

July 17 – 22, 2016

CRCP: 2016 CRCP Week I

Session Descriptions and Learning Objectives



Certified Regulatory and Compliance Professional™ (CRCP™) Program





2016 Program Agenda

Day 1	Sunday
4:00 p.m. – 6:00 p.m.	Registration and Welcome Reception
Day 2	Monday
7:30 a.m. – 8:00 a.m.	Registration
7:30 a.m. – 8:30 a.m.	Breakfast
8:30 a.m. – 9:00 a.m.	Program Introductions and Logistics
9:00 a.m. – 10:30 a.m.	Session 1: Financial and Securities Regulation: An Overview
10:30 a.m. – 10:45 a.m.	Break
10:45 a.m. – 12:15 p.m.	Session 2: Public Offerings & Civil Liabilities
12:15 p.m. – 1:30 p.m.	Lunch & Class Photo
1:30 p.m. – 3:00 p.m.	Session 3: Public Offerings & Civil Liabilities
3:00 p.m. – 3:15 p.m.	Break
3:15 p.m. – 4:45 p.m.	Session 4: Enhancing Professional Conduct in the Financial Securities Industry
4:45 p.m. – 5:00 p.m.	Break
5:00 p.m. – 6:00 p.m.	Homework
6:00 p.m. – 8:00 p.m.	Dinner
Day 3	Tuesday
8:00 a.m. – 9:00 a.m.	Breakfast
9:00 a.m. – 10:30 a.m.	Session 5: Enhancing Professional Conduct in the Financial Services Industry
10:30 a.m. – 10:45 a.m.	Break
10:45 a.m. – 12:15 p.m.	Session 6: Exempt Offerings and Resales
12:15 p.m. – 1:30 p.m.	Lunch
1:30 p.m. – 3:00 p.m.	Session 7: Exempt Offerings and Resales
3:00 p.m. – 3:15 p.m.	Break
3:15 p.m. – 4:45 p.m.	Session 8: Business Ethics & Compliance
4:45 p.m. – 5:00 p.m.	Break
5:00 p.m. – 6:00 p.m.	Homework
6:00 p.m. – 8:00 p.m.	Dinner

2016 Program Agenda | continued

Day 4	Wednesday
8:00 a.m. – 9:00 a.m.	Breakfast
9:00 a.m. – 10:30 a.m.	Session 9: Selected Topics: Securities Exchange Act
10:30 a.m. – 10:45 a.m.	Break
10:45 a.m. – 12:15 p.m.	Session 10: Selected Topics: Securities Exchange Act
12:15 p.m. – 1:30 p.m.	Working Lunch/Homework Assignment
1:30 p.m. – 3:00 p.m.	Session 11: Broker-Dealer Regulation: Financial Responsibility and Managing Risks
3:00 p.m. – 3:15 p.m.	Break
3:15 p.m. – 4:45 p.m.	Session 12: Books, Records, Reports & Sales Practice Compliance
4:45 p.m. – 5:00 p.m.	Break
5:30 p.m. – 6:00 p.m.	Cocktail Reception
6:00 p.m. – 7:30 p.m.	Dinner/Speaker: Susan Axelrod, FINRA EVP, Office of Regulatory Operations
Day 5	Thursday
8:00 a.m. – 9:00 a.m.	Breakfast
9:00 a.m. – 10:30 a.m.	Session 13: Conflicts of Interest
10:30 a.m. – 10:45 a.m.	Break
10:45 a.m. – 12:15 p.m.	Session 14: Ask the Regulators
12:15 p.m. – 1:30 p.m.	Lunch
1:30 p.m. – 3:00 p.m.	Session 15: Broker-Dealer Regulation: Supervision
3:00 p.m. – 3:15 p.m.	Break
3:15 p.m. – 4:45 p.m.	Session 16: Broker-Dealer Regulation: Suitability
4:45 p.m. – 5:00 p.m.	Break
5:00 p.m. – 6:00 p.m.	Homework/Assessment Prep
6:00 p.m. – 8:00 p.m.	Dinner
Day 6	Friday
8:00 a.m. – 9:00 a.m.	Breakfast
9:00 a.m. – 10:30 a.m.	Session 17: Capital Markets
10:30 a.m. – 10:45 a.m.	Break
10:45 a.m. – 12:15 p.m.	Session 18: Market Regulation
12:15 p.m. – 1:30 p.m.	Lunch
1:30 p.m. – 3:30 p.m.	Assessment

Note: This schedule is subject to change.



Session Descriptions and Learning Objectives

This intensive five-day program takes place at the Wharton School executive education facility in Philadelphia. Taught by business and law school professors from the University of Pennsylvania and expert faculty drawn from other universities, the securities industry, FINRA, the SEC and other regulators, this foundational program leverages case studies, lectures, and interactive discussions to foster a broad understanding of the financial services industry and regulations. Following are detailed descriptions, learning objectives, and instructor information for each Week I session.

Session 1

Financial and Securities Regulation: An Overview

This session covers significant developments and legislative measures that have been enacted to protect investors against corporate malfeasance and securities fraud. The events highlighted include the Securities Act of 1933, the Glass-Steagall Act, the Securities Exchange Act of 1934, the Investment Company Act of 1940, the Investment Advisers Act of 1940, the Gramm-Leach Bliley Act, the Dodd-Frank Act and the JOBS Act.

Learning Objectives

After completing this session, you will be able to:

- ▶ summarize significant regulatory developments in the securities industry;
- ▶ understand how key economic events have shaped regulation; and
- ▶ recognize the major statutes that serve as the foundation for securities regulation.

Instructor

Eric Orts Guardsmark Professor, Legal Studies and Business Ethics
Department, The Wharton School, University of Pennsylvania

Session 2, 3

Public Offerings & Civil Liabilities

These sessions provide an in-depth review of the Securities Act of 1933, focusing primarily on the initial public offering process. The sessions also cover the transactional component of raising capital, including the underwriting process, disclosure and form filing requirements, the registration process, prospectuses, and the requirements for shelf registrations. The scope of civil liability under the Securities Act of 1933 is also discussed.

Learning Objectives

After completing this session, you will be able to:

- ▶ summarize and apply select securities statutes and rules to the distribution of securities;
- ▶ explain the registration process and requirements for delayed and unallocated shelf offerings;
- ▶ analyze disclosure obligations and review the contents of the prospectus and registration statements; and
- ▶ explain the scope of liability pursuant to the Securities Act of 1933.

Instructor

Stephen Choi Murray and Kathleen Bring Professor of Law, New York University
Law School

Sessions 4, 5

Enhancing Professional Conduct in the Financial Services Industry

These sessions review relevant ethical theories and share results of psychological studies of situational ethics. The sessions move from theory to practice, exploring what is necessary to build ethical organizations and strengthen corporate responsibility, including discussions regarding how organizations can help shape individual behavior. During the second session participants practice applying ethical theories through group exercises.

Learning Objectives

After completing this session, you will be able to:

- ▶ apply theories of human nature to compliance and ethics in the securities industry;
- ▶ identify positive and negative motivations for ethical behavior;
- ▶ use empirical data to support the importance of compliance and ethics in the workplace;
- ▶ recognize various academic and secular approaches to ethics, such as deontological, utilitarian and modern social contract theories, as well as virtue ethics; and
- ▶ explain specific ethical issues in the securities industry.

Instructor

Eric Orts Guardsmark Professor, Legal Studies and Business Ethics
Department, The Wharton School, University of Pennsylvania.

Session 6, 7

Exempt Offerings and Resales

These sessions cover exempt securities offerings and transactions, specifically focusing on Sections 3 and 4 of the Securities Act of 1933, Regulation D exemptions, Regulations A and A+, Regulation S and intrastate offerings. The discussion includes an analysis of the regulatory concept of accredited investor and how the JOBS Act changes the rules concerning general solicitation in private placements. The sessions also cover the sale of restricted and controlled securities, specifically focusing on the requirements for resale pursuant to SEC Rules 144 and 144A.

Learning Objectives

After completing this session, you will be able to:

- ▶ differentiate between the various types of exempt offerings and transactions;
- ▶ summarize the requirements of private placement and offering exemptions; and
- ▶ analyze restricted and controlled securities and determine when unregistered securities are eligible for resale.

Instructor

Jill Fisch Perry Golkin Professor of Law and Co-Director, Institute for Law
and Economics, University of Pennsylvania

Session 8

Business Ethics & Compliance

This session highlights the theoretical foundation of applied ethics and social responsibilities by examining moral and ethical matters that arise in the financial services business setting. The session also covers noteworthy cases of high-profile misdeeds and ethical lapses in the financial industry.

Learning Objectives

After completing this session, you will be able to:

- ▶ apply the ethical decision-making model to compliance;
- ▶ examine the integrative social contract theory and its application to businesses;
- ▶ understand the correlation between moral behavior and profits; and
- ▶ evaluate high-profile instances of ethical lapses in business.

Instructor

William Laufer Julian Aresty Professor, Legal Studies and Business Ethics Department, The Wharton School, University of Pennsylvania

Session 9, 10

Selected Topics: Securities Exchange Act

These sessions provide an overview of the Securities Exchange Act of 1934 and its impact on secondary market trading and participants in the secondary markets. The sessions cover the structure, authority, procedures and practices of the SEC, disclosure requirements and periodic reporting of public companies and exchange regulation covering fraud and manipulation. The session briefly surveys the definitional question of what instruments are regulated as securities. The session also introduces federal proxy regulations.

Learning Objectives

After completing this session, you will be able to:

- ▶ understand the structure, authority, jurisdiction and procedures of the SEC;
- ▶ analyze an issuer's continuous disclosure via annual and quarterly reports; and
- ▶ understand the enforcement of disclosure mandates pursuant to Rule 10b-5 and Regulation FD.

Instructor

Jill Fisch Perry Golkin Professor of Law and Co-Director, Institute for Law and Economics, University of Pennsylvania

Session: 11

Broker-Dealer Regulation: Financial Responsibility and Managing Risks

This session covers financial responsibility with an emphasis on maintaining sufficient net capital and reserves, and requirements for the safeguarding of customer funds and securities. The session also explores managing financial and operational risks.

Learning Objectives

After completing this session, you will be able to:

- ▶ and understand capital adequacy requirements and interpretations for expense sharing arrangements, temporary capital contributions and haircuts on proprietary positions in money market funds and option pricing;
- ▶ understand the Customer Protection Rule and exemptions;
- ▶ analyze threats that pose financial and operational risks.

Instructor

James Fanto Gerald Baylin Professor of Law, Brooklyn Law School

Session: 12

Books, Records, Reports and Sales Practice Compliance

This session covers the requirements of broker-dealers to make and keep current books and records relating to the firm's business and contrasts broker-dealer requirements from that of registered investment advisers. Professor Fanto also addresses reporting requirements related to disciplinary actions and customer complaints under FINRA Rule 4530 (Reporting Requirements) and Form U4 disclosures.

Learning Objectives

After completing this session, you will be able to:

- ▶ describe the types of records that must be made and maintained under SEC and FINRA rules;
- ▶ compare the different books and records obligations of a broker-dealer to those of an investment adviser; and
- ▶ understand requirements for reporting information associated with disciplinary actions and customer complaints.

Instructor

James Fanto Professor of Law, Brooklyn Law School

Session: 13



Ask the Regulators



Conflicts of Interest

This session explores major types of conflicts of interest facing firms and examines the typical conflict management frameworks used to address those conflicts. In addition, the session provides practical insight regarding how firms can manage and mitigate conflicts.

Learning Objectives

After completing this session, you will be able to:

- ▶ identify major types of conflicts of interest firms face;
- ▶ learn how to manage and mitigate conflicts;
- ▶ understand how to stay abreast of emerging conflicts; and
- ▶ learn how to design a conflicts management framework.

Instructors

- Dan M. Sibears** Executive Vice President, Office of Shared Services, FINRA
Bob Mooney Group Chief Compliance Officer, Wells Fargo Wealth and Investment Management.

Session 14

In a moderated discussion, SEC and FINRA senior staff discuss current regulatory initiatives and priorities. Panelists will answer questions posed on rulemaking initiatives, regulatory trends and compliance-related matters.

Learning Objectives

After completing this session, you will be able to:

- ▶ identify current SEC and FINRA examination priorities and common findings; and
- ▶ determine the current status of SEC and FINRA's rulemaking activities.

Moderator

- Eric Orts** Guardsmark Professor, Legal Studies and Business Ethics Department, The Wharton School, University of Pennsylvania

Speakers

- Robert Kaplan** Vice President and Director of District 9A, FINRA
Suzanne McGovern Assistant Director, Office of Compliance, Inspections and Examinations, Broker-Dealer Examination Program, Securities and Exchange Commission
Heather Seidel Chief Counsel, Division of Trading and Markets, Securities and Exchange Commission
Dan M. Sibears Executive Vice President, Office of Shared Services, FINRA
Jonathan Sokobin Chief Economist and Senior Vice-President, FINRA

Session 15

Broker-Dealer Regulation: Supervision

In this session, participants review the legal framework that requires firms to supervise their employees' activities, including FINRA's supervision and supervisory control rules. Participants also review supervisory tasks and systems, with an emphasis on practical implementation, and tackle issues surrounding the role of compliance and "the supervisor" in relation to other organizational stakeholders. Emphasis is given to practical considerations and takeaways.

Learning Objectives

After completing this session, you will be able to:

- ▶ understand FINRA's rules governing supervision and supervisory controls;
- ▶ outline effective supervisory practices;
- ▶ explain the role of compliance in the firm and identify supervisors' roles in various situations; and
- ▶ describe the primary objectives of a regulatory audit and recommendations for a successful audit.

Instructors

James Fanto Gerald Baylin Professor of Law, Brooklyn Law School

Patricia Albrecht Senior Director, Member Relations and Education, FINRA

Session 16

Broker-Dealer Regulation: Suitability

This session examines FINRA's suitability rule as it applies to investment recommendations to retail customers. The session includes a thorough review of FINRA regulatory requirements, transactions that could be deemed unsuitable based on a customer's investment profile, and investment strategies, including recommendations to hold. Suitability obligations under the Securities Exchange Act of 1934 is also covered. The session also covers practical challenges for associated persons in making a suitability determination and for supervisors monitoring recommendations, as well as examination approaches, common examination findings and effective practices for complying with the suitability rule.

Learning Objectives

After completing this session, you will be able to:

- ▶ discern whether recommendations are likely to be judged suitable or unsuitable based upon the customer's investment profile;
- ▶ apply suitability requirements including reasonable diligence to ascertain the customer's investment profile; and
- ▶ make determinations about whether supervision over certain recommendations is adequate.

Instructors

James Fanto Gerald Baylin Professor of Law, Brooklyn Law School

James Wrona Vice President and Associate General Counsel, Office of General Counsel, FINRA

Session 17

Capital Markets

This session examines the current equity market structure, infrastructure and mechanics of securities trading, including a discussion of the various securities exchanges. The session also discusses issues related to dark pools and high frequency trading.

Learning Objectives

After completing this session, you will be able to:

- ▶ understand the structure of the national market system;
- ▶ discuss the role regulation has played on the operation of the equities markets;
- ▶ examine the evolution of sophisticated computerized trading; and
- ▶ discuss the effect algorithmic trading has had on the U.S. equities markets.

Instructor

Sarah Hammer Adjunct Professor of Law, University of Pennsylvania Law School

Session 18

Market Regulation

This session surveys the equity securities markets, its history and participants and the effect regulations have had on the national market system. The session also examines enforcement efforts to combat market abuse and analyzes the public policy issues and regulatory response to contemporary market trends caused, in part, by the shift from manual trading to primarily automated trading. Lastly, the session focuses on the increasing prominence of high-frequency trading, dark pools of liquidity, order types and market access.

Learning Objectives

After completing this session, you will be able to:

- ▶ understand the regulatory structure of the national market system;
- ▶ examine the role regulation plays on the operation of the equities markets;
- ▶ analyze changes in trading technology and practices; and
- ▶ describe the relationship between enforcement and regulation and how this relationship affects market structure.

Instructor

Daniel M. Hawke Partner, Arnold & Porter, LLP

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