and products—including non-credit products such as bank accounts—that are offered to college and university students. Specifically, the CFPB has requested comments on how products are marketed through campus affinity relationships, including what type of information is being provided to students in connection with these financial products, whether the use of products is mandatory to receive loan, scholarship, or other funds, what types of fees are associated with the products, and how often students file complaints about these products. In what may foreshadow a push for CARD Act level public disclosures for student bank account and debit product agreements, the CFPB also is requesting information about the terms and conditions that colleges and universities agree to with financial institutions as well as information about how much revenue the institutions receive from such agreements. The comment period closed on March 18, 2013.

CFPB Requests Information on Private Student Loan Industry

On February 21, 2013, the CFPB announced a new student lending initiative and accompanying blog posts. The centerpiece of the effort is a request for information on ways the CFPB can promote affordable payment plan options within the private student loan industry before student debt causes a "domino effect on the rest of the economy." The CFPB specifically requests comments on the causes of borrower hardship, options for borrowers who are facing hardship, private student loan modification programs, how the student loan servicing infrastructure compares to the mortgage servicing industry, and how to make borrowers aware of their full loan repayment options. The CFPB also requests comments on how student loan debt might be impacting the broader economy, and solicits comments on ways to ease student loan debt burdens from professionals in fields such as "Housing finance," "Manufacturers of automobiles and other financed goods," "Brokers and service providers in the residential real estate industry," and "Professional associations, such as those representing health professionals and teachers."

Student Loan Servicers Join Larger Participant Club

On March 14, 2013, the CFPB released a proposed rulemaking that would designate student loan servicers as the third type of larger participant subject to the CFPB's jurisdiction. The first two such rules were for the supervision of credit bureaus and debt collectors. In those earlier rules, the CFPB set the "larger participant" threshold at $7 million and $10 million in sales, respectively. With regards to the proposed student loan servicing rule, the metric used is number of loans serviced. Specifically, the CFPB has proposed a threshold of at least one million student loan accounts, which the CFPB anticipates will capture the seven largest student loan servicers and an estimated 49 million borrower accounts. The

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CFPB already has the ability to supervise student loans serviced by larger banks, and believes the proposed rulemaking will allow it to uniformly enforce federal consumer financial laws and regulations in a uniform manner.

FINRA and SEC DEVELOPMENTS

FINRA began the year by announcing its 2013 regulatory and examination priorities, which, as in recent years, focus heavily on retail sales practices, supervision, and sales of complex products. FINRA also prioritized several operational issues. Those priorities, and recent FINRA sweeps and rule proposals, are summarized below. We also discuss the tangential issue of the SEC's recent request for data to inform the SEC as it considers adoption of a uniform fiduciary standard governing broker-dealers and advisers providing personalized investment advice to retail investors.

Sales Practices

FINRA voiced its concerns about the potential for sales practice abuses that may result from selling increasingly complex products to retail investors. Members should be aware that FINRA's examination efforts will largely focus on compliance with its recently revised suitability rule. Rule 2111, as amended effective February 4, 2013, incorporates precedent about reasonable basis suitability, which requires members to perform adequate due diligence on the products that they sell, and is part of the heightened supervision regime that FINRA expects with respect to complex products. Members should ensure that their representatives fully understand the products they are selling and that they explain to investors the market risk, credit risk, and liquidity risk of certain complex products.

FINRA also remains highly focused on conflicts of interest, which are the subject of an ongoing sweep examination (see ***http://www.mofo.com/files/Uploads/Images/120814-FINRA-Conflicts-of-Interest.pdf***). Members should ensure that they have procedures in place to mitigate potential conflicts of interest arising from compensation structures for particular products. FINRA identified several specific types of complex products, including business development companies, leveraged loan products, structured products, exchange-traded products, closed end funds, and variable annuities, that provide particular opportunities for abuse.

FINRA's examinations this year will also evaluate whether firms' policies and procedures are adequate to prevent and detect violations related to microcap fraud, insider trading, and anti-money laundering. Members should particularly review their information barriers and risk controls related to insider trading and private placements.

As part of its spate of rulemaking growing out of the continuing project to consolidate its rulebooks, FINRA announced a revision to its proposal to revise its mark-up rule. Of most significance is its decision to maintain the "5% rule," after proposing to scrap this rule in its prior rule proposal two years ago. In addition, FINRA is abandoning its plans to require firms to provide commission schedules to all retail customers.

Operational Issues

FINRA's examinations priority letter also presents serious concerns about operational issues, including:

- the adequacy of firm policies and systems designed to protect customer data from increasing cyber-attacks within the financial services industry;
- whether broker-dealers are adequately capitalized; FINRA plans to focus on the treatment of contingencies and guarantees under GAAP, firms' margin lending practices, and whether firms are assessing the liquidity risk inherent in a member firm's balance sheet separately from that of its corporate parent;

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FMA Welcomes *More* New Members!

Casey Jennings	WilmerHale
Kwangsoo Kim	Wells Fargo Securities
Karim Lynn	UBS Financial Services Inc.
Tabitha Mendoza	Wells Fargo
Sheila Nye	Wells Fargo Securities
Darlene Pack	Wells Fargo

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- supervision of how algorithms and trading systems are developed and controls related to high-frequency trading are likely to be the subject of targeted investigations. Member firms should ensure that they have implemented robust operational disclosure and procedures for testing these trading strategies. In particular, FINRA identified concerns about "momentum-ignition" strategies; trading activities by sponsored participants initiating trades from outside the United States and options mini-manipulation strategies.

Uniform Fiduciary Standard for Broker-Dealers and Advisers

The SEC recently issued a release seeking quantitative data and economic analysis related to costs and benefits that could result from adoption of a uniform fiduciary standard governing broker-dealers and advisers providing personalized investment advice to retail investors. The SEC's request represents the most recent activity under Section 913 of the Dodd-Frank Act, which required the SEC staff to conduct a study of the effectiveness of the existing legal and regulatory standards of care applicable to investment advisers and broker-dealers and any gaps or other shortcomings in the current regulatory regime. The staff study was released in January 2011 and recommended adoption of a uniform fiduciary standard.

Section 913 gives the Commission discretionary rulemaking authority under the Exchange Act and the Advisers Act to adopt a uniform standard "no less stringent than the standard applicable to investment advisers under Section 206(1) and 206(2) of the Advisers Act." The SEC's decision to seek additional data rather than proceed to rulemaking suggests that the Commission wants to ensure it has adequate information to support any proposed rulemaking and to navigate through the ongoing debate regarding a uniform fiduciary standard.

The SEC makes clear in its release that it has not yet determined whether to exercise the authority granted in the Dodd-Frank Act. The release may nonetheless provide insight into how the SEC might design a uniform fiduciary standard that would include both a duty of loyalty and a duty of care.

With respect to the duty of loyalty, the SEC indicates that recommending only proprietary or a limited range of products to retail customers would not, in and of itself, violate the duty of loyalty. Any proposed rule would likely require brokers to develop and distribute a disclosure document, similar to Form ADV Part 2, regarding material conflicts of interest.

With respect to the duty of care, the SEC indicates that specific suitability and due diligence obligations would apply if recommendations involved securities such as structured products, options, and bond funds. The existing standards of best execution and reasonable mark-ups would likely be included within the duty of care.

The SEC also asked commenters to consider whether and to what extent it should consider harmonizing certain regulatory obligations of broker-dealers and investment advisers, particularly when they are performing similar functions.

For more information, please see the Morrison & Foerster publications "FINRA Provides Early Guidance About Its Exam Priorities; Firms Should Take Notice," available at ***http://www.mofo.com/files/Uploads/Images/130115-FINRA-Early-Guidance.pdf*** and "One Step Closer to a Fiduciary Duty for Broker-Dealers?" available at ***http://www.mofo.com/files/Uploads/Images/130305-Fiduciary-Duty-for-Broker-Dealers.pdf.*** The announcement of 2012 disciplinary actions is available at ***http://www.finra.org/Newsroom/NewsReleases/2013/P197624***, and the summary of 2013 regulatory and examination priorities can be accessed at ***http://www.finra.org/web/groups/industry/@ip/@reg/@guide/documents/industry/p197649.pdf.***

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FMA Welcomes *More* New Members!

Frank Ruester	Commerce Bank
Luann Smith	Atlas Energy, LP
Simon Spenser	Two Sigma Securities, LLC
Nick Tootle	Kaufman, Rossin & Co., PA
Shane Triplett	UnionBanc Investment Services

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ECONOMIC SANCTIONS

Further Easing of Burma Sanctions

Following the announcements last July of Burma General License 16 ("GL-16") authorizing the exportation and re-exportation of certain financial services to Burma, on February 22, 2013, OFAC issued Burma General License 19 ("GL-19") which authorizes financial transactions involving Asia Green Development Bank, Ayeyarwady Bank, Myanmar Economic Bank, and Myanmar Investment and Commercial Bank. In issuing GL-19, OFAC noted that the general license allows individuals, companies, and financial institutions to conduct most transactions, including opening and maintaining accounts and conducting a range of other financial services at the identified banks, thus giving greater access to some of the largest Burmese banks to access the U.S. financial system. The full text of GL-19 is available at ***http://www.treasury.gov/resource-center/sanctions/Programs/Documents/burmagl19.pdf.***

Iran Sanctions

February 6, 2013 marked the effective date for several significant provisions of the Iran Threat Reduction and Syria Human Rights Act (the "ITR Act") signed into law last August. These include the following:

U.S. Parent Liability. The ITR Act expanded the scope of the Iran sanctions by imposing civil sanctions on U.S. parent companies for the activities of their foreign subsidiaries involving Iran which, if undertaken by a U.S. person or in the United States, would violate U.S. sanctions law. Subsidiaries are defined as those entities in which a U.S. person holds a more than fifty percent equity interest or a majority of the seats on the board, or otherwise controls the foreign entity. The U.S. parent can be fined, for each violation of its subsidiary, an amount that is the greater of $250,000 or twice the value of the transaction that is the basis of the violation with respect to which the penalty is imposed. This prohibition took effect on October 9, 2012, but sanctions may not be imposed if the U.S. parent divested its interest in the subsidiary or otherwise terminated the subsidiary's involvement with Iran by February 6, 2013. OFAC issued amendments to the Iranian Financial Sanctions Regulations implementing these National Defense Authorization Act ("NDAA") provisions (and certain provisions under Executive Order 13622 issued August 2, 2012, authorizing additional sanctions against Iran) on March 15, 2013. See ***http://www.treasury.gov/resource-center/sanctions/Programs/Documents/fr78_16403.pdf.***

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SEC Reporting. The ITR Act amended the Securities and Exchange Act of 1934 to require an issuer who files annual and quarterly reports with the Securities and Exchange Commission to disclose in such reports whether the issuer or its affiliates have knowingly engaged in certain Iran-prohibited transactions. This reporting provision become effective February 6, 2013.

Expanded NDAA Sanctions. As of February 6, 2013, the U.S. Government can sanction foreign financial institutions under the ITR Act amendments to the Section 1245 of the NDAA that engage in certain significant financial transactions with the Central Bank of Iran or certain Iranian financial institutions. A financial institution in a country that has been granted a waiver under Section 1245 of the NDAA to engage in oil transactions with Iran can avoid sanctions if (a) Iran makes its payment into an account at a bank within the country that is purchasing the Iranian oil, and (b) those funds are used to facilitate non-sanctionable, bilateral trade between that country and Iran. Thus, if the funds are transferred to a third country or used to facilitate intermediate trade with a third country, the U.S. Government can sanction the foreign financial institution.

Given the increased restrictions on Iranian financial institutions from accessing the international financial system, OFAC issued an Advisory on January 10, 2013, noting that Iran is relying more heavily on third-country exchange houses and trading companies to move funds. The Advisory highlights some of the practices used to circumvent U.S. and international economic sanctions concerning Iran. The practices involve the use of third-country exchange houses or trading companies that are acting as money transmitters to process funds transfers through the United States in support of business with Iran that is not exempt or otherwise authorized by OFAC. Such entities frequently lack their own U.S. correspondent accounts and instead rely on their banks' correspondent accounts to access the U.S. financial system; often are located in jurisdictions considered to be high-risk for transactions implicating OFAC sanctions; and appear to process primarily commercial transactions rather than personal remittances. A copy of the advisory is available at: ***http://www.treasury.gov/resource-center/sanctions/Programs/Documents/20130110_iran_advisory_exchange_house.pdf.***

A GAO report issued February 2013 found that the U.S. and international sanctions regime against Iran "has adversely affected the Iranian economy and its future outlook." A copy of the report is available at: ***http://gao.gov/assets/660/652314.pdf.***

EUROPE

BCBS/IOSCO Second Consultative Document on Margin Requirements for Non-centrally Cleared Derivatives

In February, the Basel Committee on Banking Supervision ("BCBS") and the Board of the

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International Organisation of Securities Commission ("IOSCO") published a second consultative paper on margin requirements for non-centrally cleared derivatives.

The most significant changes from the previous consultative paper issued in July 2012 relate to the provision of initial margin, in particular larger thresholds before an obligation to post initial margin kicks in and a longer phase-in period. These changes seek to address market concerns raised following the first paper as to the amount of collateral that would be required to be posted as initial margin and the impact on liquidity of quality instruments.

The document sets out eight key principles and requirements. The principal issues include the following:

- margining requirements should apply to all derivatives not cleared by central counterparties. BCBS/IOSCO have asked for views as to whether physically settled FX forwards and swaps should be exempt from initial margin requirements;
- a 50 million euros maximum threshold, calculated on a consolidated group basis, for initial margin in relation to non-centrally cleared derivatives. For individual transfers between parties, a *de minimis* minimum transfer amount up to 100,000 euros is permitted;
- the margin requirements will not apply to transactions where one party is a non-financial entity that is not systemically important or is exempt (*e.g.*, sovereigns and central banks);
- initial margin should be held in a way which ensures it is immediately available to the party to whom it is provided in the event of the counterparty's default. Initial margin should not be re-hypothecated, re-pledged or re-used, although BCBS/IOSCO request responses as to whether re-hypothecation should be permitted in limited circumstances, *e.g.*, to finance/hedge customers' non-proprietary positions;
- initial and variation margin rules for transactions between affiliates should be set by local supervisors, giving rise to potentially inconsistent approaches in different jurisdictions;
- international regulators should interact so as to achieve consistent and non-duplicative margin requirements across jurisdictions;
- the margin requirements will take effect on January 1, 2015 in relation to contracts entered into after that date. Initial margin requirements will be phased in from this date in respect of entities whose average notional amount of non-

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Job Bank

Position Available

BSA/AML/OFAC Officer

Summary of Responsibilities: The BSA/AML/OFAC Officer has oversight of the BSA/AML/OFAC program including, among other things, corporate BSA/AML/OFAC policy and procedures, enterprise-wide BSA/AML/OFAC risk assessments, MIS reports to the BSA/AML Oversight Committee and management, BSA/AML/OFAC training, and issues and corrective action related to BSA/AML/OFAC. The BSA/AML/OFAC Officer also performs the duties of OFAC Officer which include contacting OFAC as needed, ensuring transactions are blocked and/or funds seized as directed by OFAC, and filing applicable reports as required by OFAC.

The BSA/AML/OFAC Officer must keep current with emerging BSA/AML/OFAC industry trends and new and enhanced products and services at Regions and ensure the BSA/AML/OFAC program is enhanced as needed to adequately monitor and mitigate associated BSA/AML/OFAC risks. This position also serves as co-chair for the BSA/AML Oversight Committee and the point of contact for BSA/AML/OFAC audits and regulatory examinations.

The HR contact is Dana Allison, VP/Corporate Human Resources. She can be reached at ***dana.allison@regions.com*** or 205/264-7774.

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centrally cleared derivatives for a three-month period exceeds 3 trillion euros. This amount reduces each year down to 8 billion euros on January 1, 2019. BCBS/IOSCO have requested views on these phase-in proposals.

BCBS and IOSCO have also sought comment on the accuracy and applicability of the quantitative impact study attached to the consultation document. Any comments are due by March 15, 2013, but BSCB/IOSCO indicate that this paper sets out their near-final position and it seems unlikely there will be material changes outside the specific areas on which they have requested further responses.

Update on EMIR

This year sees the introduction of a number of important compliance dates with respect to the European Market Infrastructure Regulation ("EMIR"). Although EMIR entered into force on August 16, 2012, much of the flesh was initially missing from its bones. However, on February 23, 2013, six delegated/implementing acts (often referred to as the Level 2 measures) containing fundamental technical regulatory standards (the "Regulations"), were published in the *Official Journal of the European Union*. A number of the Regulations entered into force on March 15, 2013.

Notifications, Confirmations, and Reporting. The most immediate compliance concerns arise for non-financial counterparties ("NFCs"). As of March 15, 2013, NFCs are required to inform their relevant competent authority when they have breached (or no longer exceed) the relevant clearing threshold, as determined by asset class and set out in Regulation 149/2013 (further to Article 10(1) of EMIR).

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Spotlight on Service Member

RegEd, Inc.
2100 Gateway Center Blvd
Morrisville, NC 27560
800/334-8322
elizabeth.james@reged.com

RegEd is a leading provider of compliance management, licensing and registration and compliance education solutions to the financial services industry. Since 1994 RegEd has set the standard in the industry for quality, compliant content, rule-based compliance intelligence and workflow automation. Using advanced technology in combination with deep regulatory compliance expertise, our enterprise solutions fully address broker dealer, insurance agent and registered representative compliance.

RegEd's solutions are rule-based, workflow-driven and automate the end-to-end compliance process, delivering unparalleled levels of operational efficiency and allowing firms to cost-effectively comply and manage risk associated with state, FINRA and SEC regulation. Our solution suite includes:

- **Compliance, Conflict and Risk Management including** Annual Compliance Program; Branch Audit Management; Form ADV Supplement; Complaint Management; Gifts & Entertainment Disclosure; Personal Trade Monitoring & Surveillance; Political Contributions; Compliance Questionnaires; Customer Communications / Social Media Monitoring and Archiving; Risk Analytics Suite.
- **Compliance Training, Exam Prep and Continuing Education including** Annuities Training Platform; Firm Element Training; Insurance Continuing Education; CE Program Management; CE Tracking and Reporting; FINRA Suitability Training; FINRA Exam Prep.
- **Registration and Licensing including** Enterprise Xchange Licensing & Registration; Xchange Call Center; Xchange Adjuster Licensing; RegEd Registration and Licensing Services.

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Certain other obligations also took effect on March 15, 2013, including the requirement for both financial counterparties and NFCs to enter into timely confirmation of uncleared trades (Article 11(1)(a) of EMIR and Article 12 of Regulation 149/2013). In addition, financial counterparties are required to report, on a monthly basis, details of all trades which remain unconfirmed for a period exceeding 5 business days.

For credit and interest rate derivative contracts, details of such contracts must be reported to a trade repository (under Article 9 of EMIR) with effect from July 1, 2013, but only where there is a registered trade repository available by April 1, 2013. If there is no registered trade repository available on or before April 1, 2013, reporting is required to commence within 90 days after registration of such trade repository. If there is no registered trade repository available for a particular derivative class on or before July 1, 2015, reporting should occur by July 1, 2015 directly to ESMA.

For all other types of derivative contracts, similar reporting rules apply, although they shall not commence until January 1, 2014 at the earliest (and only where there is a registered trade repository available by October 1, 2013).

Other Matters. It is possible that ESMA has now begun determining (or is about to) which classes of derivatives shall be subject to the clearing obligation. It currently seems likely that the first clearing obligations will commence during the first half of 2014. We expect that ESMA is also working to provide its advice to the European Commission on third-country equivalence. The deadline for providing advice with respect to the U.S. and Japan is June 15, 2013. Authorisation/recognition of central counterparties and registration/supervision of trade repositories will be an ongoing project during 2013.

The European Financial Transaction Tax

On February 14, 2013, the European Commission published a final proposal for a Directive implementing a financial transaction tax (“FTT”) in certain EU Member States. Although initially proposed to be implemented in all 27 EU Member States, currently only 11 Member States have indicated that they intend to implement the final form of the Directive when approved by the European Parliament, with other Member States able to join at a later date.

The types of financial transactions that will become subject to the FTT include the purchase or sale of a qualifying financial instrument, or an intra-group transfer of a qualifying financial instrument, as well as derivatives contracts, exchanges of financial instruments and repos, reverse repos, and stock lending agreements.

Expressly excluded from the FTT are primary market transactions such as issuing, allotting, underwriting, or subscription for securities, as well as transactions with European central banks and official EU bodies.

Qualifying financial instruments include transferable securities, money market instruments, units in collective investment funds, a broad range of options, futures, swaps and forwards, and securitisation bonds. In this context, an exchange of financial instruments is considered to give rise to two separate transactions, each of which would be subject to the FTT, whereas repos, reverse repos and stock lending agreements are expressed to constitute only one financial transaction. Material modifications of any of these types of transaction will also be considered to give rise to a new transaction subject to the FTT.

For the FTT to apply, at least one party to the transaction must be established in one of the participating Member States and, in addition, a financial institution established in one of the participating Member States must be party to the transaction, whether for its own account or for another person. In this context, financial institutions include investment firms, regulated markets, or other organised trading venues or platforms, banks or credit institutions, insurance or reinsurance undertakings, UCITS funds and their managers, pension funds and their managers, or alternative investment funds and their fund managers as well as various special purpose securitisation and insurance vehicles. In addition, any other person that conducts one or more specified financial activities will be considered to be a financial institution where the average annual value of its financial transactions constitutes more than 50% of its overall average net annual turnover, calculated over the preceding three financial years.

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Legislative/Regulatory Actions

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Central counterparties and central securities depositories will not be considered to be financial institutions to the extent that they are simply carrying out their normal functions.

It is vital to note, however, that there is a very broad concept of when a financial institution or other person is deemed to be established in a participating Member State. This will include not only the situations where the institution has its registered seat, permanent address, or branch within a participating Member State, but also where it has been authorised to undertake business in that participating Member State, without having a branch in that State. This therefore includes situations where the institution operates by virtue of a passporting or other authorisation regime, such as under the European Markets in Financial Instruments Directive.

In addition, a financial institution, not established in a participating Member State by virtue of the above criteria, will still, however, be deemed to be established in a participating Member State if it is facing either a financial institution deemed to be established in that Member State by virtue of the above criteria, or where it is facing a non-financial institution established in that Member State.

Most controversially of all, the Proposed Directive introduces the so-called “issuance principle,” which has the effect that where two financial institutions that are not otherwise established or deemed established in a participating Member State, agree on a financial transaction in respect of a financial instrument issued by an entity organised in a participating Member State, then each of those two parties will separately become subject to the FTT in that participating Member State (subject to certain possible exemptions).

The applicable rates of FTT will be fixed individually by each participating Member State, but in the case of non-derivative transactions must be at least 0.1% of the total consideration paid or owed in return for the transfer, and in the case of derivative transactions must be at least 0.01% of the notional amount of the derivative contract.

The FTT is primarily payable by each financial institution that is party to the relevant transaction and is payable to the tax authorities of the Participating Member State in which that financial institution is deemed to be established. However, failure by the financial institution to pay the FTT within the applicable time limit will trigger joint and several liability for payments of the tax for each party to that transaction. In addition, participating Member States will be able to specify additional third parties to be jointly and severally liable for the FTT.

The Proposed Directive contains a general anti-abuse rule under which artificial arrangements designed to avoid taxation can be characterised by reference to their economic substance. In addition to this general anti-abuse rule, there is a prohibition of the use of depository receipts or similar securities being issued with the essential purpose of avoiding tax on transactions on the underlying security, where that security is issued in a participating Member State.

Unlike the FATCA legislation in the U.S., the Proposed Directive is intended to allow participating Member State authorities to levy the FTT directly on parties outside their Member State, although it is currently extremely unclear how the FTT will be levied and collected by a participating Member State where the party liable for the tax has no presence in that jurisdiction. This is quite apart from the general question as to whether this direct imposition of a tax on foreign parties may breach certain principles of EU legislation or not.

The current proposed timetable would see the Proposed Directive enacted by the European Parliament in the summer of 2013, with participating Member States being required to adopt the Proposed Directive into their national laws by September 30, 2013, with the FTT intended to become applicable from January 1, 2014. Having said that, it seems that this timetable is extremely ambitious given the volume of other EU financial services legislation in the pipeline. ■

**Aki Bayz, Chrys A. Carey, Peter J. Green, Kelley A. Howes, Matthew W. Janiga, Jeremy C. Jennings-Mares, David H. Kaufman, Lewis G. Lee, Daniel A. Nathan, and James E. Schwartz contributed to this column.*

Watch For

MSRB Press Release (March 25, 2013) – The MSRB published frequently asked questions about the obligations of underwriters to state and local government issuers of municipal bonds under MSRB Rule G-17. The FAQs are intended to help underwriters comply with their obligations and also provide clarity for issuers on what they can expect from their underwriters.

CFTC Press Release 6541-13 (March 22, 2013) – The CFTC announced the procedures to be used by swap dealers and major swap participants for submitting Risk Exposure Reports and Chief Compliance Officer Annual Reports.

Joint News Release 2013-50 (March 21, 2013) – Federal bank regulatory agencies released updated supervisory guidance on leveraged lending.

MSRB Press Release (March 19, 2013) – The MSRB began providing on its EMMA website statistics on the number and type of disclosure filings that issuers of municipal securities make available to investors throughout the life of a bond.

CFTC Press Release 6535-13 (March 15, 2013) – The CFTC's Division of Market Oversight and Office of Data and Technology reminded all swap counterparties of the April 10 deadline to obtain a CICI Identifier. The advisory also reminded swap counterparties that for CICIs previously issued through third-party registration, the entity must self-certify the CICI data record before April 10 (***www.ciciutility.org***).

OCC News Release 2013-44 (March 15, 2013) – The OCC proposed reporting requirements for annual stress test for covered institutions with consolidated assets of $10 to $50 billion. Comments are requested by May 10, 2013.

SEC Press Release 2013-40 (March 15, 2013) – The SEC issued a guidance update on social media filings by investment companies.

March 15, 2013 – The MSRB requested approval for a proposed rule change relating to amendments to MSRB Form RTRS. The deadline for submitting comments to the SEC is April 4, 2013.

MSRB Notice 2013-07 (March 11, 2013) – The MSRB sought comment on proposed revisions to MSRB Rule G-19 requiring municipal securities dealers to make sure recommended municipal securities transactions are suitable for their customers. The changes would add additional considerations for analyzing the suitability of a recommendation and make explicit the requirement that recommendations of investment strategies must also be suitable for the customer. Comments should be submitted no later than May 6, 2013.

CFTC Press Release 6527-13 (March 8, 2013) – The CFTC's Division of Market Oversight reminded market participants of certain swap data reporting requirements.

CFTC Press Release 6526-13 (March 7, 2013) – The CFTC provided operational guidance concerning maintenance of CICIs issued through assisted registration.

FINRA Regulatory Notice 13-12 (March 6, 2013) – FINRA adopted amendments relating to Regulation NMS Plan to Address Extraordinary Market Volatility; effective April 8, 2013.

FINRA Regulatory Notice 13-11 (March 6, 2013) – FINRA provided a process for waiving CMA fees for less significant CMA changes and refunding of NMA and CMA fees for applications withdrawn within 30 days after filing; effective immediately.

MSRB Notice 2013-06 (March 5, 2013) – As part of its annual assessment to establish regulatory and other priorities, the MSRB sought comment on the priority issues that municipal market participants believe the MSRB should address during the upcoming fiscal year, which begins October 1, 2013. Comments should have been submitted by March 29, 2013.

March 4, 2013 – The MSRB sought approval from the SEC on a proposal to amend its telemarketing rules. The proposal has been published in the *Federal Register.* Comments were due to the SEC by March 25, 2013.

FINRA Regulatory Notice 13-10 (March 4, 2013) – The SEC approved a supplemental schedule for derivatives and other off-balance sheet items. The initial supplemental schedule disclosing off-balance sheet information as of June 30, 2013, must be filed with FINRA on or before July 31, 2013.

SEC Press Release 2013-33 (March 4, 2013) – The SEC issued a Risk Alert and Investor Bulletin on its investment adviser custody rule.

SEC Press Release 2013-32 (March 1, 2013) – The SEC sought information to assess standards of conduct and other obligations of broker-dealers and investment advisers.

FINRA Regulatory Notice 13-09 (February 28, 2013) – The SEC approved amendments to establish two optional TRACE data delivery services and related fees. The effective date is June 10, 2013.

MSRB Press Release (February 25, 2013) – The MSRB made political contribution disclosures available on EMMA.

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Watch For (Continued from page 14)

Federal Reserve Press Release (February 22, 2013) – The Federal Reserve Board extended until April 30, 2013, the comment period on a proposed rule to implement the enhanced prudential standards and early remediation requirements established under sections 165 and 166 of the Dodd-Frank Act for foreign banking organizations and foreign nonbank financial companies supervised by the Board. The enhanced prudential standards include risk-based capital and leverage requirements, liquidity standards, risk management and risk committee requirements, single-counterparty credit limits, and stress test requirements. Comments were originally due March 31, 2013.

SEC Press Release 2013-26 (February 21, 2013) – The SEC announced its examination priorities for 2013. The market-wide priorities include fraud detection and prevention, corporate governance and enterprise risk management, conflicts of interest, and technology controls.

FINRA Regulatory Notice 13-08 (February 15, 2013) – FINRA amended Rule 4530 to eliminate duplicative reporting and provide the option to file required documents online using a new form. Implementation dates are March 4, 2013 and July 1, 2013.

MSRB Press Release (February 14, 2013) – The MSRB sought SEC approval on a proposal for more disclosures related to bond ballot contributions by municipal securities dealers. The proposal has been published in the *Federal Register.* Comments were due to the SEC by March 7, 2013.

FDIC Press Release 6493-13 (February 12, 2013) – The FDIC approved a proposed rule on the definition of insured deposit at foreign branches of U.S. banks.

MSRB Notice 2013-05 (February 12, 2013) – The MSRB updated the electronic form for reporting trades. Implementation date for using the revised Form RTRS is April 15, 2013.

MSRB Notice 2013-04 (February 11, 2013) – The MSRB requested comment on a proposal to consolidate time-of-trade disclosure requirements for dealers. Comments were due by March 12, 2013.

MSRB Press Release (January 31, 2013) – The MSRB provided enhanced search capabilities on the EMMA website.

MSRB Notice 2013-03 (January 31, 2013) – The MSRB notified brokers, dealers and municipal securities dealers that previously deferred changes to MSRB transaction reporting requirements become effective February 25, 2013. On that date, dealers must report for inter-dealer transactions the contractual dollar price at which the transaction was executed.

FINRA Regulatory Notice 13-07 (January 31, 2013) – FINRA requested comment on proposed FINRA rules governing markups, commissions and fees. The comment period will expire April 1, 2013.

January 28, 2013 – The MSRB Board of Directors held its quarterly meeting January 23-25, 2013 where it approved several initiatives, including the display of municipal market benchmarks on its transparency website and rules to enhance investor and issuer protection in the municipal securities market.

FINRA Regulatory Notice 13-06 (January 25, 2013) – The SEC approved amendments to Rule 8210; effective date was February 25, 2013.

FINRA Regulatory Notice 13-05 (January 24, 2013) – FINRA requested comment on a proposed supplemental schedule for inventory positions. The comment period expired February 25, 2013.

OCC Bulletin 2013-2 (January 23, 2013) – The OCC, in collaboration with the other members of the FFIEC, issued proposed guidance titled “Social Media: Consumer Compliance Risk Management Guidance” to address the applicability of consumer protection and compliance laws, regulations, and policies to activities conducted via social media. This proposed guidance was published in the *Federal Register* on January 23, 2013, with comments requested by March 24, 2013.

FINRA Regulatory Notice 13-04 (January 18, 2013) – The SEC approved amendments to arbitration codes relating to subpoenas and orders to direct the appearance of witnesses and production of documents without subpoenas. The effective date was February 18, 2013.

Available Publications

MSRB Press Release (February 28, 2013) – The MSRB published the 2012 edition of its *Fact Book,* an online sourcebook that analyzes trading data and other statistics for the $3.7 trillion municipal bond market. This year, the *Fact Book* includes new statistics on municipal market trading activity based on the credit rating and average yields of customer trades of municipal securities.

MSRB Press Release (February 4, 2013) – The MSRB published an electronic version of its printed *2013 Rule Book*, which describes rules for municipal securities dealers and municipal advisors effective as of January 1, 2013. The MSRB sought industry and public comment on its entire *Rule Book* as it engages in a comprehensive review to ensure that its rules reflect current market practices. The deadline to submit comments was February 19, 2013.

Program Update

2013 Securities Compliance Seminar

Registrations are still being accepted for FMA's 22nd Securities Compliance Seminar taking place **April 24–26, 2013** at the B Ocean Hotel in **Fort Lauderdale, Florida.** This annual program is a three-day educational and networking experience for securities compliance professionals, internal auditors, risk managers, attorneys and regulators. And, CPE and CLE accreditation will be available.

The Program Planning Committee has been hard at work developing varied agenda topics and confirming noted industry leaders and regulators as speakers. Members include: **Michelle Dávila** *(Franklin Templeton Investments);* **Ann DiGiorgio** *(UnionBanc Investment Services LLC);* **Lauren Epstein** *(Renaissance Regulatory Services, Inc.);* **Richard Kerr** *(Goodwin Procter LLP);* and **Mike Poell** *(U.S. Bank).*

The current agenda (which can be viewed in its entirety at ***www.fmaweb.org***) includes these general sessions, concurrent workshops and confirmed speakers:

Key 2013 Legislative and Regulatory Initiatives

- Russell Bruemmer ■ WilmerHale *(Moderator)*
- Eileen Curran ■ PricewaterhouseCoopers
- Kevin Fein ■ TD Bank, NA
- Jeremy Newell ■ WilmerHale
- Richard Pearson ■ Balch & Bingham LLP

Dodd-Frank Swap Dealer Regulation

- Geoff Cole ■ Sapient Global Markets
- Preetha Gist ■ Chapman and Cutler LLP
- Thomas Kicak ■ SunTrust Robinson Humphrey
- Jeremy Newell ■ WilmerHale

Internal Audit Hot Topics

- James Connors ■ Wells Fargo Audit Services
- Louis Dempsey ■ Renaissance Regulatory Services Inc.
- Nicolas Khouri ■ Ally Financial
- Nick Tootle ■ Kaufman, Rossin & Co., PA

AML/OFAC/FCPA Updates

- Barbara Alonso ■ SNR Denton (US) LLP
- Paul Patton ■ Debevoise & Plimpton LLP
- Daniel Tannebaum ■ Booz Allen Hamilton

Regulatory Forum

- Jametriss Roulhac Boone ■ Florida Office of Financial Regulation
- Jeri Dresner ■ SEC
- Karen Du Brul ■ MSRB
- Donald Litteau ■ FINRA
- Brandon Reddington ■ OFAC *(Invited)*

Municipal Bond Rules Update

- Karen Du Brul ■ MSRB
- Cynthia Friedlander ■ FINRA
- Shane Triplett ■ UnionBanc Investment Service

Volcker Rule Developments

- David Block ■ Union Bank, NA
- Donald Lamson ■ Shearman & Sterling LLP

Workshop: Electronic Trading Platform Compliance

- Steven Greenbaum ■ Trade Station Securities, Inc.
- Simon Spenser ■ Two Sigma Securities, LLC

Workshop: KYC and Suitability

- Peter LaVigne ■ Goodwin Procter LLP
- Karim Lynn ■ UBS Financial Services Inc.

Workshop: Retail Compliance

- Christine Kaufman ■ Impact Consultants, Inc.

Workshop: Institutional Compliance

- Matthew Hardin ■ Hardin Compliance Consulting
- James Rabenstine ■ Nationwide Financial Services

Communicating with the Public/ Social Media

- Sarah Carter ■ Actiance, Inc.
- Margaret Paradis ■ Morris, Manning & Martin LLP
- Henry Stiles ■ Shutts & Bowen LLP

Litigation—The Good, the Bad, and the Ugly

- David Chase ■ The Law Firm of David R. Chase, PA
- Wes Holston ■ Bressler, Amery & Ross, PC
- David Porteous ■ Ulmer & Berne LLP

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Program Update *(continued from page 16)*

Risk 2013 & Beyond—What You Must Know

- Mitchell Avnet ■ Compliance Risk Concepts
- Sean Gray ■ PNC Financial Services Group
- Mark Knoll ■ Bressler, Amery & Ross, PA

In addition, peer group discussions (lead by facilitators) will take place Wednesday and Thursday afternoons. Possible topics include: *AML/OFAC/ FCPA; Ask the Regulators; Broker-Dealer Compliance Hot Topics; Business Continuity; Communicating with the Public/Social Media; Compliance & Technology; Conflicts of Interest/Insider Trading; Current Investment/Municipal Adviser Issues; Customer Due Diligence; Dodd-Frank Swap Dealer Regulation; Internal Audit Hot Topics; Key 2013 Legislative & Regulatory Initiatives; Litigation; Municipal Bond Rules; Risk 2013 & Beyond; Surviving a Regulatory Exam; and Volcker Rule Developments*. If you would like to facilitate one of these discussions, or if you have additional topical suggestions, please contact FMA (see below).

The hotel may sell out any day…make your reservation and register today. Team discounts are still available and additional discounts are available to Florida "locals". Contact Dorcas Pearce at ***dp-fma@starpower.net*** or 202/544-6327 with questions and/or to register. Online registration is also available at ***www.fmaweb.org.***

Pre-Seminar Workshop

Chris Kaufman of Impact Consultants, Inc. will lead an optional pre-seminar interactive workshop on Wednesday, April 24 from 8:30–10:45 am. This workshop will present a unique opportunity to network with other compliance and audit professionals and discuss the matters that most concern you.

A myriad of topics will be discussed – measuring a firm's compliance culture and the "tone at the top;" the role of a compliance officer and other supervisory personnel; conducting risk assessments and implementing control procedures; recent FINRA & MSRB rule changes and more – based on the needs of the participants.

This session is designed for persons new to the securities industry as well as seasoned compliance and audit personnel. This is your chance to get answers to specific questions about your compliance and audit programs and to come away with new ideas and resources for making your job more manageable.

An additional $100 registration fee will apply. Contact Dorcas Pearce at ***dp-fma@starpower.net*** or 202/544-6327 for details and/or to register.

FMA gratefully acknowledges these sponsors of FMA's 2013 Securities Compliance Seminar

Bressler, Amery & Ross, P.C. Attorneys at Law

RRS Manage Through Change

Securities Risk Management

Shutts & Bowen LLP

SS&C

Shearman & Sterling LLP

WilmerHale

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Program Update *(continued from page 17)*

2013 Legal & Legislative Conference

FMA's 22nd **Legal & Legislative Issues Conference** is set to take place **October 24–25** at the Sheraton Four Points Hotel in Washington, DC. This annual program is a high-level forum for banking and securities attorneys as well as senior compliance officers and regulators. The day and a half program provides participants with an opportunity to share information on current legal and regulatory developments as well as network with peers.

FMA will assemble a Program Planning Committee in the coming weeks to develop an agenda focusing on current areas of regulatory and Congressional scrutiny/activity. **If you would like to volunteer for the committee (or serve as a speaker), contact Dorcas Pearce at *dp-fma@starpower.net* or 202/544-6327.**

FMA requests your input! An e-survey will be sent out in April to a sampling of past conference attendees and colleagues asking for topical as well as speaker suggestions for the agenda. The Planning Committee will rely greatly on these responses when formulating the program...so please respond quickly and share your thoughts and ideas…even if you do not receive the survey. Help us make this the best conference ever.

CLE and CPE accreditation…as well as 2-for-1 team discounts…will be available, so be sure to budget for (and plan to attend) the 2013 Legal & Legislative Issues Conference. Contact Dorcas Pearce at ***dp-fma@starpower.net*** or 202/544-6327 with questions and/or to volunteer.

ATTENTION SPONSORS!
FMA is actively pursuing sponsorship opportunities regarding this conference. Please contact FMA if your firm would like to support this event.

Who's News

Dan Berkovitz, General Counsel at the Commodity Futures Trading Commission, has announced that he will depart the agency at the end of March, ending a 30-year career in the Federal government.

George Canellos has been named Acting Director of the SEC's Division of Enforcement.

Albert De Leon recently returned from Nairobi, Kenya where he was a volunteer for the Financial Services Volunteer Corps. Along with a representative from the SEC, Albert conducted training on anti-money laundering, counter-terrorist financing and sanctions matters for Kenya's Capital Markets Authority, its Financial Reporting Centre (i.e., the equivalent of FinCEN in the U.S.), and bankers, securities representatives and fund managers.

Ed Fernando, formerly Sales Director/North America Financial Services Global Business Unit at Oracle Financial Services Software, has joined Fidelity National Information Services as Manager, EGRC Client Development.

Thomas Fleming, most recently Assistant Director for the Office of Compliance at FinCEN, has retired. Tom was with the government 24 years, specifically working with the BSA/AML for at least 22 years. Prior to that, he was a banker for 22 years, including the last 7 years in mortgage banking. Best of luck, Tom!

Ellen Glaessner, formerly Chief Counsel for Broker-Dealers and Annuities at ING U.S., has joined TD Wealth (US) as Senior Counsel.

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Who's News

(Continued from page 18)

David Grim has been named Deputy Director of the SEC's Division of Investment Management.

William Hayden, formerly Senior Director/ Emerging Regulatory Issues at FINRA, has joined KeyBanc Capital Markets as Chief Compliance Officer.

William Langford, formerly General Counsel for Global Compliance at JPMorgan Chase & Co., has joined Citigroup as Head of Global Compliance Architecture and Strategy.

Gregg Rozansky, formerly Counsel at Shearman & Sterling LLP, has joined The Clearing House Association as Managing Director and Senior Associate General Counsel. In that capacity, Mr. Rozansky leads the legal and policy efforts of The Clearing House on a wide array of bank regulatory issues impacting major financial institutions.

Dwight Smith, formerly at Morrison & Foerster LLP, has joined the bank regulatory practice at Nelson Mullins Riley & Scarborough LLP in their Washington, DC office.

Don Temple, formerly Director/Forensic Services at KPMG LLP, has formed his own consulting practice, BSA/AML Consultants LLC. He is currently consulting with the U.S. Postal Service AML Department.